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TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(the “Company”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

CONTINUING CONNECTED TRANSACTION STRATEGIC COOPERATION (2014) FRAMEWORK AGREEMENT

Reference is made to the Announcement in relation to, amongst others, the entering into of the Strategic Cooperation Framework Agreement, pursuant to which the parties agreed to (i) consolidate the transactions previously contemplated under the joint design centre and expertise agreement entered into between Shenzhen R&D Centre and TCL Research Institute on 26 October 2011 and the know-how development agreement entered into between Shenzhen R&D Centre and TCL Research America on 26 October 2011; and (ii) establish a uniform system setting out the principal provisions for future implementation of certain projects as set out in the Announcement. The Strategic Cooperation Framework Agreement expired on 31 December 2013. In view of the rapid technological development, the Board is pleased to announce that on 24 February 2014, the Company has entered into the Strategic Cooperation (2014) Framework Agreement with TCL Corporation pursuant to which comprehensive and extensive R&D Service will be provided by TCL Corporation Group to the Group. The Strategic Cooperation (2014) Framework Agreement sets out the principal provisions for future cooperation in technological development, the implementation of which will be governed by further Cooperation Agreements in greater details, if applicable.

TCL Corporation Group, being a major conglomerate in the PRC that designs, develops, manufactures and markets a wide range of electronic, audio-visual products, telecommunications, information technology and electrical products, has its centralised research and development centre as well as its technological management department to conduct forward-looking technology research, aiming to develop industries convergence technology, technology management platform with specified task to develop more new and advanced products for its members. Of the expertise possessed by TCL Corporation Group, most of them are either familiar with or specialised in consumer electronic products. In order to enhance the competitiveness of the Group's high-end TV products, such as smart TVs, integrated TVs, 3D TVs and high-definition TVs equipped with various popular software, the Board considers that it is very important for the Group to leverage on the research and development capability and capacity of TCL Corporation Group.

Although the Group has its own research and development department focusing on improvement of the Group's TV products, it is considered that the resources currently employed by the Group alone may not be sufficient to bring the Group's business to an advanced level and the Group has to rely on TCL Corporation Group's resources to conduct forward-looking technology research and develop industries convergence technology. With this in mind, TCL Corporation Group has established the Committee of Technology & Intellectual Property Rights which is responsible for coordinating technology development resources and planning strategic projects of its members. The composition of this committee includes (i) experts in engineering technology; (ii) professionals with rich experience in technological research; and (iii) the Group's research and development supervisors who fully understand the technological needs of the Group. In the circumstances, with the objective of further enhancing the cooperation and management efficiency between the Company and TCL Corporation in future, the Company considers that (i) it would be beneficial and cost effective to the Group to establish a long term strategic cooperation relationship with TCL Corporation; and (ii) the Group will be able to enjoy the benefits brought by the expertise and experience of TCL Corporation Group in technological development, particularly in the technological areas which may bring innovative ideas in developing high-end TV products.

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 61.19% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. As a result, the entering into of the Strategic Cooperation (2014) Framework Agreement constitutes a continuing connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios with reference to the Annual Caps of the service fees for the R&D Service exceed 0.1% but are less than 5%, such continuing connected transaction contemplated under the Strategic Cooperation (2014) Framework Agreement is a non-exempt continuing connected transaction of the Company and is subject to reporting, annual review and announcement requirements, but is exempted from independent shareholders' approval required under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to, amongst others, the entering into of the Strategic Cooperation Framework Agreement, pursuant to which the parties agreed to (i) consolidate the transactions previously contemplated under the joint design centre and expertise agreement entered into between Shenzhen R&D Centre and TCL Research Institute on 26 October 2011 and the know-how development agreement entered into between Shenzhen R&D Centre and TCL Research America on 26 October 2011; and (ii) establish an uniform system setting out the principal provisions for future implementation of certain projects as set out in the Announcement. The Strategic Cooperation Framework Agreement expired on 31 December 2013. In view of the rapid technological development, the Board is pleased to announce that on 24 February 2014, the Company has entered into the Strategic Cooperation (2014) Framework Agreement with TCL Corporation pursuant to which comprehensive and extensive R&D Service will be provided by TCL Corporation Group to the Group. The Strategic Cooperation (2014) Framework Agreement sets out the principal provisions for future cooperation in technological development, the implementation of which will be governed by further Cooperation Agreements in greater details, if applicable.

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STRATEGIC COOPERATION (2014) FRAMEWORK AGREEMENT

- Date:** 24 February 2014
- Parties:**
- (1) the Company (for itself and on behalf of its Subsidiaries); and
 - (2) TCL Corporation (for itself and on behalf of its Subsidiaries).
- Duration:** Unless being terminated by either of the parties, the Strategic Cooperation (2014) Framework Agreement is effective from 24 February 2014 to 31 December 2015.

The cooperation:

Scope of services:

The Strategic Cooperation (2014) Framework Agreement covers the following aspects of research and development:

- (i) the joint laboratory project (the “Joint Laboratory Project”) (聯合實驗室項目):
 - i. the completion, by Smart TV Joint Design Centre, of the introduction of the productisation of smart TV products as planned in 2013; and
 - ii. the continuing research and development of differentiated innovative products for their productisation and marketing year by year; and
- (ii) the strategic mutual research and mid-to-long-term planning project (the “Strategic Mutual Research and Mid-to-Long-Term Planning Project”) (戰略共性技術研究及中長期規劃項目) which includes:
 - i. strategic projects on research and development in relation to forward-looking technology research, industries convergence technology, establishment of technology management platform and development of new products, standardization for Android-based software platform, research and productisation of TVOS, cloud computing, multi-panel interaction, module TV, digital family, new type display, and image and sound algorithm technology, etc.; and

- ii. research and development projects including the Know-how Development Project, the establishment of exchange and cooperation with high schools in USA, participation in international technology and standard committees, control of third party resources and establishment of cooperative mechanism between institutions and enterprises.

The Group is entitled to, from time to time, supervise the progress of the Strategic Mutual Research and Mid-to-Long-Term Planning Project and to review the monthly report of the progress of the Projects prepared by TCL Corporation.

Obligations of the parties:

Obligations of the Group:

The Group undertakes to pay the service fees for the R&D Service (depending on the progress and budget of the Projects) to TCL Corporation Group in the manner as set out in the paragraph headed “Service fees and payment terms” in this announcement.

Obligations of the TCL Corporation Group:

TCL Corporation Group undertakes the following responsibilities:

1. to commence and manage any sub-projects under the Strategic Mutual Research and Mid-to-Long-Term Planning Project in accordance with the strategic plans and requests of the Group which will make reference to the advice of Committee of Technology & Intellectual Property Rights;
2. to be responsible for the daily management of the Projects; and
3. to convene monthly project management meetings and report to the Committee of Technology & Intellectual Property Rights on the progress of the Projects.

Common obligations of both parties:

The parties to the Strategic Cooperation (2014) Framework Agreement undertake that they would negotiate and agree with each other as to the content, duration, progress, target and the resources allocation of the Projects to be carried out under the Strategic Cooperation (2014) Framework Agreement.

Intellectual property rights:

The intellectual property rights arising from the Projects shall be jointly owned by the Group and TCL Corporation Group, and they are entitled to use the intellectual property rights at no cost. In the event that there is revenue received from third parties for the use of the intellectual property rights concerned, the apportionment between the Group and TCL Corporation Group shall be subject to their further negotiation and agreement.

The right to file an application for or to register the intellectual property rights arising from the results of the Projects shall be dealt with in the following manner:

1. where the intellectual property right arises from a sole author's effort, the right to file an application for or to register the intellectual property rights shall belong to that party to the Strategic Cooperation (2014) Framework Agreement for which the sole author works;
2. where the intellectual property right arises from the joint development of the parties, the right to file an application for or to register the intellectual property rights shall belong to that party to the Strategic Cooperation (2014) Framework Agreement for which the first responsible author works; and
3. where the intellectual property rights arises from the substantial and innovative technical results brought by further development of the results of the Projects by either of the parties, the right to file an application for or to register the intellectual property rights shall belong to the party commissioning the research and development.

Service fees and payment terms:

The service fees for the R&D Service shall be negotiated and agreed by the parties based on normal commercial terms after arm's length negotiations and with reference to the prevailing market fees for comparable services. Where no comparable reference terms are available, the terms (including fees and payment terms) shall be no less favourable than (i) those proposed by independent third parties to the Group and/or (ii) those given by the TCL Corporation Group to independent third parties.

The parties to the Strategic Cooperation (2014) Framework Agreement agree that the service fees for the R&D Service shall be paid in the following manner:

1. in respect of the service fees for the Joint Laboratory Project, the Group shall pay to TCL Corporation Group such amount of sum which covers the actual expenses incurred by TCL Corporation Group in relation to: (i) the monthly salaries of the staff involved in the research and development service for the Joint Laboratory Project in accordance with the human resources units; and (ii) the reasonable expenses incurred by the Joint Laboratory Project in respect of daily operation, rent and asset investment. Details of the payment terms shall be determined after negotiation between the parties and will be set out in the Cooperation Agreements; and
2. in respect of the service fees for the Strategic Mutual Research and Mid-to-Long-Term Planning Project, the Group shall contribute to the R&D Fund at a rate of 0.15% of the revenue from principal operations of the Group for each quarter of the year. The R&D Fund contributed by the Group shall mainly be used for the purpose of the research and development under the Strategic Mutual Research and Mid-to-Long-Term Planning Project. Such contribution shall be payable quarterly and each within 15 days from the expiry of every quarter.

In determining the service fees for the Strategic Mutual Research and Mid-to-Long-Term Planning Project, the Group has taken into account the historical expenses on research and development for future products after arm's length negotiation with TCL Corporation Group. Such rate is subject to revision as shall be mutually agreed by the Group and TCL Corporation Group, with reference to the content, duration, progress, target and the resources allocation of the Projects to be carried out every year. It is considered to be a reasonable rate by the Directors (including independent non-executive Directors) in view of the R&D Service to be provided by TCL Corporation Group.

Detailed payment terms and arrangement in relation to the Projects shall be negotiated and agreed by the parties to the Cooperation Agreements in accordance with the requirements of the Projects.

The Group intends to satisfy the service fees for the R&D Service by its internal resources.

Historical figures

The following table sets out the respective actual amounts of the continuing connected transactions under the Strategic Cooperation Framework Agreement and the respective original annual caps for the period ended 31 December 2012 and the year ended 31 December 2013:

	For the period ended 31 December 2012 (audited) <i>HK\$'000</i>	For the year ended 31 December 2013 (unaudited) <i>HK\$'000</i>
Strategic Cooperation Framework Agreement		
1. Joint Design Centre Project		
Actual	–	20,677
Original annual caps	8,373	37,026
2. Strategic Mutual Research and Mid-to-Long-Term Planning Project		
Actual	34,497	53,504
Original annual caps	41,813	72,217

PROPOSED ANNUAL CAPS OF THE STRATEGIC COOPERATION (2014) FRAMEWORK AGREEMENT

The following table sets out the proposed Annual Caps of the continuing connected transactions under the Strategic Cooperation (2014) Framework Agreement:

Strategic Cooperation Framework (2014) Agreement	For the year ending 31 December 2014 <i>HK\$'000</i>	For the year ending 31 December 2015 <i>HK\$'000</i>
1. Joint Laboratory Project	22,525	27,608
2. Strategic Mutual Research and Mid-to-Long-Term Planning Project	74,200	82,824
Total:	96,725	110,432

REASONS FOR THE PROPOSED ANNUAL CAPS

The proposed Annual Caps are determined based on (i) the scheduled progress and budget of the research and development of the Group; (ii) the expected sales volume of smart TVs in the coming two years; (iii) the rising purchasing power of the targeted customers; and (iv) the amount of general research and development expenses in the past.

The Board is of the view that the proposed Annual Caps are in line with the estimated development of the business of the Group, and are determined based on the principles of fairness and reasonableness.

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION (2014) FRAMEWORK AGREEMENT

The Group has always been keen on research and development of new products, and as smart TVs will inevitably be the key driving force for TV industry in future, the Group intends to further strengthen its effort in various aspects of the research and development. For further strengthening of the effort in the exploration and development of new technology, the Company enters into the Strategic Cooperation (2014) Framework Agreement which provides a system for the Group's research and development arrangement. The entering into of the Strategic Cooperation (2014) Framework Agreement will strengthen the Group's research and development capabilities to launch new products and to develop cutting-edge technology. The Group expects that the results of the Projects will help enhance the Group's (i) smart TV technology which may bring innovative ideas in developing high-end TV products; and (ii) other technologies including but not limited to multi-display interaction, distance detector and basic software platform which are applicable to smart TV products and

other products of the Group as well. If the Company was to develop these technologies on its own, a huge amount of set-up cost and maintenance fee would be incurred. The Company considers that it would be more cost effective to establish a long term strategic cooperation relationship with TCL Corporation so that the Group can enjoy the benefits brought by the expertise, experience and resources of TCL Corporation Group in technological development.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 61.19% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. Therefore, the entering into of the Strategic Cooperation (2014) Framework Agreement constitutes a continuing connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios with reference to the proposed Annual Caps of the service fees for the R&D service exceed 0.1% but are less than 5%, such continuing connected transaction contemplated under the Strategic Cooperation (2014) Framework Agreement is a non-exempt continuing connected transaction of the Company and is subject to reporting, annual review and announcement requirements, but is exempted from independent shareholders' approval under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Strategic Cooperation (2014) Framework Agreement is entered into in the ordinary and usual course of business of the Group, and the Strategic Cooperation (2014) Framework Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms thereunder together with the Annual Caps in respect thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Li Dongsheng, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Bo Lianming, Mr. Huang Xubin and Mr. Shi Wanwen, directors of the Company, have interests in TCL Corporation. Of such interest in TCL Corporation, Mr. Li Dongsheng is interested in 511,570,300 shares, Mr. Hao Yi is interested in 201,600 shares (held by his spouse), Mr. Yan Xiaolin is interested in 793,000 shares and options to subscribe for 3,189,560 shares, Mr. Bo Lianming is interested in 2,663,175 shares and options to subscribe for 4,122,840 shares, Mr. Huang Xubin is interested in 1,933,360 shares and options to subscribe for 2,900,040 shares, and Mr. Shi Wanwen is interested in 5,799,518 shares and options to subscribe for 3,561,480 shares. The share interest held by Mr. Li Dongsheng, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Bo Lianming, Mr. Huang Xubin and Mr. Shi Wanwen represent approximately 5.994%, 0.002%, 0.009%, 0.03%, 0.02% and 0.07% of its registered share capital of TCL Corporation respectively. Notwithstanding their respective interest in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Strategic Cooperation (2014) Framework Agreement, therefore all Directors are entitled to vote pursuant to the Company's articles of association.

GENERAL INFORMATION OF THE PARTIES

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. The Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally. For more information on the Group, please visit its official website at <http://multimedia.tcl.com> (the information that appears in this website does not form part of this announcement).

TCL Corporation and its Subsidiaries (including the Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, audio-visual products, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit its official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

DEFINITIONS

“Announcement”	the announcement of the Company dated 28 November 2012 in relation to, among others, the entering into of the Strategic Cooperation Framework Agreement between the Company and TCL Corporation on 27 November 2012
“Annual Caps”	the annual caps of the service fees of the R&D Service for the two years ending 31 December 2015
“Board”	the board of Directors
“Committee of Technology & Intellectual Property Rights”	the committee of technology and intellectual property rights (集團技術與知識產權委員會) which is established by TCL Corporation Group
“Company”	TCL Multimedia Technology 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
“Cooperation Agreements”	the cooperation agreements to be entered into between the Group and TCL Corporation Group from time to time in respect of the Projects

“Director(s)”	the director(s) of the Company
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Know-how Development Project”	the research projects to be performed by TCL Research America pursuant to Shenzhen R&D Centre’s request from time to time in respect of the research and development of digital TV projects, its research tasks include but not limited to (i) confirming the feasibility of product concepts, (ii) developing electrical circuits, (iii) developing software, (iv) confirming the functions and specifications of the products and (v) project management
“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 PRC and Taiwan for the purposes of this announcement
“Projects”	the Joint Laboratory Project and the Strategic Mutual Research and Mid-to-Long-Term Planning Project
“R&D Fund”	the research and development fund to be contributed by the Group to TCL Corporation Group which shall be mainly used for the purpose of the Strategic Mutual Research and Mid-to-Long Term Planning Project
“R&D Service”	the research and development service, to be provided by TCL Corporation Group to the Group in relation to the Projects in a number of technological areas which may bring innovative ideas in developing high-end TV products
“Shareholder(s)”	holder(s) of share(s) of the Company

“Shenzhen R&D Centre”	Shenzhen TCL New Technology Co., Ltd (深圳TCL新技術有限公司), a company established in the PRC and an indirect wholly-owned Subsidiary of the Company
“Smart TV Joint Design Centre”	TCL Smart TV Joint Design Centre (TCL智能電視聯合設計中心), a centre set up by Shenzhen R&D Centre and is specialised in research and development and promotion of smart TV products
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Framework Agreement”	the long term strategic cooperation framework agreement (長期戰略合作框架協議) entered into between the Company and TCL Corporation dated 27 November 2012
“Strategic Cooperation (2014) Framework Agreement”	the long term strategic cooperation (2014) framework agreement (長期戰略合作(二零一四年)框架協議) entered into between the Company and TCL Corporation dated 24 February 2014
“Subsidiary”/“Subsidiaries”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder of the Company, the shares of which are listed on Shenzhen Stock Exchange (Stock Code: 000100)
“TCL Corporation Group”	TCL Corporation and its Subsidiaries and any entity that may become Subsidiary of TCL Corporation from time to time during the term of the Strategic Cooperation (2014) Framework Agreement but does not include the Group for the purpose of this announcement
“TCL Research America”	TCL Research America Inc. (formerly known as TCL Lab (US) Inc.), a company established in USA which is an indirect wholly-owned Subsidiary of TCL Corporation

“TCL Research Institute” Shenzhen TCL Advanced Technology Development Co., Ltd (深圳市TCL高新技術開發有限公司), a company established in the PRC and a wholly-owned Subsidiary of TCL Corporation

“USA” the United States of America

On behalf of the Board

LI Dongsheng

Chairman

Hong Kong, 24 February 2014

As at the date of this announcement, the Board comprises LI Dongsheng, HAO Yi and YAN Xiaolin as executive directors, Albert Thomas DA ROSA, Junior, BO Lianming, HUANG Xubin and SHI Wanwen as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.