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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)

### **CONTINUING CONNECTED TRANSACTION – LOAN AND CHARGE AGREEMENT RENEWAL OF ANNUAL CAPS**

Reference is made to the Company's announcement dated 9 October 2008 and the Company's circular dated 30 October 2008, pursuant to which it was announced, inter alia, that the Company entered into the Agreement on 9 October 2008 with TCL Corporation, pursuant to which certain assets of the Group are provided to secure funds borrowed by TCL Corporation Group but such fund will be fully utilized by the Group. TCL Corporation is the controlling Shareholder of the Company, currently holding approximately 52.43% of the issued share capital of the Company and thus a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Agreement constitutes a continuing connected transaction for the Company. Such transaction and the annual caps for the three years ending 31 December 2010 have been approved by the Independent Shareholders at an extraordinary general meeting of the Company held on 25 November 2008.

The Agreement will expire on 24 November 2011 and the Company estimates the annual caps for the year ending 31 December 2011 to be in the sum of RMB75,000,000 (equivalent to approximately HK\$95,640,000) and RMB83,994,000 (equivalent to approximately HK\$107,109,000) for facility amount and security amount respectively. Such proposed annual caps are only subject to the reporting and announcement requirements, but are exempted from the Independent Shareholders' approval requirement. Should the proposed annual caps be exceeded, the Company will have to re-comply with the necessary requirements under the Listing Rules.

## **INTRODUCTION**

Reference is made to the Company's announcement dated 9 October 2008 and the Company's circular dated 30 October 2008, pursuant to which it was announced, inter alia, that the Company entered into the Agreement on 9 October 2008 with TCL Corporation, pursuant to which certain assets of the Group are provided to secure funds borrowed by TCL Corporation Group but such fund will be fully utilized by the Group. TCL Corporation is the controlling Shareholder of the Company, currently holding approximately 52.43% of the issued share capital of the Company and thus a connected person of the Company under the Listing Rules. Therefore, the transaction contemplated under the Agreement constitutes a continuing connected transaction for the Company. Such transaction and the annual caps for the three years ending 31 December 2010 have been approved by the Independent Shareholders at an extraordinary general meeting of the Company held on 25 November 2008.

## **LOAN AND CHARGE AGREEMENT – RENEWAL OF ANNUAL CAPS**

Date: 9 October 2008

Parties: (i) the Company  
(ii) TCL Corporation

Background and major terms: Prior to entering into the Agreement, TCL Corporation Group had been taking out loans and/or facilities from the PRC Banks with its assets charged as security for such bank borrowings, TCL Corporation Group in turn provides financial assistance to the Group by lending the funds received from its bank borrowings to the Group at preferential terms.

However, in 2008, the Group had an increasing demand for funds due to increase in volume of business and different payment terms for LCD operations, which comprised a greater portion of the Group's business. To meet the increasing demand of working capital in the most cost-effective way, given TCL Corporation could command better terms for borrowing and in order for TCL Corporation Group to be in a position to raise funds for the Group and in compliance with market conditions as laid down by the bankers, the Group needed to use its own assets as security for the loan to be taken out by TCL Corporation Group.

Under the Agreement, the Company will from time to time request TCL Corporation Group to apply to the PRC Bank(s) for loan(s) or credit facility(ies). Upon receipt of such request, TCL Corporation Group undertakes to use its best endeavors to negotiate with the PRC Bank(s) for entering into Loan Agreement(s) with most favourable terms as soon as practicable, and the terms of which shall not be less favourable than the terms offered by independent third parties to the Group.

TCL Corporation undertakes that the entire amount of loan(s) to be obtained by TCL Corporation Group in accordance with the Loan Agreement shall in turn be made available to the Group or to be utilized for the benefit of the Group. TCL Corporation Group shall specify in the Loan Agreement(s) that the loan(s) so obtained will be utilized entirely by the Group. The Company has absolute discretion on the basis of commercial considerations to decide whether to accept the Loan Agreement(s) as negotiated and to be signed by TCL Corporation Group. In the event that the Loan Agreement is acceptable to the Company, the Company undertakes (i) to procure the Group to sign the Charge Agreement(s) with the Lender(s) to secure the repayment obligation of TCL Corporation Group under the Loan Agreement(s) and (ii) to repay the principal and the interest incurred under the Loan Agreement(s) within the stipulated time. In the event that TCL Corporation Group enters into any Loan Agreement(s) without the authorization of the Group, the Group shall not be responsible for providing any asset to secure the repayment obligation of TCL Corporation Group nor shall it bear any responsibility for repayment of the loan(s) in respect of the said Loan Agreement(s).

TCL Corporation Group must procure to make available to the Group the loans and/or advances received from the PRC Bank(s) under the Loan Agreement through (i) lending such funds to the Group within 3 business days from its receipt of such funds or (ii) at the Group's request, pay on the Group's behalf the bills and invoices of the supplier of the Group.

In the event that TCL Corporation Group fails to make available to the Group the loan(s) received by it under the Loan Agreement or make payment(s) to third parties as per request by the Group, the Group is not responsible for repayment of the loan(s) in question and/or the Group is entitled to set off an amount equivalent to the guaranteed amount under the Charge Agreement(s) guaranteeing the loan(s) in question against any debt due to TCL Corporation Group, thus reducing the amount of debt owed by the Group to TCL Corporation Group.

Except as required under the Agreement, TCL Corporation Group cannot request repayment or interest payment from the Group in respect of the loan(s) under the Loan Agreement(s). TCL Corporation Group further undertakes not to charge any fee or expenses from the Group in respect of the arrangement made under the Agreement (except any fees charged by the PRC Banks) and it will account to the Group any benefit whatsoever it receives thereunder. The assets, mainly comprising land and buildings, to be provided by the Group to secure the repayment obligation under the Loan Agreement(s) are located in the PRC with a carrying value amounted to RMB83,994,000 (equivalent to approximately HK\$97,374,000).

Term: The agreement shall have a term of three years from its effective date (i.e. it will expire on 24 November 2011).

Historical Amount and Annual Caps: The following table sets out the historical amounts and the original annual caps for the transaction under the Agreement for the three years ended 31 December 2010:

	<b>For the year ended 31 December 2008 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2009 <i>HK\$'000</i></b>	<b>For the period ended 30 September 2010 <i>HK\$'000</i></b>
Actual Amount			
Facility amount	–	85,198	86,946
Security amount	–	102,650	97,373

	<b>For the year ended 31 December 2008 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2009 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2010 <i>HK\$'000</i></b>
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Original Annual Caps

Facility amount	246,953	246,715	244,998
Security amount	352,790	352,449	349,996

Proposed annual caps for 2011:

As mentioned above, the Agreement will expire on 24 November 2011, the Company proposed the annual caps for the year ending 31 December 2011 to be in the sum of RMB75,000,000 (equivalent to approximately HK\$95,640,000) and RMB83,994,000 (equivalent to approximately HK\$107,109,000) for facility amount and security amount respectively. The annual caps for the financial year ending 31 December 2011 are relatively lower when compared with the annual caps for the previous three years as it is expected that the parties will not carry out any further transaction thereunder after April 2011. The annual cap for the security amount is determined based on the carrying value of the assets to be provided by the Group as security for the loans under the Loan Agreements and the annual cap for the facility amount is the estimated amount may be raised by the TCL Corporation Group for the Group pursuant to the Agreement.

**REASONS FOR ENTERING INTO THE AGREEMENT**

As noted above, through the arrangement made under the Agreement, the Group will be able to obtain finance for its needs via TCL Corporation in order to have the required fund to further develop its business. Given all the funds received by TCL Corporation Group will be utilised by the Group, in essence the Group is using its assets to secure its borrowings.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Agreement and the proposed annual caps thereof for the financial year ending 31 December 2011 are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

No Director has a material interest in the transaction contemplated under the Agreement.

## **LISTING RULES REQUIREMENT**

TCL Corporation, the controlling Shareholder of the Company, currently holds approximately 52.43% of the issued share capital of the Company. Accordingly, it is a connected person of the Company under the Listing Rules.

The proposed annual caps are only subject to the reporting and announcement requirements, but are exempted from the Independent Shareholders' approval requirement. Should the proposed annual caps be exceeded, the Company will have to re-comply with the necessary requirements under the Listing Rules.

## **GENERAL**

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and home networking products. The Group has factories in the PRC, Poland, Mexico, Thailand and Vietnam and distributes its products in all major markets globally. 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 Corporation 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 Corporation, please visit TCL Corporation's official website at [www.tcl.com](http://www.tcl.com) (the information that appears in this website does not form part of this announcement).

## **DEFINITIONS**

“Agreement”	the loan and charge agreement entered into between the Company and TCL Corporation on 9 October 2008
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Charge Agreement(s)”	the charge agreement(s) to be entered into by the Group with the Lender(s) from time to time for charge of assets of the Group to secure the repayment obligation of TCL Corporation Group under the Loan Agreement(s)
“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)

“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”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than TCL Corporation and its associates
“Lender(s)”	the PRC Bank(s) which is to enter into the Loan Agreement(s) with TCL Corporation Group, to provide loan(s) or credit facility(ies) to TCL Corporation Group from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement(s)”	the loan agreement(s) to be entered into between TCL Corporation Group and the PRC Banks from time to time and the loans or advances obtained thereunder shall be fully utilized by the Group under the 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
“PRC Bank(s)”	banks or financial institutions in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 ultimate controlling Shareholder
“TCL Corporation Group”	TCL Corporation and its subsidiaries (excluding the members comprising the Group)

For the purpose of this announcement, except for the calculation of proposed annual caps, in which the exchange rate of RMB1.00 = HK\$1.2752 has been used for the financial year ending 31 December 2011, the exchange rate of RMB1.00 = HK\$1.1593 has been used, where applicable, for 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.

By order of the Board  
**LI Dongsheng**  
*Chairman*

Hong Kong, 12 November 2010

*As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, ZHAO Zhongyao, YU Guanghui and XU Fang as executive directors, Albert Thomas DA ROSA, Junior, HUANG Xubin and LEONG Yue Wing as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF and WU Shihong as independent non-executive directors.*