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TRULY®

TRULY INTERNATIONAL HOLDINGS LIMITED

信利國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00732)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
ACQUISITIONS OF SHAREHOLDING INTERESTS IN A SUBSIDIARY**

The Board is pleased to announce that Truly Industrial (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the Agreement I, Agreement II and Agreement III on 11 January 2021, 2 July 2021 and 2 July 2021 to directly or indirectly acquire approximately 0.088%, 5.40% and 10.14% shareholding interests of Truly Opto (an indirect non wholly-owned subsidiary of the Company), respectively. The Agreement I, Agreement II and Agreement III are not inter-conditional upon each other.

ACQUISITION I

On 11 January 2021 (after trading hours), Truly Industrial (as purchaser) entered into the Agreement I with Mr. Liu Junli (劉駿立) (as vendor), pursuant to which Mr. Liu Junli has agreed to transfer 100% equity interest of Chengjun Company to Truly Industrial at the consideration of RMB10,000. Chengjun Company in turn holds 324,020 Truly Opto Shares, representing approximately 0.088% of total shareholding interests of Truly Opto.

Upon completion of the Acquisition I on 11 January 2021, Truly Opto remained as an indirect non wholly-owned subsidiary of the Company and was owned as to approximately 78.85% by wholly-owned subsidiaries of the Company, as to approximately 10.71% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 10.44% by other shareholders who are independent third parties of the Company.

ACQUISITION II

On 2 July 2021 (after trading hours), Truly Industrial (as purchaser) entered into the Agreement II with Guangdong Yueke (as vendor), pursuant to which Guangdong Yueke has agreed to transfer 19,919,192 Truly Opto Shares (representing approximately 5.40% of the total shareholding interests of Truly Opto) to Truly Industrial at the consideration of RMB293,907,750.

Upon completion of the Acquisition II which is expected to take place on or around 5 July 2021, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 84.25% by wholly-owned subsidiaries of the Company, as to approximately 10.71% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 5.04% by other shareholders who are independent third parties of the Company.

ACQUISITION III

On 2 July 2021 (after trading hours), Truly Industrial (as purchaser) also entered into the Agreement III with the Anhua Group (as vendors), pursuant to which Anhua Group has agreed to transfer an aggregate of 37,398,300 Truly Opto Shares (representing approximately 10.14% of the total shareholding interests of Truly Opto) to Truly Industrial at an aggregated consideration of not more than RMB169,845,175.43. A director of Truly Opto held a 6% equity interest of Anhua Taicheng, which in turn controls two members of Anhua Group.

Assuming the Acquisition II will be completed on or around 5 July 2021, upon completion of the Acquisition III which is expected to take place by 31 December 2021, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 94.39% by wholly-owned subsidiaries of the Company, as to approximately 2.06% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 3.55% by other shareholders who are independent third parties of the Company.

LISTING RULE IMPLICATIONS

Acquisition I on a standalone basis does not constitute a discloseable transaction of the Company under the Listing Rules. Each of Acquisition II and Acquisition III on a standalone basis constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, since the Acquisitions involve the acquisitions of the shareholding interests of Truly Opto, the transactions under the Acquisitions shall be aggregated as if they were one transaction for the purpose of Chapter 14 of the Listing Rules. Upon aggregation, as one or more of the relevant applicable percentage ratios (as defined under the Listing Rules), are more than 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and will be subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Anhua Group is ultimately controlled by Mr. Ren Shufu (任書甫) who is an independent third party of the Group, other than controlling an aggregate of more than 10% shareholding interests of Truly Opto through Anhua Group. Anhua Group is a group of connected persons of the Company at the subsidiary level by virtue of holding an aggregate of more than 10% shareholding interests of Truly Opto, and therefore the Acquisition III also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisition III and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisition III are fair and reasonable, the Acquisition III is on normal commercial terms or better, is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Therefore, by virtue of Rule 14A.101 of the Listing Rules, the Acquisition III is subject to the reporting and announcement requirements applicable to connected transactions, but is exempt from the circular, independent financial advice and Shareholders' approval requirements.

INTRODUCTION

The Board is pleased to announce that Truly Industrial (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the Agreement I, Agreement II and Agreement III on 11 January 2021, 2 July 2021 and 2 July 2021 to directly or indirectly acquire approximately 0.088%, 5.40% and 10.14% shareholding interests of Truly Opto (an indirect non wholly-owned subsidiary of the Company), respectively. The Agreement I, Agreement II and Agreement III are not inter-conditional upon each other.

ACQUISITION I

On 11 January 2021 (after trading hours), Truly Industrial (as purchaser) entered into the Agreement I with Mr. Liu Junli (劉駿立) (as vendor), pursuant to which Mr. Liu Junli has agreed to transfer 100% equity interest of Chengjun Company to Truly Industrial at the consideration of RMB10,000. Chengjun Company in turn holds 324,020 Truly Opto Shares, representing approximately 0.088% of total shareholding interests of Truly Opto,

Upon completion of the Acquisition I on 11 January 2021, Truly Opto remained as an indirect non wholly-owned subsidiary of the Company and was owned as to approximately 78.85% by wholly-owned subsidiaries of the Company, as to approximately 10.71% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 10.44% by other shareholders who are independent third parties of the Company.

Mr. Liu Junli is a director of Truly Opto, and therefore the Acquisition I constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As all the relevant applicable percentages ratios (as defined under the Listing Rules) are less than 0.1%, the Acquisition I on a standalone basis constitutes a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

ACQUISITION II

On 2 July 2021 (after trading hours), Truly Industrial (as purchaser) entered into the Agreement II with Guangdong Yueke (as vendor), pursuant to which Guangdong Yueke has agreed to transfer 19,919,192 Truly Opto Shares (representing approximately 5.40% of the total shareholding interests of Truly Opto) to Truly Industrial at the consideration of RMB293,907,750.

Upon completion of the Acquisition II which is expected to take place on or around 5 July 2021, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 84.25% by wholly-owned subsidiaries of the Company, as to approximately 10.71% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 5.04% by other shareholders who are independent third parties of the Company.

Agreement II

Set out below are the principal terms of the Agreement II:

Date:

2 July 2021 (after trading hours)

Parties:

- (1) Guangdong Yueke (as vendor)
- (2) Truly Industrial, an indirect wholly-owned subsidiary of the Company (as purchaser)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Guangdong Yueke and its ultimate beneficial owner(s) are independent third parties of the Company.

Nature of the transaction and assets to be acquired:

Pursuant to the Agreement II, Guangdong Yueke has agreed to transfer 19,919,192 Truly Opto Shares (representing approximately 5.40% of the total shareholding interests of Truly Opto) to Truly Industrial.

Consideration:

The consideration for the Acquisition II is RMB293,907,750, payable in cash on or before 5 July 2021, and was arrived at after arm's length negotiations and with reference to the expected investment return of Guangdong Yueke.

The said consideration will be funded by internal resources of the Group.

Completion:

The completion of the Acquisition II shall take place on or around 5 July 2021 upon settlement of consideration.

ACQUISITION III

On 2 July 2021 (after trading hours), Truly Industrial (as purchaser) also entered into the Agreement III with the Anhua Group (as vendors), pursuant to which Anhua Group has agreed to transfer an aggregate of 37,398,300 Truly Opto Shares (representing approximately 10.14% of the total shareholding interests of Truly Opto) to Truly Industrial at an aggregated consideration of not more than RMB169,845,175.43. A director of Truly Opto held a 6% equity interest of Anhua Taicheng, which in turn controls two members of Anhua Group.

Assuming Acquisition II will be completed on or around 5 July 2021, upon completion of the Acquisition III which is expected to take place by 31 December 2021, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 94.39% by wholly-owned subsidiaries of the Company, as to approximately 2.06% by directors of the Company and Truly Opto or companies in which they have interest, and as to approximately 3.55% by other shareholders who are independent third parties of the Company.

Agreement III

Set out below are the principal terms of the Agreement III:

Date:

2 July 2021 (after trading hours)

Parties:

- (1) Anhua Group (namely, Anhua Baiyun, Anhua Hanying and Anhua Huiying) (as vendors)
- (2) Truly Industrial, an indirect wholly-owned subsidiary of the Company (as purchaser)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Anhua Group is ultimately controlled by Mr. Ren Shufu (任書甫) who is an independent third party of the Group, other than controlling an aggregate of more than 10% shareholding interests of Truly Opto through Anhua Group. Anhua Group is a group of connected persons of the Company at the subsidiary level by virtue of holding an aggregate of more than 10% shareholding interests of Truly Opto.

Nature of the transaction and assets to be acquired:

Pursuant to the Agreement III, Anhua Group has agreed to transfer an aggregate of 37,398,300 Truly Opto Shares (representing approximately 10.14% of the total shareholding interests of Truly Opto) to Truly Industrial.

Consideration:

The consideration for the Acquisition III shall be calculated using the following formula and payable in cash on or before 31 December 2021:

Investment cost of Anhua Group (i.e. RMB133,451,082.25) x investment period (i.e. from the date when Anhua Group became a shareholder of Truly Opto to payment of the consideration under Acquisition III)/365 days x 3%.

Based on the aforesaid formula and assuming the consideration shall be paid by 31 December 2021, it is expected that the consideration for the Acquisition III shall not be more than RMB169,845,175.43.

The consideration was arrived at after arm's length negotiations and with reference to the expected investment return of Anhua Group.

The said consideration will be funded by internal resources of the Group.

Completion:

The completion of the Acquisition III shall take place on or before 31 December 2021 upon settlement of consideration.

INFORMATION ON THE GROUP, MR. LIU JUNLI, GUANGDONG YUEKE, ANHUA GROUP AND TRULY OPTO**The Group**

The Group is primarily engaged in the business of, among other things, manufacturing and sales of liquid crystal display products and electronic consumer products including compact camera module, personal health care products and electrical devices.

Mr. Liu Junli

Mr. Liu Junli is a director of Truly Opto.

Guangdong Yueke

Guangdong Yueke is a limited partnership organized and existing under the laws of the PRC, the executive partner (執行事務合夥人) of which is Guangdong Kerui Investment Management Co., Ltd.* (廣東科瑞投資管理有限公司), a wholly owned subsidiary of Guangdong Technology Financial Group Co., Ltd.* (廣東省粵科金融集團有限公司). Guangdong Yueke is primarily engaged in the capital investment and management, project investment and capital venture activities.

Anhua Group

Anhua Group is ultimately controlled by Mr. Ren Shufu (任書甫) who is an independent third party of the Group, other than controlling an aggregate of more than 10% shareholding interests of Truly Opto through Anhua Group.

1. *Anhua Baiyun*

Anhua Baiyun, founded in 1995, is a diversified group company dedicated to various financial and industrial investment fields. Its main investment areas include real estate, industrial companies, investment projects, etc.

Anhua Baiyun controls Anhua Taicheng, which in turn controls Anhua Hanying and Anhua Huiying.

2. *Anhua Hanying*

Anhua Hanying is a limited partnership organized and existing under the laws of the PRC, the executive partner (執行事務合夥人) of which is Anhua Taicheng. Anhua Hanying is primarily engaged in the equity investment.

3. *Anhua Huiying*

Anhua Huiying is a limited partnership organized and existing under the laws of the PRC, the executive partner (執行事務合夥人) of which is Anhua Taicheng. Anhua Huiying is primarily engaged in the equity investment and consulting services in investment and information technology.

Truly Opto

Truly Opto is a company incorporated in the PRC and is an indirect non-wholly owned subsidiary of the Company. It is primarily engaged in the business of manufacturing of touch products compact camera modules and fingerprint identification modules.

For the two years ended 31 December 2019 and 2020, extract of key items from the audited consolidated accounts of Truly Opto prepared by its PRC auditors based on the generally accepted accounting principles in the PRC are as follows:

	For the year ended 31 December 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Profit before taxation	405,315	407,878
Profit after taxation	327,311	367,694
Total assets	14,087,123	13,108,512
Net assets value	4,388,075	4,112,080

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

Truly Opto is the Company's major assets and manufacturing plant which has been contributing a reliable income source and support to the Company. The Company has been satisfied with the financial performance of Truly Opto and is optimistic about its future prospects.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement I, the Agreement II, the Agreement III and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

Acquisition I on a standalone basis does not constitute a discloseable transaction of the Company under the Listing Rules. Each of Acquisition II and Acquisition III on a standalone basis constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, since the Acquisitions involve the acquisitions of the shareholding interests of Truly Opto, the transactions under the Acquisitions shall be aggregated as if they were one transaction for the purpose of Chapter 14 of the Listing Rules. Upon aggregation, as one or more of the relevant applicable percentage ratios (as defined under the Listing Rules), are more than 5% but less than 25%, the Acquisitions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and will be subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Anhua Group is ultimately controlled by Mr. Ren Shufu (任書甫) who is an independent third party of the Group, other than controlling an aggregate of more than 10% shareholding interests of Truly Opto through Anhua Group. Anhua Group is a group of connected persons of the Company at the subsidiary level by virtue of holding an aggregate of more than 10% shareholding interests of Truly Opto, and therefore the Acquisition III also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Board has approved the Acquisition III and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Acquisition III are fair and reasonable, the Acquisition III is on normal commercial terms or better, is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Therefore, by virtue of Rule 14A.101 of the Listing Rules, the Acquisition III is subject to the reporting and announcement requirements applicable to connected transactions, but is exempt from the circular, independent financial advice and Shareholders' approval requirements.

None of the Directors have any material interest in the connected transactions herein announced. No Director was required to abstain from voting on the Board resolutions of the Company approving the connected transactions herein announced.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition I”	the acquisition of 100% equity interest of Chengjun Company (which in turn holds approximately 0.088% shareholding interests of Truly Opto) contemplated under the Agreement I
“Acquisition II”	the acquisition of 5.40% shareholding interests of Truly Opto contemplated under the Agreement II
“Acquisition III”	the acquisition of 10.14% shareholding interests of Truly Opto contemplated under the Agreement III
“Acquisitions”	collectively, the Acquisition I, Acquisition II and Acquisition III
“Agreement I”	the equity transfer agreement entered into between Truly Industrial and Mr. Liu Junli dated 11 January 2021
“Agreement II”	the equity transfer agreement entered into between Truly Industrial and Guangdong Yueke dated 2 July 2021
“Agreement III”	the equity transfer agreement entered into between Truly Industrial and Anhua Group dated 2 July 2021
“Anhua Baiyun”	Anhua Baiyun Holding Group Co.,Ltd.* (安華白雲控股集團有限公司), a limited company organized and existing under the laws of the PRC
“Anhua Group”	collectively, Anhua Hanying, Anhua Huiying and Anhua Baiyun
“Anhua Hanying”	Guangzhou Anhua Hanying Equity Investment Partnership (Limited Partnership)* (廣州安華瀚盈股權投資合夥企業(有限合夥)), a limited partnership organized and existing under the laws of the PRC, the executive partner (執行事務合夥人) of which is Anhua Taicheng
“Anhua Huiying”	Guangzhou Anhua Huiying Venture Capital Partnership (Limited Partnership)* (廣州安華蒼盈股權投資合夥企業(有限合夥)), a limited partnership organized and existing under the laws of the PRC, the executive partner (執行事務合夥人) of which is Anhua Taicheng
“Anhua Taicheng”	Guangzhou Anhua Taicheng Equity Investment Fund Management Co., Ltd.* (廣州安華泰誠股權投資基金管理有限公司), a limited company organized and existing under the laws of the PRC and held as to 65% by Anhua Baiyun
“Board”	the board of directors of the Company

“Chengjun Company”	Shanwei City Chengjun Information Consultancy Co., Ltd. (汕尾市成駿信息諮詢有限公司), previously known as Lhasa Development Zone Chengjun Investment Management Co., Ltd. (拉薩開發區成駿投資管理有限公司), a company incorporated in the PRC and became an indirect wholly-owned subsidiary of the Company upon completion of Acquisition I on 11 January 2021
“Company”	Truly International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Guangdong Yueke”	Guangdong Yueke Caixin Venture Capital Partnership (Limited Partnership)* (廣東粵科財信創業投資合夥企業(有限合夥)), a limited partnership organized and existing under the laws of the PRC, the executive partner (執行事務合夥人) of which is Guangdong Kerui Investment Management Co., Ltd.* (廣東科瑞投資管理有限公司)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Truly Industrial”	Truly Industrial (Shanwei) Limited* (信利工業（汕尾）有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Truly Opto”	Truly Opto-Electronics Limited* (信利光電股份有限公司), a company incorporated in the PRC and an indirect non wholly owned subsidiary of the Company in which the Company indirectly controls approximately 78.85% of its shareholding interest as at the date of this announcement

“Truly Opto Share(s)” share(s) of Truly Opto

“%” per cent.

* *Terms marked with “*” denote translation of company names from Chinese into English, and are for identification purposes only. In the event of inconsistency, the names in their original language prevail.*

By order of the Board
Truly International Holdings Limited
Lam Wai Wah
Chairman

Hong Kong, 2 July 2021

As at the date of this announcement, the Board comprises Mr. Lam Wai Wah, Mr. Wong Pong Chun, James, Mr. Song Bei Bei, Mr. Dai Cheng Yun, and Mr. Cheung Wing Cheung as executive directors, Mr. Ma Wai Tong as a non-executive director and Mr. Chung Kam Kwong, Mr. Ip Cho Ting, Spencer, and Mr. Heung Kai Sing as independent non-executive directors.