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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)

GRANT OF AWARDS UNDER THE 2023 SHARE AWARD SCHEME

This announcement is made by the Company pursuant to Rule 17.06A of the Listing Rules.

The Board hereby announces that on 25 January 2024, the Company granted an aggregate of 82,270,000 Awarded Shares pursuant to the 2023 Share Award Scheme to a total of 363 Selected Persons, being Directors and chief executives of the Company, other Employee Participants and Related Entity Participants, subject to their acceptance.

Summary of the Grant and the Awarded Shares is set out below:

Date of Grant ("Grant Date"):	25 January 2024
Number of Awarded Shares granted:	82,270,000, all to be satisfied in the form of existing Shares
Purchase price of the Awarded Shares:	Nil
Closing price of the Shares on the date of Grant:	HK\$2.320
Vesting dates of the Awarded Shares ("Vesting Date"):	Subject to achievement of the performance targets set out below for the respective financial years ending 31 December 2024, 31 December 2025 and 31 December 2026, and other terms of the 2023 Share Award Scheme (including the Clawback mechanism disclosed below), the Awarded Shares granted to each Selected Person shall be vested on him/her in three batches on the dates and in the respective proportions as follows:

Corresponding to results for the financial year ending 31 December	Vesting Date	Maximum proportions to be vested
2024	11 June 2025	Approximately 40%
2025	11 June 2026	Approximately 30%
2026	11 June 2027	Approximately 30%

Performance targets: (i) Performance targets at the Company level (*Note*)

Each of the three batches of Awarded Shares shall be vested according to tiers with reference to the percentage increase in Adjusted Profit Attributable to Owners of the Parent of the Group for the corresponding financial year as compared against the Adjusted Profit Attributable to Owners of the Parent of the Group for the financial year ended 31 December 2023 (“Percentage Increase”) as follows:

Corresponding to results for the financial year ending 31 December	Percentage Increase (X)	The percentage of Awarded Shares corresponding to the relevant financial year to be vested
2024	$X \geq 65\%$	100%
	$50\% \leq X < 65\%$	80%
	$X < 50\%$	0%

Corresponding to results for the financial year ending 31 December	Percentage Increase (X)	The percentage of Awarded Shares corresponding to the relevant financial year to be vested
2025	$X \geq 100\%$	100%
	$70\% \leq X < 100\%$	80%
	$X < 70\%$	0%
2026	$X \geq 150\%$	100%
	$90\% \leq X < 150\%$	80%
	$X < 90\%$	0%

(ii) Performance targets at individual Selected Person level

A Selected Person's personal assessment will be conducted annually in accordance with the assessment method formulated by the Group. Each of the three batches of Awarded Shares shall be vested according to the individual performance appraisal results of the Selected Persons for the corresponding financial year. The Awarded Shares will not be vested on the Selected Persons who fail to attain a designated threshold at individual Selected Person level, whether the performance targets at the Company level are satisfied or not.

All or such part of the Awarded Shares granted to a Selected Person which do not vest because of failure to achieve the performance targets will lapse in accordance with the terms of the 2023 Share Award Scheme.

Clawback mechanism: The Company may exercise the Clawback right to the extent permitted under the applicable laws and regulations in circumstances where, in the absolute opinion of the Board, it may be regarded as inequitable for any Awarded Shares (together with the Related Distribution, if any) to be vested on or retained by (as the case may be) any Selected Person, including but not limited to where there has been a material misstatement or omission in the financial reports of the Group or if the relevant Selected Person has committed any fraud or serious misconduct.

Note: For the avoidance of doubt, the above performance targets should neither be regarded as representations by the Board or the Company that such targets and/or objectives will be achieved nor constitute a profit forecast made by the Group or its commitment to results, and investors should not place undue reliance on such statements.

LISTING RULE IMPLICATIONS

The 82,270,000 Awarded Shares are granted to Directors and chief executive of the Company, other Employee Participants and Related Entity Participants as follows:

Name/Category of Selected Person	Number of Awarded Shares granted
Directors	
DU Juan (<i>Chairperson and executive Director</i>)	1,500,000
PENG Pan (<i>executive Director, chief financial officer and joint company secretary</i>)	1,500,000
SUN Li (<i>non-executive Director</i>)	1,500,000
Chief executive	
ZHANG Shaoyong (<i>chief executive officer</i>)	1,500,000
Other Employee Participants (<i>Note 1</i>)	67,760,000
Related Entity Participants (<i>Note 2</i>)	8,510,000

Notes:

1. Other Employee Participants refer to those Employee Participants who are neither a Director, chief executive nor substantial shareholder of the Company nor an associate of any of them.
2. The Related Entity Participants are senior management, senior technical staff and experts of a variety of fields of those Related Entities which provide sales and marketing and other technical and professional support to the Group.

The Grant will not result in the total number of Shares issued and to be issued in respect of all Awards, share options or share awards granted (including both exercised or outstanding share options and vested or outstanding Awarded Shares and other share awards but excluding any Awards, share options and share awards lapsed in accordance with the terms of the 2023 Share Award Scheme or any Other Schemes) to such Selected Person in the 12-month period up to and including the date of the Grant representing in aggregate over 1% of the issued Shares. The Grant is not subject to the approval of the Shareholders.

To the best of the knowledge of the Directors having made all reasonable enquiries, as at the date of Grant, save as disclosed above: (i) none of the Selected Persons is a Director, chief executive or substantial shareholder or an associate of any of them; (ii) none of the Selected Persons is granted or to be granted Awards, share options and share awards exceeding the 1% individual limit under Rule 17.03D(1) of the Listing Rules; (iii) none of the Selected Persons is a Related Entity Participant with Awards, share options and share awards granted and to be granted for a 12-month period up to and including the date of Grant exceeding 0.1% of the Shares in issue; (iv) none of the Selected Persons is a Service Provider; and (v) no financial assistance has been provided by the Group to the Selected Persons to facilitate the purchase of Shares under the 2023 Share Award Scheme.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANTS

As at the date of this announcement, after the Grant is made, 250,756,873 Shares will be available for future grants under the Scheme Mandate Limit and 25,075,687 Shares will be available for future grants under the Service Provider Sublimit.

REASONS FOR AND BENEFITS OF THE GRANT

Focusing on the mid-to-high-end markets around the world, the Group strives to consolidate the “intelligent IoT ecosystem” all-category strategy and is committed to providing users with an all-scenario smart and healthy life while developing into a world-leading smart technology company. The Group will adhere to its globalisation strategic layout, solidify and expand its advantages in global supply chain deployment, optimise its channels and product structure, refine its technology and innovation capacity and continuously enhance its competitiveness in the international market. Accordingly, the scope of the Selected Persons who are granted Awards under the Grant covers most of the business of the Group in the world. The purpose of the Grant is to enable the Company to grant Awarded Shares to Employee Participants and Related Entity Participants to incentivise and motivate them to contribute to the business development and long-term strategy of the Group.

Under the Grant, approximately 90% of the total number of the Selected Persons are Employee Participants. These Employee Participants are situated in all parts of the world. Whilst the Employee Participants ordinarily residing in the PRC play a significant role to the Group's business, those overseas Employee Participants, including expatriates and local employees, also take on core roles in the Group, and are of paramount importance to the operation and development of the Group, especially in light of the continuous expansion and globalisation of the business of the Group, and its gradual transition to a key multinational enterprise of the industry.

As disclosed in the interim results announcement for the six months ended 30 June 2023 of the Company dated 25 August 2023, all-category marketing business is one of the key businesses of the Group and the revenue generated from all-category marketing business accounted for 17.4% of the total revenue of the Group in the first half of 2023. The Group has been promoting the continuous growth of global all-category distribution business of smart appliances of TCL brand. For Selected Persons who are Related Entity Participants, even though they are not directly appointed or employed by the members of the Group, they are closely connected with the Group's all-category marketing business. As disclosed above, the Related Entity Participants who are granted the Awards are senior managerial, senior technical staff and experts of various fields of the Related Entities which provide sales and marketing, research and development, quality control, supply chain management, technology and engineering support and other expertise in relation to the goods sold by the Group and thus support the Group's sales and marketing platform in the key markets. All these supports are an inseparable part of the Group's business, and accordingly, the Group believes that its success and development require cooperation with and contributions from these individuals. Granting Awarded Shares to the Related Entity Participants will also motivate them to provide stronger support which is essential to the Group's sales and marketing platform, build a stronger bond between the Group and the Related Entity Participants and thereby contribute to the long-term development and strategy of the Group.

Based on the above, the Board is of the view that the Grant to the Employee Participants and the Related Entity Participants recognises their contributions, aligns with the purpose of the 2023 Share Award Scheme, and is in the interest of the Company and Shareholders as a whole.

DEFINITIONS

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

“2023 Share Award Scheme”	the share award scheme adopted by the Company at the extraordinary general meeting of the Company on 3 November 2023;
“Adjusted Profit Attributable to Owners of the Parent”	profit attributable to owners of the parent of the Group after excluding such non-cash items, investments and non-current assets transactions as may be determined by the Board from time to time for the purpose of assessing the results of the Group’s core business;
“associate”	shall have the meaning ascribed to it under the Listing Rules;
“Award(s)”	award(s) of Awarded Shares to a Selected Person pursuant to the 2023 Share Award Scheme;
“Awarded Share(s)”	in respect of a Selected Person, such number of Share(s) determined by the Board for grant of an Award;
“Board”	the board of Directors from time to time, which for the purposes of the 2023 Share Award Scheme shall include such committee or such sub-committee or person(s) delegated with the power and authority by the board of Directors from time to time to administer the 2023 Share Award Scheme;
“Clawback”	the Company’s overriding right, authority and power to recover or withhold the Awarded Shares (and Related Distribution) granted to any Selected Person, which includes without limitation, (i) the return or repayment of all or a specified part of such Awarded Shares (and Related Distribution) granted to a Selected Person and/or (ii) the ceasing or variation of the Selected Person’s entitlement to receive or be vested with all or a specified part of any such Awarded Shares (and Related Distribution) which has not yet been vested in the Selected Person;
“Company”	TCL Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070);

“Director(s)”	the director(s) of the Company from time to time;
“Employee Participant(s)”	director(s) and employee(s) (whether full time or part time employee(s)) of the Company and/or of any of its subsidiaries (including persons who are granted Awards under the 2023 Share Award Scheme as an inducement to enter into employment contracts with these companies);
“Excluded Person(s)”	any Participant(s) who is/are resident in a place where the settlement of the reference amount payable by the Group to the trustee for purchase or subscription of Awarded Shares as referred to in the rules of the 2023 Share Award Scheme and/or the award of the Awarded Shares and/or the vesting and transfer of Shares pursuant to the terms of the 2023 Share Award Scheme is not permitted under the laws and regulations of such place or where in the view of the Board compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant;
“Grant(s)”	the grant of an aggregate of 82,270,000 Awarded Shares to 363 Selected Persons pursuant to the 2023 Share Award Scheme;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“IoT”	internet of things;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Other Participant(s)”	Participant(s) other than Employee Participants, Related Entity Participants and Service Providers, which shall be such person(s) whom the Board in its sole discretion considers may contribute or have contributed to the Group (including but not limited to employees and officers of any invested entities of the Company, of any affiliated entities of the Company and/or of any Service Provider), to which an Award can only be made in the form of existing Shares;

“Other Scheme(s)”	other than the 2023 Share Award Scheme, all the schemes or arrangements involving the grant by the Company or any member of the Group of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or arrangements which, in the opinion of the Stock Exchange, is analogous to a share scheme as described in Chapter 17 of the Listing Rules;
“Participant(s)”	<p>any person(s) belonging to any of the following classes of participants:</p> <p>(a) Employee Participants;</p> <p>(b) Related Entity Participants; and</p> <p>(c) Service Providers,</p> <p>PROVIDED that if and only if an Award is to be made in the form of existing Shares, Participant in respect of such Award shall also include Other Participants;</p>
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement;
“Related Distribution(s)”	distribution(s) derived from any Awarded Share referable to a Selected Person, the record date for entitlement of which falls within the period from the Grant Date to the Vesting Date (both days inclusive) of such Awarded Share, that is determined by the Board at its sole and absolute discretion as “Related Distribution” and received by the relevant trustee as holder of the Awarded Share, which may include distributions whether in the form of cash, securities or otherwise, such as cash dividend and its scrip Shares alternative (if any), bonus Shares, distribution in specie, but shall, for the avoidance of doubt, exclude any Residual Cash;
“Related Entity(ies)”	holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company;
“Related Entity Participant(s)”	director(s) and employee(s) (whether full time or part time employee(s)) of the Related Entities;

“Residual Cash”	in respect of each of the trusts (if applicable), cash remaining in any trust fund in respect of the 2023 Share Award Scheme held by the relevant trustee (including interest income derived from deposits maintained with licensed banks in Hong Kong, which has not been applied in the acquisition or subscription of the Awarded Shares or Further Shares as referred to in the rules of the 2023 Share Award Scheme) which does not include the Related Distributions;
“Scheme Mandate Limit”	the maximum number of new Shares which may be allotted and issued in respect of all Awards to be granted under the 2023 Share Award Scheme and all share options and share awards to be granted under any Other Schemes;
“Selected Person(s)”	Participant(s) (other than any Excluded Person) whom the Board may, from time to time, at its absolute discretion select for participation in the 2023 Share Award Scheme;
“Service Provider(s)”	person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for any member of the Group as independent contractors (such as agents, distributors, contractors, vendors, suppliers, advisers, consultants and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;
“Service Provider Sublimit”	the limit on the total number of Shares which may be allotted and issued in respect of all Awards that may be granted to the Service Providers under the 2023 Share Award Scheme and all share options and all share awards that may be granted to the Service Providers under any Other Schemes;
“Share(s)”	share(s) of the Company;

“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	any entity which falls within the meaning of the term “Subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly; and
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules.

On behalf of the Board
DU Juan
Chairperson

Hong Kong, 25 January 2024

As at the date of this announcement, the Board comprises Ms. DU Juan, Mr. YAN Xiaolin and Mr. PENG Pan as executive Directors, Mr. WANG Cheng, Mr. SUN Li and Mr. LI Yuhao as non-executive Directors and Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.