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TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

DISCLOSEABLE TRANSACTIONS DISPOSAL OF SHARES IN A LISTED COMPANY

Reference is made to the voluntary announcement of the Company dated 8 November 2020. On 6 November 2020, the Vendor, a subsidiary of the Company, sold an aggregate of 8,222,400 Amlogic Shares (representing 2% of the total issued Amlogic Shares as at the date of the voluntary announcement) at an average price of approximately RMB63.56 per share for an aggregate consideration of approximately RMB522.62 million (equivalent to approximately HK\$615.80 million) (before transaction costs), which was receivable in cash on settlement.

During the period from 1 December 2020 to 8 December 2020, the Vendor further sold 2,464,863 Amlogic Shares (representing approximately 0.60% of the total issued Amlogic Shares as at the date of this announcement) by way of auction in the open market at an average price of approximately RMB70.39 per share for an aggregate consideration of approximately RMB173.50 million (equivalent to approximately HK\$204.43 million) (before transaction costs), which was receivable in cash on settlement.

LISTING RULES IMPLICATIONS

As the Previous Disposal and the Disposal took place within a 12-month period and pursuant to Rule 14.22 of the Listing Rules, the Previous Disposal and the Disposal shall be aggregated as a series of transactions. Pursuant to the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposals calculated on an aggregated basis exceed 5% but all are less than 25%, the Disposals constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

PREVIOUS DISPOSAL

Reference is made to the voluntary announcement of the Company dated 8 November 2020. On 6 November 2020, the Vendor, a subsidiary of the Company, conducted the Previous Disposal through block trading in the Shanghai Stock Exchange to sell an aggregate of 8,222,400 Amlogic Shares (representing 2% of the total issued Amlogic Shares as at the date of the voluntary announcement) at an average price of approximately RMB63.56 per share for an aggregate consideration of approximately RMB522.62 million (equivalent to approximately HK\$615.80 million) (before transaction costs), which was receivable in cash on settlement. As the Previous Disposal was conducted through block trading in the Shanghai Stock Exchange, the Company was not aware of the identities of the purchasers of such Amlogic Shares and accordingly, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners is an Independent Third Party. As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Previous Disposal were all less than 5%, the transaction thereunder was fully exempt from all disclosure requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

During the period from 1 December 2020 to 8 December 2020, the Vendor conducted the Disposal to sell 2,464,863 Amlogic Shares (representing approximately 0.60% of the total issued Amlogic Shares as at the date of this announcement) by way of auction in the open market at an average price of approximately RMB70.39 per share for an aggregate consideration of approximately RMB173.50 million (equivalent to approximately HK\$204.43 million) (before transaction costs), which was receivable in cash on settlement. As the Disposal was conducted through the sales in the open market, the Company was not aware of the identities of the purchasers of such Amlogic Shares and accordingly, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the purchasers and their ultimate beneficial owners is an Independent Third Party.

Immediately following the completion of the Disposals, the Company (through the Vendor) holds 31,083,118 Amlogic Shares (representing approximately 7.56% of the total issued Amlogic Shares as at the date of this announcement).

REASONS FOR AND BENEFITS FOR THE DISPOSALS

The Disposals provide a good opportunity for the Group to partially realise its interest in Amlogic with a gain and to re-allocate its resources in line with the Group's business development.

As a result of the Disposals, the Group is expected to recognise a gain of approximately HK\$695.81 million which is calculated on the basis of the difference between the estimated total consideration of the Disposals (net of transaction costs and value-added tax) of approximately RMB670.18 million (equivalent to approximately HK\$789.67 million) receivable by the Group and the carrying amount of the 10,687,263 Amlogic Shares of approximately HK\$93.86 million as at 31 December 2019. The actual amount of gain as a result of the Disposals to be recorded by the Group will be subject to the review and final audit by the auditor of the Group. The Group expects to receive net proceeds of approximately RMB670.18 million (equivalent to approximately HK\$789.67 million) from the Disposals. The Group currently intends to use the proceeds as general working capital and research and development investment.

The Disposals were made with reference to the prevailing market price and the Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Disposals are fair and reasonable; (ii) the Disposals are on normal commercial terms; and (iii) the Disposals are in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Previous Disposal and the Disposal took place within a 12-month period and pursuant to Rule 14.22 of the Listing Rules, the Previous Disposal and the Disposal shall be aggregated as a series of transactions. Pursuant to the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated under Rule 14.07 of the Listing Rules in respect of the Disposals calculated on an aggregated basis exceed 5% but all are less than 25%, the Disposals constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION OF THE GROUP AND THE VENDOR

The Group is principally engaged in the research and development, manufacture and sale of a wide range of smart electronic consumer products including TCL brand smart television sets and mobile phones, as well as Internet service business. The Group has production layout in the PRC, Poland, Mexico, Brazil and Vietnam and distributes its products in all major markets globally. 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).

The Vendor, a subsidiary of the Company, was established in the PRC with limited liability. It is principally engaged in the manufacture and sale of colour television.

INFORMATION ON AMLOGIC

Amlogic is a joint stock limited company established in the PRC, the shares of which are listed on the sci-tech innovation board of the Shanghai Stock Exchange (Stock Code: 688099).

According to publicly available information, Amlogic is a PRC-based company principally engaged in the research and development, design and sales of multimedia intelligent terminal system-on-chip (SoC). Amlogic's chip products are mainly used in smart set-top boxes, smart TVs and AI audio and video system terminals. Amlogic distributes its products both to the domestic market and overseas markets.

According to the audited consolidated financial statements of Amlogic extracted from the annual report of Amlogic for the year ended 31 December 2019, the financial information of Amlogic Group for the two years ended 31 December 2018 and 2019 is as follows:

	For the year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Revenue	2,357,733	2,369,069
Net profit before tax	169,123	295,977
Net profit after tax	157,055	282,340
Net assets (as at 31 December of each year)	2,802,461	1,126,023

Based on the unaudited consolidated financial statements of Amlogic extracted from the 2020 third quarter report of Amlogic for the three and nine months ended 30 September 2020, the unaudited total net assets of Amlogic Group were approximately RMB2,785,528,000 as at 30 September 2020.

DEFINITIONS

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

“Amlogic”	Amlogic (Shanghai) Co., Ltd.* (晶晨半導體(上海)股份有限公司), a joint stock limited company established in the PRC, the shares of which are listed on the sci-tech innovation board of the Shanghai Stock Exchange (Stock Code: 688099)
“Amlogic Group”	Amlogic and its subsidiaries

“Amlogic Share(s)”	the share(s) of Amlogic
“Board”	the board of directors of the Company
“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
“Disposal”	the disposal by the Vendor of 2,464,863 Amlogic Shares during the period from 1 December 2020 to 8 December 2020 by way of auction in the open market for an aggregate consideration of approximately RMB173.50 million (before transaction costs)
“Disposals”	the Previous Disposal and the Disposal
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a party who is not a connected person of the Company and is independent of and not connected with the Company and its connected persons
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purposes of this announcement
“Previous Disposal”	the disposal of an aggregate of 8,222,400 Amlogic Shares by the Vendor on 6 November 2020 through block trading in the Shanghai Stock Exchange for an aggregate consideration of approximately RMB522.62 million (before transaction costs)
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“Vendor”

TCL King Electrical Appliances (Huizhou) Company Limited* (TCL王牌電器(惠州)有限公司), a company established in the PRC with limited liability and a subsidiary of the Company

“%”

per cent

On behalf of the Board

LI Dongsheng

Chairman

Hong Kong, 8 December 2020

For the purposes of this announcement, the exchange rate of RMB1.00 = HK\$1.1783 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such a rate.

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.*

As at the date of this announcement, the Board comprises Mr. LI Dongsheng, Mr. WANG Cheng Kevin, Mr. YAN Xiaolin and Mr. HU Lihua as executive Directors, Mr. Albert Thomas DA ROSA, Junior, Mr. SUN Li and Mr. LI Yuhao as non-executive Directors and Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.