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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**

#### **REVISION OF ANNUAL CAPS UNDER THE MASTER LEASE AND VEHICLE (LESSOR) (2014 RENEWAL) AGREEMENT**

##### **INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the entering into of the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement, which commenced on 1 January 2015 and will expire on 31 December 2017. Due to the operational needs of the Group, it is expected that the Group will rent out additional premises to TCL Corporation Group, hence the original annual caps contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement will be insufficient. The Board proposes to revise the annual caps for the three years ending 31 December 2017 under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement.

##### **LISTING RULES IMPLICATIONS**

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 63.36 % of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. As the lessees of the individual tenancy agreements entered into/to be entered into pursuant to the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement are either TCL Corporation itself or its Subsidiaries and hence its associates, they are connected persons of the Company under the Listing Rules. Therefore, the transactions contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement constitute continuing connected transactions of the Company. Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the revised annual caps of the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are exempted from independent shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

## **BACKGROUND**

Reference is made to the Announcement in relation to, among other things, the entering into of the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement. Due to the operational needs of the Group, it is expected that the Group will rent out additional premises to TCL Corporation Group, hence the original annual caps contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement will be insufficient. The Board proposes to revise the annual caps for the three years ending 31 December 2017 under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement. The details of the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement have already been set out in the Announcement, the same are set out below again for Shareholders' easy reference.

## **THE MASTER LEASE AND VEHICLE (LESSOR) (2014 RENEWAL) AGREEMENT**

On 11 November 2014, the Company (for itself and on behalf of its Subsidiaries) entered into the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement, details of which are set out hereinbelow.

Date:	11 November 2014
Parties:	(i) the Company – lessor (for itself and on behalf of its Subsidiaries)  (ii) TCL Corporation – lessee (for itself and on behalf of its Subsidiaries)
Duration:	Three years from 1 January 2015 to 31 December 2017
Pricing policy and price determination:	The rental and/or management fee and maintenance fee shall be determined with reference to the prevailing market rate which shall be no less than the rental payable by an independent third party to the Group for comparable tenancies.

In addition to the rental, unless otherwise agreed, the Group shall pay all the (i) taxes, (ii) management fees, (iii) other charges payable to the central and local government of the PRC or the government of Hong Kong and (iv) the routine repair and maintenance fees.

To ensure the rental receivables by the Company are on normal commercial terms, the Group shall first obtain certain market data for rental receivables from independent third parties for comparable tenancies and make comparisons before entering into the individual tenancy agreements pursuant to the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement.

Lease period:

The expiry date of each of the tenancy agreements contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement shall not be later than 31 December 2017.

## HISTORICAL FIGURES

Set out below are the actual amounts of the transactions contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement for the two years ended 31 December 2014 and the two months ended 28 February 2015, and the respective annual caps for the three years ending 31 December 2015:

		For the	For the	For the two
		year ended	year ended	months ended
Continuing		31 December	31 December	28 February
Connected		2013	2014	2015 (unaudited)
Transaction		(audited)	(audited)	(for actual
		HK\$'000	HK\$'000	amount only)/
				for the
				year ending
				31 December
				2015 (for
				original annual
				cap only)
				HK\$'000
Master Lease and	Actual	2,200	2,524	2,111
Vehicle (Lessor)				
(2014 Renewal)	Original annual caps	112,204	120,948	3,192
Agreement (Note)				

Note: Formerly named as Master Lease, Production Line and Vehicle (Lessor) Agreement

## PROPOSED REVISION OF ANNUAL CAPS

Due to the operational needs of the Group, it is expected that the Group will rent out additional premises to TCL Corporation Group, the Board expects that the original annual caps contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement as disclosed in the Announcement will not be sufficient for the expected amount of rental and/or management fee and maintenance fee to be received by the Group for the three years ending 31 December 2017. The Board therefore proposes the original annual caps under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement to be revised as follows:

<b>Continuing Connected Transaction</b>		<b>For the year ending 31 December 2015 <i>HK\$'000</i></b>	<b>For the year ending 31 December 2016 <i>HK\$'000</i></b>	<b>For the year ending 31 December 2017 <i>HK\$'000</i></b>
<b>Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement</b>	Original annual caps	3,192	3,372	3,584
	Revised annual caps	30,536	33,427	35,204

## REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

The Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement was entered on 11 November 2014. After further and more in-depth communication with the relevant departments, the Board considered that the original annual caps for the three years ending 31 December 2017 would no longer be able to cater for the operational needs of the Group due to the following reasons: (i) certain individual tenancy agreements regarding renting out of certain premises of the Group to TCL Corporation Group were not taken into account in the proposed annual caps when the Maser Lease and Vehicle (Lessor) (2014 Renewal) Agreement was entered into on 11 November 2014; (ii) certain premises currently utilized by the Group would be rented out to a Subsidiary of TCL Corporation in April 2015; and (iii) further to the optimization of the supply chain management of the Group, certain of its original design manufacturing factories and warehouses would be available to be leased out to a Subsidiary of TCL Corporation in the second quarter of 2015. In view of the above, the Board therefore proposed the annual caps be revised.

The Directors (including the independent non-executive Directors) are of the view that insofar as the rental services to be provided by the Company as lessor and the TCL Corporation as lessee are concerned, the original annual caps under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement as previously disclosed should be further increased to a more realistic level in order to cater for the changing operational needs of the Group.

The Directors (including the independent non-executive Directors) consider that the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement and the revised annual caps thereof are in the ordinary and usual course of business of the Company, on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Huang Xubin and Mr. Shi Wanwen, all being directors of the Company, have interests in TCL Corporation. Of such interest in TCL Corporation, Mr. Li Dongsheng is interested in 1,047,173,209 shares (of which 408,899,521 shares are held by his controlled corporation), Mr. Bo Lianming is interested in 1,997,381 shares and options to subscribe for 2,061,420 shares, Mr. Hao Yi is interested in 100,000 shares (held by his spouse), Mr. Yan Xiaolin is interested in 793,000 shares and options to subscribe for 1,522,400 shares, Mr. Huang Xubin is interested in 1,933,360 shares and options to subscribe for 1,450,020 shares and Mr. Shi Wanwen is interested in 5,799,518 shares and options to subscribe for 1,780,740 shares. The share interest held by Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Huang Xubin and Mr. Shi Wanwen represent approximately 8.58%, 0.02%, 0.0008%, 0.006%, 0.02% and 0.05% of its registered share capital of TCL Corporation respectively.

Notwithstanding their respective interests in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement, therefore pursuant to the Company's articles of association, all Directors are entitled to vote in relation to the revision of the annual caps under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement.

## **LISTING RULES IMPLICATIONS**

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 63.36% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. As the lessees of the individual tenancy agreements entered into/to be entered into pursuant to the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement are either TCL Corporation itself or its Subsidiaries and hence its associates, they are connected persons of the Company under the Listing Rules. Therefore, the transactions contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement constitute continuing connected transactions of the Company. Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the respective revised annual caps of the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are exempted from independent shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

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 TCL Corporation's official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

## **DEFINITIONS**

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

“Announcement”	the announcement of the Company dated 11 November 2014 relating to renewal of and/or revising of various existing continuing connected transactions
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“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”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Master Lease, Production Line and Vehicle (Lessor) Agreement”	the master lease, production line and vehicle (lessor) agreement entered into between the Company as lessor and TCL Corporation as lessee on 26 October 2011
“Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement”	the master lease and vehicle (lessor) agreement entered into between the Company as lessor and TCL Corporation as lessee on 11 November 2014
“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
“Shareholders”	holders of share(s) of the Company
“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
“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 the TCL Corporation from time to time during the term of the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement but does not include the Group for the purpose of this announcement

By order of the Board  
**LI Dongsheng**  
*Chairman*

Hong Kong, 23 April 2015

*As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, HAO Yi and YAN Xiaolin as executive directors, Albert Thomas DA ROSA, Junior, 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.*