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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 TRANSACTION
ACQUISITION OF SHAREHOLDING INTERESTS IN A SUBSIDIARY**

ACQUISITION IV

Reference is made to the Previous Announcements in relation to acquisitions of additional shareholding interests in Truly Opto.

The Board is pleased to announce that, on 30 July 2021 (after trading hours), Truly Industrial (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the Agreement IV with Gaoxin Investment (as vendor) to further acquire shareholding interests of Truly Opto (an indirect non wholly-owned subsidiary of the Company). Pursuant to the Agreement IV, Gaoxin Investment has agreed to transfer 3,635,280 Truly Opto Shares (representing approximately 0.986% of the total shareholding interests of Truly Opto) to Truly Industrial at the consideration of RMB5,040,560.76.

Upon completion of the Acquisition IV which is expected to take place on or before 6 August 2021, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 85.23% by wholly-owned subsidiaries of the Company, as to approximately 9.73% 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.

LISTING RULE IMPLICATIONS

Acquisition IV on a standalone basis does not constitute a discloseable transaction of the Company under the Listing Rules. However, pursuant to Rules 14.22 and 14.23 of the Listing Rules, since the Previous Acquisitions and Acquisition IV involve the acquisitions of the shareholding interests of Truly Opto, the transactions under the Previous Acquisitions and Acquisition IV shall be aggregated as if they were one transaction for the purpose of Chapter 14 of the Listing Rule. 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 Acquisition IV constitutes a discloseable transaction 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.

Gaoxin Investment is an associate of connected persons of the Company at subsidiary level. As all the relevant applicable percentage ratios (as defined under the Listing Rules) are less than 1%, the Acquisition IV also constitutes a fully exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the Previous Announcements in relation to acquisitions of additional shareholding interests in Truly Opto.

The Board is pleased to announce that, on 30 July 2021 (after trading hours), Truly Industrial (an indirect wholly-owned subsidiary of the Company) (as purchaser) entered into the Agreement IV with Gaoxin Investment (as vendor) to further acquire shareholding interests of Truly Opto (an indirect non wholly-owned subsidiary of the Company). Pursuant to the Agreement IV, Gaoxin Investment has agreed to transfer 3,635,280 Truly Opto Shares (representing approximately 0.986% of the total shareholding interests of Truly Opto) to Truly Industrial at the consideration of RMB5,040,560.76.

Upon completion of the Acquisition IV which is expected to take place on or before 6 August 2021, Truly Opto will remain as an indirect non wholly-owned subsidiary of the Company and will be owned as to approximately 85.23% by wholly-owned subsidiaries of the Company, as to approximately 9.73% 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 IV

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

Date:

30 July 2021 (after trading hours)

Parties:

- (1) Gaoxin Investment (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, Gaoxin Investment was held by the following individuals, some of which are connected persons of the Company at subsidiary level:

Name	Relationship with the Group	Shareholding in Gaoxin Investment
Connected persons at subsidiary level		
Li Zhicheng (李志成)	director of subsidiaries of the Group	8.91%
Lin Jianxiong (林建雄)	supervisor of a subsidiary of the Company	8.91%
Lin Jinhong (林金鴻)	director of subsidiaries of the Group	8.91%
Huang Yaqing (黃亞清)	director of a subsidiary and an associated company of the Company	5.94%
Zhan Haiping (詹海平)	supervisor of a subsidiary of the Company	5.94%
Gu Dalong (古大龍)	director of an associated company of the Company	5.94%
Qiu Xinhong (邱信紅)	ex-director of Truly Opto until 25 July 2021	5.94%
Xie Xiongcai (謝雄才)	supervisor of a subsidiary of the Company	5.94%
Independent third parties		
Yan Meizhu (嚴美珠), Hu Jun (胡俊), Lin Chuanwen (林傳文), Zhang Yikai (張義凱), Liu Houchang (劉厚昌) and Peng Duochang (彭鐸昌)	None	43.57%
		100.00%

Nature of the transaction and assets to be acquired:

Pursuant to the Agreement IV, Gaoxin Investment has agreed to transfer 3,635,280 Truly Opto Shares (representing approximately 0.986% of the total shareholding interests of Truly Opto) to Truly Industrial.

Consideration:

The consideration for the Acquisition IV is RMB5,040,560.76, payable in cash on or before 6 August 2021, and was arrived at after arm's length negotiations. In determining the consideration for the Acquisition IV, the Company has considered the consideration proposed by the vendor with reference to its expected investment return and the price-to-earning ratio implied by the share prices of other Hong Kong and PRC listed companies in the same industry in first half of 2021.

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

Completion:

The completion of the Acquisition IV shall take place on or before 6 August 2021 upon settlement of consideration.

INFORMATION ON THE GROUP, GAOXIN INVESTMENT 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.

Gaoxin Investment

Gaoxin Investment is primarily engaged in the investment management and consulting.

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 <i>RMB'000</i>	For the year ended 31 December 2019 <i>RMB'000</i>
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 IV 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 IV on a standalone basis does not constitute a discloseable transaction of the Company under the Listing Rules. However, pursuant to Rules 14.22 and 14.23 of the Listing Rules, since the Previous Acquisitions and Acquisition IV involve the acquisitions of the shareholding interests of Truly Opto, the transactions under the Previous Acquisitions and Acquisition IV shall be aggregated as if they were one transaction for the purpose of Chapter 14 of the Listing Rule. 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 Acquisition IV constitutes a discloseable transaction 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.

Gaoxin Investment is an associate of connected persons of the Company at subsidiary level. As all the relevant applicable percentage ratios (as defined under the Listing Rules) are less than 1%, the Acquisition IV also constitutes a fully exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Acquisition IV. No Director was required to abstain from voting on the Board resolutions of the Company approving the Acquisition IV.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition IV”	the acquisition of 0.986% shareholding interests of Truly Opto contemplated under the Agreement IV
“Agreement IV”	the equity transfer agreement entered into between Truly Industrial and Gaoxin Investment dated 30 July 2021
“Board”	the board of directors of the Company
“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
“Gaoxin Investment”	Lhasa Development Zone Gaoxin Investment Management Company Limited* (拉薩開發區高信投資管理有限公司), a limited company organized and existing under the laws of the PRC

“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
“Previous Acquisitions”	collectively, the Acquisition I, Acquisition II and Acquisition III as defined in the Announcements
“Previous Agreements”	collectively, the Agreement I, Agreement II and Agreement III as defined in the Announcements
“Previous Announcements”	collectively, the announcements of the Company dated 2 and 9 July 2021 in relation to acquisitions of additional shareholding interests in Truly Opto.
“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 84.25% 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, 30 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.