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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)**

### **DISCLOSEABLE TRANSACTION IN RELATION TO INVESTMENT IN LESHIZHIXIN**

#### **INVESTMENT**

The Company hereby announces that its indirect wholly owned subsidiary, Truly Electronics Manufacturing Limited, has entered into the Investment Agreement with, among Others, Leshi Zhixin on 14 February 2017, pursuant to which Truly Electronics conditionally agreed to acquire in aggregate 2.3438% equity interest in Leshi Zhixin immediately upon completion of the Investment at a consideration of RMB720,000,000.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Investment exceed 5% and all of such ratios are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

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#### **INVESTMENT AGREEMENT**

Date: 14 February 2017

Parties: Truly Electronics (as the investor)  
Leshi Zhixin (as the target company)  
Others (as existing shareholders of Leshi Zhixin and as other investors who have conditionally agreed to acquire equity interests of Leshi Zhixin before the Investment Agreement was entered into)

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiry, each of Leshi Zhixin, the Existing Shareholders and Other Investors and their respective ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Pursuant to Investment Agreement, Truly Electronics conditionally agreed to acquire capital increase equity interest in Leshi Zhixin at a consideration of RMB720,000,000, of which RMB 7,498,865 will be accounted for as the registered capital of Leshi Zhixin, representing 2.3438% equity interest in Leshi Zhixin (on a post-capital increase basis) and the remaining balance of RMB 712,501,135 will be accounted for as capital reserve.

### **Consideration**

The consideration of RMB720,000,000 was arrived at after arm's length negotiations between the parties with reference to the market value of capital increase equity interest in Leshi Zhixin.

The consideration payable by Truly Electronics for the Investment will be paid by the cash which in turn will be funded by the internal resources and bank loans of the Group.

### **Right of First Offer**

Truly Electronics shall enjoy customary shareholders' right of first offer in relation to (i) disposal of equity interest in Leshi Zhixin by any shareholder(s) (other than Beimeihong Technology) of Leshi Zhixin and (ii) subscription of equity interest in Leshi Zhixin (other than subscription pursuant to an employee share incentive scheme).

### **Right of Co-Sale**

Truly Electronics shall enjoy customary shareholders' right of co-sale in relation to disposal of equity interest in Leshi Zhixin by Leshi Internet, provided that Truly Electronics does not exercise its right of first offer as disclosed above.

### **Undertaking**

Pursuant to Investment Agreement, Leshi Zhixin undertakes to procure the completion of application with the CSRC regarding the reorganization of the equity interest in Leshi Zhixin not held by Leshi Internet into Leshi Internet before 31 December 2019.

### **Conditions Precedent**

The Investment is conditional upon and subject to the fulfillment (or waiver by Truly Electronics) of the following conditions:

- (1) all the documents required for the transactions contemplated under the relevant agreement(s) (including but not limited to the Investment Agreement) having been duly executed by the relevant parties; and
- (2) a copy of the shareholders resolutions of Leshi Zhixin approving the Investment having been provided to Truly Electronics.

### **Payment Terms**

Unless otherwise agreed by the parties, the consideration shall be paid in three equal instalments before 30 April 2017 to the joint account of Leshi Zhixin and Truly Electronics.

### **REASONS FOR AND BENEFITS OF THE INVESTMENT**

Owing to the continuously increasing of purchasing power of the PRC residents, the Company is optimistic about the investment opportunities from the technological innovation and high technology electronic consumption goods such as Smart Television. Leshi Internet group has established the growth potential space of the Leshi Internet group with its competitive large-screen hardware platform as carrier, and its many different television contents. The Company believes that the investment will bring a good return on capital for the Company and the Company will enhance strategic cooperation with Leshi Internet group in the electronic field, and will also benefit to the continued growth of the Company.

The Board considers that the terms of the Investment were determined after arm's length negotiations between the parties thereto and the Directors are of the view that the terms of the Investment are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF LESHI ZHIXIN**

### **Background of Leshi Zhixin**

Leshi Zhixin is a subsidiary of Leshi Internet, a company whose shares are listed on Shenzhen Stock Exchange, and is engaged in the business of the research and development, production and sales of intelligent Internet TV under the brand of Leshi Super TV and carries the big screen ecological business of Leshi Internet. Since the launch of Leshi Super TV in the market, Leshi Super TV has entered the first camp for TV sales brands and is the first brand for intelligent TV. In the future, with the continued hot sales of Super TV and backing by the rich video content of Leshi Internet, Leshi Zhixin will conduct a variety of businesses such as advertising operations, online distribution, application distribution, big screen games and big screen shopping based on high performance big screen intelligent TV and large user groups and realize profits by diversified means.

### **Financial information of Leshi Zhixin**

The unaudited combined net assets value of Leshi Zhixin as at 30 June 2016 was RMB-238,032,697.67. The audited combined financial information of Leshi Zhixin for the two years ended 31 December 2014 and 2015 was as follows:

	<b>For the year ended 31 December 2014 RMB</b>	<b>For the year ended 31 December 2015 RMB</b>
Net profit (before taxation and extraordinary items)	-386,338,211.59	-730,518,771.38
Net profit (after taxation and extraordinary items)	-385,792,330.15	-730,562,683.88

## **INFORMATION OF TRULY ELECTRONICS**

Truly Electronics is principally engaged in the business of manufacture and sale of electronic consumer products.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Investment exceed 5% and all of such ratios are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Beimeihong Technology”	北京貝眉鴻科技有限公司 (Beijing Beimeihong Technology Corp*), a company established in the PRC with limited liability
“Company”	Truly International Holdings Limited (信利國際有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed and traded on the Main Board of the Hong Kong Stock Exchange
“CSRC”	China Securities Regulatory Commission (中華人民共和國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huaxia”	華夏人壽保險股份有限公司 (Huaxia Life Insurance Co., Ltd*) , a company established in the PRC with limited liability
“Investment”	the investment in Lezhi by Truly Electronics pursuant to the Investment Agreement
“Investment Agreement”	the agreement dated 14 February 2017 entered into by, among Others, Leshi Zhixin and Truly Electronics in relation to the investment by Truly Electronics in Leshi Zhixin at the consideration of RMB720,000,000
“Jiarui”	天津嘉睿匯鑫企業管理有限公司(Tianjin Jiarui Huixin Corporate Management Co., Ltd.*), a company established in the PRC with limited liability
“Leran”	寧波杭州灣新區樂然投資管理合夥企業（有限合夥）(Ningbo Hangzhou Bay Leran Investment Management Partnership (limited Partnership)*), a partnership established in the PRC with limited liability
“Leshi Holding”	樂視控股（北京）有限公司 (Leshi Holding (Beijing) Co., Ltd.*), a company established in the PRC with limited liability

“Leshi Internet”	樂視網信息技術（北京）股份有限公司 (Leshi Internet Information & Technology Corp (Beijing)*), a company established in the PRC with limited liability whose shares are listed on the Shenzhen Stock Exchange (stock code: 300104)
“Leshi Zhixin”	樂視致新電子科技（天津）有限公司 (Leshi Zhixin Electronic Technology (Tianjin) Limited*), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Others”	collectively, Leshi Holding, Leshi Internet, Xinle Asset, Beimeihong Technology, Leran, Huaxia and Jiaru
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Truly Electronics”	Truly Electronics Manufacturing Limited (信利電子有限公司), a company incorporated in the PRC, an indirectly wholly owned subsidiary of the Company
“Xinle Asset”	鑫樂資產管理（天津）合夥企業（有限合夥） (Xinle Asset Management (Tianjin) Partnership (Limited Partnership)*), a partnership established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 14 February 2017

*As at the date of this announcements, the Board comprises Mr. Lam Wai Wah, Mr. Wong Pong Chun, James and Mr. Cheung Tat Sang as executive directors, Mr. Li Jian Hua 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.*

*\* In this announcement, the English names of the PRC entities, the PRC Government authorities or the PRC laws and regulations are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*