TCL ELECTRONICS HOLDINGS LIMITED
TCL 電子控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01070)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY WITH TCL AIR CONDITIONER BUSINESS INVOLVING ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Financial Advisers to the Company

CICC 中金公司

申萬宏源(香港)有限公司
SHENWAN HONGYUAN (H.K.) LIMITED

Independent Financial Adviser for the Acquisition to the Independent Board Committee and Independent Shareholders

SOMERLEY CAPITAL LIMITED

THE ACQUISITION

On 15 July 2026 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors agreed to sell and the Company agreed to purchase the Target Shares for a total consideration of HK$5,610 million, which shall be satisfied by a combination of cash and the Consideration Shares.

The Consideration Shares will be allotted and issued under the Specific Mandate to be sought for approval by the Independent Shareholders at the EGM.

The Company will apply to the Listing Committee for approval for the listing of, and permission to deal in, the Consideration Shares.

REASONS AND BENEFITS OF THE ACQUISITION

While the Group strategically advances the "all-category smart device layout" and accelerates the dual-drive strategy of "Globalisation" and "Premiumisation", the Acquisition represents a decisive milestone and is expected to unleash significant operational and business synergies across the Group's value chain and enhance its overall competitiveness by leveraging the mature operational model and strong market presence of the Target Group. Furthermore, positive financial benefits are to be derived from the Acquisition with robust financial performance estimated from the Enlarged Group, which will improve the Enlarged Group's revenue scale, profitability level and financial resilience thus creating higher and more stable returns for Shareholders. The Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser for the Acquisition) believe that the Acquisition represents a compelling strategic opportunity for the Group and is in the best interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 1,374,938,618 Shares, representing approximately 54.54% 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 Industries Holdings. Accordingly, 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 Industries Holdings is the holding company of T.C.L. Industries (H.K.), it 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.

As at the date of this announcement, NXTHome is a British Virgin Islands company indirectly wholly owned by TCL Industries Holdings, which is a connected person of the Company. Therefore, NXTHome is an associate of TCL Industries Holdings and a connected person of the Company. Accordingly, the Acquisition under the Sale and Purchase Agreement (including the issue of the Consideration Shares) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5%, the Acquisition is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

On 15 July 2026 (after trading hours), the Company entered into the Sale and Purchase Agreement with the Vendors, pursuant to which the Vendors agreed to sell and the Company agreed to purchase the Target Shares for a total consideration of HK$5,610 million, which shall be satisfied by a combination of cash and the Consideration Shares.

The principal terms of the Sale and Purchase Agreement are as follows:

Date:	15 July 2026	
Parties:	(i)	The Company as the purchaser; and
	(ii)	NXTHome, YF Rongye, Core Elite, Union Vast and Reach Glory as the Vendors.

Subject Matter

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendors have conditionally agreed to sell the Target Shares, representing the entire issued shares of the Target Company.

Consideration

The total Consideration is HK$5,610 million to be paid to Vendors. The Consideration was determined after arm's length negotiations among the Company and the Vendors, having taken into account (i) the preliminary valuation of the market value of the entire equity interest in the Target Company of approximately HK$5,620 million as of 31 March 2026 as set out in the Valuation Report prepared by the Independent Valuer adopting the market approach; (ii) the historical financial conditions and performance and future prospects of the Target Group; (iii) the competitive landscape and economic outlook of the HVAC industry; and (iv) the reasons for and benefits of the Acquisition as described in the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below. The Consideration will be paid in full upon Completion.

The breakdowns of the cash and Share Consideration payment under the Sale and Purchase Agreement are as follows:

Vendor	Cash Consideration	Share Consideration	Total Consideration
NXTHome	HK$103,300,034	110,446,666 Shares (equivalent to approximately HK$1,656,699,990)	HK$1,760,000,024
YF Rongye	Nil	104,720,000 Shares (equivalent to approximately HK$1,570,800,000)	HK$1,570,800,000
Core Elite	Nil	65,120,000 Shares (equivalent to approximately HK$976,800,000)	HK$976,800,000
Union Vast	HK$63,743,341	56,543,777 Shares (equivalent to approximately HK$848,156,655)	HK$911,899,996
Reach Glory	Nil	26,033,332 Shares (equivalent to approximately HK$390,499,980)	HK$390,499,980
Total:	**HK$167,043,375**	**362,863,775 Shares (equivalent to approximately HK$5,442,956,625)**	**HK$5,610,000,000**

In preparation of the Valuation Report, the Independent Valuer has considered the cost approach, the income approach and the market approach. In selecting the most appropriate approach, the Independent Valuer has taken into account the purpose of the valuation, the basis of value, and the availability and reliability of the information provided, as well as the relative advantages and limitations of each valuation methodology in light of the business nature and circumstances of the Target Group. The Independent Valuer is of the view that the income approach is not the most optimal approach as it involves long-term financial projections and the adoption of numerous assumptions and subjective judgements, not all of which can be easily quantified or ascertained. The cost approach, on the other hand, does not adequately account for the economic benefits generated by the Target Group's business operations, as it primarily focuses on the replacement or reproduction cost of the underlying assets without reflecting the Target Group's earning potential. Considering these limitations, the Independent Valuer adopted the guideline public company method under the market approach, which considers prices recently paid for similar assets, with adjustments made to reflect the condition and utility of the appraised assets relative to market comparables. The Independent Valuer has adopted the EV/EBITDA multiple, as it is generally suitable for profitable companies and allows for more meaningful comparison by neutralising differences in capital structure and accounting policies. It is also widely used for capital-intensive businesses where depreciation and amortisation form a significant portion of total expenses. The adjusted EV/EBITDA multiple at 4.13 is adopted in the Valuation Report.

The Board (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser for the Acquisition) believes that the Valuation Report provides an objective and impartial assessment of the value of the Target Group. Considering (i) the historical financial performance and conditions of the business of the Target Group; (ii) the business prospect of the Target Group; (iii) the Valuation Report; and (iv) the reasons for and benefits of the Acquisition as described under the section headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below, the Directors (excluding the independent non-executive Directors who will provide their view in the Circular after considering the advice from the Independent Financial Adviser for the Acquisition) consider that the Total Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Consideration Shares

The Consideration Shares represent (i) approximately 14.39% of the existing issued shares of the Company as of the date of this announcement; and (ii) approximately 12.58% of the issued shares of Company as enlarged by the allotment and issue of the Consideration Shares immediately following Completion (assuming that there will be no change in the Company's issued share capital from the date of this announcement to the Completion Date, save as the issue of the Consideration Shares). The Consideration Shares will be allotted and issued under the Specific Mandate to be sought for approval by the Independent Shareholders at the EGM.

Once allotted and issued, the Consideration Shares will rank *pari passu* in all respects with all other Shares in issue as of the date of allotment and issue of the Consideration Shares, including the right to receive dividends, distributions and other payments made or to be made with the record date on or after such date of allotment and issue.

Further details regarding the effect of the Acquisition on the shareholding structure of the Company are set out in the section headed "EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY DUE TO THE ACQUISITION" below.

The Company will apply to the Listing Committee for approval for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price of HK$15.00 per Consideration Share represents:

(i) a premium of approximately 1.69% to the average closing price of approximately HK$14.75 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Sale and Purchase Agreement;

(ii) a premium of approximately 7.88% to the average closing price of approximately HK$13.90 per Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to the date of the Sale and Purchase Agreement;

(iii) a premium of approximately 4.20% to the average closing price of approximately HK$14.40 per Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to the date of the Sale and Purchase Agreement;

(iv) a premium of approximately 9.54% to the average closing price of approximately HK$13.69 per Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to the date of the Sale and Purchase Agreement;

(v) a premium of approximately 22.52% to the average closing price of approximately HK$12.24 per Share as quoted on the Stock Exchange for the last 180 trading days immediately prior to the date of the Sale and Purchase Agreement; and

(vi) a premium of approximately 96.97% to the net asset value per share of approximately HK$7.62 based on the latest published audited consolidated equity attributable to owners of the Company of approximately HK$19,198 million as at 31 December 2025 as set out in the annual report of the Company for the year ended 31 December 2025 and the total number of issued Shares of 2,520,935,155 Shares as at the date of this announcement.

The Issue Price, as determined by the Company and the Vendors after arm's length negotiations, shall be the higher of (i) HK$15 per Share; and (ii) the average closing price of approximately HK$14.75 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Board meeting of the Company to approve the Sale and Purchase Agreement and the transactions thereunder. The Board (excluding the independent non-executive Directors who will provide their view in the Circular after considering the advice from the Independent Financial Adviser for the Acquisition) considers that the Issue Price of HK$15.00 per Consideration Share is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Conditions Precedent

Completion is subject to the fulfillment (or waiver (if applicable)) of the following conditions precedent:

(i) the Company has completed its due diligence on the Target Group and is satisfied with the due diligence results;

(ii) the Company has obtained the necessary approvals from the Independent Shareholders and other required internal approvals (including Board approval) under the Listing Rules for the Sale and Purchase Agreement and the transactions thereunder, including the Acquisition and the Specific Mandate;

(iii) the Vendors have obtained consents and approvals of their respective boards of directors and shareholders for the Sale and Purchase Agreement and the transactions thereunder;

(iv) the Company and the Vendors have obtained all necessary approvals, consents, filings or waivers (if applicable) from governments or regulatory bodies (including but not limited to the Stock Exchange and the SFC), in relation to the Sale and Purchase Agreement and the transactions thereunder;

(v) all representations and warranties made by the Vendors are true, accurate and not misleading as of the date of the Sale and Purchase Agreement and the date of Completion;

(vi) the Vendors have fulfilled and complied with all their undertakings, obligations and agreements under the Sale and Purchase Agreement that they should have fulfilled or complied with on or before the Completion Date; and

(vii) the Listing Committee has granted approval for the listing of, and permission to deal in, the Consideration Shares.

The conditions precedent set out in paragraphs (i), (v) and (vi) above may be waivable by the Company by serving a written notice to the Vendors. Save for the aforementioned, none of the other conditions precedent set out above may be waived by any party.

With respect to the conditions precedent set out in paragraph (iv), as of the date of this announcement, there are no approvals, consents, filings or waivers from governments or regulatory bodies (including relevant authorities in the PRC and Hong Kong), which are required for the execution and performance of the Sale and Purchase Agreement or the Completion. The filing with the CSRC will be effected within three business days after Completion.

If any of the conditions precedent set out above has not been fulfilled (or, if applicable, waived by the Company in writing) on or before the Long Stop Date, the Sale and Purchase Agreement will terminate with immediate effect and the parties thereto shall have no further obligations or liabilities thereunder save for antecedent breach.

Completion

Completion will take place on the Completion Date following the satisfaction or waiver (if applicable) of all the foregoing conditions precedent, or such other date as may be agreed upon by the Company and the Vendors. The Completion is expected to take place in the fourth quarter of 2026.

Upon Completion, the Target Company will become a wholly owned subsidiary of the Company. The financial results of the Target Group will be consolidated into the financial statements of the Group.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY DUE TO THE ACQUISITION

The shareholding structure of the Company (i) as of the date of this announcement; and (ii) immediately following Completion (assuming no other Shares will be allotted or issued after the date of this announcement and before Completion) is as follows:

Shareholder	As of the date of this announcement		Immediately upon Completion and allotment and issue of Consideration Shares	
	Number of Shares	*%*	*Number of Shares*	*%*
T.C.L. Industries (H.K.)	1,374,938,618	54.54	1,374,938,618	47.68
NXTHome	–	–	110,446,666	3.83
YF Rongye	–	–	104,720,000	3.63
Core Elite	–	–	65,120,000	2.26
Union Vast	–	–	56,543,777	1.96
Reach Glory	–	–	26,033,332	0.90
Other Shareholders	1,145,996,537	45.46	1,145,996,537	39.74
Total	**2,520,935,155**	**100.00**	**2,883,798,930**	**100.00**

Upon Completion, (i) TCL Industries Holdings, through its wholly owned subsidiaries T.C.L. Industries (H.K.) and NXTHome, will hold approximately 51.51% of the issued Shares, and will continue to be the Controlling Shareholder and there will not be any change of control of the Company; and (ii) based on publicly available information of the Company and to the best of the Directors' knowledge, the Company believes that the Company will continue to comply with the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company believes that the Acquisition represents a strategic step in the Company's evolution into a leading global smart home and smart appliances platform. By integrating a profitable and fast-growing air conditioning business, the Company will significantly expand its product portfolio, diversify its earnings base, and strengthen its exposure to attractive long-term industry growth trends, which is in the best interests of the Company and its Shareholders as a whole. The Company considers this acquisition a valuable and timely opportunity given the maturity of the Target Group's "Smart and Green" technology and the Group's current capacity to leverage its global distribution network to scale these assets effectively. The principal reasons for, and the benefits expected to be derived from, the Acquisition are set out in the following:

(i) Focus on the global development of smart home appliances, establish a new landscape of all-category smart home ecosystem and consolidate TCL brand value to secure the Group's long-term global competitive edge

The Target Group is a large comprehensive air conditioning enterprise integrating the research, development, manufacturing and sales of residential air conditioners, commercial air conditioners, portable air conditioners and other related products. Its aggregate sales volume of air conditioning products exceeded 22 million units, ranking top-two position among Chinese brands in terms of export shipment volume in 2025. The Group has seized industry development opportunities by leveraging the dual-drive strategy of "Globalisation" and "Premiumisation", whilst vigorously advancing synergistic development across all categories to build a more competitive product matrix.

While the Group has maintained a world-leading position in the smart display sector, the Acquisition represents a decisive milestone in executing the Company's overarching "all-category smart device layout" corporate strategy, establishing air conditioning as an important pillar of its expanded portfolio. By deeply integrating the Target Group's established air conditioning operations with the Company's existing display and smart device ecosystems, the Enlarged Group will transition into an integrated, multi-category smart home platform.

Crucially, the Acquisition will unlock significant business scaling around the world and elevate the relationship between the Group and the Target Group from distribution cooperation to full value-chain integration; the Enlarged Group intends to facilitate the seamless replication and leveraging of its deeply entrenched global sales networks, localised operational capabilities, and retail channels spanning over the world to rapidly accelerate the international expansion and global market penetration of the acquired air conditioning assets. This strategic synergy will enhance the TCL brand equity, and reinforce the Group's long-term global competitive edge.

(ii) Tap into broad growth prospects of global HVAC industry and the long-term business growth of the Target Group driven by extreme weather, low carbon, ESG, energy efficiency upgrade and intelligent transformation

The market scale of global HVAC industry was estimated at USD 524.9 billion in 2025 and is expected to grow from USD 564.8 billion in 2026 to USD 1.2 trillion in 2035, at a compound annual growth rate of 8.1%, as it is undergoing a profound transformation driven by multiple structural tailwinds. The acceleration of green and low-carbon transition is reshaping the industry landscape. Against the backdrop of ESG principles becoming an increasing consensus in global capital markets, the HVAC industry, as a sector closely linked to energy conservation, emission reduction and green buildings, possesses inherent sustainable development attributes and long-term investment value.

In particular, the growing frequency and severity of extreme heat events worldwide are creating acute demand catalysts. Recent news of record-breaking heatwaves sweeping Europe — with temperatures exceeding 43°C in some regions, triggering a surge in consumer demand and underscoring a structural shift: as climate change turns temperate zones into high-heat-risk areas, air conditioning products are rapidly evolving from a comfort product into a health-and-safety essential. This climate-driven imperative, combined with similar trends across Europe and other warming regions, reinforces the long-term growth trajectory of the global HVAC market.

Beyond climate-driven demand, significant untapped market potential exists across multiple regions. The penetration rates of air conditioners in emerging markets, including Southeast Asia, Latin America and Africa, remain at relatively low levels, while penetration in lower-tier cities in China also has considerable room for improvement. At the same time, evolving consumer preferences are driving demand upgrades — healthy air management, smart interaction and whole-home smart solutions are gaining increasing attention, and the aging population trend is creating new demand for age-friendly air conditioning products.

Besides, the AI revolution is driving the evolution of smart home ecosystems from "passive intelligence" to "active intelligence" — air conditioning products leverage AI algorithms to sense indoor environments in real time, autonomously adjust operating modes and provide users with personalised healthy air management solutions, representing the frontier of intelligent home appliances. Furthermore, China's substantial installed base of air conditioners is subject to a potential replacement cycle, driving the substitution of aging, high-energy-consuming products with AI-enabled, high-efficiency alternatives, delivering both economic and environmental benefits.

(iii) Strengthen the Group's comprehensive competitiveness by leveraging the well-established operations, global production layout, leading sales scale and advanced patents of the Target Group

The Target Group has developed into a well-established air conditioning enterprise with a solid track record of operational excellence over the past years. It holds a sound market share in the PRC with accolades in its product quality, and has been expanding its overseas footprint. In 2025, the total sales volume of air conditioning products of the Target Group reached over 22 million units. According to ChinaIOL's report, TCL air conditioners ranked fourth globally in terms of sales volume in 2025. Specifically, in the Asia-Pacific region, the Target Group has upgraded sensory marketing centered on "FRESHIN (fresh air technology), VOXIN (smart voice control technology), T-AI (energy-saving technology)". TCL air conditioning products have achieved brand index scores of 95 and 98 in Brazil and Argentina respectively, reflecting steadily improving brand reputation overseas.

In terms of intelligent and green manufacturing, the Target Group has been implementing its smart manufacturing strategy of "Intelligent, Digitalised, and Green" over the past five years, boasting a global footprint of more than 10 production bases, with annual capacity exceeding 38 million units and production efficiency increasing by 59%. Focusing on the goal of achieving carbon peaking by 2030 and carbon neutrality by 2050, a green supply chain has been built jointly with suppliers and, through initiatives such as intensive land use, paperless manufacturing processes, and integrated PV-storage applications, the Target Group has developed green smart manufacturing factories to support high-quality development.

In 2025, two technologies of the Target Group, AI Voice Free-Talk and AI Energy Saving for Multi-split Systems, were certified as "International Leading" in technical appraisals, bringing the cumulative number of such achievements to 11. As of the end of 2025, the Target Group had applied for a total of approximately 6,300 patents, including approximately 1,500 invention patents, and led or participated in the formulation of more than 80 national and industry standards. The R&D team collaborated with top universities such as Huazhong University of Science and Technology and with technology enterprises such as HiSilicon to achieve continuous breakthroughs in various fields including AI Sleep, AI Comfort, and AI Fresh Air. The FreshIN series has won the title of "Fresh Air Leading Brand" for five consecutive years and received multiple honours such as the Red Dot Design Award and the Guangdong Provincial Science and Technology Progress Award, consolidating the brand foundation with solid product strength.

The Company believes that the Target Group's sophisticated operational capabilities provide high visibility and strong operational continuity. Thus, the Acquisition will enable the Group to further expand its business, enhance its industry influence, and strengthen its brand power, thereby solidifying the Enlarged Group's overall industry standing and strategic resilience across economic cycles.

(iv) Enhance the Group's revenue and profit with stable profitability from the Target Group and consolidate the foundation for stable sustainable Shareholder returns

The air conditioning business has exhibited a relatively strong demand profile, underpinned by steady replacement need, increasing global temperatures, ongoing capacity expansion among large-scale data centers which fuels demand for industrial cooling solutions, policy-driven energy-efficiency upgrades and growing penetration in emerging markets and thus presenting significant growth potential.

As a key player in the air conditioning industry, the Target Group has been profitable for the past few years, evidenced in the "INFORMATION ON THE TARGET GROUP" section of this announcement. In 2025, its operating revenue was approximately HK$33.8 billion, increasing by approximately 16% year-on-year and its net profit for the year was more than HK$1.9 billion, increasing by approximately 40% year-on-year.

It is expected the Acquisition to be accretive to the Group's revenue scale and profitability level after the Completion. The Enlarged Group is estimated to enhance the resilience of the Group's financial performance and operational stability across economic and industry cycles, thereby supporting more stable and higher Shareholder returns.

(v) Unleash deeper synergy value by upgrading from "distributor cooperation" to "full value chain integration"

The Acquisition is expected to unlock material synergies across the value chain, and the Company believes that these synergies will result in both revenue uplift and cost savings, progressively expanding the Group's consolidated margins.

- Sales, distribution and after sales service: The Group possesses an extensive global sales network and well-established distributor relationships and a globally recognised brand, which is built primarily through its television business. The Target Group's air conditioning products can be more efficiently distributed through these existing channels, especially in overseas markets. All products under the Enlarged Group can fully leverage the global recognition of the TCL brand and marketing resources, presenting a unified brand image to global consumers and enhancing brand premium.

- R&D: The Group and the Target Group share complementary technologies in smart connectivity, AI applications and energy efficiency. Combined R&D efforts will accelerate product innovation, reduce duplicated expenditure and enable the rapid rollout of differentiated, high value-added products. Following the Completion of the Acquisition, the Enlarged Group is positioned to build a unified AI technology platform to replicate AI capabilities across all product categories.

- Procurement, supply chain and manufacturing: The Enlarged Group will command greater scale in the procurement of some key components, leading to lower unit costs. Shared logistics and warehousing infrastructure will further enhance efficiency. Manufacturing know-how and production facilities can be rationalised and optimised. Cross deployment of best practices in lean manufacturing and quality management will drive productivity improvements.

(vi) Preserve cash resources for long-term development through the issue of Consideration Shares, demonstrating the Vendors' confidence in the Enlarged Group's prospects

The consideration of the Acquisition will be primarily satisfied by the issue of new Shares to the Vendors, thereby avoiding substantial cash outflow, preserving cash resources for working capital and other growth initiatives and maintaining the Group's balance-sheet strength.

Specifically, to deepen local market penetration and expand business footprint, the Group has shifted its original FOB (free on board) agency distribution model to overseas subsidiary operation, which substantially raises capital requirements. Meanwhile, the Group is rolling out its Globalisation 3.0 strategy, entailing sustained capital expenditure for overseas capacity expansion, channel development and R&D investment.

Faced with multifaceted external headwinds such as exchange rate volatility, tariffs and geopolitical tensions alongside ongoing and planned investments, ample cash flow delivers robust operational resilience and strategic agility. It enables the Group to navigate the increasingly complex global landscape with greater ease while seizing prospective investment opportunities, supporting its core mission of "building a sustainable and connected future with advanced technology".

Besides, under such arrangement, the interests of all parties are closely aligned, ensuring the Target Group will continue to receive ongoing resource support. Furthermore, both the Group and the Vendors may benefit from the long-term growth in valuation and profitability of the Enlarged Group with greater value appreciation potential, demonstrating the Vendors' confidence in the Enlarged Group's prospects and their commitment to shared value creation.

INFORMATION ON THE TARGET GROUP

The Target Company is a company with limited liability incorporated in the Cayman Islands. The Target Group is primarily engaged in air conditioning systems business. As of the date of this announcement, the Target Company is owned by NXTHome, YF Rongye, Core Elite, Union Vast and Reach Glory, as to approximately 31.3725%, 28.0000%, 17.4118%, 16.2549% and 6.9608%, respectively. The Target Company indirectly holds the entire equity interest in Guangdong TCL Air Conditioner Holding Co., Ltd.* (廣東TCL空調器控股有限公司), which holds 51% equity interest in TCL Air Conditioner, whereas the remaining 49% is held by TCL Home Appliances Group Limited* (TCL家電集團有限公司), a limited liability company established in the PRC which in turn is a wholly-owned subsidiary of TCL Industries Holdings.

Based on the information provided by the Vendors, as the Target Company was established by the Vendors and not acquired by the Vendors from a third party, there is no original acquisition cost for the Target Shares. The original acquisition costs of the 51% equity interest in TCL Air Conditioner by the Target Company were approximately RMB1.8 billion.

Pursuant to Rules 14.58(6) and 14.58(7) of the Listing Rules, an extract of the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2025 and the three months ended 31 March 2026, prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"), is summarised below:

	For the year ended 31 December		**For the three months ended 31 March**
	2024	**2025**	**2026**
	(unaudited)	*(unaudited)*	*(unaudited)*
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Net profit before tax	1,569,876	2,285,445	354,113
Net profit after tax	1,365,408	1,913,781	300,494

	As of 31 December		As of 31 March
	2024	**2025**	**2026**
	(unaudited)	*(unaudited)*	*(unaudited)*
	(HK$'000)	*(HK$'000)*	*(HK$'000)*
Net Asset Value	4,287,118	5,185,240	5,602,002

INFORMATION ON THE COMPANY AND THE VENDORS

The Company

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 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 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 on this website does not form part of this announcement).

Vendors

NXTHome is a limited company incorporated in the British Virgin Islands and indirectly wholly owned by TCL Industries Holdings. The investments of TCL Industries Holdings are principally in the business of development, manufacturing and distribution of audio/video products, electronic products, communication equipment and home appliances, provision of cloud video conferencing services, intelligent manufacturing solutions, waste dismantling and disposal, development and leasing of building and industrial park, supply chain finance, etc. As at the date of this announcement, TCL Industries Holdings, through its wholly owned subsidiary T.C.L. Industries (H.K.), held approximately 54.54% of the issued Shares and is the ultimate controlling shareholder of the Company.

YF Rongye is a limited company incorporated in the British Virgin Islands and is wholly owned by Guangzhou Yuanfeng Rongye Enterprise Management Partnership (Limited Partnership)*（廣州源峰鎔曄企業管理合夥企業（有限合夥））. The general partner of Guangzhou Yuanfeng Rongye Enterprise Management Partnership (Limited Partnership)*（廣州源峰鎔曄企業管理合夥企業（有限合夥））is Xiamen Yuanfeng Investment Co., Ltd.*（廈門源峰投資有限公司）, which is directly or indirectly wholly owned by Beijing Panmao Investment Management Co., Ltd.*（北京磐茂投資管理有限公司）. Each of Mr. NIE Lei and Mr. TIAN Yu holds 35% of the equity interest in Beijing Panmao Investment Management Co., Ltd.*（北京磐茂投資管理有限公司）. To the best knowledge of the Company, none of the limited partners of Guangzhou Yuanfeng Rongye Enterprise Management Partnership (Limited Partnership)*（廣州源峰鎔曄企業管理合夥企業（有限合夥））holds 30% or more of its equity interest. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of YF Rongye and its ultimate beneficial owner(s) is an Independent Third Party.

Core Elite is a limited company incorporated in the British Virgin Islands and wholly owned by Ningbo Yunjing, serving as the employee stock holding platform of the Target Group. No less than 100 employees of Target Group hold direct or indirect interests as limited partners of such platform. The general partner of Ningbo Yunjing is Ms. LU Shuhong (who is not a connected person of the Company) and none of the limited partners holds 30% or more of the economic interest therein.

Union Vast is a limited company incorporated in the British Virgin Islands and wholly owned by Xuli Ceyu, which is held as to 99.9988% by a limited partnership as an employee shareholding platform of TCL Industries Holdings. No less than 100 employees of TCL Industries Holdings hold direct or indirect interests as limited partners of such platform, whereas Mr. FU Chaohui (who is not a connected person of the Company) is the legal representative of its general partner. None of the limited partners owns 30% or more of the economic interests therein.

Reach Glory is a limited company incorporated in the British Virgin Islands and wholly owned by Lida Zhihui. Mr. LI Dongsheng (who is not a connected person of the Company) (i) holds more than 50% of the economic interest in Lida Zhihui as a limited partner; and (ii) holds more than 50% of the equity interest in the general partner of Lida Zhihui. Save for Mr. LI Dongsheng, no other limited partner holds 30% or more of the economic interest in Lida Zhihui.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, 1,374,938,618 Shares, representing approximately 54.54% 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 Industries Holdings. Accordingly, 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 Industries Holdings is the holding company of T.C.L. Industries (H.K.), it 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.

As of the date of this announcement, NXTHome is a British Virgin Islands company indirectly wholly owned by TCL Industries Holdings, which is a connected person of the Company. Therefore, NXTHome is an associate of TCL Industries Holdings and a connected person of the Company. Accordingly, the Acquisition under the Sale and Purchase Agreement (including the issue of the Consideration Shares) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 5%, the Acquisition is subject to the reporting, announcement, circular and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. DU Juan is also a director and the chief executive officer of TCL Industries Holdings and Mr. ZHANG Shaoyong is also a director and senior vice president of TCL Industries Holdings and Ms. DU Juan holds positions as directors or senior management in certain subsidiaries and/or associates of TCL Industries Holdings. Further, (i) Mr. PENG Pan is also the chief financial officer of TCL Industries Holdings, (ii) Mr. SUN Li is also the chief technology officer of TCL Industries Holdings, and (iii) each of Mr. PENG Pan and Mr. SUN Li also holds positions as directors or senior management in certain subsidiaries and/or associates of TCL Industries Holdings.

Notwithstanding the respective interest and/or roles of the Directors in TCL Industries Holdings Group, as their respective direct or indirect interests in TCL Industries Holdings Group are insignificant and that none of the associates of TCL Industries Holdings are associates of any of the Directors, none of them is considered as having a material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. Nevertheless, for good corporate governance, Ms. DU Juan and Mr. ZHANG Shaoyong have abstained from voting on the Board resolutions for considering and approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save for abovementioned, all other Directors are entitled to vote on the Board resolutions for considering and approving the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to the Articles.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder, after taking into account the advice of the Independent Financial Adviser for the Acquisition.

Somerley Capital Limited has been appointed as the Independent Financial Adviser for the Acquisition to advise the Independent Board Committee and the Independent Shareholders in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder.

GENERAL

The EGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Acquisition and the Specific Mandate.

A circular containing, among other things, (i) further details of the Sale and Purchase Agreement, the Acquisition, and the issue of the Consideration Shares pursuant to the Specific Mandate; (ii) the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after taking into consideration of the advice of the Independent Financial Adviser for the Acquisition in relation to the terms of the Sale and Purchase Agreement, and the issue of the Consideration Shares under the Specific Mandate; and (iii) the letter of advice from the Independent Financial Adviser for the Acquisition to the Independent Board Committee and the Independent Shareholders on the matters set out in (i) above is required to be despatched to Shareholders pursuant to Rule 14A.68(11) of the Listing Rules. As the Circular is subject to regulatory vetting and finalisation, it is expected to be despatched to Shareholders on or before 31 August 2026.

WARNING

It should be noted that the Acquisition is subject to a number of conditions, which may or may not be fulfilled (or if applicable, waived). The allotment and issue of the Consideration Shares may or may not materialise. The Completion may or may not take place.

Shareholders and potential investors are reminded to exercise caution when dealing in the Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Acquisition"	the acquisition of the Target Shares as contemplated under the Sale and Purchase Agreement;
"AI"	artificial intelligence;
"Articles"	the articles of association of the Company as amended from time to time;
"associate(s)"	has the meaning as defined under the Listing Rules;

"Board"	board of Directors;
"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);
"Completion"	the completion of the sale and purchase of Target Shares pursuant to the Sale and Purchase Agreement;
"Completion Date"	the date on which Completion occurs in accordance with the Sale and Purchase Agreement;
"connected person(s)"	has the meaning ascribed to it in the Listing Rules;
"Consideration"	the consideration for the sale and purchase of the Target Shares under the Sale and Purchase Agreement;
"Consideration Shares"	an aggregate of 362,863,775 new Shares to be allotted and issued by the Company to the Vendors at the Issue Price for partial settlement of the Consideration;
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules;
"Core Elite"	Core Elite Holdings Limited, a limited company incorporated in the British Virgin Islands, which is wholly owned by Ningbo Yunjing, one of the Vendors;

"Circular"	the circular to be sent to the Shareholders in relation to the EGM containing, among other things, (i) further details of the Sale and Purchase Agreement, the Acquisition, and the issue of the Consideration Shares pursuant to the Specific Mandate; (ii) the recommendation and opinion of the Independent Board Committee to the Independent Shareholders after taking into consideration of the advice of the Independent Financial Adviser for the Acquisition in relation to the terms of the Sale and Purchase Agreement, and the issue of the Consideration Shares under the Specific Mandate; and (iii) the letter of advice from the Independent Financial Adviser for the Acquisition to the Independent Board Committee and the Independent Shareholders on the matters set out in (i) above;
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會);
"Director(s)"	the director(s) of the Company;
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Agreement, including the Specific Mandate and the transactions thereunder;
"Enlarged Group"	the Group together with the Target Group upon the Completion;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"HVAC"	Heating, Ventilation and Air Conditioning;

"Independent Board Committee"	an independent committee of the Board which comprises all the independent non-executive Directors in compliance with the Listing Rules to advise the Independent Shareholders on the Sale and Purchase Agreement, including the Specific Mandate and the transactions thereunder;
"Independent Financial Adviser for the Acquisition"	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser for the Acquisition appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Specific Mandate and the transactions contemplated thereunder;
"Independent Shareholders"	the Shareholder(s) who are not involved or interested in (other than solely as a Shareholder) the Sale and Purchase Agreement, including the Specific Mandate and the transactions contemplated thereunder and therefore permitted to vote in respect of the resolution(s) to approve the Sale and Purchase Agreement, including the Specific Mandate and the transactions contemplated thereunder;
"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 their respective associates;
"Independent Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified independent valuer in Hong Kong;
"Issue Price"	HK$15.00 per Consideration Share;

"Lida Zhihui"	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)), a limited partnership established in the PRC and a shareholder of TCL Industries Holdings;
"Listing Committee"	the Listing Committee of the Stock Exchange;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	31 January 2027 or such other date as may be agreed between the parties to the Sale and Purchase Agreement;
"Ningbo Yunjing"	Ningbo Yunjing Enterprise Management Consulting Partnership (Limited Partnership)* (寧波蘊菁企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC;
"NXTHome"	TCL NXTHome Global Limited, a limited company incorporated in the British Virgin Islands and indirectly wholly owned by TCL Industries Holdings, one of the Vendors;
"PRC"	the People's Republic of China and for the purpose of this announcement, and for geographical reference only and except where the context requires, references in this announcement to the "PRC" and "China" do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan, China;
"Reach Glory"	Reach Glory Link Holdings Limited, a limited company incorporated in the British Virgin Islands, which is wholly owned by Lida Zhihui and is one of the Vendors;
"RMB"	Renminbi, the lawful currency of the PRC;

"R&D"	research and development;
"Sale and Purchase Agreement"	the sale and purchase agreement dated 15 July 2026 entered into between the Company and the Vendors in relation to the Acquisition;
"SFC"	The Securities and Futures Commission of Hong Kong;
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shares"	ordinary shares in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Specific Mandate"	the specific mandate to be sought from the Independent Shareholders for the allotment and issuance of the Consideration Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules;
"substantial shareholders"	has the meaning ascribed to it under the Listing Rules;
"Target Company"	TCL AeroWell (Cayman) Holdings Limited, a limited liability company incorporated in the Cayman Islands, which is wholly owned by the Vendors;
"Target Group"	the Target Company and its subsidiaries;
"Target Shares"	the entire equity interest in the Target Company;
"TCL Air Conditioner"	TCL Air Conditioner (Zhongshan) Co., Ltd.* (TCL空調器(中山)有限公司), a limited liability company established in the PRC;

"TCL Industries Holdings"	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), a joint stock limited company established under the laws of the PRC;
"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 Industries Holdings;
"Union Vast"	Union Vast Holdings Limited, a limited company incorporated in the British Virgin Islands, which is wholly owned by Xuli Ceyu and is one of the Vendors. The Consideration Shares attributable to Union Vast will be payable to Union Vast, or to its designated related party(ies) in accordance with the Sale and Purchase Agreement;
"USD"	United States dollars, the lawful currency of the United States of America;
"Valuation Report"	the valuation report to be issued by the Independent Valuer in respect of the market value of the Target Company as at 31 March 2026 which will be included in the Circular;
"Vendors"	collectively, NXTHome, YF Rongye, Core Elite, Union Vast and Reach Glory;
"Xuli Ceyu"	Ningbo Xuli Ceyu Self-Funded Investment Co., Ltd.* (寧波旭力策宇自有資金投資有限公司), a limited liability company established in the PRC and a shareholder of TCL Industries Holdings;

“YF Rongye”	YF Rongye Global Holdings Limited, a limited liability company incorporated in the British Virgin Islands and one of the Vendors; and
“%”	per cent.

By order of the Board
TCL Electronics Holdings Limited
DU Juan
Chairperson

Hong Kong, 15 July 2026

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. If there is any inconsistency, the Chinese names shall prevail.*

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 and Professor WANG Yijiang, Mr. LAU Siu Ki and Mr. HUI Chi Kin Max as independent non-executive Directors.