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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)

### **DISCLOSEABLE TRANSACTION**

#### **ACQUISITION OF ASSETS**

The Board is pleased to announce that on 31 March 2014, the Purchaser and the Vendor entered into (i) the Asset Purchase Agreement, pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Assets at a consideration of US\$13.27 million (equivalent to approximately HK\$103.51 million); and (ii) the Stock Purchase Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares at a consideration of US\$1.95 million (equivalent to approximately HK\$15.21 million). The total consideration of US\$15.22 million (equivalent to approximately HK\$118.72 million) will be paid in cash and payable in accordance with the terms of the Agreements.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and its connected persons.

Since the Transactions are entered into with the same party (i.e. the Vendor), the Transactions contemplated under the Asset Purchase Agreement and the Stock Purchase Agreement shall be aggregated and be treated as a single transaction pursuant to Rule 14.22 of the Listing Rules. After such aggregation, as one of the applicable percentage ratios of the Transactions is more than 5% but less than 25%, the Transactions constitute discloseable transactions of the Company and the Company is subject to the relevant requirements under Chapter 14 of the Listing Rules.

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Purchase Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to acquire the Sale Shares at a consideration of US\$1.95 million (equivalent to approximately HK\$15.21 million). The total consideration of US\$15.22 million (equivalent to approximately HK\$118.72 million) will be paid in cash and payable in accordance with the terms of the Agreements.

Set out below are the major terms of the Agreements:

## **THE ASSET PURCHASE AGREEMENT AND THE STOCK PURCHASE AGREEMENT**

**Date:** 31 March 2014

**Parties:** (1) US Moka Limited, being the Purchaser; and  
(2) Sanyo Manufacturing Corporation, being the Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and its connected persons.

### **ASSETS TO BE ACQUIRED**

Pursuant to the Asset Purchase Agreement, the Vendor shall dispose of and the Purchaser shall purchase from the Vendor the Assets which comprise:

1. the Land;
2. the Buildings; and
3. the Equipment.

Pursuant to the Stock Purchase Agreement, the Vendor shall dispose of and the Purchaser shall purchase from the Vendor the Sales Shares representing 90% of the capital stock of SMSA.

## **CONSIDERATION AND PAYMENT TERMS**

Pursuant to the Asset Purchase Agreement, the Purchaser shall at Asset Purchase Completion pay a total sum of US\$13.27 million (equivalent to approximately HK\$103.51 million) as consideration of the Assets Acquisition, comprising:

1. US\$5.72 million (equivalent to approximately HK\$44.62 million) being the consideration of the Land;
2. US\$5.69 million (equivalent to approximately HK\$44.38 million) being the consideration of the Buildings; and
3. US\$1.86 million (equivalent to approximately HK\$14.51 million) being the consideration of the Equipment.

Pursuant to the Stock Purchase Agreement, the Purchaser shall at Stock Purchase Completion pay a total sum of US\$1.95 million (equivalent to approximately HK\$15.21 million) as consideration of the purchase of the Sale Shares. Such consideration shall be subject to adjustment in case there is difference between the shareholders' equity of SMSA as of the Stock Purchase Completion and the shareholders' equity of SMSA as of 31 December 2013.

The consideration was arrived at after an arm's length negotiation between the parties by reference to (i) the average prices of similar industrial land in the neighbouring area of the Land; (ii) the prevailing market value of similar industrial lands in the Industrial Development Zone known as Ciudad Industrial Nueva Tijuana in Tijuana, Baja California Mexico; (iii) the net asset value of SMSA as at 31 December 2013; (iv) the net book value of Buildings and Equipment as at 31 December 2013 adjusted based on the estimated depreciation to be incurred during the four months ending 30 April 2014 of US\$5.69 million (equivalent to approximately HK\$44.38 million) and US\$1.86 million (equivalent to approximately HK\$14.51 million) respectively; and (v) the valuation of the Land as at 9 January 2014 performed by an independent valuer at approximately US\$6.41 million (equivalent to approximately HK\$50.00 million) as at 9 January 2014. Such consideration will be paid by the Group from its internal resources.

## **OTHER MAJOR TERMS OF THE AGREEMENTS**

Pursuant to each of the Asset Purchase Agreement and the Stock Purchase Agreement, execution of each of them shall be contingent upon the simultaneous execution of:

1. the Asset Purchase Agreement or the Stock Purchase Agreement (as the case may be);
2. the Shareholders' Agreement which governs the relationships between the shareholders of SMSA;

3. the Business Alliance Agreement, pursuant to which during the period from 1 April 2014 to 31 March 2018, SANYO shall, or shall procure its affiliates to, purchase certain units of television products from the Company and shall provide the Group with necessary knowhow related to factory management and manufacturing technologies; and
4. the OEM Purchase Agreement which sets out the major terms and conditions of the transactions in respect of the supply of television products and semi-assembled components and/or materials of television products by the Group to the Vendor and its affiliates.

Given all these five agreements have been entered into on 31 March 2014, the abovementioned condition precedent to execution has been satisfied.

The transactions to be contemplated under the Business Alliance Agreement and the OEM Purchase Agreement are in the ordinary course of business of the Group.

### **REASONS FOR THE TRANSACTIONS**

The Board considers that the Transactions will enhance the production efficiency of the operation of the Group which will further reduce the average production cost and at the same time promote the future business development of the Group, especially will help the Group enlarge its overseas market, in particular in North America and South America.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreements are fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Board wishes to confirm that no Director has any material interest in the said transactions and therefore none of them is required to abstain from voting on the board resolution for approving the said transactions.

### **INFORMATION ON SMSA**

SMSA is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets.

The net profit derived from SMSA for the two years ended 31 December 2013 is set out below:

	<b>For the year ended 31 December</b>	
	<b>2012</b>	<b>2013</b>
	(audited)	(audited)
	<i>HK\$</i>	<i>HK\$</i>
Net Profit before taxation	3.49million	3.49million
Net Profit after taxation	2.52million	3.24million

**GENERAL INFORMATION ON THE PARTIES**

The Group, including the Purchaser, is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. 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).

The Vendor is principally engaged in the manufacture and sale of a wide range of electronic consumer products.

**LISTING RULES IMPLICATIONS**

As one of the aggregate applicable percentage ratios in relation to the Transactions exceeds 5% but is less than 25%, the Transactions constitute discloseable transactions of the Company and the Company is subject to the relevant requirements under the Listing Rules.

**DEFINITIONS**

Unless the context otherwise required, the following terms shall have the meaning set opposite to them in this announcement:

- “Agreements” the Asset Purchase Agreement and the Stock Purchase Agreement;
- “Assets” comprise the Land, the Buildings and the Equipment which are to be acquired by the Company from the Vendor pursuant to the Asset Purchase Agreement;
- “Assets Acquisition” the acquisition of the Assets by the Company from the Vendor pursuant to the Asset Purchase Agreement;
- “Asset Purchase Agreement” the asset purchase agreement dated 31 March 2014 entered into between the Purchaser and the Vendor in respect of the Assets Acquisition;
- “Asset Purchase Completion” the closing of the Assets Acquisition and is expected to take place on 30 April 2014 or on such other date as shall be agreed in writing between the Purchase and the Vendor;
- “Board” the board of Directors of the Company;
- “Buildings” all the buildings erected on the Land;

“Business Alliance Agreement”	the business alliance agreement entered into between SANYO and the Company dated 31 March 2014;
“business day(s)”	a day on which banks in the PRC are open for normal banking business (excluding Saturdays, Sundays and public holidays);
“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);
“Director(s)”	the director(s) of the Company;
“Equipment”	machinery and any other supplementary tools operated in SMSA;
“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”	certain pieces of land located at the Industrial Development Zone known as Ciudad Industrial Nueva Tijuana in Tijuana, Baja California Mexico which is designated to industrial use, with a total area of about 79,131.79 square meters;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“OEM Purchase Agreement”	the OEM purchase agreement dated 31 March 2014 entered into among the Vendor, the Purchaser and TCL Moka International Limited, a wholly-owned subsidiary of the Company;
“Purchaser”	US Moka Limited, a corporation duly organised and validly existing under the laws of the State of Delaware, the United States of America and is a wholly-owned subsidiary of the Company;
“Sale Shares”	45,000 shares in SMSA, representing 90% of the capital stock of SMSA;

“SANYO”	SANYO Electric Co., Ltd, a Japanese corporation and the holding company of the Vendor;
“Shareholders’ Agreement”	the shareholders’ agreement entered into among the Vendor, SMSA and the Purchaser dated 31 March 2014;
“SMSA”	Sanyo Manufacturing, S.A. de C.V., a corporation duly organised and validly existing under the laws of Mexico and is owned as to 99.998% by the Vendor and 0.002% by an independent third party as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Stock Purchase”	the purchase of the Sale Shares by the Purchaser from the Vendor
“Stock Purchase Agreement”	the stock purchase agreement dated 31 March 2014 entered into between the Purchaser and the Vendor in respect of the Stock Purchase;
“Stock Purchase Completion”	the closing of the purchase by the Company of the Sale Shares pursuant to the Stock Purchase Agreement and is expected to take place on 30 April 2014 or on such other date as shall be agreed in writing between the Purchase and the Vendor;
“Transactions”	the Assets Acquisition and the Stock Purchase
“US\$”	the United States dollars, the lawful currency of the United States of America;
“Vendor”	SANYO Manufacturing Corporation, a corporation duly organised and validly existing under the laws of the State of Delaware, the United States of America;
“%”	per cent.

Unless otherwise specified in this announcement, the exchange rate of US\$1.00 = HK\$7.80 has been used, where applicable, for the 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, 31 March 2014

*As at the date of this announcement, the Board comprises LI Dongsheng, HAO Yi and YAN Xiaolin as executive directors, Albert Thomas DA ROSA, Junior, BO Lianming, HUANG Xubin and SHI Wanwen as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.*