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**TRULY**<sup>®</sup>

**TRULY INTERNATIONAL HOLDINGS LIMITED**

**信利國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00732)**

**MAJOR TRANSACTION  
ACQUISITION OF EQUITY INTERESTS IN TRULY RS**

**THE PREVIOUS ACQUISITION**

Reference is made to the Company's announcement dated 13 December 2022 in relation to the Previous Acquisition between the Purchaser (an indirect non-wholly owned subsidiary of the Company) and the Vendor. The Previous Acquisition was completed in December 2023.

**THE FURTHER ACQUISITION**

The Board is pleased to announce that, on 3 April 2024 (after trading hours), the Purchaser entered into the Agreement with the Vendor in relation to the Further Acquisition, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, approximately 12.55% of the equity interests of Truly RS at a total consideration of RMB1,097,460,000.

As at the date of this announcement, Truly RS is held as to approximately 17.14% by the Purchaser, approximately 18.57% by the Vendor, and approximately 64.29% by Renshou Industries. The Vendor and Renshou Industries are independent third parties of the Group. Truly RS is an associate of the Group and has been accounted for in the consolidated financial statements of the Group using equity method.

Upon completion of the Further Acquisition, the Purchaser shall hold approximately 29.69% of the equity interests in Truly RS. Through the Purchaser, the Company will indirectly hold approximately 29.69% of the equity interests in Truly RS and Truly RS will remain as an associate of the Group. The remaining equity interests in Truly RS will be held by the Vendor and Renshou Industries as to approximately 6.02% and 64.29%, respectively.

## **LISTING RULE IMPLICATIONS**

As the Further Acquisition is proposed to be made by the Group within a 12-month period after the Previous Acquisition, and the Relevant Acquisitions are both with respect to the acquisition of equity interests of Truly RS by the Purchaser from the Vendor, the Relevant Acquisitions are aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Relevant Acquisitions, on an aggregate basis, exceeds 25% but is less than 100%, the Relevant Acquisitions constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

A circular containing, among other things, (i) further details of the Agreement and the Further Acquisition, (ii) financial information of Truly RS; (iii) unaudited pro-forma financial information of the Enlarged Group; (iv) other information as required under the Listing Rules; and (v) notice of the EGM, is expected to be despatched to the Shareholders on or before 25 April 2024.

## **INTRODUCTION**

Reference is made to the Company's announcement dated 13 December 2022 in relation to the Previous Acquisition between the Purchaser (an indirect non-wholly owned subsidiary of the Company) and the Vendor. The Previous Acquisition was completed in December 2023.

The Board is pleased to announce that, on 3 April 2024 (after trading hours), the Purchaser entered into the Agreement with the Vendor in relation to the Further Acquisition, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, approximately 12.55% of the equity interests of Truly RS at a total consideration of RMB1,097,460,000.

As at the date of this announcement, Truly RS is held as to approximately 17.14% by the Purchaser, approximately 18.57% by the Vendor, and approximately 64.29% by Renshou Industries. The Vendor and Renshou Industries are independent third parties of the Group. Truly RS is an associate of the Group and has been accounted for in the consolidated financial statements of the Group using equity method.

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## THE AGREEMENT

Set out below are the principal terms of the Agreement:

### Date

3 April 2024 (after trading hours)

### Parties

- (1) Renshou Jian No. 1 L.P. (as Vendor)
- (2) Truly Opto-Electronics Limited\* (信利光電股份有限公司), an indirect non-wholly owned subsidiary of the Company (as Purchaser)

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

As at the date of this announcement, Truly RS is held as to approximately 17.14% by the Purchaser, approximately 18.57% by the Vendor, and approximately 64.29% by Renshou Industries. Truly RS is an associate of the Group and has been accounted for in the consolidated financial statements of the Group using equity method. See below section headed "Information of the Parties" for details.

### Subject matter

Pursuant to the Agreement, the Purchaser has agreed to purchase, and the Vendor has agreed to sell, approximately 12.55% of the equity interests of Truly RS at a total consideration of RMB1,097,460,000.

### Consideration and payment terms

The total consideration of Further Acquisition is RMB1,097,460,000, which shall be settled by the Purchaser in the following manner:

1. The Purchaser shall pay the entire Consideration to the Vendor on or before 30 June 2024 (the "**Payment Date**").
2. The Purchaser has the right to delay the full payment of the Consideration to 31 December 2024, provided that the Purchaser shall pay the Vendor the interest of the Consideration at a rate of 3.203% per annum.
3. Should the Purchaser opt to make an advance payment before the Payment Date, the Vendor shall reduce the Consideration accordingly, based on the amount paid in advance and calculated at a rate of 3.203% per annum.
4. If the Agreement comes into effect after the Payment Date, the Purchaser shall complete the payment within five (5) days from the effective date of the Agreement, with the interest for delayed payment accrued from the day after the Payment Date to the day of full payment at a rate of 3.203% per annum.

5. If the Vendor receives any cash dividend from the relevant equity interest of Truly RS prior to the transfer of the same to the Purchaser, the Consideration shall be adjusted by deducting the amount of the dividend received from the Consideration.
6. No further adjustments to the Consideration will be made for any changes in the profits, losses, or net assets value of Truly RS from the date of the Agreement until the completion of the Further Acquisition.

The Consideration shall be paid by the Group's internal resources.

### **Basis of Consideration of the Further Acquisition**

The Consideration was determined upon arm's length negotiations between the parties to the Agreement after taking into account (1) the business operation of Truly RS; (2) the business development prospects of Truly RS; (3) net asset value of Truly RS; and (4) the preliminary valuation of the fair value of 12.55% equity interests of Truly RS of approximately RMB1,105,000,000 as at 1 March 2024 by an independent valuer based on market approach using guideline public company method where the public companies selected are those mainly engaged in flat panel display related businesses in the PRC as shown in the Valuation Report.

### **Effective date**

The Agreement shall become effective following the signing by the duly authorized representatives of the parties and the affixing of the company seal.

### **Completion**

The completion of the Further Acquisition shall take place on the date when all Consideration has been paid by the Purchaser to the Vendor.

### **Guarantee**

The Guarantor, an indirect wholly-owned subsidiary of the Company, has agreed to guarantee the obligations of the Purchaser to pay the Consideration together with the interests accrued thereon (if any) and any other compensation, damages and expenses payable by the Purchaser in accordance with the terms of the Agreement, pursuant to a guarantee agreement entered into between the Guarantor and the Vendor on 3 April 2024.

## **INFORMATION OF THE PARTIES**

### **The Group**

The Group is primarily engaged in the business of, among other things, manufacturing and sales of liquid crystal display ("LCD") products, touch panels, compact camera modules, fingerprint identification modules, printed circuit board products, personal health care products and electrical devices.

## **The Purchaser**

The Purchaser is an indirect non-wholly owned subsidiary of the Company and is primarily engaged in the business of manufacturing and sales of touch panels and compact camera modules.

## **The Guarantor**

The Guarantor is an indirect wholly-owned subsidiary of the Company and is primarily engaged in the business of manufacturing and sales of LCD products.

## **The Vendor**

The Vendor is a limited partnership incorporated in the PRC and owned by (a) Sichuan Development Xingzhan Industry Guidance Equity Investment Fund Partnership (Limited Partnership)\* (四川發展興展產業引導股權投資基金合夥企業(有限合夥)), (b) Sichuan Province Integrated Circuit and Information Security Industry Investment Fund Co., Ltd.\* (四川省集成電路和信息安全產業投資基金有限公司), (c) Renshou Industries and (d) Sichuan Hong Core Equity Investment Fund Management Limited\* (四川弘芯股權投資基金管理有限公司), which is also the Vendor's executive partner. Party (a) and party (b) above are registered investment funds registered with the Asset Management Association of China. The executive partner of party (a) above is Sichuan Hong Yuan Emerging Industry Equity Investment Fund Management Limited\* (四川弘遠新興產業股權投資基金管理有限公司). The fund manager of party (b) above is party (d). The ultimate beneficial owner of party (c) above is Renshou County State-Owned Assets and Finance Bureau\* (仁壽縣國有資產和金融工作局). Party (d) above is ultimately controlled by Sichuan Development Holding Co., Ltd. (四川發展(控股)有限責任公司), which is a state-owned company solely owned by the People's Government of Sichuan City.

The Vendor is established for the sole purpose to invest in Truly RS.

## **Truly RS**

Truly RS is a company incorporated in the PRC and is an associate of the Group. As at the date of this announcement, Truly RS is held as to approximately 17.14% by the Purchaser, approximately 18.57% by the Vendor, and approximately 64.29% by Renshou Industries. The Group has significant influence over Truly RS by virtue of the substantial voting right of 67.1% granted to the Group in the first ten years since the incorporation of Truly RS in 2017, as stated in the shareholders' agreement of Truly RS. According to the articles of Truly RS, shareholders' meeting can only be held with the presence of at least two shareholders and including the Purchaser. The Directors consider that the Group does not have control but only significant influence over Truly RS under such a term because relevant activities of the associate is directed through shareholders' meeting and any resolutions to be passed in shareholders' meetings shall have the consent from either one of the other shareholders demonstrated by their action of being present in the meetings. Truly RS is therefore classified as an associate of the Group.

Upon completion of the Further Acquisition, the Purchaser shall hold approximately 29.69% of the equity interests in Truly RS. Through the Purchaser, the Company will indirectly hold approximately 29.69% of the equity interests in Truly RS and Truly RS will remain as an associate of the Group; and be accounted for in the consolidated financial statements of the Group using equity method.

Truly RS is primarily engaged in the business of manufacturing and sales LCD products.

For the two years ended 31 December 2022 and 2023, extract of key items from the audited consolidated accounts of Truly RS prepared by its PRC auditors based on the generally accepted accounting principles in the PRC are as follows:

	<b>For the year ended/As at 31 December 2022 RMB'000</b>	<b>For the year ended/As at 31 December 2023 RMB'000</b>
Revenue	1,903,363	2,402,848
Net profit (before taxation)	8,641	9,644
Net profit (after taxation)	8,641	9,644
Total assets	10,298,283	11,000,442
Net assets value	7,039,108	7,048,752

## **REASONS FOR AND BENEFITS OF THE FURTHER ACQUISITION**

We established Truly RS to enhance our production capacities for supply TFT-LCD display products to satisfy the demand from the Group's customers. The performance of TFT-LCD display production has been improving over the years and the Company is optimistic about its future prospects. Accordingly, the Group decided to increase its shareholding in Truly RS.

The Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULE IMPLICATIONS**

As the Further Acquisition is proposed to be made by the Group within a 12-month period after the Previous Acquisition, and the Relevant Acquisitions are both with respect to the acquisition of equity interests of Truly RS by the Purchaser from the Vendor, the Relevant Acquisitions are aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the relevant applicable percentage ratios (as defined under the Listing Rules) in respect of the Relevant Acquisitions, on an aggregate basis, exceeds 25% but is less than 100%, the Relevant Acquisitions constitute a major transaction of the Company under Chapter 14 of the Listing Rules and will be subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## GENERAL

A circular containing, among other things, (i) further details of the Agreement and the Further Acquisition, (ii) financial information of Truly RS; (iii) unaudited pro-forma financial information of the Enlarged Group; (iv) other information as required under the Listing Rules; and (v) notice of the EGM, is expected to be despatched to the Shareholders on or before 25 April 2024.

## TERMS USED IN THIS ANNOUNCEMENT

“Agreement”	the equity transfer agreement dated 3 April 2024 entered into between the Purchaser and the Vendor regarding the acquisition of approximately 12.55% equity interest in Truly RS
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of RMB1,097,460,000 payable by the Purchaser to the Vendor for the Further Acquisition
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions thereunder
“Enlarged Group”	the Group as enlarged by Truly RS immediately upon the completion of the Further Acquisition
“Further Acquisition”	the acquisition of approximately 12.55% equity interests in Truly RS contemplated under the Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	Truly Semiconductors Limited* (信利半導體有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“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 Acquisition”	the acquisition of 10% equity interests in Truly RS contemplated under the equity transfer agreement dated 13 December 2022 entered into between the Purchaser and the Vendor
“Purchaser”	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
“Relevant Acquisitions”	the Previous Acquisition and Further Acquisition
“Renshou Industries”	Renshou County Industries Investment Co., Ltd.* (仁壽縣產業投資有限公司), a limited liability company incorporated in the PRC, a shareholder of Truly RS and an independent third party of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Truly RS”	Truly (Renshou) High-end Display Technology Limited* (信利(仁壽)高端顯示科技有限公司), a company incorporated in the PRC and an associate of the Group
“Valuation Report”	the valuation report prepared by Asset Appraisal Limited, a firm of independent professional valuers appointed by the Purchaser
“Vendor” or “Renshou Jian No. 1 L.P.”	Renshou Jian No. 1 Investment Centre Limited Partnership* (仁壽集安一號投資中心(有限合夥)), a limited partnership established in the PRC, a shareholder of Truly RS and an independent third party of the Group
“%”	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, 3 April 2024

*As at the date of this announcement, the Board comprises Mr. Lam Wai Wah, Mr. Wong Pong Chun, James and Mr. Cheung Wing Cheung as executive directors; Mr. Song Bei Bei and Mr. Dai Cheng Yun as non-executive directors; and Mr. Chung Kam Kwong, Mr. Heung Kai Sing and Mr. Cheung Wai Yin, Wilson as independent non-executive directors.*