

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this joint announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this joint announcement.*

*This joint announcement appears for information purposes only and is not intended to and does not constitute, or form part of, any offer to purchase or subscribe for or an invitation to purchase or subscribe for any securities of the Offeror or the Company or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law.*

**T.C.L. Industries Holdings (H.K.) Limited**  
*(Incorporated in Hong Kong with limited liability)*

 **TONLY**  
**TONLY ELECTRONICS HOLDINGS LIMITED**  
**通力電子控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 01249)

## **JOINT ANNOUNCEMENT**

**(1) PROPOSED PRIVATISATION OF  
TONLY ELECTRONICS HOLDINGS LIMITED  
BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 86 OF THE COMPANIES ACT  
AND  
(2) SPECIAL DEAL IN RELATION TO THE  
ROLLOVER ARRANGEMENT  
AND  
(3) PROPOSED WITHDRAWAL OF LISTING OF THE COMPANY  
DESPATCH OF SCHEME DOCUMENT  
AND  
OPTION OFFER LETTER  
AND  
CLOSURE OF REGISTER OF MEMBERS**

**Exclusive Financial Adviser to the Offeror**



**Independent Financial Adviser to the Independent Board Committee**

 **SOMERLEY CAPITAL LIMITED**

Reference is made to (i) the joint announcement issued by Tonly Electronics Holdings Limited (the “**Company**”) and T.C.L. Industries Holdings (H.K.) Limited (the “**Offeror**”) on 30 October 2020 in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Act (2020 Revision) of the Cayman Islands, (ii) the announcement issued by the Company on 3 November 2020 in relation to appointment of Independent Financial Adviser, (iii) the joint announcement issued by the Offeror and the Company on 20 November 2020 in relation to the extension of time for despatch of the scheme document, (iv) the joint announcements issued by the Offeror and the Company on 30 November 2020, 1 December 2020, 2 December 2020 and 3 December 2020 in relation to the Irrevocable Undertakings, (v) the monthly update announcement jointly issued by the Offeror and the Company dated 21 December 2020, (vi) the joint announcement issued by the Offeror and the Company on 15 January 2021 in relation to the further extension of time for despatch of the scheme document, and (vii) the scheme document (“**Scheme Document**”) jointly issued by the Offeror and the Company on 29 January 2021 containing details of the Proposal, the Scheme, the Option Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee, the recommendations of the Independent Board Committee and notices to convene the Court Meeting and the EGM. Capitalised terms used herein shall have the same meanings as defined in the Scheme Document unless the context requires otherwise.

## **DESPATCH OF SCHEME DOCUMENT AND OPTION OFFER LETTER**

The Scheme Document together with the notices of the Court Meeting and the EGM of the Company to be held on Tuesday, 23 February 2021 and the relevant proxy forms will be despatched to the Scheme Shareholders on Friday, 29 January 2021.

The Scheme Document, the notices of the Court Meeting and the EGM of the Company, the Option Offer Letter and the Form of Acceptance in relation to the Option Offer will also be despatched to Option Holders on Friday, 29 January 2021.

The Scheme Document contains, among other things, further details of the Scheme, the Proposal, the Option Offer and the special deal relating to the Rollover Arrangement, the expected timetable, the letters from the Board, the Independent Board Committee and the Independent Financial Adviser, the explanatory memorandum of the Scheme as required under the Companies Act, financial information on the Group, general information regarding the Offeror and the Company, form of Option Offer letter, a notice of the Court Meeting and a notice of the EGM.

## **RECOMMENDATION OF THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising Mr. POON Chiu Kwok, Mr. LI Qi and Mr. LEONG Yue Wing, has been established by the Board to make a recommendation to the Disinterested Scheme Shareholders and the Option Holders in respect of the Proposal, the Scheme, the Option Offer and the special deal relating to the Rollover Arrangement.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal, the Scheme, the Option Offer and the Rollover Arrangement.

The Independent Financial Adviser has advised the Independent Board Committee that it considers, the terms of the Proposal, the Scheme, the Option Offer and the Rollover Arrangement are fair and reasonable so far as the Disinterested Scheme Shareholders and Option Holders are concerned, and accordingly, it recommends the Independent Board Committee to advise (a) at the Court Meeting, the Disinterested Scheme Shareholders to vote in favour of the resolution to approve the Scheme; (b) at the EGM, the Disinterested Scheme Shareholders to vote in favour of the resolution(s) in connection with the Scheme and the ordinary resolution to approve the Rollover Arrangement; and (c) the Option Holders to accept the Option Offer.

The Independent Board Committee, having been so advised, considers that, the terms of the Proposal, the Scheme, the Rollover Arrangement and the Option Offer are fair and reasonable so far as the Disinterested Scheme Shareholders and the Option Holders are concerned. Accordingly, the Independent Board Committee recommends (a) at the Court Meeting, the Disinterested Scheme Shareholders to vote in favour of the resolution to approve the Scheme; (b) at the EGM: (i) the Shareholders to vote in favour of: (1) the special resolution to approve the reduction of the share capital of the Company by the cancellation and extinguishment of the Scheme Shares and the withdrawal of the listing of the Shares of the Company from the Stock Exchange; and (2) the ordinary resolution to approve the restoration of the share capital of the Company to its amount immediately prior to the cancellation and extinguishment of the Scheme Shares by allotting and issuing to the Offeror at par and credited as fully paid by applying the reserve created as a result of the aforesaid cancellation and extinguishment of Scheme Shares such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme; and (ii) the Disinterested Scheme Shareholders to vote in favour of the ordinary resolution to approve the Rollover Arrangement which constitutes a special deal under Rule 25 of the Takeovers Code; and (c) the Option Holders to accept the Option Offer.

Disinterested Scheme Shareholders and Option Holders are urged to read and consider carefully the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in relation to the Proposal, the Scheme, the Rollover Arrangement and the Option Offer as set out in the letters from the Independent Board Committee and the Independent Financial Adviser as contained in the Scheme Document.

## **COURT MEETING AND EGM**

The Court Meeting and the EGM are scheduled to be held at 10:00 a.m. and 10:30 a.m. (or immediately after the conclusion or adjournment of the Court Meeting), respectively, on Tuesday, 23 February 2021 at 8th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

In accordance with the directions of the Grand Court of the Cayman Islands, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications) by Disinterested Scheme Shareholders.

The EGM will be held for the purpose of considering and, if thought fit, passing (i) a special resolution of the Shareholders in relation to the reduction of the number of issued Shares in the share capital of the Company by cancelling and extinguishing the Scheme Shares, and the withdrawal of listing of the Shares upon the Scheme becoming effective; (ii) an ordinary resolution of the Shareholders in relation to the restoration of the number of issued Shares in the share capital of the Company to its former amount by the issue of the same number of Shares as the number of the Scheme Shares cancelled and extinguished, at par credited as fully paid, to the Offeror; and (iii) an ordinary resolution of the Disinterested Scheme Shareholders in relation to the approval of the Rollover Arrangement.

Notices of the Court Meeting and the EGM are contained in the Scheme Document.

An announcement will be made by the Offeror and the Company in relation to the results of the Court Meeting and the EGM on Tuesday, 23 February 2021, not later than 7:00 p.m..

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the entitlements of the Disinterested Scheme Shareholders to attend and vote at the Court Meeting and of the Shareholders (or the Disinterested Scheme Shareholders, as the case may be) to attend and vote at the EGM, the Register will be closed from Wednesday, 17 February 2021 to Tuesday, 23 February 2021 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. (Hong Kong time) on Tuesday, 16 February 2021.

**For the purpose of determining the entitlements of Scheme Shareholders to the Scheme Share Consideration under the Scheme, the Register will be closed from Tuesday, 2 March 2021 onwards (or such other date as may be notified by way of an announcement). No transfer of Shares will be effected on or after such day.**

## **CONDITIONS OF THE PROPOSAL AND THE SCHEME**

Shareholders, Option Holders and/or potential investors should be aware that the implementation of the Proposal is conditional upon the fulfillment or waiver, as applicable, of the Conditions as described in the section headed "3. Conditions of the Proposal and the Scheme" in Part VII – Explanatory Memorandum of the Scheme Document. All the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal and the Scheme will not proceed and will lapse.

For the avoidance of doubt, the Scheme is not conditional on the Rollover Arrangement. If the Rollover Arrangement is not approved by the Disinterested Scheme Shareholders at the EGM, the Offeror and the Company will still proceed with the Scheme, and in such case the Scheme Shares held by the Management Shareholders will be treated in the same manner as the other Scheme Shares.

Further announcements on any changes regarding the timetable of the Scheme will be made as and when necessary.

## **EXPECTED TIMETABLE**

**Hong Kong Time  
(unless otherwise stated)**

Date of despatch of the Scheme Document . . . . . Friday, 29 January 2021

Date of despatch of the Option Offer Letter  
for the Option Offer . . . . . Friday, 29 January 2021

Latest time for Option Holders to lodge notices of exercise of their  
Share Options in order to become entitled  
to vote at the Court Meeting and  
the EGM (*Note 10*) . . . . . 4:30 p.m. on Tuesday,  
16 February 2021

Latest time for lodging transfers of Shares in order to become entitled  
to vote at the Court Meeting and  
the EGM . . . . . 4:30 p.m. on Tuesday,  
16 February 2021

Register of the Company closed for determination  
of entitlements of Disinterested Scheme Shareholders  
to attend and vote at the Court Meeting and  
of Shareholders to attend and vote at the EGM (*Note 1*) . . . . . from  
Wednesday, 17 February 2021  
to Tuesday, 23 February 2021  
(both dates inclusive)

**Hong Kong Time  
(unless otherwise stated)**

Latest time for lodging forms of proxy in respect of *(Note 2)*

- Court Meeting ..... 10:00 a.m. on  
Sunday, 21 February 2021
- EGM. .... 10:30 a.m. on  
Sunday, 21 February 2021

Meeting Record Date ..... Tuesday, 23 February 2021

Court Meeting *(Note 3)*. .... 10:00 a.m. on  
Tuesday, 23 February 2021

EGM *(Note 3)*. .... 10:30 a.m. on  
Tuesday, 23 February 2021  
(or immediately after the conclusion or  
adjournment of the Court Meeting)

Announcement of the results of the Court Meeting and the EGM  
published on the respective websites of  
the Stock Exchange and the Company. .... no later than 7:00 p.m. on  
Tuesday, 23 February 2021

Expected last day for trading in the Shares  
on the Stock Exchange ..... Wednesday, 24 February 2021

Latest Options Exercise Date *(Note 5 and Note 10)* ..... 4:30 p.m. on  
Wednesday, 24 February 2021

Latest time for lodging transfers of Shares  
in order to qualify for entitlements under the Scheme ..... 4:30 p.m. on  
Monday, 1 March 2021

Register of the Company closed  
for determination of entitlements to qualify  
under the Scheme *(Note 4)* ..... from  
Tuesday, 2 March 2021 onwards

Court hearing of the petition to sanction the Scheme and  
to confirm the capital reduction. .... Tuesday, 2 March 2021  
(Cayman Islands time)

**Hong Kong Time  
(unless otherwise stated)**

Announcement of, inter alia, the results of the Court hearing of the petition to sanction the Scheme, the expected Effective Date, and the expected date of withdrawal of the listing of the Shares on the Stock Exchange . . . . .	before 1:00 p.m. on Wednesday, 3 March 2021
Scheme Record Date ( <i>Note 5 and Note 6</i> ) . . . . .	Thursday, 4 March 2021
Effective Date ( <i>Note 7</i> ) . . . . .	Thursday, 4 March 2021 (Cayman Islands time)
Option Offer becoming unconditional . . . . .	Thursday, 4 March 2021
Announcement of the Effective Date and the withdrawal of the listing of the Shares on the Stock Exchange . . . . .	Before 8:30 a.m. on Friday, 5 March 2021
Expected withdrawal of the listing of the Shares on the Stock Exchange becomes effective ( <i>Note 8</i> ) . . . . .	4:00 p.m. on Monday, 8 March 2021
Latest date to despatch cheques for cash payment under the Scheme . . . . .	Monday, 15 March 2021
Latest time and date to accept the Option Offer ( <i>Note 6</i> ) and closing date of the Option Offer . . . . .	4:30 p.m. on Wednesday, 7 April 2021
Announcement of the results of the Option Offer posted on the respective websites of the Company and the SFC . . . . .	not later than 7:00 p.m. on Wednesday, 7 April 2021
Lapse of all Share Options ( <i>Note 11</i> ) . . . . .	Wednesday, 7 April 2021
Latest time to make payment under the Option Offer ( <i>Note 9</i> ) . . . . .	Friday, 16 April 2021

**Shareholders and Option Holders should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.**

*Notes:*

1. The Register will be closed during such period for the purpose of determining the entitlements of the Disinterested Scheme Shareholders to attend and vote at the Court Meeting and the Shareholders (or the Disinterested Scheme Shareholders, as the case may be) to attend and vote at the EGM. This book closure period is not for determining the entitlements under the Scheme.
2. Forms of proxy should be deposited with the Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and no later than the relevant times and dates stated above. In order to be valid, the PINK form of proxy for the Court Meeting and the WHITE form of proxy for the EGM must be lodged no later than the latest times and dates stated above. Each Disinterested Scheme Shareholder who is a Registered Owner (other than HKSCC Nominees) is only entitled to submit one proxy form for the Court Meeting. If more than one proxy form for the Court Meeting is submitted by a Disinterested Scheme Shareholder who is a Registered Owner (other than HKSCC Nominees) and the voting instructions require the proxies to vote both FOR and AGAINST the Scheme, the proxy forms will not be accepted. If more than one proxy form for the Court Meeting is submitted by a Disinterested Scheme Shareholder who is a Registered Owner (other than HKSCC Nominees) and the voting instructions require the proxies to vote **either** FOR or AGAINST the Scheme **but not both** FOR and AGAINST the Scheme, the chairman of the Court Meeting shall have absolute discretion as to whether or not to accept those proxy forms. Completion and return of a form of proxy for the Court Meeting or the EGM will not preclude a Disinterested Scheme Shareholder and a Shareholder, respectively, from attending the relevant Meeting and voting in person. In such event, the returned form of proxy will be deemed to have been revoked. If the PINK form of proxy is not lodged in time but the voting instructions contained therein meet the requirements stipulated in this note, it may nonetheless be accepted if presented to the chairman of the Court Meeting before the taking of the poll, but its acceptance will be subject to such chairman's discretion. If the WHITE form of proxy is not lodged in time, it will not be accepted and will be considered invalid. The chairman of the EGM may not, and does not have the discretion to, accept any WHITE form of proxy presented to him at the EGM.
3. The Court Meeting and the EGM will be held at 8th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong at the scheduled times and dates as stated above. Please see the notice of Court Meeting set out in Appendix V to the Scheme Document and the notice of EGM set out in Appendix VI to the Scheme Document for details.
4. The Register will be closed from such time and on such date for the purpose of determining Scheme Shareholders who are qualified for entitlements under the Scheme.
5. If holders of Share Options wish to be qualified for entitlements under the Scheme, they must exercise their Share Options in accordance with the Share Option Scheme and lodge their notices of exercise before the time specified above on the Latest Options Exercise Date and, subject to the customary process for allotment and issue of Shares by the Company, become registered holders of Shares by the time of the Scheme Record Date.
6. Forms of Acceptance, duly completed in accordance with the instructions on them, must be lodged with the Human Resources Department of the Company not later than 4:30 p.m. on Wednesday, 7 April 2021 (or such later date as may be notified by the Offeror, Citigroup and the Company to the Option Holders or by way of joint announcement by the Offeror and the Company on the respective websites of the Stock Exchange and the Company).
7. The Scheme shall become effective upon all the Conditions set out in the paragraph headed "3. Conditions of the Proposal and the Scheme" in "Part VII – Explanatory Memorandum" of the Scheme Document having been fulfilled or (to the extent permitted) waived (as the case may be).
8. If the Proposal becomes unconditional and the Scheme becomes effective, it is expected that the listing of the Shares on the Stock Exchange will be withdrawn at or before 4:00 p.m. on Monday, 8 March 2021.



9. Payment (by cheque, cash or bank transfer) in relation to outstanding Share Options as at the Scheme Record Date in respect of validly completed Forms of Acceptance received after the Scheme Record Date but before 4:30 p.m. on Wednesday, 7 April 2021 will be made within 7 Business Days following receipt of such validly completed Forms of Acceptance.
10. These denote the recommended latest dates, which are based on the time estimated by the Company to complete the required processes to issue the underlying Shares before the Meeting Record Date or the Scheme Record Date (as the case may be). For any Share Options being exercised (as the case may be) after the specified time on the Latest Options Exercise Date but before the Scheme Record Date, the Offeror and the Company may at their sole discretion issue or transfer (as the case may be) the underlying Shares to the holders so that they can be qualified for entitlements under the Scheme before the Scheme Record Date.
11. Pursuant to the terms of the Share Option Scheme, all outstanding Share Options shall lapse automatically and not be exercisable at the expiry of the period of 21 Business Days after the Effective Date.

All references to times and dates in this announcement are references to Hong Kong times and dates, unless otherwise stated.

**Warnings:**

**Shareholders, Option Holders and/or potential investors should be aware that the implementation of the Proposal will only become effective upon all the Conditions being satisfied or validly waived (as applicable in whole or in part) and thus the Scheme may or may not become effective and the Option Offer may or may not be implemented. Shareholders, Option Holders and/or potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional adviser.**

By order of the board of  
**T.C.L. Industries Holdings (H.K.) Limited**  
**LI Dongsheng**  
*Director*

By order of the board of  
**TONLY ELECTRONICS HOLDINGS**  
**LIMITED**  
**LIAO Qian**  
*Chairman*

Hong Kong, 29 January 2021

*As at the date of this joint announcement, the directors of the Offeror are:*

Mr. LI Dongsheng  
Mr. DU Yuanhua  
Ms. XIONG Yan

*As at the date of this joint announcement, the Directors are:*

*Non-executive Director*  
Mr. LIAO Qian (*Chairman*)

*Executive Directors*  
Mr. YU Guanghui  
Mr. SONG Yonghong  
Mr. REN Xuenong

*Independent non-executive Directors*

Mr. POON Chiu Kwok  
Mr. LI Qi  
Mr. LEONG Yue Wing

*The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (in relation to the information relating to the Group only) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in the joint announcement misleading.*