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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)

### **VOLUNTARY ANNOUNCEMENT CONNECTED TRANSACTION AGREEMENT FOR REGISTRATION OF CONSTRUCTION PROJECT IN RELATION TO A PIECE OF LAND**

The Board wishes to announce that on 24 April 2012, the Purchaser, an indirect wholly owned subsidiary of the Company, entered into the Joint Construction Agreement (聯合報建協議) with the Vendor, an indirect wholly owned subsidiary of TCL Communication. As at the date of the Joint Construction Agreement, the title of the Land is in the name of the Vendor. The parties entered into the Joint Construction Agreement giving the Purchaser the right to enter the Land and to commence the Construction Project. The transfer of the Land Use Rights will take place upon the satisfaction of certain conditions as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights by 30 June 2013, which may either be before or after the completion of the Construction Project. The Vendor further undertakes to facilitate the Purchaser in obtaining the property ownership certificate (房產證) of the Facilities Buildings after obtaining of the Land Use Rights by the Purchaser. A copy of the Joint Construction Agreement will also be registered with the Bureau of Land so that the authority will endorse the cooperation as stipulated in the Joint Construction Agreement. The total consideration for the Transfer is RMB3,700,000 (equivalent to HK\$4,551,000).

TCL Communication, is owned as to 47.87% by TCL Corporation, is an associate of TCL Corporation and thus a connected person of the Company under the Listing Rules. As the Vendor is an indirect wholly owned subsidiary of TCL Communication, it is an associate of TCL Communication and thus also a connected person of the Company under the Listing Rules, therefore, the Joint Construction Agreement constitutes a connected transaction for the Company.

Though none of the applicable percentage ratios of the transaction contemplated exceeds 0.1%, for the sake of transparency of information and good corporate governance, the Company decides to make voluntary disclosure about the Joint Construction Agreement.

## **BACKGROUND**

The Vendor, an indirect wholly owned subsidiary of TCL Communication, is the owner of the Land with a gross area of 12,715.5 square meters. In view of the close proximity of the Land to the existing plant of the Group, the Group wishes to build thereon the Facilities Buildings. As at the date of the Joint Construction Agreement (聯合報建協議), the title of the Land is in the name of the Vendor. However, the transfer of the Land could only be effected upon satisfaction of certain conditions as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights, therefore in order to speed up the progress of the Construction Project, the parties entered into the Joint Construction Agreement giving the Purchaser, an indirect wholly owned subsidiary of the Company, the right to enter the Land and to commence the Construction Project prior to obtaining the Land Use Rights. A copy of the Joint Construction Agreement will also be registered with the Bureau of Land so that the authority will endorse the cooperation as stipulated in the Joint Construction Agreement.

## **JOINT CONSTRUCTION AGREEMENT**

Date: 24 April 2012

Parties: Purchaser TCL King Electrical Appliances (Huizhou) Co.,  
Ltd.

Vendor Huizhou TCL Mobile Communication Co., Ltd.

Information of the Land: The Land is situated at Sub-division 37, Zhong Kai High Tech Park, Huizhou, Guangdong Province, the PRC, which has a gross area of 12,715.5 square meters. The term of the Land Use Rights is 50 years up to 8 September 2061. The Land is permitted for industrial use. The Land is part of a piece of land (including the Land) with a total gross area of 133,260.4 square meters acquired by the Vendor on 2 November 2011 and the original acquisition cost of the piece of land was approximately RMB38,160,000 (equivalent to HK\$46,937,000). The acquisition costs of the Land proportionate to its gross area was therefore approximately RMB3,641,000 (equivalent to HK\$4,478,000).

The Cooperation: Pursuant to the Joint Construction Agreement, the parties agree to jointly register the cooperation as contemplated under the Joint Construction Agreement with the Bureau of Land, and the Land Use Rights will be transferred from the Vendor to the Purchaser upon satisfaction of certain conditions as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights by 30 June 2013, which may either be before or after the completion of the Construction Project.

Obligation of the Vendor: The Vendor undertakes the following responsibilities: (a) to permit the Purchaser to enter into and build the Facilities Buildings on the Land; (b) to cooperate with the Purchaser to ensure the smooth execution of the Construction Project; (c) upon the request of the Purchaser, to assist the Purchaser in all relevant procedures in relation to the Construction Project; (d) not to pledge or charge the Land and to ensure the Land Use Rights are free from all encumbrances; and (e) to facilitate the Purchaser in obtaining the property ownership certificate (房產證) of the Facilities Buildings after obtaining the Land Use Rights by the Purchaser.

Obligation of the Purchaser: The Purchaser is solely responsible for all aspects of the Construction Project which covers: (a) the relevant procedures in relation to obtaining relevant government approval for the Construction Project; (b) all expenses in relation to the Construction Project, including utilities charges and construction expenses; (c) all procedures necessary for the transfer of the Land and the payment of the consideration and the taxes arising therefrom; (d) the relevant procedures in obtaining the property ownership certificate after the completion of the Transfer; and (e) in case the Transfer cannot be effected due to the default of the Purchaser or events beyond control of the parties or any other matters not covered under the Joint Construction Agreement, the parties agree to further negotiate and enter into supplementary agreements. Pursuant to Rule 14A.36(2) of the Listing Rules, if the supplementary agreements constitute any material change to the terms of the Joint Construction Agreement, the Company must re-comply with the reporting, announcement and/or independent shareholders' approval requirements under Rules 14A.35(3) and 14A.35(4) of the Listing Rules.

Consideration and payment terms: The total consideration for the Transfer is RMB3,700,000 (equivalent to HK\$4,551,000), the payment term will be determined in the Transfer Agreement. The Purchaser intends to satisfy the consideration by its internal resources.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

With the rapid expansion of the Group's business, there is a growing demand for both industrial plant and staff quarters. While there have been certain changes in the Vendor's expansion plan given the uncertainties in the worldwide economy, the Land is no longer in line with its future business development, the Purchaser finds the Land an ideal location for construction of the Facilities Buildings given its close proximity to the existing plant of the Group. Therefore, the Group entered into the Joint Construction Agreement with the ultimate aim of acquiring the Land for additional facilities in order to cope with its future business development. The entering into of the Joint Construction Agreement enables the Purchaser to enter the Land and enjoy the autonomy of designing and planning the Construction Project at an earlier course so as to speed up the construction of the Facilities Buildings. Upon the completion of the Construction Project and all other relevant procedures in relation to the Transfer, the Group will be able to provide a better working environment for its staff and to increase the capacity of the warehouse, which will in turn improve the efficiency of the Group's operation as a whole.

The consideration has been determined after arm's length negotiation and on normal commercial terms. As there is no available market price for reference for the industrial land in question, the Company is of the view that the aggregate of the original acquisition costs of the Land and its costs of funding forms a reasonable determination basis for the consideration.

The Directors (including the independent non-executive Directors) consider that the Joint Construction Agreement is on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Yu Guanghui, Ms. Xu Fang and Mr. Huang Xubin, directors of the Company, have interests in TCL Communication. Of which, Mr. Li Dongsheng is interested in 35,383,256 shares (of which 1,920,000 shares are held by his spouse) and options to subscribe for 8,601,120 shares, Mr. Bo Lianming is interested in 65,700 shares and options to subscribe for 2,388,987 shares, Mr. Yu Guanghui is interested in 740 shares, Ms. Xu Fang is interested in options to subscribe for 1,511,467 shares and Mr. Huang Xubin is interested in options to subscribe for 1,870,226 shares in TCL Communication, the shares held by Mr. Li Dongsheng, Mr. Bo Lianming and Mr. Yu Guanghui represent approximately 3.155%, 0.006% and 0.0001% of its issued share capital of TCL Communication respectively. Notwithstanding their respective interest in TCL Communication, none of them is considered as having a material interest in the transactions contemplated under the Joint Construction Agreement, therefore all Directors are entitled to vote pursuant to the Company's articles of association.

## LISTING RULES REQUIREMENT

TCL Communication, is owned as to 47.87% by TCL Corporation, is an associate of TCL Corporation and thus a connected person of the Company under the Listing Rules. As the Vendor is an indirect wholly owned subsidiary of TCL Communication, it is an associate of TCL Communication and thus also a connected person of the Company under the Listing Rules, therefore, the Joint Construction Agreement constitutes a connected transaction for the Company.

Though none of the applicable percentage ratios of the transaction contemplated exceeds 0.1%, for the sake of transparency of information and good corporate governance, the Company decides to make voluntary disclosure about the Joint Construction Agreement.

## GENERAL

The Group, including the Purchaser, is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and audio-visual 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 Communication Group, including the Vendor, designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands – “TCL” and “ALCATEL ONE TOUCH”. TCL Communication Group’s portfolio of products is currently sold in the PRC and over 120 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific. TCL Communication Group operates its highly efficient manufacturing plants and research and development centres in various provinces of the PRC with its headquarters in Shenzhen, the PRC. For more information, please visit TCL Communication Group’s official website at <http://tclcom.tcl.com> (the information that appears in this website does not form part of this announcement).

## DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bureau of Land “	Land Resources Bureau of Huizhou, the PRC (中國惠州市國土資源局)
“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
“Construction Project”	the construction of the Facilities Buildings by the Purchaser on the Land
“Director(s)”	the director(s) of the Company
“Facilities Buildings”	Consists of a staff canteen, a warehouse and an underground carpark
“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
“Joint Construction Agreement”	the agreement entered into between the Purchaser and the Vendor on 24 April 2012 in relation to the registration of Construction Project and the subsequent transfer of the land use rights of the Land
“Land”	12,715.5 square meters of land located in Sub-division 37, Zhong Kai High Tech Park, Huizhou, Guangdong Province, the PRC (中國廣東省惠州市仲愷高新區37號小區)
“Land Use Rights”	all land use rights held by the Vendor in respect of the Land for a period of 50 years up to 8 September 2061 for industrial use
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	TCL King Electrical Appliances (Huizhou) Co., Ltd. (TCL王牌電器(惠州)有限公司), a company established under the laws of the PRC
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL Communication”	TCL Communication Technology Holdings Limited (TCL通訊科技控股有限公司), 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)
“TCL Communication Group”	TCL Communication and its subsidiaries and any entity that may become subsidiary of TCL Communication from time to time during the term of the Joint Construction Agreement
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling shareholder of the Company
“Transfer”	the transfer of Land Use Rights from the Vendor to the Purchaser pursuant to the terms of the Transfer Agreement
“Transfer Agreement”	the agreement to be entered by the Purchaser and the Vendor upon the satisfaction of certain conditions as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights by 30 June 2013
“Vendor”	Huizhou TCL Mobile Communication Co., Ltd. (惠州TCL移動通信有限公司), a company established under the laws of the PRC

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.23 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, 24 April 2012

*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.*