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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)

## **(I) VOLUNTARY DISCLOSURE – SETTING UP OF THE JIANGXI JOINT VENTURE WITH JIANGXI BROADCASTING**

**AND**

## **(II) CONNECTED TRANSACTION – HUIHAI TONG SHAREHOLDERS' AGREEMENT**

### **INTRODUCTION**

To keep the potential investors and Shareholders informed of the latest development of the Group, the Board is pleased to voluntarily announce that Huihaitong has entered into the Jiangxi Shareholders' Agreement with Jiangxi Broadcasting on 29 December 2016 in respect of the establishment of the Jiangxi Joint Venture.

Huihaitong is a special investment vehicle jointly held by Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu as to 60%, 10% and 30% equity interest, respectively, which was established solely for the purpose of negotiating with Jiangxi Broadcasting in respect of the establishment of the Jiangxi Joint Venture. Pursuant to the Huihaitong Shareholders' Agreement entered into by Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu on 23 March 2016, the parties agreed to, among others, invest in Huihaitong with a total capital of RMB15 million in the proportion of 60%, 10% and 30%, respectively.

### **LISTING RULES IMPLICATIONS**

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Nanchang Changyu and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.14% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. As Huizhou Kuyu is an associate of TCL Corporation, it is a TCL Associate and therefore is a connected person of the Company. Accordingly, the transaction contemplated under the Huihaitong Shareholders' Agreement constitutes connected transaction of the Company 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 capital contribution to Huihaitong by Shenzhen Huizhi under the Huihaitong Shareholders' Agreement exceed 0.1% but all are less than 5%, the connected transaction contemplated thereunder is exempted from independent Shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules but is subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

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## **VOLUNTARY DISCLOSURE – SETTING UP OF THE JIANGXI JOINT VENTURE WITH JIANGXI BROADCASTING**

To keep the potential investors and Shareholders informed of the latest development of the Group, the Board is pleased to voluntarily announce that Huihaitong has entered into the Jiangxi Shareholders' Agreement with Jiangxi Broadcasting on 29 December 2016 in respect of the establishment of the Jiangxi Joint Venture.

Pursuant to the Jiangxi Shareholders' Agreement, Huihaitong and Jiangxi Broadcasting would jointly establish the Jiangxi Joint Venture and the registered capital of the Jiangxi Joint Venture would be RMB30,000,000, in which RMB15,300,000, i.e. 51% of the total registered capital, would be contributed by Jiangxi Broadcasting and RMB14,700,000, i.e. 49% of the total registered capital, would be contributed by Huihaitong.

As all of the applicable percentage ratios with reference to the capital contribution to the Jiangxi Joint Venture by Huihaitong are less than 5%, the transaction contemplated thereunder does not constitute a discloseable transaction under Chapter 14 of the Listing Rules. Disclosure of the Jiangxi Shareholders' Agreement in this announcement is made voluntarily by the Company.

The principal business of the Jiangxi Joint Venture would be online and offline integrated electronic business platform.

### **HUIHAITONG SHAREHOLDERS' AGREEMENT**

Major terms of the Huihaitong Shareholders' Agreement are set out as below:

Date: 23 March 2016

Parties: (i) Shenzhen Huizhi, a wholly-owned Subsidiary of the Company;

(ii) Huizhou Kuyu; and

(iii) Nanchang Changyu

Scope of Business: The scope of business of Huihaitong is:

- (i) research, development and sales of digital electronic products, communication facilities and relevant auxiliary products (except restricted products limited by PRC government);
- (ii) sales, maintenance and relevant technological development of new display modules, colour televisions and relevant auxiliary parts;
- (iii) development of TV softwares, sales of self-developed softwares and the provision of technological support and services; and
- (iv) operation of electronic businesses, setting up of enterprises, foreign investment, corporate management consultation and business information consultation.

Huihaitong shall have the right to amend its scope of business according to its business needs upon obtaining the approval from Huihaitong's shareholders. For business(es) that is/are subject to approval by relevant government authority, such approval under the PRC laws should be obtained.

Registered Capital:

The registered capital of Huihaitong shall be RMB15 million at the time of setting up Huihaitong.

Each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu agrees to invest an aggregate of RMB15 million as the registered capital of Huihaitong in the follow proportion:

- (i) RMB9,000,000 to be contributed by Shenzhen Huizhi, accounting for 60% of Huihaitong's equity interest;
- (ii) RMB1,500,000 to be contributed by Huizhou Kuyu, accounting for 10% of Huihaitong's equity interest; and
- (iii) RMB4,500,000 to be contributed by Nanchang Changyu, accounting for 30% of Huihaitong's equity interest.

The above registered capital shall be contributed in the following manner:

#### **Initial capital injection**

Within 5 days after obtaining Huihaitong's first business licence, the parties thereto shall provide the initial capital injection ("**Initial Contribution**") to Huihaitong in the following proportion:

- (i) RMB60,000 to be contributed by Shenzhen Huizhi in cash;
- (ii) RMB10,000 to be contributed by Huizhou Kuyu in cash; and
- (iii) RMB30,000 to be contributed by Nanchang Changyu in cash.

## **Subsequent capital injection**

After the Initial Contribution, the exact timing of payment of the remaining capital injection to Huihaitong shall be determined by the executive director of Huihaitong.

Alteration of Registered Capital:

The registered capital of Huihaitong may be increased or reduced depending on its business needs, but any such increase or decrease in capital shall be approved by Huihaitong's shareholders and the registration procedure required by the relevant government authority shall be completed.

Should Huihaitong decide to increase the capital, the additional financing amount shall be provided by each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu in accordance with their respective shareholding proportion in Huihaitong.

If any other third party(ies) wish(es) to subscribe for Huihaitong's increase in registered capital, any party thereto (or their respective assigned connected entity) shall enjoy pre-emptive right to any such increase in registered capital. For any avoidance of doubt, any party thereto is not obliged to subscribe for any such increase in registered capital. Unless all of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu give up the pre-emptive rights in writing, no other third party(ies) may subscribe for the increase in registered capital.

Operation and Management of Huihaitong:

### **Executive Director**

There shall be one (1) executive director. The executive director of Huihaitong shall have the power prescribed by the PRC laws to manage Huihaitong and is responsible for making major policy decisions regarding the operation of Huihaitong in accordance with the terms of the Huihaitong Shareholders' Agreement and Huihaitong's articles of association.

The executive director shall be nominated by Shenzhen Huizhi and elected by the shareholders. The director's term of office shall be three (3) years. Subject to re-election, the director would be continued in office. Each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu shall vote in favour of the person nominated by Shenzhen Huizhi to elect such nominee as the executive director of Huihaitong.

### **Management structure**

Huihaitong shall set up a managerial authority led by the general manager ("**General Manager**"). The managerial authority shall consist of the General Manager, chief financial officer ("**Chief Financial Officer**") and any other management staff determined by the executive director from time to time. The General Manager may set up various departments for the daily operation of Huihaitong.

### **General Manager**

The General Manager shall be nominated by Huizhou Kuyu and his/her appointment is subject to the approval by the executive director of Huihaitong. The General Manger shall be responsible for the daily operation of Huihaitong and his/her rights and duties shall be prescribed by the Huihaitong Shareholders' Agreement, Huihaitong's articles of association, shareholders' resolution(s) and determined by the executive director of Huihaitong.

### **Chief Financial Officer**

The Chief Financial Officer shall be nominated by Shenzhen Huizhi and his/her appointment is subject to the approval by the executive director of Huihaitong.

### Operation of Subsidiary:

Each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu confirms that upon the establishment of Huihaitong, Huihaitong shall set up the Jiangxi Joint Venture with Jiangxi Broadcasting for the online and offline integrated electronic business platform.

Each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu further confirms that as agreed in the Jiangxi Shareholders' Agreement, the directors, supervisor and management of the Jiangxi Joint Venture shall be nominated and appointed by Huihaitong and all shall be determined by the executive director of Huihaitong.

Distribution of Profits:

The distribution of profits shall be proposed by the executive director of Huihaitong with regards to Huihaitong's profits and development plan and shall be submitted to Huihaitong's shareholders for their review and approval.

Huihaitong shall apply 10% of yearly profits (after tax) to statutory reserves (法定公積金), unless Huihaitong's accumulated statutory reserves reaches 50% of Huihaitong's registered capital. If the statutory reserves of Huihaitong is insufficient to cover the loss of the preceding years, the profits (after tax) for the year shall be first applied to compensate for the loss of the preceding years before applying any profits to Huihaitong's statutory reserves.

Unless otherwise agreed in writing by all parties thereto, the profits shall be distributed in proportion to each party's paid-up capital contribution.

Term of Operation:

Thirty (30) years from the establishment date of Huihaitong.

Upon obtaining unanimous approval of the shareholders of Huihaitong, Huihaitong can apply to the relevant government authority six (6) months before expiry of the term of operation to renew the term of operation in accordance with the laws and regulations of the PRC.

No solicitation: Without the prior written consent of the other party(ies) concerned, all parties thereto shall use its best endeavours not to employ or solicit employee(s) of the other parties thereto and/or associated entity(ies), director, employee or agent of Huihaitong during the term of the Huihaitong Shareholders' Agreement and within two (2) years after the termination of the same.

### **REASONS FOR AND BENEFITS OF SETTING UP OF THE JIANGXI JOINT VENTURE AND ENTERING INTO HUIHAITONG SHAREHOLDERS' AGREEMENT**

The Directors (including the independent non-executive Directors) consider that the terms of the Huihaitong Shareholders' Agreement and the transaction contemplated thereunder are fair and reasonable, and it is in the interest of the Company and the Shareholders as a whole for Shenzhen Huizhi to enter into the Huihaitong Shareholders' Agreement and the transaction contemplated thereunder and set up the Jiangxi Joint Venture for the following reasons:

- (i) the Group will be able to connect with substantial number of users of Jiangxi Broadcasting through the Jiangxi Joint Venture, and finally grasp the opportunity to convert them into users of products and services of the Group;
- (ii) by cooperating in the Jiangxi Joint Venture, the Group and Jiangxi Broadcasting will utilise their respective advantages on resources and experience to expand the business development in products, contents and services, share business benefits, and eventually improve the revenue and profits of the Group; and
- (iii) through joining forces with Huizhou Kuyu and Nanchang Changyu for the capital contribution to Huihaitong, the Group can leverage on the resources of Huizhou Kuyu and Nanchang Changyu and distribute its investment risk in setting up of the Jiangxi Joint Venture.

Huihaitong is a special investment vehicle established solely for the purpose of negotiating with Jiangxi Broadcasting in respect of the establishment of the Jiangxi Joint Venture. As terms concerning the setting up and operation of the Jiangxi Joint Venture have not been formalized by Huihaitong and Jiangxi Broadcasting until the entering into of the Jiangxi Shareholders' Agreement, each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu has not paid any amount into Huihaitong.



Although the Huihaitong Shareholders' Agreement was entered into on 23 March 2016, and Huihaitong was set up on 25 March 2016, none of the shareholders of Huihaitong, including Shenzhen Huizhi, has paid any amount of capital contribution into Huihaitong. Further, since the sole executive director of Huihaitong is nominated by Shenzhen Huizhi and the exact timing of payment of capital injection to Huihaitong shall be determined by the sole executive director of Huihaitong, unless otherwise required by the PRC laws, Shenzhen Huizhi has the absolute control as to when and whether to pay capital contribution into Huihaitong.

The capital contribution of each of Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu was arrived at after arm's length negotiations between the parties on normal commercial terms after taking into account the capital need of Huihaitong in view of the potential capital need of the Jiangxi Joint Venture. Following the entering into of the Jiangxi Shareholders' Agreement, the sole executive director of Huihaitong would determine when it would be appropriate for the shareholders of Huihaitong to make the capital injection to Huihaitong after taking into account the potential capital need of the Jiangxi Joint Venture.

#### **LISTING RULES IMPLICATIONS**

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Nanchang Changyu and its ultimate beneficial owner are third parties independent from the Company and its connected persons.

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.14% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. As Huizhou Kuyu is an associate of TCL Corporation, it is a TCL Associate and therefore is a connected person of the Company. Accordingly, the transaction contemplated under the Huihaitong Shareholders' Agreement constitutes connected transaction of the Company 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 capital contribution to Huihaitong by Shenzhen Huizhi under the Huihaitong Shareholders' Agreement exceed 0.1% but all are less than 5%, the connected transaction contemplated thereunder is exempted from independent Shareholders' approval requirement under Rule 14A.76(2)(a) of the Listing Rules but is 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 transaction contemplated under the Huihaitong Shareholders' 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 and Huizhou Kuyu) 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).

Nanchang Changyu is principally engaged in the sales, maintenance and after sale services of home electronic appliances and telecommunication equipments; consultation on enterprise management and business information consultation; organisation and planning of public relations activities; wholesale and retail of computer softwares/hardwares and accessories, office supplies, security products, communication products and electronic products; computer technological services and technological consultation and development; security engineering; engineering services of intelligent installation, self-monitor system of building equipments, security surveillance and burglar alarm system, broadcasting system and fire alarm system.

Jiangxi Broadcasting is principally engaged in the establishment and operation of broadcasting and television network, transmission of broadcasting and television programs, and development and operation of data broadband and digital television business.

## **DEFINITIONS**

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

“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
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huihaitong Shareholders’ Agreement”	the Huihaitong shareholders’ agreement entered into among Shenzhen Huizhi, Huizhou Kuyu and Nanchang Changyu on 23 March 2016
“Huihaitong”	Nanchang Huihaitong Network and Technology Co. Ltd.* (南昌滙海通網絡科技有限公司), a company established under the laws of the PRC with limited liability and a non-wholly owned Subsidiary of the Company
“Huizhou Kuyu”	Huizhou Kuyu Network and Technology Co. Ltd.* (惠州酷友網絡科技有限公司), a company established under the laws of the PRC with limited liability
“Jiangxi Broadcasting”	Jiangxi Province Broadcasting and Television Network Communication Co. Ltd.* (江西省廣播電視網絡傳輸有限公司), a company established under the laws of the PRC with limited liability
“Jiangxi Joint Venture”	Jiangxi Broadcasting and Television Network Electronic Business Co. Ltd.* (江西廣電網絡電子商務有限公司), a company to be established under the laws of the PRC with limited liability
“Jiangxi Shareholders’ Agreement”	the Jiangxi shareholders’ agreement entered into among between Huihaitong and Jiangxi Broadcasting on 29 December 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanchang Changyu”	Nanchang Changyu Intelligent Technology Co. Ltd.* (南昌昌宇智能科技有限公司), a company established under the laws of the PRC with limited liability

“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
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shenzhen Huizhi”	Shenzhen Huizhi Internet Technology Investment Co. Ltd.* (深圳滙智互聯科技投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned Subsidiary 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 Associate(s)”	the associate(s) 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, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100)

On behalf of the Board  
**LI Dongsheng**  
*Chairman*

Hong Kong, 18 January 2017

*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).*

*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.*