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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)

DISCLOSEABLE TRANSACTIONS DISPOSAL OF SHARES IN A LISTED COMPANY

Reference is made to the announcements of the Company dated 8 November 2020 and 8 December 2020 respectively. During the period from 6 November 2020 to 8 December 2020, the Vendor, a subsidiary of the Company, sold an aggregate of 10,687,263 Amlogic Shares (representing approximately 2.60% of the total issued Amlogic Shares as at the date of this announcement) for an aggregate consideration of approximately RMB696.11 million (equivalent to approximately HK\$834.15 million) (before transaction costs), which was receivable in cash on settlement.

During the period from 9 December 2020 to 4 March 2021, the Vendor further sold 9,868,710 Amlogic Shares (representing approximately 2.40% of the total issued Amlogic Shares as at the date of this announcement) in the open market at an average price of approximately RMB78.52 per share for an aggregate consideration of approximately RMB774.93 million (equivalent to approximately HK\$928.60 million) (before transaction costs), which was receivable in cash on settlement.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Disposals took place within a 12-month period and pursuant to Rule 14.22 of the Listing Rules, the Disposals shall be aggregated as a series of transactions. Pursuant to the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposals calculated on an aggregated basis exceeds 5% but all are less than 25%, the Disposals constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

PREVIOUS DISPOSALS

Reference is made to the announcements of the Company dated 8 November 2020 and 8 December 2020 respectively. During the period from 6 November 2020 to 8 December 2020, the Vendor, a subsidiary of the Company, conducted the Previous Disposals to sell an aggregate of 10,687,263 Amlogic Shares (representing approximately 2.60% of the total issued Amlogic Shares as at the date of this announcement) for an aggregate consideration of approximately RMB696.11 million (equivalent to approximately HK\$834.15 million) (before transaction costs), which was receivable in cash on settlement. For details and the disclosures required to be made under the Listing Rules in respect of the Previous Disposals, please refer to the aforementioned announcements.

THE DISPOSAL

Following the Previous Disposals, the Group considered it an appropriate opportunity to further realise its interest in Amlogic through further disposal of Amlogic Shares in light of the recent favourable market conditions. During the period from 9 December 2020 to 4 March 2021, the Vendor conducted the Disposal in the open market through auction and block trading in the Shanghai Stock Exchange to sell an aggregate of 9,868,710 Amlogic Shares (representing approximately 2.40% of the total issued Amlogic Shares as at the date of this announcement) at an average price of RMB78.52 per share for an aggregate consideration of approximately RMB774.93 million (equivalent to approximately HK\$928.60 million) (before transaction costs), which was receivable in cash on settlement. As the Disposal was conducted through auction and block trading in the Shanghai Stock Exchange, the Company was not aware of the identities of the purchasers of such Amlogic Shares and accordingly, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners is an Independent Third Party.

Immediately following the completion of the Disposal, the Company (through the Vendor) holds 21,214,408 Amlogic Shares (representing approximately 5.16% of the total issued Amlogic Shares as at the date of this announcement).

REASONS FOR AND BENEFITS FOR THE DISPOSAL

The Disposal provides a good opportunity for the Group to partially realise its interest in Amlogic with a gain and to re-allocate its resources in line with the Group's business development.

As a result of the Disposal, the Group is expected to recognise a gain of approximately HK\$801.46 million which is calculated on the basis of the difference between the estimated total consideration of the Disposal (net of transaction costs and value-added tax) of approximately RMB741.15 million (equivalent to approximately HK\$888.12 million) receivable by the Group and the carrying amount of the 9,868,710 Amlogic Shares of approximately HK\$86.66 million as at 31 December 2019. The actual amount of gain as a result of the Disposal to be recorded by the Group will be subject to the review and final audit by the auditor of the Group. The Group expects to receive net proceeds of approximately RMB741.15 million (equivalent to approximately HK\$888.12 million) from the Disposal. The Group currently intends to use the proceeds as general working capital and research and development investment.

The Disposal was made with reference to the prevailing market price and the Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Disposal are fair and reasonable; (ii) the Disposal is on normal commercial terms; and (iii) the Disposal is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but all are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Disposals took place within a 12-month period and pursuant to Rule 14.22 of the Listing Rules, the Disposals shall be aggregated as a series of transactions. Pursuant to the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposals calculated on an aggregated basis exceeds 5% but all are less than 25%, the Disposals constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION OF THE GROUP AND THE VENDOR

The Group is principally engaged in the research and development, manufacturing and sales of consumer electronic products such as smart TVs and mobile communication devices and independently develops home internet services. The Group helps users to live a smart and healthy life covering household, mobile and commercial scenarios and is devoted to becoming a world-leading smart technology company with smart display as the core strategy and 5G and "AI x IoT" as technological drivers. 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).

The Vendor, a subsidiary of the Company, was established in the PRC with limited liability. It is principally engaged in the manufacture and sale of colour TVs.

INFORMATION ON AMLOGIC

Amlogic is a joint stock limited company established in the PRC, the shares of which are listed on the sci-tech innovation board of the Shanghai Stock Exchange (stock code: 688099).

According to publicly available information, Amlogic is a PRC-based company principally engaged in the research and development, design and sales of multimedia intelligent terminal system-on-chip (SoC). Amlogic's chip products are mainly used in smart set-top boxes, smart TVs and AI audio and video system terminals. Amlogic distributes its products both to the domestic market and overseas markets.

According to the audited consolidated financial statements of Amlogic extracted from the annual report of Amlogic for the year ended 31 December 2019, the financial information of Amlogic Group for the two years ended 31 December 2018 and 2019 is as follows:

	For the year ended	
	31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	2,357,733	2,369,069
Net Profit before tax	169,123	295,977
Net Profit after tax	157,055	282,340
Net assets (as at 31 December of each year)	2,802,461	1,126,023

Based on the unaudited consolidated financial statements of Amlogic extracted from the 2020 third quarterly report of Amlogic for the three and nine months ended 30 September 2020, the unaudited total net assets of Amlogic Group were approximately RMB2,785,527,687 as at 30 September 2020.

DEFINITIONS

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

“AI”	artificial intelligence
“Amlogic”	Amlogic (Shanghai) Co., Ltd.* (晶晨半導體(上海)股份有限公司), a joint stock limited company established in the PRC, the shares of which are listed on the sci-tech innovation board of the Shanghai Stock Exchange (stock code: 688099)

“Amlogic Group”	Amlogic and its subsidiaries
“Amlogic Share(s)”	the share(s) of Amlogic
“Board”	the board of directors of the Company
“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)
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Vendor of an aggregate of 9,868,710 Amlogic Shares during the period from 9 December 2020 to 4 March 2021 in the open market through auction and block trading in the Shanghai Stock Exchange for an aggregate consideration of approximately RMB774.93 million (before transaction costs)
“Disposals”	the Previous Disposals and the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“IoT”	internet of things
“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 People’s Republic of China and Taiwan for the purposes of this announcement

“Previous Disposals”	the disposal of an aggregate of 10,687,263 Amlogic Shares by the Vendor for an aggregate consideration of approximately RMB696.11 million (before transaction costs) during the period from 6 November 2020 to 8 December 2020, details of which have been disclosed in the announcements of the Company dated 8 November 2020 and 8 December 2020 respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	TCL King Electrical Appliances (Huizhou) Company Limited* (TCL王牌電器(惠州)有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“%”	per cent

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 4 March 2021

For the purposes of this announcement, the exchange rate of RMB1.00 = HK\$1.1983 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such a rate.

The English translation of Chinese names or words in this announcement, where indicated by “”, is 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. HU Dien Chien as executive Directors, Mr. Albert Thomas DA ROSA, Junior, Mr. SUN Li and Mr. LI Yuhao 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.