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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)

**(1) RENEWAL OF
CONTINUING CONNECTED TRANSACTIONS –
MASTER FINANCE LEASE (2022-2024) AGREEMENT
AND**

**MASTER PHOTOVOLTAIC POWER CONSTRUCTION
SERVICES (2022-2024) AGREEMENT**

AND

**(2) PROPOSED AMENDMENTS TO THE MEMORANDUM AND
ARTICLES OF ASSOCIATION**

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS –
MASTER FINANCE LEASE (2022-2024) AGREEMENT AND MASTER
PHOTOVOLTAIC POWER CONSTRUCTION SERVICES (2022-2024)
AGREEMENT**

To renew and extend the transactions contemplated under the Existing Agreements, on 26 August 2022 (after trading hours), the Company entered into (i) the Master Finance Lease (2022-2024) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai); and (ii) the Master Photovoltaic Power Construction Services (2022-2024) Agreement with TCL Holdings, and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, 1,324,747,288 Shares, representing approximately 52.99% of the total number of issued Shares, are held by T.C.L. Industries (H.K.), which in turn is held as to 100% by TCL Holdings. TCL Finance Lease (Zhuhai) is an indirect wholly-owned subsidiary of TCL Holdings. As such, T.C.L. Industries (H.K.) is a substantial shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. As TCL Holdings is the holding company of T.C.L. Industries (H.K.), whereas TCL Finance Lease (Zhuhai) is a fellow subsidiary thereof, each of them is an associate of T.C.L. Industries (H.K.) and therefore also a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Master Finance Lease (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022-2024) Agreement therefore constitute continuing connected transactions of the Company.

As the Master Finance Lease (2022-2024) Agreement and the transactions under the Master Finance Lease (2022) Agreement and the Pilot Scheme took place within a 12-month period pursuant to Rule 14.22 of the Listing Rules and all of them are entered into with the same parties and of the same nature, the transactions under the Master Finance Lease (2022-2024) Agreement, the Master Finance Lease (2022) Agreement and the Pilot Scheme shall be aggregated as a series of transactions.

As the Master Photovoltaic Power Construction Services (2022-2024) Agreement and the transactions under the Master Photovoltaic Power Construction Services (2022) Agreement took place within a 12-month period pursuant to Rule 14.22 of the Listing Rules and both are entered into with the same parties and of the same nature, the transactions under the Master Photovoltaic Power Construction Services (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022) Agreement shall be aggregated as a series of transactions.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules (i) with reference to the annual caps of Master Finance Lease (2022-2024) Agreement together with the annual caps of Master Finance Lease (2022) Agreement (which already included the transaction amounts under the Pilot Scheme); and (ii) with reference to the annual caps of Master Photovoltaic Power Construction Services (2022-2024) Agreement together with the annual caps of Master Photovoltaic Power Construction Services (2022) Agreement both exceed 5%, the continuing connected transactions contemplated under the Agreements are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the term of the individual agreements under the Master Finance Lease (2022-2024) Agreement may exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Pelican Financial Limited as the Independent Financial Adviser to explain why the individual agreements under the Master Finance Lease (2022-2024) Agreement require a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Stock Exchange has revised the core shareholder protection standards under Appendix 3 to the Listing Rules with effect from 1 January 2022. Accordingly, the Board proposed to amend the Memorandum and Articles by adopting the Second Memorandum and Articles in order to, among other things, bring the Memorandum and Articles in line with the relevant requirements of the Listing Rules as well as the applicable laws of Cayman Islands.

1. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS – MASTER FINANCE LEASE (2022-2024) AGREEMENT AND MASTER PHOTOVOLTAIC POWER CONSTRUCTION SERVICES (2022-2024) AGREEMENT

(A) Introduction

On 26 August 2022 (after trading hours), the Company entered into (i) the Master Finance Lease (2022-2024) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai); and (ii) the Master Photovoltaic Power Construction Services (2022-2024) Agreement with TCL Holdings, and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company.

The Agreements are in substance extension and renewal of the Existing Agreements and the terms of the Agreements are substantially the same as the Existing Agreements, save as otherwise specified below.

(B) Background

In recent years, with the increasingly serious global energy shortage and intensifying global warming, major economies in the world have been strengthening support for solar photovoltaic energy. According to *Net Zero by 2050: A Roadmap for the Global Energy Sector* published by the International Energy Agency, the International Energy Agency called for annual additions of 630 GW of solar photovoltaics by 2030, the rate of increase being four-times the record levels set in 2020, and by 2050, solar photovoltaic capacity shall increase 20-fold from now. Driven by the global trend of carbon neutrality, the PRC government has introduced and implemented several policy reforms on photovoltaic power in accordance with the 14th Five-Year Plan. On 20 June 2021, the National Energy Administration of the PRC published the “Notice on the Pilot Scheme of Province-Wide Distributed Rooftop Project” to promote rooftop photovoltaic trial program on a whole-county basis, which mandated selected counties in the PRC to have the rooftops of not less than 50% of their government buildings be equipped with distributed photovoltaic power systems, as well as at least 40% of their non-government public buildings (such as schools, hospitals, and village committees), 30% of their commercial and industrial buildings and factories, and 20% of their rural households. In light of the favourable government policy and government subsidies on the photovoltaic industry, distributed photovoltaic is on course to see rapid growth in the PRC.

Against the aforesaid background, in order to seize emerging opportunities arising from the prevailing trend of carbon neutrality and green and clean energy, and considering that the market share of PRC household photovoltaic business is not centralised whilst the participants are rapidly competing for market share, the Group entered into the photovoltaic industry by leveraging on its close relationship in vertical industry chain, extensive sales channels, strong financial resources and technology. In particular:

- (i) TCL Zhonghuan, which is also under TCL ecosystem, is a leader of photovoltaic industrial chain in the PRC, and one of the duopoly of upstream silicon chip suppliers. The business of TCL Zhonghuan also extends to downstream photovoltaic components, hence being capable to provide strong assurance of supply of raw materials to the Group. At the same time, through its rich experience in the operation of different types of photovoltaic power station projects, TCL Zhonghuan can provide quality technical and service support to the Group;
- (ii) the Group has rooted in the home appliances market for more than 40 years, possessing advantages of the world-renowned TCL brand, downstream distribution channels by operating tens of thousands of stores in third to fifth tiers counties and cities in the PRC, as well as comprehensive after-sale system, all of which would facilitate the Group in attracting customers for photovoltaic business and optimising relevant after-sale support services; and
- (iii) the financial business of TCL Holdings Group has rich practical experience in household, commercial and industrial photovoltaic projects, mature operation and management system, as well as talents with expertise in both photovoltaic and finance fields, and can provide customised financial services to the Group with cost advantages and facilitate the Group to speedily venture into photovoltaic field by providing financing to potential clients of the Group.

Under the current business model of the Group in the photovoltaic sector, the Group would provide one-stop services to business clients and individual clients involving design, procurement, construction, assembly, operation and maintenance of photovoltaic power and other ancillary services depending on the needs of the clients.

In view of the substantial capital investment required for building and maintenance of photovoltaic power generators, some of the potential clients, especially individual clients, may need financial resources for financing the building of photovoltaic power generators. In order to offer convenient and affordable photovoltaic power generator solutions and increase the Group's competitiveness, the Group will also offer finance matching services where necessary. Therefore, depending on the financial need of clients, the Group's business model will be different.

For potential clients that require financial support (which are expected to be usually individual clients), the Group will adopt an “Engineering, Procurement and Construction” (EPC) model, coupled with finance matching services by matching financiers with such potential clients. Under this business model, in order to provide affordable photovoltaic power facilities and attract more clients, the schemes of the Group enable the clients to equip photovoltaic power facilities at nil or nominal cash investment and for such purposes the schemes are usually structured in such a way that the electricity income (and subsidies, if any) generated by the photovoltaic power facilities is expected to cover and off-set the lease payment, hence in general whilst clients need to provide the space for installation of photovoltaic power facilities (usually the rooftop of their properties), they are not required to make any capital contribution over the lease period and will be able to retain the photovoltaic power facilities at nominal cost after the lease period. In a typical transaction, the Group would approach clients who are interested to install photovoltaic power facilities and conduct assessments as to whether the properties of the clients are suitable for installing such facilities and whether sufficient electricity income can be generated. If the Group is satisfied with the assessment result, the Group will match such client with appropriate financier(s) who will provide funding for construction of the photovoltaic power facilities pursuant to finance lease arrangements whereas the Group will construct and sell the photovoltaic power facilities to the financier which in turn will lease the same to the client. The client will be able to use the electricity income to cover his/her lease payment obligation to the financier over the lease period without having to make any capital commitment, whilst the Group can recover the production costs of the photovoltaic power facilities in a relatively short period of time by selling the same to the financier instead of directly leasing to the client. In order to further enhance the attractiveness of the scheme, the Group will provide guarantee to secure the payment obligation of the potential clients such that in case the electricity income is not sufficient to satisfy the lease payment, the Group will settle the balance of lease payment with the financier so that the potential client can obtain the photovoltaic power facilities nearly without cost and is effectively risk-free. From the Group’s perspective, although it is required to provide guarantee, the risk of any financier enforcing such guarantee can be controlled by way of the Group’s proper assessment of amount of energy and hence electricity income that could be generated by the photovoltaic power facilities built by the Group. As TCL Holdings Group has rich experience in finance lease service in the photovoltaic sector, the Group sees the business opportunity of taking advantage of its close connection with TCL Holdings Group and matching potential clients with members of TCL Holdings Group for obtaining timely and flexible financing from the latter. The Group is of the view that covering finance matching in the one-stop services would further enhance the attractiveness and competitiveness of the Group’s photovoltaic business; hence the Group has commenced the Pilot Scheme in the first quarter of 2022 and entered into the Master Finance Lease (2022) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai) in May 2022 to facilitate such arrangement. For details of the aforesaid arrangement, please refer to the May Announcement (Finance Lease).

For potential clients which have adequate financial resources to purchase the photovoltaic generators (which are expected to be mainly business clients), the Group will enter into transactions with them directly and provide them with one-stop photovoltaic services. Such clients may include members of TCL Holdings Group and other Independent Third Party business clients. The Group has entered into the Master Photovoltaic Power Construction Services (2022) Agreement with TCL Holdings in May 2022 to facilitate the provision of such one-stop photovoltaic services to members of TCL Holdings Group. For details, please refer to the May Announcement (Construction Services).

Following the launch of the Pilot Scheme, the Group has been consistently improving its sales channels and business capability for photovoltaic business, and has started providing photovoltaic services in several provinces of the PRC such as Shandong, Hebei and Henan, whilst further expansion to other provinces will follow. The market reaction for photovoltaic business of the Group is encouraging since the Group conducted the Pilot Scheme and such market response is even more enthusiastic following the Group's commencement of transactions under the Existing Agreements in May 2022. In particular, based on (i) the preliminary orders received under the Master Finance Lease (2022) Agreement during the seven months ended 31 July 2022 (for details, please refer to the section headed "(F) Historical Figures and Proposed Annual Caps" below); (ii) the expected explosive growth in the demand for the Group's photovoltaic-related services and equipment during its launching phase in the second half of 2022 with reference to the experience of the industry; and (iii) the continuous upward trend in overall demand of the photovoltaic industry, the Company anticipates that the amount of relevant existing annual caps under the Master Finance Lease (2022) Agreement will not be sufficient to meet the potential demand. Further, TCL Holdings Group has provided strong support for the photovoltaic business of the Group at the early stage of its commencement by providing customised financial service solutions and sharing its rich experience in photovoltaic business operation. Therefore, the Company intends to extend its co-operation with TCL Holdings Group for a longer period to facilitate the further growth of the photovoltaic business and in order to grasp further business opportunities accompanied by the demand. Accordingly, the Company entered into the Agreements, which are in substance extension and renewal of the Existing Agreements and the terms of the Agreements are substantially the same as the Existing Agreements except that (i) the Agreements are with a longer duration; and (ii) the pricing policies in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement have been refined to cater for situation where the Group does not provide identical, similar or comparable services to Independent Third Parties.

Leveraging the synergistic advantages of TCL ecosystem, the Group speedily breaks through from household photovoltaic business to commercial and industrial photovoltaic business, achieving exponential growth in scale of photovoltaic business. Meanwhile, the Group has also started exploring overseas photovoltaic business, striving to become a significant participant of photovoltaic market. In the future, the Group will accelerate the development of its photovoltaic business and strive to become an innovator and leader in providing integrated solutions for achieving zero carbon living and zero carbon industrial parks.

(C) The Agreements

(1) Master Finance Lease (2022-2024) Agreement

On 16 May 2022, the Company entered into the Master Finance Lease (2022) Agreement with TCL Holdings and TCL Finance Lease (Zhuhai). For details, please refer to the May Announcement (Finance Lease).

The Master Finance Lease (2022-2024) Agreement is on substantially similar terms as the Master Finance Lease (2022) Agreement except that the duration will be longer to cover three years until the end of 2024 instead of the end of 2022.

Pursuant to the Master Finance Lease (2022-2024) Agreement, the Master Finance Lease (2022) Agreement shall be automatically terminated upon the coming into effect of the Master Finance Lease (2022-2024) Agreement.

The material terms of the Master Finance Lease (2022-2024) Agreement are summarised below:

Date: 26 August 2022 (after trading hours)

Parties: (i) The Company (for itself and on behalf of the Group);

(ii) TCL Holdings (for itself and on behalf of TCL Holdings Group); and

(iii) TCL Finance Lease (Zhuhai).

Duration: From the Shareholders' Approval Date to 31 December 2024 (both days inclusive).

The term of any individual agreement to be entered into under the Master Finance Lease (2022-2024) Agreement may vary on a case by case basis depending on commercial consideration for each case but in any event shall be no longer than 25 years. For the avoidance of doubt, no further individual agreements pursuant to the Master Finance Lease (2022-2024) Agreement shall be entered into after the expiry or termination of the Master Finance Lease (2022-2024) Agreement, provided that notwithstanding the termination or expiry of the Master Finance Lease (2022-2024) Agreement, (i) any individual agreements entered into during the term of the Master Finance Lease (2022-2024) Agreement shall remain in full force and effect; and (ii) the terms and conditions of the Master Finance Lease (2022-2024) Agreement shall continue to apply to such individual agreements and for and only for such purpose and to such extent continue to be effective and binding.

Condition precedent: The Master Finance Lease (2022-2024) Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Master Finance Lease (2022-2024) Agreement, including but not limited to obtaining the Shareholders' approval at the EGM.

Major terms: **Sale and Lease Arrangement**

Each Seller (each being a subsidiary of the Group) may, after taking into account applicable pricing policies, at its absolute discretion, recommend suitable Lessees to the Lessors for leasing of Leased Assets. Upon receiving recommendation from the relevant Seller, the relevant Lessor (each being a member of TCL Holdings Group) may, at its absolute discretion, decide whether to provide Finance Lease Services to the relevant Lessee.

If the relevant Lessor decides to provide Finance Lease Services to the relevant Lessee, the relevant Lessor shall purchase the relevant Leased Asset from the relevant Seller and lease the relevant Leased Asset to the relevant Lessee, and the relevant Lessee shall authorise the transfer and deposit of all electricity income and subsidies (if any) generated by the relevant Leased Asset (“**Leased Asset Income**”) to the account designated by the relevant Lessor (“**Designated Account**”) for payment and discharge of relevant Lessee Payment Obligation. The relevant Lessor may also request the relevant Seller to purchase and maintain an insurance policy with appropriate coverage on the relevant Leased Asset with the relevant Lessor as the beneficiary. The relevant Lessor, the relevant Seller and the relevant Lessee shall enter into individual agreement(s) for such finance lease arrangement, and the relevant Seller shall also enter into individual agreement(s) with the relevant Lessee for providing services in relation to the relevant Leased Asset (*Note 1*).

The terms and conditions (including but not limited to the purchase price of the relevant Leased Asset, the relevant Lessee Payment Obligation, other terms of the Finance Lease Services and (where applicable) terms of provision of other services in relation to the Leased Asset) of any sale of Leased Asset and provision of Finance Lease Services shall be agreed among the relevant Seller, Lessor and Lessee in writing as set out in the individual agreements from time to time, provided that the terms of such individual agreements shall be consistent with the terms of the Master Finance Lease (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

Guarantee Arrangements

The relevant Seller shall provide guarantee in favour of the relevant Lessor to secure the due performance of the relevant Lessee Payment Obligation by the Lessee. The form, terms and conditions of the guarantee shall be agreed among the relevant Seller, Lessor and Lessee in writing as set out in the individual agreements from time to time, provided that:

- (i) if the Leased Asset Income received in the Designated Account is insufficient to pay (and if the relevant Lessee is also unable to pay) the relevant Lessee Payment Obligation due and payable in any period (“**Payment Due**”), the relevant Lessor shall have the right to transfer and apply all or part of the relevant Security Deposits (if any) for payment of the remaining balance of relevant Payment Due (“**Payment Due Balance**”) (the relevant Lessor may request the relevant Seller to replenish Security Deposits pursuant to the terms of the individual agreement); if the relevant balance of Security Deposits is insufficient to settle the Payment Due Balance, the relevant Lessor may request the relevant Seller as guarantor to pay the remaining balance of Payment Due Balance and/or pay and/or replenish Security Deposits;

- (ii) if any of the following types of event occurs (details of such events shall be agreed among the relevant Seller, Lessor and Lessee and set out in the individual agreement):
 - (a) any event which, in the reasonable opinion of the relevant Lessor, the relevant Lessee and/or the relevant Seller, adversely affects in the long term the relevant Leased Asset Income (including, without limitation, the failure of the Leased Asset to generate electricity continuously or normally for a reasonable period of time as agreed between the parties, the destruction or loss of the Leased Asset, the demolition or relocation of the premises where the Leased Asset is situated, or other force majeure events);

- (b) any event which shall adversely affect the ability of the relevant Lessee to repay or operate the Leased Asset;
- (c) the failure of the relevant Seller to pay or replenish the Security Deposits pursuant to the relevant written demand from the relevant Lessor in accordance with the individual agreement; or
- (d) any other event of fundamental breach as agreed between the relevant Lessor, the relevant Lessee and the relevant Seller in the individual agreement,

then the relevant Lessor shall be entitled to require the relevant Lessee to pay forthwith all outstanding Lessee Payment Obligation (whether due and payable or not) (“**Aggregate Arrears**”) within the period agreed in the individual agreement, and if the relevant Lessee fails to repay the Aggregate Arrears in full and on time as required by the relevant Lessor, the relevant Seller shall be liable to make up the balance of Aggregate Arrears, and upon the full settlement of the Aggregate Arrears, the relevant Lessor shall transfer the relevant Leased Asset together with all rights, interests and title thereunder to the relevant Seller and/or Lessee and/or designated person pursuant to the applicable provisions of the individual agreement; for the avoidance of doubt, the aforesaid arrangement does not prejudice the rights and entitlements of the relevant Seller against the relevant Lessee in respect of the provision of guarantee; and

- (iii) the terms of such individual agreements shall be consistent with the terms of the Master Finance Lease (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

Security Deposits

As part of the abovementioned guarantee arrangement, the relevant Lessor has the right to request the relevant Seller to pay security deposits (“**Security Deposits**”) and to maintain the level of Security Deposits at a certain amount (initially at 5% of the relevant Lease Amount but subject to regular review and adjustment by written consent between the relevant Lessor and the relevant Seller), which may be utilised for satisfying the relevant Lessee Payment Obligation due if the relevant Lessee failed to perform such obligations. The remaining Security Deposits (without interest) shall be refunded to the relevant Seller upon the end of the Lease Period and full performance of the Lessee Payment Obligation.

The maximum outstanding balance of Security Deposits paid by all Sellers from time to time under the Master Finance Lease (2022-2024) Agreement shall be no more than 5% of the Aggregate Lease Amount.

Note 1:

As part of the business arrangement, the relevant Seller, Lessor and Lessee will typically enter into an agreement pursuant to which, among others, the relevant Seller will provide services (including but not limited to operation and maintenance services) relating to the relevant Leased Asset (“**Leased Asset Operation Services**”) to the relevant Lessee, and in return, the relevant Lessee will pay service fees (which will usually be covered by the relevant Leased Asset Income) to the relevant Seller during the term of the lease under the relevant Finance Lease Services. As the Leased Asset Operation Services are expected to be of a revenue nature, conducted in the ordinary and usual course of business of the Group, and provided to Lessees which are Independent Third Parties, the transactions contemplated thereunder are not subject to the disclosure requirements under Chapter 14 of the Listing Rules. In the event the relevant Seller decides to provide Leased Asset Operation Services to a Lessee which subsequently becomes a connected person of the Company, the relevant transaction may become connected transactions of the Company under Chapter 14A of the Listing Rules, and in such circumstances, the Company will comply with applicable requirements under the Listing Rules, including but not limited to publishing further announcements and/or obtaining Shareholders’ approval where necessary.

(2) *Master Photovoltaic Power Construction Services (2022-2024) Agreement*

On 16 May 2022, the Company entered into the Master Photovoltaic Power Construction Services (2022) Agreement with TCL Holdings. For details, please refer to the May Announcement (Construction Services).

The Master Photovoltaic Power Construction Services (2022-2024) Agreement is on substantially similar terms as the Master Photovoltaic Power Construction Services (2022) Agreement except (i) the duration will be longer to cover three years until the end of 2024 instead of the end of 2022; and (ii) the pricing policies in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement have been refined to cater for situation where the Group does not provide identical, similar or comparable services to Independent Third Parties.

Pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the Master Photovoltaic Power Construction Services (2022) Agreement shall be automatically terminated upon the coming into effect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement.

The material terms of the Master Photovoltaic Power Construction Services (2022-2024) are summarised below:

Date: 26 August 2022 (after trading hours)

Parties: (i) the Company (for itself and on behalf of the Group);
and
(ii) TCL Holdings (for itself and on behalf of TCL Holdings Group).

Duration: From the Shareholders' Approval Date to 31 December 2024 (both days inclusive).

Condition precedent: The Master Photovoltaic Power Construction Services (2022-2024) Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, including but not limited to obtaining the Shareholders' approval at the EGM.

Major terms: **Construction Services**

Each member of TCL Holdings Group may from time to time at its absolute discretion request members of the Group to provide Construction Services in its ordinary and usual course of business, and the relevant member of the Group may at its absolute discretion decide whether to provide Construction Services to the relevant member of TCL Holdings Group.

Subject to the consent of the relevant member of TCL Holdings Group, the relevant member of the Group may sub-contract work under the Construction Services in accordance with the relevant terms of the individual agreements under the Master Photovoltaic Power Construction Services (2022-2024) Agreement, provided that the Company shall ensure that all applicable requirements under the Listing Rules (if any) have been complied with before sub-contracting any work.

The terms and conditions (including service fees, payment terms, scope of work, materials required, insurance, quality warranty, standard of completion inspection, etc.) of any Construction Services conducted pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be agreed between relevant member(s) of the Group and TCL Holdings Group in writing by individual agreement(s) from time to time. The terms of such individual agreements shall be consistent with the Master Photovoltaic Power Construction Services (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

The service fees for Construction Services shall be payable in accordance with the payment terms and time as specified in the individual agreements.

Operation and Maintenance Services

Each member of TCL Holdings Group may from time to time at its absolute discretion request members of the Group to provide Operation and Maintenance Services in its ordinary and usual course of business, and the relevant member of the Group may at its absolute discretion decide whether to provide Operation and Maintenance Services to the relevant member of TCL Holdings Group.

The terms and conditions (including service fees, payment terms and scope of work, etc.) of any Operation and Maintenance Services conducted pursuant to the Master Photovoltaic Power Construction Services (2022-2024) Agreement shall be agreed between relevant member(s) of the Group and TCL Holdings Group in writing by individual agreement(s) from time to time. The terms of such individual agreements shall be consistent with the Master Photovoltaic Power Construction Services (2022-2024) Agreement save and except for the clauses regarding applicable law and dispute resolution.

The service fees for Operation and Maintenance Services shall be payable in accordance with the payment terms and time as specified in the individual agreements.

Pricing policy and basis of price determination: The overall terms and conditions (including but not limited to service fees) as a whole of the Construction Services and Operation and Maintenance Services offered to the relevant member of TCL Holdings Group by the relevant member of the Group shall be no more favourable than those offered to Independent Third Parties by the relevant member of the Group and shall be on normal commercial terms. Each individual agreement shall be negotiated on an arm's length basis.

In determining whether the overall terms and conditions offered to the relevant member of TCL Holdings Group by the relevant member of the Group are no more favourable than those offered to Independent Third Parties by the relevant member of the Group, the Group will take into account all relevant factors including the service fees, prices of raw materials and equipment for the relevant projects, labour cost, business development plans of the Group and the fair market price ranges and pricing terms of service of identical, or (if that is not available) of comparable or similar type, scale, quality, specifications, required time, etc. offered to Independent Third Parties in the market by the relevant members of the Group as at the time when the individual agreement is entered into.

If the Group does not offer identical, comparable or similar services to Independent Third Parties, the Group will consider the impact of the transactions on the profitability of the Group, and in any event the Group shall only offer the Construction Services and Operation and Maintenance Services to TCL Holdings Group if it is in the interest of the Group and the Shareholders as a whole to do so.

(D) Pricing Policies and Basis of Price Determination

Master Finance Lease (2022-2024) Agreement

The price of each Leased Asset shall be agreed between the Group (as Seller) and the Lessees (which are Independent Third Parties) on arm's length basis, and TCL Holdings Group (as Lessor and financier) will purchase the Leased Asset from members of the Group at the said agreed price as part of the finance lease arrangement.

The Group will match the Lessees with members of TCL Holdings Group if the overall terms and conditions of the Finance Lease Services offered by the relevant member of TCL Holdings Group to the relevant Lessee and the terms and conditions of the guarantee arrangement to be borne by the relevant member of the Group as proposed by the relevant member of TCL Holdings Group to the relevant member of the Group as a whole are no less favourable to the Group than those offered by Independent Third Parties financiers (if any). The Group will take into account all relevant factors such as lease interest rates, repayment terms, guarantee amount and other commercial terms. In particular, where the lease interest rate offered by TCL Holdings Group is higher than the then prevailing range of lease interest rate in the market, the Group will consider whether to proceed with the transactions contemplated under the Master Finance Lease (2022-2024) Agreement based on a basket of factors, including but not limited to (i) whether the Group is able to obtain better offer from Independent Third Parties financiers; (ii) the business strategy of the Group such as business diversification and market competition; and (iii) the impact on the profitability of the Group, and in any event the Group shall only conduct transactions contemplated under the Master Finance Lease (2022-2024) Agreement if it is in the interest of the Shareholders and the Group as a whole to do so. Each individual agreement under the Master Finance Lease (2022-2024) Agreement shall be negotiated on an arm's length basis.

Master Photovoltaic Power Construction Services (2022-2024) Agreement

In addition to the pricing policy disclosed under the section headed “(2) Master Photovoltaic Power Construction Services (2022-2024) Agreement” above, in order to maintain a fair assessment of Construction Services and/or Operation and Maintenance Services requested to be provided by the Group to TCL Holdings Group, the Group will compare its offer to TCL Holdings Group with those terms offered by the Group to Independent Third Parties for identical (or, if not available, comparable or similar) services.

(E) Internal Control Procedures

The Company has adopted the following internal control procedures to supervise the continuing connected transactions contemplated under the Agreements:

General internal control procedures

- (i) The Group will periodically collect market information from connected persons and Independent Third Parties and maintain such information under its internal database. Before each continuing connected transaction is to be carried out, the Group will compare the terms offered by the relevant connected person with the market data in its internal database to ensure the overall terms offered by such connected person are on normal commercial terms and no less favourable to the Group than those offered by Independent Third Parties.
- (ii) The finance department of the Group will maintain a database to record and monitor the aggregate transaction amounts under the continuing connected transactions from time to time and prepare a monthly report on the status of the aggregate transaction amounts which will be submitted to the finance director of the Group for review.
- (iii) Before conducting any transactions with connected persons, the finance department would confirm the utilisation status of the annual caps to ensure that the Group still has sufficient room under the annual caps for carrying out the relevant continuing connected transactions. The finance department would on a regular basis review the continuing connected transactions carried out during the period under review to assess (i) whether the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant agreement and the Company's pricing policy; and (ii) the transaction amount during the month under review, the aggregate amount of transactions conducted during the relevant financial year and whether the relevant annual caps have been exceeded. If it is anticipated that the annual caps may be exceeded if the Company is to carry out the proposed transactions, the Company would take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules including but not limited to revising the relevant annual caps before entering into the proposed transactions.

- (iv) Every time before conducting any continuing connected transactions, the relevant department of the Group would first prepare the relevant individual agreement for the continuing connected transactions and submit it to the internal control unit and legal department of the Group for review and approval. The internal control unit and the legal department of the Group would review the terms of the proposed transaction and the draft individual agreement to be entered into to make sure that the terms are in compliance with the master agreement and the pricing policy of the Group and that the overall terms and conditions (including prices and payment terms) are no less favourable to the Group than those offered by Independent Third Parties. The transactions could only be carried out after the internal control unit and the legal department have separately given their approval therefor.

Specific internal control procedures

Regarding Master Finance Lease (2022-2024) Agreement

- (i) Upon receiving proposed offer from the potential client (i.e. Lessee) and TCL Holdings Group, the sales and marketing team of the Group will review the pricing terms and check with the relevant units for production capacity, production cost, service cost, pricing and negotiate or confirm the terms with the potential clients and TCL Holdings Group. The proposed offer will be submitted to management for approval. The Group will only accept proposed offers from the potential clients and TCL Holdings Group when, in accordance with the results of the overall assessment, the proposed offer complies with the pricing policies as stated in the section headed “(D) Pricing Policies and Basis of Price Determination” herein.

(ii) The Group is required to provide guarantee in favour of the relevant Lessor to secure the due performance of the relevant Lessee Payment Obligation by the Lessee. The guarantee obligation will usually only arise if the relevant Leased Asset Income is insufficient to pay the relevant Lessee Payment Obligation. Accordingly, in order to minimise the Group's exposure to the potential risk associated with the guarantee provided by the Group, the Group will conduct a series of assessments before the Group enters into individual agreements with potential client to ensure that sufficient Leased Asset Income (usually electricity income from the photovoltaic power facilities) can be generated. In general, the assessments will include:

- (a) Obtaining supporting documents from the potential clients to confirm and verify their identity and the title and ownership of properties on which the photovoltaic power facilities are expected to be installed, so as to ensure that the properties are free from encumbrances and there is minimal risk that the properties and/or the photovoltaic power facilities will be forced to be demolished or otherwise adversely affected during the lease period.
- (b) Conducting on-site survey of the properties on which the photovoltaic power facilities are expected to be installed. The Group will take photos of the properties to form a preliminary view of the suitability of the properties for installing photovoltaic power facilities, followed by a formal field visit to inspect and evaluate factors which may affect the electricity income from the photovoltaic power facilities, including but not limited to the geographical location, the latitude of the site, the duration of daylight hours, the area available for instalment of photovoltaic array, the solar irradiance, the interrelationship of the change of seasons with the daylight duration and solar irradiance, etc..

The Group will only enter into individual agreements with the potential clients after the potential clients have duly and properly provided all requisite documents and information and the Group has been satisfied about the title to, ownership of and suitability of the properties for installing photovoltaic power facilities.

Regarding Master Photovoltaic Power Construction Services (2022-2024) Agreement

- (i) To the extent where there are no similar or comparable services from Independent Third Parties, the Group will obtain quotation information from TCL Holdings Group to ensure that the prices payable by TCL Holdings Group to the Group shall be no less favourable than those payable by TCL Holdings Group to Independent Third Parties. The Group may also make reference to the open bidding information of similar services or projects to ensure that the pricing of the Construction Services and/or Operation and Maintenance Services is within market range.
- (ii) The Group would also from time to time identify further Independent Third Parties whom it considers capable of providing the required services of satisfactory quality and at satisfactory standard, and obtain quotations for the required Construction Services and/or Operation and Maintenance Services from them upon identification.

Annual review of the continuing connected transactions

- (i) The independent non-executive Directors shall review annually the Agreements and the transactions thereunder and confirm in the Company's corresponding annual report that the Agreements and the transactions thereunder have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms or better; and
 - (c) according to the respective agreements governing them and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

- (ii) The auditor of the Company shall review annually the Agreements and the transactions thereunder and confirm in a letter to the Board (a copy of which shall be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) that the Agreements and the transactions thereunder:
 - (a) have received the approval of the Board;
 - (b) have been, in all material respects, in accordance with the pricing policies of the Group (for these agreements involving the provision of goods and/or services by the Group);
 - (c) have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
 - (d) have not exceeded the caps.
- (iii) The Directors shall state in the Company's annual report whether its auditor has confirmed the matters stated in Rule 14A.56 of the Listing Rules.
- (iv) The Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditor of the Company will not be able to confirm the matters under Rules 14A.55 and 14A.56 of the Listing Rules.
- (v) The Company shall allow, and shall ensure that the counterparties to the continuing connected transactions shall allow the Company's auditor sufficient access to the relevant records for the purpose of the auditor's review of the continuing connected transactions in accordance with the Listing Rules.

(F) Historical Figures and Proposed Annual Caps

The following table sets out the respective historical figures of the continuing connected transactions under the Existing Agreements and the Pilot Scheme, and the respective proposed annual caps of the Agreements for the three years ending 31 December 2024.

As mentioned in the section headed “(B) Background” above, the photovoltaic business of the Group is still at the early stage and TCL Holdings Group is the current main business partner of the Group in the sector. Meanwhile, the Group is also actively seeking co-operation with other Independent Third Party partners so as to foster the development of the Group’s photovoltaic business. For the avoidance of doubt, the potential transactions with such Independent Third Party partners do not constitute connected transactions under Chapter 14A of the Listing Rules and hence the relevant transaction amounts are excluded from the proposed annual caps of the Agreements as set out in the table below.

	For the seven months ended 31 July 2022 (unaudited) (for actual amount only)/ For the year ending 31 December 2022 (for historical annual cap only) HK\$'000	For the year ending 31 December 2022 HK\$'000	For the year ending 31 December 2023 HK\$'000	For the year ending 31 December 2024 HK\$'000
Continuing Connected Transactions				
Sale of Leased Assets				
– Historical annual cap	436,000			
– Actual (<i>Note 1</i>)	271,000			
– Proposed annual cap		811,000	1,139,000	1,898,000
Aggregate actual amount paid under the guarantee arrangement (<i>Note 2</i>)				
– Historical annual cap	21,800			
– Actual (<i>Note 1</i>)	Nil			
– Proposed annual cap		40,550	56,950	94,900
Maximum outstanding balance of Security Deposits (<i>Note 2</i>)				
– Historical annual cap	21,800			
– Actual (<i>Note 1</i>)	1,560			
– Proposed annual cap		40,550	56,950	94,900
Continuing Connected Transactions				
Construction Services – Services fees to be received by the Group				
– Historical annual cap	426,000			
– Actual (<i>Note 3</i>)	7,880			
– Proposed annual cap		426,000	1,256,000	1,883,000
Operation and Maintenance Services – Services fees to be received by the Group				
– Historical annual cap	10,000			
– Actual	Nil			
– Proposed annual cap		10,000	25,000	38,000

Notes:

1. As at 31 July 2022, based on the preliminary orders received, it is estimated that under the Master Finance Lease (2022) Agreement, the transaction amount of the sale of leased assets for the nine months ending 30 September 2022 would exceed approximately HK\$436 million, and the aggregate actual amount paid under the guarantee arrangement and maximum outstanding balance of Security Deposits would also increase accordingly.
2. As mentioned in the section headed “(1) Master Finance Lease (2022-2024) Agreement”, the term of any individual agreement entered into under the Master Finance Lease (2022-2024) Agreement shall be no longer than 25 years, provided that no further individual agreements pursuant to the Master Finance Lease (2022-2024) Agreement shall be entered into after the expiry or termination of the Master Finance Lease (2022-2024) Agreement. Yet, notwithstanding such termination or expiry, (i) any individual agreements entered into during the term of the Master Finance Lease (2022-2024) Agreement shall remain in full force and effect; and (ii) the terms and conditions of the Master Finance Lease (2022-2024) Agreement shall continue to apply to such individual agreements and for and only for such purpose and to such extent continue to be effective and binding. Accordingly, the annual caps of (i) the aggregate actual amount paid under the guarantee arrangement; and (ii) the maximum outstanding balance of Security Deposits will continue to apply to the individual agreements entered into during the corresponding year notwithstanding the termination or expiry of the Master Finance Lease (2022-2024) Agreement.

For illustration, in respect of individual agreements under the Master Finance Lease (2022-2024) Agreement entered into during the year ending 31 December 2023, during the period from 1 January 2023 until the expiry or termination of all individual agreements under the Master Finance Lease (2022-2024) Agreement entered into during the year ending 31 December 2023 (which shall be no later than 31 December 2048, being 25 years after 31 December 2023) (collectively “**2023 Individual Agreements**”), (i) the aggregate actual amount paid under the guarantee arrangement arising from all transactions under such 2023 Individual Agreements shall not exceed the annual cap for the year ending 31 December 2023 stated above (i.e. HK\$56.95 million); and (ii) the maximum outstanding balance of Security Deposits at any point of time arising from all transactions under such 2023 Individual Agreements shall not exceed the annual cap for the year ending 31 December 2023 stated above (i.e. HK\$56.95 million), and for the avoidance of doubt, where members of the Group are required to make payment under the guarantee arrangement pursuant to the 2023 Individual Agreements (whether by paying/replenishing Security Deposits or otherwise) to TCL Holdings Group after 31 December 2023, such transaction amount shall still be regarded as utilising the respective annual cap (i.e. “aggregate actual amount paid under the guarantee arrangement” or “maximum outstanding balance of Security Deposits”, as the case may be) for the year ending 31 December 2023 notwithstanding such event takes place after 31 December 2023.

3. As at 31 July 2022, the Group has entered into individual agreements with certain members of TCL Holdings Group under the Master Photovoltaic Power Construction Services (2022) Agreement, pursuant to which the Group has commenced providing Construction Services to TCL Holdings Group. It is estimated that upon completion of such individual agreements, service fees of more than HK\$200 million will be receivable by the Group for the Construction Services provided under these individual agreements.

(G) Basis for Determination of the Proposed Annual Caps

The major factors for determining the proposed annual caps for the Agreements are set out below:

Master Finance Lease (2022-2024) Agreement

Sale of Leased Assets:

- (i) the historical amounts of the relevant transactions and the preliminary orders received under the Master Finance Lease (2022) Agreement up to the date of this announcement;
- (ii) the projected annual average growth of approximately 50% in respect of the demand for Leased Assets from 2022 to 2024 estimated based on the expected annual and historical growth of newly installed household photovoltaic capacity in the PRC, the penetration rate of the targeted business areas, the relevant industry experience, the increasing demand for photovoltaic services and equipment in view of the green energy policy target set by the PRC government, as well as the potential growth of the photovoltaic business of the Group involving co-operation with TCL Holdings Group and the targeted market share of the Group, in particular, according to the statistics released by the National Energy Administration of the PRC, the total newly installed photovoltaic capacity in the PRC increased from 13,010 MW in the first half of 2021 to 30,880 MW in the first half of 2022, representing a year-on-year growth of approximately 137%, whilst the newly installed household photovoltaic capacity in the PRC increased from 2,550 MW in the first quarter of 2022 to 6,370 MW in the second quarter of 2022, representing a quarter-on-quarter growth of approximately 150%, and the Group expects that such growing trend would continue from 2022 to at least 2024;

- (iii) the anticipated increase in price of raw material and wages in relation to the design, construction and assembly of the Leased Assets of approximately 10% per year during the term of the Master Finance Lease (2022-2024) Agreement due to fluctuation in prices of raw materials resulting from growing demand mainly attributable to worldwide decarbonisation efforts, complex geopolitical environment and inflation; and
- (iv) the estimated fluctuation in exchange rate between RMB and HK\$ during the term of the Master Finance Lease (2022-2024) Agreement.

Aggregate actual amount paid under the guarantee arrangement:

- (i) the historical amounts of the relevant transactions under the Master Finance Lease (2022) Agreement; and
- (ii) the probability of members of the Group being required to fulfil their guarantee obligations under the Master Finance Lease (2022-2024) Agreement estimated based on industry and market data, multiplied by the annual cap of “Sale of Leased Assets”.

Maximum outstanding balance of Security Deposits:

- (i) the historical amounts of the relevant transactions under the Master Finance Lease (2022) Agreement; and
- (ii) the upper limit of the maximum outstanding balance of Security Deposits payable by all members of the Group (as Sellers) from time to time as stipulated in the Master Finance Lease (2022-2024) Agreement, which shall at all times be no more than 5% of the Aggregate Lease Amount (i.e. the aggregate amount of sale of Leased Assets).

Master Photovoltaic Power Construction Services (2022-2024) Agreement

Construction Services:

- (i) the historical amounts of the relevant transactions under the Master Photovoltaic Power Construction Services (2022) Agreement;
- (ii) the photovoltaic capacity of potential projects in the PRC identified by the Group of approximately 350 MW as at 30 June 2022 to which the Group may provide Construction Services during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the transaction amount of which is estimated to be able to reach approximately RMB15 billion;
- (iii) the projected demand for Construction Services for the three years ending 31 December 2024, which is arrived at with reference to the year-on-year growth of approximately 137% in 2021 of newly installed photovoltaic capacity in the PRC according to information published by the National Energy Administration of the PRC, the conversion rate of the potential projects mentioned in item (ii) above and the business scale target of the Group, in particular, the demand for Construction Services is expected to substantially increase over the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement due to the policies of central government of the PRC of reducing carbon emission and achieving carbon neutrality, as well as the policies of encouraging building of photovoltaic power stations by providing subsidies, taking into account of which the proposed annual caps for service fees receivable by the Group for providing Construction Services are set with an annual increase of approximately 200% from 2022 to 2023 and approximately 50% from 2023 to 2024;
- (iv) the anticipated increase in price of raw materials, machinery and labour costs of approximately 10% per year during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement due to inflation; and
- (v) the estimated fluctuation in exchange rate between RMB and HK\$ during the term of the Master Photovoltaic Power Construction Services (2022-2024) Agreement.

Operation and Maintenance Services:

- (i) the historical amounts of the relevant transactions under the Master Photovoltaic Power Construction Services (2022) Agreement; and
- (ii) the projected demand for Operation and Maintenance Services is largely proportional to the demand for Construction Services for the three years ending 31 December 2024 as the Group expects that TCL Holdings Group would engage the Group for providing Operation and Maintenance Services for the photovoltaic power facilities built under the Construction Services, hence the proposed annual caps for service fees receivable by the Group for providing Operation and Maintenance Services are set with an annual increase of approximately 150% from 2022 to 2023 and approximately 50% from 2023 to 2024, which is in line with the annual increase in proposed annual caps for service fees receivable by the Group for providing Construction Services of approximately 200% from 2022 to 2023 and approximately 50% from 2023 to 2024.

(H) Reasons for and Benefits of the Continuing Connected Transactions

As mentioned in the section headed “(B) Background” above, the Group expanded into the field of photovoltaic business to further diversify its business scope and to leverage its close relationships in vertical business chain, extensive sales channels, strong financial resources and technology. In particular, on the one hand, in view of the policy of promoting renewable energy in the PRC, the market space of photovoltaic sector in the PRC is vast and the layout of competition is dispersed, the extensive sales network of the Group allows it to reach numerous customers which have the potential demand for building photovoltaic power generators and to further improve the competitiveness of the Group by providing financial support to its clients with the assistance of the financial services of TCL Holdings Group. On the other hand, the Group maintains good relationship with different suppliers (such as TCL Zhonghuan, a leader in photovoltaic industrial chain) which are able to provide necessary components for photovoltaic power generators at relatively competitive terms and conditions. Further, by entering into the photovoltaic industry, the Group can achieve green and sustainable development through providing clean energy products, and strive to become a significant participant of photovoltaic market. Accordingly, the Group is of the view that photovoltaic business can be a potential new growth driver for the business of the Group and is in the interests of the Company and the Shareholders as a whole.

Depending on the financial need of clients, the Group's business model will be different. The transactions contemplated under the Master Finance Lease (2022-2024) Agreement target potential clients that require financial support (which are expected to be usually individual clients), whilst the transactions contemplated under the Master Photovoltaic Power Construction Services (2022-2024) Agreement target potential clients which have adequate financial resources (which are expected to be mainly business clients).

Master Finance Lease (2022-2024) Agreement

Given the close relationship between the Group and TCL Holdings Group, the Group is able to co-operate with TCL Holdings Group in providing financial support for potential clients which require finance lease services to vastly extend its client base. The Master Finance Lease (2022-2024) Agreement serves as an essential business arrangement for the aforesaid photovoltaic business as it enables the Group to match potential clients with members of TCL Holdings Group for obtaining financing from the latter. In many scenarios, initial external funding is necessary for potential individual clients to consider building photovoltaic power generators. Accordingly, the co-operation with TCL Holdings Group with a view to attracting more potential clients is important for the initial development stage of the photovoltaic business of the Group.

As disclosed in the section headed “(B) Background” above, the Group may provide guarantee to secure the Lessee Payment Obligations of Lessees in favour of TCL Holdings Group under the Master Finance Lease (2022-2024) Agreement, which is expected to enhance the attractiveness and competitiveness of the Group’s photovoltaic business by providing incentive to clients to install photovoltaic power facilities with nil or nominal capital investment. Although the Group is required to provide guarantee in favour of the relevant members of TCL Holdings Group (as Lessors and financiers) to secure the payment obligations of the relevant Lessees under the Master Finance Lease (2022-2024) Agreement, such payment obligations will generally be satisfied from the Leased Asset Income and it is expected that the Lessee will not be required to fulfil the payment obligations with their own financial resources. Before entering into any agreements with potential clients for construction of photovoltaic systems, the Group will make an overall assessment of the suitability of the site and the expected efficiency and performance of the photovoltaic systems to be constructed, taking into account all relevant factors including but not limited to the geographical location, the latitude of the site, the duration of daylight hours, the area available for instalment of photovoltaic array, the solar irradiance, the interrelationship of the change of seasons with the daylight duration and solar irradiance, etc.. The aforesaid assessment will in turn form the basis for the Group to assess the Leased Asset Income and whether it could satisfy the payment obligations of the relevant Lessee under the finance lease arrangement. In addition, the insurance policy (if purchased and maintained by the relevant Seller upon request of the relevant Lessor), which can provide appropriate coverage on the relevant Leased Asset with the relevant Lessor as the beneficiary, may relieve the burden of the Group from the guarantee arrangement. Accordingly, the Group is of the view that the risk that it will be required to meet its guarantee obligations is under reasonable control of the Group.

Master Photovoltaic Power Construction Services (2022-2024) Agreement

For potential clients which have adequate financial resources to purchase the photovoltaic generators (which are expected to be mainly business clients), the Group will enter into transactions with them directly and provide them with one-stop photovoltaic services similar to Construction Services and Operation and Maintenance Services. While the Group may provide such services directly to Independent Third Party business clients, as the photovoltaic business of the Group is still at a relatively early stage, the Group considers that it is more prudent and beneficial for the Group to also co-operate with TCL Holdings Group to share risk and extend the reach to a wider clientele network. On the one hand, the Group has the necessary know-how, expertise and human resources in providing Construction Services and Operation and Maintenance Services. On the other hand, TCL Holdings Group, which has solid financial resources, is interested in promoting the use of photovoltaic power in the community in support of the national policy of emission reduction and carbon neutrality in the PRC, by participating in the construction of photovoltaic power generators for various facilities such as hospitals, schools, factories and warehouses, hence is expected to provide a steady demand for Construction Services and/or Operation and Maintenance Services.

Further, in view of the surging demand for green energy attributable to the environmental policies of the PRC government, the photovoltaic market is at a booming stage as more and more enterprises are interested in installing photovoltaic power generators at their own premises to secure stable electricity supply and reduce energy costs and carbon emission. In particular, according to market report, the industrial/commercial photovoltaic power capacity in the PRC substantially increased in the third and fourth quarter of 2021. Accordingly, the Group is of the view that the photovoltaic business will give new impetus to the growth of the Group.

Via the Master Photovoltaic Power Construction Services (2022-2024) Agreement, the Group and TCL Holdings Group could together operate under the “Build-Transfer” (BT) and “Build-Operate-Transfer” (BOT) models on project basis whereas the Group will provide Construction Services and Operation and Maintenance Services to TCL Holdings Group which could in turn transfer the projects to relevant ultimate business clients after operation for a period of time (if required), and the Group will be able to receive service fees from TCL Holdings Group like under EPC model directly without having to bear the financing of construction expenditures of the entire project on its own. Such business model is in line with the Group’s asset-light strategy, which can effectively minimise the capital investment burden of the Group and enable the Group to respond quickly to fast-changing market environment and to grasp potential business opportunities. Accordingly, the co-operation with TCL Holdings Group under the Master Photovoltaic Power Construction Services (2022-2024) Agreement is expected to help consolidating the foundation of the Group’s photovoltaic business and facilitating its future development.

In light of the above, the Directors (excluding the independent non-executive Directors whose view will be formed after taking into consideration of the advice from the Independent Financial Adviser (including the factors and reasons in arriving at such advice) and will be set out in the letter from the Independent Board Committee to be contained in the circular to be despatched by the Company) are of the view that the terms of the Agreements, the transactions contemplated thereunder and the proposed annual caps are fair and reasonable, on normal commercial terms or better, entered into in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

(I) Opinion from the Independent Financial Adviser Pursuant to Rule 14A.52 of the Listing Rules

As the term of the individual agreements under the Master Finance Lease (2022-2024) Agreement may exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Pelican Financial Limited as the Independent Financial Adviser to issue an independent opinion which is stated below.

The Independent Financial Adviser has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (i) Given the long-term and capital-intensive nature of the photovoltaic project, the Group would usually negotiate with potential clients for a financing term of 15 years for their purchase of the Leased Assets, with such financing to be offered by TCL Holdings Group. By providing leasing solutions to these potential clients through a long-term leasing arrangement under the Master Finance Lease (2022-2024) Agreement, the Group is able to reach out to more potential clients and secure more businesses;
- (ii) The term of the individual agreements under the Master Financial Lease (2022-2024) Agreement was determined by the parties thereto upon arm's length negotiations with reference to, among other things, the estimated useful life of photovoltaic power equipment of approximately 25 years, which in the view of the Independent Financial Adviser is a reasonable ground for the longer duration of the individual agreements; and
- (iii) It will be unduly burdensome and unnecessarily costly on the part of the Group if the Group is to strictly comply with the three-year requirement pursuant to Rule 14A.52 of the Listing Rules with respect to the Master Finance Lease (2022-2024) Agreement, as the Group will need to re-negotiate the terms of the individual agreements under the Master Finance Lease (2022-2024) Agreement with not only TCL Holdings Group but also the then individual clients during the agreement renewal process.

The Independent Financial Adviser made reference to a press release published by the Hong Kong government regarding renewable energy, which stated that the usable lifetime of a solar photovoltaic panel is usually more than 25 years. Further, in its research, the Independent Financial Adviser has identified two similar transactions involving the finance lease of photovoltaic power facilities and system announced by companies listed on the Stock Exchange over the past twelve months immediately preceding and up to the date of this announcement, and on reviewing the terms of such transactions, noted that the durations of such agreements were both 12 years.

Having considered the principal factors discussed above and similar transactions from the market, the Independent Financial Adviser is of the view that (i) a term of longer than three years is required for the individual agreements under the Master Finance Lease (2022-2024) Agreement; and (ii) it is a normal business practice for agreements with natures similar to the individual agreements under the Master Finance Lease (2022-2024) Agreement to have a duration of more than three years.

(J) Listing Rules Implications

As at the date of this announcement, 1,324,747,288 Shares, representing approximately 52.99% of the total number of issued Shares, are held by T.C.L. Industries (H.K.), which in turn is held as to 100% by TCL Holdings. TCL Finance Lease (Zhuhai) is an indirect wholly-owned subsidiary of TCL Holdings. As such, T.C.L. Industries (H.K.) is a substantial shareholder of the Company and a connected person of the Company under Chapter 14A of the Listing Rules. As TCL Holdings is the holding company of T.C.L. Industries (H.K.), whereas TCL Finance Lease (Zhuhai) is a fellow subsidiary thereof, each of them is an associate of T.C.L. Industries (H.K.) and therefore also a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Master Finance Lease (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022-2024) Agreement therefore constitute continuing connected transactions of the Company.

As the Master Finance Lease (2022-2024) Agreement and the transactions under the Master Finance Lease (2022) Agreement and the Pilot Scheme took place within a 12-month period pursuant to Rule 14.22 of the Listing Rules and all of them are entered into with the same parties and of the same nature, the transactions under the Master Finance Lease (2022-2024) Agreement, the Master Finance Lease (2022) Agreement and the Pilot Scheme shall be aggregated as a series of transactions.

As the Master Photovoltaic Power Construction Services (2022-2024) Agreement and the transactions under the Master Photovoltaic Power Construction Services (2022) Agreement took place within a 12-month period pursuant to Rule 14.22 of the Listing Rules and both are entered into with the same parties and of the same nature, the transactions under the Master Photovoltaic Power Construction Services (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022) Agreement shall be aggregated as a series of transactions.

As one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules (i) with reference to the annual caps of Master Finance Lease (2022-2024) Agreement together with the annual caps of Master Finance Lease (2022) Agreement (which already included the transaction amounts under the Pilot Scheme); and (ii) with reference to the annual caps of Master Photovoltaic Power Construction Services (2022-2024) Agreement together with the annual caps of Master Photovoltaic Power Construction Services (2022) Agreement both exceed 5%, the continuing connected transactions contemplated under the Agreements are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the term of the individual agreements under the Master Finance Lease (2022-2024) Agreement may exceed 3 years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Pelican Financial Limited as the Independent Financial Adviser to explain why the individual agreements under the Master Finance Lease (2022-2024) Agreement require a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

An Independent Board Committee has been established to advise the Shareholders on the terms and the proposed annual caps of the Agreements. The Company has appointed Pelican Financial Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard.

In accordance with the Listing Rules, any connected person of the Company and any Shareholder with a material interest in the Agreements and its close associate(s) must abstain from voting on the relevant resolution(s) at the EGM. Accordingly, TCL Holdings and TCL Associates will abstain from voting on the resolution in respect of the Agreements to be put forward at the EGM. Save as the aforesaid, as at the date of this announcement, the Directors are not aware of any other Shareholders who are required to abstain from voting on the resolution(s) in respect of the Agreements to be put forward at the EGM.

As at the date of this announcement, 1,324,747,288 Shares are held by T.C.L. Industries (H.K.), which in turn is held as to 100% by TCL Holdings. Hence, as at the date of this announcement, holders of a total number of 1,324,747,288 Shares, representing approximately 52.99% of the total number of issued Shares, will abstain from voting in respect of the Agreements to be put forward at the EGM.

Notwithstanding the respective interest and/or roles of certain Directors in TCL Holdings Group, in particular, as at the date of this announcement, (i) Ms. DU Juan is also a director and the chief executive officer of TCL Holdings; (ii) Mr. WANG Cheng is also a director of TCL Holdings; (iii) Mr. HU Dien Chien is also the chief financial officer of TCL Holdings; and (iv) Mr. SUN Li is also the chief technology officer of TCL Holdings, as their respective direct or indirect interests in TCL Holdings Group are insignificant and that none of the TCL Associates are associates of any of the Directors, none of them is considered as having a material interest in the transactions contemplated under the Agreements, therefore all Directors are entitled to vote on the Board resolutions for considering and approving the Agreements pursuant to the Articles.

(K) General Information on the Parties

The Group is principally engaged in the research and development, manufacturing and sale of consumer electronic products such as smart screens and mobile communication devices and independently develops home Internet services. The Group actively transforms and innovates under the strategy of “Value Led by Brand with Relative Cost Advantage”. Focusing on the mid-to-high-end markets around the world, the Group strives to consolidate the “intelligent IoT ecosystem” strategy with all-category layout and is committed to providing users with an all scenario smart and healthy life while developing into a world-leading smart technology company. 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 Holdings is an investment holding company with a diverse investment portfolio. Its investments are principally in the business of development, manufacturing and distribution of audio/video products, electronic products, communication equipment, home appliances, provision of cloud video conferencing services, intelligent manufacturing solutions, solid waste dismantling and disposal, development and leasing of building and industrial park, supply chain finance, etc.. As at the date of this announcement, TCL Holdings, through its wholly-owned subsidiary T.C.L. Industries (H.K.), held approximately 52.99% of the issued Shares and is the ultimate controlling shareholder of the Company. As at the date of this announcement, the shareholding structure of TCL Holdings is as follows:

Shareholders	Approximate Shareholding
Ningbo Lida Zhihui Enterprise Management Partnership (Limited Partnership)* (寧波礪達致輝企業管理合夥企業(有限合夥))	33.33%
Ningbo Lida Zhiyu Enterprise Management Limited* (寧波礪達致宇企業管理有限公司)	23.26%
Pan Mao (Shanghai) Investment Center (L.P.)* (磐茂(上海)投資中心(有限合夥))	18.60%
Huizhou State-owned Asset Management Co., Ltd.* (惠州市國有資產管理有限公司)	9.30%
Xiaomi Technology Co., Ltd.* (小米科技有限責任公司)	9.30%
Beijing Xinrunheng Equity Investment Partnership (L.P.)* (北京信潤恒股權投資合夥企業(有限合夥))	4.65%
Shenzhen Qifu Guolong Small and Medium Micro-Enterprise Equity Investment Fund Partnership (L.P.)* (深圳市啟賦國隆中小微企業股權投資基金合夥企業(有限合夥))	1.55%
Total (Note)	<u>100.00%</u>

Note:

The figures shown in the above table were subject to rounding adjustment, accordingly the total figure may not be an arithmetic aggregation of the figures preceding it.

As at the date of this announcement, TCL Finance Lease (Zhuhai) is an indirect wholly-owned subsidiary of TCL Holdings and is principally engaged in the business of lease, finance lease, acquisition of leased assets, green finance and provision of financing solutions.

2. PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

This announcement is made by the Company pursuant to Rule 13.51(1) of the Listing Rules in relation to the Proposed Amendments to the Memorandum and Articles.

Pursuant to the Consultation Conclusions on Listing Regime for Overseas Issuers published by the Stock Exchange in November 2021, the Stock Exchange has revised the core shareholder protection standards under Appendix 3 to the Listing Rules with effect from 1 January 2022. Listed issuers are required to make necessary amendments to their constitutional documents by the second annual general meeting following 1 January 2022 to bring the constitutional documents to conformation with the revised Appendix 3 to the Listing Rules.

The Memorandum and Articles have not been amended since 2012. Accordingly, the Board proposed to amend the Memorandum and Articles by adopting the Second Memorandum and Articles in order to (i) bring the Memorandum and Articles in line with the relevant requirements of the Listing Rules as well as the applicable laws of Cayman Islands; (ii) allow general meetings of the Company to be held in the form of a hybrid meeting or electronic meeting where Shareholders may attend by electronic means in addition to a physical meeting where Shareholders attend in person; and (iii) provide flexibility to the Company in relation to the conduct of general meetings. Other housekeeping and consequential amendments to the Memorandum and Articles are also proposed, including making consequential amendments in connection with the above amendments to the Memorandum and Articles and for clarity and consistency with the other provisions of the Memorandum and Articles where it is considered desirable and to better align the wording with those of the Listing Rules and the applicable laws of the Cayman Islands. Full text of the Proposed Amendments will be set out in the appendix to the circular to be despatched to the Shareholders.

The Proposed Amendments and the proposed adoption of the Second Memorandum and Articles are subject to the approval of the Shareholders by way of passing a special resolution at the EGM.

3. DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Agreements; (ii) a letter from the Independent Financial Adviser; (iii) a letter from the Independent Board Committee; (iv) further details of the Proposed Amendments and the proposed adoption of the Second Memorandum and Articles; and (v) a notice convening the EGM, will be despatched to the Shareholders on or before 9 September 2022.

DEFINITIONS

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

“Aggregate Lease Amount”	the aggregate Lease Amount of all Leased Assets under the Finance Lease Services during the term of the Master Finance Lease (2022-2024) Agreement;
“Agreements”	collectively the Master Finance Lease (2022-2024) Agreement and the Master Photovoltaic Power Construction Services (2022-2024) Agreement;
“Articles”	the articles of association of the Company as amended from time to time;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	TCL Electronics Holdings Limited, an exempted 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);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;

“Construction Services”	the photovoltaic power generation facilities construction services which may be provided by members of the Group to members of TCL Holdings Group from time to time pursuant to the Master Photovoltaic Power Construction Services (2022) Agreement and/or Master Photovoltaic Power Construction Services (2022-2024) Agreement (as the case may be), including but not limited to procurement and provision of all equipment and materials required for the construction projects, conducting construction work (including but not limited to construction design, component installation, construction of temporary facilities at the construction site, commissioning and conducting trial-runs), project management and provision of relevant personnel training, etc.;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, and if thought fit, approve (i) the Agreements, the transactions contemplated thereunder and proposed annual caps; and (ii) the amendments to the Memorandum and Articles by way of adoption of the Second Memorandum and Articles;
“Existing Agreements”	collectively the Master Finance Lease (2022) Agreement and the Master Photovoltaic Power Construction Services (2022) Agreement;
“Existing Memorandum and Articles”	the existing amended and restated Memorandum and Articles adopted by a special resolution passed on 8 May 2012;

“Finance Lease Services”	financing services under which the relevant Lessor (as lessor and financier) will directly purchase the relevant Leased Asset as required by the relevant Lessee and lease the same to the relevant Lessee for its use, while the relevant Lessee will perform Lessee Payment Obligation accordingly. During the term of the relevant Lease Period, the legal title of the relevant Leased Asset shall be vested in the relevant Lessor. Upon the expiry of the relevant Lease Period and due performance of Lessee Payment Obligation, the relevant Lessee has the option to purchase the Leased Asset together with the corresponding legal title from the relevant Lessor at a specific nominal price;
“Group”	the Company and its subsidiaries;
“GW”	gigawatt, equivalent to one billion watts, a unit of power;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board established for the purpose of advising the Shareholders in respect of the Agreements, the transactions contemplated thereunder and the proposed annual caps comprising all independent non-executive Directors who do not have a material interest in the transactions;

“Independent Financial Adviser” or “Pelican Financial Limited”	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Board to advise (i) the Independent Board Committee and the Shareholders in respect of the Agreements; and (ii) the Company in respect of the opinion required pursuant to Rule 14A.52 of the Listing Rules;
“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/or their respective associates;
“IoT”	Internet of things;
“Lease Amount”	in respect of each Leased Asset, the rent principal payable by the relevant Lessee to the relevant Lessor under the Finance Lease Services;
“Leased Asset”	the subject of asset to be leased under the Finance Lease Services;
“Lease Period”	the lease period of the relevant Leased Asset under the Finance Lease Services;
“Lessee”	in respect of each Leased Asset, the Independent Third Party entity recommended by the relevant member of the Group to the relevant member of TCL Holdings Group to which the relevant member of TCL Holdings Group will provide Finance Lease Services;

“Lessee Payment Obligation”	the relevant Lessee’s payment obligations owed to the relevant Lessor for leasing the relevant Leased Asset (including but not limited to Lease Amount, interest payable, default penalty (if any) and other reasonable expenses incurred by the relevant Lessor for the realisation of its debts and guarantee rights) under the Finance Lease Services;
“Lessor”	in respect of each Leased Asset, the relevant member of TCL Holdings Group (including TCL Finance Lease (Zhuhai)) providing Finance Lease Services in the capacity of lessor;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Master Finance Lease (2022) Agreement”	the master finance lease (2022) agreement dated 16 May 2022 entered into among the Company, TCL Holdings and TCL Finance Lease (Zhuhai);
“Master Finance Lease (2022-2024) Agreement”	the master finance lease (2022-2024) agreement dated 26 August 2022 entered into among the Company, TCL Holdings and TCL Finance Lease (Zhuhai);
“Master Photovoltaic Power Construction Services (2022) Agreement”	the master photovoltaic power construction services (2022) agreement dated 16 May 2022 entered into between the Company and TCL Holdings;
“Master Photovoltaic Power Construction Services (2022-2024) Agreement”	the master photovoltaic power construction services (2022-2024) agreement dated 26 August 2022 entered into between the Company and TCL Holdings;
“May Announcement (Finance Lease)”	the announcement of the Company dated 16 May 2022 in respect of the entering into of the Master Finance Lease (2022) Agreement among the Company, TCL Holdings and TCL Finance Lease (Zhuhai);

“May Announcement (Construction Services)”	the announcement of the Company dated 16 May 2022 in respect of the entering into of the Master Photovoltaic Power Construction Services (2022) Agreement between the Company and TCL Holdings;
“Memorandum”	the memorandum of association of the Company as amended from time to time;
“MW”	megawatt, equivalent to one million watts, a unit of power;
“Operation and Maintenance Services”	the photovoltaic power generation facilities/equipment operation and maintenance services which may be provided by members of the Group to members of TCL Holdings Group from time to time pursuant to the Master Photovoltaic Power Construction Services (2022) Agreement and/or Photovoltaic Power Construction Services (2022-2024) Agreement (as the case may be), including but not limited to the provision of relevant services on management, repair, maintenance, personnel training, component replacement, material procurement, etc.;
“Pilot Scheme”	has the meaning ascribed thereto under the section headed “(B) Background” in the May Announcement (Finance Lease);
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“Proposed Amendments”	the proposed amendments to the Memorandum and Articles to be incorporated in the Second Memorandum and Articles;
“RMB”	Renminbi, the lawful currency of the PRC;

“Second Memorandum and Articles”	the second amended and restated Memorandum and Articles incorporating all the Proposed Amendments proposed to be adopted by the Shareholders by way of a special resolution at the EGM;
“Security Deposits”	has the meaning ascribed thereto under the section headed “(1) Master Finance Lease (2022-2024) Agreement” of this announcement;
“Seller”	in respect of each Leased Asset, the relevant member of the Group which the relevant member of TCL Holdings Group purchases the Leased Asset from;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shareholders’ Approval Date”	in respect of each of the Agreements, the date on which the Shareholders approve such Agreement;
“smart screen(s)”	mainly refers to smart TV(s);
“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 Associates”	the associate(s) of TCL Holdings;
“TCL Finance Lease (Zhuhai)”	TCL Finance Lease (Zhuhai) Co., Ltd.* (TCL融資租賃(珠海)有限公司), a limited company established under the laws of the PRC and a subsidiary of TCL Holdings;

“TCL Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), formerly known as TCL Industries Holdings (Guangdong) Inc.* (TCL實業控股(廣東)股份有限公司), a joint stock limited company established under the laws of the PRC;
“TCL Holdings Group”	TCL Holdings and its subsidiaries and any entity that may become subsidiary of TCL Holdings from time to time, and for the purpose of this announcement, the Agreements and the transactions contemplated thereunder includes TCL Associates but, unless otherwise specified, excludes the Group;
“TCL Zhonghuan”	TCL Zhonghuan Renewable Energy Technology Co., Ltd.* (TCL中環新能源科技股份有限公司), a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002129.SZ), and an Independent Third Party as at the date of this announcement;
“T.C.L. Industries (H.K.)”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, an immediate controlling Shareholder, and a wholly-owned subsidiary of TCL Holdings;
“TV(s)”	television(s);
“%”	per cent.

On behalf of the Board
DU Juan
Chairperson

Hong Kong, 26 August 2022

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 Ms. DU Juan, Mr. YAN Xiaolin and Mr. HU Dien Chien as executive Directors, Mr. WANG Cheng, Mr. SUN Li and Mr. LI Yuhao as non-executive Directors and Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.