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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)

CONNECTED TRANSACTIONS

FACTORING CONTRACTS

INTRODUCTION

The Board is pleased to announce that on 1 and 2 November 2016, TCL Overseas Electronics entered into the Factoring Contracts with Chongqing Leshi, pursuant to which Chongqing Leshi had agreed to provide Factoring Services to TCL Overseas Electronics subject to the conditions and in accordance with the terms thereof.

Since on strict literal interpretation of the Listing Rules, Mr. Jia and Chongqing Leshi do not fall within the definition of connected persons under the Listing Rules, the Company did not regard the transactions contemplated under the Factoring Contracts as connected transactions. Therefore, no announcements were made on 1 and 2 November 2016 upon the entering into of the Factoring Contracts. However, upon routine annual review and in further consideration of Stock Exchange's power to deem any person as a connected person of the Company under Rule 14A.19 of the Listing Rules, and for the sake of prudence and enhanced transparency, the Company hereby makes this announcement as if the Factoring Contracts constitute connected transactions and opts for compliance with the requirements of connected transactions under Chapter 14A of the Listing Rules.

LISTING RULES IMPLICATIONS

Mr. Jia currently owns approximately 34.46% equity interest of Leshi Internet and hence a controlling shareholder thereof. Leshi Internet holds approximately 58.55% equity interest in Leshi Zhixin, which in turn holds 100% of the total issued shares of Letv HK; whereas Letv HK is a substantial Shareholder of the Company, which currently holds approximately 20.09% of the total issued shares of the Company. Accordingly, each of Letv HK, Leshi Zhixin and Leshi Internet is a connected person of the Company. On strict literal interpretation of the Listing Rules, Mr. Jia does not fall within the definition of connected person under the Listing Rules, but the Company acknowledges that the Stock Exchange has power to deem any person as a connected person of the Company under Rule 14A.19 of the Listing Rules. In this context, the Company considered that Mr. Jia may be deemed to be a connected person of the Company.

Chongqing Leshi is a wholly-owned subsidiary of Leshi Investment (Beijing), which is in turn wholly-owned by Leshi Holdings (Beijing). As Mr. Jia currently owns approximately 92.07% equity interest of Leshi Holdings (Beijing), an indirect 100% shareholder of Chongqing Leshi, Chongqing Leshi is an associate of Mr. Jia under the Listing Rules.

If Mr. Jia is deemed to be a connected person of the Company, Chongqing Leshi would also be a connected person of the Company by being an associate of Mr. Jia. In such case, the transactions contemplated under the Factoring Contracts would be regarded as connected transactions of the Company.

For the sake of prudence and enhanced transparency, the Company opts to comply with the requirements of connected transactions under Chapter 14A of the Listing Rules as if Mr. Jia has been deemed to be a connected person of the Company.

Since all of the applicable percentage ratios of the Factoring Contracts as aggregated are less than 5%, the deemed connected transactions contemplated thereunder are exempted from independent Shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

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Major terms of each of the Factoring Contracts are the same and are set out as below:

Date: Four Factoring Contracts dated 1 November 2016 and three Factoring Contracts dated 2 November 2016

Parties: (i) TCL Overseas Electronics; and
(ii) Chongqing Leshi

Duration: Each of the Factoring Contracts took effect from the signing date with a term of 1 year.

Assignment of Account Receivable(s): TCL Overseas Electronics may from time to time submit the application letter for finance through the assignment of Account Receivable(s) in prescribed form ("**Application Letter**") to Chongqing Leshi, requesting to assign all Account Receivable(s) to Chongqing Leshi with effect from the date of assignment (including that day).

In any event, any assignment of Account Receivable(s) shall not be interpreted as Chongqing Leshi having undertaken any duties and obligations under the Commercial Contracts. Any duties and obligations under the Commercial Contracts shall still be borne by TCL Overseas Electronics itself.

If Chongqing Leshi accepts the Account Receivable(s) assigned from TCL Overseas Electronics, Chongqing Leshi shall issue an approval in prescribed form ("**Approval**") to TCL Overseas Electronics, failing which Chongqing Leshi is deemed to have denied the assignment of Account Receivable(s) from TCL Overseas Electronics.

When TCL Overseas Electronics and Chongqing Leshi enters into a formal agreement under which Chongqing Leshi agrees to provide Factoring Services to TCL Overseas Electronics, the Account Receivable(s) and all rights therein shall be transferred to and enjoyed by Chongqing Leshi with immediate effect.

In respect of assignment of Account Receivable(s), Chongqing Leshi and TCL Overseas Electronics may decide whether to inform the Debtor or not, which shall be set out in the confirmation notice for the assignment of Account Receivable(s) in prescribed form (“**Assignment Confirmation Notice**”).

The obtaining of the Assignment Confirmation Notice is a condition precedent to Chongqing Leshi providing corresponding Factoring Services to TCL Overseas Electronics under the Factoring Contracts.

After the assignment of the Account Receivable(s) by TCL Overseas Electronics to Chongqing Leshi, the Debtor shall pay the Account Receivable(s) to the designated account of Chongqing Leshi directly in accordance with the Assignment Confirmation Notice.

It is further agreed that:

- (1) TCL Overseas Electronics shall provide assistance to Chongqing Leshi pursuant to its request in relation to collection of Account Receivable(s) by Chongqing Leshi (including but not limited to any possible litigation or arbitration); and
- (2) After the assignment, TCL Overseas Electronics shall not request the Debtor to transmit any payment under the Commercial Contract(s) into any account other than the designated account of Chongqing Leshi, or to pay TCL Overseas Electronics or any independent third party in any other manner. TCL Overseas Electronics shall ensure that any payment by the Debtor under the Commercial Contracts shall be transmitted to the designated account of Chongqing Leshi or paid to Chongqing Leshi in any other manner. If TCL Overseas Electronics receives from the Debtor any amount under the Account Receivable(s), then no matter whether such amounts have been credited into the account, such amounts shall belong to Chongqing Leshi and TCL Overseas Electronics shall only hold the same for Chongqing Leshi as its trustee.

After the receipt of Account Receivable(s) paid by the Debtor, Chongqing Leshi is entitled to deduct Factoring Fees, principals, interests and other payments due from TCL Overseas Electronics (if any).

If the Debtor pays any amount to other accounts of TCL Overseas Electronics or pays to TCL Overseas Electronics by other settlement instruments instead of paying to the designated account of Chongqing Leshi directly, Chongqing Leshi shall be entitled to stop the provision of Factoring Services, take other safeguard measures and request TCL Overseas Electronics to pay the sum to the designated account of Chongqing Leshi within the prescribed time limit (3 working days) upon TCL Overseas Electronics's receipt of the sum paid by the Debtor.

If TCL Overseas Electronics has to deduct any amount of the Account Receivable(s) assigned due to adjustment in prices or return of goods, TCL Overseas Electronics shall promptly notify Chongqing Leshi in a form satisfactory to Chongqing Leshi. If the remaining amount of Account Receivable(s) is not sufficient to cover the principal of the Factoring Finance Amount together with the interest accrued thereon, Chongqing Leshi is entitled to request TCL Overseas Electronics to repay part of the Factoring Finance Amount or to pay a surety amount in respect of the shortfall.

Factoring Services:

The Factoring Services that may be provided by Chongqing Leshi to TCL Overseas Electronics include one or more of the followings: Factoring Finance, debt guarantee, recovery and/or management of Account Receivable(s), which shall be agreed between TCL Overseas Electronics and Chongqing Leshi as specified in the Application Letter and the Approval.

Factoring Finance

- (a) Application for Factoring Finance shall be made by TCL Overseas Electronics at the time of submission of Application Letter.

- (b) After Chongqing Leshi's approval of TCL Overseas Electronics's application for assignment of Account Receivable(s) and related rights, Chongqing Leshi shall provide a factoring finance amount in a sum equivalent to the aggregate of the Factoring Finance corresponding to each invoice of the Account Receivable(s) stated on such Application Letter (**"Factoring Finance Amount"**).

Recourse:

At the time when TCL Overseas Electronics submits the Application Letter to Chongqing Leshi, it shall specify thereon whether the Factoring Services requested to be provided by Chongqing Leshi will be with or without recourse.

In relation to Factoring Services without recourse, Chongqing Leshi shall give up all recourses against TCL Overseas Electronics from the date of assignment, save and except upon the occurrence of certain events.

Payment terms:

Interests:

The interest rate of Factoring Finance is not more than 8% per annum. The interests of each Factoring Finance will accrue since the date of actual payment of the Factoring Finance Amount based on the actual payment amount and the duration of Factoring Finance, to be calculated according to the following formula:

Interests = principal of the Factoring Finance Amount X duration of Factoring Finance X interests per day

- (i) Interest per day is to be determined on the basis of 360 days per year, the conversion formula is:

Interests per day = interests per annum/360 days

- (ii) Duration of Factoring Finance is the number of days between actual payment date and the due date of the Factoring Finance Amount and hence:

Duration of Factoring Finance = due date of Factoring Finance Amount – actual payment date of Factoring Finance Amount

Due date of Factoring Finance Amount = due date of Account Receivable(s) + grace period

Default interests:

Default interests will be charged on each overdue day with a default interest rate of 50% on top of interests per day during the term of the Factoring Contracts.

For overdue principal amount of Factoring Finance Amount due from TCL Overseas Electronics to Chongqing Leshi, default interests will be charged at the default interest rate on the outstanding amount based on the actual number of days in default from the date of default until TCL Overseas Electronics repays the Factoring Finance Amount and relevant expenses.

For default interests due from TCL Overseas Electronics to Chongqing Leshi, compound interests will be charged at the default interest rate based on the actual number of days in default from the date of default until the date of repayment to be accrued daily.

Factoring Fees:

All Factoring Fees in relation to Factoring Finance shall be borne by TCL Overseas Electronics with service charges at an annualized rate of not more than 2% based on the duration of each Factoring Finance whereas there is no handling fees.

The principal amount of the Factoring Finance Amount, interests (including default interests and penalty interests) and Factoring Fees shall be deducted from the Account Receivable(s) received by Chongqing Leshi.

Repayment:

TCL Overseas Electronics shall notify the Debtor at least 5 working days before the due date of Account Receivable(s) to repay in full on schedule the Account Receivable(s) by depositing into the designated account of Chongqing Leshi as stated on each Assignment Confirmation Notice.

After the receipt of Account Receivable(s) paid by the Debtor, the principal amount of the corresponding Factoring Finance Amount, interests and Factoring Fees will be deducted therefrom and:

- (a) if the amount of Account Receivable(s) received from the Debtor is sufficient to cover all the aforesaid deductions, it will be regarded as satisfactory repayment and any remaining amount shall be returned to TCL Overseas Electronics; or
- (b) if the amount of Account Receivable(s) is not sufficient to cover all the aforesaid deductions, it will be applied in priority in the sequence of the Factoring Fees, interests and principal amount of the corresponding Factoring Finance Amount, and TCL Overseas Electronics shall pay Chongqing Leshi any shortfall together with default interests arising therefrom.

TCL Overseas Electronics may make early repayment provided that Chongqing Leshi's approval has been obtained not less than 5 working days before the proposed date of early repayment. Interests payable to such early repayment shall be calculated in accordance with the duration of Factoring Finance as agreed between TCL Overseas Electronics and Chongqing Leshi and set out in the Application Letter and the Approval.

On 1 and 2 November 2016, TCL Overseas Electronics submitted Application Letters together with and pursuant to each of the Factoring Contracts in respect of (i) the assignment of Account Receivable(s) in the total sum of RMB149,410,750 (equivalent to approximately HK\$179,292,900) to Chongqing Leshi with effect from 1 and 2 November 2016, respectively; and (ii) the request for Factoring Finance in the sum of RMB149,410,750 (equivalent to approximately HK\$179,292,900) to be provided by Chongqing Leshi. On the same days as the submission of the relevant Application Letters, Chongqing Leshi had provided the Approval to TCL Overseas Electronics in respect of each Application Letter.

During the period from 2 November 2016 to 15 November 2016, Chongqing Leshi provided a Factoring Finance Amount in the sum of RMB149,410,750 (equivalent to approximately HK\$179,292,900) to TCL Overseas Electronics.

Whilst each of the Factoring Contracts serves as a framework agreement and may constitute continuing connected transactions under the Listing Rules if continuing transactions are to be carried out pursuant to the Factoring Contracts, other than the aforesaid Factoring Finance Amount which Chongqing Leshi had already provided to TCL Overseas Electronics, the respective boards of the Company and TCL Overseas Electronics considered and decided that TCL Overseas Electronics would no longer utilise the Factoring Services to be provided by Chongqing Leshi under the Factoring Contracts due to (i) minimal needs of Factoring Services of TCL Overseas Electronics's business; and (ii) the deemed connected transactions nature of the Factoring Contracts in consideration of the Stock Exchange's power to deem any person as a connected person of the Company under Rule 14A.19 of the Listing Rules.

In this connection, save and except for the Factoring Finance Amount in the sum of RMB149,410,750 (equivalent to approximately HK\$179,292,900) provided by Chongqing Leshi during the period from 2 November 2016 to 15 November 2016, TCL Overseas Electronics has not submitted and will not submit any further Application Letter for Factoring Finance to Chongqing Leshi or otherwise request any Factoring Services from Chongqing Leshi pursuant to the Factoring Contracts and hence the Company has not set any proposed annual caps for the Factoring Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING CONTRACTS

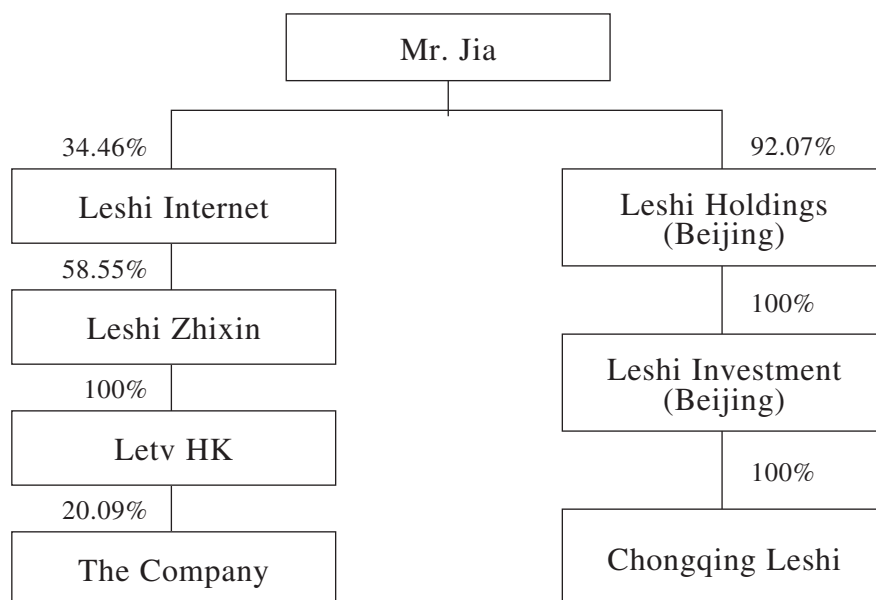
The Directors (including the independent non-executive Directors) consider that the terms of the Factoring Contracts and the transactions contemplated thereunder are fair and reasonable, and it is in the interest of the Company and the Shareholders as a whole to enter into the Factoring Contracts and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

- (i) the provision of Factoring Services can secure the early repayment and minimise credit risk exposed to TCL Overseas Electronics; and
- (ii) by securing early repayment, it can improve the financial position and provide flexibility in cash flow management of TCL Overseas Electronics and the Group.

LISTING RULES IMPLICATIONS

Mr. Jia currently owns approximately 34.46% equity interest of Leshi Internet and hence a controlling shareholder thereof. Leshi Internet holds approximately 58.55% equity interest in Leshi Zhixin, which in turn holds 100% of the total issued shares of Letv HK; whereas Letv HK is a substantial Shareholder of the Company, which currently holds approximately 20.09% of the total issued shares of the Company. Accordingly, each of Letv HK, Leshi Zhixin and Leshi Internet is a connected person of the Company. On strict literal interpretation of the Listing Rules, Mr. Jia does not fall within the definition of connected person under the Listing Rules, but the Company acknowledges that the Stock Exchange has power to deem any person as a connected person of the Company under Rule 14A.19 of the Listing Rules. In this context, the Company considered that Mr. Jia may be deemed to be a connected person of the Company.

Chongqing Leshi is a wholly-owned subsidiary of Leshi Investment (Beijing), which is in turn wholly-owned by Leshi Holdings (Beijing). As Mr. Jia currently owns approximately 92.07% equity interest of Leshi Holdings (Beijing), an indirect 100% shareholder of Chongqing Leshi, Chongqing Leshi is an associate of Mr. Jia under the Listing Rules.



If Mr. Jia is deemed to be a connected person of the Company, Chongqing Leshi would also be a connected person of the Company by being an associate of Mr. Jia. In such case, the transactions contemplated under the Factoring Contracts would be regarded as connected transactions of the Company.

For the sake of prudence and enhanced transparency, the Company opts to comply with the requirements of connected transactions under Chapter 14A of the Listing Rules as if Mr. Jia has already been deemed to be a connected person of the Company.

Since all of the applicable percentage ratios of the Factoring Contracts as aggregated are less than 5%, the deemed connected transactions contemplated thereunder are exempted from independent Shareholders' approval requirement under Rule 14A.76(2) (a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

None of the Directors is considered as having a material interest in the transactions contemplated under the Factoring Contracts. 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 that website does not form part of this announcement).

Chongqing Leshi is a company established in the PRC with limited liability. The principal business is commercial factoring.

DEFINITIONS

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

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| “Account Receivable(s)” | the account receivable(s) which TCL Overseas Electronics is(are) entitled to receive from the Debtor as a result of provision of goods and services under the normal performance of Commercial Contracts, which do(es) not include amount already paid by the Debtor, sales discount or sales refund, interest, deposit, surety, insurance, amount payable for breach of contract, late penalty, compensation for damages and compensation for loss, etc. |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Chongqing Leshi” | Chongqing Leshi Commercial Factoring Company Limited* (重慶樂視商業保理有限公司), a company established in the PRC with limited liability |
| “Commercial Contract(s)” | commercial contract(s) and annexure(s) in respect of sales of goods and provision of services for payment entered into between TCL Overseas Electronics as original creditor and the Debtor, including any Valid Purchase Order(s) entered into pursuant to the Sourcing Framework Agreement (2016) |
| “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) |

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| “connected person(s)” | has the meanings ascribed to it under the Listing Rules |
| “Debtor” | debtor under the Commercial Contracts, which as designated under the Factoring Contracts shall be Leshi Zhixin |
| “Director(s)” | the director(s) of the Company |
| “Factoring Contracts” | seven factoring contracts, all containing the same major terms, entered into between the Company and Chongqing Leshi, and four of which were dated 1 November 2016 whilst three of which were dated 2 November 2016 |
| “Factoring Fees” | all service charges and handling fees charged by Chongqing Leshi for the provision of Factoring Services under the Factoring Contracts |
| “Factoring Finance” | one type of Factoring Services to be provided by Chongqing Leshi to TCL Overseas Electronics from time to time, details of which have been set out under the paragraph headed “ Factoring Finance ” in this announcement |
| “Factoring Services” | the factoring services to be provided by Chongqing Leshi to TCL Overseas Electronics from time to time, including but not limited to those described under the paragraph headed “Factoring Services” in this announcement |
| “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 |
| “Letv HK” | Letv ZhiXin Investment (HK) Limited (樂視致新投資(香港)有限公司) a company established in Hong Kong with limited liability |
| “Leshi Holdings (Beijing)” | Leshi Holdings (Beijing) Co., Ltd* (樂視控股(北京)有限公司), a company established in the PRC with limited liability |

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| “Leshi Internet” | Leshi Internet Information and Technology Corp., Beijing* (樂視網信息技術(北京)股份有限公司), a company established in the PRC with limited liability, the shares of which are listed on the growth enterprise market board of the Shenzhen Stock Exchange (stock code: 300104) |
| “Leshi Investment (Beijing)” | Leshi Investment Management (Beijing) Co., Ltd.* (樂視投資管理(北京)有限公司), a company established in the PRC with limited liability |
| “Leshi Zhixin” | Leshi Zhixin Electronic Technology (Tianjin) Co., Ltd.* (樂視致新電子科技(天津)有限公司), a company established in the PRC with limited liability |
| “Leshi Zhixin Group” | Leshi Zhixin and its Subsidiaries |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Mr. Jia” | Mr. Jia Yueting (賈躍亭), an ultimate controlling shareholder of Chongqing Leshi |
| “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 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | holder(s) of share(s) of the Company |
| “Sourcing Framework Agreement (2016)” | the sourcing framework agreement (2016) entered into between Leshi Zhixin (for and on behalf of Leshi Zhixin Group) and the Company (for and on behalf of the Group) on 20 May 2016 |
| “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 |

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| “TCL Overseas Electronics “ | TCL Overseas Electronics (Huizhou) Limited* (TCL海外电子(惠州)有限公司), a company established in the PRC with limited liability and a wholly-owned Subsidiary of the Company |
| “Valid Purchase Order(s)” | the purchase order(s) issued by member(s) of the Leshi Zhixin Group and accepted by member(s) of the Group in accordance with the Sourcing Framework Agreement (2016) |

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 23 December 2016

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.20 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.

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.