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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)

CONTINUING CONNECTED TRANSACTIONS – MASTER INTERNET TV COOPERATION AGREEMENT

INTRODUCTION

On 18 May 2015, an indirect wholly-owned Subsidiary of the Company, Qiwei Technology, entered into the Original Internet TV Cooperation Agreement and the Supplemental Agreement with GoLive, an indirect non-wholly owned Subsidiary of TCL Corporation for the cooperation in provision of internet TV services to the end customers, which will expire on 31 December 2015. As the Company wishes to continue the continuing connected transactions contemplated thereunder, on 12 August 2015, the Company entered into the Master Internet TV Cooperation Agreement with GoLive, the terms of which are substantially the same as the Original Internet TV Cooperation Agreement (as supplemented by the Supplemental Agreement).

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 64.32% of the issued share capital of the Company, and is a connected person of the Company under the Listing Rules. GoLive, being an indirect non-wholly owned Subsidiary of TCL Corporation, is an associate of TCL Corporation and thus a connected person of the Company under the Listing Rules. The transactions contemplated under the Master Internet TV Cooperation Agreement therefore constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Notwithstanding the respective interests of certain Directors in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Master Internet TV Cooperation Agreement. Therefore, all Directors are entitled to vote pursuant to the Company's articles of association.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the respective annual caps of the Master Internet TV Cooperation Agreement exceed 0.1% but all are less than 5%, the continuing 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 the Master Internet TV Cooperation Agreement are set out as below:

Date: 12 August 2015

Parties: (i) The Company (for itself and on behalf of its Subsidiaries)
(ii) GoLive

Duration: From 1 January 2016 to 31 December 2017

Major terms: In order to utilise GoLive's services, the Group may pre-install the Customer Interface on some of its Internet-enabled Products as a preloaded software application. The Group shall have the absolute discretion to determine the quantity, models, destination of sale and brands etc. of its Internet-enabled Products to be preinstalled with the Customer Interface.

GoLive shall provide the following services:

- (1) providing the Internet Users through the Customer Interface with:
 - (a) live internet TV contents and On-Demand Movies; and
 - (b) other free/paid internet contents recommended by GoLive;

- (2) assisting the Group in creating and operating the joint products of the Group and GoLive;
- (3) customising the Customer Interface in accordance with the requirements of the Group;
- (4) together with its technical operation partners, exclusively operating the GoLive Products system, integrating relevant copyrighted content cooperation and maintaining and supporting the relevant system;
- (5) providing comprehensive technical support and after-sale services for the joint products of the Group and GoLive including upgrades, maintenance and online-support;
- (6) adopting browser standard and application standard which are compatible with the Group's Internet-enabled Products; and
- (7) procuring its technical operation partners to provide all suitable assistance to the Group and the Internet Users.

Service fee:

(i) GoLive TV

In respect of GoLive TV, the Company shall be entitled to 15% of Net Income from GoLive TV.

(ii) GoLive Cinema

In respect of each of the Non-First Launch Movies, the Company shall be entitled to the fee to be paid by GoLive calculated as follows:

- (1) for the first 100,000 times of Single Purchases (or any part thereof) of any Non-First Launch Movie, the fee is 5% of the aggregate Unit Price which GoLive may charge (whether already received or not) in respect of such Single Purchases;
- (2) for the second 100,000 times Single Purchases (or any part thereof) of any Non-First Launch Movie, the fee is 10% of the aggregate Unit Price which GoLive may charge (whether already received or not) in respect of such Single Purchases; and

- (3) for Single Purchases of any Non-First Launch Movie which exceed 200,000 times, the fee is 15% of the aggregate Unit Price which GoLive may charge (whether already received or not) in respect of such Single Purchases.

(iii) GoLive First Launch Cinema

For each of the First-Launch Movies, the fee is 30% of the aggregate Unit Price which GoLive may charge (whether already received or not) in respect of the Single Purchases of the First-Launch Movie.

Basis of determination of the service fee: The terms of the Master Internet TV Cooperation Agreement and the transactions contemplated thereunder have been negotiated and conducted on an arm's length basis, on normal commercial terms between the parties involved and/or on terms no less favourable than those offered by independent third parties to the Group for comparable services.

ANNUAL CAPS

The following table sets out the existing annual cap for the Original Internet TV Cooperation Agreement (as supplemented by the Supplemental Agreement) and the proposed annual caps of the continuing connected transactions under the Master Internet TV Cooperation Agreement:

	Existing Annual Cap^(Note 1)	Proposed Annual Cap^(Note 2)	
	For the year ending 31 December 2015 HK\$'000	For the year ending 31 December 2016 HK\$'000	For the year ending 31 December 2017 HK\$'000
Service fee paid by GoLive	6,102	16,272	35,744

Notes:

- (1) the annual cap for the transactions contemplated under the Original Internet TV Cooperation Agreement (as supplemented by the Supplemental Agreement) set at the date thereof (18 May 2015); and
- (2) the proposed annual caps for the Master Internet TV Cooperation Agreement entered into on 12 August 2015.

REASONS FOR THE PROPOSED ANNUAL CAPS

The proposed annual caps in relation to the Master Internet TV Cooperation Agreement are determined taking into account the following factors:

- (i) the service fee paid by GoLive to the Group from 18 May 2015 to 30 June 2015 as shown in the Group's unaudited management account was HK\$680,290;
- (ii) it is expected that the number of Internet Users will increase significantly over the years;
- (iii) as the technology develops, it is expected that the Internet Users will get accustomed to using the services on the Customer Interface and watching paid movies through the Customer Interface; and
- (iv) the authorities in the PRC is getting more stringent in enforcing against copyright infringement over the internet and internet users in the PRC are becoming more conscious about respecting copyright, which is expected to boost up the demand for legitimate paid movies played over the internet.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Master Internet TV Cooperation Agreement will enable the Group to leverage on the advantage of the exclusive content available from GoLive. With the expected potential development in the business of internet TVs and cinemas, it is expected that the Group would be able to create an extra source of income using the TCL Corporation Group's established network without incurring substantial additional overheads.

The Group will be able to continue to benefit through customer usage of the Group's Internet-enabled Products in order to secure reliable source of high quality services of GoLive.

With the software support from GoLive, it is also expected that the Group would be able to develop the Group's business in the production and sale of its Internet-enabled Products.

The Directors (including the independent non-executive Directors) consider that the terms of the Master Internet TV Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the Master Internet TV Cooperation Agreement with GoLive.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 64.32% of the issued share capital of the Company, and is a connected person of the Company under the Listing Rules. GoLive, being an indirect non-wholly owned Subsidiary of TCL Corporation, is an associate of TCL Corporation and thus a connected person of the Company under the Listing Rules. The transactions contemplated under the Master Internet TV Cooperation Agreement therefore constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Notwithstanding the respective interests of certain Directors in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Master Internet TV Cooperation Agreement. Therefore, all Directors are entitled to vote pursuant to the Company's articles of association.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the respective annual caps of Master Internet TV Cooperation Agreement exceed 0.1% but all are less than 5%, the continuing connected transactions 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.

Note:

When the Original Internet TV Cooperation Agreement and the Supplemental Agreement, which will expire on 31 December 2015, were executed on 18 May 2015, it was expected that the service fee to be paid by GoLive to the Group would not exceed 0.1% of the applicable percentage ratio calculated on 18 May 2015 such that the transactions contemplated under the Original Internet TV Cooperation Agreement and the Supplemental Agreement are de minimis transactions and were fully exempted from independent Shareholders' approval, annual review and all disclosure requirements. In the circumstances, no announcement was issued when the Original Internet TV Cooperation Agreement and the Supplemental Agreement were executed.

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).

GoLive is principally engaged in the provision of internet entertainment and other internet and cloud based technology related services.

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
“Customer Interface”	the software application provided by GoLive for installation at the Group’s Internet-enabled Products, which utilises the online platform operated by GoLive and/or its partners
“Director(s)”	the director(s) of the Company
“First-Launch Movie(s)”	On-Demand Movie(s) specifically identified by GoLive as first-launch movie(s)
“GoLive”	GoLive TV Technology (Beijing) Co., Ltd (全球播科技(北京)有限公司), a company established in the PRC with limited liability, an indirect non-wholly owned Subsidiary of TCL Corporation
“GoLive Cinema”	the internet platform on which GoLive provides the video-on-demand service of On-Demand Movies
“GoLive First Launch Cinema”	the internet platform on which GoLive provides the video-on-demand service of First Launch Movies
“GoLive Products”	GoLive TV, GoLive Cinema and GoLive First Launch Cinema
“GoLive TV”	the internet platform on which live television and video-on-demand services etc. are provided by GoLive
“Group”	the Company and its Subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Internet-enabled Products”	the products which are equipped with internet functionality
“Internet Users”	users of internet related services through the Internet-enabled Products of the Group and users who use the Group’s internet terminal through other means
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Internet TV Cooperation Agreement”	the master internet TV cooperation agreement entered into between the Company and GoLive on 12 August 2015
“Net Income from GoLive TV”	<p>the income from activated paid Internet Users through the Customer Interface pre-installed on the Group’s Internet-enabled Products (“Operating Income”, which exclude income from On-Demand Movies) deducted by:</p> <ul style="list-style-type: none"> (i) the fees and shares of profit by third parties and content providers; (ii) financial fees in relation to the Operating Income (for example (but not limited to), the fees generated by Internet Users using PayPal, credit card and other instruments to make payment); and (iii) exchange loss
“Non-First Launch Movie(s)”	On-Demand Movie(s) not being First-Launch Movie(s)
“On-Demand Movie(s)”	the movie(s) available on the Customer Interface for video-on-demand by the Internet Users
“Original Internet TV Cooperation Agreement”	the internet TV cooperation agreement entered into between GoLive and Qiwei Technology on 18 May 2015

“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Qiwei Technology”	Shenzhen Qiwei Technology Development Co., Ltd (深圳市七威科技開發有限公司), a company established in the PRC with limited liability, an indirect wholly-owned Subsidiary of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Single Purchase(s)”	the purchase(s) of a video-on-demand right (which may entitle the Internet User(s) to playback the On-Demand Movie for more than once) in respect of an On-Demand Movie on the Customer Interface, but excluding the situation where refund was made after the purchase
“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
“Supplemental Agreement”	the internet TV cooperation supplemental agreement entered into between GoLive and Qiwei Technology on 18 May 2015
“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)
“TCL Corporation Group”	TCL Corporation and its Subsidiaries and any entity that may become Subsidiary of TCL Corporation from time to time but does not include the Group for the purpose of this announcement
“Unit Price”	The writ price of the On-Demand Movie(s) on the Customer Interface from time to time

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 12 August 2015

As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, HAO Yi, YAN Xiaolin and XU Fang as executive directors, Albert Thomas DA ROSA, Junior and HUANG Xubin as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, TSENG Shieng-chang Carter and SO Wai-man Raymond as independent non-executive directors.