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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)

### **TRIPARTITE AGREEMENT OF A CONSTRUCTION COOPERATION PROJECT IN RELATION TO ANOTHER PIECE OF LAND**

#### **CONNECTED TRANSACTION**

The Board wishes to announce that on 17 October 2012, the Purchasers, both being indirect wholly owned subsidiaries of the Company, entered into the Tripartite Construction Agreement (三方合作協議書) with the Vendor, an indirect wholly owned subsidiary of TCL Communication. Pursuant to the Tripartite Construction Agreement, the Land will first be severed into three different portions, and the Purchasers and the Vendor shall then cooperate in the Construction Project. The Vendor, as the owner of the Land, shall execute various contracts in relation to the Construction Project on behalf of the Purchasers, including paying the construction costs to the relevant parties. Once relevant conditions in related to Relevant Portion of the Land of a Purchaser, as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights have been satisfied, the Vendor shall enter into the Transfer Agreement with that Purchaser pursuant to which the Vendor would transfer the Relevant Portion of the Land together with the Buildings thereon to that Purchaser according to the proportion agreed between them. The total consideration for the Transfer is approximately RMB72,921,000 (equivalent to approximately HK\$88,964,000), comprising of approximately RMB42,212,000 (equivalent to approximately HK\$51,499,000) to be paid by TCL King and approximately RMB30,709,000 (equivalent to approximately HK\$37,465,000) to be paid by TCL Technoly.

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 61.80 % of the issued share capital of the Company and is a connected person of the Company. TCL Communication, is owned as to 50.78% by TCL Corporation, is also a subsidiary 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 Tripartite Construction Agreement constitutes a connected transaction for the Company.

As the Group has entered into the Joint Construction Agreement (as disclosed in the announcement of the Company dated 24 April 2012 and the supplemental announcement of the Company dated 17 October 2012) with the same party, i.e. TCL Communication Group, within a 12-month period, all transactions contemplated under the Joint Construction Agreement and the Tripartite Construction Agreement shall be aggregated and be treated as a single transaction pursuant to Rule 14A.25 of the Listing Rules. After such aggregation, one or more of the applicable percentage ratios of the transaction contemplated exceed 0.1% but are less than 5%, the Tripartite Construction Agreement is a non-exempt connected transaction of the Company and is subject to reporting and announcement requirements, but is exempt from independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

## **BACKGROUND**

In view of the proximity of the Land to the Group's existing plant and facilities, the Group wishes to further acquire a portion of the Land for building certain staff quarters and apartments. Therefore, the Purchasers, TCL King and TCL Technoly, entered into the Tripartite Construction Agreement with the Vendor, pursuant to which the Land will first be severed into three different portions, and the Purchasers and the Vendor shall then cooperate in the Construction Project. The Vendor will transfer Relevant Portion of the Land together with the Buildings thereon to each of the Purchasers upon satisfaction of certain conditions as described herein. The legal title of the Buildings vests with the Vendor, until the completion of the Transfer.

## **THE TRIPARTITE CONSTRUCTION AGREEMENT**

Date: 17 October 2012

Parties: Purchasers:  
1) TCL King (as to 24.06% of the Land)  
2) TCL Technoly (as to 17.51% of the Land)

Vendor:  
Huizhou TCL Mobile Communication Co., Ltd.

Information of the Land:	The Land is situated in Sub-division 38, Zhong Kai High Tech Park, Huizhou, Guangdong Province, the PRC (中國廣東省惠州市仲愷高新區38號小區), which has a gross area of 73,726.6 square meters. The remaining term of the Land Use Rights is 69 years up to 21 November 2081. The Land is permitted for residential use. Eight blocks of staff quarters, four blocks of apartment and common facilities will be erected on the Land. The original acquisition cost of the Land incurred by the Vendor was approximately RMB95,410,000 (equivalent to approximately HK\$116,400,000).
Subject matter to be transferred:	Upon signing of the Tripartite Construction Agreement, the Land will be severed into three portions, 24.06% and 17.51% of which will be transferred to TCL King and TCL Technoly respectively, and the remaining 58.43% will be retained by the Vendor. The apportionment of the Relevant Portion as facilitates the sharing of responsibility in relation to the Construction Project.
Before the Transfer:	<p>Pursuant to the Tripartite Construction Agreement, before the Transfer,</p> <ol style="list-style-type: none"> <li>1. all the parties to the Tripartite Construction Agreement shall have the right (but not obligation) to decide on the design, tender and operation and shall bear its own risks of their respective Construction Project;</li> <li>2. each of the Purchasers shall: <ol style="list-style-type: none"> <li>a. review the tender contracts, construction contracts and other contracts relevant to their respective Construction Project; and</li> <li>b. appoint personnel in assisting the Vendor with all necessary procedures in relation to the Construction Project including taxation, environmental protection, fire safety and other relevant regulations;</li> </ol> </li> </ol>

3. the Vendor shall:
  - a. register the Construction Project in the three Relevant Portions of the Land with relevant government authorities;
  - b. allow the Purchasers to enter the Land and commence their respective Construction Project; and
  - c. execute, for itself and on behalf of the Purchasers, the tender contracts, construction contracts and other contracts relevant to the Construction Project.

**When to Transfer:**

The parties to the Tripartite Construction Agreement agree that once relevant conditions in related to Relevant Portion of the Land of a Purchaser, as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights have been satisfied, the Vendor shall enter into the Transfer Agreement with that Purchaser pursuant to which the Vendor would transfer the Relevant Portion of the Land and the Buildings thereon to that Purchaser.

**Consideration and payment terms:**

Total consideration for the Transfer is approximately RMB72,921,000 (equivalent to approximately HK\$88,964,000), the breakdown of which is set out below:

	<b>Construction</b>		
	<b>Land</b>	<b>Costs for the</b>	
	<b>Use Rights</b>	<b>Buildings</b>	<b>Sub-total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
<b>Amount to be paid by TCL King</b>	24,555	17,657	42,212 <i>(Note)</i>
	(29,957)	(21,542)	(51,499)
<b>Amount to be paid by TCL Technoly</b>	17,864	12,845	30,709 <i>(Note)</i>
	(21,794)	(15,671)	(37,465)
	<u>42,419</u>	<u>30,502</u>	<u>72,921</u>
<b>Total</b>	<u>(51,751)</u>	<u>(37,213)</u>	<u>(88,964)</u>

*Note:* The amount may be adjusted subject to actual construction costs incurred, but in any event, it will not exceed RMB50,000,000 (equivalent to HK\$61,000,000) and RMB48,000,000 (equivalent to HK\$58,560,000) for TCL King and TCL Technoly respectively.

As set out in the table above, the Purchasers shall be responsible for payment of the construction costs for the buildings by way of prepayment to the Vendor which will in turn be paid by the Vendor to the builders. Thus, when the Transfer is made, such prepayment will be treated as payment of part of the consideration for the Transfer. The payment term in relation to the value of the Land Use Rights will be set out in the Transfer Agreement. The respective consideration to be paid by the Purchasers are calculated based on the proportion of the Land and the Buildings thereon to be acquired by each of them, i.e. approximately RMB42,212,000 (equivalent to approximately HK\$51,499,000) and approximately RMB30,709,000 (equivalent to approximately HK\$37,465,000) to be paid by TCL King and TCL Technoly respectively. The Group intends to satisfy the consideration by its internal resources.

After the Transfer:

Pursuant to the Tripartite Construction Agreement, after the Transfer,

1. each of the parties to the Tripartite Construction Agreement shall own the Land Use Rights on its own Relevant Portion of Land and the Buildings thereon;
2. the Vendor shall novate to each of the Purchasers the transactions made under all tender contracts, construction contracts and other contracts in relation to the relevant part of the construction contracts which have been signed by it on behalf of the Purchasers;
3. if any problem arise in relation to the Transfer, the Purchasers shall appoint personnel to assist the Vendor in solving the problems and to apportion the expenses according to the agreed proportion;

4. each of the parties to the Tripartite Construction Agreement shall pay all expenses involved in the process of Transfer according to the agreed proportion, including tax, transaction fees and assessment fees etc.;
5. each of the parties to the Tripartite Construction Agreement shall deal with all relevant procedures in relation to their respective Construction Project, including design, tender, management of their respective Construction Project;
6. the Purchasers shall deal with the procedures to change the registration of the Construction Projects from the Vendor to the Purchasers and the construction completion examination (if necessary) with the assistance from the Vendor, and the taxes which may arise therefrom shall be borne by the Purchasers according to their agreed proportion; and
7. all the parties to the Tripartite Construction Agreement shall negotiate and agree on the engagement of a property management company to manage the Buildings after the completion of the Construction Project.

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

With the continued rapid expansion of the Group's business, the demand for labour remains intense. In order to provide incentive to recruit or retain competitive employees, the Purchasers intend to build more staff quarters on the Land which offers an ideal location for construction of the Buildings given its close proximity to the existing plant and other ancillary facilities of the Group. The entering into of the Tripartite Construction Agreement by the Group gives rise to a precious opportunity for the Group to meet its need for staff accommodation in an efficient manner by way of cooperating with the Vendor in the Construction Project.

The Directors considered that the acquisition of part of the Land represents a good opportunity for the Company to acquire land for business development at a reasonable price under the current market condition, and the Group will also be able to share certain common facilities with TCL Communication Group on the Land.

The consideration for the Transfer has been determined after arm's length negotiation and on normal commercial terms. The consideration has been determined with reference to a valuation report on both the Land Use Rights and the Buildings thereon issued by independent valuer.

The Directors (including the independent non-executive Directors) considered that the consideration was made with reference to an independent valuation report, and accordingly, the Tripartite 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. Zhao Zhongyao, 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 36,022,756 shares (of which 1,920,000 shares are held by his spouse) and options to subscribe for 12,416,165 shares, Mr. Bo Lianming is interested in 65,700 shares and options to subscribe for 3,388,987 shares, Mr. Zhao Zhongyao is interested in 443,000 shares, Mr. Yu Guanghui is interested in 740 shares, Ms. Xu Fang is interested in options to subscribe for 2,511,467 shares and Mr. Huang Xubin is interested in options to subscribe for 2,767,906 shares in TCL Communication, which the actual shares held by Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Zhao Zhongyao and Mr. Yu Guanghui represent approximately 3.19%, 0.006%, 0.04% and 0.00007% of the 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 Tripartite Construction Agreement, therefore all Directors are entitled to vote pursuant to the Company's articles of association.

#### **LISTING RULES REQUIREMENT**

TCL Corporation, the ultimate controlling Shareholder, currently holds approximately 61.80% of the issued share capital of the Company and is a connected person of the Company. TCL Communication, is owned as to 50.78% by TCL Corporation, is a subsidiary 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 Tripartite Construction Agreement constitutes a connected transaction for the Company.

As the Group has entered into the Joint Construction Agreement (as disclosed in the announcement of the Company dated 24 April 2012 and the supplemental announcement of the Company dated 17 October 2012) with the same party, i.e. TCL Communication Group, within a 12-month period, all transactions contemplated under the Joint Construction Agreement and the Tripartite Construction Agreement shall be aggregated and be treated as a single transaction pursuant to Rule 14A.25 of the Listing Rules. After such aggregation, one or more of the applicable percentage ratios of the transaction contemplated exceed 0.1% but are less than 5%, the Tripartite Construction Agreement is a non-exempt connected transaction of the Company and is subject to reporting and announcement requirements, but is exempt from independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

## **GENERAL**

The Group, including the Purchasers, 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 of the Company
“Buildings”	Consists of eight blocks of staff quarters, four blocks of apartment and common facilities
“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 Buildings on the Land, which include individual construction project undertaken by the parties to the Tripartite Construction Agreement
“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”	73,726.6 square meters of land located in Sub-division 38, Zhong Kai High Tech Park, Huizhou, Guangdong Province, the PRC (中國廣東省惠州市仲愷高新區38號小區)
“Land Use Rights”	all land use rights held by the Vendor in respect of the Land for a remaining period of 69 years up to 21 November 2081 for residential use
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchasers”	TCL King and TCL Technoly
“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
“Relevant Portion”	each of the portion of the Land to be retained or acquired by the parties to the Tripartite Construction Agreement, namely 58.43% to be retained by the Vendor, 24.06% to be acquired by TCL King and 17.51% to be acquired by TCL Technoly, subject to adjustment at the time of Transfer
“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 Tripartite 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
“TCL King”	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 and an indirect wholly owned subsidiary of the Company

“TCL Technoly”	TCL Technoly Electronics (Huizhou) Co., Ltd. (TCL 通力電子(惠州)有限公司), a company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Transfer”	the transfer of Land Use Rights and the Buildings thereon from the Vendor to the Purchasers pursuant to the terms of the Transfer Agreement
“Transfer Agreement”	the agreement to be entered by the Purchasers and the Vendor when relevant conditions in related to Relevant Portion of the Land of a Purchaser, as imposed by the relevant authorities in the PRC in relation to the transfer of state-owned land use rights have been satisfied in relation to the transfer of state-owned land use right of the Land and the Buildings thereon
“Tripartite Construction Agreement”	the agreement of a construction cooperation project entered into between Purchasers and Vendor on 17 October 2012 in relation to the Construction Project and the subsequent transfer of the Land Use Rights of the Land and the Buildings thereon
“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\$1.22 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, 17 October 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.*