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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)*

**(the “Company”)**

(Stock Code: 01070)

**RENEWAL OF AND/OR REVISING OF EXISTING CONTINUING  
CONNECTED TRANSACTIONS AND  
ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that the Group had on 26 October 2011 entered into the following agreements with TCL Corporation and/or its associates and the transactions contemplated thereunder constitute continuing connected transactions:

1. Master TCL Trademark License Agreement;
2. Master Electronic and Electrical Goods Sourcing Agreement;
3. Master Sourcing Agreement;
4. Master Supply Agreement;
5. Master Financial Services Agreement;
6. Master Logistics Service Supply Agreement;
7. Master Call Centre Services Supply Agreement;
8. Master Subcontracting Agreement;
9. Master Lease, Production Line and Vehicle (Lessor) Agreement;
10. Master Lease (Tenant) Agreement;
11. Master Service Agreement;
12. Joint Design Centre and Expertise Agreement;
13. Intellectual Property Services Agreement; and
14. Know-how Development Agreement.

Agreements 1 to 11 are in substance renewal of the existing agreements. Whilst the terms in substance of most of the renewal agreements are substantially the same as the previous agreements, the following major amendments are made:

- (a) in order that more entities within the Group can use the registered trademarks of TCL Corporation, the contractual party on the Group's side to the Master TCL Trademark License Agreement is the Company instead of its wholly owned subsidiary, TTE, and the products covered thereunder are extended;
- (b) the Master Electronic and Electrical Goods Sourcing Agreement is a consolidation of the Master Mainland Supply Agreement dated 19 August 2009 and the Master Overseas Supply Agreement (as extended) dated 9 October 2008;
- (c) to streamline all the leases of the Group including the Wuxi Lease as announced by the Company on 7 January 2009 and the Xili Lease as announced on 31 December 2010, the Master Lease (Tenant) Agreement was signed;
- (d) the content of the Master Subcontracting Agreement is extended as both of TCL Corporation Group and the Group may now process the raw materials of the other group into semi-finished materials and/or finished goods; and
- (e) in order that more members of the Group can use the internet television services and for better management of the Company's continuing connected transactions, the Master Service Agreement was signed to replace the Service Agreement dated 10 December 2010 as announced by the Company dated 10 December 2010.

Transactions contemplated under agreements 12 to 14 are new transactions. Given that agreements 12 to 14 concern research and development services to be provided by TCL Corporation Group to the Group, and their nature are similar, the continuing connected transactions contemplated thereunder have been aggregated for calculation of annual caps and applicable percentage ratios.

TCL Corporation, the controlling Shareholder of the Company, currently holds approximately 53.12% of the issued share capital of the Company. The counter parties to all of the above mentioned agreements are either TCL Corporation itself or its associates, thus they are connected persons of the Company under the Listing Rules.

As some of the applicable percentage ratios with reference to the respective annual caps of agreements 6 to 14 exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are exempted from the Independent Shareholders' approval requirement under Rule 14A.34(1) but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios with reference to the respective annual caps of the agreements 1 to 5 exceed 5%, the continuing connected transactions contemplated thereunder are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee will be established to advise the Independent Shareholders on the terms and the proposed caps of the Non-exempt Transactions. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The Company will dispatch to the Shareholders a circular containing further details of the Non-exempt Transactions, letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM on or before 16 November 2011.

TCL Corporation and TCL Associates will abstain from voting in respect of the Non-exempt Transactions required to be put forward at the EGM.

## **INTRODUCTION**

The Board is pleased to announce that the Group had on 26 October 2011 entered into the following agreements with TCL Corporation and/or its associates and the transactions contemplated thereunder constitute continuing connected transactions:

1. Master TCL Trademark License Agreement;
2. Master Electronic and Electrical Goods Sourcing Agreement;
3. Master Sourcing Agreement;
4. Master Supply Agreement;
5. Master Financial Services Agreement;
6. Master Logistics Service Supply Agreement;
7. Master Call Centre Services Supply Agreement;
8. Master Subcontracting Agreement;
9. Master Lease, Production Line and Vehicle (Lessor) Agreement;
10. Master Lease (Tenant) Agreement;
11. Master Service Agreement;
12. Joint Design Centre and Expertise Agreement;
13. Intellectual Property Services Agreement; and
14. Know-how Development Agreement.

Set out below are details of the renewal of and/or revising of existing continuing connected transactions and the entering into of new continuing connected transactions.

## **RENEWAL OF AND/OR REVISING OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

### **1. Master TCL Trademark License Agreement**

As more members of the Group will use the registered trademarks of TCL Corporation on a wide range of products than originally contemplated in the TCL Trademark License Agreement, TCL Corporation and the Company decided to enter into the Master TCL Trademark License Agreement in replacement of the TCL Trademark License Agreement.

Date: 26 October 2011

Parties: (i) TCL Corporation – Licensors (for itself and on behalf of its Subsidiaries)

(i) Company – Licensee (for itself and on behalf of certain of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014  
(Subject to the approval of the Independent Shareholders)

Major terms: TCL Corporation Group has granted to the Group an exclusive (subject to certain limited exceptions which are related to some existing obligations or business of TCL Corporation), non-sub-licensable and non-transferable license to use certain of its registered trademarks for the manufacture, production, sale and distribution of Multimedia Products in the territories as specified in the Master TCL Trademark License Agreement (“Licensed Trademarks”). Under the Master TCL Trademark License Agreement, the Group is entitled (subject to certain exceptions) to use the trademark “TCL” as part of its business name and in all business applications in which a company’s name is commonly used.

TCL Corporation will continue to conduct general brand promotion and marketing in respect of the Licensed Trademarks that the Group uses on products produced by it in its ordinary course of business.

Price determination: The Group shall pay to TCL Corporation royalties which shall be calculated based on the net sales of Multimedia Products bearing any of the Licensed Trademarks under the Master TCL Trademark License Agreement and the applicable royalty rates. Under the Master TCL Trademark License Agreement, the royalty rates range from 0% to 1.5% depending on the trademarks, territories and performance of the Group.

Under the Master TCL Trademark License Agreement, the Group shall reimburse TCL Corporation for the relevant portion of the cost and expenses incurred for the general brand advertising costs by TCL Corporation or any other entities controlled by TCL Corporation or under the common control of TCL Corporation during the term of the Master TCL Trademark License Agreement. Under the Master TCL Trademark License Agreement, the annual amount of the general brand advertising costs payable by the Group to TCL Corporation shall range from 0.25% to 1.5% of the annual net sales of the Group for the relevant fiscal year depending on the types of products, provided that the aforesaid percentage may be varied from time to time with the written mutual consent of the parties.

## **2. Master Electronic and Electrical Goods Sourcing Agreement**

The Company has entered into the Master Mainland Supply Agreement and the Master Overseas Supply Agreement (as extended), which are expiring on 31 December 2011. As it wishes to continue and better manage the continuing connected transactions contemplated under the said two master agreements, the Company entered into the Master Electronic and Electrical Goods Sourcing Agreement for purchase of TCL Products, the terms in substance are substantially the same as the said two master agreements.

Set out below are the major terms of the Master Electronic and Electrical Goods Sourcing Agreement:

Parties: (i) TCL Corporation – supplier (for itself and on behalf of its Subsidiaries)

(ii) the Company – customer (for itself and on behalf of its Subsidiaries)

Date: 26 October 2011

- Duration: Three years from 1 January 2012 to 31 December 2014  
(Subject to the approval of the Independent Shareholders)
- Major terms: TCL Corporation shall sell and procure members of TCL Corporation Group to sell and the Company shall purchase and procure members of the Group to purchase the TCL Products in accordance with individual sale and purchase contracts to be entered into by the relevant member of TCL Corporation Group and the relevant member of the Group, provided that the terms of such sale and purchase contracts are consistent with the Master Electronic and Electrical Goods Sourcing Agreement.
- Price determination:
1. The terms (including price and payment terms) shall be agreed between the parties based on normal commercial terms after arm's length negotiations and with reference to the fair market price ranges of products comparable to TCL Products offered in the market as at the time when the relevant sale and purchase is performed. If no comparable transactions are available for references, the terms (including price and payment terms) shall be no less favourable than those available to or from the independent third parties for provision of products similar to the TCL Products.
  2. The relevant member of the Group has the absolute discretion to decide whether to accept an offer from the relevant member of TCL Corporation Group.
  3. The relevant member of the Group has the right to sell or resell the TCL Products which it has acquired from the relevant member of TCL Corporation Group at such price as it may in its absolute discretion determine.
  4. The relevant member of the Group may demand the relevant member of TCL Corporation Group to purchase back the TCL Products at the original selling price offered to the Group if they remain unsold to third parties for six months.

### **3. Master Sourcing Agreement**

The Company has entered into the Master Sourcing (Renewal) Agreement which is expiring on 31 December 2011. As it wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master

Sourcing Agreement, the terms of which are substantially the same as the said renewal master agreement.

Set out below are the major terms of the Master Sourcing Agreement:

Date: 26 October 2011

Parties: (i) the Company (for itself and on behalf of its Subsidiaries)

(ii) TCL Corporation (for itself and on behalf of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014  
(Subject to the approval of the Independent Shareholders)

Major terms: Relevant member of TCL Corporation Group (i) acts as the intermediary for the Group to purchase and import the required Overseas Materials from the Company's Subsidiaries in places other than the PRC and/or from the independent third parties (designated by the Group) in places other than the PRC and (ii) sells such Overseas Materials to the Company's nominated Subsidiaries in the PRC as a local supplier.

It should be noted that the second part of the Overseas Materials Sourcing Service mentioned above is different from and does not form part of the transactions under the Sourcing of Goods described in the section of "Master Supply Agreement" below.

Price determination: 1. In respect of the purchase of the Overseas Materials by TCL Corporation Group from the Company's Subsidiaries in places other than the PRC, the relevant member of the Group charges TCL Corporation Group the costs of the Overseas Materials.

2. In respect of the sale of the Overseas Materials by TCL Corporation Group to the Company's nominated Subsidiaries in the PRC, TCL Corporation Group charges the relevant member of the Group for the acquisition cost of the Overseas Materials (i.e. the cost charged by the Group or independent third parties designated by the Group

to TCL Corporation Group as mentioned above) plus all import duties payable by TCL Corporation Group and an administrative charge covering import administrative expenses and insurance fee and all out-of-pocket expenses incurred by TCL Corporation Group relating to the importation and delivery of the relevant Overseas Materials into the PRC.

3. The administrative charges charged by TCL Corporation Group shall be no less favourable than those charged by independent third parties for the purpose of importing overseas materials for the Group. TCL Corporation Group will pay the cost of the Overseas Materials to the relevant member of the Group in places other than the PRC after the receipt of payment (cost of the Overseas Materials plus import duties and administrative charge) from the relevant member of the Group in the PRC. The payment terms largely correspond to the payment terms allowed by the PRC governmental authorities and independent third parties to which import duties and other expenses are paid.

#### **4. Master Supply Agreement**

The Company has entered into the Master Supply (Renewal) Agreement which is expiring on 31 December 2011. As it wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Supply Agreement, the terms of which are substantially the same as the said renewal master agreement.

Set out below are the major terms of the Master Supply Agreement:

Date: 26 October 2011

Parties: (i) the Company (for itself and on behalf of its Subsidiaries)

(ii) TCL Corporation (for itself and on behalf of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014  
(Subject to the approval of the Independent Shareholders)



Major terms:

### **Sourcing of Goods**

The Company shall procure its Subsidiaries to favourably consider purchasing part of the Group's required Goods produced or manufactured in the PRC from TCL Corporation Group and the TCL Associates provided that they can offer terms (including price and payment terms) no less favourable than terms available from independent third parties and are capable of meeting the timeline, quality and quantity of the relevant order placed.

TCL Corporation shall procure the relevant members of TCL Corporation Group and the TCL Associates to sell to the relevant members of the Group the requested Goods.

### **Sale of Goods**

If the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) requests or makes a written offer to any member of the Group to purchase from the Group any Goods for its business including distribution resale or otherwise, the Company shall procure its Subsidiaries to favourably consider offering to supply to or accepting such offer to purchase made by relevant member of TCL Corporation Group and the TCL Associates (as the case may be) provided that the terms (including price and payment terms) of the offer by TCL Corporation Group and the TCL Associates (as the case may be) are no less favourable than terms available to the Group from independent third parties.

TCL Corporation Group and the TCL Associates are only entitled to sell the Multimedia Products acquired from the Group through its distribution channels or otherwise and at such price as they may determine if it complies with the pricing or distribution policy as determined by the Group from time to time.

## 5. Master Financial Services Agreement

The Company has entered into the Financial Services Framework (Renewal) Agreement which is expiring on 31 December 2011. As it wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Financial Services Agreement, the terms of which are substantially the same as the said renewal framework agreement. Apart from the existing services provided under the Financial Services Framework (Renewal) Agreement, Finance Company intends to further provide secured loans to TCL Multimedia Qualified Members (i.e. loans which are secured by cash or bank instruments of TCL Multimedia Qualified Members with Finance Company).

Set out below are the major terms of the Master Financial Services Agreement:

Date: 26 October 2011

Parties:

- (i) the Company (for itself and on behalf of its Subsidiaries)
- (ii) TCL Corporation (for itself and on behalf of its Subsidiaries)
- (iii) Finance Company

Duration: Three years from 1 January 2012 to 31 December 2014  
(Subject to the approval of the Independent Shareholders)

Major terms: **Deposit Services**

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion deposit money with Finance Company. If Finance Company decides to accept any amount of cash deposits from a TCL Multimedia Qualified Member (including current deposits, fixed deposits or any other form of deposits), the interest rates offered by Finance Company shall not be lower than the interest rates offered by other independent financial institutions from time to time. Other terms and conditions offered by Finance Company as a whole shall also not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms.

Finance Company and TCL Corporation will jointly and severally undertake to the Company that at any time during the term of the Master Financial Services Agreement, the maximum amount of loans, financing and guarantees available under the facility line provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members shall not be less than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the TCL Multimedia Qualified Members with Finance Company.

If any TCL Multimedia Qualified Member demands repayment of any money deposited by it with Finance Company in accordance with the relevant terms and procedure and Finance Company fails to follow the repayment demand, such TCL Multimedia Qualified Member shall then have the right to:

- (a) offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by it and/or any financing provided to it by Finance Company and/or TCL Corporation; and/or
- (b) transfer the right mentioned in (a) above to other TCL Multimedia Qualified Members; and/or
- (c) request TCL Corporation to repay the outstanding deposit amount on behalf of Finance Company in full.

### **Financing Services**

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request any Financing Services from Finance Company.

If Finance Company decides to provide any Financing Services to a TCL Multimedia Qualified Member, the interest rates charged by Finance Company shall not be higher than the interest rates charged by other independent financial institutions from time to time in respect of similar services, and the other terms and conditions offered by Finance Company in respect of the

Financing Services as a whole shall not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms.

Finance Company and the relevant TCL Multimedia Qualified Member may enter into specific agreements in respect of any Financing Services to be provided with a view to setting out the detailed terms of the transactions.

Finance Company may request TCL Multimedia Qualified Member(s) to provide some form of security to Finance Company in respect of the Financing Services provided by Finance Company.

### **Other Financial Services**

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request Finance Company to provide Other Financial Services, including, among other things, financial advisory services, settlement advisory services, insurance agency services, agency lending and borrowings and any other services approved by the China Banking Regulatory Commission.

The fees charged by Finance Company in respect of Other Financial Services shall not be higher than the fees determined by PBOC (if applicable) and the fees charged by other independent financial institutions in respect of such services. Other terms and conditions of Other Financial Services offered by Finance Company shall not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms.

The relevant TCL Multimedia Qualified Member determine in its absolute discretion to use Other Financing Services provided by Finance Company or any other independent financial institutions.

The relevant TCL Multimedia Qualified Member may enter into separate written agreements with Finance Company in relation to the provision of the specific services under Other Financial Services with a view to setting out the detailed terms of the transactions, as long as such terms comply with the requirements of the Listing Rules.

TCL Corporation's undertakings:

TCL Corporation undertakes to the Company that:

1. it will procure Finance Company to perform its obligations under the Master Financial Services Agreement; and
2. in case Finance Company experiences any financial difficulties, TCL Corporation will, subject to internal approvals and the applicable rules and regulations, inject capital to Finance Company based on the needs of Finance Company.

## **6. Master Logistics Service Supply Agreement**

The Company has entered into the Master Logistics Service Supply Agreement (as extended) which is expiring on 31 December 2011. As it wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Logistics Service Supply Agreement, the terms of which are substantially the same as the said master agreement as extended.

Set out below are the major terms of the Master Logistics Service Supply Agreement:

Date: 26 October 2011

Parties:

- (i) Speed Distribution – service provider
- (i) the Company – client (for itself and on behalf of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014

Major terms: Speed Distribution shall provide to the Group the following services:

1. delivery and transfer of raw materials, components, finished goods, etc. among the Group's suppliers, distributors, customers, warehouses and distribution centres;
2. storage service and warehouse management; and
3. other services as agreed between the parties to the agreement from time to time.

Where Speed Distribution offers to provide logistics services at terms no less favourable than (i) those offered by Speed Distribution to other independent third parties and/or (ii) those offered by other independent third parties to the Group, the Company shall procure its Subsidiaries to actively consider using the service provided by Speed Distribution. For the avoidance of doubt, the Group is entitled to use the logistics services provided by other independent service providers.

- Price determination:
1. Speed Distribution shall provide logistics services at terms no less favourable than (i) those offered by Speed Distribution to other independent third parties and/or (ii) those offered by other independent third parties to the Group for the provision of comparable service.
  2. If there are no comparable terms offered to the Group by other independent third parties, the terms of the services to be provided by Speed Distribution to the Group shall then be determined after arm's length negotiations between the parties and shall be on normal commercial terms.
  3. If the logistics services provided by Speed Distribution to the Group under Master Logistics Service Supply Agreement involve the work of a third party service provider engaged by Speed Distribution, Speed Distribution shall only charge the Group the actual cost incurred by Speed Distribution in this regard.
  4. If so requested by Speed Distribution, the Company shall also reimburse Speed Distribution for the cost and expenses incurred by Speed Distribution in respect of any service improvement work at the request of or agreed by the Group.

## **7. Master Call Centre Services Supply Agreement**

The Company has entered into the Master Call Centre Services Supply Agreement (as extended) which is expiring on 31 December 2011. As it wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Call Centre Services Supply Agreement, the terms of which are substantially the same as the said master agreement as extended.

Set out below are the major terms of the Master Call Centre Services Supply Agreement:

Date:	26 October 2011
Parties:	(i) TCL Corporation – service provider (for itself and on behalf of its Subsidiaries)  (ii) the Company – client (for itself and on behalf of its Subsidiaries)
Duration:	Three years from 1 January 2012 to 31 December 2014
Service:	TCL Corporation Group has agreed to provide the Group with the call centre services, including but not limited to providing the Group with a 24-hour hotline, support the marketing and after-sales service of the various products of the Group and provide the Group with analysed customer information obtained through the operation of the customer call centre. For the avoidance of doubt, the Group is entitled to use call centre services provided by other independent service providers.
Price determination:	The Group shall pay TCL Corporation Group at a standard rate to be calculated based on actual costs incurred by TCL Corporation Group in connection with the provision of the call centre services. The standard rate will be reviewed by TCL Corporation within 60 days after each of its financial year end.

## **8. Master Subcontracting Agreement**

The Company has entered into the Master Subcontracting (Renewal) Agreement in relation to processing of raw materials into semi-finished materials by TCL Corporation Group to the Group. As the Master Subcontracting (Renewal) Agreement is expiring on 31 December 2011 and it wishes to continue and extend the continuing connected transactions contemplated thereunder, the Company entered into the Master Subcontracting Agreement to extend and expand their co-operation in the processing of raw materials. Under the new arrangement, at the request of the Group, TCL Corporation Group will further process the raw materials into certain semi-finished materials and/or finished goods. Further, both TCL Corporation Group and the Group may now provide the processing services to the other.

Set out below are the major terms of the Master Subcontracting Agreement:

Date: 26 October 2011

Parties: (i) the Company (for itself and on behalf of its Subsidiaries)

(ii) TCL Corporation (for itself and on behalf of its Subsidiaries and associates)

Duration: Three years from 1 January 2012 to 31 December 2014

Major terms: If any member of the Ordering Group so requests, the Processing Group shall or procure the relevant member and/or associate (as the case may be) of its group to process raw materials (including but not limited to plastic parts) as provided by the Ordering Group into certain semi-finished materials and/or finished goods for the relevant member and/or associate (as the case may be) of the Ordering Group in accordance with the processing procedures and specifications of the semi-finished materials and/or finished goods as provided by the Ordering Group, provided that:

1. the relevant member and associate (as the case may be) of the Processing Group considers that it has the relevant resources to meet the timeline, quality and quantity of the relevant order placed;
2. in case where the member of the Group places the order, (a) where the relevant member of the Group simultaneously requests an independent third party to provide the same service to it, the overall commercial terms (including charges and payment terms) offered by the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) shall not be less favourable than those offered by such third party; and (b) where the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) provides the same service to an independent third party, the overall commercial terms (including charges and payment terms) offered by the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) to the Group shall not be less



favourable than those offered by such relevant member of TCL Corporation Group and the TCL Associates (as the case may be) to that third party; and

3. in case where any of the member of TCL Corporation Group and the TCL Associates (as the case may be) places the order, (a) where such member and associate simultaneously requests an independent third party to provide the same service to it, the overall commercial terms (including charges and payment terms) offered by the relevant member of the Group to such member and associate shall be no more favourable than those offered by such third party; and (b) where the relevant member of the Group provides the same service to an independent third party, the overall commercial terms (including charges and payment terms) offered by the relevant member of the Group to TCL Corporation Group and the TCL Associates (as the case may be) shall be no more favourable than those offered by such relevant member of the Group to such third party.
4. The material processing services provided by Processing Group shall be on a non-exclusive basis but orders placed by the Ordering Group shall be given priority.

Price determination:

1. The processing fee to be charged by TCL Corporation Group and the TCL Associates against the Group shall be no less favourable than the terms available to the Group from independent third parties; and
2. The processing fee to be charged by the Group against TCL Corporation Group and the TCL Associates shall be no more favourable to TCL Corporation Group and the TCL Associates than those which the Group offered to independent third parties.

## **9. Master Lease, Production Line and Vehicle (Lessor) Agreement**

As the Group has been leasing certain properties to TCL Corporation Group under the New Lease Framework (Landlord) Agreement and wishes to enter into new leases in the future, the Company entered into the Master Lease, Production Line and Vehicle (Lessor) Agreement, the major terms of which are set out as below:

Date:	26 October 2011
Parties:	(i) the Company – lessor (for itself and on behalf of its Subsidiaries)  (ii) TCL Corporation – lessee (for itself and on behalf of its Subsidiaries)
Duration:	Three years from 1 January 2012 to 31 December 2014
Price determination:	The rental shall be determined with reference to the prevailing market rate which shall be no less than the rent payable by an independent third party to the Group for comparable tenancies.  In addition to the rental, unless otherwise agreed, the Group shall pay all the (i) taxes, (ii) management fees, (iii) other charges payable to the central and local government of the PRC or the government of Hong Kong and (iv) the routine repair and maintenance fees.
Lease period:	The expiry date of each of the leases contemplated under the Master Lease, Production Line and Vehicle (Lessor) Agreement shall not be later than 31 December 2014.

## **10. Master Lease (Tenant) Agreement**

The Group has been leasing certain premises from TCL Corporation Group under the New Lease Framework (Tenant) Agreement, which is expiring on 31 December 2011. As it wishes to continue the leases contemplated thereunder, enter into new leases in the future and better manage the leases under the Xili Lease and the Wuxi Lease, the Company entered into the Master Lease (Tenant) Agreement which covers the Xili Lease and the Wuxi Lease.

Major terms of the Master Lease (Tenant) Agreement are set out as below:

- Date: 26 October 2011
- Parties: (i) TCL Corporation – landlord (for itself and on behalf of its Subsidiaries)
- (ii) the Company – tenant (for itself and on behalf of its Subsidiaries)
- Duration: Three years from 1 January 2012 to 31 December 2014
- Price determination: The rental shall be determined with reference to the prevailing market rate which shall be no more than the rent payable by an independent third party to TCL Corporation Group for comparable tenancies.
- In addition to the rental, unless otherwise agreed, TCL Corporation Group shall pay all the (i) taxes, (ii) management fees, (iii) other charges payable to the central and local government of the PRC or the government of Hong Kong and (iv) the routine repair and maintenance fees.
- Lease period: The expiry date of each of the leases contemplated under the Master Lease (Tenant) Agreement shall not be later than 31 December 2014.

## **11. Master Service Agreement**

A Subsidiary of the Group has entered into the Service Agreement whereby an associate of TCL Corporation Group has agreed to provide the Subsidiary of the Group certain services in respect of production and sale of internet televisions. The Service Agreement will expire on 10 December 2013. As in the future, other members of TCL Corporation Group may provide similar services to other members of the Group, for streamlining and better management of the Company's continuing connected transactions, the Company and TCL Corporation had on 26 October 2011 entered into the Master Service Agreement to replace the Service Agreement.

Set out below are the major terms of the Master Service Agreement:

Date: 26 October 2011

Parties: (i) the Company – client (for itself and on behalf of its Subsidiaries)

(ii) TCL Corporation – service provider (for itself and on behalf of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014

Major terms: At the request of the Group, TCL Corporation shall procure members of TCL Corporation Group to provide the Group with:

- (i) certain basic services (“Basic Services”) in respect of the production and sale of the internet televisions, including, among other things, planning, research and development, presale training, market research and promotion, contents update, interface design, technical support, call centre and maintenance of the system of internet television products; and
- (ii) value added services (“Value Added Services”) to end users including but not limited to provision of electronic magazines, products for educational purposes and games.

For the avoidance of doubt, the Group is entitled to use similar services provided by other independent service providers.

Price determination, payment terms and profit distribution: In respect of the Basic Services provided by TCL Corporation Group, the Group shall pay to TCL Corporation Group a standard software fee for each internet television involved at a rate to be calculated based on actual costs incurred by TCL Corporation Group for related operations. The standard software fee would only be revised with the consent of the parties. The total number of internet televisions involved shall be calculated each month and the standard software fee payable shall be settled within the next 3 months.

In respect of the Valued Added Services provided by TCL Corporation Group, the content income for the value added services obtained by TCL Corporation Group, after deducting the content purchase costs and the distribution payable to other third parties, shall be shared equally between the Group and TCL Corporation Group.

## **ENTERING INTO OF NEW CONTINUING CONNECTED TRANSACTIONS**

### **12. Joint Design Centre and Expertise Agreement**

The Joint Design Centre will be established by Shenzhen R&D Centre for the research, development and promotion of smart television project. At the request of Shenzhen R&D Centre, certain support will be provided by TCL Research Institute to the Joint Design Centre. The Joint Design Centre and Expertise Agreement had on 26 October 2011 entered into pursuant to which TCL Research Institute agrees to provide premises and certain personnel to the Joint Design Centre.

Date: 26 October 2011

Parties: (i) TCL Research Institute – service provider  
(ii) Shenzhen R&D Centre – client

Duration: From 26 October 2011 to 31 December 2013

Major terms: Both TCL Research Institute and Shenzhen R&D Centre shall allocate part of their personnel and to the Joint Design Centre. Any newly-recruited staff shall be hired under Shenzhen R&D Centre.

Shenzhen R&D Centre shall reimburse TCL Research Institute for the (i) human resource costs in respect of TCL Research Institute personnel allocated to the Joint Design Centre; and (ii) rent, property management charges, utility charges, renovation expense, depreciation of fixed assets of the Xili Premise and the Xian Research Branch Premise, the premises to be provided by TCL Research Institute as offices of the Joint Design Centre.

Shenzhen R&D Centre shall be responsible for the various subsidies for the eligible TCL Research Institute personnel in the Joint Design Centre in accordance with the actual circumstances and the relevant subsidy criteria and the list of relevant personnel provided by TCL Research Institute.

Shenzhen R&D Centre shall also bear the operating expenses incurred by the relevant TCL Research Institute personnel, the purchase of fixed assets and the personnel training expenses for the Joint Design Centre.

Both TCL Research Institute and Shenzhen R&D Centre agree that any patents arising from product invention or development shall be owned by the party whose employees are the first inventors whilst other intellectual property rights arising therefrom shall be jointly owned by Shenzhen R&D Centre and TCL Research Institute.

TCL Research Institute has further granted Shenzhen R&D an irrevocable license to use the intellectual property rights owned by TCL Research Institute arising from the Joint Design Centre and Expertise Agreement free of charge.

Price determination  
and payment terms:

Shenzhen R&D Centre shall pay the estimated amount of human resource costs in respect of TCL Research Institute personnel allocated to the Joint Design Centre and rent, property management charges, utility charges, renovation expense, depreciation of fixed assets of the Shenzhen Xili Premise and the Xian Research Branch Premise to TCL Research Institute within the first 10 days at the beginning of each quarter. Shenzhen R&D Centre and TCL Research Institute shall settle the outstanding amount in accordance with the actual sum incurred every half year.

In the event that the Joint Design Centre utilises any extra personnel of TCL Research Institute (the exact amount of which is to be counted by TCL Research Institute and confirmed by the Joint Design Centre), Shenzhen R&D Centre shall pay TCL Research Institute at the rate of RMB1,150 (approximately at HK\$1,410) per head per day within 10 days after every quarter end. The extra number of personnel provided will be counted by TCL Research Institute and confirmed by the Joint Design Centre.

### **13. Intellectual Property Services Agreement**

Date: 26 October 2011

Parties: (i) TCL Corporation Tech Centre – service provider  
(ii) Shenzhen R&D Centre – client

Duration: From 26 October 2011 to 31 December 2013

Scope of service: TCL Corporation Tech Centre shall by itself and/or with the assistance of third party to:

1. manage the delegated intellectual property matters of Shenzhen R&D Centre, including but not limited to patent application, software copyright registration, integrated circuit layout-design application, etc;
2. investigate and analyse such patent and know-how as requested by Shenzhen R&D Centre, invalidate the patent registration of third parties, analyse and evaluate the potential infringement of intellectual property rights of such products as requested by Shenzhen R&D Centre;
3. handle intellectual property litigation and patent licensing matters which are necessary for the business of Shenzhen R&D Centre;
4. provide legal advice on the intellectual property matters of Shenzhen R&D Centre;
5. approve and amend any legal documents relating to intellectual property of Shenzhen R&D Centre; and
6. provide intellectual property related training to the staff of Shenzhen R&D Centre.

Price determination and payment terms: The amount payable by Shenzhen R&D Centre for the abovementioned sum is fixed at RMB2 million (approximately at HK\$2.4 million) for the year 2011, such sum includes staff wages, information system and office expenses of TCL Corporation Tech Centre. Such service fee for subsequent years shall be determined by both parties. Shenzhen R&D Centre shall make payment of the said service fee within 15 days after the production of a settlement checklist by TCL Corporation Tech Centre at the end of each year.

Apart from the said services fees, Shenzhen R&D Centre shall be responsible for (i) all relevant fees charged by the PRC authorities and (ii) all fees charged by third party appointed by TCL Corporation Tech Centre for the purpose of assisting the handling of intellectual property matters within 15 days after the production of a settlement checklist by TCL Corporation Tech Centre at the end of each quarter.

On intellectual properties trainings, TCL Corporation Tech Centre will bear internal staff training expenses, whilst Shenzhen R&D Centre shall be responsible for paying the relevant staff training expenses where external trainers are employed.

#### **14. Know-how Development Agreement**

Date: 26 October 2011

Parties: (i) Shenzhen R&D Centre – principal  
(ii) TCL Lab – appointee

Duration: From 26 October 2011 to 31 December 2013

Major terms: TCL Lab shall conduct research and develop digital television projects requested by Shenzhen R&D Centre from time to time. The scope of research includes, among others, (i) confirming the viability of product concepts; (ii) developing electric circuits; (iii) developing software; (iv) confirming the functionality and the legal qualifications of products; and (v) project management. TCL Lab shall exercise its best endeavour to ensure that the research products satisfy the requirements of designated markets, the cost criteria and time limit set out by the parties. The research products must also be in compliance with the legal standards of the relevant markets.



TCL Lab shall also provide all necessary guidance and services regarding the know-how it researches on, including, among others, (i) providing the relevant data, information and experience, (ii) training the staff of Shenzhen R&D Centre, (iii) providing the update of know-how development and (iv) assisting to devise operation and craft procedure.

TCL Lab also agrees to provide Shenzhen R&D Centre with the necessary equipment, raw materials and components for the manufacture of research products and test equipment at most concessionary price.

Price determination and payment terms:	By 31 December 2011, TCL Lab shall submit the product design, craft procedures, blueprints, essays, report, other technology documents and product samples in respect of the projects commissioned by Shenzhen R&D Centre in 2011. Shenzhen R&D Centre shall pay TCL Lab US\$200,000 (approximately at HK\$1.6 million as research fee. After reviewing the quality of research products in the relevant projects, the parties shall decide whether to continue the Know-how Development Agreement, the research and development projects involved and the amount of research fee to be made by Shenzhen R&D Centre in 2012.
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## HISTORICAL FIGURES

The following table sets out the respective actual amounts of the continuing connected transactions as described above for the two years ended 31 December 2010 and the 6 months ended 30 June 2011, and the respective annual caps for the three years ending 31 December 2011:

		For the year ended 31 December 2009 (audited) HK\$'000	For the year ended 31 December 2010 (audited) HK\$'000	For the 6 months ended 30 June 2011 (unaudited) (for actual amount only)/for the year ending 31 December 2011 (for original annual cap only) HK\$'000
<b>Continuing Connected Transactions (Note 1)</b>				
1.	<b>Master TCL Trademark License Agreement (Note 2)</b>	Actual		
	– aggregate royalty	nil	nil	nil
	– aggregate branding fee reimbursement	82,057	165,451	57,545
	Original annual cap			
	– aggregate royalty	nil	nil	nil
	– aggregate branding fee reimbursement	229,101	372,472	318,866
2.	<b>Master Electronic and Electrical Goods Sourcing Agreement (Note 3)</b>	Actual		
	– mainland supply	14,172	69,059	77,595
	– overseas supply	1,973	7,418	9,490
	Original annual cap			
	– mainland supply	57,248	93,688	95,820
	– overseas supply	81,853	91,097	101,284

		For the year ended 31 December 2009 (audited) HK\$'000	For the year ended 31 December 2010 (audited) HK\$'000	For the 6 months ended 30 June 2011 (unaudited) (for actual amount only)/for the year ending 31 December 2011 (for original annual cap only) HK\$'000
<b>Continuing Connected Transactions (Note 1)</b>				
3. <b>Master Sourcing Agreement</b>	Actual			
	– purchase of overseas goods by TCL Corporation Group from the Group	946,269	650,871	285,606
	– sale of overseas goods by TCL Corporation Group to the Group	2,231,503	1,632,332	440,863
	Original annual cap			
	– purchase of overseas goods by TCL Corporation Group from the Group	1,053,709	1,363,375	1,813,566
	– sale of overseas goods by TCL Corporation Group to the Group	2,773,111	2,737,047	2,757,113
4. <b>Master Supply Agreement</b>	Actual			
	– Sourcing of Goods	632,947	529,316	363,140
	– Sale of Goods	51,016	285,858	49,285
	Original annual cap			
	– Sourcing of Goods	6,512,800	10,236,653	15,233,428
	– Sale of Goods	1,498,218	1,976,784	2,591,250

		For the year ended 31 December 2009 (audited) HK\$'000	For the year ended 31 December 2010 (audited) HK\$'000	For the 6 months ended 30 June 2011 (unaudited) (for actual amount only)/for the year ending 31 December 2011 (for original annual cap only) HK\$'000
<b>Continuing Connected Transactions (Note 1)</b>				
5.	<b>Master Financial Services Agreement</b>	Actual		
	– Financial service charges	392	443	76
	– Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)	791,820	886,902	1,093,485
	Original annual cap			
	– Financial service charges	6,412	8,416	10,624
	– Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)	1,386,963	1,764,627	2,776,560
6.	<b>Master Logistics Service Supply Agreement</b>	Actual		
	Original annual cap	39,909	52,183	28,319
		40,674	54,735	73,657
7.	<b>Master Call Centre Services Supply Agreement</b>	Actual		
	Original annual cap	18,103	17,587	8,749
		29,269	44,113	66,487

		For the year ended 31 December 2009 (audited) HK\$'000	For the year ended 31 December 2010 (audited) HK\$'000	For the 6 months ended 30 June 2011 (unaudited) (for actual amount only)/for the year ending 31 December 2011 (for original annual cap only) HK\$'000
<b>Continuing Connected Transactions (Note 1)</b>				
8. <b>Master Subcontracting Agreement</b>	Actual			
	– subcontracting by TCL Corporation Group	11,659	13,338	15,020
	– subcontracting by the Group	nil	nil	nil
	Original annual cap			
	– subcontracting by TCL Corporation Group	35,291	47,662	63,426
	– subcontracting by the Group	nil	nil	nil
9. <b>Master Lease, Production Line and Vehicle (Lessor) Agreement</b>	Actual	1,561	1,684	848
	Original annual cap	1,574	1,694	1,824
10. <b>Master Lease (Tenant) Agreement (Note4)</b>	Actual	37,068	36,665	20,931
	Original annual cap	59,307	64,640	86,014
11. <b>Master Service Agreement</b>	Actual			
	– service fee	nil	4,502	15,517
	– content income	nil	nil	nil
	Original annual cap			
	– service fee	nil	17,466	62,365
	– content income	nil	nil	2,399

*Note 1:* For easy comparison of the historical figures and the proposed annual caps, names of the new master agreements are used herein.

*Note 2:* No royalty was payable by the TTE Group for the two years ended 31 December 2010 and the six months ended 30 June 2011 as the actual performance of the TTE Group for the relevant period did not reach the threshold which triggered the royalty payment obligations under the TCL Trademark License Agreement.

*Note 3:* Here includes the actual amounts and original annual caps of the Master Overseas Supply Agreement (as extended) and the Master Mainland Supply Agreement.

*Note 4:* Here includes the actual amounts and original annual caps of the New Lease Framework (Tenant) Agreement, Xili Lease and Wuxi Lease.

## PROPOSED ANNUAL CAPS

The following table sets out the respective proposed annual caps of the continuing connected transactions under the following agreements:

Continuing Connected Transactions		For the year ending 31 December 2012 <i>HK\$'000</i>	For the year ending 31 December 2013 <i>HK\$'000</i>	For the year ending 31 December 2014 <i>HK\$'000</i>	
1.	<i>Master TCL Trademark License Agreement</i> <i>(Note 1)</i>	– aggregate royalty – aggregate branding fee reimbursement	nil 388,807	nil 466,678	nil 560,496
2.	<i>Master Electronic and Electrical Goods Sourcing Agreement</i>		514,979	596,206	687,498
3.	<i>Master Sourcing Agreement</i>	– purchase of overseas goods by TCL Corporation Group from the Group – sale of overseas goods by TCL Corporation Group to the Group	1,662,181 3,337,989	2,116,577 4,339,823	2,302,137 4,705,676

Continuing Connected Transactions		For the year ending 31 December 2012 <i>HK\$'000</i>	For the year ending 31 December 2013 <i>HK\$'000</i>	For the year ending 31 December 2014 <i>HK\$'000</i>	
4.	<i>Master Supply Agreement</i>	– Sourcing of Goods	12,234,978	16,790,134	20,612,345
		– Sale of Goods	3,178,115	5,772,962	7,668,196
5.	<i>Master Financial Services Agreement</i>	– Financial service charges	5,706	7,585	8,741
		– Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)			
		(a) normal deposit	3,482,523	3,775,893	4,056,154
		(b) deposit (cash or bank instruments) as security	3,700,837	4,324,358	4,966,297
		– Sub-total:	7,183,360	8,100,251	9,022,451
		– Facility amount (with cash deposit or bank instruments as security) ( <i>Note 2</i> )	3,700,837	4,324,358	4,966,297
6.	<i>Master Logistics Service Supply Agreement</i>		91,167	103,874	109,515
7.	<i>Master Call Centre Services Supply Agreement</i>		20,618	22,586	24,186
8.	<i>Master Subcontracting Agreement</i>	– subcontracting by TCL Corporation Group	46,729	52,879	61,073
		– subcontracting by the Group	97,453	94,878	90,442
9.	<i>Master Lease, Production Line and Vehicle (Lessor) Agreement</i>		35,914	38,759	41,848

Continuing Connected Transactions		For the year ending 31 December 2012 HK\$'000	For the year ending 31 December 2013 HK\$'000	For the year ending 31 December 2014 HK\$'000
10.	<i>Master Lease (Tenant) Agreement</i>	74,102	82,771	91,748
11.	<i>Master Service Agreement</i>	– service fee – content income	54,758 2,633	76,554 7,088
				100,770 15,268
		For the year ending 31 December 2011 HK\$'000	For the year ending 31 December 2012 HK\$'000	For the year ending 31 December 2013 HK\$'000
12.	<i>Joint Design Centre and Expertise Agreement</i>	13,689	31,591	34,024
13.	<i>Intellectual Property Services Agreement</i>	2,444	2,633	2,835
14.	<i>Know-how Development Agreement</i>	1,589	6,450	9,215
Total (items 12-14):		17,722	40,674	46,074

*Note 1:* It is expected that no royalty will be payable by the Group under the Master TCL Trademark License Agreement for the three years ending 31 December 2014 as the estimated performance of the Group for the relevant period would not reach the threshold which triggers the royalty payment obligations.

*Note 2:* The facility amount mentioned above excludes the facility amount without cash or bank instruments as security (“Unsecured Facility Amount”) and other unsecured loans, financing and guarantees available under the facility line (“Other Facility Amount”) provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members. If the facility amount includes the Unsecured Facility Amount and the Other Facility Amount, the aggregate facility amount will be more than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the TCL Multimedia Qualified Members with Finance Company for each of the three years ending 31 December 2014.



## **REASONS FOR THE PROPOSED ANNUAL CAPS**

The major bases and assumptions for determining the proposed annual caps for the various continuing connected transactions are set out below.

### **1. Proposed annual caps for the Master TCL Trademark License Agreement**

Taken into account the sales growth of Multimedia Products in particular in the PRC and the emerging markets, it is still expected that no royalty will be payable by the Group for the three years ending 31 December 2014 as the estimated performance of the Group for the relevant period will not reach the threshold which triggers the royalty payment obligations under the Master TCL Trademark License Agreement. The annual caps in respect of the aggregate branding fee reimbursement for the transaction under the Master TCL Trademark License Agreement are estimated based on (i) the historical sales amount with an expected growth in the next three years with reference to the expected growth in market shares of the Group's Multimedia Products and certain market estimates of the expected growth in the sales of televisions, especially the substantial growth in LCD televisions market consumption, in the PRC and other regions around the world; and (ii) the estimated advertising and promotion expenses of the promotion projects intended to be launched during the coming 3 years, including but not limited to the potential cooperation opportunities in connection with the London Olympics 2012 and the 2014 FIFA World Cup in Brazil and further cooperation with Hollywood movie makers given that the promotional activities of the Hollywood 3D movie "Transformers III" launched earlier this year have received great success.

### **2. Proposed annual caps for the Master Electronic and Electrical Goods Sourcing Agreement**

The estimated transaction values of the transactions under the Master Electronic and Electrical Goods Sourcing Agreement are determined based on (i) historical amounts of the aggregate of the mainland and overseas supply transactions contemplated under the Master Mainland Supply Agreement and the Master Overseas Supply Agreement (as extended), (ii) the corresponding historical re-sale volume of the TCL Products of the Group and (iii) the forecast re-sale volume of the TCL Products by the Group in 2012-2014 which has taken into account of the projected increase of approximately 3,800 specialty stores of the Group in 2012.

### **3. Proposed annual caps for the Master Sourcing Agreement, the Master Supply Agreement and the Master Subcontracting Agreement**

The annual caps for the aggregated transactions under the Master Subcontracting Agreement, Master Sourcing Agreement and Master Supply Agreement are determined by reference to, among other things, (i) the historical amounts of the relevant transactions; (ii) the possible requirement of raw materials, semi-finished materials and finished goods with respect to the projected business volumes and the estimated growth rates of the relevant business lines of the Group (which

in turn are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group, sales and purchases growth under new sale and purchase projects with TCL Corporation Group); (iii) TCL Corporation Group's projected requirement of raw materials, semi-finished materials and finished goods for its operations, which is expected to increase substantially as its new manufacturing plant for production of LCD television panels/modules has started to operate since September 2011. The estimated industry demand is based on third party research materials available to the Group for the purpose of performing internal analysis; and (iv) the growth in the Group's LCD business.

#### **4. Proposed annual caps for the Master Financial Services Agreement**

The proposed annual caps in relation to the Master Financial Services Agreement are determined taking into account the following factors:

- (i) Having been satisfied with the services and the benefits provided by Finance Company such as better interest rates than available from other financial institutions, it is expected the balance of deposits with Finance Company will increase;
- (ii) It is expected that the business of the Company will expand rapidly in the following years and as a result, the capital available for deposit with Finance Company will also increase;
- (iii) Finance Company has been continuously improving its clearing platform, and the Company will benefit from the higher efficiency of fund clearance compared with that of independent third parties;
- (iv) TCL Corporation has been acting as the principal guarantor for the Group in respect of loans and other financing, but with the continuous growth of the Group, it is expected that TCL Corporation may not be able to cater for the demand of the Group, or certain financial institutions also require a guarantor with financial institution license, therefore Finance Company will play an important role for providing guarantee in relation to the Group's borrowings in future; and
- (v) Finance Company intends to provide borrowings secured by cash or bank instruments.

As such, the Company expects to rely more heavily on the services provided by Finance Company.

**5. Proposed annual caps for the Master Logistics Service Supply Agreement**

The estimated transaction values of the transactions under the Master Logistics Service Supply Agreement are determined based on (i) the historical cost and expenses incurred by the Group in respect of the logistics services provided by Speed Distribution in the PRC and (ii) the projected sales quantity in the next three years determined with reference to, among other factors, future growth rates in sales quantity, the increasing quantity of products sold in the PRC in particular having regard to the growth in the Group's LCD business in the PRC.

**6. Proposed annual caps for the Master Call Centre Services Supply Agreement**

The estimated transaction values of the transactions under the Master Call Centre Services Supply Agreement are determined based on the agreed hourly rates under the agreement times the estimated hours of calls in respect of the Group's products which may be handled by TCL Corporation Group for the next three financial years which are in turn determined based on the historical amount of customer calls handled by TCL Corporation Group in the past years with an estimated growth for the next three years with reference to certain market estimates in respect of the growth in the television shipments in the PRC in particular having regard to the growth in the Group's LCD business in the PRC.

**7. Proposed annual caps for the Master Lease, Production Line and Vehicle (Lessor) Agreement and the Master Lease (Tenant) Agreement**

The proposed annual caps for the leases as contemplated under the Master Lease, Production Line and Vehicle (Lessor) Agreement and the Master Lease (Tenant) Agreement have been calculated with reference to the estimated aggregate annual rents payable by the Group to TCL Corporation Group or by TCL Corporation Group to the Group (as the case maybe) under the existing leases. Factors including the possible increase in the area of the properties to be leased and the potential increase in market rentals during the term of the said two master agreements have also been taken into account when determining the proposed annual caps.

**8. Proposed annual caps for the Master Service Agreement**

The annual caps for the Basic Services of the Master Service Agreement are determined based on its projected sales volume and estimated increase in demand of internet televisions in 2012-2014; and the annual caps for the content income are determined based on the estimated demand and income from the Value Added Services in the coming three years from 2012.

**9. Proposed annual caps for the Joint Design Centre and Expertise Agreement, the Intellectual Property Services Agreement and the Know-how Development Agreement**

The annual caps are determined based on the forecast sales of smart televisions in the coming three years, the rising purchasing power of the targeted customers and the amount of general research and development expenses in the past.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

### **1. Master TCL Trademark License Agreement**

TCL Corporation Group owns and has registered certain trademarks which are used by the Group for the marketing and distribution of Multimedia Products. Such trademarks are considered to be important to the successful long-term operation of the business of the Group. The Master TCL Trademark License Agreement allows the Group to secure the use of such trademarks over a reasonable period of time at attractive rates.

### **2. Master Electronic and Electrical Goods Sourcing Agreement**

The Master Electronic and Electrical Goods Sourcing Agreement enables the Group to source TCL Products from TCL Corporation Group on normal commercial terms with a view to distributing such TCL Products for profits. It has provided and will continuously provide the Group with an additional source of revenue and margin by capitalising upon its established distribution network of the Group of TCL Products without incurring significant additional overheads; the Group will also benefit by securing a reliable source of high quality TCL Products for re-sale to customers and an additional income will be derived from re-selling the TCL Products to customers by utilising the Group's existing distribution network in the territories concerned.

### **3. Master Sourcing Agreement and Master Supply Agreement**

In respect of the Master Sourcing Agreement, the arrangement under the Overseas Materials Sourcing Service is the best alternative for the Group to source Overseas Materials for the Group's production in view of the requirements of the business licenses of certain members of the Group.

In respect of the Master Supply Agreement, the Directors consider that the transactions under the sourcing of Goods will continue to facilitate the smooth operation of the Group's business by providing a stable and reliable source of supply of the necessary materials manufactured in the PRC for the Group's manufacture of the Multimedia Products and the necessary finished goods for the Group's operations. The sale of Goods under the Master Supply Agreement will also allow the Group to better manage its level of raw materials by providing additional flexibility to the Group for managing its surplus materials (if any) and will allow the Group to widen its revenue base by supplying Goods to TCL Corporation Group.

#### **4. Master Financial Services Agreement**

The principal purpose of entering into the Master Financial Services Agreement is to provide cost efficient finance and treasury services to all TCL Multimedia Qualified Members. The Company believes that Finance Company, being a financial institution duly established in the PRC and the pricing policies and the operation of which is subject to guidelines issued by the China Banking Regulatory Commission, may also facilitate the TCL Multimedia Qualified Members to obtain cheaper financing from other financial institutions in the PRC by taking advantage of the inter-bank lending rates which Finance Company may enjoy in respect of its own borrowings from other financial institutions. It is expected that the inter-bank interest rates are usually lower than the interest rates of other corporate commercial loans. Finance Company has been providing financial services to the Group and has a thorough understanding of the operations and development needs of the Group. Accordingly, it is expected that Finance Company will be more efficient in terms of processing transactions for the Group than other financial institutions given their close relationships.

The Directors (excluding the independent non-executive Directors) consider that the transactions under the Non-exempt Transactions and the proposed annual caps thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **5. Master Logistics Service Supply Agreement and Master Call Centre Services Supply Agreement**

In order to streamline the cost structure and operations of the Group, the Company considers it beneficial to the Group to continue to subcontract the logistics services and call centre services to specialized service units. Given the close relationship between the Group and TCL Corporation Group, the Group will be placed in a better position to monitor the services to be provided under the Master Logistics Service Supply Agreement and the Master Call Centre Services Supply Agreement than by other outside service providers.

#### **6. Master Subcontracting Agreement**

In respect of the Master Subcontracting Agreement, the Directors consider that the arrangement under the Master Subcontracting Agreement will facilitate the management of its stock level of raw materials and the efficient use of resources by the Group and TCL Corporation Group since the Ordering Group may use the semi-finished materials provided by the Processing Group for the manufacture of its products wherever necessary and the Processing Group may fully utilise its production capacity and obtain additional income in the course of providing semi-finished materials and/or finished goods for the Ordering Group.

**7. Master Lease, Production Line and Vehicle (Lessor) Agreement and Master Lease (Tenant) Agreement**

The Group has been leasing certain properties from TCL Corporation Group as its offices, factory, warehouse and dormitory in respect of the Group's various business segments as well as renting out certain premises to TCL Corporation Group so as to better utilize its unused assets. The Company considers it is the interests of the Company and the Shareholders as a whole to enter into both the Master Lease, Production Line and Vehicle (Lessor) Agreement and the Master Lease (Tenant) Agreement in order to regulate the existing and new leases entered into between the Group and TCL Corporation Group.

**8. Master Service Agreement**

By entering into the Master Service Agreement, the Group is able to utilise the resources of TCL Corporation Group to develop the Group's business in the production and sale of the internet television products. Further, the Group is able to obtain additional income from the Master Service Agreement as it is agreed that the value added services income obtained by TCL Corporation Group, after deducting the content purchase costs and the payment or distribution to other third parties, shall be shared equally between the Group and TCL Corporation Group.

**9. Joint Design Centre and Expertise Agreement**

In view of the worldwide trend of increasing demand for innovative television products and the expanding market, the parties entered into the Joint Design Centre and Expertise Agreement pursuant to which a Joint Design Centre would be set up directly under Shenzhen R&D Centre for the research and development of smart televisions. The cooperation between the parties is expected to mutually benefit each other in the research, development and marketing of smart televisions, which in turn can maximise the returns on television products.

**10. Intellectual Property Services Agreement**

The entering into of the Intellectual Property Services Agreement provides mutual benefits to the Group and TCL Corporation Group. It enables the Group to obtain intellectual property registration, litigation and training services at a reasonable cost from a team of experts of TCL Corporation Tech Centre who understand the needs of the Group. By centralising the handling of intellectual property matters of all Subsidiaries under TCL Corporation, the Group can achieve higher cost efficiency.

**11. Know-how Development Agreement**

To utilise the research and design capabilities and other competitive advantages of TCL Lab, Shenzhen R&D Centre entered into the Know-how Development Agreement to appoint TCL Lab to conduct such research and design projects commissioned by Shenzhen R&D Centre.



The Directors (including the independent non-executive Directors) consider that the transactions under the Exempted Transactions and the proposed annual caps thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES REQUIREMENTS**

TCL Corporation, the controlling Shareholder of the Company, currently holds approximately 53.12% of the issued share capital of the Company. It also owns a 100% interest in TCL Lab, TCL Research Institute and Speed Distribution respectively and a 62% direct interest in Finance Company. Accordingly, each of TCL Lab, TCL Research Institute, Speed Distribution and Finance Company is a TCL Associate, thus the aforesaid (including TCL Corporation) are connected persons of the Company under the Listing Rules.

Since all the Joint Design Centre and Expertise Agreement, Intellectual Property Services Agreement and Know-how Development Agreement (“R&D Agreements”) concern research and development services to be provided by TCL Corporation Group to the Group, the continuing connected transactions contemplated under the R&D Agreements have been aggregated for calculation of annual caps and applicable percentage ratios.

As some of the applicable percentage ratios with reference to the respective annual caps of (1) Master Lease, Production Line and Vehicle (Lessor) Agreement, (2) Master Lease (Tenant) Agreement, (3) Master Call Centre Services Supply Agreement, (4) Master Logistics Service Supply Agreement, (5) Master Subcontracting Agreement, the (6) Master Service Agreement and (7) R&D Agreements exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are exempted from Independent Shareholders’ approval requirement under Rule 14A.34(1) but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios with reference to the respective annual caps of the (1) Master TCL Trademark License Agreement, (2) Master Electronic and Electrical Goods Sourcing Agreement, (3) Master Sourcing Agreement, (4) Master Supply Agreement and (5) Master Financial Services Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee will be established to advise the Independent Shareholders on the terms and the proposed caps of the Non-exempt Transactions. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The Company will dispatch to the Shareholders a circular containing further details of the Non-exempt Transactions, letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM on or before 16 November 2011.

TCL Corporation and TCL Associates will abstain from voting in respect of the Non-exempt Transactions required to be put forward at the EGM.

## **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 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 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).

Finance Company provides financial services including corporate finance advisory services, credit worthiness verification and related consultancy and agency services, collection and payment services, approved insurance agency services, guarantee services, agency lending and investment services, discounting bills and design of various schemes for settlement and clearing in respect of group fund transfer, and any other services approved by the China Banking Regulatory Commission for the Qualified Members.

Speed Distribution is principally engaged in the provision of logistics services in the PRC.

TCL Corporation Tech Centre is principally engaged in the research and development of electronic consumer products, communication equipment and audio-visual products.

TCL Lab is principally engaged in the research and development of smart television product technology.

TCL Research Institute is principally engaged in the trans-departmental research and development, production and distribution of TCL products.



## DEFINITIONS

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

“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 (stock code: 01070);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Deposit Services”	deposit of money by the TCL Multimedia Qualified Members with Finance Company pursuant to the Master Financial Services Agreement;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider the Non-exempt Transactions;
“Exempt Transactions”	the transactions under the (1) Master Logistics Service Supply Agreement,, (2) Master Call Centre Services Supply Agreement, (3) Master Subcontracting Agreement, (4) Master Lease, Production Line and Vehicle (Lessor) Agreement, (5) Master Lease (Tenant) Agreement, (6) Master Service Agreement, (7) Joint Design Centre and Expertise Agreement, (8) Intellectual Property Services Agreement and (9) Know-how Development Agreement together with their respective proposed annual caps;

“Finance Company”	TCL Finance Co., Ltd., a company owned as to 62% by TCL Corporation, as to 20% by The Bank of East Asia, Limited (an independent third party), as to 14% by TCL King Electrical Appliances (Huhehaote) Company Limited (an associate of TCL Corporation and an indirect wholly-owned Subsidiary of the Company) and as to 4% by TCL Mobile Communication (Hohhot) Co., Ltd. (an indirect wholly-owned Subsidiary of TCL Communication 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: 02618) and a TCL Associate);
“Financing Services”	the provision of loan and credit facilities (including unsecured loans, guarantees, receivable factoring, bill acceptance, bill discounting and secured loans) by Finance Company to the TCL Multimedia Qualified Members pursuant to the relevant Master Financial Services Agreement;
“Financial Services Framework (Renewal Agreement)”	the Master Financial Services Agreement dated 9 October 2008 entered into among the Company, TCL Corporation and Finance Company in respect of the provision of Deposit Services, Financing Services and Other Financial Services provided by Finance Company;
“Goods”	the Multimedia Products or the Parent Products (as the case may be) and the articles, things, components or raw materials required for the manufacture or production of such products and waste products arising from manufacturing or production of any such products;
“Group”	the Company and its Subsidiaries;
“Guangzhou Technology”	廣州歡網科技有限責任公司(Guangzhou Joy Network & Technology Co., Ltd.), a company established in the PRC which is owned as to 34.55% by TCL Corporation;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huizhou EAS”	惠州TCL電器銷售有限公司(TCL Electrical Appliance Sales Co., Ltd.), a company established in the PRC and a wholly-owned Subsidiary of the Company;
“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the terms of and the proposed annual caps for the Non-exempt Transactions;
“Independent Shareholders”	Shareholders other than TCL Corporation and TCL Associates;
“Intellectual Property Services Agreement”	the intellectual property services agreement entered into between Shenzhen R&D Centre and TCL Corporation Tech Centre on 26 October 2011;
“Joint Design Centre”	TCL智能電視聯合設計中心(TCL Smart Television Joint Design Centre), a centre to be established by Shenzhen R&D Centre for the research, development and promotion of smart television project;
“Joint Design Centre and Expertise Agreement”	the research and development services agreement entered into between TCL Research Institute and Shenzhen R&D Centre on 26 October 2011;
“Know-how Development Agreement”	the know-how development agreement entered into between Shenzhen R&D Centre and TCL Lab on 26 October 2011;
“LCD”	Liquid crystal display;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Master Call Centre Services Supply Agreement”	the master call centre services agreement entered into between the Company and TCL Corporation on 26 October 2011;
“Master Call Centre Services Supply Agreement (as extended)”	the master call centre services agreement dated 5 January 2007 entered into between the Company and TCL Corporation as extended by a supplemental agreement dated 9 October 2008;

“Master Electronic and Electrical Goods Sourcing Agreement”	the master electronic and electrical goods or appliances supply framework agreement entered into between the Company and TCL Corporation on 26 October 2011;
“Master Financial Services Agreement”	the master financial services agreement entered into among the Company, TCL Corporation and Finance Company on 26 October 2011;
“Master Lease (Tenant) Agreement”	the lease (tenant) agreement entered into between the Company as tenant and TCL Corporation as landlord on 26 October 2011;
“Master Lease, Production Line and Vehicle (Lessor) Agreement”	the master lease, production line and vehicle (lessor) agreement entered into between the Company as lessor and TCL Corporation as lessee on 26 October 2011;
“Master Logistics Service Supply Agreement”	the master logistics service supply agreement entered into between the Company and Speed Distribution on 26 October 2011;
“Master Logistics Service Supply Agreement (as extended)”	the master logistics service supply agreement entered into between the Company and Speed Distribution on 5 January 2007 as extended by a supplemental agreement dated 9 October 2008;
“Master Mainland Supply Agreement”	the master mainland supply agreement dated 19 August 2009 entered into between the Company and TCL Corporation;
“Master Overseas Supply Agreement (as extended)”	the master overseas supply agreement dated 29 December 2004 entered into between the Company and TCL Corporation as amended by the First Supplemental Agreement dated 5 January 2007 and the Second Supplemental Agreement dated 9 October 2008;
“Master TCL Trademark License Agreement”	the Master TCL trademark license agreement dated 26 October entered into by TCL Corporation and the Company;
“Master Service Agreement”	the master service agreement entered into between the Group and TCL Corporation on 26 October 2011;
“Master Sourcing Agreement”	the master sourcing agreement entered into between the Company and TCL Corporation on 26 October 2011;

“Master Sourcing (Renewal) Agreement”	the master sourcing agreement dated 9 October 2008 entered into between the Company and TCL Corporation in respect of the Overseas Materials Sourcing Service;
“Master Subcontracting Agreement”	the master subcontracting agreement entered into between the Company and TCL Corporation on 26 October 2011;
“Master Subcontracting (Renewal) Agreement”	the master subcontracting agreement dated 9 October 2008 entered into between the Company and TCL Corporation in respect of the Subcontracting Arrangement;
“Master Supply Agreement”	the master agreement entered into between the Company and TCL Corporation on 26 October 2011;
“Master Supply (Renewal) Agreement”	the master agreement dated 9 October 2008 entered into between the Company and TCL Corporation in respect of the Sourcing of Goods and the Sale of Goods;
“Multimedia Products”	electronic products including televisions and audio-visual products manufactured, produced or otherwise sold or distributed by the Group;
“New Lease Framework (Landlord) Agreement”	the lease framework agreement entered into by TCL King (Shenzhen) with TCL Corporation on 9 October 2008 in relation to the lease of certain premises in the Shekou TCL Tower owned by TCL King (Shenzhen);
“New Lease Framework (Tenant) Agreement”	the lease framework agreement entered into by the Company with TCL Corporation on 9 October 2008 in relation to the lease of certain properties owned by TCL Corporation Group;
“Non-exempt Transactions”	the transactions under the (1) Master TCL Trademark License Agreement, (2) Master Electronic and Electrical Goods Sourcing Agreement, (3) Master Sourcing Agreement, (4) Master Supply Agreement and (5) Master Financial Services Agreement together with their respective proposed annual caps;

“Ordering Group”	the Group or TCL Corporation Group and the TCL Associates (as the case may be) which places the order pursuant to the Master Subcontracting Agreement;
“Other Financial Services”	all financial services which may be provided by Finance Company for the TCL Multimedia Qualified Members under the Master Financial Services Agreement other than the Deposit Services and the Financing Services;
“Overseas Materials”	those articles, things, components or raw materials manufactured or produced in areas other than the PRC which are required for the manufacture or production of the Multimedia Products;
“Overseas Materials Sourcing Service”	the sale and purchase by the Group to and from TCL Corporation Group of the Overseas Materials for the manufacture of the Multimedia Products pursuant to the Master Sourcing Agreement;
“Parent Products”	electronic, telecommunications, information technology and electrical products designed, developed, manufactured or otherwise marketed by TCL Corporation Group;
“PBOC”	the People’s Bank of China, the central bank 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 purposes of this announcement;
“Processing Group”	the Group or TCL Corporation Group and the TCL Associates (as the case may be) which processes the raw materials as provided by the Ordering Group into semi-finished materials and/or finished goods pursuant to the Master Subcontracting Agreement;

“Qualified Members”	all companies for which Finance Company will be allowed to provide services pursuant to the Administrative Measures on Group Finance Companies (企業集團財務公司管理辦法) promulgated by the China Banking Regulatory Commission, which shall only include TCL Corporation, any Subsidiary of which TCL Corporation owns an equity interest of 51% or more, any company in which TCL Corporation or any of its Subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Corporation or any of its Subsidiaries are, individually or collectively, the largest shareholder;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale of Goods”	the sale of the Goods by the Group to TCL Corporation Group and the TCL Associates pursuant to the Master Supply Agreement;
“Service Agreement”	the existing service agreement dated 10 December 2010 entered into between Huizhou EAS and Guangzhou Technology whereby Guangzhou Technology provides Huizhou EAS with certain services in respect of production and sale of internet televisions;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“Shekou TCL Tower”	the TCL Tower located at No.5, South Nanhai Road, Nanshan District, Shenzhen, the PRC;
“Shenzhen R&D Centre”	深圳TCL新技術有限公司(Shenzhen TCL New Technology Co., Ltd), a company established in the PRC and an indirect wholly owned Subsidiary of the Company;
“Shenzhen Xili Premise”	the premise to be used by the Joint Design Centre as office and is located at廣東省深圳市南山區高新科技園TCL大廈D棟8B辦公室(Suite B, 8th Floor, Block D, TCL Building, Shenzhen High-Tech Industrial Park, Nanshan District, Shenzhen City, Guangdong Province).

“Sourcing of Goods”	the purchase by the Group from TCL Corporation Group and the TCL Associates of the Goods produced or manufactured in the PRC pursuant to the Master Supply Agreement;
“Speed Distribution”	深圳速必達商務服務有限公司(Shenzhen Speed Distribution Platform Co., Ltd), a company established in the PRC and a wholly owned Subsidiary of TCL Corporation, which is principally engaged in the provision of logistics services in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subcontracting Arrangement”	the subcontracting arrangement under which the Processing Group processes raw materials sourced and owned by the Ordering Group into certain semi-finished materials and/or finished goods which will then be used by the Ordering Group for its manufacture of electronic products including television and audiovisual products pursuant to the Master Subcontracting (Renewal) Agreement;
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly;
“TCL Associates”	the associates of TCL Corporation;
“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 of the Company;
“TCL Corporation Group”	TCL Corporation and its Subsidiaries (excluding the members comprising the Group);
“TCL Corporation Tech Centre”	TCL集團股份有限公司技術中心(TCL Corporation Technology Centre), a department of TCL Corporation;
“TCL Digital (Wuxi)”	TCL數碼科技(無錫)有限公司(TCL Digital Science and Technology (Wuxi) Co., Ltd), a company established in the PRC which is indirectly owned by TCL Corporation as to 45%;



“TCL King (Wuxi)”	TCL王牌電器 (無錫) 有限公司(TCL King Electrical Appliances (Wuxi) Co., Ltd), a company established in the PRC and a 70% indirectly-owned Subsidiary of the Company;
“TCL Lab”	TCL Lab (US) Inc., a company established in the USA which is an indirect wholly owned Subsidiary of TCL Corporation;
“TCL Multimedia Qualified Members”	such member(s) of the Group which satisfies the qualification of Qualified Member(s) during the term of the Master Financial Services Agreement;
“TCL Products”	any goods including electronic or electrical goods or appliances (including but not limited to refrigerators, dishwashers, air conditioners, home use telephones, electrical accessories and their components) manufactured, produced or otherwise sold or supplied by any member of TCL Corporation Group under the Master Electronic and Electrical Goods Sourcing Agreement;
“TCL Research Institute”	深圳市TCL高新技術開發有限公司(Shenzhen TCL Advanced Technology Development Co., Ltd), a company established in the PRC and an indirect wholly owned Subsidiary of TCL Corporation;
“TCL Trademark License Agreement”	the TCL trademark license agreement dated 30 July 2004 entered into between TCL Corporation and TTE;
“TTE”	TTE Corporation, a wholly owned Subsidiary of the Company;
“TTE Group”	TTE and its Subsidiaries;
“United States” or “USA”	the United States of America;
“US\$”	the United States dollars, the lawful currency of the United States;
“Wuxi Lease”	the existing lease between TCL Digital (Wuxi) as landlord and TCL King (Wuxi) as tenant in respect of the piece of land with several buildings located at 中國無錫國家高新技術產業開發區(Section B-12, National Hi-Tech Industrial Development Zone, Wuxi, PRC);

“Xian Research Branch  
Premise”

the office premise of TCL Research Institute to be used  
by the Joint Design Centre in Xian, China; and

“Xili Lease”

the tenancy agreement dated 31 December 2010  
entered into by 深圳TCL光電科技有限公司(TCL  
Optoelectronics Tech (Shenzhen) Company) as  
landlord and 深圳TCL新技術有限公司(Shenzhen TCL  
New Technology Co., Ltd) as tenant.

For the purpose of this announcement, unless otherwise indicated, the exchange rates of RMB1.00 = HK\$1.2264 and USD1.00 = HK\$7.75 have 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, 26 October 2011

*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 and HUANG Xubin as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.*