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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)

LICENCE AGREEMENT (HONG KONG SCIENCE PARK)

The Board is pleased to announce that on 1 November 2016, the Company entered into the Licence Agreement (Hong Kong Science Park) with TCL Corporate Research, pursuant to which TCL Corporate Research grants an licence to the Company to use the Premises.

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.14% of the issued share capital of the Company. TCL Corporate Research, being an indirect wholly owned Subsidiary of TCL Corporation, is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Licence Agreement (Hong Kong Science Park) constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios (other than profits ratio) with reference to the aggregated figure of the proposed Annual Caps and the Annual Caps (Master Lease) exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated thereunder if aggregate are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempt from circular (including independent financial advice) and Shareholders' approval requirements.

INTRODUCTION

The Board is pleased to announce that on 1 November 2016, the Company entered into the Licence Agreement (Hong Kong Science Park) with TCL Corporate Research, pursuant to which TCL Corporate Research grants an licence to the Company to use the Premises.

LICENCE AGREEMENT (HONG KONG SCIENCE PARK)

Major terms of the Licence Agreement (Hong Kong Science Park) are set out as below:

- Date: 1 November 2016
- Parties: (i) TCL Corporate Research as the Licensor; and
(ii) the Company as the Licensee
- Licence period: 1 November 2016 to 31 December 2018 (both dates inclusive), subject to early termination.
- Licence Fee: HK\$475,926.30 per month payable in advance (inclusive of government rent, rates and service charges) without deduction on the 1st day of each and every calendar month, and the first such payment to be made on the signing of the Licence Agreement (Hong Kong Science Park) and to be apportioned according to the number of days expired in the month in respect of which such payment is due.
- Fitting Out Fees: HK\$13,026,026.06 payable by the Licensee to the Licensor as follows:
- (a) 50% thereof being part payment of the Fitting Out Fees shall be paid on 1 November 2016;
 - (b) 30% thereof being part payment of the Fitting Out Fees shall be paid on or before 1 December 2016; and
 - (c) 20% thereof being the balance of the Fitting Out Fees shall be paid on or before 1 January 2017.
- Deposit: The Licensee shall on the signing of the Licence Agreement (Hong Kong Science Park) pay to the Licensor the Deposit of HK\$1,356,934.48 to secure the due observance and performance by the Licensee of agreements, stipulations, terms and conditions under the Licence Agreement (Hong Kong Science Park) and on the Licensee's part to be observed and performed; and

- (a) The Deposit shall be retained by the Licensor throughout the licence period free of any interest to the Licensee with power for the Licensor, without prejudice to any other right or remedy under the Licence Agreement (Hong Kong Science Park) to deduct therefrom the amount of any costs, expenses, loss or damage sustained by the Licensor as the result of any non-observance or non-performance by the Licensee of any such agreements, stipulations, terms or conditions;
- (b) In the event of any deduction as aforesaid, the Licensee shall as a condition precedent to the continuation of the Licence deposit with the Licensor the amount by which the Deposit may have been reduced by virtue of the deduction as aforesaid; and if the Licensee shall fail to do so, the Licensor shall forthwith be entitled to determine the Licence Agreement (Hong Kong Science Park); and
- (c) Subject as aforesaid at the expiration or sooner determination of the Licence Agreement (Hong Kong Science Park), if the Licensee shall have paid all sums due under the Licence Agreement (Hong Kong Science Park) and if there shall be no breach of any of the terms and conditions on the part of the Licensee to be observed and performed, the Deposit shall be refunded to the Licensee by the Licensor within fourteen (14) days after the expiration or sooner determination of the Licence Agreement (Hong Kong Science Park). However, if there shall be any sums due under the Licence Agreement (Hong Kong Science Park) in arrears, the Licensor may apply the Deposit or part thereof towards payment of such arrears; and if there shall be any breach of the said terms and conditions or any of them, the Licensor shall pay or apply the Deposit or part thereof towards remedying such breach (in so far as this may be possible), and the balance of the Deposit then remaining shall be refunded to the Licensee by the Licensor within fourteen (14) days of the settlement of the last outstanding claim by the Licensor against the Licensee in respect of any breach, non-observance or non-performance of any of the said agreements, stipulations, terms and conditions and on the part of the Licensee to be observed and performed.

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| Usage: | <p>The Licensee shall not use the Premises or any part thereof for any purpose other than research and development of products, services and processes including engineering and advanced manufacturing (but not mass production) in accordance with the cluster(s) of use as stated in the application for admission into the Hong Kong Science Park submitted by TCL Corporate Research and related customer support, sales and marketing services, and for the avoidance of doubt, the use of the premises which the Building forms part must be in strict compliance with all laws and regulations and all provisions of the relevant government grant under which Hong Kong Science and Technology Parks Corporation holds such premises.</p> |
| Handover condition: | <p>The Licensee shall take the Premises on an “as is” basis.</p> |
| Right to renew: | <p>The Licensee shall have the option to renew (the “Option”) the licence granted under the Licence Agreement (Hong Kong Science Park) (i) for a further term of 3 years; or (ii) until the expiry of the term of the Lease, whichever is shorter, by entering into a new licence with the Licensor on a revised licence fee (the “Revised Licence Fee”) but otherwise on the same terms and conditions as the Licence Agreement (Hong Kong Science Park) save and except the Option, as long as the grant of the Option by the Licensor and exercisable by the Licensee would not be in breach of the Lease and any relaxation of the terms and conditions thereof by Hong Kong Science and Technology Parks Corporation from time to time.</p> <p>The Revised Licence Fee shall be determined in accordance with a formular taking into account of the gross floor area of the Premises and the aggregate amount of rent, rates, government rent and service charges payable by the Licensor to the Hong Kong Science and Technology Parks Corporation under the Lease at the date of the commencement of the new term.</p> <p>The Option shall be exercisable by the Licensee giving not less than 14 days’ written notice to the Licensor prior to the expiry of the licence period as set out above.</p> |
| Sharing of use of Premises: | <p>The Licensee shall during the licence period be entitled to share the use of the Premises or any part thereof with other company(ies) provided that the sharing of use of the Premises would not be in breach of the Lease and any relaxation of the terms and conditions thereof by Hong Kong Science and Technology Parks Corporation from time to time.</p> |

PROPOSED ANNUAL CAPS

The following table sets out the proposed Annual Caps of the Licence Fee and Fitting Out Fees under the Licence Agreement (Hong Kong Science Park) for the period from 1 November 2016 to 31 December 2016 and the two years ending 31 December 2018:

| | For the period from 1 November 2016 to 31 December 2016 | For the year ending 31 December 2017 | For the year ending 31 December 2018 |
|--|---|---|---|
| Licence Fee | HK\$951,852.60 | HK\$5,711,115.60 | HK\$5,711,115.60 |
| Fitting Out Fees | HK\$13,026,026.06 <i>Note 1</i> | HK\$2,605,205.22 <i>Note 2</i> | |
| Maximum balance of Deposit to be maintained | HK\$1,356,934.48 | HK\$1,356,934.48 | HK\$1,356,934.48 |

Notes:

- (1) This proposed Annual Cap for the Fitting Out Fees is determined on the assumption that the third instalment of the Fitting Out Fees (which is to be paid on or before 1 January 2017) would be paid on or before 31 December 2016. If the Company chooses to pay the third instalment of the Fitting Out Fees on 1 January 2017, the Fitting Out Fees to be paid for the period from 1 November 2016 to 31 December 2016 would be HK\$10,420,820.85.
- (2) This proposed Annual Cap for the Fitting Out Fees is determined on the assumption that the third instalment of the Fitting Out Fees (which is to be paid on or before 1 January 2017) would be paid on 1 January 2017 but not any time before that. If the Company chooses to pay the third instalment of the Fitting Out Fees before 1 January 2017, no Fitting Out Fees would have to be paid in the year of 2017.

DETERMINATION OF THE LICENCE FEE AND FITTING OUT FEES

The Licence Fees is determined by the Company and TCL Corporate Research after arm's length negotiations with the reference to the prevailing market rentals for comparable properties in the vicinity of the licensed premises.

The Fitting Out Fees is determined by the Company and TCL Corporate Research after arm's length negotiations with the reference to the prevailing market rates for carrying out comparable renovation works and the administration costs of the Company if the Company is to carry out the renovation work for the Premises itself.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LICENCE AGREEMENT (HONG KONG SCIENCE PARK)

The Directors (including the independent non-executive Directors) consider that the terms of the Licence Agreement (Hong Kong Science Park) and the transactions contemplated thereunder are fair and reasonable, and it is in the interest of the Company and the Shareholders as a whole to enter into the Licence Agreement (Hong Kong Science Park) and the transactions contemplated thereunder for the following reasons:

- (i) Major companies in the TCL Corporation Group will move their main offices in Hong Kong to the Building and the Company would be able to have more efficient cooperation with them by having them in close proximity;
- (ii) The more advanced facilities and technologies available for use by the Company at the Premises could facilitate more efficient operation of the Group; and
- (iii) By having TCL Corporate Research to centrally carry out the renovation work of the Building (including the Premises), total costs could be reduced through exploitation of economies of scale, and as such the total renovation cost is lower and the Fitting Out Fees, being the Company's share in the total renovation costs, would be lower than if the Company is to carry out the renovation work for the Premises itself.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.14% of the issued share capital of the Company. TCL Corporate Research, being an indirect wholly owned Subsidiary of TCL Corporation, is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Licence Agreement (Hong Kong Science Park) constitute continuing connected transactions of the Company.

On 11 November 2014, the Company entered into the Master Lease (Tenant) (2014 Renewal) Agreement with TCL Corporation pursuant to which the Group agreed to lease certain premises from TCL Corporation Group. The Annual Caps (Master Lease) for the Master Lease (Tenant) (2014 Renewal) Agreement are HK\$5,291,000 and HK\$5,928,000 for each of the years ending 31 December 2016 and 31 December 2017, respectively.

As the Master Lease (Tenant) (2014 Renewal) Agreement and the Licence Agreement (Hong Kong Science Park) are entered into with related parties (one being TCL Corporation and the other being its wholly owned Subsidiary), and the subject matter of each of the said agreements relates to the provision of use of premises by TCL Corporation Group to the Group, the transactions contemplated thereunder may constitute a series of continuing connected transactions to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios (other than profits ratio) with reference to the aggregated figure of the proposed Annual Caps and the Annual Caps (Master Lease) exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated thereunder if aggregated are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempt from circular (including independent financial advice) and Shareholders' approval requirements.

None of Directors is considered as having a material interest in the transactions contemplated under the Licence Agreement (Hong Kong Science Park). 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 Corporate Research is principally engaged in research and development into, among others, artificial intelligence, 5G technologies, internet of things, new sensors, financial technologies and new display materials and collaboration with local universities and research and development centers in Hong Kong to accelerate the commercialisation of their advanced technologies.

DEFINITIONS

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

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| “Annual Caps” | the annual caps for the transactions contemplated under the Licence Agreement (Hong Kong Science Park) |
| “Annual Caps (Master Lease)” | the annual caps for the transactions contemplated under the Master Lease (Tenant) (2014 Renewal) Agreement |
| “Board” | the board of Directors |
| “Building” | Building 22E at phase three of Hong Kong Science Park at Pak Shek Kok, New Territories, Hong Kong |

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| “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 |
| “Deposit” | the deposit contemplated under the Licence Agreement (Hong Kong Science Park) |
| “Director(s)” | the director(s) of the Company |
| “Fitting Out Fees” | the fees for fitting out the Premises |
| “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 |
| “Lease” | the lease dated 20 October 2016 made between Hong Kong Science and Technology Parks Corporation as the landlord and the TCL Corporate Research as the tenant |
| “Licence Agreement (Hong Kong Science Park)” | the licence agreement (Hong Kong Science Park) entered into between the Company and TCL Corporate Research on 1 November 2016 |
| “Licence Fee” | the licence fee contemplated under the Licence Agreement (Hong Kong Science Park) |
| “Licensee” | the Company, the licensee of the Premises under the Licence Agreement (Hong Kong Science Park) |
| “Licensor” | TCL Corporate Research, the licensor of the Premises under the Licence Agreement (Hong Kong Science Park) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Master Lease (Tenant) (2014 Renewal) Agreement” | the master lease (tenant) (2014 renewal) agreement dated 11 November 2014 entered into between the Company and TCL Corporation |

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| “PRC” | the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement |
| “Premises” | 7th floor of the Building erected on all that piece or parcel of ground registered in the Land Registry as Tai Po Town Lot No. 204 |
| “Shareholder(s)” | holder(s) of share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “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 Corporate Research” | TCL Corporate Research (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned Subsidiary of TCL Corporation |
| “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 |
| “TCL Corporation Group” | TCL Corporation and its Subsidiaries |

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 1 November 2016

As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, YAN Xiaolin and XU Fang as executive directors, Albert Thomas DA ROSA, Junior, HUANG Xubin, Winston Shao-min CHENG and Abulikemu ABULIMITI as non-executive directors, and Robert Maarten WESTERHOF, TSENG Shieng-chang Carter, SO Wai Man Raymond and WANG Yijiang as independent non-executive directors.