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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)

### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS SUPPLEMENTAL AGREEMENT AND CLARIFICATION AND UPDATE ON THE LESHI TRANSACTIONS**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 29 September 2017 in relation to, among others, the entering into of the Master Sale and Purchase (2017) Agreement, Master Sourcing (2017 Renewal) Agreement and Master Qianhai Sailing Cooperation (2017 Renewal) Agreement (“**Master Agreements**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

#### **SUPPLEMENTAL AGREEMENT**

On 27 November 2017, the Company, TCL Corporation and Qianhai Sailing entered into the Supplemental Agreement in respect of the Master Sale and Purchase (2017) Agreement, the Master Sourcing (2017 Renewal) Agreement and the Master Qianhai Sailing Cooperation (2017 Renewal) Agreement, pursuant to which the parties thereto agree that the aggregate amount of purchases by the Group of Goods under the Master Sale and Purchase (2017) Agreement, of Overseas Materials under the Master Sourcing (2017 Renewal) Agreement and of Qianhai Goods under the Master Qianhai Sailing Cooperation (2017 Renewal) Agreement from TCL Corporation Group and Qianhai Sailing Group (as the case may be) shall not exceed 50% of the Group’s then total cost of sales in each of the financial years during the term of the Master Agreements.

Save as varied as aforesaid, all other terms of the Master Agreements remain unchanged.

## REVISION OF PROPOSED ANNUAL CAPS FOR CERTAIN NON-EXEMPTED TRANSACTIONS

The proposed annual caps of the following Non-exempt Transactions for each of the three years ending 31 December 2020 have been revised:

1. the Master Sale and Purchase (2017) Agreement;
2. the Master After Sale Service (2017) Agreement;
3. the Master Sourcing (2017 Renewal) Agreement;
4. the Master Qianhai Sailing Cooperation (2017 Renewal) Agreement;
5. the Sourcing Framework Agreement (2017); and
6. the Key Component Sourcing Contract (2017).

Set out below are the revised proposed annual caps for each of the three years ending 31 December 2020 for the Non-exempt Transactions affected:

	<b>For the year ending 31 December 2018 HK\$'000</b>	<b>For the year ending 31 December 2019 HK\$'000</b>	<b>For the year ending 31 December 2020 HK\$'000</b>
<b>Continuing Connected Transactions</b>			
<b><i>Master Sale and Purchase (2017) Agreement</i></b>			
Proposed annual cap			
– Sourcing of Goods	13,153,107	15,021,622	15,205,895
– Sale of Goods	5,739,212	7,148,383	7,847,009
<b><i>Master After Sale Service (2017) Agreement</i></b>			
Proposed annual cap	425,035	563,141	578,592
<b><i>Master Sourcing (2017 Renewal) Agreement</i></b>			
Proposed annual cap			
– purchase of Overseas Materials by TCL Corporation Group from the Group	1,054,690	1,214,903	1,399,548
– sale of Overseas Materials by TCL Corporation Group to the Group	878,909	1,012,419	1,054,589

	<b>For the year ending 31 December 2018 HK\$'000</b>	<b>For the year ending 31 December 2019 HK\$'000</b>	<b>For the year ending 31 December 2020 HK\$'000</b>
<i><b>Master Qianhai Sailing Cooperation (2017 Renewal) Agreement</b></i>			
Proposed annual cap	552,647	796,791	739,516
<i><b>Sourcing Framework Agreement (2017)</b></i>			
Proposed annual cap	2,002,348	2,631,658	2,894,824
<i><b>Key Component Sourcing Contract (2017)</b></i>			
Proposed annual cap	660,775	868,447	955,292

#### **CLARIFICATION AND UPDATE ON THE LESHI TRANSACTIONS**

In addition to the Master Agreements, it was also stated in the Announcement that the Group had on 29 September 2017 entered into the Sourcing Framework Agreement (2017) and the Key Component Sourcing Contract (2017) (collectively the “**2017 Leshi Agreements**”). The Company would like to clarify and provide an update on the matter.

On 29 September 2017, the Board resolved to approve the renewal of various existing continuing connected transactions, including those that were not yet due for renewal, in order to consolidate the renewal date of the majority of the continuing connected transactions of the Company for better administration, including the entering into of the 2017 Leshi Agreements which the Company then executed. The terms of the transactions under the 2017 Leshi Agreements as executed by the Company had previously been agreed to between the business units of the Company and Leshi Zhixin to replace the existing agreements namely the Sourcing Framework Agreement (2016) and the Key Component Sourcing Contract (2016) (“**2016 Leshi Agreements**”). The 2017 Leshi Agreements executed by the Company were then passed by the staff of the business unit of the Company to the corresponding staff of business unit of Leshi Zhixin for execution. The relevant staff of the business unit of the Company reported to the management that the 2017 Leshi Agreements had been entered into between the parties. On that basis, the Company proceeded to announce the connected transaction constituted under the 2017 Leshi Agreements pursuant to Rule 14A.35 of the Listing Rules which requires the listed issuer to announce the connected transaction as soon as practicable after its terms have been agreed.

The Company has been requesting for the executed version of the 2017 Leshi Agreements from Leshi Zhixin with no avail as there had been several changes of personnel of Leshi Zhixin Group. Due to the sudden departure of the staff in the business unit of Leshi Zhixin Group with whom the Company has been communicating, staff of the business unit of the Company worked hard to communicate again with the new responsible person of Leshi Zhixin Group, but still could not receive the duly executed documents. It has only recently come to the attention of the Company that Leshi Zhixin Group had not arranged the execution of the 2017 Leshi Agreements and the present management of Leshi Zhixin would only wish to continue the transactions under the 2016 Leshi Agreements.

Based on the aforesaid, the Board regrets to announce that neither of the 2017 Leshi Agreements has taken effect. Since the 2017 Leshi Agreements has not been effective, the 2016 Leshi Agreements have not been terminated and shall continue to be effective until expiry of their respective terms. No resolution in respect of the 2017 Leshi Agreements will be put forward at the upcoming EGM.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the respective revised proposed annual caps of the Master Agreements (as supplemented by the Supplemental Agreement) exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Whilst the Company has previously regarded the transactions contemplated under the Master Sale and Purchase (2017) Agreement and Master Sourcing (2017 Renewal) Agreement as major transactions as set out in the Announcement, having further reviewed and considered the nature of such transactions, it is noted that the transactions contemplated under the Master Sale and Purchase (2017) Agreement and Master Sourcing (2017 Renewal) Agreement are of revenue nature and in the ordinary and usual course of business of the Company as referred to in Rule 14.04(8) of the Listing Rules, they do not fall under the scope of transaction under Chapter 14 of the Listing Rules and would not be subject to the relevant notifiable transactions requirements under Chapter 14 of the Listing Rules.

## **EGM**

The Company will hold EGM to consider, and if thought fit, approve, among others, the Master Agreements (as supplemented by the Supplemental Agreement), the continuing connected transactions contemplated thereunder and the proposed annual caps thereof.

## **CIRCULAR**

As stated in the Announcement, the Company will dispatch to the Shareholders a circular containing further details of the Non-exempt Transactions (now excluding the Leshi Transactions), letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM on or before 30 November 2017.

On behalf of the Board

**BO Lianming**

*Chairman*

Hong Kong, 27 November 2017

*As at the date of this announcement, the Board comprises BO Lianming, WANG Cheng Kevin, YAN Xiaolin and Michael WANG Yi as executive directors, Albert Thomas DA ROSA, Junior, HUANG Xubin, ZHANG Zhiwei and LIU Hong as non-executive directors, and Robert Maarten WESTERHOF, TSENG Shieng-chang Carter, WANG Yijiang and Lau Siu Ki as independent non-executive directors.*