



**To: Business Editors  
For Immediate Release**

## **TCL Multimedia Announces Proposed Name Change to TCL Electronics to Reflect Business and Product Development Strategies**

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### **Announces Proposed Rights Issue to Raise up to HK\$2.06 Billion to Diversify Business, Implement Smart Manufacturing and Upgrade Product**

(28 November 2017, Hong Kong) **TCL Multimedia Technology Holdings Limited** ("TCL Multimedia" or the "Company", together with its subsidiaries the "Group", HKSE stock code: 01070.HK) proposed, subject to shareholder approval, to rename the Company to TCL Electronics Holdings Limited ("TCL Electronics") as a better reflection of the direction of its business development. The Group also announced a proposed fully-underwritten rights issue to raise up to HK\$2.06 billion before expenses, to fully support its business restructuring and re-positioning. Pursuant to the proposal, the Company will issue up to 596,378,593 rights shares on the basis of 1 rights share for every 3 existing shares held at a subscription price of HK\$3.46 per rights share. BNP Paribas is the sole global coordinator, sole bookrunner, and sole underwriter for the rights issue.

The subscription price represents a discount of approximately 25.8% to the last closing price on 27 November 2017 ("the last closing price"); or a discount of approximately 20.6% to the theoretical ex-rights price of approximately HK\$4.36 per share, which is calculated based on the last closing price.

As a vote of confidence to the Company's business outlook, TCL Corporation, the controlling shareholder currently holding a 51.83% stake, has undertaken to subscribe all rights shares allotted to it. On top of that, it has agreed to subscribe for up to 145,509,787 rights shares if they are not taken up by other qualifying shareholders. The remaining will be fully underwritten by BNP Paribas.

**Mr. Bo Lianming, Chairman of TCL Multimedia**, said, "Having established a strong foothold as one of the leading players in the global TV industry, our vision is to become a leading integrated brand of consumer and household electronic products by strengthening our existing TV businesses and progressively diversifying into other product offerings to maximise our strengths. The proposed new company name, TCL Electronics, reflects our determination to achieve this goal. Our competitive strengths lie in our innovative products and advanced technology, a vertically integrated of supply chain, intelligent and automated manufacturing with the aim to implement with Industry 4.0 standard, a global distribution network and potential for product chain extension as well as emerging growth in Internet TV business. With the additional capital from the rights share issue, we will further strengthen our core competitiveness through the constant pursuit of excellence and innovation to stay at the forefront of the industry."

To propel its growth, the Group will implement the following strategy by applying the proceeds from the rights issue:

- Enhance the Group's leading position in TV business through improving its production manufacturing facilities, global distribution network and investments in R&D:



**1. Scale up the production of high-end products and enhance synergy through vertically integrated of supply chain and intelligent and automated manufacturing**

The TCL Group plans to build an integrated smart manufacturing industrial base for panel module and TV products assembly in the Tonghu Ecological Smart Zone in Huizhou, the PRC (the “**Tonghu Base**”). The Tonghu Base will comprise two sub-projects including a high-generation panel module project by CSOT and a smart display terminal and assembly project by TCL Multimedia (the “**Tonghu Project**”).

Phase I of the Tonghu Project commenced construction in May 2017 and is expected to be completed by May 2019 with an annual production capacity of 15 million sets of LCD TV. Phase II of the Tonghu Project is expected to further increase the annual production capacity to 20 million sets of LCD TV, making a total annual production capacity of 35 million sets of LCD TV for both Phase I and Phase II of the Tonghu Project. TCL Multimedia expects to achieve vertical integration of the supply chain and production synergy with CSOT, and further implement its intelligent manufacturing, in order to enhance its production efficiency, reduce costs and improve overall gross profit margin.

**2. Strengthen and expand global distribution network**

As the growth momentum continues in overseas markets, the Group plans to strengthen and expand its global distribution network and further develop overseas markets such as North America, Latin America, Europe, India, Japan and other regions. It aims to enhance its core competitiveness with focuses on branding, products, retail and global talent.

**3. Continue to invest in R&D**

The Group will continue to increase its technological strength and improve the diversity of products to maintain its competitiveness through strengthening the display and sound quality technology, accelerating the development in AI 2.0 technology, enhancing the innovation of product appearance and craftsmanship, and increasing the investment for Internet of Thing technology, etc.

- Further diversify the Group’s business in areas of consumer and household electronic products through organic development and acquisition opportunities.

While continuing to grow and upgrade its existing TV business with a focus on breakthroughs in key areas, the Group will integrate its industry chain and further diversify its businesses, supplement its product portfolio and promote synergy among its product lines.

- 1. Internet business:** the Group intends to improve its hardware standards and software experiences, integrating the smart TV platform and user operation to enhance user experience and platform capabilities and expand the areas for operation.
- 2. Audio-visual products:** the Group plans to develop branded audio-visual products and leverage the experience and advantages of Tonly Electronics in the fields of audio-visual technology, production and supply chain so as to quickly grasp the market and technological trends in order to carry out brand promotion.



3. **Acquisition in other consumer and household electronic products:** the Group endeavours to diversify its products with an aim of becoming a comprehensive platform for consumer and household electronic product brands and thereafter developing more electronics products other than TVs. Going forward, the Group will consider expanding its product lines by way of independent development or M&As. Subject to the availability of funding and added value to its existing businesses, the Group may take up quality assets from the TCL Group or acquire relevant businesses from third parties.

The net proceeds from the rights issue will be used in the Group's operational development, among which:

- approximately HK\$750 million will be used to pursue future joint venture and M&A opportunities in order to further expand its overseas distribution network and diversity its business;
- approximately HK\$350 million will be used for the implementation of the Phase I of Tonghu Project by the Group, in order to enhance its vertically integrated supply chain and achieve production synergy with CSOT;
- approximately HK\$350 million will be used for R&D by the Group in order to achieve product innovation, in particular in the fields of curved, big-screen, UHD and smart TVs, quantum dot, backlight and AI technology; and
- the remaining proceeds will be used for general working capital of the Group.

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#### **About TCL Multimedia**

Headquartered in China, TCL Multimedia Technology Holdings Limited (HKSE stock code: 01070) is one of the leading players in the global TV industry, engaging in the research and development, manufacturing and distribution of consumer electronic products. Through a new product-and-user-oriented business model that focuses primarily on a "double +" strategy which includes "intelligence + internet" and "products + services" as the main direction, it strives to build a comprehensive ecosystem for smart TVs that provides users with an exquisite experience with its smart products and services. The Group ranked No.3 in the global LCD TV market with a market share of 7.1% in the first half of 2017 according to the latest IHS Technology figures, and ranked No.3 in the PRC LCD TV market with a market share of 13.6% in the first three quarters of 2017 according to CMM's report. The Group is included in the eligible shares list of the Shenzhen-Hong Kong Stock Connect. For more information, please visit its website: <http://multimedia.tcl.com>.

*This press release is issued by Cornerstones Communications Ltd. on behalf of **TCL Multimedia Technology Holdings Limited**. For further information, please contact:*

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