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TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

**DISCLOSEABLE TRANSACTION –
STRATEGIC PARTNERSHIP WITH SONY
IN HOME ENTERTAINMENT
AMENDMENT AGREEMENT IN RELATION TO
TRANSACTION FRAMEWORK AGREEMENT
AND OTHER SUPPLEMENTAL INFORMATION**

Reference is made to the announcement (the “**Announcement**”) of TCL Electronics Holdings Limited (the “**Company**”) dated 31 March 2026 in relation to, among others, the Transaction which constituted a discloseable transaction of the Company. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement. This announcement is supplemental to and shall be read in conjunction with the Announcement.

UPDATE TO THE TRANSACTION

Amendment Agreement to the Transaction Framework Agreement

As disclosed in the Announcement, pursuant to the Transaction Framework Agreement, TTE Corporation and Sony agreed, among others, that on or prior to the Closing Date, Sony and TTE Corporation will enter into the Joint Venture Agreement, under which, TTE Corporation will, among others, grant to Sony the Sony Put Option, the exercise of which is not at TTE Corporation’s discretion. Under the agreed form of the Joint Venture Agreement to be entered into between TTE Corporation and Sony, the Put Price for each tranche of Sony Put Option 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).

The Company would like to update the Shareholders that on 11 May 2026 (after trading hours), TTE Corporation and Sony entered into an amendment agreement (“**Amendment Agreement**”) to amend the agreed form of Joint Venture Agreement to include a cap to the aggregate amount of the Put Price for all three tranches of the Sony Put Option, which shall in no event exceed JPY100 billion (equivalent to approximately HK\$4.9 billion)(*Note*) (“**Aggregate Exercise Price Cap**”).

Save as varied by the Amendment Agreement, the terms of the Transaction Framework Agreement and the Joint Venture Agreement remain unchanged.

Basis of the Aggregate Exercise Price Cap

The Aggregate Exercise Price Cap was determined by the Company and Sony after arm’s length negotiations after taking into account (i) the projected revenue and EBITDA of the NewCo, which are derived from the current operations and strategy roadmap of the Business, and reflect an outlook relative to the Business’ current operating performance and growth potential; (ii) the overall development trend of the global TV industry which remained flat and stable in the past decade with relatively steady demand in the future; and (iii) the indicative Put Price, factoring in Sony’ potential exit arrangement under the Sony Put Option, which is within the Aggregate Exercise Price Cap. The Company believes that the Aggregate Exercise Price Cap represents a fair and reasonable estimate of the maximum aggregate amount of the Put Price for all three tranches of the Sony Put Option based on the information currently available to the Company.

Reasons for and Benefits of the Amendment Agreement

The Aggregate Exercise Price Cap is a customary arrangement that is common in joint ventures. The Aggregate Exercise Price Cap does not represent the actual monetary amount of the aggregated Put Price to be paid by the Company. The Board considers that setting the Aggregate Exercise Price Cap on the Put Price would provide certainty as to the maximum amount payable by TTE Corporation under the Sony Put Option, thereby minimising TTE Corporation's financial exposure under the original consideration calculation formula and maintaining the stability of its cash flow position. Accordingly, the Board considers that the Amendment Agreement and the transactions contemplated thereunder (including the setting of the Aggregate Exercise Price Cap on the Put Price) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Payment Undertaking by Controlling Shareholder

Whereas the Company assesses that the Aggregate Exercise Price Cap represents a reasonable estimate of the maximum aggregated Put Price under ordinary circumstances based on information currently available, in order to cater for unforeseen circumstances and to give Sony comfort that they will receive reasonable return under those unforeseen circumstances, on 11 May 2026 (after trading hours), T.C.L. Industries Holdings (H.K.) Limited (the immediate controlling Shareholder, "**T.C.L. Industries (H.K.)**") issued a payment letter to Sony, pursuant to which T.C.L. Industries (H.K.) undertook to Sony that, in the event that each amount of, any sum amount of, or the aggregate amount of the Put Price for each tranche of the Sony Put Option exceeds the Aggregate Exercise Price Cap, T.C.L. Industries (H.K.) shall pay to Sony an amount equal to such excess on the relevant closing date, so as to make up for the shortfall between the Aggregate Exercise Price Cap and the amount that would otherwise be payable by TTE Corporation under the Sony Put Option but for such cap ("**Payment Undertaking**").

The Group is not required to reimburse T.C.L. Industries (H.K.) for any payment made or to be made by T.C.L. Industries (H.K.) under the Payment Undertaking. The Payment Undertaking is not secured by any asset of the Group.

Listing Rules Implications

The amendments contemplated under the Amendment Agreement are considered material variation of the terms of the Joint Venture Agreement previously announced under the Announcement and this announcement is made pursuant to Rule 14.36 of the Listing Rules.

The exercise of the Sony Put Option is not at the discretion of the Company. According to Rules 14.74(1) of the Listing Rules, on the grant of the Sony Put Option, the transaction will be classified as if the Sony Put Option had been exercised. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the grant of the Sony Put Option, whether on a standalone basis or when aggregated with the Transaction, exceed 5% but all are less than 25%, the grant of the Sony Put Option 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.

The Payment Undertaking provided by T.C.L. Industries (H.K.) is exempt under Chapter 14A of the Listing Rules from all reporting, annual review, announcement and shareholders' approval requirements.

OTHER SUPPLEMENTAL INFORMATION

The Board also wishes to provide the Shareholders with additional information on further details of the Transaction.

Business and Financial Information of SOEM

SOEM is principally engaged in the design and manufacturing of business-to-customer TV, home audio and headphone, and is a key site of the Business's manufacturing function. The acquisition of SOEM Shares will facilitate the NewCo in assuming the Business.

For the avoidance of doubt, the financial information of SOEM is included in the consolidated financial information of the Business as disclosed on page 19 of the Announcement.

Purchaser Guarantee Agreement

The Purchaser Guarantee Agreement dated 31 March 2026 executed by the Company is a customary parent company guarantee and the default clauses that the Company would be subject to under the Purchaser Guarantee Agreement if TTE Corporation fails to meet its covenants and obligations are standard and customary to similar parent company guarantee arrangement, a summary of which is set out below:

- (i) If TTE Corporation defaults in the performance and/or satisfaction of its covenants and/or obligations (the “**Guaranteed Obligations**”) under the Transaction Framework Agreement, the Joint Venture Agreement and/or the Transition Services Agreement (collectively, the “**Relevant Transaction Agreements**”), the Company must perform the Guaranteed Obligations on demand by Sony as if it is the signing party of the Relevant Transaction Agreements in place of TTE Corporation. The Company waives any rights it may have of first requiring Sony (or any other person whose benefit the guarantee and indemnity is given in the Purchaser Guarantee Agreement) to commence proceedings, or enforce any other right, against TTE Corporation or any other person before making a claim under the Purchaser Guarantee Agreement.
- (ii) The Company indemnifies Sony against all losses arising directly or indirectly out of or in connection with:
 - (a) any failure by TTE Corporation or the Company to duly and punctually comply with or perform its obligations under or in connection with the Relevant Transaction Agreements; or
 - (b) the exercise or attempted exercise by Sony or its representatives of a right or power under the Purchaser Guarantee Agreement.
- (iii) The Company’s obligations and liabilities under the Purchaser Guarantee Agreement will in no event be greater than or exceeding TTE Corporation’s corresponding obligations and liabilities under the Relevant Transaction Agreements, and Sony will not have any greater rights against the Company under the Purchaser Guarantee Agreement than Sony has against TTE Corporation under the Relevant Transaction Agreements.

Valuation of the Business and Consideration of the Transaction

The negotiation process between the Group and Sony in respect of the Transaction started in the fourth quarter of 2025, with reference to the then latest financial information of the Business available at that time being those for the financial year ended 31 March 2025.

At that time, for the purpose of assessing the EV/EBITDA multiple applicable to the Business, the Company identified 5 listed comparable companies. Details of such comparable companies as well as their relevant financial information and EV/EBITDA multiples for trailing 12-month (TTM) period ended 30 November 2025 are summarised as follows:

Company Name and Stock Code	Principal Business	Reporting Currency (Million)	Enterprise Value	EBITDA (TTM)	EV/EBITDA (TTM)
Samsung Electronics Co., Ltd. (005930.KS)	A global enterprise engaged in semiconductors, mobile communications, and consumer electronics. It was founded in 1969 and is headquartered in South Korea.	KRW	563,960,332	90,513,220	6.2x
LG Electronics Inc. (066570.KS)	A global player in the fields of display devices, home appliances, multimedia goods, electronic parts and software. It was founded in 1958 and is headquartered in South Korea.	KRW	22,445,078	6,082,255	3.7x
Haier Smart Home Co., Ltd. (600690.SH)	A global provider of household appliances including but not limited to televisions, refrigerators, washing machines, and air conditioners. It was founded in 1984 and is headquartered in China.	RMB	247,003	28,282	8.7x
Hisense Visual Technology Co., Ltd. (600060.SH)	A global company that mainly engages in research, development, manufacturing and sale of display products. It was founded in 1997 and is headquartered in China.	RMB	24,445	3,260	7.5x
The Company	A global consumer electronics company engaged in display business, innovative business and internet business. The Company was founded in 1999 and is headquartered in China.	HKD	15,047	4,023	3.7x
				Average	6.0x

As can be seen from the table above, the average EV/EBITDA multiple of the 5 listed comparable companies for TTM period ended 30 November 2025 is approximately 6.0 times. The EV/EBITDA multiple range of the 5 listed comparable companies provided the Company with an appropriate basis on which the Company may negotiate with Sony on the consideration payable for the Transaction.

However, considering that there is no ready market for the shares in the NewCo, which will be a private company, the NewCo Shares are considered to worth less than an otherwise comparable share in a publicly held company. In determining the appropriate discount for lack of marketability (DLOM), the Company has made reference to the “Control Premium & Discount for Lack of Marketability Study Issue 4 – November 2025” issued by Moore Transaction Services Limited which summarises, among others, the DLOM adopted by listed issuers in their notifiable transactions circulars published on the website of the Stock Exchange for the 3rd quarter of 2025 and trailing 12 months ended September 2025 and noted that the average DLOM adopted by listed issuers is approximately 20.8% and median DLOM is approximately 20.4% for both the periods of the 3rd quarter of 2025 and trailing 12 months ended 30 September 2025. Further, as most of the 5 listed comparable companies are conglomerates which are engaged in diversified business segments and not solely engaged in TV business, their EV/EBITDA multiples may not be directly applicable to the Business.

Taking into account the foregoing factors, the management of the Company, which has a deep long-term understanding of display business, strived to negotiate for a reasonable price based on the expected long-term value of the Business having considered its premium brand value and the historical financial performance, as a result of which the EV/EBITDA multiple of the Business for the purpose of the Transaction was agreed to be approximately 4.7 times, representing a discount of approximately 21.67% from the average EV/EBITDA multiple of the 5 listed comparable companies and such multiple is within the range of EV/EBITDA multiples of the said comparable companies.

The enterprise value of the Business was therefore assessed to be approximately JPY102,772 million (equivalent to approximately HK\$5,025 million)(*Note*), which was calculated by multiplying the EBITDA of the Business for the financial year ended 31 March 2025, that is approximately JPY21,941 million, with the aforesaid EV/EBITDA multiple of 4.7 times. Furthermore, the total equity value of the Business, being approximately JPY72,545 million, is calculated by adjusting the aforesaid enterprise value of the Business of approximately JPY102,772 million by deducting (i) the net debt of the Business as at 31 March 2025 of JPY22,117 million and (ii) net working capital adjustments of approximately JPY8,110 million.

The equity values of the NewCo and SOEM have been determined at approximately JPY69,917 million and JPY2,628 million, respectively. The equity value of the NewCo primarily reflects the intrinsic value of the Business and the requisite capital to sustain future home entertainment operations; whereas the equity value of SOEM reflects the net asset value of SOEM as of 31 March 2025 after taking into account ageing discount with reference to its status as a 40-year-old manufacturing facility and actual asset condition based on the findings during due diligence and site visit, with diminishing strategic value compared to the NewCo, and in view of these factors, the Company and Sony mutually agreed to a lower allocation of equity values for SOEM as aforesaid. Under the agreed deal structure, the consideration for SOEM will be paid directly to Sony in the form of a share transfer, whereas the consideration for the NewCo will be injected as a capital contribution in the form of subscription of new shares. Both parties believe this allocation prioritises the NewCo's growth trajectory, thereby maximising long-term value for shareholders of the NewCo. The JPY69,917 million figure represents the pre-money valuation of NewCo. Considering that the share capital of the NewCo will be enlarged by the subscription of 51% NewCo Shares by TTE Corporation, the consideration for the Transaction, which is calculated by multiplying the equity value of the NewCo by 51% and dividing it by 49%, and adding the equity value of SOEM, is approximately JPY75,399 million (equivalent to approximately HK\$3,687 million)(*Note*).

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

Hong Kong, 11 May 2026

Note: For the purposes of this announcement, the exchange rate of JPY1.00 = HK\$0.048899, 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. For the avoidance of doubt, the HK\$ equivalent of the JPY figures disclosed in this announcement may be slightly different from those disclosed in the Announcement as a result of the different illustrative exchange rates adopted for this announcement and for the Announcement in light of the exchange rate movements.

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.