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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) DISCLOSEABLE TRANSACTION – STRATEGIC PARTNERSHIP WITH SONY IN HOME ENTERTAINMENT AND (2) CONTINUING CONNECTED TRANSACTIONS AFTER COMPLETION**

### **TRANSACTION FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 31 March 2026 (after trading hours), TTE Corporation (a direct wholly-owned subsidiary of the Company) entered into the Transaction Framework Agreement with Sony, pursuant to which (i) TTE Corporation and Sony agreed to form a joint venture, i.e. the NewCo, which would assume the Business; and (ii) TTE Corporation agreed to purchase, and Sony agreed to sell, 100% of the SOEM Shares.

### **PURCHASER GUARANTEE AGREEMENT**

On 31 March 2026 (after trading hours), the Company entered into the Purchaser Guarantee Agreement with Sony, pursuant to which the Company unconditionally and irrevocably, and jointly and severally, guarantees to Sony and its successors and permitted assigns the due and punctual performance and satisfaction by TTE Corporation of its covenants and obligations under or in connection with the Transaction Framework Agreement, the Joint Venture Agreement and the Transition Services Agreement.

## **ANCILLARY AGREEMENTS**

On or prior to the Closing Date, the parties and/or certain of their affiliates will also enter into the following Ancillary Agreements:

### **Joint Venture Agreement**

Sony and TTE Corporation will enter into the Joint Venture Agreement, which will take effect upon the Closing Date, for the establishment, operation and governance of the NewCo. Pursuant to the Joint Venture Agreement, among others, TTE Corporation will grant the Sony Put Option and Default Exit Right to Sony, and Sony will grant the Default Call Option to TTE Corporation.

### **Transition Services Agreement**

Sony and TTE Corporation will enter into the Transition Services Agreement, pursuant to which Sony shall provide, or shall cause its affiliates or third party suppliers to provide, services including information technology, human resources, intellectual property, accounting and other transition services to the NewCo, SOEM and relevant affiliates aiming at the Business continuity of the aforesaid service recipients without disruption.

### **Patent/Know-How License Agreement and Brand License Agreement**

Sony and the NewCo will enter into the Patent/Know-how License Agreement and the Brand License Agreement, pursuant to which Sony shall respectively grant to the NewCo non-exclusive, sublicensable and non-transferable licenses (i) under certain intellectual property rights to exploit the Licensed Products worldwide and (ii) to use the trademark “SONY” on the Licensed Products and relevant promotional materials worldwide in accordance with the respective terms thereof.

## **LISTING RULES IMPLICATIONS**

### **Transaction Framework Agreement**

As one or more of the applicable percentage ratios (as defined in Rule 14.04(9) of the Listing Rules) in respect of the Transaction contemplated under the Transaction Framework Agreement (including the formation of joint venture, i.e. NewCo, which assumes the Business, and the acquisition of 100% SOEM Shares) are more than 5% but all are less than 25%, the Transaction contemplated under the Transaction Framework Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under the Listing Rules.

### **Sony Put Option, Default Exit Right and Default Call Option**

Although the exercise of the Sony Put Option is at the discretion of Sony but not TTE Corporation, closing of any sale of the Put Shares pursuant to any exercise of the Sony Put Option is conditional upon, among others, any approvals required under applicable listing rules that may be or becomes necessary for the sale of the Put Shares shall have been obtained (including, where applicable, Shareholders' approval requirement under the Listing Rules). If and when Sony exercises the Sony Put Option, the Company will compute the relevant size tests to assess whether the sale of the Put Shares will constitute a notifiable transaction under Chapter 14 of the Listing Rules and (if applicable) comply with the relevant requirements thereunder, including where applicable obtaining Shareholders' approval. The Company will also comply with any applicable requirements under Chapter 14A of the Listing Rules.

The Default Exit Right and the Default Call Option are customary exit arrangements that are common in joint venture and would become exercisable only upon occurrence of the specified triggering events, which are highly contingent and extraordinary or beyond the control of either the Company or Sony. With reference to HKEX-LD2-2011, the Default Exit Right will not be regarded as a major transaction and is hereby disclosed by way of this announcement. The Default Call Option is exercisable at TTE Corporation's discretion and no premium is payable. If TTE Corporation decides to exercise the Default Call Option, such exercise will be subject to further compliance with the Listing Rules by the Company.

## **CONTINUING CONNECTED TRANSACTIONS**

Upon Closing, the NewCo will become a subsidiary of the Company, whereas Sony, then as a 49% shareholder of the NewCo, will become a connected person of the Company at the subsidiary level and hence the transactions contemplated under each of the Transition Services Agreement, the Patent/Know-How License Agreement and the Brand License Agreement will constitute continuing connected transactions between the Group and connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rule. The Company will comply with all applicable requirements under Chapter 14A of the Listing Rules before entering into those agreements.

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 20 January 2026 in relation to the entering into of a non-legally binding memorandum of understanding with Sony in relation to, among others, (i) the possible formation of the NewCo which would assume Sony's home entertainment business, handling the full process from product development and design to manufacturing, sales, logistics, and customer service for products including televisions and home audio equipment globally, with the Group holding 51% and Sony holding 49% of the shares of the NewCo, and (ii) the future licensing arrangements on patents, know-how and brand between the NewCo and Sony and those between the NewCo and the Group.

## **TRANSACTION FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 31 March 2026 (after trading hours), TTE Corporation entered into the Transaction Framework Agreement with Sony, pursuant to which (i) TTE Corporation and Sony agreed to form a joint venture, i.e. the NewCo, which would assume the Business; (ii) TTE Corporation agreed to purchase, and Sony agreed to sell, 100% of the SOEM Shares.

The principal terms of the Transaction Framework Agreement are summarised below:

### **Date:**

31 March 2026 (after trading hours)

**Parties:**

- (i) Sony; and
- (ii) TTE Corporation.

**Subject Matter:**

- (i) Subscription for NewCo Shares

Subject to satisfaction of the conditions precedent under the Transaction Framework Agreement, at the Closing, Sony shall cause the NewCo to issue to TTE Corporation and TTE Corporation shall subscribe for such number of NewCo Shares representing 51% of the enlarged share capital of the NewCo calculated with reference to the number of NewCo Shares then held by Sony under a private share placement of the NewCo on the terms and subject to the conditions set forth in the Transaction Framework Agreement and pursuant to the Share Subscription Agreement. Accordingly, TTE Corporation shall hold 51% of the NewCo Shares on a fully diluted basis immediately following the Closing.

- (ii) Purchase and Sale of SOEM Shares

Subject to satisfaction of the conditions precedent under the Transaction Framework Agreement, at the Closing, Sony shall sell to TTE Corporation, and TTE Corporation shall purchase 100% of the SOEM Shares.

**Consideration:**

Pursuant to the Transaction Framework Agreement, the enterprise value of the Business is JPY102,772 million (equivalent to approximately HK\$5,154 million). The aggregate consideration for the subscription for 51% NewCo Shares and purchase of 100% SOEM Shares, which is arrived at after adjusting the aforesaid enterprise value of the Business with reference to the reference amount of net debt, the adjustment in net working capital, and the percentage of the enlarged issued share capital in the NewCo that TTE Corporation will subscribe for, shall be JPY75,399 million (equivalent to approximately HK\$3,781 million) (“**Initial Closing Consideration**”), subject to customary closing accounts adjustments mechanism, with pre-closing price adjustment and post-closing price adjustment for cash, indebtedness and net working capital of the NewCo and SOEM as of Closing:

***Pre-closing price adjustment:***

For the purpose of pre-closing price adjustment, Sony shall deliver to TTE Corporation prior to 31 January 2027 (or such other date as the parties may agree upon in writing), estimate of net working capital and net debt of the NewCo and SOEM on the Closing Account Date, which is subject to review and acceptance by TTE Corporation. If any of the aforesaid estimated items (as agreed between the parties) is greater than or less than the corresponding reference amount of such items, the Initial Closing Consideration shall be adjusted by an amount equal to the pro rata share of such difference according to TTE Corporation's percentage interest in the NewCo and SOEM upon Closing.

***Post-closing price adjustment:***

For the purpose of post-closing price adjustment, Sony shall deliver to TTE Corporation in no event later than three months after the Closing Date, a statement of the actual net working capital and net debt of the NewCo and SOEM on the Closing Account Date, which is subject to review and acceptance by TTE Corporation. The Initial Closing Consideration as adjusted by the pre-closing price adjustment shall be further adjusted by the difference between the actual figures of the aforesaid items and the corresponding estimated figures of such items.

**Payment terms:**

At the Closing, TTE Corporation shall pay the Initial Closing Consideration, as adjusted by the pre-closing price adjustments set out above, out of which 90% of the relevant subscription price (for the subscription of 51% NewCo Shares) shall be paid to the NewCo (whereas an amount equal to 10% of the relevant subscription price will be held back by TTE Corporation to set off any post-closing price adjustment, the "**Holdback Amount**"), and the relevant purchase price (for the purchase of 100% SOEM Shares) shall be paid to Sony, in cash by wire transfer of immediately available funds.

Any post-closing price adjustment which arises from the cash/indebtedness/net working capital of the NewCo will lead to an adjustment to the subscription price (the amount by which the original subscription price exceeds the relevant adjusted subscription price therefore be referred to as the “**Shortfall Amount**”) as follows: (i) if the Shortfall Amount is equal to the Holdback Amount, TTE Corporation shall be deemed to have fully paid the subscription price and no adjustment shall be required; (ii) if the Shortfall Amount is less than the Holdback Amount, TTE Corporation shall pay the amount of such difference to the NewCo as additional subscription money; and (iii) if the Shortfall Amount exceeds the Holdback Amount, the excess amount shall be settled, at the choice of TTE Corporation, as follows: (A) the parties shall cause the NewCo to pay the amount of such difference to TTE Corporation; or (B) Sony shall directly pay to TTE Corporation 49% of the excess amount, in each case, in such manner and within 30 Business Days after the final determination of the post-closing price adjustment items.

As regards any post-closing price adjustment which arises from the cash/indebtedness/net working capital of SOEM, if the net effect of such difference results in an increase in the purchase price for 100% SOEM Shares, TTE Corporation shall pay the amount of such difference to Sony as an additional purchase price for SOEM, and if the net effect of such difference results in a decrease in the purchase price, Sony shall pay the amount of such difference to TTE Corporation, in such manner and within 5 Business Days after the final determination of the post-closing price adjustment items.

**Conditions Precedent:**

The respective obligations of Sony and TTE Corporation to complete the Transaction are subject to the fulfilment (or waiver by TTE Corporation and Sony as set forth below), on or before the Closing Date, of, among others, the following conditions and other customary closing conditions:

- (i) all governmental approvals shall have been obtained;
- (ii) no governmental authority shall have enacted, issued, promulgated, enforced or entered any governmental order that is in effect and has the effect of making the Transaction illegal, otherwise restraining or prohibiting completion of such Transaction, or causing any part of the Transaction to be rescinded following completion thereof;

- (iii) the Reorganisation shall have been duly completed in all material respects and Sony shall have delivered to TTE Corporation documentary evidence of the completion of the Reorganisation;
- (iv) written agreement on the management structure of the NewCo shall have been reached between the parties, including but not limited to the scope, number, respective responsibilities and nominees of all executive officers and the organisational structure of the NewCo;
- (v) all of the Ancillary Agreements shall have been agreed and executed between the relevant parties;
- (vi) the representations and warranties of each party set forth in the Transaction Framework Agreement shall be true and correct in all material respects as of 31 March 2026 and the Closing Date;
- (vii) each party shall have duly performed and complied in all material respects with all agreements and covenants required by the Transaction Framework Agreement to be performed or complied with by it prior to or on the Closing Date; and
- (viii) no material adverse effect shall have occurred.

In respect of conditions (vi) and (vii) above, to the extent such conditions relate to the obligations of TTE Corporation, Sony may waive such conditions, and to the extent such conditions relate to the obligations of Sony, TTE Corporation may waive such conditions.

**Reorganisation:**

On or prior to the Closing Date, Sony shall implement and complete the Reorganisation. Please refer to the paragraph headed “FURTHER INFORMATION ON THE BUSINESS AND REORGANISATION” below for further details.

**Completion:**

The completion for the Transaction shall take place on the Closing Date which is expected to be on 1 April 2027 subject to satisfaction of the conditions precedent under the Transaction Framework Agreement.

## **PURCHASER GUARANTEE AGREEMENT**

On 31 March 2026 (after trading hours), the Company entered into the Purchaser Guarantee Agreement with Sony, pursuant to which the Company unconditionally and irrevocably, and jointly and severally, guarantees to Sony and its successors and permitted assigns the due and punctual performance and satisfaction by TTE Corporation of its covenants and obligations under or in connection with the Transaction Framework Agreement, the Joint Venture Agreement and the Transition Services Agreement.

## **ANCILLARY AGREEMENTS**

On or prior to the Closing Date, TTE Corporation and the NewCo will enter into the Share Subscription Agreement in respect of the subscription of 51% NewCo Shares by TTE Corporation; further, the parties and/or certain of their affiliates will also enter into the other Ancillary Agreements as follows:

### **(A) Joint Venture Agreement**

***Date:***

To be entered into on or prior to the Closing Date

***Parties:***

- (i) Sony; and
- (ii) TTE Corporation.

***Duration:***

The Joint Venture Agreement shall come into effect on the date of entry and shall continue in full force and effect until it is terminated in accordance with the terms and conditions of the Joint Venture Agreement.

***Purpose of the NewCo:***

The NewCo will engage in home entertainment business.

***Capital contribution:***

The initial capital contribution percentage to the NewCo from Sony and TTE Corporation shall be 49% and 51% respectively.

***Board composition:***

Prior to Sony's exercise of the second tranche of the Sony Put Option, the board of directors of the NewCo shall comprise of 5 directors, with 2 directors nominated by Sony and 3 directors nominated by TTE Corporation.

Upon Sony's exercise of the second tranche of the Sony Put Option, in the event Sony's shareholding percentage in the NewCo is 20% or less, the new board of directors of the NewCo shall be comprised of 5 directors, with TTE Corporation having the right to appoint 4 directors and Sony having the right to appoint 1 director.

***Management:***

During the Initial Period, Sony shall be entitled to nominate a joint chief operating officer, who shall also serve as a director, and one non-full-time director, whereas TTE Corporation shall be entitled to nominate (i) the chairperson and chief executive officer, who shall also serve as the representative director; (ii) a joint chief operating officer, who shall also serve as a director; and (iii) one non-full-time director.

After the Initial Period and prior to Sony's exercise of the second tranche of the Sony Put Option, Sony shall be entitled to nominate (i) the chief operating officer, who shall also serve as a representative director and (ii) one non-full-time director, whereas TTE Corporation shall be entitled to nominate (i) the chief executive officer, who shall also serve as a representative director, (ii) the chief financial officer, who shall also serve as a full-time director and (iii) one non-full-time director.

The arrangement of executive officers of the NewCo, including the number, position, right of nomination and respective responsibilities, shall be agreed between Sony and TTE Corporation before the Closing.

***Restriction on transfer of shares:***

No party shall transfer or otherwise dispose of its legal or beneficial interest in its NewCo Shares, without the prior written consent of the other party, except for the transfer of the NewCo Shares to be made in relation to the Sony Put Option, the Default Exit Right or the Default Call Option.

***Non-compete and Non-solicitation:***

Unless otherwise agreed by the parties (or agreed by the NewCo and Sony) in writing and subject to exceptions set out under the Joint Venture Agreement, Sony undertakes with TTE Corporation that following the Closing Date and until the date falling 3 years after Sony ceases to hold any NewCo Shares, Sony shall not, and shall cause its subsidiaries not to, on a worldwide basis, except through the NewCo:

- (i) carry on the Business as of the Closing, whether on its own or jointly with any third party, or license, authorise or permit any third party to use the trademark “SONY” or any intellectual property rights of the NewCo granted back to Sony to conduct the Business except for the business as set out under the Joint Venture Agreement;
- (ii) solicit, employ, hire or encourage any key employees of the NewCo as set out under the Joint Venture Agreement to terminate their employment with the NewCo;
- (iii) solicit, induce, or attempt to solicit or induce any customer, supplier, or other business partner of the NewCo with whom the NewCo had business dealings during the 12 months immediately preceding such action, to terminate, reduce, or adversely alter its relationship with the NewCo; or
- (iv) make any statement (orally or in writing) which may adversely affect the NewCo’s goodwill or reputation, except for statements made in good faith based on reasonable belief and/or required by applicable laws or regulations.

***Sony Put Option:***

TTE Corporation will grant the Sony Put Option to Sony, pursuant to which Sony will have the rights to sell to TTE Corporation, and TTE Corporation will be obligated to purchase from Sony, the NewCo Shares held by Sony in tranches at the Put Price subject to and in accordance with the terms set out in the Joint Venture Agreement.

***Premium:***

No premium is payable to TTE Corporation for its granting of Sony Put Option.

***Exercise price:***

The Put Price for each tranche shall be calculated as follows: (i) the EBITDA of the NewCo for the financial year immediately preceding the financial year in which exercise date of the Sony Put Option falls, *multiplied by 4.5; multiplied by* (ii) the ratio of the number of the Put Shares sold in that tranche to the aggregate number of all issued and outstanding NewCo Shares; *minus* (iii) the aggregate cash dividends actually paid or determined to be paid to Sony and not already taken into account in determination of the Put Price, provided that, if the Sony Put Option is exercised on or after the ninth anniversary of the Closing Date, the products of item (i) and item (ii) shall further be *multiplied by* a discount ratio (being  $N \times 10\%$ , whereas N is a whole number from one to ten corresponding to the number of years elapsed since the eighth anniversary of the Closing Date to the exercise date, and for the purpose of this formula, N shall be deemed to be ten for the eighteenth anniversary or any anniversary thereafter), before *deducting* item (iii).

If the Put Price(s) paid for the first and second tranches plus all cash dividends received by Sony on its NewCo Shares up to and including the date on which the second tranche is exercised, is less than an amount equal to the Equity Value *multiplied by* 1.06 (representing simple interest at the rate of 1% per annum for 6 years) and then *multiplied by 49%*, TTE Corporation shall pay such shortfall on the closing date of the second tranche.

*Exercise period:*

The Sony Put Option shall be exercisable by Sony in tranches on the third anniversary, the sixth anniversary, or on any anniversary occurring on or after the ninth anniversary of the Closing Date each in respect of the prescribed percentage of NewCo Shares as set out in the Joint Venture Agreement or otherwise to be agreed between the parties, in such manner subject to and in accordance with the terms of the Joint Venture Agreement.

The parties considered the grant of the Sony Put Option is a customary protective measure granted to a minority shareholder as a safeguard of the minority shareholder's right which is common for a transaction of this type. For the avoidance of doubt, as of the date of this announcement, the parties intend to operate the NewCo in a joint effort for the long term.

***Default Exit Right:***

TTE Corporation will grant the Default Exit Right to Sony, pursuant to which Sony will have the right to sell to TTE Corporation, and TTE Corporation will be obligated to purchase from Sony, all (but not less than all) of Sony's NewCo Shares upon occurrence of a Default Exit Event at the Default Exit Price subject to and in accordance with the terms set out in the Joint Venture Agreement.

*Premium:*

No premium is payable to TTE Corporation for its granting of the Default Exit Right.

*Exercise price:*

The Default Exit Price shall be calculated as follows: (i) the EBITDA of the NewCo for the financial year immediately preceding the financial year in which the exercise date of the Default Exit Right falls, *multiplied by 4.5*; *multiplied by* (ii) the ratio of the number of the NewCo Shares subject to the Default Exit Right to the aggregate number of all issued and outstanding NewCo Shares; *minus* (iii) the aggregate cash dividends actually paid or determined to be paid to Sony and not already taken into account in determination of the Put Price.

If the Default Exit Right is exercised prior to Sony's exercise of the second tranche of the Sony Put Option and the aggregate of (i) the Put Price paid for the first tranche, *plus* (ii) the Default Exit Price, *plus* (iii) all cash dividends received by Sony on its NewCo Shares up to and including the exercise date of the Default Exit Right, is less than an amount equal to the Equity Value *multiplied by*  $(1+0.01*N)$  and then *multiplied by* 49%, where N is a whole number corresponding to the number of years, disregarding the period less than a year, elapsed since the Closing Date to the exercise date of the Default Exit Right, TTE Corporation shall pay such shortfall on the closing date of the sale pursuant to the Default Exit Right.

*Exercise period:*

The Default Exit Right shall be exercisable upon the occurrence of any of the following events:

- (i) a deadlock exit event as defined under the Joint Venture Agreement occurs;
- (ii) TTE Corporation or any of its affiliates becomes listed on any sanctions, export control or trade restriction list applicable in Japan, China, the United States, the European Union or any other relevant jurisdiction, and such listing has had, or would reasonably be expected to have, a material adverse effect on the NewCo, together with its subsidiaries, taken as a whole, or Sony Group or any one or more of Sony Group's direct subsidiary (including Sony), together with its respective subsidiaries, taken as a whole, on an individual basis and not in the aggregate, in which case Sony reasonably determines that it cannot continue to be a shareholder of the NewCo as TTE Corporation's joint venture partner;
- (iii) TTE Corporation becomes insolvent or bankrupt;
- (iv) TTE Corporation ceases to be a subsidiary of the Company;
- (v) TTE Corporation materially breaches the Joint Venture Agreement and fails to cure such breach within 30 days after receipt of written notice from Sony; or
- (vi) the Brand License Agreement is terminated (other than by its natural expiration) due to a reason attributable to the NewCo.

***Default Call Option:***

Sony will grant the Default Call Option to TTE Corporation, pursuant to which TTE Corporation will have the right to purchase from Sony, and Sony will be obligated to sell to TTE Corporation, all (but not less than all) of Sony's NewCo Shares upon occurrence of a Default Call Event at the Default Call Option Price subject to and in accordance with the terms set out in the Joint Venture Agreement.

***Premium:***

No premium is payable by TTE Corporation for its acceptance of the Default Call Option.

***Exercise price:***

The Default Call Option Price shall be calculated as follows: (i) the EBITDA of the NewCo for the financial year immediately preceding the financial year in which the exercise date of the Default Call Option falls, *multiplied by 4.5; multiplied by* (ii) the ratio of the number of the NewCo Shares subject to the Default Call Option to the aggregate number of all issued and outstanding NewCo Shares; *minus* (iii) the aggregate cash dividends actually paid or determined to be paid to Sony and not already taken into account in determination of the Put Price.

***Exercise period:***

The Default Call Option shall be exercisable upon the occurrence of any of the following events:

- (i) Sony Group or any of its subsidiaries becomes listed on any sanctions, export control or trade restriction list applicable in Japan, China, the United States, the European Union or any other relevant jurisdiction, and such listing has had, or would reasonably be expected to have, a material adverse effect on the NewCo, together with its subsidiaries, taken as a whole, or the Company, together with its subsidiaries, taken as a whole, in which case TTE Corporation reasonably determines that it cannot continue to be a shareholder of the NewCo as Sony's joint venture partner;

- (ii) Sony becomes insolvent or bankrupt; or
- (iii) Sony materially breaches the Joint Venture Agreement and fails to cure such breach within 30 days after receipt of written notice from TTE Corporation.

The parties considered the grant of the Default Exit Right and the Default Call Option represents common commercial arrangements between joint venture partners to protect their rights and investments and provide a reciprocal right of each party to exit upon occurrence of certain triggering events which are extraordinary or beyond the parties' control and which may or may not happen.

***Conditions to the Sony Put Option, Default Exit Right and Default Call Option:***

The obligations of each party to consummate any sale of the NewCo Shares pursuant to any exercise of the Sony Put Option, the Default Exit Right and the Default Call Option are subject to the fulfilment, at or prior to the relevant closing date, of each of the following conditions:

- (i) the EBITDA shall have been calculated;
- (ii) the NewCo's board of directors shall have passed a resolution approving the sale of the NewCo Shares which is the subject matter of the relevant options;
- (iii) all governmental approvals and any approvals required under applicable listing rules that may be or become necessary for the sale of the NewCo Shares which is the subject matter of the relevant options shall have been obtained; and
- (iv) no governmental authority shall have enacted, issued, promulgated, enforced or entered any governmental order that is in effect and has the effect of making the sale of the NewCo Shares which is the subject matter of the relevant options illegal, otherwise restraining or prohibiting consummation of such sale, or causing any part of the sale contemplated hereunder to be rescinded following completion thereof.

***Closing Date of the Sony Put Option, Default Exit Right and Default Call Option:***

Subject to the fulfilment of the conditions above at or prior to the closing date, the closing of any sale of the NewCo Shares which is the subject matter of the relevant options shall take place on the latter of 90th calendar day after the exercise date or 15th Business Days after satisfaction of the conditions, or such other date as the parties may agree upon in writing.

**(B) Transition Services Agreement**

On or prior to the Closing Date, Sony and TTE Corporation will enter into the Transition Services Agreement, pursuant to which Sony shall provide, or shall cause its affiliates or third party suppliers to provide, relevant services including information technology, human resources, intellectual property, accounting and other transition services to the NewCo, SOEM and relevant affiliates aiming at the Business continuity of the aforesaid service recipients without disruption.

**(C) Patent/Know-How License Agreement**

On or prior to the Closing Date, Sony and the NewCo will enter into the Patent/Know-How License Agreement, pursuant to which Sony shall grant to the NewCo a non-exclusive, sublicensable (only in accordance with the terms of the Patent/Know-how License Agreement) and non-transferable license under certain intellectual property rights to exploit the Licensed Products worldwide in accordance with the terms thereof, effective as of the Closing Date until termination or expiration of the Joint Venture Agreement.

**(D) Brand License Agreement**

On or prior to the Closing Date, Sony and the NewCo will enter into the Brand License Agreement, pursuant to which Sony shall grant to the NewCo a non-exclusive, sublicensable (only in accordance with the terms of the Brand License Agreement) and non-transferable license to use the trademark “SONY” on the Licensed Products and promotional materials worldwide in accordance with the terms thereof.

On or prior to the Closing Date, the Group will also enter into similar patent/know-how and brand license arrangement with the NewCo.

## FURTHER INFORMATION ON THE BUSINESS AND REORGANISATION

As of the date of this announcement, the Business is currently carried on by Sony, its various subsidiaries and fellow subsidiaries globally. In order to facilitate the transactions contemplated under the Transaction Framework Agreement, Sony will undergo the Reorganisation, the details of which are summarised below:

- (i) Sony will establish a new wholly-owned subsidiary (i.e. the NewCo);
- (ii) Sony will:
  - (a) transfer the sales, marketing, distribution and services functions related to the Business (“**Sales Function**”) and the headquarters function related to the Business (“**HQ Function**”) of Sony to the NewCo;
  - (b) transfer the employees currently dispatched to SOEM to the NewCo;
  - (c) transfer the Sales Function of its affiliates to newly set up subsidiaries or branches of the NewCo;
  - (d) cause SOEM to hive off such personnel, assets and liabilities which are not primarily related to the Business to Sony and/or its affiliates;
- (iii) after completion of the Reorganisation referred to in paragraph (ii) above,
  - (a) TTE Corporation will subscribe for, and the NewCo will issue to TTE Corporation, new shares representing 51% of the enlarged issued share capital (on a fully diluted basis) of the NewCo (such that TTE Corporation and Sony will respectively hold 51% and 49% of the issued share capital of the NewCo);
  - (b) TTE Corporation will purchase from Sony the entire issued share capital of SOEM.

## FINANCIAL INFORMATION

The tables below set forth the unaudited financial information of the Business (on a consolidated basis) provided by Sony based on their unaudited consolidated financial statements prepared in accordance with IFRS:

### Financial information of the Business on a consolidated basis

	For the 12 months ended		
	31 December 2025 <i>(Note 1)</i> <i>JPY'000</i>	31 March 2025 <i>JPY'000</i>	31 March 2024 <i>JPY'000</i>
Net profit before tax	89,735	16,179,969	4,523,986

  

	Balance as at	
	31 December 2025 <i>(Note 1)</i> <i>JPY'000</i>	31 March 2025 <i>JPY'000</i>
Net asset value	71,002,787	40,985,139

#### Notes:

1. The Business is currently carried on under Sony, which has a financial year end of 31 March. As the Company has a financial year end of 31 December, figures of net profit before tax for the 12 months ended 31 December 2025 and net asset value of the Business as at 31 December 2025 are disclosed above to provide meaningful comparison with the Group for Shareholders' and investors' reference.
2. All figures in the above table are rounded to the nearest thousand.

## **BASIS OF THE CONSIDERATION**

Pursuant to the Transaction Framework Agreement, the enterprise value of the Business is JPY102,772 million (equivalent to approximately HK\$5,154 million). The total consideration for the Transaction contemplated under the Transaction Framework Agreement, which is arrived at after adjusting the aforesaid enterprise value of the Business with reference to the reference amount of net debt, the adjustment in net working capital, and the percentage of the enlarged issued share capital in the NewCo that TTE Corporation will subscribe for, is JPY75,399 million (equivalent to approximately HK\$3,781 million) (subject to pre-closing and post-closing price adjustments disclosed above). Such consideration is arrived at after arm's length negotiations between the Company and Sony on normal commercial terms, with reference to and taking into account of:

- (i) the historical financial performance of the Business;
- (ii) the EV/EBITDA (enterprise value-to-EBITDA) multiples of listed comparable companies principally engaged in same or similar industries; and
- (iii) the expected capital required for the NewCo and other support required for carrying out the business objectives of the NewCo.

### **EV/EBITDA Multiple**

#### ***(i) Selection of the pricing multiples***

Various pricing multiples have been considered and the EV/EBITDA multiple was adopted to assess the equity value of the Business, as it is capital structure neutral and effectively eliminates the discrepancies arising from differing taxation, depreciation, and amortisation policies across comparable companies in various jurisdictions. Other benchmark multiples considered but not used are as follows:

- (a) Price-to-earnings (P/E) multiple was not adopted as it fails to capture the differences in financial leverage across the comparable companies;
- (b) Price-to-book (P/B) multiple was not adopted as it focuses on net asset value and fails to capture intangible company-specific competencies and advantages;

- (c) Price-to-sales (P/S) and enterprise value-to-sales (EV/S) multiples were not adopted as they focus solely on revenue and ignore the company's underlying cost structure and overall profitability.

***(ii) Selection of comparable companies***

The Business is principally engaged in the development, manufacturing, and sales of television products. The Company therefore selected comparables with same or similar business exposure in relation to the principal activity of the Business which have been listed in Asian securities market including Hong Kong, China and South Korea, with reference to the following criteria:

- (a) televisions constitute the key or one of the crucial products of the comparable companies;
- (b) the comparable companies are headquartered in Asia;
- (c) the comparable companies have positive net income; and
- (d) the financial information of the comparable companies, including audited financial statements for at least 3 consecutive years, is available to the public.

In this connection, the Company identified 5 listed comparable companies. The valuation of the Business was assessed by applying the average EV/EBITDA multiple of the comparable companies, taking into consideration the premium brand value of the Business, adjusted by a reasonable discount to reflect the historical financial performance of the Business and a discount for the lack of marketability given the Business is not listed.

In view of the foregoing, the Board is of the view that the valuation of the Business is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Moreover, the Board has also taken into consideration various unquantifiable benefit and gains detailed in the section headed "REASONS FOR AND BENEFITS OF THE TRANSACTIONS" below, including but not limited to the potentially realisable strategic synergistic effect and growth prospect of the Business and the Group as enlarged by the NewCo.

Having considered the factors set out above, the Directors are of the view that the consideration of the Transaction is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The consideration is intended to be settled in cash and funded by internal resources of the Group and/or other external financing, as and when appropriate.

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

The Board is of the view that the Transaction represents a unique opportunity to combine the strengths of TCL and Sony, creating a powerful platform for sustainable growth and facilitating the Group to deepen its global leadership in the smart device industry, which aligns with the Group's "Globalisation" and "Mid-to-High-End" strategies. By leveraging Sony's high-quality picture and audio technology cultivated over the years, brand value and operational expertise including supply chain management, while utilising the Group's advanced display technology, globalised scale advantages, industrial footprint, end-to-end cost efficiency and vertical supply chain strength, the Transaction is expected to generate the following strategic benefits:

**(i) Integrating the technologies and innovation of both parties to lead premiumisation and upgrade of home entertainment technologies**

The parties demonstrate complementary capabilities in research and development. The deep integration of Sony's cutting-edge image quality tuning and proprietary chip technology with the Group's advanced display technology and smart hardware technology will establish a lasting competitive advantage, accelerate breakthroughs in premiumisation and lead the global upgrade of home entertainment technologies.

**(ii) Joining hands with Sony in deepening brand synergy, enriching the Group's product portfolios and elevating its global brand positioning**

The Transaction allows the Group to leverage Sony's globally recognised premium "Sony" brand and "BRAVIA™" brand and its high-end, loyal customer base. The Group will utilise the Transaction to accelerate its "Mid-to-High-End" strategy through enriching its product portfolio, effectively shifting its market positioning into the ultra-high-end tier. By leveraging Sony's established prestige and global sales network, the Group is positioned to penetrate global markets more effectively and capture a larger share of the global premium TV segment, contributing to the steady implementation of its globalisation strategy.

**(iii) Leveraging the advantages of a complete industry chain to unlock the value of strategic cooperation**

The Group will fully leverage its vertically integrated supply chain advantages and global production capacity to realise the strategic value of the Transaction. Furthermore, by combining the brand strength and resources of both the Group and Sony, the NewCo will build superior production, logistics and service networks, enhancing operational reliability, providing more competitive products and services to global users and thereby contributing to the high-quality development of the Group's business.

In view of the above reasons, the Directors consider that the Transaction represents an attractive investment that aligns with the Group's business strategy and will bring positive returns in the long run, and are of the view that the terms (including the consideration) of the Transaction Framework Agreement and the transactions contemplated thereunder (including the Ancillary Agreements) were entered into on normal commercial terms after arm's length negotiations between the parties, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

### **Transaction Framework Agreement**

As one or more of the applicable percentage ratios (as defined in Rule 14.04(9) of the Listing Rules) in respect of the Transaction contemplated under the Transaction Framework Agreement (including the formation of joint venture, i.e. NewCo, which assumes the Business, and the acquisition of 100% SOEM Shares) are more than 5% but all are less than 25%, the Transaction contemplated under the Transaction Framework Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under the Listing Rules.

## **Sony Put Option, Default Exit Right and Default Call Option**

Although the exercise of the Sony Put Option is at the discretion of Sony but not TTE Corporation, closing of the sale of Put Shares pursuant to exercise of the Sony Put Option is conditional upon, among others, any approvals required under applicable listing rules that may be or becomes necessary for the sale of the Put Shares shall have been obtained (including, where applicable, Shareholders' approval requirement under the Listing Rules). If and when Sony exercises the Sony Put Option, the Company will compute the relevant size tests to assess whether the sale of the Put Shares will constitute a notifiable transaction under Chapter 14 of the Listing Rules and (if applicable) comply with the relevant requirements thereunder, including where applicable obtaining Shareholders' approval. The Company will also comply with any applicable requirements under Chapter 14A of the Listing Rules.

The Default Exit Right and the Default Call Option are customary exit arrangements that are common in joint venture and would become exercisable only upon occurrence of the specified triggering events, which are highly contingent and extraordinary or beyond the control of either the Company or Sony. With reference to HKEX-LD2-2011, the Default Exit Right will not be regarded as a major transaction and is hereby disclosed by way of this announcement. The Default Call Option is exercisable at TTE Corporation's discretion and no premium is payable. If TTE Corporation decides to exercise the Default Call Option, such exercise will be subject to further compliance with the Listing Rules by the Company.

## **CONTINUING CONNECTED TRANSACTIONS**

Upon Closing, the NewCo will become a subsidiary of the Company, whereas Sony, then as a 49% shareholder of the NewCo, will become a connected person of the Company at the subsidiary level and hence the transactions contemplated under each of the Transition Services Agreement, the Patent/Know-How License Agreement and the Brand License Agreement will constitute continuing connected transactions between the Group and connected persons at the subsidiary level of the Company under Chapter 14A of the Listing Rule. The Company will comply with all applicable requirements under Chapter 14A of the Listing Rules before entering into those agreements.

## **GENERAL INFORMATION OF THE PARTIES**

The Group is principally engaged in display business, innovative business and internet business. The Group actively transforms and innovates under the strategy of “Lead with Brand Value, Deepen Global Operation, Drive with Technology, Thrive on Global Vitality”. 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. For more information on the Group, please visit its official website at <http://electronics.tcl.com> (the information that appears on this website does not form part of this announcement).

Sony is a wholly owned subsidiary of Sony Group, which is a Japanese conglomerate headquartered in Tokyo, whose shares are listed on the Tokyo Stock Exchange and the New York Stock Exchange (TSE: 6758 and NYSE: SONY). Sony is responsible for the Entertainment, Technology & Services (ET&S) business.

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, Sony and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **DEFINITIONS**

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

“affiliate(s)”	in relation to any entity, any other entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such entity;
“Ancillary Agreements”	collectively, the Joint Venture Agreement, the Transition Services Agreement, the Patent/Know-how License Agreement, the Brand License Agreement and the Share Subscription Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;

“B2B”	business-to-business;
“Brand License Agreement”	the brand license agreement to be entered into between Sony and the NewCo on or prior to the Closing Date;
“Board”	the board of Directors;
“Business”	the global business of research and development, manufacturing, assembly, testing, sales, marketing, distribution, and after-sales and customer services of the Target Products;
“Business Day(s)”	any day except Saturday, Sunday, or any other day on which commercial banks located in Japan or China are authorised or required by law to be closed for business;
“Closing”	closing of the share subscription of the NewCo Shares and sale and purchase of the SOEM Shares subject to and pursuant to the terms and conditions of the Transaction Framework Agreement;
“Closing Account Date”	the first day of the calendar month to which the Closing Date belongs;
“Closing Date”	1 April 2027 or such other date as Sony and TTE Corporation may agree upon in writing;
“Company”	TCL Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;

“control”	including all of its variations, including “controlling”, “controlled” and “under common control”, when used with respect to an entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and/or policies of that entity, whether through the ownership of voting securities, by contract, or otherwise;
“Default Call Event(s)”	event(s) upon the occurrence of which the Default Call Option shall be exercisable;
“Default Call Option”	the option granted by Sony to TTE Corporation to require Sony to sell to TTE Corporation all (but not less than all) of Sony’s NewCo Shares upon occurrence of specified triggering events subject to and in accordance with the terms of the Joint Venture Agreement;
“Default Call Option Price”	the consideration to be paid in connection with the exercise of the Default Call Option;
“Default Exit Event(s)”	event(s) upon the occurrence of which the Default Exit Right shall be exercisable;
“Default Exit Price”	the consideration to be paid in connection with the exercise of the Default Exit Right;
“Default Exit Right”	Sony’s right, but not obligation, to require TTE Corporation to purchase from Sony all (but not less than all) of Sony’s NewCo Shares upon occurrence of specified triggering events subject to and in accordance with the terms of the Joint Venture Agreement;
“Director(s)”	the director(s) of the Company;

“EBITDA”	for any applicable period, an amount equals to (a) sales, minus (b) cost of goods sold, minus (c) selling, general and administrative expenses, plus (d) the company’s share of profit (loss) of investments accounted for using the equity method, plus (e) depreciation of tangible fixed assets, plus (f) amortisation of intangible assets, in each case as determined in accordance with IFRS and calculated on a basis consistent with the preparation of the financial statement of the NewCo. For the avoidance of doubt, the add-backs under (e) and (f) above shall exclude any depreciation of lease payments and other lease-related costs;
“Equity Value”	for the purpose of computing the relevant exercise price for the Sony Put Option, the Default Exit Right and the Default Call Option, the final subscription price for the 51% NewCo Shares, divided by 51 and multiplied by 100;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“IFRS”	International Financial Reporting Standards;
“Initial Period”	the period starting on the Closing Date and ending at the conclusion of the ordinary general shareholders’ meeting of the NewCo for the business year in which the Closing occurs;
“Joint Venture Agreement”	the Joint Venture Agreement to be entered into between Sony and TTE Corporation on or prior to the Closing Date;
“JPY”	Japanese yen, the lawful currency of Japan;

“Licensed Products”	the products that are manufactured, sold, or in development in the Business as of Closing as set out in the Brand License Agreement and/or Patent/Know-how License Agreement and all new or upgraded versions of the aforesaid products;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“NewCo”	a joint stock company to be incorporated under the laws of Japan to be formed between Sony and TTE Corporation under the Joint Venture Agreement;
“NewCo Share(s)”	the ordinary share(s) of the NewCo;
“Patent/Know-how License Agreement”	the patent/know-how license agreement to be entered into between Sony and TTE Corporation on or prior to the Closing Date;
“Purchaser Guarantee Agreement”	the purchaser guarantee agreement dated 31 March 2026 entered into between Sony and the Company;
“Put Price”	the consideration to be paid in connection with the exercise of the Sony Put Option;
“Put Share(s)”	the NewCo Shares then held by Sony which is the underlying asset of the Sony Put Option;
“Reorganisation”	the pre-closing reorganisation to be carried out in accordance with the reorganisation plan as detailed in the Transaction Framework Agreement, a summary of which is set out in the section headed “FURTHER INFORMATION ON THE BUSINESS AND REORGANISATION”;
“Shareholder(s)”	holder(s) of share(s) of the Company;

“Share Subscription Agreement”	the share subscription agreement to be entered into between TTE Corporation and the NewCo on or prior to the Closing Date;
“SOEM”	Sony EMCS (Malaysia) Sdn. Bhd., a company incorporated under the laws of Malaysia with limited liability and a direct wholly-owned subsidiary of Sony;
“SOEM Share(s)”	the outstanding shares of the ordinary shares of SOEM;
“Sony”	Sony Corporation, a company incorporated in Japan with limited liability;
“Sony Group”	Sony Group Corporation;
“Sony Put Option”	options granted by TTE Corporation to Sony which represent Sony’s right, but not obligation to require TTE Corporation to purchase from Sony the NewCo Shares held by Sony in tranches subject to and in accordance with the terms of the Joint Venture Agreement;
“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;
“Target Product(s)”	product(s) manufactured, sold or delivered under the Business which include Consumer TV (BRAVIA), B2B Flat Panel Display (B2B BRAVIA), B2B LED Display, Projector, Home Theater System, Component Audio, Turn Table and Neckband Speaker as defined in the Transaction Framework Agreement;
“Transaction”	collectively, the subscription for the 51% NewCo Shares and the purchase and sale of 100% SOEM Shares pursuant to the Transaction Framework Agreement;

“Transaction Framework Agreement”	the transaction framework agreement dated 31 March 2026 entered into between Sony and TTE Corporation;
“Transition Services Agreement”	the transition services agreement to be entered into between Sony and TTE Corporation on or prior to the Closing Date;
“TTE Corporation”	TTE Corporation, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company;
“TV”	television; and
“%”	per cent.

On behalf of the Board  
**TCL Electronics Holdings Limited**  
**DU Juan**  
*Chairperson*

Hong Kong, 31 March 2026

*For the purposes of this announcement, the exchange rate of JPY1.00 = HK\$0.050147, has been used for currency translation, where applicable. Such exchange rate is for illustrative purposes and does not constitute representations that any amount in JPY or HK\$ has been, could have been or may be converted at such a rate.*

*Unless otherwise specified, all monetary figures in this announcement are rounded to the nearest million.*

*As at the date of this announcement, the Board comprises Ms. DU Juan, Mr. ZHANG Shaoyong, Mr. PENG Pan and Mr. SUN Li as executive directors of the Company and Professor WANG Yijiang, Mr. LAU Siu Ki and Mr. HUI Chi Kin Max as independent non-executive directors of the Company.*