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**TCL 多媒體科技控股有限公司**

**TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED**

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

**(Stock Code: 1070)**

## **CONTINUING CONNECTED TRANSACTIONS**

The Company announces that Industrial Institute, a non-wholly owned subsidiary of the Company, has entered into the Leases with certain members of the TCL Corp. Group. The rental, maintenance fees and facilities usage fees (where applicable) were determined with reference to the market rates of other similar premises agreed after arm's length negotiations between the parties to the Leases.

TCL Corp. is the ultimate controlling Shareholder and thus a connected person of the Company. Therefore, the Leases constitute continuing connected transactions for the Company. Upon completion of the Disposal, the Company will cease to hold any interest in Industrial Institute and accordingly the Leases will then cease to constitute continuing connected transactions for the Company.

As all of the applicable percentage ratios in respect of the rental, maintenance fees and facilities usage fees (where applicable) receivable by the Company under the Leases in 2006 are less than 2.5%. Accordingly, the Leases are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A.34 of the Listing Rules.

## **THE LEASES**

Industrial Institute, a non-wholly owned subsidiary of the Company, as landlord has entered into the Leases with certain members of the TCL Corp. Group as lessees.

## Summary of the principal terms of the Leases

The table below sets out the Leases entered into by the relevant members of the TCL Corp. Group and Industrial Institute in 2006.

Lessees	Percentage of equity attributable to TCL Corp.	Leased unit in TCL Tower	Commencement date in 2006	Date of termination or expiry of the Lease	Size of leased area Square Metre	Existing monthly rental and maintenance fee (Note 4) RMB	Monthly facilities usage fee (Note 5) RMB	Number of months occupied for the purposes of the cap calculation	Cap — maximum rental and maintenance fee and/or facilities usage fee (if applicable) in 2006 RMB'000	
<b>Leases terminated or expired (Note 1)</b>										
1	TCL Hyperpower Batteries Inc.	100.00%	A504, 5/F, Block A and 3 partitions in the common office area	1/1/2006	30/4/2006	86	4,509	N/A	4	18
2	TCL Tian Yi Mobile Communication (Shenzhen) Co., Ltd. (Note 2)	54.66%	8/F, 15/F, Block B	1/1/2006	30/6/2006	3,338	218,332	N/A	6	1,310
<b>Existing Leases</b>										
3	TCL Corp.	N/A	19/F, Block B	1/1/2006	31/8/2007	1,669	87,613	N/A	9	789
4	TCL Corp.	N/A	2/F (north-west wing), Block B	1/1/2006	31/8/2007	556	29,205	N/A	9	263
5	TCL Tian Yi Mobile Communication (Shenzhen) Co., Ltd. (Notes 2 and 3)	54.66%	8/F, 15/F, Block B	1/7/2006	31/12/2008	3,338	224,187	43,104	3	802
6	TCL Real Estate (Shenzhen) Co., Ltd.	47.17%	14/F, Block B	1/1/2006	31/12/2006	1,669	87,613	N/A	9	789
7	TCL Communication Equipment (Huizhou) Co., Ltd.	100.00%	13/F (north wing), Block B	1/5/2006	30/4/2007	601	39,371	N/A	5	197
8	TCL Optoelectronic TECH (Shenzhen) Co., Ltd.	100.00%	A502, 5/F, Block A	1/3/2006	28/2/2007	766	40,210	N/A	7	281
Total										4,449

**Note 1:** For the purposes of the Listing Rules, all Leases terminated are aggregated with the existing Leases as one single transaction for compliance purposes.

**Note 2:** TCL Tian Yi Mobile Communication (Shenzhen) Co., Ltd. is an indirect wholly-owned subsidiary of TCL Communication Technology Holdings Limited, the shares of which are listed on the main board of the Stock Exchange. Lease number 2 expired on 30 June 2006 and has been replaced by lease number 5 pursuant to an agreement between TCL Tian Yi Mobile Communication (Shenzhen) Co., Ltd. and Industrial Institute dated 31 July 2006 under which the Lease took effect from 1 July 2006.

**Note 3:** After 1 July 2007, the monthly rental may be adjusted upward subject to a maximum adjustment of 15%. From 1 July 2007 onwards, either party will have the right to terminate the Lease by giving other party one month's prior written notice.

**Note 4:** The maintenance expense is charged at a monthly rate of RMB0.5 per square metre of area leased.

**Note 5:** From 1 July 2006 onwards, TCL Tian Yi Mobile Communication (Shenzhen) Co., Ltd. is required to pay a facilities usage fee for the usage of certain facilities (such as exhibition halls, conference rooms and function rooms) located at the Property. For the period from 1 July 2006 to 30 June 2007, the facilities usage fee is fixed at RMB43,104 per month which was agreed based on the market rate commanded by providers in rental of exhibition halls and function rooms and the expected usage by the lessee of such facilities during the period based on its business plan.

## Other terms of the Leases

Save for the principal terms set out in the table above, all the rental, maintenance expenses and facilities usage fees (where applicable) are payable in cash on a monthly basis.

All the rental, maintenance expenses and facilities usage fees (where applicable), which form the principal basis of the cap, are payable in cash on a monthly basis and were determined after arm's length negotiations between the parties to the Leases and were comparable to the then market rates at the time when the Leases were entered into. The Directors (including the independent non-executive Directors) of the Company consider that the Leases are on normal commercial terms (i.e. terms obtained by Industrial Institute on arm's length basis and/or on terms comparable and are no less favourable to the Group than those which may be obtained from independent third parties from time to time).

## Bases of the cap

On 21 June 2006, the Company entered into the Sale and Purchase Agreement with T.C.L. Industries to dispose of the Group's entire interest in Industrial Institute which shall be completed on or before 29 September 2006 (subject to a number of conditions precedent including, among other things, approval from

the independent Shareholders). After completion of the Disposal, the Company will cease to have any interest in Industrial Institute and the Leases will then cease to constitute continuing connected transactions for the Company. Please refer to the announcement of the Company dated 23 June 2006 and the circular of the Company dated 17 July 2006 for details of the Disposal.

Fees (including the rental, maintenance fee and facilities usage fee) under the Leases are payable to the Group on a monthly basis. Accordingly, the cap was calculated based on the monthly rental and maintenance fee and/or facilities usage fee (if applicable) receivable by the Group under each Lease multiplied by the number of months that the relevant units were/are occupied up to the end of September 2006, assuming that the Disposal will be completed by 29 September 2006, being the long stop date for the completion of the Sale and Purchase Agreement. If the Disposal is not completed by 29 September 2006, the Company will then take necessary actions to comply with the reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **Reasons for the Leases**

Industrial Institute is the owner of the Property. As set out in the Company's announcement dated 4 July 2006, certain floor areas at the Property are leased to certain members of the Group as the Group's offices and research centres. As the Group does not utilize the whole TCL Tower, Industrial Institute leased out floor areas not occupied by the Group to other parties, including certain members of the TCL Corp. Group under the Leases, with a view to generating additional income to the Group. The Directors (including the independent non-executive Directors) are of the opinion that the Leases were entered into (i) in the ordinary and usual course of business of Industrial Institute, a member of the Group and (ii) on normal commercial terms. The Directors (including the independent non-executive Directors) consider that terms of the Leases are fair and reasonable and the Leases are in the interests of the Company and the Shareholders as a whole.

### **Listing Rules requirements**

Industrial Institute is a 65% owned subsidiary of the Company. As at the date of this announcement, TCL Corp. indirectly holds approximately 38.74% of the issued share capital of the Company and is the ultimate controlling Shareholder of the Company. Other lessees of the Leases are all associates of TCL Corp. The shareholding interests of TCL Corp. in such lessees are set out in the table above. The Company does not hold any shareholding interest in any of the lessees of the Leases.

The Leases constitute continuing connected transactions for the Company. Based on the present cap amount for the Leases for 2006, the Leases are only subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules as all the applicable percentage ratios (other than the profits ratio) (as defined under Rule 14.07 of the Listing Rules) are less than 2.5%.

### **INFORMATION ON THE GROUP AND TCL CORP.**

The Group is a leading multimedia consumer electronics manufacturer with a global sales network. Television is the core product of the Group. This business is operated by a wholly-owned subsidiary of the Company, namely TTE Corporation. The Group's televisions sold in Asia, Europe and North America are marketed under three key brands — "TCL", "THOMSON" and "RCA". Currently, the Group is one of the largest worldwide television players. Headquartered in the PRC, the Group operates efficient manufacturing and research and development facilities in all major continents. For more information on the Group, please visit the official website of the Company: [www.tclhk.com](http://www.tclhk.com).

TCL Corp. and its subsidiaries (including the Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For more information on TCL Corp., please visit the official website of TCL Corp.: [www.tcl.com](http://www.tcl.com).

## DEFINITIONS

“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
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal under the Sale and Purchase Agreement, details of which are set out in the Company’s announcement dated 23 June 2006 and the Company’s circular dated 17 July 2006
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Industrial Institute”	Shenzhen TCL Central R&D Co., Ltd. (深圳TCL工業研究院有限公司), a sino-foreign joint venture incorporated in the PRC and is 65% indirectly owned by the Company, and 35% owned by TCL Corp.
“Lease(s)”	the lease(s) between Industrial Institute and the relevant member(s) of the TCL Corp. Group in respect of the Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Property”	TCL Tower, which is located at West of Keji Nan Shi Road and North of Gaoxin Nan Yi Road, Nanshan District, Shenzhen, Guangdong Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between T.C.L. Industries and the Company on 21 June 2006
“Shareholders”	holders of Share(s)
“Share(s)”	Share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TCL Corp.”	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
“TCL Corp. Group”	TCL Corp. and its associates (excluding members comprising the Group for the purpose of this announcement)
“T.C.L. Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TCL Corp.

On behalf of the Board  
**Li Dong Sheng**  
*Chairman*

Hong Kong, 31 July 2006

*As at the date of this announcement, the Board comprises Li Dong Sheng, Lu Zhong Li, Wang Kang Ping and Shi Wanwen as executive Directors, Albert Thomas da Rosa, Junior, Alastair Kenneth Ruskin Campbell and Didier Trutt as non-executive Directors and Tang Guliang and Wang Bing as independent non-executive Directors.*

*Please also refer to the published version of this announcement in **South China Morning Post**.*