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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)

### **CONNECTED TRANSACTION ACQUISITION OF CLUB MEMBERSHIP INTERESTS**

On 20 September 2012, TCL New Technology (a wholly owned subsidiary of the Company) and Shenzhen TCL Optoelectronics (a non-wholly owned subsidiary of TCL Corporation) entered into the Club Membership Acquisition Agreement pursuant to which TCL New Technology has agreed to acquire from Shenzhen TCL Optoelectronics the Club Membership Interests (including but not limited to the exclusive right to occupy and use the Premises) at a total consideration of RMB186,819,248 (equivalent to approximately HK\$228,797,533).

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.81% of the issued share capital of the Company. Therefore, TCL Corporation is a connected person of the Company under the Listing Rules. Shenzhen TCL Optoelectronics is a subsidiary of TCL Corporation. Accordingly, Shenzhen TCL Optoelectronics is an associate of TCL Corporation, thus a connected person of the Company under the Listing Rules. The entering into of the Club Membership Acquisition Agreement constitutes a connected transaction for the Company pursuant to Rule 14A.13 of the Listing Rules.

As all of the applicable percentage ratios (as defined in the Listing Rules) for the Acquisition exceed 0.1% but are less than 5%, the entering into of the Club Membership Acquisition Agreement is a non-exempt connected transaction of the Company, it is subject to reporting and announcement requirements, but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BACKGROUND**

With the vision of long term and sustainable business development of the whole TCL group (including the Group), Shenzhen TCL Optoelectronics has established the Club to provide its members with various services and facilities, and the Group has been renting the Premises for office and research use since 31 December 2010. With the intention to further increase operation efficiency and intensify research effort, on 20 September 2012, TCL New Technology and Shenzhen TCL Optoelectronics entered into the Club Membership Acquisition Agreement pursuant to which TCL New Technology has agreed to acquire from Shenzhen TCL Optoelectronics the Club Membership Interests for use until the expiry of the Period, through the acquisition of the Club Membership Interests, TCL New Technology has effectively acquired the exclusive rights to occupy and use the Premises and the ancillary services as covered under the Articles.

Details of the Club Membership Acquisition Agreement are set out below:

## **CONNECTED TRANSACTION – CLUB MEMBERSHIP ACQUISITION AGREEMENT**

Date:	20 September 2012
Parties:	(i) Shenzhen TCL Optoelectronics – the vendor (ii) TCL New Technology – the purchaser
Subject matter to be acquired:	The Club Membership Interests covering all the rights as set out in the Articles which include (but not limited to) the following:  <ol style="list-style-type: none"><li>1. exclusive right to occupy and use the Premises free of charge and to let the Premises and receive any revenue or profits generated from the Premises during the Period;</li><li>2. right to participate in activities organized by the Club without charge;</li><li>3. right to enjoy various privileges offered to the members of the Club;</li><li>4. right to use certain facilities of the Club at discount rates; and</li><li>5. other rights entitled as a member under the Articles.</li></ol>

Other major terms: Shenzhen TCL Optoelectronics will transfer the Premises (including the exclusive rights to occupy and use the Premises and the ancillary services as covered under the Articles) to TCL New Technology before 1 October 2012. TCL New Technology will enjoy the exclusive rights to occupy and use the Premises and the ancillary services, and it is entitled to transfer the Club Membership Interests in accordance with the Articles. TCL New Technology also undertakes to be responsible for its daily utility expenses of the Premises and has also signed the Articles expressing their acceptance to the terms therein.

Given the industrial use nature of the Land, TCL New Technology acknowledges that no title documents or land use right documents in relation to the Premises could be issued to it in the PRC, however, the Club Membership Interests will effectively allow TCL New Technology to have the exclusive right to occupy and use the Premises free of charge, and to let the Premises and receive any revenue or profits generated from the Premises; as if it were the owner of the Premises.

Shenzhen TCL Optoelectronics undertakes with TCL New Technology that it shall not transfer, mortgage or let the Premises to any third party during the period that TCL New Technology has the exclusive right to occupy and use the Premises free of charge, and to let the Premises and receive any revenue or profits generated from the Premises. In order to ensure TCL New Technology's uninterrupted use of the Premises, Shenzhen TCL Optoelectronics further undertakes that any actions against Shenzhen TCL Optoelectronics due to its own business operation, including guarantee, pledge, freeze of assets or liquidation etc., will not affect the use of the Premises by TCL New Technology and the related services during the Period.

The market value of the Club Membership Interests as at 13 September 2012 is approximately RMB221,949,389 (equivalent to approximately HK\$271,821,417).

Period of use: Upon signing of the Club Membership Acquisition Agreement, TCL New Technology is entitled to the Club Membership Interests for an initial period of 20 years; upon the expiry of the initial period of 20 years, the Club Membership Acquisition Agreement will be automatically renewed for another 20 years until 12 September 2056, the expiry date of the land use rights of the Land.

Consideration: The total consideration for the Club Membership Interests was RMB186,819,248 (equivalent to approximately HK\$228,797,533) and was arrived at arm's length negotiations between the parties thereto and on normal commercial terms and with reference to the current market value of the Club Membership Interests.

Payment terms: TCL New Technology shall pay the total consideration for the Club Membership Interests in the sum of RMB186,819,248 (equivalent to approximately HK\$228,797,533) in cash within 7 business days from the date of the Club Membership Acquisition Agreement. TCL New Technology will satisfy the consideration by its internal resources.

Management and maintenance service: TCL New Technology will engage an independent management company, to provide management and maintenance services for the Premises within the maintenance period as stipulated in the Club Membership Acquisition Agreement (i.e. from 1 October 2012 to 31 August 2013). The maintenance services cover floor base and major construction work, waterproof work of the Premises, water pipes, switches of various electrical appliances etc., the maintenance period of individual items varies in accordance with the Articles.

In return for the management and maintenance services, TCL New Technology will be charged a monthly management fee. For the initial period from 1 October 2012 to 31 August 2013, the management fee will be charged at the current rate of RMB8 (equivalent to approximately HK\$9.80) per square metre of the gross floor areas of the Premises. The annual management fees for the said initial period to be incurred is approximately RMB1,949,418 (equivalent to approximately HK\$2,387,452). The rate and management service arrangement for the period after 31 August 2013 will be subject to further negotiation, and such rate is also subject to annual review.

The membership management fees will be paid monthly to the management company. As the management company is an independent third party which together with its associates are independent of and not connected with the Company, the directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules), the management fees do not constitute a continuing connected transaction.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO THE CLUB MEMBERSHIP ACQUISITION AGREEMENT**

The Group has been renting the Premises for office and research use since 31 December 2010, and with the intention to further increase operation efficiency and research effort, the Group wishes to continue occupy and use the Premises as its office and industrial research centre. As the Premises are located in a region with high development potential, it may also benefit the business of the Group and enjoy an appreciation in value. The rental amount incurred by the Group in relation to the Premises amounted to approximately RMB12 million annually and it is likely that the rental rates will continue surging, leading to a substantial burden in rental expenses. After reviewing the future business plans and the financial resources available to the Group, the Directors consider that it will be economically efficient for the Group to acquire the Premises (including the exclusive rights to use the Premises and the ancillary services as covered under the Articles) through an one-off purchase of the Club Membership Interests instead of running the risk of having increasing rental burden.

The Acquisition will not only alleviate the pressure from the rising rental rates for lease renewals or new leases in the PRC and save substantial rental expenses, but also enable the Group to secure its continued occupation and usage of the Premises at the fixed amount at least up to 12 September 2056. The diversified services offered by the Club including sports facilities, leisure activities and dining facilities will also promote a work-life balance amongst the staff and in turn boosts the morale and overall efficiency amongst the employees of the Group.

The Directors (including the independent non-executive Directors) are of the opinion that the transactions contemplated under the Club Membership Acquisition Agreement are on normal commercial terms after arm's length negotiations between the parties. They consider that the terms of the Club Membership Acquisition Agreement are fair and reasonable, and that entering into the Club Membership Acquisition Agreement will be beneficial to the Company and therefore in the interest of the Company and the Shareholders as a whole.

Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Zhao Zhongyao, Mr. Yu Guanghui, Ms. Xu Fang and Mr. Huang Xubin, directors of the Company, have interests in TCL Corporation. Of which, Mr. Li Dongsheng is interested in 475,904,300 shares, Mr. Bo Lianming is interested in 802,340 shares and options to subscribe for 6,871,400 shares, Mr. Zhao Zhongyao is interested in 3,557,478 shares and options to subscribe for 3,077,800 shares, Mr. Yu Guanghui is interested in options to subscribe for 1,026,000 shares, Ms. Xu Fang is interested in 40,000 shares (held by her spouse) and options to subscribe for 3,383,400 shares and Mr. Huang Xubin is interested in options to subscribe for 4,833,400 shares. The actual number of shares held by Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Zhao Zhongyao and Ms. Xu Fang represent approximately 5.61%, 0.009%, 0.04%, and 0.0005% of the registered share capital of TCL Corporation respectively. Notwithstanding their respective interest in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Club Membership Acquisition Agreement. Therefore, except that Mr. Bo Lianming refrained from voting as he is the director and chairman of Shenzhen TCL Optoelectronics, all other Directors are entitled to vote pursuant to the Company's articles of association.

#### **LISTING RULES REQUIREMENT**

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.81% of the issued share capital of the Company. Therefore, TCL Corporation is a connected person of the Company under the Listing Rules. Shenzhen TCL Optoelectronics is a subsidiary of TCL Corporation. Accordingly, Shenzhen TCL Optoelectronics is an associate of TCL Corporation, thus a connected person of the Company under the Listing Rules. The entering into of the Club Membership Acquisition Agreement constitutes a connected transaction for the Company pursuant to Rule 14A.13 of the Listing Rules.

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#### **GENERAL**

The Group, including TCL New Technology 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).

Shenzhen TCL Optoelectronics is a non-wholly owned subsidiary of TCL Corporation and is engaged in property investment.

## DEFINITIONS

“Acquisition”	the acquisition of the Club Membership Interests by TCL New Technology from Shenzhen TCL Optoelectronics pursuant to the Club Membership Acquisition Agreement
“Articles”	the articles of association of the Club
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Director
“business day(s)”	a day on which banks in the PRC are open for normal banking business (excluding Saturdays, Sundays and public holidays)
“Club”	R&D Elite Club (高科技精英俱樂部), a membership club established by Shenzhen TCL Optoelectronics
“Club Membership Acquisition Agreement”	the club membership acquisition agreement for the Acquisition entered into by Shenzhen TCL Optoelectronics and TCL New Technology
“Club Membership Interests”	the entire membership interests in the Club
“Company”	TCL Multimedia Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land on which the Premises situate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“Period”	the period during which TCL New Technology enjoys an exclusive right to use the Premises and all other facilities and services as covered under the Articles, i.e. from the date of the Club Membership Acquisition Agreement to the expiry of the land use rights of the land on which the Premises situate, i.e. 12 September 2056
“ Premises”	Unit 102 (category B of 1st floor), the whole floor of 2nd to 5th and 9th to 12th Floor of D4 building, TCL Science Park, No. 1001, Zhongshanyuan Road, Xili, Nanshan District, Shenzhen, PRC (中國深圳市南山區西麗中山園路1001號TCL科學園D4棟1層B型102單位、2-5全層及9-12全層) with a total gross floor area of 20,306.44 square meters
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL New Technology”	Shenzhen TCL New Technology Company Limited (深圳TCL新技術有限公司), a company established under the laws of PRC and a wholly owned subsidiary of the Company
“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
“Shenzhen TCL Optoelectronics”	TCL Optoelectronics Tech (Shenzhen) Company Limited (深圳TCL光電科技有限公司), a company established under the laws of PRC and a non-wholly owned subsidiary of TCL Corporation



For the purpose of this announcement, unless otherwise indicated, the exchange rates of RMB1.00 = HK\$1.2247 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, 20 September 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.*