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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)*

### **CONNECTED TRANSACTIONS**

### **CAPITAL INCREASE AGREEMENT AND SHAREHOLDERS’ AGREEMENT**

#### **INTRODUCTION**

The Board is pleased to announce that on 18 May 2018, TCL New Technology (a subsidiary of the Company) entered into the Capital Increase Agreement with Lerong Zhixin, Leshi Internet and Tianjin Jiarui, pursuant to which, among others, TCL New Technology agreed to make a capital contribution of RMB0.3 billion to Lerong Zhixin subject to the terms and conditions thereof. Upon completion of the Capital Increase, the Company’s interest in Lerong Zhixin through TCL New Technology will be approximately 2.71%.

The Existing Shareholders and Lerong Zhixin had entered into the Existing Shareholders’ Agreement on 20 April 2018. As one of the First Phase Conditions Precedent to the payment of the First Instalment under the Capital Increase Agreement, TCL New Technology will enter into an adherence agreement to become a party to the Existing Shareholders’ Agreement in accordance with the terms therein, and that Lerong Zhixin and its shareholders will enter into the Supplemental Agreement with the Current Round Investors (including, among others, TCL New Technology), which is supplemental to the Existing Shareholders’ Agreement.

## **LISTING RULES IMPLICATIONS**

Lerong Zhixin is the holding company of Letv Zhixin (HK), a Shareholder currently holding approximately 14.96% of the number of issued shares of the Company, According to Leshi Internet, since Lerong Zhixin is accounted for and consolidated in the audited consolidated accounts of Leshi Internet as a subsidiary, Lerong Zhixin is a subsidiary of Leshi Internet. Hence, each of Lerong Zhixin and Leshi Internet is a connected person of the Company under the Listing Rules. Thus, the Capital Increase contemplated under the Capital Increase Agreement and the transactions contemplated under the Shareholders' Agreement constitute connected transactions of the Company.

Notwithstanding the interest and/or role of Mr. ZHANG Zhiwei and Mr. LIU Hong (both of them are non-executive Directors of the Company) in Lerong Zhixin Group and/or Leshi Internet, none of them is considered as having a material interest in the transactions contemplated under the Capital Increase Agreement and the Shareholders' Agreement. Notwithstanding the foregoing, for the purpose of good corporate governance, both Mr. ZHANG Zhiwei and Mr. LIU Hong did not vote on the relevant resolutions of the Board.

As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 0.1% but are all less than 5%, the Capital Increase contemplated under the Capital Increase Agreement and the transactions contemplated under the Shareholders' Agreement are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from circular and independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 18 May 2018, TCL New Technology (a subsidiary of the Company) entered into the Capital Increase Agreement with Lerong Zhixin, Leshi Internet and Tianjin Jiarui, pursuant to which, among others, TCL New Technology agreed to make a capital contribution of RMB0.3 billion to Lerong Zhixin subject to the terms and conditions thereof. Upon completion of the Capital Increase, the Company's interest in Lerong Zhixin through TCL New Technology will be approximately 2.71%.

## **CAPITAL INCREASE AGREEMENT**

The major terms of the Capital Increase Agreement are set out below:

Date: 18 May 2018

Parties: (i) TCL New Technology;  
(ii) Lerong Zhixin;  
(iii) Tianjin Jiarui; and  
(iv) Leshi Internet.

Capital Increase: TCL New Technology and Lerong Zhixin acknowledge that, prior to the Capital Increase, valuation of Lerong Zhixin is RMB9 billion (exclusive of the capital investment in Lerong Zhixin in the sum of RMB1.79 billion made under the Prior Investment), and TCL New Technology agrees to contribute RMB0.3 billion in cash to Lerong Zhixin to acquire approximately 2.71% equity interest in Lerong Zhixin after completion of both the Prior Investment and the Capital Increase, out of which RMB10,415,090 will be credited towards registered capital whilst the remaining RMB289,584,910 will be credited towards capital reserve.

It is expected that upon completion of Capital Increase (having taken into account of the Prior Investment), the capital structure of Lerong Zhixin will be as follows:

Shareholders	After completion of the Prior Investment and immediately before completion of the Capital Increase		Immediately after completion of both the Prior Investment and the Capital Increase	
	Contributions to registered capital (RMB)	Shareholding	Contributions to registered capital (RMB)	Shareholding
Leshi Internet	136,370,449	36.4047%	136,370,449	35.42%
Tianjin Jiarui	115,074,047	30.7195%	115,074,047	29.89%
Leshi Holding	57,430,383	15.3313%	57,430,383	14.92%
Ningbo Leran (Limited Partnership)	12,633,573	3.3726%	12,633,573	3.28%
Xinle Tianjin (Limited Partnership)	6,179,349	1.6496%	6,179,349	1.60%
Huaxia Insurance Beijing	3,533,867	0.9434%	3,533,867	0.92%
Beimeihong	2,061,224	0.5503%	2,061,224	0.54%
Linzhi Lichuang	10,415,090	2.7804%	10,415,090	2.71%
Jiangsu Jingdong	10,415,090	2.7804%	10,415,090	2.71%
Shijia Holding	6,943,394	1.8536%	6,943,394	1.80%
Shenzhen Jinruixian	5,207,545	1.3902%	5,207,545	1.35%
Jiangsu Design Valley	8,332,072	2.2243%	8,332,072	2.16%
TCL New Technology	-	-	10,415,090	2.71%
<b>Total</b>	<b>374,596,083</b>	<b>100.00%</b>	<b>385,011,173</b>	<b>100.00%</b>

Payment of the amount for Capital Increase:

The Capital Increase will be paid in two instalments:

(i) the First Instalment:

payment of 50% of the amount for the Capital Increase, being RMB0.15 billion shall be made by cash by TCL New Technology within 5 days from the date on which all of the First Phase Conditions Precedent being fully satisfied or otherwise waived by TCL New Technology in writing.

(ii) the Second Instalment:

payment of the remaining 50% of the amount for the Capital Increase, being RMB0.15 billion shall be made by cash by TCL New Technology within 5 days from the date on which all of the Second Phase Conditions Precedent being fully satisfied or otherwise waived by TCL New Technology in writing.

Conditions precedent:

*First Phase Conditions Precedent*

The payment of the First Instalment is subject to all of the following First Phase Conditions Precedent being fully satisfied or otherwise waived by TCL New Technology in writing:

- (i) the Capital Increase Agreement having taken effect;
- (ii) TCL New Technology having entered into an adherence agreement to become a party to the Existing Shareholders' Agreement in accordance with the terms therein, and that Lerong Zhixin and its shareholders having entered into the Supplemental Agreement (in the form annexed to the Capital Increase Agreement);
- (iii) Lerong Zhixin having entered into agreements with each of Tencent, Jingdong and Tianjin Jiarui in relation to capital increases by such parties to Lerong Zhixin and such agreements having taken effect and the capital contribution of each of Tencent, Jingdong and Tianjin Jiarui into Lerong Zhixin being not less than RMB0.3 billion;
- (iv) the representations and warranties under the Capital Increase Agreement remaining true, complete and accurate in all respects from the date of Capital Increase Agreement to the First Completion Date, and all undertakings and covenants required to be performed on or before the First Completion Date having been performed, and there being no act that contravene any agreements relating to this Current Round of Capital Raising;
- (v) save as disclosed under the Capital Increase Agreement, there being no laws, judgements, awards, rulings from any courts, arbitral tribunals or other governmental orders of any government departments which restricts, prohibits, nullifies the Current Round of Capital Raising, and there being no laws or pending or potential litigation, arbitration, judgments, awards, rulings or any governmental orders which has or will have material adverse effect on the Current Round of Capital Raising;

- (vi) from the date of the Capital Increase Agreement up to the First Completion Date, save as disclosed under the Capital Increase Agreement, there being no (and have not been occurred) one or more events or facts that (whether singly or jointly) has/have given rise to, or is/are reasonably expected to give rise to material adverse effect on the shareholding structure, assets, equity investment in other entities, financial structure, liabilities, business, technologies, profit prospects and ordinary operations of Lerong Zhixin Group;
- (vii) Lerong Zhixin having provided TCL New Technology with documents evidencing the true and complete shareholding structure of Lerong Zhixin;
- (viii) Lerong Zhixin having provided TCL New Technology with register of members after the Current Round of Capital Raising that is consistent with the shareholding table above;
- (ix) Lerong Zhixin having obtained written approval on the Current Round of Capital Raising from China Minsheng Trust Co., Ltd.;
- (x) Lerong Zhixin having come up with proposed debt settlement solutions, to the satisfaction of TCL New Technology, with regard to the liabilities owing to six major suppliers of Lerong Zhixin and either agreements having been entered into between Lerong Zhixin and the major suppliers or written confirmation having been obtained from the major suppliers in respect of the debt structuring and long-term cooperation in accordance with the aforesaid debt settlement solutions, in both cases to the satisfaction of TCL New Technology;
- (xi) Lerong Zhixin having entered into capitalisation of loans agreement with each of Leshi Internet, Jiangsu Design Valley and Shenzhen Jinruixian and the amounts of debt to be capitalised shall not be less than RMB0.3 billion, RMB0.24 billion and RMB0.146 billion respectively;

- (xii) Lerong Zhixin and Leshi Internet having confirmed in writing, to the satisfaction of TCL New Technology, that among others, Lerong Zhixin carries out its business in accordance with laws and regulations and has obtained all required permits, approvals, recordation, authorisation and consent etc. necessary for commencement of its business, and there is no administrative penalty imposed on or likely to be imposed on by a competent authority as a result of violation of relevant laws and regulations in its business operations;
- (xiii) Sunac Real Estate having confirmed in writing that the payments of RMB3 billion by Sunac Real Estate to Lerong Zhixin from February 2017 to July 2017 were made on behalf of Tianjin Jiarui pursuant to the capital increase amount payable by Tianjin Jiarui under the capital increase agreement entered into among Lerong Zhixin, Tianjin Jiarui and other parties on 13 January 2017;
- (xiv) the shareholders of Lerong Zhixin having passed the resolution on the appointment by TCL New Technology of an observer to the board of directors of Lerong Zhixin (the “Board Observer”), and that the resolution should expressly state that the Board Observer has the right to attend the meetings of the board of directors of Lerong Zhixin, but is not entitled to any voting rights at the board meetings;
- (xv) Lerong Zhixin and Leshi Internet having entered into a framework agreement in writing confirming that irrespective of the shareholding of Leshi Internet in Lerong Zhixin, Leshi Internet shall always warrant that it will provide Lerong Zhixin with relevant business resources (including but not limited to broadcasting licences, intellectual property licences, domain names, etc.) in order to secure that the business of Lerong Zhixin will be under normal operation;

- (xvi) TCL New Technology's funds for the Capital Increase having been in place and TCL New Technology having informed Lerong Zhixin in writing of the same; and
- (xvii) Lerong Zhixin having confirmed to TCL New Technology in writing that all First Phase Conditions Precedent have been satisfied and issued payment notification in relation to the First Instalment.

Second Phase Conditions Precedent

The payment of the Second Instalment is subject to all of the following Second Phase Conditions Precedent being fully satisfied or otherwise waived by TCL New Technology in writing:

- (i) in respect of the Current Round of Capital Raising, Lerong Zhixin having provided relevant documents evidencing payments for capital increases from Tencent, Jingdong and Tianjin Jiarui in a total sum of RMB0.9 billion and capital increase agreements having been entered into between Lerong Zhixin and parties other than Tencent, Jingdong and Tianjin Jiarui in relation to capital increase of RMB0.3 billion and such agreements having taken effect;
- (ii) Lerong Zhixin having amended its constitution in respect of the Current Round of Capital Raising, and completed all requisite business registration and filing procedures and provided TCL New Technology with the relevant documents evidencing completion of the said registration;
- (iii) there being no laws, judgements, awards, rulings from any courts, arbitral tribunals or other governmental orders of any government departments which restricts, prohibits, nullifies the Current Round of Capital Raising, and there being no laws or pending or potential litigation, arbitration, judgments, awards, rulings or any governmental orders which has or will have material adverse effect on the Current Round of Capital Raising;



- (iv) from the First Completion Date up to the Second Completion Date, the representations and warranties under the Capital Increase Agreement remaining true, complete and accurate in all respect from the First Completion Date to the Second Completion Date, and all undertakings and covenants required to be performed on or before the Second Completion Date having been performed, and there being no act that contravene any agreements relating to this Current Round of Capital Raising;
- (v) from the First Completion Date up to the Second Completion Date, save as disclosed under the Capital Increase Agreement, there being no (and have not been occurred) one or more events or facts that (whether singly or jointly) has/have given rise to, or is/are reasonably expected to give rise to material adverse change on the shareholding structure, assets, equity investment in other entities, financial structure, liabilities, business, technologies, profit prospects and ordinary operations of Lerong Zhixin Group;
- (vi) any First Phase Conditions Precedent being waived by TCL New Technology (which will become Second Phase Conditions Precedent); and
- (vii) Lerong Zhixin having confirmed to TCL New Technology in writing that all Second Phase Conditions Precedent have been satisfied and issued Second Instalment payment notification.

In case any First Phase Conditions Precedent (other than (i) and (xvi)) or any Second Phase Conditions Precedent is not fulfilled or waived in writing within 120 days from the date on which the Capital Increase Agreement is entered into, TCL New Technology shall be entitled to terminate the Capital Increase Agreement.

Use of proceeds: Except as provided in the Capital Increase Agreement or otherwise agreed among the parties, Lerong Zhixin shall use all the proceeds raised under the Current Round of Cash Capital Raising for the following purposes:

- (1) manufacturing of products;
- (2) establishment of channels and branding;
- (3) arrangement on smart hardware system and development of smart family;
- (4) replenishment of cashflow of general working capital;
- (5) expenses on human resources of Lerong Zhixin;
- (6) research and development of core products of Lerong Zhixin;
- (7) other uses that have been jointly approved by (a) the board of directors of Lerong Zhixin; and (b) investors of the Current Round of Cash Capital Raising holding not less than two-thirds of the shareholding collectively held by the investors of the Current Round of Cash Capital Raising.

## **SHAREHOLDERS' AGREEMENT**

The Existing Shareholders and Lerong Zhixin had entered into the Existing Shareholders' Agreement on 20 April 2018.

As one of the First Phase Conditions Precedent to the payment of the First Instalment under the Capital Increase Agreement, TCL New Technology will enter into an adherence agreement to become a party to the Existing Shareholders' Agreement in accordance with the terms therein, and that Lerong Zhixin and its shareholders will enter into the Supplemental Agreement with the Current Round Investors (including, among others, TCL New Technology), which is supplemental to the Existing Shareholders' Agreement.

Major terms of the Shareholders' Agreement (i.e. the Existing Shareholders' Agreement as supplemented by Supplemental Agreement) are set out as below:

Parties: Adherence agreement

TCL New Technology only

Supplemental Agreement

- (i) TCL New Technology;
- (ii) the Existing Shareholders; and
- (iii) Lerong Zhixin.

To the best of the knowledge, information and belief of the Directors of the Company having made all reasonable enquiry, save for Lerong Zhixin and Leshi Internet which are connected persons of the Company, each of the Existing Shareholders and their respective ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Pre-emptive right, right of co-sale and capital increase preferential right:

With regard to Lerong Zhixin, the Current Round Investors, Huaxia Insurance and Beijing Beimeihong are entitled to pre-emptive right, right of co-sale and capital increase preferential right.

Anti-dilution:

In the event that the unit price for any capital increase in Lerong Zhixin subsequent to the Current Round of Capital Increase is lower than that for the Current Round of Capital Increase, Current Round Investors, Huaxia Insurance and Beijing Beimeihong are entitled to acquire further interest in Lerong Zhixin at nil consideration or a total consideration of RMB 1 or any other means permissible under the applicable laws for achieving the protection purpose of anti-dilution.

Redemption:

If prior to the completion of the initial public offering of Lerong Zhixin there exists any material breach of its contractual obligations or breach of law on the part of parties to the Capital Increase Agreement other than TCL New Technology, or any of the other shareholders of Lerong Zhixin exercises its redemption rights, the Current Round Investors, Huaxia Insurance and Beijing Beimeihong are entitled to request Lerong Zhixin to redeem their respective shareholding in Lerong Zhixin at that time.

Board of directors: The board of directors of Lerong Zhixin shall comprise four directors, of which Leshi Internet shall be entitled to nominate three directors and Tianjin Jiarui shall be entitled to nominate one director. The directors are to be elected by the shareholders of Lerong Zhixin.

Profits distribution: Subject to approval by the Current Round Investors, Lerong Zhixin may distribute profits to the shareholders in accordance with their respective capital contributions provided that the loss for the preceding financial year (where applicable) has been fully made up.

## FINANCIAL INFORMATION

Set out below is the summary of the key financial information of Lerong Zhixin for the financial years ended 31 December 2016 and 2017 respectively:

	<b>For the financial year ended 31 December 2016</b>	<b>For the financial year ended 31 December 2017</b>
	<i>RMB</i>	<i>RMB</i>
Net loss before tax	855,366,552.05	5,163,589,838.43
Net loss after tax	635,656,753.31	5,764,024,590.33
		<b>As at 31 December 2017</b>
		<i>RMB</i>
Net liability value		1,818,237,968.47

## REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT AND THE SHAREHOLDERS' AGREEMENT

The basis for determination of the amount for the Capital Increase was determined between TCL New Technology and Lerong Zhixin after arm's length negotiations and on normal commercial terms after taking into account, among others the valuation of Lerong Zhixin.

### *Introducing shareholders to participate in the Lerong Zhixin Current Round of Capital Raising, paving the way to future business development*

Lerong Zhixin is valued at RMB9 billion before the Current Round of Capital Raising, with various reputable enterprises shareholders such as Tencent, Jingdong etc. being introduced to invest in Lerong Zhixin, and the Company recognises the investment value of Lerong Zhixin for the time being. The foregoing investment provides funds to support its future business development. The Company is optimistic about this investment opportunity.

***With capital operation as a turnkey, start up the business co-operation motion between TCL and Lerong Zhixin***

The Group as a consumer electronics products industrial group, will pursue integration and synergy of resources in respect of different types of intelligent terminals, continue to perfect the strategic lay-out of the production chains, focusing on the experience of end-users, continue to enrich the content and the service applications, also to motivate the building and development of the ecosystem. The Group will join forces and co-operate with Lerong Zhixin in different areas including intelligent hardware research and development, supply chain management and after sales services, also will share experience and knowledge in areas of research and development, design, manufacture and operation of smart family terminals, the Company will make the most of this synergy and hoping to arrive at a complementation and win-win situation for both parties, jointly promoting the smart TV terminal business development as well as enhancing the operation value of end-users.

***Family big-screen coverage is rapidly rising, cash realisation ability is growing stronger***

With the family big-screen coverage rapidly rising, big-screen is gradually becoming an important terminal entry for entertainment and the Internet. The ability of cash realisation by big-screen in areas of advertisement, video, game and shopping are strengthening.

In this regard, the Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement and the Shareholders' Agreement are fair and reasonable, on normal commercial terms or better, notwithstanding that the Capital Increase Agreement and the Shareholders' Agreement are not in the ordinary and usual course of business of the Group they are incidental to the Group's development of its ordinary and usual course of business, and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Lerong Zhixin is the holding company of Letv Zhixin (HK), a Shareholder currently holding approximately 14.96% of the number of the issued shares of the Company. According to Leshi Internet, since Lerong Zhixin is accounted for and consolidated in the audited consolidated accounts of Leshi Internet as a subsidiary, Lerong Zhixin is a subsidiary of Leshi Internet. Hence, each of Lerong Zhixin and Leshi Internet is a connected person of the Company under the Listing Rules. Thus, the Capital Increase contemplated under the Capital Increase Agreement and the transactions contemplated under the Shareholders' Agreement constitute connected transactions of the Company.

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As one or more of the applicable percentage ratios in respect of the Capital Increase exceed 0.1% but are all less than 5%, the Capital Increase contemplated under the Capital Increase Agreement and the transactions contemplated under the Shareholders' Agreement are subject to reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from circular and independent Shareholders' approval requirements under Rule 14A.76(2)(a) of the Listing Rules.

## **INFORMATION ABOUT THE COMPANY**

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).

## **INFORMATION ABOUT LERONG ZHIXIN AND LESHY INTERNET**

Lerong Zhixin, formerly known as Leshi Zhixin Electronic Technology (Tianjin) Limited\* (樂視致新電子科技(天津)有限公司), is engaged in the business of the research and development, production and sales of intelligent TV under the brand of Leshi Super TV and carries on the big-screen ecological business of Leshi Internet. Since the launch of Leshi Super TV in the market, Leshi Super TV has entered the first tier for TV sales brands and is the first brand for intelligent TV. In the future, with the increase in accumulated number of activated users and backing by the video content of Leshi Internet, Lerong Zhixin will conduct a variety of businesses such as advertising operations, application distribution, big-screen games and big-screen shopping based on high performance big-screen intelligent TV and large user groups and realise profits by diversified means. As of the date of this announcement, Leshi Internet is the single largest shareholder of Lerong Zhixin.

Leshi Internet is a limited liability company established in accordance with the laws of the PRC. Leshi Internet's revenue are mainly from the sale of terminal products (such as Super TV), advertising business, the sale of membership in video platform etc.. Focusing on the experience of end-users and with the ecological system of "platform + terminal + content + application", Leshi Internet run its business with the combination of all ecological elements. It is more efficient than running the business with single element and create more entrance for users.

## **INFORMATION ABOUT THE OTHER EXISTING SHAREHOLDERS**

Tianjin Jiarui is a limited liability company established in accordance with the laws of the PRC whose principal business activity is business management consulting business. As a result of certain contractual arrangements, the assets and liabilities and results of operation of Tianjin Jiarui have been consolidated into the consolidated financial statements of Sunac China).

Leshi Holding is a limited liability company established in accordance with the laws of the PRC, whose principal business activity is investment management.

Ningbo Leran (Limited Partnership) is a limited partnership established in accordance with the laws of the PRC, whose scope of business is investment management, equity investment and offer related consultation services.

Xinle Tianjin (Limited Partnership) is a limited partnership established in accordance with the laws of the PRC whose scope of business is asset management.

Huaxia Insurance is a joint stock company with limited liability established in accordance with the laws of the PRC, whose scope of business is life insurance, health insurance, accident/injury insurance etc. human insurance business; the re-insurance business of the above business; businesses involving the use of insurance premium which is permitted by national laws and regulations and other businesses permitted by the China Insurance Regulatory Commission.

Beijing Beimeihong is a limited liability company established in accordance with the laws of the PRC whose scope of business is technology development, technology transfer, technology consultation, technology service; computer system integration; investment management, asset management; investment consultation; enterprises management consultation service; import/export of goods and import/export of technology.

Linzhi Lichuang is a limited liability company established in accordance with the laws of the PRC, whose scope of business is computer software/hardware technology development and sale; economic information consultation; enterprises management consultation; domestic trading business and investment in the promotion of industrial business.

Jiangsu Jingdong is a limited liability company established in accordance with the laws of the PRC, whose scope of business is investment management, enterprises management consultation, investment consultation, advertising agent and public announcement; copywrite agent; software design and technology development; technology consultation and technology services.

Shijia Holding is a limited liability company established in accordance with the laws of the PRC, whose scope of business is investment management; industrial business investment; hotel management; architectural design, eco-agricultural technology, planting and cultivation technology development; technology services, technology consultation; achievement transfer; advertisement design, production and agency (to the extent of those involving businesses operating under licenses); the planning and formulating of cultural and artistic exchange activities; enterprises management consultation; sale of construction material, metal and daily goods.

Shenzhen Jinruixian is a limited liability company established in accordance with the laws of the PRC, whose scope of business is the development and sale of multi-media communication and digital video products; technology development and sale of computer software and hardware; and the above related technology consultation and technology services; domestic trading (apart from the exclusivity in business operation, control and sale of products); import/export business operation, manufacturing of electronic and digital products.

Jiangsu Design Valley is a limited liability company established in accordance with the laws of the PRC, whose scope of business is research, develop, process, manufacture and sale of domestic electrical appliances, video products, LCD module and related spareparts, LCD TV; mould plate process; packaging design, sales promotion design; print-type advertisement design, webpage design, enterprise image design, industrial design consultation and training (excluding the kind of training through which the trainees will be able to obtain national recognized professional certificates); technical consultation for spareparts/components and materials; providing application of franchise service, property management; properties rental services; import/export of goods and technology.



## DEFINITIONS

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

“Beijing Beimeihong”	Beijing Beimeihong Technology Co., Ltd.* (北京貝眉鴻科技有限公司), a limited liability company established in accordance with the laws of the PRC
“Board”	the board of Directors
“Capital Increase”	the capital contribution to be made by TCL New Technology to Lerong Zhixin in the amount of RMB0.3 billion as contemplated under the Capital Increase Agreement
“Capital Increase Agreement”	the capital increase agreement entered into among TCL New Technology, Lerong Zhixin, Leshi Internet and Tianjin Jiarui on 18 May 2018
“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 Date(s)”	the First Completion Date and the Second Completion Date, collectively or singly
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Current Round Investors”	collectively (1) Linzhi Lichuang; (2) Jiangsu Jingdong; (3) Shijia Holding; (4) Shenzhen Jinruixian; (5) Jiangsu Design Valley; and (6) TCL New Technology
“Current Round of Cash Capital Raising”	the proposed raising of capital by Lerong Zhixin in the form of cash for not less than RMB1.5 billion (including RMB0.3 billion to be raised from TCL New Technology under the Capital Increase) which is part of the Current Round of Capital Raising
“Current Round of Capital Raising”	the current round of proposed raising of capital by Lerong Zhixin based on its pre-Capital Increase valuation at RMB9 billion, comprising both (i) Current Round of Cash Capital Raising; and (ii) capitalisation of loans to securities
“Director(s)”	the director(s) of the Company

“Existing Shareholder(s)”	collectively (1) Leshi Internet; (2) Tianjin Jiarui; (3) Leshi Holding; (4) Ningbo Leran (Limited Partnership); (5) Xinle Tianjin (Limited Partnership); (6) Huaxia Insurance; (7) Beijing Beimeihong; (8) Linzhi Lichuang; (9) Jiangsu Jingdong; (10) Shijia Holding; (11) Shenzhen Jinruixian; and (12) Jiangsu Design Valley
“Existing Shareholders’ Agreement”	the shareholders’ agreement dated 20 April 2018 entered into among the Existing Shareholders and Lerong Zhixin
“First Completion Date”	the date by which TCL New Technology pays the First Instalment to Lerong Zhixin
“First Instalment”	the first instalment of the amount for the Capital Increase payable by TCL New Technology pursuant to the Capital Increase Agreement
“First Phase Conditions Precedent”	the conditions precedent to the payment of the First Instalment
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huaxia Insurance”	Huaxia Life Insurance Co., Ltd.*(華夏人壽保險股份有限公司), joint stock company with limited liability established in accordance with the laws of the PRC
“Jiangsu Design Valley”	Jiangsu Design Valley Technology Co., Ltd.* (江蘇設計谷科技有限公司), a limited liability company established in accordance with the laws of the PRC
“Jiangsu Jingdong”	Jiangsu Jingdong Bangneng Investment Management Co., Ltd.*(江蘇京東邦能投資管理有限公司), a limited liability company established in accordance with the laws of the PRC
“Jingdong”	for the purpose of the Capital Increase Agreement, means Beijing Jingdong Century Trade Company Limited*(北京京東世紀貿易有限公司)(a limited liability company established in accordance with the laws of the PRC) or its designated affiliates

“Lerong Zhixin”	Lerong Zhixin Electronic Technology (Tianjin) Co., Ltd.*(樂融致新電子科技(天津)有限公司), a limited liability company established in accordance with the laws of the PRC and as of the date of this announcement it is: (i) the holding company of Letv Zhixin (HK); and (ii) accounted for and consolidated as a subsidiary in the audited consolidated accounts of Leshi Internet
“Lerong Zhixin Group”	Lerong Zhixin and its subsidiaries
“Leshi Holding”	Le Holdings Ltd.*(樂視控股(北京)有限公司), a limited liability company established in accordance with the laws of the PRC
“Leshi Internet”	Le Shi Internet Information and Technology Corp., Beijing*(樂視網信息技術(北京)股份有限公司), a limited liability company established in accordance with the laws of the PRC whose shares are listed on the Shenzhen Stock Exchange (stock code: 300104)
“Letv Zhixin (HK)”	Letv Zhixin Investment (HK) Ltd., a company incorporated in Hong Kong with limited liability and, as of the date of this announcement, a wholly-owned subsidiary of Lerong Zhixin and a direct substantial Shareholder of the Company
“Linzi Lichuang”	Linzi Lichuang Information Technology Co., Ltd.*(林芝利創信息技術有限公司), a limited liability company established in accordance with the laws of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Leran (Limited Partnership)”	Ningbo Hangzhou Bay New Zone Leran Investment Management Partnership (Limited Partnership)*(寧波杭州灣新區樂然投資管理合夥企業(有限合夥)), a limited partnership established in accordance with the laws of the PRC
“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
“Prior Investment”	capital investment in Lerong Zhixin the aggregate sum of RMB1.79 billion made by the relevant investors pursuant to Existing Shareholders’ Agreement

“RMB”	Renminbi, the lawful currency of the PRC
“Second Completion Date”	the date by which TCL New Technology pays the Second Instalment to Lerong Zhixin
“Second Instalment”	the second instalment of the amount of the Capital Increase payable by TCL New Technology pursuant to the Capital Increase Agreement
“Second Phase Conditions Precedent”	the conditions precedent to the payment of the Second Instalment
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shareholders’ Agreement”	the Existing Shareholders’ Agreement as amended and supplemented by the Supplemental Agreement
“Shenzhen Jinruixian”	Shenzhen Jinruixian Digital Technology Co., Ltd.*(深圳市金銳顯數碼科技有限公司), a limited liability company established in accordance with the laws of the PRC
“Shijia Holding”	Shijia Holding Group (Hangzhou) Co., Ltd.*(世嘉控股集團(杭州)有限公司), a limited liability company established in accordance with the laws of the PRC
“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
“Sunac China”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the main board of the Stock Exchange (stock code: 01918)
“Sunac Real Estate”	Sunac Real Estate Group Co., Ltd.*(融創房地產集團有限公司), a limited liability company established in accordance with the laws of the PRC and an indirect wholly-owned subsidiary of Sunac China
“Supplemental Agreement”	the supplemental agreement to be entered into among TCL New Technology, the Existing Shareholders and Lerong Zhixin, which is supplemental to the Existing Shareholders Agreement and shall be substantially in the form as annexed to the Capital Increase Agreement

“TCL New Technology”	Shenzhen TCL New Technology Company Limited* (深圳TCL新技術有限公司), a limited liability company established in accordance with the laws of the PRC and a subsidiary of the Company
“Tencent Holdings”	Tencent Holdings Limited, a company established in the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 700)
“Tencent”	for the purpose of the Capital Increase Agreement means Shenzhen Tencent Computer System Company Limited (深圳市騰訊計算機系統有限公司)(a company established in the PRC with limited liability, which is accounted for and consolidated as a 100% subsidiary of Tencent Holdings) or its designated affiliates
“Tianjin Jiarui”	Tianjin Jiarui Huixin Corporate Management Co., Ltd.* (天津嘉睿匯鑫企業管理有限公司), a limited liability company established in accordance with the laws of the PRC
“Xinle Tianjin (Limited Partnership)”	Xinle Asset Management (Tianjin) Partnership (Limited Partnership)*(鑫樂資產管理(天津)合夥企業(有限合夥)), a limited partnership established in accordance with the laws of the PRC

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

Hong Kong, 18 May 2018

*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 name(s).*

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