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**TCL MULTIMEDIA
TECHNOLOGY HOLDINGS LIMITED**

TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands

with limited liability)

(Stock Code: 01070)



**TCL COMMUNICATION
TECHNOLOGY HOLDINGS LIMITED**

TCL通訊科技控股有限公司

(Incorporated in the Cayman Islands

with limited liability)

(Stock Code: 02618)

CONNECTED TRANSACTION – FORMATION OF JOINT VENTURE COMPANY

JOINT VENTURE AGREEMENT

TCT Board and TCLM Board saw the potential in developing the business of smart home products and services. To cater for long term strategic business planning of TCT Group and TCLM Group in developing such businesses, the TCT Board and TCLM Board are pleased to announce that on 11 November 2014, TCT (through Prosper Fortune), TCLM (through Sino Leader), TCL Corporation (through Crown Capital) and the Joint Venture Company entered into the Joint Venture Agreement in respect of the Joint Venture Company to jointly develop the Relevant Business, namely the provision of (i) the smart home appliances and integrated systems to end users, (ii) the smart home related applications and services to end users, (iii) the advertisement and consultancy services to smart appliance manufacturers, and (iv) the total solution of smart appliances and services provided to smart communities and smart cities.

Pursuant to the Joint Venture Agreement, Prosper Fortune, Sino Leader and Crown Capital agreed to inject capital into the Joint Venture Company. The initial capital required by the Joint Venture Company to develop the Relevant Business is expected to be RMB30,000,000 which will be satisfied by way of initial subscription of shares in the Joint Venture Company by the Initial Shareholders in the Relevant Proportion pursuant to the Joint Venture Agreement. As the business develops, it is expected that the Joint Venture Company would require further funding in the sum of RMB60,000,000 which will be provided by the Initial Shareholders in the Relevant Proportion by way of further subscription of shares in the Joint Venture Company and/or shareholders' loan.

LISTING RULES IMPLICATIONS

TCL Corporation is the ultimate controlling shareholder of TCT and TCLM; and Prosper Fortune, Sino Leader and Crown Capital are wholly-owned Subsidiaries of TCT, TCLM and TCL Corporation respectively. Since both Prosper Fortune and Sino Leader are associates of TCL Corporation, Prosper Fortune and Sino Leader as well as Crown Capital are connected persons of TCT and TCLM (as the case may be). The entering into of the Joint Venture Agreement therefore constitutes a connected transaction for each of TCT and TCLM under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios are more than 0.1% but less than 5% for each of TCT and TCLM, the Joint Venture Agreement is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

TCT Board and TCLM Board saw the potential in developing the business of smart home products and services. To cater for long term strategic business planning of TCT Group and TCLM Group in developing such business, the TCT Board and TCLM Board are pleased to announce that on 11 November 2014, Prosper Fortune, Sino Leader, Crown Capital and the Joint Venture Company entered into the Joint Venture Agreement in respect of the Joint Venture Company to jointly develop the Relevant Business, namely the provision of (i) the smart home appliances and integrated systems to end users, (ii) the smart home related applications and services to end users, (iii) the advertisement and consultancy services to smart appliance manufacturers, and (iv) the total solution of smart appliances and services provided to smart communities and smart cities.

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JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are set out below:–

Date: 11 November 2014

Parties:

- (1) Prosper Fortune;
- (2) Sino Leader;
- (3) Crown Capital; and
- (4) Joint Venture Company

Shareholding in the Joint Venture Company: Under the Joint Venture Agreement, the Initial Shareholders will inject a total initial capital contribution of RMB30,000,000 (which is equivalent to approximately HK\$37,800,000) (the “**Initial Capital Contribution**”) into the Joint Venture Company, after which the shareholding in the Joint Venture Company would be as follows:–

Initial Shareholders	Amount of Contribution (RMB)	Shareholding (%)
Prosper Fortune	12,000,000	40%
Sino Leader	9,000,000	30%
Crown Capital	9,000,000	30%
Total	<u>30,000,000</u>	<u>100%</u>

Payment Schedule

Each of the Initial Shareholders’ contribution to the Initial Capital Contribution shall be paid by cash within 14 business days after receiving a payment advice from the Joint Venture Company.

Further Financing Commitment:

Apart from Initial Capital Contribution, under the Joint Venture Agreement, the Initial Shareholders shall inject the Further Financing Commitment in the sum of RMB60,000,000 into the Joint Venture Company in the Relevant Proportion upon request by the board of directors of the Joint Venture Company.

Within 30 days after so request by the board of directors of the Joint Venture Company in writing, the Initial Shareholders shall inject the whole, or such part of, the Further Financing Commitments as stipulated in the written request of the board of directors of the Joint Venture Company, in Relevant Proportion by way of:-

1. further subscription for new shares of the Joint Venture Company in Relevant Proportion; and/or
2. advancing shareholders' loan in Relevant Proportion.

The Further Financing Commitments by the Initial Shareholders are capped at RMB60,000,000 unless otherwise agreed in writing by the parties to the Joint Venture Agreement. Accordingly, the maximum capital investment of TCT and TCLM amount to RMB24,000,000 and RMB18,000,000 respectively.

Basis of Total Investment:

The proportion of interest holdings held by each of the parties to the Joint Venture Agreement is determined in accordance with their respective contribution to the capital requirement of the Joint Venture Company. The consideration was arrived at after arm's length negotiations between the parties on normal commercial terms after taking into account the potential capital need of the Joint Venture Company, including but not limited to the expected costs involved in conducting the Relevant Business and its future prospects.

Scope of Business:

The business of the Joint Venture Company and its subsidiaries shall focus on research and development, manufacture and sale of smart home products and the provision of smart home related services to both end customers and manufacturers of home electrical appliances and such other related services as the board of directors of the Joint Venture Company may from time to time resolves.

Board Composition:

The board of directors of the Joint Venture Company shall at any time consist of a maximum of three (3) directors. According to the proportion of shareholding of the Initial Shareholders after the Initial Capital Contribution, each of them would be entitled to appoint one (1) director of the Joint Venture Company respectively.

Transfer of Equity Interest: Each shareholder of the Joint Venture Company may transfer all or part of its equity interest to a person other than shareholders of the Joint Venture Company after obtaining the consent from other shareholder(s) of the Joint Venture Company.

REASONS AND BENEFITS OF THE JOINT VENTURE AGREEMENT

TCT Group, TCLM Group and TCL Corporation Group have identified the huge potential in the Relevant Business and wish to exploit the huge business potential of conducting the Relevant Business. Accordingly, they have agreed to set up the Joint Venture Company and the capital injected will be utilized by the WFOE to conduct the Relevant Business. Through the Joint Venture Company, it is expected that the huge business opportunities in the market of smart home products and related service could be exploited and developed. The TCT Board and the TCLM Board (as the case may be) consider the joint development of the Relevant Business is a good business diversification for both TCT and TCLM which could broaden their income and capital bases.

Given the strong financial background and resources of TCL Corporation Group and its status as a giant and leading conglomerate in a wide range of electronic technological products in the PRC, the TCT Board and TCLM Board are of the view that the participation of TCL Corporation Group in the Joint Venture Company could allow the Joint Venture Company to draw in the technological expertise of, and gain financial support from, TCL Corporation Group, which would enhance the success prospects of the Joint Venture Company and the development of the Relevant Business.

The TCT Directors and TCLM Directors (including their respective independent non-executive directors) consider that the Joint Venture Agreement is concluded after arm's length negotiations and reflects normal commercial terms and that the terms are fair and reasonable and are in the interests of TCT and TCLM (as the case may be) and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

TCL Corporation is the ultimate controlling shareholder of TCT and TCLM; and Prosper Fortune, Sino Leader and Crown Capital are wholly-owned Subsidiaries of that of TCT, TCLM and TCL Corporation respectively. Since both Prosper Fortune and Sino Leader are associates of TCL Corporation, Prosper Fortune and Sino Leader as well as Crown Capital are connected persons of TCT and TCLM (as the case may be). The entering into of the Joint Venture Agreement therefore constitutes a connected transaction for each of TCT and TCLM under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios are more than 0.1% but less than 5% for each of TCT and TCLM, the Joint Venture Agreement is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The provision of consultancy service to members of the TCL Corporation Group (including TCT Group and TCLM Group) may constitute continuing connected transactions for each of TCT and TCLM. Separate agreement will be entered into regarding the provision of the consultancy service before such services are provided. TCT and TCLM (as the case may be) will make a further announcement in due course as and when appropriate.

Mr. LI Dongsheng, Mr. YAN Xiaolin and Mr. HUANG Xubin, acting as both TCT Directors and TCLM Directors, are interested in the Joint Venture Agreement and the transactions contemplated thereunder. As at the date of this announcement, their shareholding percentages (including share options and awarded shares) ranges from (i) approximately 0.03% to approximately 4.23% in TCT; and (ii) approximately 0.05% to approximately 3.53% in TCLM respectively.

According to the Articles of Association of TCT and TCLM respectively, notwithstanding the aforementioned persons' respective interests in each of TCT and TCLM, none of them is considered as having a material interest in the transaction contemplated under the Joint Venture Agreement and is required to abstain from voting on the TCT Board and TCLM Board resolutions of TCT and TCLM respectively to approve the Joint Venture Agreement and the transactions contemplated thereunder.

GENERAL

TCT Group designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands "TCL" and "ALCATEL ONE TOUCH". TCT Group's portfolio of products is currently sold in the PRC and over 160 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific. TCT Group operates its highly efficient manufacturing plants and research and development centres in various provinces of the PRC with its headquarters in Shenzhen, the PRC. For more information, please visit TCT Group's official website at <http://tclcom.tcl.com> (the information that appears in this website does not form part of this announcement).

TCLM Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. TCLM Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally. For more information on TCLM 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 Group (including TCT Group and TCLM Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit TCL Corporation's official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

The Joint Venture Company is a company incorporated in Hong Kong with limited liability. The Joint Venture Company will principally be engaged in the Relevant Business.

DEFINITION

“Crown Capital”	Crown Capital Enterprises Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, an indirect wholly-owned Subsidiary of TCL Corporation
“Further Financing Commitment”	the further financing commitment which Prosper Fortune, Sino Leader and Crown Capital have agreed to inject into the Joint Venture Company upon written request by the board of directors of the Joint Venture Company in the Relevant Proportion
“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
“Initial Capital Contribution”	has the meaning ascribed to it in the paragraph “Shareholding in the Joint Venture Company” in the section headed “Joint Venture Agreement”
“Initial Shareholders”	Prosper Fortune, Sino Leader and Crown Capital
“Joint Venture Agreement”	the joint venture agreement entered into between Prosper Fortune, Sino Leader, Crown Capital and the Joint Venture Company dated 11 November 2014
“Joint Venture Company”	a shelf corporate vehicle incorporated in Hong Kong with limited liability, being the joint venture company to be held by the Initial Shareholders under the Joint Venture Agreement, and subject to the approval of Registrar of Companies, will be named as TCL Smart Home Technologies Co., Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, for the purposes of this announcement
“Relevant Business”	the provision of (i) the smart home appliances and integrated systems to end users, (ii) the smart home related applications and services to end users, (iii) the advertisement and consultancy services to smart appliance manufacturers, and (iv) the total solution of smart appliances and services provided to smart communities and smart cities

“Relevant Proportion”	the ratio between the number of shares in the Joint Venture Company respectively owned by the shareholders of the Joint Venture Company from time to time
“Prosper Fortune”	Prosper Fortune Enterprises Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, a wholly-owned Subsidiary of TCT
“RMB”	Renminbi, the lawful currency of the PRC
“Sino Leader”	Sino Leader (Hong Kong) Limited, a company incorporated under the laws of the Hong Kong with limited liability, a wholly-owned Subsidiary of TCLM
“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
“TCLM”	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)
“TCLM Board”	the board of TCLM Directors
“TCLM Director(s)”	the director(s) of TCLM
“TCLM Group”	TCLM and its Subsidiaries
“TCT”	TCL Communication 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: 02618)
“TCT Board”	the board of TCT Directors
“TCT Director(s)”	the director(s) of TCT
“TCT Group”	TCT and its Subsidiaries

“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 shares of which are listed on Shenzhen Stock Exchange (stock code: 000100)
“TCL Corporation Group”	TCL Corporation and its subsidiaries, and for the purpose of this announcement, excluding TCT Group and TCLM Group
“WFOE”	a wholly foreign owned enterprise to be established in the PRC with limited liability and will be a wholly owned subsidiary of the Joint Venture Company and it is an operating company to conduct the Relevant Business
“%”	per cent

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.26 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

On behalf of the Board
TCL Multimedia
Technology Holdings Limited
LI Dongsheng
Chairman

On behalf of the Board
TCL Communication
Technology Holdings Limited
LI Dongsheng
Chairman

Hong Kong, 11 November 2014

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

As at the date of this announcement, the board of directors of TCL Communication Technology Holdings Limited comprises Mr. LI Dongsheng, Mr. GUO Aiping and Mr. WANG Jiyang, being the executive Directors; Mr. HUANG Xubin, Mr. YAN Xiaolin and Ms. XU Fang, being the non-executive Directors; Mr. LAU Siu Ki, Mr. LOOK Andrew and Mr. KWOK Hoi Sing, being the independent non-executive Directors.