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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)

### **CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION DISPOSALS OF A SUBSIDIARY**

#### **DISPOSALS OF A SUBSIDIARY**

On 24 December 2024 (after trading hours), TCL SEMP (an indirect non wholly-owned subsidiary of the Company) entered into (i) Share Purchase Agreement A with TCL Home Appliances and the Target Company, pursuant to which TCL SEMP agreed to sell, and TCL Home Appliances agreed to purchase, 75% of the issued shares of the Target Company, free and clear of any and all Liens, at the consideration of approximately R\$159,981,000 (equivalent to approximately HK\$207,992,000); and (ii) Share Purchase Agreement B with STA and the Target Company, pursuant to which TCL SEMP agreed to sell, and STA agreed to purchase, 25% of the issued shares of the Target Company, free and clear of any and all Liens, at the consideration of approximately R\$53,327,000 (equivalent to approximately HK\$69,330,000).

Share Purchase Agreement A and Share Purchase Agreement B are independent and not interconditional on each other.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 1,374,856,288 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. As such, T.C.L. Industries (H.K.) is a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. As TCL Home Appliances is a non wholly-owned subsidiary of TCL Industries Holdings, it is a fellow subsidiary and hence 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, TCL SEMP is owned as to approximately 75% and 25% by TCL NL and STA respectively, and as such STA is a connected person of the Company at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, each of the Disposals respectively contemplated under the Share Purchase Agreements therefore constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in relation to the each of the Disposals exceed 0.1% but all are less than 5%, the entering into of each of the Share Purchase Agreements and the connected transactions contemplated thereunder is exempted from the circular (including independent financial advice) and Shareholders' approval under Rule 14A.76(2)(a) of the Listing Rules but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. Each of the Disposals on a standalone basis does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the profits ratio in relation to the Disposals (which involve disposals of equity interest in the same company, namely the Target Company), when aggregated, exceeds 5% but is less than 25% whereas the other applicable ratios when aggregated are all less than 5%, the entering into of the Share Purchase Agreements and the transactions contemplated thereunder, on an aggregated basis, constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **Introduction**

On 24 December 2024 (after trading hours), TCL SEMP (an indirect non wholly-owned subsidiary of the Company) entered into (i) Share Purchase Agreement A with TCL Home Appliances and the Target Company, pursuant to which TCL SEMP agreed to sell, and TCL Home Appliances agreed to purchase, 75% of the issued shares of the Target Company, free and clear of any and all Liens, at the consideration of approximately R\$159,981,000 (equivalent to approximately HK\$207,992,000); and (ii) Share Purchase Agreement B with STA and the Target Company, pursuant to which TCL SEMP agreed to sell, and STA agreed to purchase, 25% of the issued shares of the Target Company, free and clear of any and all Liens, at the consideration of approximately R\$53,327,000 (equivalent to approximately HK\$69,330,000).

Share Purchase Agreement A and Share Purchase Agreement B are independent and not interconditional on each other.

## Share Purchase Agreement A

The principal terms of Share Purchase Agreement A are summarised below:

- Date:** 24 December 2024 (after trading hours)
- Parties:**
- (i) TCL SEMP (as seller);
  - (ii) TCL Home Appliances (as purchaser); and
  - (iii) Target Company (as intervening-consenting party).
- Subject matter:** TCL SEMP agreed to sell, and TCL Home Appliances agreed to purchase, Target Share A subject to and in accordance with the terms and conditions of Share Purchase Agreement A.
- Consideration:** Purchase Price A shall be approximately R\$159,981,000 (equivalent to approximately HK\$207,992,000) (“**Base Purchase Price A**”), subject to P&L Adjustment A as follows:
- (i) if the Target Company has ascertained a net profit during Transitional Period A as recorded in P&L Statement A, then the second instalment of Base Purchase Price A shall be increased by the amount equivalent to 75% of such net profit; and
  - (ii) if the Target Company has ascertained a net loss during Transitional Period A as recorded in P&L Statement A, then the second instalment of Base Purchase Price A shall be reduced by the amount equivalent to 75% of such net loss.
- Payment terms:** Purchase Price A shall be paid by TCL Home Appliances in two instalments as follows:
- (i) The deposit amount, being 15% of Base Purchase Price A, shall be paid by TCL Home Appliances to TCL SEMP on Closing Date A, the aforesaid deposit amount shall be deemed automatically as partial payment of Purchase Price A; and

- (ii) The second instalment, being 85% of Base Purchase Price A, plus or minus the full amount of P&L Adjustment A, shall be paid by TCL Home Appliances to TCL SEMP on Final Payment Date A. Notwithstanding the foregoing, in the event that there is any dispute between TCL SEMP and TCL Home Appliances regarding the amount of P&L Adjustment A, the second instalment of Purchase Price A shall be paid by TCL Home Appliances to TCL SEMP as soon as practically possible after a written agreement has been reached by TCL SEMP and TCL Home Appliances or the opinion of the auditor to be engaged by the Target Company regarding the dispute has been delivered to TCL SEMP and TCL Home Appliances.

**Conditions  
precedent:**

The respective obligations of TCL SEMP and TCL Home Appliances to complete Disposal A are subject to the satisfaction (or waiver by TCL SEMP and TCL Home Appliances as set forth below), on or before Closing Date A, of each of the following conditions:

- (i) The Company shall have duly complied with the relevant disclosure requirements under the Listing Rules in relation to Disposal A;
- (ii) Disposal A shall have been duly approved by the board of directors and the shareholders (as applicable) of TCL Home Appliances, TCL SEMP and the Target Company;
- (iii) All agreements and covenants contained in Share Purchase Agreement A to be performed or complied with on or before Closing Date A by TCL Home Appliances, TCL SEMP and/or the Target Company will have been performed or complied with in all material respects, including TCL Home Appliances' payment obligations of the aforesaid deposit amount; and
- (iv) TCL Industries Holdings shall have delivered to TCL SEMP a letter of undertaking guaranteeing in favour of TCL SEMP the due and punctual performance and fulfilment of TCL Home Appliances' payment obligations in respect of the second instalment of Purchase Price A.

The conditions precedent set forth in items (i) and (ii) above shall not be waived by TCL SEMP and TCL Home Appliances. The conditions precedent set forth in items (iii) and (iv) may only be waived upon mutual agreement by TCL SEMP and TCL Home Appliances.

**Completion:** Subject to all of the conditions precedent being fulfilled (or otherwise waived), TCL SEMP and TCL Home Appliances will be required to complete Disposal A and perform all actions to that end on an irrevocable and irreversible basis on Closing Date A.

### **Share Purchase Agreement B**

The principal terms of Share Purchase Agreement B are summarised below:

**Date:** 24 December 2024 (after trading hours)

**Parties:**

- (i) TCL SEMP (as seller);
- (ii) STA (as purchaser); and
- (iii) Target Company (as intervening-consenting party).

**Subject matter:** TCL SEMP agreed to sell, and STA agreed to purchase, Target Share B subject to and in accordance with the terms and conditions of Share Purchase Agreement B.

**Consideration:** Purchase Price B shall be approximately R\$53,327,000 (equivalent to approximately HK\$69,330,000 (“**Base Purchase Price B**”)), subject to P&L Adjustment B as follows:

- (i) if the Target Company has ascertained a net profit during Transitional Period B, as recorded in the P&L Statement B, then the second instalment of Base Purchase Price B shall be increased by the amount equivalent to 25% of such net profit; and
- (ii) if the Target Company has ascertained a net loss during Transitional Period B, as recorded in P&L Statement B, then the second instalment of Base Purchase Price B shall be reduced by the amount equivalent to 25% of such net loss.

**Payment terms:** Purchase Price B shall be paid by STA in two instalments as follows:

- (i) The first instalment, equivalent to 15% of Base Purchase Price B, shall be paid by STA to TCL SEMP on Closing Date B; and
- (ii) The second instalment, equivalent to 85% of Base Purchase Price B, plus or minus the full amount of P&L Adjustment B, shall be paid by STA to TCL SEMP on Final Payment Date B. Notwithstanding the foregoing, in the event that there is any dispute by TCL SEMP and STA regarding the amount of P&L Adjustment B, the second instalment of Purchase Price B shall be paid by STA to TCL SEMP as soon as practically possible after a written agreement has been reached by TCL SEMP and STA or the opinion of the auditor to be engaged by the Target Company regarding the dispute has been delivered to TCL SEMP and STA.

**Conditions precedent:** The respective obligations of TCL SEMP and STA to complete Disposal B are subject to the satisfaction (or waiver by TCL SEMP and STA as set forth below), on or before Closing Date B, of each of the following conditions:

- (i) The Company shall have duly complied with the relevant disclosure requirements under the Listing Rules in relation to Disposal B;
- (ii) Disposal B shall have been duly approved by the board of directors and the shareholders (as applicable) of STA, TCL SEMP and the Target Company;
- (iii) All agreements and covenants contained in Share Purchase Agreement B to be performed or complied with on or before Closing Date B by STA, TCL SEMP and/or the Target Company will have been performed or complied with in all material respects, including STA's payment obligations of the first instalment of Purchase Price B; and
- (iv) Mr. Felipe Hennel Fay shall have delivered to TCL SEMP a letter of undertaking guaranteeing in favour of TCL SEMP the due and punctual performance and fulfilment of STA's payment obligations in respect of the second instalment of Purchase Price B.

The conditions precedent set forth in items (i) and (ii) above shall not be waived by TCL SEMP and STA. The conditions precedent set forth in items (iii) to (iv) may only be waived upon mutual agreement by TCL SEMP and STA.

**Completion:** Subject to all of the conditions precedent being fulfilled (or otherwise waived), TCL SEMP and STA will be required to complete Disposal B and perform all actions to that end on an irrevocable and irreversible basis on Closing Date B.

## **BASIS OF THE CONSIDERATION FOR THE DISPOSALS**

Purchase Price A and Purchase Price B have been determined by TCL SEMP and the respective purchasers of Share Purchase Agreement A and Share Purchase Agreement B after arm's length negotiation with reference to the respective valuation of Target Share A and Target Share B as of 30 September 2024 as confirmed in a valuation report issued by an independent valuation agency using the market approach. According to the valuation report, the valuation of the total shares of the Target Company as of 30 September 2024 was approximately R\$213,308,000 (equivalent to approximately HK\$277,322,000), and therefore the valuation of Target Share A as of 30 September 2024 shall be equivalent to 75% of such amount, which was approximately R\$159,981,000 (equivalent to approximately HK\$207,992,000), and the valuation of Target Share B as of 30 September 2024 shall be equivalent to 25% of such amount, which was approximately R\$53,327,000 (equivalent to approximately HK\$69,330,000).

### **Valuation approach**

Both the income approach and the market approach have been considered by the independent valuer. As a manufacturer and seller of air-conditioners in Brazil, the Target Company's operation is susceptible to the effects brought about by the global macroeconomic situation, national economies, market environment, market competition, etc.

As the result of the income approach is based on the projected future profitability of the Target Company coupled with analysis of its historical operating conditions, industry development and market conditions, the independent valuer is of the view that the valuation result thereby obtained is highly dependent on and will greatly be affected by the objectivity and reliability of the future profit forecasts.

The market approach involves directly obtaining valuation data from the market to produce highly persuasive valuation results, objectively reflecting the value of the total shares of the Target Company. The market approach also reflects the impact of market supply and demand on the value of the shares of the Target Company and the open market's assessment of the value of the Target Company under normal and fair transaction terms. The independent valuer has therefore adopted the market approach.



### Valuation analysis of the Target Company

The independent valuer adopted the price-to-book (the “P/B”) valuation multiple as the relevancy of P/B is relatively prominent in the present case. The Target Company was compared against comparable companies selected from publicly listed companies in global home appliances sector, with the following criteria: (i) the duration of listing is over 1 year; (ii) the trading volume of its shares is relatively high; (iii) it is engaged in the same or similar principal business as the Target Company, being white appliances and comprising air-conditioning business; and (iv) for company listed in various stock exchanges, the one with greatest number of issued shares in trade is selected. Based on such criteria, seven comparable companies are selected and their P/B multiples are as follows:

Stock Code	Stock Name	P/B multiple
000521.SZ	Changhong Meiling Co., Ltd.	1.42
000333.SZ	Midea Group Co., Ltd.	1.88
000921.SZ	Hisense Home Appliances Group Co., Ltd.	2.56
600690.SH	Haier Smart Home Co., Ltd.	1.98
000651.SZ	Gree Electric Appliances, Inc. of Zhuhai	1.61
6231.T	KIMURA KOHKI Co., Ltd.	1.96
6755.T	Fujitsu General Limited	1.69
Average P/B value		1.87

### Discount for Lack of Marketability (“DLOM”)

As the comparable companies are all listed companies, their equity interests have stronger liquidity than those of the Target Company, therefore the rate of DLOM has to be considered to reflect the lack of liquidity of the equity interests of the Target Company. With reference to the international method of determining the rate of DLOM, the independent valuer calculated the average ratio between the post-listing price and the initial offering price of the equity interests of the comparable companies to derive a rate of DLOM of 30.03%.

The impact of premiums or discounts arising from controlling interests or minority interests on the value of the equity interests of the Target Company was not taken into account in the above valuation.

Therefore, according to the independent valuer, the value of the entire equity interest of the Target Company as at 30 September 2024 equals average P/B value based on the comparable companies, adjusted by DLOM, multiplied by net assets attributable to the parent company, i.e.  $1.87 \times (1 - 30.03\%) \times \text{R}\$163,025,000 =$  approximately  $\text{R}\$213,308,000$  (equivalent to approximately  $\text{HK}\$277,322,000$ ).



## **Major assumptions adopted in the valuation**

The independent valuer took into account the following major general and special assumptions:

### *General assumptions*

- (i) Transaction assumption: It is assumed that all assets to be valued are in the process of transaction, and the independent valuer makes estimation in a simulated market according to the transaction conditions of assets to be valued. This is one of the most fundamental assumptions for the further implementation of the asset valuation.
- (ii) Open market assumption: It is assumed that with respect to the asset traded or to be traded in the market, the transacting parties are in equal position and both have opportunities and time to access sufficient market information so as to make a rational judgement on the function, purpose and transaction price of assets. This is made on the basis that the assets can be traded openly in the market.
- (iii) Going concern assumption: The valuation approach, parameters and basis shall be determined on the basis that the Target Company will continue to be used in the present way, scale, frequency, environment and otherwise for the present purpose, or with certain changes.

### *Special assumptions*

- (i) There will be no major changes in the political, economic and social environment of Brazil after 30 September 2024.
- (ii) There will be no other major changes in the macroeconomic, industrial and regional development policies of Brazil after 30 September 2024.
- (iii) There will be no significant changes in the tax base, tax rate, policy levy fees and other valuation bases related to the Target Company in the future.
- (iv) The Target Company complies with relevant laws and regulations, and there will be no major violations that affect the Target Company's development and income realisation.
- (v) The management of the Target Company remains responsible, stable, and capable of fulfilling its duties after 30 September 2024.
- (vi) The accounting policies adopted by the Target Company are consistent with the accounting policies adopted when preparing the valuation report in material respects after 30 September 2024.

- (vii) The basic information and financial information provided in relation to the Target Company is true, accurate and complete.
- (viii) The business scope and operating model of the Target Company will not change significantly after 30 September 2024, except for the matters disclosed in the valuation report.
- (ix) The composition of various period expenses of the Target Company will not change significantly in the future, and will change simultaneously with changes in its operating scale. The financial expenses referred to in the valuation report refer to the financing costs incurred by the Target Company to raise normal operating or construction funds during the production and operation process. In view of the frequency or extent of the changes in the Target Company's monetary funds or bank deposits during the production and operation process, the interest income generated by the deposits is not considered in the valuation, nor are other uncertain gains and losses other than interest-paying debts.
- (x) The Target Company will pay corporate income tax at 15.25% per annum in the future. The impact of changes in corporate income tax rates on the valuation was not taken into account in the valuation report.
- (xi) After the expiry of the contracts for the leases of production and office spaces of the Target Company, they can be renewed at the current leasing model and rental.
- (xii) There are no force majeure events that will have a significant adverse impact on the Target Company after 30 September 2024.
- (xiii) There is a suitable number of companies comparable to the Target Company which belong to the same industry or are affected by the same economic factors as the Target Company.
- (xiv) The values of the comparable companies and the Target Company are affected by the same or similar factors.
- (xv) The information disclosed by comparable companies is true, accurate and complete, and there are no false statements, wrong records or major omissions that affect value judgements.
- (xvi) The independent valuer only selected dimensions and indicators for comparison based on publicly disclosed information on the comparable companies and did not consider the impact of other non-public matters on the Target Company.
- (xvii) The scope of valuation is only based on the declaration form provided by TCL SEMP and the Target Company, without taking into account the possible contingent assets and contingent liabilities outside the lists provided by TCL SEMP and the Target Company.

The Directors have reviewed the assumptions adopted in the valuation report and have been advised that the key assumptions adopted in the valuation report are commonly used in valuing similar companies. There are no irregularities noted by the Directors in relation to the quantitative inputs in the valuation. The Directors (including the independent non-executive Directors) therefore consider the key assumptions, the quantitative inputs and methodology adopted in the valuation are fair and reasonable.

The consideration for Target Share A and Target Share B with reference to the aforesaid valuation as of 30 September 2024 is subject to P&L Adjustment A and P&L Adjustment B equivalent to the net profit or loss of the Target Company, as the case may be, ascertained for Transitional Period A and Transitional Period B, respectively. As a result, the financial performance of the Target Company subsequent to the valuation and up to Closing Date A or Closing Date B will be reflected in the respective consideration for Target Share A and Target Share B, as the case may be.

### **Information on the Target Company**

The Target Company is a company incorporated under the laws of Brazil with limited liability. It is principally engaged in the manufacture and sales of air-conditioners and relevant equipment. As at the date of this announcement, the Target Company is a wholly-owned subsidiary of TCL SEMP.

Set out below is the financial information of the Target Company for the financial years ended 31 December 2023 and 31 December 2022 respectively as extracted from its audited financial statements prepared in accordance with the generally accepted accounting principles of Brazil, which are substantially in compliance with the International Financial Reporting Standards:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>R\$'000</i>	<i>R\$'000</i>
Revenue	619,203	411,923
Net profit/(loss) before tax	46,700	(19,722)
Net profit/(loss) after tax	45,332	(19,722)
	<b>Balance as at</b>	
	<b>31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>R\$'000</i>	<i>R\$'000</i>
Total assets	498,145	452,076
Net assets	108,693	63,744

According to the audited management financial statement of the Target Company, the net book value of the Target Company as at 30 September 2024 was approximately R\$163,025,000 (equivalent to approximately HK\$211,949,000).

## **FINANCIAL EFFECTS OF THE DISPOSALS AND PROPOSED USE OF PROCEEDS**

Immediately upon completion of the Share Purchase Agreements, TCL SEMP will cease to hold any shares in the Target Company and the Target Company will cease to be a subsidiary of the Company.

Based on the information available, the Group is expected to record an unaudited gain of approximately HK\$38,881,000 from the Disposals, which is calculated based on the consideration of R\$159,981,000 (equivalent to approximately HK\$207,992,000) and R\$53,327,000 (equivalent to approximately HK\$69,330,000) to be received by the Group for Disposal A and Disposal B respectively less the net book value and previously recognised goodwill of Target Share A and Target Share B of totalling approximately HK\$240,729,000 plus the release of exchange fluctuation reserve of approximately HK\$2,288,000 as at 30 September 2024 before any related expenses.

The actual gain as a result of the Disposals to be recorded by the Group is subject to final audit to be performed by the Company's auditors.

**Shareholders should note that the above figures are for illustrative purpose only. The actual gain or loss on the Disposals may be different from the above and will be determined based on the financial position of the Target Company on the relevant closing date and the review by the Group's auditors upon finalisation of the consolidated financial statements of the Group.**

The Group intends to use the net proceeds from the Disposals as general working capital.

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

As at the date of this announcement, the Target Company is principally engaged in the business of manufacture and sales of air-conditioners, while the Group is principally engaged in the production of TVs and sales of all-category household appliances. By disposing of its stake in the Target Company, the Group would be able to optimise the management of its internal resources and focus on its core businesses, thereby enhancing operational efficiency. Furthermore, the Group considers that it is a good opportunity to realise its investment at an appropriate price whereas the proceeds from the Disposals may fund the Group's working capital.

Subsequent to the Disposals, the Group will still maintain a stable supply of TCL-branded air-conditioners from TCL Industries Holdings Group, thus ensuring its all-category marketing business remains unaffected and runs as usual in the local markets and beyond.

In light of the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase Agreements and the Disposals contemplated thereunder, although not in the ordinary and usual course of business of the Group, are fair and reasonable, on normal commercial terms or better, and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, 1,374,856,288 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. As such, T.C.L. Industries (H.K.) is a substantial Shareholder and a connected person of the Company under Chapter 14A of the Listing Rules. As TCL Home Appliances is a non wholly-owned subsidiary of TCL Industries Holdings, it is a fellow subsidiary and hence 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, TCL SEMP is owned as to approximately 75% and 25% by TCL NL and STA respectively, and as such STA is a connected person of the Company at the subsidiary level of the Company pursuant to Chapter 14A of the Listing Rules.

Accordingly, each of the Disposals respectively contemplated under the Share Purchase Agreements therefore constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratios in relation to the each of the Disposals exceed 0.1% but all are less than 5%, the entering into of each of the Share Purchase Agreements and the connected transactions contemplated thereunder is exempted from the circular (including independent financial advice) and Shareholders' approval under Rule 14A.76(2)(a) of the Listing Rules but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules. Each of the Disposals on a standalone basis does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the profits ratio in relation to the Disposals (which involve disposals of equity interest in the same company, namely the Target Company), when aggregated, exceeds 5% but is less than 25% whereas the other applicable ratios when aggregated are all less than 5%, the entering into of the Share Purchase Agreements and the transactions contemplated thereunder, on an aggregated basis, constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Notwithstanding the respective interest and/or roles of certain Directors in TCL Industries Holdings Group, in particular, (i) Ms. DU Juan is also a director and the chief executive officer of TCL Industries Holdings; (ii) Mr. ZHANG Shaoyong is also a senior vice president of TCL Industries Holdings; (iii) Mr. PENG Pan is also the chief financial officer of TCL Industries Holdings, (iv) Mr. SUN Li is also the chief technology officer of TCL Industries Holdings, and (v) each of Ms. DU Juan, 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, 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 Share Purchase Agreements and the Disposals contemplated thereunder, therefore all Directors are entitled to vote on the Board resolutions for considering and approving the Share Purchase Agreements and the Disposals contemplated thereunder pursuant to the articles of association of the Company.

### **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, Excel in Global Efficiency, 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 while developing into a world-leading smart technology company. For more information on the Group, please visit its official website at <http://electronics.tcl.com> (the information that appears in this website does not form part of this announcement).

TCL SEMP is an indirect non wholly-owned subsidiary of the Company and is principally engaged in manufacturing and sale of TV products and other household appliances products.

TCL Home Appliances is a non wholly-owned subsidiary of TCL Industries Holdings and is principally engaged in investment holding business.

TCL Industries Holdings is an investment holding company with a diverse investment portfolio. Its investments are principally in the business of development, manufacturing and distribution of audio/video products, electronic products, communication equipment, home appliances, provision of cloud video conferencing services, intelligent manufacturing solutions, 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. As at the date of this announcement, the shareholding structure of TCL Industries Holdings is as follows:

<b>Shareholders</b>	<b>Approximate shareholding</b>
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))	32.34%
Ningbo Lida Zhiyu Enterprise Management Co., Ltd.* (寧波礪達致宇企業管理有限公司)	24.25%
Pan Mao (Shanghai) Investment Center (L.P.)* (磐茂(上海)投資中心(有限合夥))	18.60%
Huizhou State-owned Asset Management Co., Ltd.* (惠州市國有資產管理有限公司)	9.30%
Yunnan International Trust Co., Ltd (on behalf of its No.158 Single Fund Trust of Yunsheng) 雲南國際信託有限公司 (代雲南信託 – 雲昇158號單一資金信託)	6.65%
Beijing Xinrunheng Equity Investment Partnership (L.P.)* (北京信潤恒股權投資合夥企業(有限合夥))	4.65%
SPDB Wealth Management Co., Ltd (on behalf of its No.2429 Qiming Series Wealth Management Products) 浦銀理財有限責任公司(代浦銀理財啟銘系列理財產品2429期)	2.65%
Shenzhen Qifu Guolong Small and Medium Micro-Enterprise Equity Investment Fund Partnership (L.P.)* (深圳市啟賦國隆中小微企業股權投資基金合夥企業(有限合夥))	1.55%
<b>Total (Note)</b>	<b>100.00%</b>

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



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)) (“**Lida Zhihui**”) is a limited partnership. Mr. LI Dongsheng owns (i) more than 50% economic interest in Lida Zhihui as a limited partner; and (ii) more than 50% equity interest in the general partner of Lida Zhihui. Save for Mr. LI Dongsheng, none of the other limited partners own 30% or more economic interest of Lida Zhihui.

Ningbo Lida Zhiyu Enterprise Management Co., Ltd.\* (寧波礪達致宇企業管理有限公司) is directly held as to 99.9988% by Ningbo Lida Zhiheng Enterprise Management Partnership (Limited Partnership)\* (寧波礪達致恒企業管理合夥企業(有限合夥)) (“**Lida Zhiheng**”), a limited partnership which serves as an employee shareholding platform, via which an aggregate of not less than 100 employees of TCL Industries Holdings Group directly or indirectly hold interest as limited partners of Lida Zhiheng, whereas Mr. FU Chaohui is the legal representative of the general partner of Lida Zhiheng. None of the limited partners own 30% or more economic interest of Lida Zhiheng.

Based on information currently available to the management of the Company, Pan Mao (Shanghai) Investment Center (L.P.)\* (磐茂(上海)投資中心(有限合夥)) (“**Panmao Shanghai**”) is a limited partnership which focuses on equity investment opportunities in China; the general partner of Panmao Shanghai is indirectly owned or controlled as to more than 30% by CITIC Securities Company Limited, securities of which are listed on both the Stock Exchange (6030.HK) and the Shanghai Stock Exchange (600300.SH); save as aforesaid, none of the limited partners holds 30% or more interest in Panmao Shanghai.

To the best knowledge, information and belief of the Directors, save for Mr. LI Dongsheng, none of the beneficial owners of the shareholders of TCL Industries Holdings directly or indirectly owns 30% or more equity interest in TCL Industries Holdings.

STA is principally engaged in the business of manufacture and sale of TV sets and air-conditioners. Based on the information provided by STA, the controlling shareholder and ultimate beneficial owner of STA is Mr. Felipe Hennel Fay. As at the date of this announcement, STA held 25% equity interest of TCL SEMP, and as such STA is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Mr. Felipe Hennel Fay is a substantial shareholder of TCL SEMP by virtue of his interest in STA, and as such Mr. Felipe Hennel Fay is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Brazil”	the Federative Republic of Brazil;
“Business Day(s)”	a day that is not a bank holiday in the city of São Paulo, State of São Paulo, Brazil, or in Hong Kong;
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to “China” and the “PRC” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China;
“Closing Date A”	30 December 2024 or such other date as may be mutually agreed in writing by TCL SEMP and TCL Home Appliances;
“Closing Date B”	30 December 2024 or such other date as may be mutually agreed in writing by TCL SEMP and STA;
“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;
“Director(s)”	the director(s) of the Company;
“Disposal A”	the sale of Target Share A by TCL SEMP pursuant to Share Purchase Agreement A;
“Disposal B”	the sale of Target Share B by TCL SEMP pursuant to Share Purchase Agreement B;
“Disposals”	collectively Disposal A and Disposal B;

“Mr. Felipe Hennel Fay”	Mr. Felipe Hennel Fay, a Brazilian citizen, the controlling shareholder of STA;
“Final Payment Date A”	28 February 2025 or such other date as may be mutually agreed in writing by TCL SEMP and TCL Home Appliances;
“Final Payment Date B”	28 February 2025 or such other date as may be mutually agreed in writing by TCL SEMP and STA;
“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 PRC;
“IoT”	internet of things;
“Liens”	(i) any mortgage, charge, pledge, lien, encumbrance, option, equity, retention of title, right of pre-emption, easement, expropriation, usufruct or other security interest or restriction of any kind that affects the Target Share A or Target Share B (as the case may be); or (ii) any shareholders’ agreement, voting agreement, pre-emptive rights, obligations relating to the exercise of voting rights or put options, call options or swaps with the practical effect of creating a similar security interest or floating guarantee, or creating transfer restrictions or obligations or exercising voting rights under applicable law regarding a specific asset or right;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Purchase Price A”	the consideration for Target Share A;
“Purchase Price B”	the consideration for Target Share B;
“P&L Adjustment A”	the adjustment to be made to the second instalment of Base Purchase Price A based on the net profit or loss of the Target Company during Transitional Period A;

“P&L Adjustment B”	the adjustment to be made to the second instalment of Base Purchase Price B based on the net profit or loss of the Target Company during Transitional Period B;
“P&L Statement A”	the statement of calculation of the net profit or loss of the Target Company during Transitional Period A, which shall be delivered by the Target Company to TCL Home Appliances and TCL SEMP within 10 Business Days following Closing Date A;
“P&L Statement B”	the statement of calculation of the net profit or loss of the Target Company during Transitional Period B, which shall be delivered by the Target Company to TCL Home Appliances and STA within 10 Business Days following Closing Date B;
“R\$”	Brazilian Real, the lawful currency of Brazil;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Share Purchase Agreement A”	the share purchase agreement dated 24 December 2024 entered into among TCL SEMP, TCL Home Appliances and the Target Company;
“Share Purchase Agreement B”	the share purchase agreement dated 24 December 2024 entered into among TCL SEMP, STA and the Target Company;
“Share Purchase Agreements”	collectively Share Purchase Agreement A and Share Purchase Agreement B;
“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;
“STA”	SEMP Amazonas S.A., a company incorporated under the laws of Brazil with limited liability;

“Target Company”	TCL SEMP Indústria e Comércio de Condicionadores de ar S.A., a company incorporated under the laws of Brazil with limited liability, and a direct wholly-owned subsidiary of TCL SEMP;
“Target Share A”	the subject matter of Disposal A, being 75% of the issued shares of the Target Company, free and clear of any and all Liens;
“Target Share B”	the subject matter of Disposal B, being 25% of the issued shares of the Target Company, free and clear of any and all Liens;
“TCL Home Appliances”	TCL Home Appliances Holding Company Limited, a company incorporated under the laws of Hong Kong with limited liability, and a non wholly-owned subsidiary of TCL Industries Holdings;
“TCL Industries Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), formerly known as TCL Industries Holdings (Guangdong) Inc.* (TCL實業控股(廣東)股份有限公司), a joint stock limited company established under the laws of the PRC;
“TCL Industries Holdings Group”	TCL Industries Holdings and its subsidiaries;
“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;
“TCL NL”	TCL Netherlands B.V., a company established under the laws of the Netherlands with limited liability and an indirect wholly-owned subsidiary of the Company;
“TCL SEMP”	TCL SEMP Indústria e Comércio de Eletroeletrônicos S.A. (formerly known as SEMP TCL Indústria e Comércio de Eletroeletrônicos S.A.), a company incorporated under the laws of Brazil with limited liability, an indirect non wholly-owned subsidiary of the Company;
“Transitional Period A”	the period from 30 September 2024 until Closing Date A;

“Transitional Period B”	the period from 30 September 2024 until Closing Date B;
“TV”	television; and
“%”	per cent.

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

Hong Kong, 24 December 2024

*The English translation/transliteration 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/transliteration of such Chinese names or words.*

*For the purposes of this announcement, the exchange rate of R\$1.00 = HK\$1.3001 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes only and does not constitute representations that any amount in R\$ or HK\$ has been, could have been or may be converted at such a rate.*

*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 Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.*