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The logo consists of the letters "TCL" in a bold, white, sans-serif font, centered within a solid black rectangular background.

**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: 1070)

**CONTINUING CONNECTED TRANSACTIONS –  
FRAMEWORK AGREEMENT FOR MANUFACTURE AND  
SUPPLY OF MOBILE PHONES**

On 10 September 2007, TTE and T&A, respective wholly owned subsidiary of the Company and TCL Communication entered into the Framework Agreement pursuant to which TTE Group agrees (i) to procure the Materials from T&A, (ii) to manufacture, assemble and/or test the Products, as well as provide related services pursuant to T&A's written specifications to be agreed with TTE Group from time to time and to deliver the Products and (iii) to sell the Products to T&A at the Price, whereas T&A agrees (i) to supply the Materials to TTE Group at cost and (ii) to purchase from TTE Group the Products at the Price.

T&A is an associate of TCL Corporation (the ultimate controlling shareholder of the Company) and is therefore a connected person of the Company within the meaning of the Listing Rules. Further, the annual amounts to be involved under the Transactions are expected to be higher than 2.5% of the Relevant Ratio. The Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules. Accordingly, the Company has to seek approval from its Independent Shareholders for the Transactions and the relevant proposed caps.

The Company will issue a circular to the Shareholders as soon as practicable to set out, among other things, details of the aforesaid agreements, a letter from the Independent Board Committee, a letter from the independent financial advisor of the Company to the Independent Board Committee and the Independent Shareholders and a notice to convene the EGM.

**FRAMEWORK AGREEMENT**

**Date:** 10 September 2007

**Parties:**

- (i) TTE
- (ii) T&A

**Effective Date & Term:**

The Framework Agreement is deemed to be effective on 1 September 2007 and shall remain valid for an initial period of two (2) calendar months and subject to several conditions, including inter alia, obtaining relevant approvals from the respective independent shareholders of the Company and TCL Communication on or before the end of the said initial period, the term be automatically renewed for a further period of twenty-six (26) calendar months up to 31 December 2009.

**Major Terms**

Pursuant to the Framework Agreement, TTE Group agrees (i) to procure the Materials from T&A, (ii) to manufacture, assemble and/or test the Products, as well as provide services for pre-production and production ramp-up pursuant to T&A's written specifications to be agreed with TTE Group from time to time and to deliver the Products to T&A or to T&A customers on T&A's behalf and (ii) to sell the Products to T&A at the Price (iii), whereas T&A agrees (i) to supply the Materials to TTE Group at cost and (ii) to purchase from TTE the Products at the Price.

In accordance with the Framework Agreement, T&A will supply the Materials necessary for the manufacturing and delivery of the Products to TTE Group at cost and issue POs related to the numbers of Materials delivered by T&A (including information within the parameters of the Forecast previously provided by T&A and agreed by TTE Group) to TTE Group.

TTE Group shall manufacture the Products at the plants owned and managed by TTE Group which are located in Ciudad Juarez, Chihuahua, Mexico unless T&A agrees otherwise.

The Price charged by TTE Group against T&A will be at the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group on normal commercial terms.

The IP Rights shall remain T&A or T&A's licensors' property. To the extent necessary for the sole purpose of manufacturing the Products, T&A shall grant to TTE Group a non-exclusive license for the term of the Framework Agreement for the use of IP Rights owned by T&A free of royalty charge to TTE Group when TTE Group uses such IP Rights on the Products for the performance of obligations under the Framework Agreement.

The payment terms are as follows:

- 1) T&A shall invoice TTE Group for the costs of Materials shipped to TTE Group which are necessary to build the Products within a commercially reasonable time but no later than the date TTE ships Products against PO using the Materials to build the Products.
- 2) The payments by TTE Group to T&A for the Materials are due by mutual agreement dates but definitely no later than within three (3) days when TTE ships the Products to T&A and the parties directed by T&A.
- 3) TTE Group shall invoice T&A for the Products shipment immediately upon the deliver of such Products against T&A. The invoices shall contain at least two separate parts, costs of the Materials and others. The payment for the cost of the Materials part of the invoice is due within three (3) days of the receipt of such invoice by T&A, whereas the remaining part of the invoice is due 30 days upon the receipts of such invoice by T&A.

## PRICE DETERMINATION

As mentioned above, the Price charged by TTE Group against T&A will be at the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group on normal commercial terms. TTE Group will determine whether the value added rate is acceptable after calculation of the amount of gross profit to be achieved and taking into factors such as the prevailing market price, manufacturing capacity, labour and overhead costs to be involved in the Mexico plants and in no circumstances TTE Group will accept any order with overall terms which are less favourable than those terms offered to it by third parties.

## ANNUAL CAPS

The respective annual caps of the Transactions for each of the three financial years ending 31 December 2009 are set out as follows:

Transactions under the Framework Agreement	Annual amount for the financial year ending 31 December		
	2007	2008	2009
	<i>HK\$'000,000</i>	<i>HK\$'000,000</i>	<i>HK\$'000,000</i>
(i) Purchase of raw materials from T&A	50	430	516
(ii) Sale of Products to T&A	58	506	607

The major bases and assumption for determining the caps for the Transactions are set out below:

The proposed caps for transactions (i) above are based on the expected POs to be received from T&A and the relevant caps proposed for the Transactions by TCL Communication for the financial years ending 31 December 2007, 2008 and 2009 taking into account of the types and quantities of raw materials the Group will require to satisfy the obligations arising under the POs.

TCL Communication has indicated to TTE Group that the relevant caps as shown above would be the maximum Transaction amounts to be incurred based on its projection of sales during the relevant financial years. TTE Group has been informed by TCL Communication that the proposed caps for the corresponding transactions (i) above of TCL Communication for a) the financial year ending 2007 are based on the units of products orders received by TCL Communication Group for the last four months of the year 2007 covering only low-end products and those b) for the financial years ending 2008 and 2009 are based on the Group's assumptions of increase of sales units of 25% and 20% for the years 2008 and 2009 respectively covering a mix of low-end and high-end products, taking into account of the types and quantities of raw materials TCL Communication Group will require with reference to, among others, historical figures regarding the types and quantities of raw materials to produce similar types and quantities of products.

The proposed caps for transactions (ii) are based on same assumptions laid down for transaction (i) above together with the Price.

## **REASONS FOR ENTERING INTO THE AGREEMENTS**

The Group has factories, plants and facilities in various places in the world including in Mexico, has been engaged in manufacturing of a wide range of electronic products.

Given the basis of deriving the Price as aforesaid and to further utilize the capacities of the plants and facilities in Mexico, the Directors consider that the terms of the Framework Agreement have been negotiated and entered into on an arm's length basis and the Transactions pursuant thereto will be on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors consider that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole, in particular, the Framework Agreement has built a foundation for good and long term business relationship with T&A.

## **LISTING RULES REQUIREMENTS**

T&A is an associate of TCL Corporation (the ultimate controlling shareholder of the Company) and is therefore a connected person of the Company within the meaning of the Listing. Further, the annual amount to be involved under the Transactions is expected to be higher than 2.5% of the Relevant Ratio. The Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules. Accordingly, the Company has to seek approval from its independent shareholders for the Transactions and the relevant proposed caps.

TCL Corporation and its associates will abstain from voting in respect of the resolutions to be put forward at the EGM in respect of the Transactions and the relevant proposed caps.

An independent financial will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Transactions.

The Company will issue a circular to the Shareholders as soon as practicable to set out, among other things, details of the Framework Agreements, a letter from the Independent Board Committee, a letter from the independent financial advisor of the Company to the Independent Board Committee and the Independent Shareholders and a notice to convene the EGM.

## **INFORMATION ON THE PARTIES**

The Group, including TTE, are principally engaged in the manufacture and sale of wide range of electronic consumer products including television set and audio-visual products. The Group also has factories in various places in the world including in PRC and Mexico. For more information on the Group, please visit its official website at [www.tclhk.com](http://www.tclhk.com) (the information that appears in this website does not form part of this announcement).

TCL Communication Group, including T&A, are engaged in the design, manufacture and marketing of a wide range of mobile handsets for the global market. TCL Communication Group's handsets sold in the PRC, Europe, Middle East, Africa, Asia Pacific and Latin America are mainly marketed under two key brands – "TCL" and "Alcatel". TCL Communication Group operates its efficient manufacturing and research and development facilities in various provinces of the PRC. For more information on TCL Communication Group, please visit its official website at [www.tclcom.com](http://www.tclcom.com) (the information that appears in this website does not form part of this announcement).

## DEFINITION

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“associates”	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 : 1070)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Transactions together with the relevant proposed caps
“Forecast”	Products or Generic Products order which is issued by T&A and sent to TTE Group from time to time to be agreed between the parties covering delivery of the Products over a specific period
“Framework Agreement”	the General Framework Agreement for Manufacture and Supply of Mobile Phones entered into between T&A and TTE on 10 September 2007
“Generic Products”	a handset which does not include customization end-user parts without the end-user customization software
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IP Rights”	T&A’s information, know-how, trade secrets, patents, copyrights and other industrial and intellectual property rights relating to the Products and the manufacturing of the Products, including, without limitation, the concept, architecture, software, performance and use of the Products and test procedures

“Independent Board Committee”	an independent board committee of the Company comprising three independent non-executive Directors formed to give advice to the Independent Shareholders in respect of the Framework Agreement
“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting to approve the Transactions and the relevant proposed caps at the EGM
“Independent Third Party”	a third party that is not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange from time to time
“Materials”	components, materials and supplies that are used in the manufacturing, testing, packaging, and distribution of the Products
“PO(s)”	the formalization of Product(s) or Generic Product(s) order on the basis of a certain mutually agreed period in accordance with the Framework Agreement
“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
“Price”	the price of the Products determined at the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group on normal commercial terms
“Product(s)”	the mobile terminals manufactured or to be manufactured (for new mobile terminals to be developed by T&A) by TTE in accordance with the Framework Agreement and spare parts of such Products and (ii) as the case by be completed units (i.e. including mobile terminals, mobile terminals’ accessories, customization and packaging for shipment), unless the context requires otherwise, Products shall include Generic Products
“Relevant Ratio”	any ratio applicable to the Transactions set out in Rule 14.07 of the Listing Rules
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary of a party (within the meaning of section 2 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as modified from time to time)), whether incorporated in Hong Kong, or elsewhere and “Subsidiaries means all of them
“T&A”	T&A Mobile Phones International Limited, a wholly owned subsidiary of TCL Communication and a limited company incorporated under the laws of Hong Kong, unless the context otherwise requires, should also include its Subsidiaries
“TTE”	TTE Corporation, a wholly owned subsidiary of the Company and a company incorporated under the laws of the British Virgin Islands
“TTE Group”	TTE and its Subsidiaries
“TCL Corporation”	TCL集團股份有限公司(TCL Corporation), a joint stock company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange, and the ultimate controlling shareholder of the Company
“TCL Communication	TCL Communication Technology Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 2618)
“TCL Communication” Group”	TCL Communication and its subsidiaries
“Transactions”	the transactions contemplated under the Framework Agreement
“%”	per cent

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

Hong Kong, 10 September 2007

*As at the date of this announcement, the Board comprises Li Dongsheng, Lu Zhongli, Wang Kangping, Shi Wanwen and Yuan Bing as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Tang Guliang, Robert Maarten Westerhof and Wu Shihong as independent non-executive directors.*