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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED**

**TCL多媒體科技控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1070)

**DISCLOSEABLE TRANSACTIONS –  
DISPOSAL OF LAND USE RIGHT**

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30 October 2007

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Agreement”	the Agreement for acquisition of the Land entered into between Huizhou Land Reserve Centre and TCL King on 28 September 2007
“Announcement”	the announcement of the Company dated 16 October 2007 relating to disposal of land use right of the Land
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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: 1070)
“Directors”	the directors 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
“Huizhou Land Reserve Centre”	Huizhou Land Reserve Centre (惠州市土地儲備中心), a governmental department of Huizhou, PRC, being in charge of, inter alia, making and implementation of policies relating to the reserve of land in Huizhou, PRC
“Independent Third Parties”	third parties that is not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules
“Land”	parcels of land (inclusive of the building situated thereon) set out in the Agreement to be transferred by TCL King to Huizhou Land Reserve Centre

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## DEFINITIONS

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“Latest Practicable Date”	26 October 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange from time to time
“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 circular
“Relevant Ratio”	any ratio applicable to the Transactions set out in Rule 14.07 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL King”	TCL King Electrical Appliances (Huizhou) Co. Ltd (TCL 王牌電器(惠州)有限公司), a company incorporated under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent

*For the purpose of this circular, unless otherwise indicated, the exchange rate of HK\$1.03 = RMB1 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.*

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## LETTER FROM THE BOARD

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### TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

*Executive Directors:*

Li Dongsheng  
Lu Zhongli  
Wang Kangping  
Shi Wanwen  
Yuan Bing  
Leong Yue Wing

*Registered Office:*

Ugland House  
South Church Street  
P.O. Box 309  
George Town  
Grand Cayman

*Non-executive Director:*

Albert Thomas da Rosa, Junior

*Principal Place of Business*

*in Hong Kong:*

13th Floor  
TCL Tower  
8 Tai Chung Road  
Tsuen Wan  
New Territories  
Hong Kong

*Independent Non-executive Directors:*

Tang Guliang  
Robert Maarten Westerhof  
Wu Shihong

30 October 2007

*To the Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTIONS – DISPOSAL OF LAND USE RIGHT**

#### **INTRODUCTION**

Reference is made to the Company's Announcement dated 16 October 2007 in relation to the transaction under the Agreement entered into between TCL King and Huizhou Land Reserve Centre.

The consideration was higher than 5% of the Relevant Ratio and accordingly constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to provide the Shareholders with further information regarding the details of the disposal of the land use right of the Land. Your attention is also drawn to the information set out in the appendix to this circular.

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## LETTER FROM THE BOARD

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### THE AGREEMENT

As set out in the Announcement, the major terms of the Agreement are as follows:

**Date:** 28 September 2007

**Parties:**

- (i) Huizhou Land Reserve Centre (as the transferee)
- (ii) TCL King (as the transferor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Huizhou Land Reserve Centre and its ultimate beneficial owner are Independent Third Parties.

### Major Terms

Pursuant to the Agreement, TCL King agreed to dispose of the land use right of the Land to Huizhou Land Reserve Centre for a total consideration of RMB162,281,752 (equivalent to approximately HK\$167,150,205).

### The Land

The Land is located at Section 12 and Section 13 Zhongkai District, Huizhou, PRC, comprising of a total area of 276,899 m<sup>2</sup>. The Land was previously used by the Group as production plant, staff quarters and staff canteen.

### Consideration and Payment

The consideration in the sum of RMB162,281,752 (equivalent to approximately HK\$167,150,205 ) comprised the following with the payments terms as set out below:

	<b>Compensation</b>	<b>RMB</b>	<b>HK\$</b>	<b>Payment term</b>
1.	Compensation for the Land (exclusive of buildings situated thereon)	56,985,578	58,695,146	paid by Huizhou Land Reserve Centre within 20 working days from the date of the Agreement
2.	Compensation for the building situated on the Land	105,296,174	108,455,059	paid by Huizhou Land Reserve Centre after its receipt of payment by the successful bidder of the Land in a public auction of the Land.

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## LETTER FROM THE BOARD

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The compensation for the Land (exclusive of the buildings situated thereon) as mentioned above was calculated at RMB205.80 per square meter (equivalent to HK\$211.97 per square meter) and was determined with reference to the current market price of land with similar nature. The compensation for the building situated on the Land was determined with reference to the value audited by an independent accounting firm in PRC after taking into account of the costs of the buildings.

As at the date of the Announcement and this circular, the auction of the Land by Huizhou Land Reserve Centre has been proceeded and the respective amounts as aforesaid have been duly received by TCL King. To the Company's knowledge, the successful bidder and its associates are Independent Third Parties of the Company.

### **Net Book Value and Financial Effects**

As at 31 December 2006, the net book value of the Land attributable to the Group's audited account was RMB119,170,321 (equivalent to approximately HK\$122,745,431). Whereas as at 28 September 2007, the net book value of the Land attributable to the Group's unaudited account was RMB109,313,681 (equivalent to approximately HK\$112,593,091). Accordingly the disposal resulted a gain to the Group of RMB52,968,071 (equivalent to approximately HK\$54,557,114) which will be attributable to the earnings of the Group. There would be a decrease of the non-current assets of the Group in the amount equalling to the net book value of the Land as aforesaid mentioned and an increase of the current assets of the Group in the amount equalling to the total consideration received in form of cash as a result of the disposal. No liability would be incurred relating to the disposal. The proceeds of the disposal will be used as general working capital of the Group.

### **REASONS FOR ENTERING INTO THE AGREEMENTS**

Under the Land Administration Law of the PRC (revised in 2004) and the Urban Real Estate Administration Law, Huizhou Land Reserve Centre is entitled to recover land provided it pays compensation therefor. As the Land was no longer used by the Group for its operation, the disposal would not have any adverse impact on the business of the Group. The Directors considered that the terms of the Agreement had been negotiated and entered into on an arm's length basis and that the terms thereunder were fair and reasonable. Given the profit made from the disposal, the Directors viewed the disposal as being in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE PARTIES**

The Group, including TCL King, are principally engaged in the manufacture and sale of wide range of electronic consumer products including television set and audio-visual products. The Group also has factories in various places in the world including in PRC and Mexico. For more information on the Group, please visit its official website at [www.tclhk.com](http://www.tclhk.com) (the information that appears in this website does not form part of this circular).

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## LETTER FROM THE BOARD

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Huizhou Land Reserve Centre is a governmental department of Huizhou, PRC, being in charge of, inter alia, making and implementation of policies relating to the reserve of land in Huizhou, PRC.

Yours faithfully,  
**Li Dongsheng**  
*Chairman*



## 1. RESPONSIBILITY OF THE DIRECTORS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Long positions in the Shares

<b>Name of Directors</b>	<b>Capacity</b>	<b>No. of Shares held</b>	<b>Approximate percentage of issued share capital of the Company as at the Latest Practicable Date</b>
Li Dongsheng	Beneficial owner	111,666,579	1.91%
Wang Kangping	Beneficial owner	150,000	0.003%

**(b) Long positions in underlying shares of the Company – share options**

<b>Name of Directors</b>	<b>Type of Interest</b>	<b>No. of Shares held</b>	<b>Percentage of issued share capital of the Company as at the Latest Practicable Date</b>
Li Dongsheng	Beneficial owner	23,990,028	0.41%
Lu Zhongli	Beneficial owner	4,300,033	0.07%
Wang Kangping	Beneficial owner	1,680,000	0.03%
Shi Wanwen	Beneficial owner	11,978,955	0.21%
Yuan Bing	Beneficial owner	2,216,033	0.04%
Albert Thomas da Rosa, Junior	Beneficial owner	360,000	0.006%
Tang Guliang	Beneficial owner	360,000	0.006%

**(c) Long positions in shares of associated corporations of the Company**

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Type of Interest</b>	<b>No. of shares held</b>	<b>Approximate percentage of the relevant associated corporation's issued share capital as at the Latest Practicable Date</b>
Li Dongsheng	TCL Corporation	Beneficial owner	97,562,400	3.77%
Li Dongsheng	TCL Communication	Beneficial owner	102,264,800	1.42%
Lu Zhongli	TCL Corporation	Beneficial owner	14,916,740	0.58%

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Type of Interest</b>	<b>No. of shares held</b>	<b>Approximate percentage of the relevant associated corporation's issued share capital as at the Latest Practicable Date</b>
Wang Kangping	TCL Communication	Beneficial owner	80,000	0.001%
Shi Wanwen	TCL Corporation	Beneficial owner	1,712,599	0.07%
Yuan Bing	TCL Communication	Beneficial owner	2,116,000	0.03%

**(d) Long positions in underlying shares of associated corporations of the Company – share options**

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Type of Interest</b>	<b>No. of shares held</b>	<b>Approximate percentage of the relevant associated corporation's issued share capital as at the Latest Practicable Date</b>
Li Dongsheng	TCL Communication	Beneficial owner	26,512,050	0.37%
Lu Zhongli	TCL Communication	Beneficial owner	7,748,225	0.11%
Wang Kangping	TCL Communication	Beneficial Owner	3,027,274	0.04%
Shi Wanwen	TCL Communication	Beneficial Owner	654,546	0.009%
Yuan Bing	TCL Communication	Beneficial owner	4,525,664	0.06%

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required (i) to be notified to the Company and the Stock

Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

#### (a) Long Positions in shares of the Company

Name of Shareholders	Nature of Interest	No. of shares held	Percentage of issued share capital of the Company as at the Latest Practicable Date
TCL Corporation	Interest of controlled corporation	2,278,565,933 (Note 1)	38.92%
Deutsche Bank Akliengesellschaft	Beneficial Owner	4,574,614	0.08%

*Notes:*

1. TCL Corporation was deemed to be interested in the 2,278,565,933 Shares held by T.C.L. Industries Holdings (H.K.) Limited, a direct wholly owned subsidiary of TCL Corporation, for the purpose of SFO.
2. The following Directors are directors/employees of TCL Corporation which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:
  - (a) Mr. Li Dongsheng is the chairman and president of TCL Corporation;
  - (b) Mr. Shi Wanwen is a vice president of TCL Corporation;
  - (c) Mr. Yuan Bing is the chief financial officer and a vice president of TCL Corporation.

**(b) Long positions in underlying shares of the Company – Derivatives**

<b>Name of Shareholder</b>	<b>Nature of Interest</b>	<b>No. of Shares held</b>
Deutsche Bank Akliengesellschaft	Beneficial owner	2,052,750,000 (Note 3)

*Note:*

3. The Company has received from Stark Investments (Hong Kong) Limited, Stark Master Fund, Ltd and Centar Investments (Asia) Ltd notices pursuant to s.324 of Part XV of the SFO notifying that they have long position of derivatives interest in 977,500,000 Shares, 578,680,000 Shares and 254,150,000 Shares respectively, the notice of Stark Investments (Hong Kong) Limited also indicated that it has short position of derivative interest in 97,750,000 Shares.

Save as disclosed in this paragraph 3(a) and 3(b), there is no person (not being a Director or chief executive of the Company) known to the Directors or chief executive of the Company, who, as at the Latest Practicable Date, had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(c) Interests in subsidiaries of the Company**

<b>Name of subsidiary of the Company</b>	<b>Nature of substantial shareholder</b>	<b>Percentage of holding</b>
1. Guangzhou Digital Rowa Technology Co., Ltd. (廣州數碼樂華科技有限公司)	Science City Development Public Co., Ltd. (南方科學城發展股份有限公司)	30%
2. Henan TCL-Melody Electronics Co., Ltd. (河南TCL-美樂電子有限公司)	Henan Ancai Melody Electronic Co., Ltd. (河南安彩集團美樂電子有限責任公司)	47.86%
3. P.T. TCL Indonesia	Junaide Sungkono	20%
4. TCL Electronics (Singapore) Pte Ltd.	Dragoncom Shenzhen Investment Ltd. (深圳市浩龍投資有限公司)	15%
5. TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL王牌電器(無錫)有限公司)	無錫市電儀資產經營有限公司	30%
6. TCL Digital Science and Technology (Wuxi) Company Limited (數碼科技(無錫)有限公司)	無錫市電儀資產經營有限公司	30%
7. Sizzon Pte Ltd.	Junaide Sungkono	20%

Save as disclosed in this paragraph 3(c), there is no person (not being a Director or chief executive of the Company) known to the Directors or chief executive of the Company, who, as at the Latest Practicable Date, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

#### **6. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

#### **7. MISCELLANEOUS**

- (a) The Company Secretary of the Company is Pang Siu Yin who is a practicing solicitor in Hong Kong and a partner of Messrs Cheung Tong & Rosa, Solicitors, Hong Kong.
- (b) The qualified accountant of the Company is Sin Man Lung. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (c) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

#### **8. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the Agreement is available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong for a period of 14 days from the date of this circular.