



TCL ELECTROINCS HOLDINGS LIMITED
TCL 電子控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01070)
(the "**Company**" and together with its subsidiaries the "**Group**")

DIVIDEND POLICY

Consolidated and confirmed on 20 December 2018
(Confirmed by the written resolution of all directors of the Company
dated 20 December 2018)

PURPOSE

1. This Dividend Policy aims to consolidate and set out the approach and principles of the Company in declaration of dividend.

FACTOR(S) TO BE CONSIDERED FOR DECLARATION OF DIVIDENDS

2. In considering whether to declare any dividend, the Board of Directors (the "**Board**") shall consider factors in all aspects whether on the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the Shareholders of the Company, including but not limited to:-
 - 2.1. the Company's actual and expected financial performance;
 - 2.2. retained earnings and distributable reserves of the Company and each of the members of the Group;
 - 2.3. the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;
 - 2.4. any restrictions on payment of dividends that may be imposed by the Group's lenders;
 - 2.5. the Group's expected working capital requirements and future expansion plans;
 - 2.6. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
 - 2.7. any other factors that the Board deem appropriate.

PRINCIPLES IN RELATION TO DECLARATION OF DIVIDENDS

3. If the Group records a profit and the Board, having considered factors of all aspects (including but not limited to those factors set out in paragraph 2), is satisfied that the declaration and distribution of dividends does not affect the Group's normal operations, and subject to compliance with any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company:
 - 3.1. the Company may declare and distribute dividends to the shareholders of the Company (the "**Shareholders**");
 - 3.2. the Company will take priority to distributing dividends in cash and shares its profits with the Shareholders, whereas the target payout ratio of dividends distributed is expected to be in the range of 30%–50% of the Group's net profit for the current year, and the remaining profit will be used for the business development and operation of the Group;

- 3.3. yet, any such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board.
4. Subject to the Articles of Association of the Company and all laws and regulations applicable to the Company,
 - 4.1. the Company in general meeting may declare final dividends in any currency but no dividends shall exceed the amount recommended by the Board;
 - 4.2. the Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company.
5. This Dividend Policy and the declaration and/or payment of dividends under this Dividend Policy are subject to the Board's continuing determination that this Dividend Policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders, and are in compliance with all laws and regulations applicable to the Group.
6. The Board endeavours to maintain a balance between meeting Shareholders' expectations and prudent capital management with a sustainable dividend policy.
7. The Board will continually review this Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel this Dividend Policy at any time, and this Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.