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## **TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED**

**TCL 多媒體科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 01070)

(the “Company”, together with its subsidiaries, the “Group”)

### **CLARIFICATION ANNOUNCEMENT**

#### **(i) UPDATES ON THE USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 11 MAY 2016**

**AND**

#### **(ii) CHANGE IN USE OF PROCEEDS**

Reference is made to the announcements made by the Company on 11 December 2015, 8 April 2016, 11 May 2016 (the “**Announcements**”), the circular published by the Company dated 27 December 2015 (the “**Circular**”) and the Annual Report 2016 of the Company (the “**Annual Report**”). Defined terms used herein shall have the same meanings as those defined in the Announcements, the Circular and the Annual Report, unless otherwise specified.

#### **UPDATES ON THE USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 11 MAY 2016**

As disclosed in the Circular, the gross proceeds from the issue of the Subscription Shares pursuant to the Subscription Agreement were approximately HK\$2,267,525,000. The net proceeds from the issue of the Subscription Shares pursuant to the Subscription Agreement, after deduction of expenses and professional fees, amounted to approximately HK\$2,261,000,000 (the “**Subscription Proceeds**”), amongst which approximately HK\$1,127.63 million had been utilised as at 31 December 2016.

The breakdown of the Company's actual use of the Subscription Proceeds as at 31 December 2016, the actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 December 2016 and the actual use of the Subscription Proceeds from 31 December 2016 up to the date of this announcement are as follows:

<b>Such net proceeds are intended to be used for the following purposes:</b>	<b>Proposed use of the Subscription Proceeds as disclosed in the Circular <i>HK\$ million (approximately)</i></b>	<b>Actual use of the Subscription Proceeds from the date of completion of the Subscription to 31 December 2016 <i>HK\$ million (approximately)</i></b>	<b>Actual use of the Subscription Proceeds from 31 December 2016 to the date of this announcement <i>HK\$ million (approximately)</i></b>
Research and development which will primarily be used to upgrade the Group's TV products including but not limited to Curved TV, OLED TV, high colour domain TV like Quantum Dot TV, Slim TV, HDR (High Dynamic Range), etc	500	341.18	158.82
Overseas market expansion in countries tentatively targeting with high population including but not limited to India and Brazil, etc.	400	135.29	60.77
Automation and technology and process improvement	300	91.16	90.30
Mergers and acquisitions (the target(s) of which has not yet been identified as at the date hereof but tentatively the mergers and acquisitions target should have synergy with the Group's existing businesses in terms of R&D, supply chains, production, sales, user base and APRU value, etc.)	500	0	0
Repayment of loans	500	500	0
General working capital	60	60	0
<b>Total</b>	<b>2,260</b>	<b>1,127.63</b>	<b>309.89</b>

As at the date of this announcement, the use of the Subscription Proceeds has not exceeded the proposed use of the Subscription Proceeds as disclosed in the Circular and the total balance of the unutilised Subscription Proceeds was approximately HK\$822.48 million, comprising (i) approximately HK\$203.94 million originally allocated for overseas market expansion; (ii) approximately HK\$118.54 million originally allocated for automation and technology and process improvement; and (iii) approximately HK\$500 million originally allocated for mergers and acquisitions.

## CHANGE IN USE OF PROCEEDS

Based on the information currently available and the Board's estimation of the future market condition, the Board has on 22 September 2017 resolved to reallocate and utilise the unutilised Subscription Proceeds in the following manner:

<b>Intended use</b>	<b>New allocation of the unutilised Subscription Proceeds</b> <i>HK\$ million</i> (approximately)
Overseas market expansion in countries tentatively targeting with high population including but not limited to India and Brazil, etc.	176.00
Repayment of loans	618.54
General working capital	27.94
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<b>Total of unutilised Subscription Proceeds</b>	<b>822.48</b>
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Whilst as disclosed in the Circular it was originally intended that a sum of HK\$500 million was to be used for mergers and acquisitions, the Group has not been able to identify suitable target for mergers and acquisitions. Further, upon review and having considered the business development plan of the Group, the Board considers that the Group's use of proceeds on automation and technology and process improvement is sufficient to meet the need of the Group in the near future. Thus with a view to reasonably utilise the Subscription Proceeds in a more effective and efficient manner, the Board has resolved that such utilised Subscription Proceeds in the sum of approximately HK\$618.54 million originally allocated for mergers and acquisitions and automation and technology and process improvement be reallocated to repayment of loans, which would reduce the finance and interest expenses of the Group arising from such loans.

Having considered the business plan of the Group in entrenching development in overseas market, the Board considers that a further sum of approximately HK\$176 million will be sufficient for the need of overseas market expansion in countries tentatively targeting with high population including but not limited to India and Brazil, etc. and hence it is resolved that the remaining balance of proceeds originally allocated for such purpose be reallocated to general working capital.

It is expected that all the unutilised Subscription Proceeds will be used in the financial year ending 31 December 2017.

The Board has considered the impact of the proposed change in the use of the Subscription Proceeds on the Group's business and believes that, in view of the Group's operation and business updates, the reallocation of the unutilised Subscription Proceeds will facilitate efficient allocation of financial resources and strengthen the future development of the Group, and it is appropriate and in the best interests of the Company and its shareholders as a whole.

Otherwise than disclosed in this announcement, there is no plan to change the original intended use of the Subscription Proceeds as disclosed in the Circular.

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

Hong Kong, 22 September 2017

*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, LIU Hong 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.*