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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 TRANSACTIONS ACQUISITION AND DISPOSAL OF PRODUCTION LINES**

The Board is pleased to announce that on 24 April 2014, TOT, being a direct wholly-owned Subsidiary of the Company, and CPT Display, being an indirect non wholly-owned Subsidiary of TCL Corporation, entered into (i) the Acquisition Agreement pursuant to which CPT Display agreed to sell and TOT agreed to purchase CPT Aging Production Line at a consideration of approximately RMB45.0 million (approximately equivalent to HK\$56.7 million); and (ii) the Disposal Agreement pursuant to which TOT agreed to sell and CPT Display agreed to purchase TOT Bonding Production Line at a consideration of approximately RMB116.5 million (approximately equivalent to HK\$146.8 million).

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 61.19% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. CPT Display is an indirect non wholly-owned Subsidiary of TCL Corporation and accordingly, it is an associate of TCL Corporation and is a connected person of the Company under the Listing Rules. As a result, the entering into of each of the Agreements constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios for each of the Transactions exceed 0.1% but are less than 5%, the Transactions to be contemplated under the Agreements are non-exempt connected transactions of the Company and each of the Transactions is subject to reporting and announcement requirements, but is exempted from independent shareholders' approval required under Chapter 14A of the Listing Rules.

## **BACKGROUND**

The Board is pleased to announce that on 24 April 2014, TOT, being a direct wholly-owned Subsidiary of the Company, and CPT Display, being an indirect non wholly-owned Subsidiary of TCL Corporation, entered into (i) the Acquisition Agreement pursuant to which CPT Display agreed to sell and TOT agreed to purchase CPT Aging Production Line at a consideration of approximately RMB45.0 million (approximately equivalent to HK\$56.7 million); and (ii) the Disposal Agreement pursuant to which TOT agreed to sell and CPT Display agreed to purchase TOT Bonding Production Line at a consideration of approximately RMB116.5 million (approximately equivalent to HK\$146.8 million).

TOT is a midstream enterprise engaged in television manufacturing, the mid-to-downstream television manufacturing mainly comprises of bonding, module, assembly and aging.

## **THE AGREEMENTS**

**Date:** 24 April 2014

**Parties:** (1) TOT; and  
(2) CPT Display

**Assets to be acquired by TOT:** Pursuant to the Acquisition Agreement, CPT Display shall dispose of and TOT shall purchase CPT Aging Production Line. The aggregate original purchase cost paid by CPT Display for CPT Aging Production Line was approximately RMB164.2 million (approximately equivalent to HK\$206.9 million).

Based on the unaudited financial information provided by CPT Display, the aggregate net book value of CPT Aging Production Line was approximately RMB45.0 million (approximately equivalent to HK\$56.7 million) as at 31 March 2014.

**Assets to be disposed of by TOT:** Pursuant to the Disposal Agreement, TOT shall dispose of and CPT Display shall purchase TOT Bonding Production Line. The aggregate original purchase cost paid by TOT for TOT Bonding Production Line was approximately RMB236.4 million (approximately equivalent to HK\$297.9 million). Almost all of the TOT Bonding Production Line have been used by the Group for a period of over 12 months.

Based on the unaudited financial information provided by TOT, the aggregate net book value of TOT Bonding Production Line was approximately RMB116.5 million (approximately equivalent to HK\$146.8 million) as at 31 March 2014.

Based on the net book value of TOT Bonding Production Line as at 31 March 2014, no gain/loss will be recorded upon the Disposal Completion.

**Consideration:**

Pursuant to the Acquisition Agreement, TOT shall within 30 days after the Acquisition Completion pay a total sum of approximately RMB45.0 million (approximately equivalent to HK\$56.7 million) as consideration for the Acquisition.

Pursuant to the Disposal Agreement, CPT Display shall within 30 days after the Disposal Completion pay a total sum of approximately RMB116.5 million (approximately equivalent to HK\$146.8 million) as consideration for the Disposal.

After the completion of the Acquisition and the Disposal, there will be a net cash inflow of approximately RMB71.5 million (approximately equivalent to HK\$90.1 million) which is intended to be used as the general working capital of the Group.

The consideration for the Transactions was determined after arm's length negotiation between the parties based on the net asset value of the TOT Bonding Production Line and CPT Aging Production Line as at 31 March 2014 and making reference to their appraised values determined by an independent valuer. The respective appraised value of the TOT Bonding Production Line and CPT Aging Production Line as at the Valuation Reference Date was approximately RMB116.5 million (approximately equivalent to HK\$146.8 million) and RMB45.0 million (approximately equivalent to HK\$56.7 million).

**Conditions precedent to completion:**

Each of Acquisition Completion and Disposal Completion shall be conditional upon:

1. the representations and undertakings given by each of the Parties to the other remain true and complete; and such representations and undertakings are deemed to have been performed at Acquisition Completion or Disposal Completion (as the case may be);
2. there have been no undetermined or potential opposition or pending litigation seeking to stop or prohibit the Acquisition or Disposal (as the case may be) or any other legal action or order relating thereto;

3. there have been no enacted, announced or published PRC laws, order or judgement made by any courts or judgement made by any arbitration courts which will make the Acquisition Completion or Disposal Completion (as the case may be) become illegal or prohibit the completion thereof;
4. the Parties have finalised the list of asset to be included in the CPT Aging Production Line or TOT Bonding Production Line (as the case may be); and
5. all relevant approvals in respect of the Acquisition or the Disposal being obtained and the registration procedures in respect thereof having been completed in accordance with the requirements under the PRC laws.

In addition to the abovementioned conditions precedent, the Disposal Completion shall also be conditional upon that each of the Relevant Employees has entered into agreement with TOT and CPT Display such that they will cease to be employed by TOT and will be employed by CPT Display upon Disposal Completion.

**Completion:**

On the 3rd Business Day following the date on which the last of the abovementioned conditions precedent has been fulfilled, TOT shall deliver the TOT Bonding Production Line to CPT Display or any other third parties designated by it for its control and use whereas CPT Display shall deliver the CPT Aging Production Line to TOT or any other third parties designated by it for its control and use.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS**

The Acquisition in effect is a vertical integration which will ensure a reliable supply of components for the manufacture of TV sets of the Group at a lower cost whereas the Disposal represents a good opportunity for the Group to realise idle assets at a reasonable price under the current market condition. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Acquisition and the Disposal are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 61.19% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. CPT Display is an indirect non wholly-owned Subsidiary of TCL Corporation and accordingly, it is an associate of TCL Corporation and is a connected person of the Company under the Listing Rules. As a result, the entering into of each of the Agreements constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios for each of the Transactions exceed 0.1% but are less than 5%, the Transactions to be contemplated under the Agreements are non-exempt connected transactions of the Company and each of the Transactions is subject to reporting and announcement requirements, but is exempted from independent shareholders' approval required under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Agreements are entered into in the ordinary and usual course of business of the Group, and the Agreements have been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Li Dongsheng, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Bo Lianming, Mr. Huang Xubin and Mr. Shi Wanwen, directors of the Company, have interests in TCL Corporation. Of such interest in TCL Corporation, Mr. Li Dongsheng is interested in 511,570,300 shares, Mr. Hao Yi is interested in 201,600 shares (held by his spouse), Mr. Yan Xiaolin is interested in 793,000 shares and options to subscribe for 1,522,400 shares, Mr. Bo Lianming is interested in 2,663,175 shares and options to subscribe for 2,061,420 shares, Mr. Huang Xubin is interested in 1,933,360 shares and options to subscribe for 1,450,020 shares and Mr. Shi Wanwen is interested in 5,799,518 shares and options to subscribe for 1,780,740 shares. The share interest held by Mr. Li Dongsheng, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Bo Lianming, Mr. Huang Xubin and Mr. Shi Wanwen represent approximately 5.99%, 0.002%, 0.009%, 0.03%, 0.02% and 0.07% of its registered share capital of TCL Corporation respectively. Mr. Bo Lianming is deemed to be interested in approximately 0.146% of the injection capital of Shenzhen China Star through his controlled corporation. Notwithstanding their respective interest in TCL Corporation and Mr. Bo Lianming's deemed interest in Shenzhen China Star, none of them is considered as having a material interest in the transactions contemplated under the Agreements; therefore all Directors are entitled to vote pursuant to the Company's articles of association.

## **GENERAL INFORMATION OF THE PARTIES**

The Group 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).

TOT is a wholly foreign-owned enterprise established in the PRC. It is principally engaged in the manufacture and sale of advanced display facilities and components.

CPT Display is a sino-foreign equity joint venture enterprise established in the PRC and is owned as to 75% and 25% respectively by Shenzhen China Star and China Star Optoelectronics, both of which being subsidiaries of TCL Corporation. CPT Display is principally engaged in the manufacture and sale of advanced display facilities and components.

## **DEFINITIONS**

|                              |   |
|------------------------------|---|
| “Acquisition”                | the transfer of CPT Aging Production Line from CPT Display to TOT pursuant to the Acquisition Agreement   |
| “Acquisition Agreement”      | the agreement entered into between TOT and CPT Display dated 24 April 2014 in respect of the Acquisition  |
| “Acquisition Completion”     | the completion of the Acquisition Agreement   |
| “Agreements”                 | the Acquisition Agreement and the Disposal Agreement  |
| “Board”                      | the board of Directors  |
| “Business Day(s)”            | a day on which banks in the PRC and Hong Kong are open for normal banking business (excluding Saturdays, Sundays and public holidays)   |
| “China Star Optoelectronics” | China Star Optoelectronics International (HK) Limited (華星光電國際(香港)有限公司)  |
| “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   |
| “CPT Display”                | CPT Display Technology (Shenzhen) Limited (深圳華映顯示科技有限公司), a sino-foreign equity joint venture enterprise established in the PRC   |

|                             |   |
|-----------------------------|---|
| “CPT Aging Production Line” | production lines owned by CPT Display for aging in manufacture of backlight module  |
| “Director(s)”               | the director(s) of the Company  |
| “Disposal”                  | the transfer of the TOT Bonding Production Line from TOT to CPT Display pursuant to the Disposal Agreement  |
| “Disposal Agreement”        | the agreement entered into between TOT and CPT Display dated 24 April 2014 in respect of the Disposal   |
| “Disposal Completion”       | completion of the Disposal Agreement  |
| “Group”                     | the Company and its Subsidiaries  |
| “HK\$”                      | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”                 | Hong Kong Special Administrative Region of the PRC  |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Parties”                   | the parties to the Agreements and “Party” means any of them   |
| “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 |
| “Relevant Employees”        | the existing employees of TOT who will be transferred to CPT Display upon Disposal Completion   |
| “RMB”                       | Renminbi, the lawful currency of the PRC  |
| “Shareholder(s)”            | holder(s) of Share(s)   |
| “Shares”                    | ordinary shares of HK\$1.00 each in the capital of the Company  |
| “Shenzhen China Star”       | Shenzhen China Star Optoelectronics Technology Co., Ltd. (深圳市華星光電技術有限公司)  |
| “Stock Exchange”            | The Stock Exchange of Hong Kong Limited   |

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|-------------------------------|---|
| “Subsidiary”/“Subsidiaries”   | any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly   |
| “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, the shares of which are listed on Shenzhen Stock Exchange (Stock Code: 000100) |
| “TOT”                         | TCL Optoelectronics Technology (Huizhou) Co., Ltd. (TCL光電科技(惠州)有限公司), a wholly foreign-owned enterprise established in the PRC and a direct Subsidiary of the Company   |
| “TOT Bonding Production Line” | production lines owned by TOT for bonding in manufacture of backlight module  |
| “Transactions”                | the Acquisition and the Disposal  |
| “Valuation Reference Date”    | 31 March 2014, being the reference date for the valuation of the TOT Bonding Production Line and CPT Aging Production Line as confirmed by an independent valuer  |
| “%”                           | per cent  |

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.26 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 exchange at such a rate or any other rates.

On behalf of the Board  
**LI Dongsheng**  
*Chairman*

Hong Kong, 24 April 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.*