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## **TCL ELECTRONICS HOLDINGS LIMITED**

### **TCL 電子控股有限公司**

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

(formerly known as TCL Multimedia Technology Holdings Limited)

(TCL 多媒體科技控股有限公司)

(Stock Code: 01070)

## **CONNECTED TRANSACTION – SALE AND PURCHASE AGREEMENT**

### **INTRODUCTION**

The Board is pleased to announce that on 20 July 2018, TCL King Electrical and TCL Intelligence Industry entered into the Sale and Purchase Agreement pursuant to which, among others, TCL King Electrical shall purchase the Assigned Equipment from TCL Intelligence Industry subject to and in accordance with the terms and conditions thereof.

### **LISTING RULES IMPLICATIONS**

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 52.81% of the total number of issued shares of the Company and is a connected person of the Company under the Listing Rules. Being a wholly-owned subsidiary of TCL Corporation, TCL Intelligence Industry is also a connected person of the Company under the Listing Rules. Therefore, the Equipment Acquisition constitutes a connected transaction of the Company.

For the Sale and Purchase Agreement, as one or more of the applicable percentage ratios in relation to the Equipment Acquisition under the Sale and Purchase Agreement exceed 0.1% but are all less than 5%, the connected transaction contemplated thereunder is subject to notification and announcement requirements, but is exempt from circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notwithstanding the respective interest and/or role of certain Directors in TCL Corporation and/or TCL Intelligence Industry, none of them is considered as having a material interest in the Equipment Acquisition, therefore all Directors are entitled to vote on the resolution in respect of the Equipment Acquisition pursuant to the Company's articles of association.

**INTRODUCTION**

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**SALE AND PURCHASE AGREEMENT**

Major terms of the Sale and Purchase Agreement are set out as below:

- Date: 20 July 2018
- Parties:
  - (i) TCL King Electrical as the purchaser; and
  - (ii) TCL Intelligence Industry as the vendor
- Conditions Precedent: The Completion of the Sale and Purchase Agreement is conditional upon the satisfaction of the following conditions:
  - (i) obtaining the approval from the board of directors or shareholders of each of TCL King Electrical and TCL Intelligence Industry in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder and the approval documentation thereof before Completion (including but not limited to the relevant board’s resolution); and
  - (ii) if either party fails to obtain the documentation of its board of director’s approval (including but not limited to the relevant board’s resolution) on the date of the Sale and Purchase Agreement, the other party shall be entitled to terminate the Sale and Purchase Agreement and claim against such party for breach of contract.
- Assigned Equipment:
  - (i) moulds, equipment, tools, tooling fixtures, low value consumables, other office equipment for production of moulds; and
  - (ii) relevant user instructions, user manuals and maintenance information of the assets mentioned in (i) above.
- Inventory taking of the Assigned Equipment: Both parties confirm that the inventory taking of the Assigned Equipment has been carried out prior to the signing of the Sale and Purchase Agreement and that a list of Assigned Equipment has been agreed upon by both parties.

Completion: Completion shall take place on the date of the Sale and Purchase Agreement and at the office of TCL Intelligence Industry.

**TCL Intelligence Industry’s obligation(s) on Completion:**

On Completion, TCL Intelligence Industry shall deliver the following to TCL King Electrical:

- (i) the board’s resolution or shareholder’s resolution of TCL Intelligence Industry approving the execution of the Sale and Purchase Agreement and carrying out of the transactions contemplated thereunder;
- (ii) the Assigned Equipment; and
- (iii) all instrument(s) and document(s) relating to the ownership of the Assigned Equipment (if any) which may be reasonably requested by TCL King Electrical.

**TCL King Electrical’s obligation(s) on Completion:**

On Completion, TCL King Electrical shall deliver the board’s resolution of TCL King Electrical approving the execution of the Sale and Purchase Agreement and carrying out of the transactions contemplated thereunder to TCL Intelligence Industry.

Consideration: RMB15,494,434.63 (equivalent to approximately HK\$18,377,948.91) (tax excluded)

Payment terms: TCL King Electrical shall, within one week from the date of the Sale and Purchase Agreement and receipt of lawful VAT (value-added tax) invoice(s) issued by TCL Intelligence Industry, pay to TCL Intelligence Industry such portion of consideration corresponding to the VAT invoice(s) received by TCL King Electrical by way of bank transfer for the Equipment Acquisition (should TCL Intelligence Industry deliver such VAT invoices by instalments, the total amount of such VAT invoices in aggregate shall not exceed the consideration).

Adjustment of consideration: Upon Completion, if TCL King Electrical discovers that the value of the Assigned Equipment and the rights related thereto is inconsistent with the list of Assigned Equipment as attached to the Sale & Purchase Agreement which leads to a shortfall in the value of the Assigned Equipment, TCL Intelligence Industry shall refund an amount equivalent to such shortfall to TCL King Electrical within one week upon confirmation by both TCL King Electrical and TCL Intelligence Industry.

### **Basis of Determination of the consideration for the Assigned Equipment under the Sale and Purchase Agreement**

The unaudited net book value of the Assigned Equipment as at 31 May 2018 is RMB15,494,434.63 (equivalent to approximately HK\$18,377,948.91). The consideration for the Equipment Acquisition was determined with reference to the unaudited net book value of the Assigned Equipment as at 31 May 2018 and was arrived at after arm's length negotiations between the parties. The Directors consider that such consideration reflects the net book value of the Assigned Equipment.

There is no specifically identifiable stream of revenue/profits in respect of the Assigned Equipment for the two financial years immediately preceding the sale thereof.

TCL Intelligence Industry acquired the Assigned Equipment at a consideration in aggregate of RMB18,328,913.97 (equivalent to approximately HK\$21,739,924.86).

### **Reasons for and benefits of entering into the Sale And Purchase Agreement**

In the previous one year, there has been an increasingly demanding requirement on product design and mould from the Group. The ability of manufacturing moulds constitutes an important part of enhancing the product's competitiveness. Accordingly, the completion of the Acquisition of the Assigned Equipment will increase the efficiency in manufacturing and facilitate the Company to enhance its comprehensive product competitiveness.

In this regard, the Directors (including the independent non-executive Directors) are of the view that notwithstanding that the Sale and Purchase Agreement is not entered in the ordinary and usual course of business of the Group, it is incidental to the Group's development of its ordinary and usual course of business, and that the terms of the Sale and Purchase Agreement were determined based on arm's length negotiation. The Directors (including the independent non-executive Directors) are further of the view that the terms of the Sale and Purchase Agreement are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 52.81% of the total number of issued shares of the Company and is a connected person of the Company under the Listing Rules. Being a wholly-owned subsidiary of TCL Corporation, TCL Intelligence Industry is also a connected person of the Company under the Listing Rules. Therefore, the Equipment Acquisition constitutes a connected transaction of the Company.

For the Sale and Purchase Agreement, as one or more of the applicable percentage ratios in relation to the Equipment Acquisition exceed 0.1% but are all less than 5%, the connected transaction contemplated thereunder is subject to notification and announcement requirements, but is exempt from circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notwithstanding the respective interest and/or role of certain Directors in TCL Corporation and/or TCL Intelligence Industry, none of them is considered as having a material interest in the Equipment Acquisition, therefore all Directors are entitled to vote on the resolution in respect of the Equipment Acquisition pursuant to the Company's articles of association.

## **GENERAL INFORMATION OF THE PARTIES**

The Group (including TCL King Electrical) is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. The Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally. For more information on the Group, please visit its official website at <http://electronics.tcl.com> (the information that appears in this website does not form part of this announcement).

TCL Intelligence Industry, a direct wholly-owned subsidiary of TCL Corporation, is a company established in the PRC whose principal business is (i) research and development, design, manufacture, sales and rental of moulds and its moulding parts; (ii) research and development, application and sales of new materials and new crafts; (iii) research and development, manufacture, sales, rental, maintenance and modification of automation technology and facilities; and (iv) development and application, sales and consultation of management software and systems for manufacturing corporations.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“Assigned Equipment”	has the meaning ascribed thereto under the paragraph “Assigned Equipment” in the section “SALE AND PURCHASE AGREEMENT”
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	TCL Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 01070)
“Completion”	has the meaning ascribed thereto under the paragraph “Completion” in the section “SALE AND PURCHASE AGREEMENT”
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment Acquisition”	the sale and purchase of the Assigned Equipment pursuant to the Sale & Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC

“Sale and Purchase Agreement”	the sale and purchase agreement entered into between TCL King Electrical and TCL Intelligence Industry on 20 July 2018
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder of the Company, the shares of which are listed on Shenzhen Stock Exchange (Stock code: 000100)
“TCL Intelligence Industry”	TCL Intelligence Industry (Huizhou) Company Limited* (TCL智慧工業(惠州)有限公司), a company established under the laws of the PRC and a direct wholly-owned subsidiary of TCL Corporation
“TCL King Electrical”	TCL King Electrical Appliance (Huizhou) Company Limited* (TCL王牌電器(惠州)有限公司), a company established under the laws of the PRC and an indirect subsidiary of the Company

On behalf of the Board  
**LI Dongsheng**  
*Chairman*

Hong Kong, 20 July 2018

*The English transliteration of the Chinese name(s) in this announcement, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

*Unless otherwise specified in this announcement, amounts denominated in RMB have been converted, for the purpose of illustration only into HK\$ based on the exchange rate of RMB1.00 = HK\$1.1861.*

*As at the date of this announcement, the Board comprises Mr. LI Dongsheng, Mr. WANG Cheng Kevin, Mr. YAN Xiaolin and Mr. WANG Yi Michael as executive directors, Mr. Albert Thomas DA ROSA, Junior, Mr. HUANG Xubin, Mr. ZHANG Zhiwei and Mr. LIU Hong as non-executive directors and Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive directors.*