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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 TRANSACTION
ACQUISITION OF EQUITY INTERESTS IN TRULY RS**

Reference is made to the Company's announcement dated 13 May 2022 (the "Announcement"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

THE ACQUISITION

The Board is pleased to announce that, on 13 December 2022 (after trading hours), the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Agreement with the Vendor and Truly RS in relation to the Acquisition of Truly RS, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, 10% of the equity interests of Truly RS at a total Consideration of RMB845,440,000.

As at the date of this announcement, Truly RS is held as to approximately 7.14% by Truly Electronics (an indirect wholly-owned subsidiary of the Company), approximately 28.57% by the Vendor, and approximately 64.29% by Renshou Industries, both 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 Acquisition, (1) the Purchaser shall hold 10% of the equity interests in Truly RS. Through the Purchaser and Truly Electronics, the Company will indirectly hold approximately 17.14% of the equity interests in Truly RS and Truly RS will remain as an associate of the Group; and (2) the remaining equity interests in Truly RS will be held by the Vendor and Renshou Industries as to approximately 18.57% and 64.29%, respectively.

LISTING RULE IMPLICATIONS

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 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.

INTRODUCTION

Reference is made to the Company's announcement dated 13 May 2022 (the "Announcement"). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

The Board is pleased to announce that, on 13 December 2022 (after trading hours), the Purchaser, an indirect non-wholly owned subsidiary of the Company, entered into the Agreement with the Vendor and Truly RS in relation to the Acquisition of Truly RS, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, 10% of the equity interests in Truly RS at a total Consideration of RMB845,440,000.

As at the date of this announcement, Truly RS is held as to approximately 7.14% by Truly Electronics (an indirect wholly-owned subsidiary of the Company), approximately 28.57% by the Vendor, and approximately 64.29% by Renshou Industries, both 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

The principal terms of the Agreement are set out as below:

Date

13 December 2022 (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)
- (3) Truly RS (as target company of the Acquisition)

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 7.14% by Truly Electronics (an indirect wholly-owned subsidiary of the Company), approximately 28.57% by the Vendor, and approximately 64.29% by Renshou Industries, both 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. See below section headed "Information of the Parties" for details.

Subject matter

Pursuant to the Agreement, the Purchaser agreed to purchase, and the Vendor agreed to sell, 10% of the equity interests in Truly RS at a total Consideration of RMB845,440,000.

Consideration and payment terms

The total Consideration of Acquisition is RMB845,440,000, which shall be paid by the Purchaser on or before 15 December 2022 (the “**Payment Date**”). The Purchaser has the right to delay the full payment of the Consideration to not more than 12 months after the Payment Date (i.e. 15 December 2023), provided that the Purchaser shall pay the Vendor (1) at least RMB300,000,000 before the Payment Date, and (2) the interest of the then remaining amount of the Consideration at a rate of 3.312% per annum.

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

Basis of Consideration of the 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; and (3) net asset value of Truly RS.

Completion

The completion of the Acquisition shall take place on the date when all consideration has been paid by the Purchaser.

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 13 December 2022.

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 Group 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 Group 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 7.14% by Truly Electronics (an indirect wholly-owned subsidiary of the Company), approximately 28.57% 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 cannot be held without the presence of either one of the other two shareholders (i.e. the Vendor and Renshou Industries). 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 Acquisition, the Purchaser shall hold 10% of the equity interests in Truly RS. Through the Purchaser and Truly Electronics, the Company will indirectly hold approximately 17.14% of the equity interests in Truly RS. 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.

The summary of the audited financial information of Truly RS for the financial years ended 31 December 2020 and 2021 is as follows:

	For the year ended 31 December	
	2020	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	762,586	1,810,047
Net profit (before taxation)	4,846	29,442
Net profit (after taxation)	4,846	29,442
Total assets	10,612,350	11,343,462
Net assets value	7,001,026	7,030,467

REASONS FOR AND BENEFITS OF THE 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 the its shareholders as a whole.

LISTING RULE IMPLICATIONS

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 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.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition”	the acquisition of 10% equity interests in Truly RS contemplated under the Agreement
“Agreement”	the equity transfer agreement dated 13 December 2022 entered into among the Purchaser, the Vendor and 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
“Director(s)”	director(s) of the Company
“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
“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
“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
“Truly Electronics”	Truly Electronics Manufacturing Limited (信利電子有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“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
“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 incorporated 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, 13 December 2022

As at the date of this announcement, the Board comprises Mr. Lam Wai Wah, Mr. Wong Pong Chun, James, Mr. Dai Cheng Yun, and Mr. Cheung Wing Cheung as executive Directors, Mr. Song Bei Bei 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.