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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) CONNECTED TRANSACTION — SALE AND PURCHASE AGREEMENT

(II) CONTINUING CONNECTED TRANSACTION — RENTAL AGREEMENT

AND

(III) REVISION OF 2017 SUBCONTRACTING ANNUAL CAP UNDER THE MASTER SUBCONTRACTING (2014 RENEWAL) AGREEMENT

INTRODUCTION

The Board is pleased to announce that on 23 December 2016, (i) TCL King Electrical and TCL Intelligence Industry entered into the Sale and Purchase Agreement pursuant to which, among others, TCL King Electrical shall sell the Assigned Assets to TCL Intelligence Industry subject to and in accordance with the terms and conditions thereof; and (ii) TCL Optoelectronics and TCL Intelligence Industry entered into the Rental Agreement pursuant to which, among others, TCL Optoelectronics shall lease the Property to TCL Intelligence Industry subject to and in accordance with the terms and conditions thereof.

Further, references are made to the announcement of the Company dated 11 November 2014 in relation to, among other things, the execution of the Master Subcontracting (2014 Renewal) Agreement on 11 November 2014. On 23 December 2016, the Board approved to revise the annual cap for the year ending 31 December 2017 under the Master Subcontracting (2014 Renewal) Agreement.

LISTING RULES IMPLICATIONS

Sale and Purchase Agreement and Rental Agreement

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. Being a wholly-owned Subsidiary of TCL Corporation, TCL Intelligence Industry is also a connected person of the Company. Therefore, the transactions contemplated under the Sale and Purchase Agreement and the Rental Agreement constitute connected transactions of the Company.

For the Sale and Purchase Agreement, as one or more of the applicable percentage ratios (other than the profits ratio) with reference to the consideration for the sale of Assigned Assets under the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the connected transaction contemplated thereunder is exempted from independent Shareholders' approval requirement under Rule 14A.76(2)(a) but is subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For the Rental Agreement, as one or more of the applicable percentage ratios (other than the profits ratio) with reference to the aggregated figure of the proposed Annual Caps and the Annual Caps (Master Lease) exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Rental Agreement if aggregated are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempted from circular (including independent financial advice) and Shareholders' approval requirements.

Revision of 2017 Subcontracting Annual Cap under the Master Subcontracting (2014 Renewal) Agreement

Since TCL Corporation, being the ultimate controlling shareholder of the Company, is a connected person of the Company, the transactions contemplated under the Master Subcontracting (2014 Renewal) Agreement constitute continuing connected transactions of the Company. Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

Since all of the applicable percentage ratios (other than the profits ratio) with reference to the annual cap for the year ending 31 December 2016 under the Master Subcontracting (2014 Renewal) Agreement and the Revised Subcontracting Annual Cap are less than 5%, the continuing connected transactions contemplated under the Master Subcontracting (2014 Renewal) Agreement 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

The Board is pleased to announce that on 23 December 2016, (i) TCL King Electrical and TCL Intelligence Industry entered into the Sale and Purchase Agreement pursuant to which, among others, TCL King Electrical shall sell the Assigned Assets to TCL Intelligence Industry subject to and in accordance with the terms and conditions thereof; and (ii) TCL Optoelectronics and TCL Intelligence Industry entered into the Rental Agreement pursuant to which, among others, TCL Optoelectronics shall lease the Property to TCL Intelligence Industry subject to and in accordance with the terms and conditions thereof.

SALE AND PURCHASE AGREEMENT

Major terms of the Sale and Purchase Agreement are set out as below:

Date: 23 December 2016

Parties: (i) TCL King Electrical as seller; and
(ii) TCL Intelligence Industry as purchaser

Conditions Precedent: The Completion of the Sale and Purchase Agreement is conditional upon the satisfaction of the following conditions:

- (i) compliance by the Company with the applicable law and regulations including the requirements under the Listing Rules regarding its wholly-owned Subsidiary TCL King Electrical's execution of the Sale and Purchase Agreement and carrying out of the transactions thereunder (including but not limited to obtaining the Board's approval of the Sale and Purchase Agreement and the transactions contemplated thereunder);
- (ii) obtaining the approval from the board of directors of each of TCL King Electrical and TCL Intelligence Industry in relation to the Sale and Purchase Agreement, the transactions contemplated thereunder and the approval documentation thereof before Completion (including but not limited to the relevant board minutes); and

(iii) if either party fails to obtain the documentation of its board of directors' approval (including but not limited to the relevant board minutes) on Completion Date, the other party shall be entitled to terminate the Sale and Purchase Agreement and claim against such party for breach of contract.

Assigned Assets:

- (i) moulds and equipment, tools, moulds, moulds in progress, tooling fixtures, low value consumables, other office equipment and rights to software usage that are directly relevant to the production of moulds;
- (ii) rights, obligations, litigation or arbitration, claims and dispute resolutions, etc. and any other matters associated or in connection with the assets mentioned in (i) above;
- (iii) relevant user instructions, user manuals and maintenance information of the assets mentioned in (i) above; and
- (iv) any contract(s) and list(s) associated or in connection with the assets mentioned in (i) above entered into between TCL King Electrical and any third party(ies) which was/were not fully executed on Completion Date.

Inventory of the Assigned Assets:

Upon signing of the Sale and Purchase Agreement, both parties shall inventory the Assigned Assets by signing on a list of Assigned Assets within 3 days from the signing of the Sale and Purchase Agreement.

Completion:

Completion shall take place on Completion Date (i.e. the next day after both parties have finished the inventory of the Assigned Assets) and at the office of TCL King Electrical.

TCL King Electrical's obligation(s) on completion:

On Completion, TCL King Electrical shall deliver the following to TCL Intelligence Industry:

- (i) the board minutes of TCL King Electrical approving the execution of the Sale and Purchase Agreement and carrying out of the transactions contemplated thereunder;
- (ii) the Assigned Assets;
- (iii) various document(s) that may be reasonably requested by TCL Intelligence Industry for the completion of the sale and purchase of the Assigned Assets;
- (iv) all instrument(s) and document(s) relating to the ownership of the Assigned Assets (if any);
- (v) the Sale and Purchase Agreement signed by a duly authorised representative of TCL King Electrical; and
- (vi) if, pursuant to any contract(s) between TCL King Electrical and any third party(ies), consent is required from any third party(ies) for the sale of any Assigned Assets, the documentation of such consent from any third party(ies) (if applicable).

TCL Intelligence Industry's obligation(s) on completion:

On Completion, TCL Intelligence Industry shall deliver the following to TCL King Electrical:

- (i) the board minutes of TCL Intelligence Industry approving the execution of the Sale and Purchase Agreement and carrying out of the transactions contemplated thereunder;
- (ii) various document(s) that may be reasonably requested by TCL King Electrical for the completion of the sale and purchase of the Assigned Assets; and

(iii) the Sale and Purchase Agreement signed by a duly authorised representative of TCL Intelligence Industry.

Performance of purchase contract(s):

For any purchase contract(s) that is/are not completed on Completion Date, TCL King Electrical shall arrange with any such counter-party to substitute TCL Intelligence Industry as party to such purchase contract(s), TCL Intelligence Industry shall be responsible for the performance of such purchase contract(s) thereafter.

TCL King Electrical shall be responsible for all payable(s) incurred/accrued on and before Completion Date, whilst TCL Intelligence Industry shall be responsible for all payable(s) to be accrued/incurred after Completion Date.

Performance of sales contract(s):

For any sales contract(s) that is/are not completed on Completion Date, TCL King Electrical shall arrange with any such counter-party to substitute TCL Intelligence Industry as party to such sales contract(s), TCL Intelligence Industry shall be responsible for the performance of such sales contract(s) thereafter.

TCL King Electrical shall be entitled to all receivable(s) incurred on and before Completion Date, whilst TCL Intelligence Industry shall be entitled to all receivable(s) to be incurred after Completion Date.

Purchase of moulds:

Starting from Completion Date, TCL King Electrical may (but is not obligated to) purchase moulds from TCL Intelligence Industry at market price of moulds to be agreed by both parties. Provided that the terms offered by TCL King Electrical are no less favourable than those offered by Independent Third Parties, TCL Intelligence Industry shall supply mould products to TCL King Electrical in given priority. For the avoidance of doubt, TCL King Electrical is not obligated to purchase any moulds from TCL Intelligence Industry under the Sale and Purchase Agreement.

Consideration and payment terms: TCL Intelligence Industry shall pay a total consideration of RMB18,436,210.47 (equivalent to approximately HK\$22,123,452.56) (without tax) for its purchase of Assigned Assets by two instalments in the following manner:

First instalment: RMB10,201,985.71 (equivalent to approximately HK\$12,242,382.85) payable on or before 31 December 2016; and

Second instalment: RMB8,234,224.76 (equivalent to approximately HK\$9,881,069.71) payable on or before 30 June 2017.

RENTAL AGREEMENT

Major terms of the Rental Agreement are set out as below:

Date: 23 December 2016

Parties: (i) TCL Optoelectronics as landlord; and
(ii) TCL Intelligence Industry as tenant

Lease period: From 23 December 2016 to 22 December 2019 (both dates inclusive)

Rental area: the Property

Rent (without tax): The monthly rent of the Property during the lease period shall be RMB11.125 (equivalent to HK\$13.35) for every square meter of the rental area, i.e. RMB86,816.83 (equivalent to approximately HK\$104,180.20) in total.

Service fee (without tax): The monthly service fee regarding the Property during the lease period shall be RMB3.97 (equivalent to approximately HK\$4.76) for every square meter of the rental area, i.e. approximately RMB30,980.93 (equivalent to approximately HK\$37,177.12) in total.

Settlement terms: TCL Intelligence Industry shall pay to TCL Optoelectronics within the first 10 days of each month the rent and service fee of a total of RMB117,797.76 (equivalent to approximately HK\$141,357.31) for the preceding month by way of telegraphic transfer.

The monthly rent and service fee for the first and last calendar months of the lease period, which are not full calendar months, shall be proportionated according to the actual lease period of the relevant month by dividing the monthly rent and service fee by the number of calendar days of the relevant month and multiply it by the number of days of actual lease period in that month.

Basis of determination of the consideration for the Assigned Assets under the Sale And Purchase Agreement

The net book value of the Assigned Assets is RMB18,436,210.47 (equivalent to approximately HK\$22,123,452.56). The consideration for the sale of Assigned Assets to TCL Intelligence Industry was arrived at after arm's length negotiations between the parties, and determined with reference to, among others, the net book value of the Assigned Assets. The Directors consider that such consideration reflects the net book value of the Assigned Assets.

The Assigned Assets had been held by TCL King Electrical for more than 12 months.

There is no gain or loss arising out of the sale of the Assigned Assets. The proceeds for the sale of Assigned Assets to TCL Intelligence Industry are intended to be used as general working capital of the Company.

There is no specifically identifiable stream of revenue/profits in respect of the Assigned Assets for two financial years immediately preceding the sale thereof.

Proposed Annual Caps for the Rental Agreement

The following table sets out the proposed Annual Caps of the continuing connected transactions contemplated under the Rental Agreement for each of the three years ending 31 December 2018 and for the period from 1 January 2019 to 22 December 2019:

	For the year ending 31 December 2016 HK\$'000	For the year ending 31 December 2017 HK\$'000	For the year ending 31 December 2018 HK\$'000	For the period from 1 January 2019 to 22 December 2019 HK\$'000
Rent and service fee	42	1,697	1,697	1,656

Reasons for the proposed Annual Caps for the Rental Agreement

The proposed Annual Caps are aggregate of the fixed monthly rent and service fee expected to be accrued to TCL Optoelectronics as landlord during the relevant year/period to be paid by TCL Intelligence Industry as tenant. The monthly rent and service fee are determined based on the current PRC property market conditions and rent levels for properties therein comparable to the Property.

Reasons for and benefits of entering into the Sale And Purchase Agreement

The Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement 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 Sale and Purchase Agreement and the transactions contemplated thereunder for the following reasons:

- (i) by selling the Assigned Assets to TCL Intelligence Industry, TCL King Electrical would cease the production of moulds and shift its focus to the production of electronic products and expand its production line;
- (ii) after the sale of Assigned Assets to TCL Intelligence Industry, TCL King Electrical may (but is not obligated to) purchase moulds from TCL Intelligence Industry. This is expected to be more cost efficient for the Group to obtain the moulds necessary for production of its products; and
- (iii) further, by selling the Assigned Assets to TCL Intelligence Industry, it can enhance TCL Intelligence Industry's competitiveness of industrial capability and cooperate with TCL Corporation's strategic transformation, which will in turn benefit the Group's business operation.

Reasons for and benefits of entering into the Rental Agreement

The Directors (including the independent non-executive Directors) consider that the terms of the Rental Agreement 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 Rental Agreement and the transactions contemplated thereunder for the following reasons:

- (i) the Rental Agreement provides an opportunity for the Company to generate a stable income from the Property;
- (ii) leasing out and retaining ownership of the Property under the Rental Agreement, instead of selling off the Property, it is expected to help ensure smooth operations of the Property, as well as the compliance with relevant requirements under the land use right certificate and property right imposed by the relevant PRC authorities; and
- (iii) by leasing to TCL Intelligence Industry the Property, which to the best of knowledge and understanding of the Group after making reasonable enquiry, would be used by TCL Intelligence Industry as the production plant of the moulds to be purchased by TCL King Electrical, the Group can ensure that TCL Intelligence Industry will have a stable location for production for the moulds required by the Group.

REVISION OF 2017 SUBCONTRACTING ANNUAL CAP UNDER THE MASTER SUBCONTRACTING (2014 RENEWAL) AGREEMENT

Background

References are made to the announcement of the Company dated 11 November 2014 in relation to, among other things, the execution of the Master Subcontracting (2014 Renewal) Agreement on 11 November 2014.

On 23 December 2016, the Board has approved to revise the 2017 Subcontracting Annual Cap under the Master Subcontracting (2014 Renewal) Agreement for the reasons set out in the section headed “Reasons for and benefits of the Revised Subcontracting Annual Cap”. The details of the Master Subcontracting (2014 Renewal) Agreement have already largely been set out in the announcement of the Company dated 11 November 2014, the same details are set out below.

Master Subcontracting (2014 Renewal) Agreement

On 11 November 2014, the Company (for itself and on behalf of its Subsidiaries) entered into the Master Subcontracting (2014 Renewal) Agreement, principal terms of which are set out hereinbelow.

- Date: 11 November 2014
- Parties:
- (i) the Company (for itself and on behalf of its Subsidiaries); and
 - (ii) TCL Corporation (for itself and on behalf of its Subsidiaries and associates)
- Duration: Three years from 1 January 2015 to 31 December 2017
- Major terms:
- If any member of the Ordering Group so requests, the Processing Group shall or procure the relevant member and/or associate (as the case may be) of its group to process raw materials (including but not limited to plastic parts) as provided by the Ordering Group into certain semi-finished materials for the relevant member and/or associate (as the case may be) of the Ordering Group in accordance with the processing procedures and specifications of the semi-finished materials as provided by the Ordering Group, provided that:
1. the relevant member and associate (as the case may be) of the Processing Group considers that it has the relevant resources to meet the timeline, quality and quantity of the relevant order placed;
 2. in case where the member of the Group places the order: (a) where the relevant member of the Group simultaneously requests an independent third party to provide the same service to it, the overall commercial terms (including charges and payment terms) offered by the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) shall not be less favourable than those offered by such third party; and (b) where the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) provides the same service to an independent third party, the overall commercial

terms (including charges and payment terms) offered by the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) to the Group shall not be less favourable than those offered by such relevant member of TCL Corporation Group and the TCL Associates (as the case may be) to that third party;

3. in case where any of the member of TCL Corporation Group and the TCL Associates (as the case may be) places the order: (a) where such member and associate simultaneously requests an independent third party to provide the same service to it, the overall commercial terms (including charges and payment terms) offered by the relevant member of the Group to such member and associate shall be no more favourable than those offered by such third party; and (b) where the relevant member of the Group provides the same service to an independent third party, the overall commercial terms (including charges and payment terms) offered by the relevant member of the Group to TCL Corporation Group and the TCL Associates (as the case may be) shall be no more favourable to TCL Corporation Group and the TCL Associates (as the case may be) than those offered by such relevant member of the Group to such third party; and
4. the material processing services provided by Processing Group shall be on a non-exclusive basis but orders placed by the Ordering Group shall be given priority.

Pricing policy and price determination:

1. The processing fee to be charged by TCL Corporation Group and the TCL Associates against the Group shall be no less favourable than the terms available to the Group from independent third parties;

2. The processing fee to be charged by the Group against TCL Corporation Group and the TCL Associates shall be no more favourable to TCL Corporation Group and the TCL Associates than those which the Group offer to independent third parties;
3. For the processing fee to be charged by TCL Corporation Group and the TCL Associates, the processing fee to be charged are under regular review and may be adjusted from time to time on mutual agreement. In determining if the processing fees to be charged are in conformity with the foregoing paragraph 1, the Group shall obtain quotations from TCL Corporation Group and TCL Associates and independent third parties for comparable processing services on a periodic basis and make comparisons. The Group would consider, compare and take reference of the said fees quotations in determining the final processing fees to be charged by TCL Corporation Group; and
4. If at any time during the term of the Master Subcontracting (2014 Renewal) Agreement, TCL Corporation Group and TCL Associates provides comparable processing services to other independent third parties at more favourable terms, TCL Corporation Group and TCL Associates shall immediately offer to provide processing services to the Group at equivalent terms accorded to such other independent third parties starting from the next applicable period.

Historical figures

Set out below are the actual amounts of the continuing connected transactions in relation to subcontracting by TCL Corporation Group pursuant to the Master Subcontracting (2014 Renewal) Agreement for the year ended 31 December 2015 and the nine months ended 30 September 2016, and the respective annual caps for the two years ending 31 December 2016:

	For the year ended 31 December 2015 (audited) HK\$'000	For the nine months ended 30 September 2016 (unaudited) (for actual amount only) /for the year ending 31 December 2016 (for original annual cap only) HK\$'000
Subcontracting by TCL Corporation Group		
Actual	1,265	741
Original annual cap	9,657	9,367

Proposed revision of 2017 Subcontracting Annual Cap

The Board proposes to revise the 2017 Subcontracting Annual Cap under the Master Subcontracting (2014 Renewal) Agreement as follows:

	For the year ending 31 December 2017 HK\$'000
Subcontracting by TCL Corporation Group	
2017 Subcontracting Annual Cap	8,438
Revised Subcontracting Annual Cap	27,390

The Revised Subcontracting Annual Cap under the Master Subcontracting (2014 Renewal) Agreement is determined with reference to, among other things, the following factors:

- (i) the historical transaction amounts for subcontracting by TCL Corporation Group under the Master Subcontracting (2014 Renewal) Agreement during the financial year ended 31 December 2015 and the nine months ended 30 September 2016;
- (ii) the 2017 Subcontracting Annual Cap; and
- (iii) the projected additional amount for subcontracting by TCL Corporation Group.

Notwithstanding the revision of the 2017 Subcontracting Annual Cap to the Revised Subcontracting Annual Cap, the terms of the Master Subcontracting (2014 Renewal) Agreement remain unchanged.

Reasons for and benefits of the Revised Subcontracting Annual Cap

The Master Subcontracting (2014 Renewal) Agreement was entered on 11 November 2014. Having considered the current business needs of the Group, the Board considered that the 2017 Subcontracting Annual Cap would no longer be able to cater for the operational needs of the Group in light of the increasing demand for electronic products in the market, as members of the Group have been placing more subcontracting orders to TCL Corporation Group for its processing of semi-finished materials for the Group's further production and assembling of electronic products to satisfy such increasing demand. In view of the above, the Board therefore considered that there is a need to revise the 2017 Subcontracting Annual Cap upward.

The Directors (including the independent non-executive Directors) are of the view that insofar as subcontracting by TCL Corporation Group is concerned, the 2017 Subcontracting Annual Cap under the Master Subcontracting (2014 Renewal) Agreement as previously disclosed should be further increased to a more realistic level in order to cater for the changing customer demands of the Group's products and expansion of the Group's business.

The Directors (including the independent non-executive Directors) consider that the Master Subcontracting (2014 Renewal) Agreement was entered into on normal commercial terms after arm's length negotiations between the parties, and the terms thereunder together with the annual cap for the year ending 31 December 2016 under the Master Subcontracting (2014 Renewal) Agreement and the Revised Subcontracting Annual Cap in respect thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

None of the current Directors and the then Directors as at 11 November 2014 is considered as having a material interest in the transactions contemplated under the Master Subcontracting (2014 Renewal) Agreement. Therefore, (i) all the then Directors as at 11 November 2014 were entitled to vote on the Board resolution for considering and approving the Master Subcontracting (2014 Renewal) Agreement in the meeting of the Board held on 11 November 2014; and (ii) all the current Directors are entitled to vote on the Board resolution for considering and approving the Revised Subcontracting Annual Cap in the meeting of the Board held on 23 December 2016 pursuant to the Company's articles of association.

LISTING RULES IMPLICATIONS

Sale and Purchase Agreement and Rental Agreement

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. Being a wholly-owned subsidiary of TCL Corporation, TCL Intelligence Industry is also a connected person of the Company. Therefore, the transactions contemplated under the Sale and Purchase Agreement and the Rental Agreement constitute connected transactions of the Company.

For the Sale and Purchase Agreement, as one or more of the applicable percentage ratios (other than the profits ratio) with reference to the consideration for the sale of Assigned Assets under the Sale and Purchase Agreement exceed 0.1% but are less than 5%, the connected transaction contemplated thereunder is exempted from independent Shareholders' approval requirement under Rule 14A.76(2)(a) but is subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

For the Rental Agreement:

- (i) On 11 November 2014, the Company entered into the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement with TCL Corporation pursuant to which the Group agreed to rent out certain premises to TCL Corporation Group. On 23 April 2015, the Company revised the annual caps under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement such that the Annual Caps (Master Lease) for the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement are HK\$33,427,000 and HK\$35,204,000 for each of the years ending 31 December 2016 and 31 December 2017, respectively;
- (ii) As the Rental Agreement and Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement are entered into with related parties (all being members of the TCL Corporation Group), and the subject matter of each of the said agreements relates to the provision of use of premises by the Group to TCL Corporation Group, the transactions contemplated thereunder may constitute a series of continuing connected transactions to be aggregated pursuant to Rule 14A.81 of the Listing Rules; and

- (iii) As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the aggregated figure of the proposed Annual Caps and the Annual Caps (Master Lease) exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated under the Rental Agreement if aggregated are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules but are exempted from circular (including independent financial advice) and Shareholders' approval requirements.

None of the Directors is considered as having a material interest in the transactions contemplated under the Sale and Purchase Agreement and the Rental Agreement. Therefore, all Directors are entitled to vote pursuant to the Company's articles of association.

Revision of 2017 Subcontracting Annual Cap under the Master Subcontracting (2014 Renewal) Agreement

Since TCL Corporation, being the ultimate controlling shareholder of the Company, is a connected person of the Company, the transactions contemplated under the Master Subcontracting (2014 Renewal) Agreement constitute continuing connected transactions of the Company. Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

Since all of the applicable percentage ratios (other than the profits ratio) with reference to the annual cap for the year ending 31 December 2016 under the Master Subcontracting (2014 Renewal) Agreement and the Revised Subcontracting Annual Cap are less than 5%, the continuing connected transactions contemplated under the Master Subcontracting (2014 Renewal) Agreement 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.

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).

TCL Intelligence Industry, a direct wholly-owned Subsidiary of TCL Corporation, is a company established in the PRC whose principal business is (i) research and development, design and manufacture and sales and rental of moulds and its moulding parts; (ii) research and development, application and sales of new materials and new crafts; (iii) research and development, manufacture, sales, rental, maintenance and modification of automation technology and facilities; and (iv) development and application, sales and consultation of management software and systems for manufacturing corporations.

TCL Corporation and its Subsidiaries (including the Group) 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).

DEFINITIONS

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

“2017 Subcontracting Annual Cap”	the original annual cap for subcontracting by TCL Corporation Group under the Master Subcontracting (2014 Renewal) Agreement for the year ending 31 December 2017
“Annual Caps”	the annual caps for the transactions contemplated under the Rental Agreement
“Annual Caps (Master Lease)”	the annual caps for the transactions contemplated under the Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement and revised by the Company on 23 April 2015
“Assigned Assets”	has the meaning ascribed thereto under the paragraph “Assigned Assets” in the section “SALE AND PURCHASE AGREEMENT”

“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)
“Completion”	has the meaning ascribed threto under the paragraph “Completion” in the section “SALE AND PURCHASE AGREEMENT”
“Completion Date”	the date of completion of the Sale and Purchase Agreement
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its Subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Lease and Vehicle (Lessor) (2014 Renewal) Agreement”	the master lease and vehicle (lessor) (2014 renewal) agreement dated 11 November 2014 entered into between the Company and TCL Corporation
“Master Subcontracting (2014 Renewal) Agreement”	the master subcontracting (2014 renewal) agreement entered into between the Company and TCL Corporation on 11 November 2014
“Ordering Group”	the Group or TCL Corporation Group and the TCL Associates (as the case may be) which places the order pursuant to the Master Subcontracting (2014 Renewal) Agreement

“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
“Processing Group”	the Group or TCL Corporation Group and the TCL Associates (as the case may be) which processes the raw materials as provided by the Ordering Group into semi-finished materials and/or finished goods pursuant to the Master Subcontracting (2014 Renewal) Agreement
“Property”	Complex building F at No. 78, Huifeng Fourth Road, Zhongkai Hi-tech Industrial Development Zone, Huizhou, Guangdong Province, the PRC, with lease area of 7,803.76 square meters
“Rental Agreement”	the rental agreement entered into between TCL Optoelectronics and TCL Intelligence Industry on 23 December 2016
“Revised Subcontracting Annual Cap”	the annual cap for subcontracting by TCL Corporation Group under the Master Subcontracting (2014 Renewal) Agreement for the year ending 31 December 2017 revised on 23 December 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between TCL King Electrical and TCL Intelligence Industry on 23 December 2016
“Shareholder(s)”	holder(s) of share(s) 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 Associates”	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

“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
“TCL Intelligence Industry”	TCL Intelligence Industry (Huizhou) Company Limited* (TCL智慧工業(惠州)有限公司), a company established under the laws of the PRC and a direct wholly-owned Subsidiary of TCL Corporation
“TCL King Electrical”	TCL King Electrical Appliance (Huizhou) Company Limited* (TCL王牌電器(惠州)有限公司), a company established under the laws of the PRC and an indirect wholly-owned Subsidiary of the Company
“TCL Optoelectronics”	TCL Optoelectronics (Huizhou) Company Limited* (TCL光電科技(惠州)有限公司), a company established under the laws of the PRC and a direct wholly-owned Subsidiary of the Company

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 names.*

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.20 has been used, where applicable, for the 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.