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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)*

(Stock Code: 01070)

## **CONNECTED TRANSACTION FORMATION OF JOINT VENTURE**

The Board announces that on 21 September 2018, Shenzhen TCL Digital (a Subsidiary of the Company), TCL Corporation, Ningbo Juge Yingrui, Ningbo Xingxing Jiuli, Shenzhen CSOT (a Subsidiary of TCL Corporation) and Mr. He entered into the Articles, pursuant to which the parties thereto agreed to establish the Joint Venture.

### **THE ARTICLES**

The principal terms of the Articles are as follows:-

Date: 21 September 2018

Parties:

- (1) TCL Corporation;
- (2) Shenzhen TCL Digital (a Subsidiary of the Company);
- (3) Ningbo Juge Yingrui;
- (4) Ningbo Xingxing Jiuli;
- (5) Shenzhen CSOT (a Subsidiary of TCL Corporation);

and

- (6) Mr. He

Capital Contribution:	<b>Parties</b>	<b>RMB million</b>	<b>Deadline to make the Capital Contribution</b>
	TCL Corporation	36	RMB26 million by 31 October 2018 and the remaining RMB10 million by 30 November 2018
	Shenzhen TCL Digital	20	31 October 2018
	Ningbo Juge Yingrui	14	31 December 2022
	Ningbo Xingxing Jiuli	4	31 October 2018
	Shenzhen CSOT	20	31 October 2018
	Mr. He	6	31 December 2022
Scope of business of the Joint Venture	Subject to approval by the relevant government authority, the scope of business of the Joint Venture shall principally be, including but not limited to, technology services relating to computer hardware and software, cloud platform facility service and information technology consultancy services.		
Organisation and Management	<p>The organ of authority of the Joint Venture shall be vested in its shareholders.</p> <p>The Joint Venture will establish a board of directors, which will consist of 5 members and out of which there is one chairman.</p> <p>The Joint Venture will appoint a manager who will be responsible under the board of directors of the Joint Venture and will assist in the management.</p> <p>The Joint Venture has no supervisory board but will have 1 supervisor.</p>		
Transfer of interest and First Right of Refusal	Each of the JV Shareholders may transfer to any other JV Shareholder(s) all or any part of its capital commitment in the Joint Venture. If any of the JV Shareholders wishes to transfer to any third party all or any part of its capital commitment in the Joint Venture, it shall obtain consent from majority of the other JV Shareholders in advance. The other JV Shareholders shall have the first right of refusal to any proposed transfer of equity interest in the Joint Venture by any JV Shareholder on the same terms and conditions.		

## Shareholding Structure

The registered capital of the Joint Venture will be RMB100 million and the following table sets out the shareholding structure of the Joint Venture immediately after the completion of the Capital Contribution:

Shareholder	Immediately after Capital Contribution	
	Registered capital (RMB million)	Shareholding percentage
TCL Corporation	36	36%
Shenzhen TCL Digital	20	20%
Ningbo Juge Yingrui	14	14%
Ningbo Xingxing Jiuli	4	4%
Shenzhen CSOT	20	20%
Mr. He	6	6%
<b>Total</b>	<b>100</b>	<b>100%</b>

The Capital Contribution by the parties will be in cash. The contribution of RMB20 million to be contributed by Shenzhen TCL Digital will be financed by the internal resources of the Group.

The Joint Venture will after establishment be a subsidiary of TCL Corporation and an associate of the Company.

The Capital Contribution amounts are determined after arm's length negotiation among the parties and with reference to the Joint Venture's capital requirements for its future business development and the registered capital of companies of similar size in the industry.

## INFORMATION OF THE JOINT VENTURE

The Joint Venture is a company established under the laws of the PRC with limited liability pursuant to the Articles with a principal business scope of technology services relating to computer hardware and software, cloud platform facility service and information technology consultancy services.

As at the date of this announcement, the Joint Venture has not yet commenced operation and no revenue nor profits have been generated since its establishment.

## **GENERAL INFORMATION AND RELATIONSHIP OF THE PARTIES**

The Group (including Shenzhen TCL Digital) 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 Corporation is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, audio-visual, telecommunications, information technology and electrical products. For more information on the TCL Corporation, please visit its official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

Shenzhen CSOT is a company established and subsisting under the laws of the PRC with limited liability and is principally engaged in the planning and construction of 8.5th generation TFT-LCD device production lines in High-tech Industrial Park, Guangming New District; research and development, production and sales TFT-LCD device related products and their ancillary products and import and export of goods and technology.

Ningbo Juge Yingrui is a limited partnership established in the PRC and is principally engaged in the business of investment management and consultation.

Ningbo Xingxing Jiuli is a limited partnership established in the PRC and is principally engaged in the business of investment management and consultation.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the Articles and the date of this announcement each of Ningbo Juge Yingrui, Ningbo Xingxing Jiuli and their respective ultimate beneficial owner(s) and Mr. He is an Independent Third Party.

Notwithstanding the respective interest(s) and/or role(s) of certain Directors in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Articles, therefore all Directors are entitled to vote at the relevant proposed board resolution pursuant to the Company's articles of association.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF JOINT VENTURE**

Through the integration of the information technology (IT) related hardware, software and services sourcing demand of TCL Corporation Group, the Joint Venture can effectively lower the IT sourcing costs of the TCL Corporation Group (including the Group). The Joint Venture can also enhance the quality and efficiency of the IT services of the Group through the reorganisation of the internal resources within TCL Corporation Group as well as resources and services sharing. The Group, being one of the shareholders of the Joint Venture can also benefit from the revenue when the Joint Venture enhances its business capabilities and expands its businesses to customers outside TCL Corporation Group in future.

The Directors (including the independent non-executive Directors) consider that the terms of the Articles and the Transactions contemplated thereunder are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the Articles and the Transactions.

## **LISTING RULES INPLICATIONS**

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.80% of the total number of issued Shares of the Company, and is a connected person of the Company under the Listing Rules. Accordingly, the Transactions constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transactions exceed 0.1% but all are less than 5%, the Transactions will be subject to reporting and announcement requirements but exempt from the independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Articles”	the articles of association of the Joint Venture entered into among Shenzhen TCL Digital, TCL Corporation, Ningbo Xingxing Jiuli, Ningbo Juge Yingrui, Shenzhen CSOT and Mr. He on 21 September 2018
“Board”	the board of Directors
“Capital Contribution”	the contribution of the registered capital of the Joint Venture in the aggregate amount of RMB100 million by the signing parties to the Articles pursuant to the Articles
“Company”	TCL Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1070)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its Subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party”	a party who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons
“Joint Venture”	Gechuang Dongzhi Technology Co., Ltd.* (格創東智科技有 限公司), a company established under the laws of the PRC with limited liability
“JV Shareholder(s)”	the shareholder(s) of the Joint Venture from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. He”	Mr. He Jun (何軍)
“Ningbo Juge Yingrui”	Ningbo Juge Yingrui Investment Partnership (Limited Partnership)* (寧波聚格盈睿投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Ningbo Xingxing Jiuli”	Ningbo Xingxing Jiuli Investment Management Partnership (Limited Partnership)* (寧波星興久力投資管理合夥企業 (有限合夥)), a limited partnership established in the PRC
“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
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shenzhen CSOT”	Shenzhen China Star Optoelectronics Technology Co., Ltd.* (深圳市華星光電技術有限公司), a company established under the laws of the PRC and a Subsidiary of TCL Corporation
“Shenzhen TCL Digital”	Shenzhen TCL Digital Technology Co., Ltd.* (深圳TCL數 字技術有限公司), a company established under the laws of the PRC and a Subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”/ “Subsidiaries”	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 the Shenzhen Stock Exchange (stock code: 000100)
“TCL Corporation Group”	TCL Corporation and its Subsidiaries, which for the purpose of this announcement shall exclude the Group
“Transactions”	the establishment of the Joint Venture and transactions as contemplated under the Articles
“%”	per cent

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

Hong Kong, 26 September 2018

*The English translation of Chinese names or words in this announcement, where indicated by “\*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*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, and Mr. LI Yuhao as non-executive directors and Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter and Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive directors.*