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TCL COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

TCL 通訊科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(the "Company")

(Stock Code: 02618)

**CONSTRUCTION MANAGEMENT AGREEMENT FOR
A CONSTRUCTION PROJECT IN HUIZHOU**

CONNECTED TRANSACTION

The Board wishes to announce that on 9 August 2012, Huizhou TCL Mobile, an indirect wholly owned subsidiary of the Company, entered into the Construction Management Agreement with TCL Real Estate (Huizhou), a non-wholly owned subsidiary of TCL Corporation, pursuant to which Huizhou TCL Mobile appoints TCL Real Estate (Huizhou) as the construction manager for the Construction Project to provide it with construction management services for the period from 9 August 2012, until the expiry of one-year Warranty Period which will start from the day of the final acceptance of major construction work, but in any event no later than April 2014. The Service Fees are preliminarily agreed at RMB5,000,000 (equivalent to HK\$6,150,000), subject to subsequent adjustment of the actual costs reasonably incurred and the reward and punishment mechanism, and in any event will not exceed RMB 6,000,000 (equivalent to HK\$7,380,000). The Service Fees are determined on normal commercial terms and are reached after arm-length negotiation.

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 49.79 % of the issued share capital of the Company and is a connected person of the Company. As TCL Real Estate (Huizhou) is owned as to 66.5% by TCL Corporation and thus an associate of TCL Corporation, therefore, the Construction Management Agreement constitutes a connected transaction for the Company.

As one or more of the applicable percentage ratios of the transaction contemplated exceed 0.1% but are less than 5%, the Construction Management 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

Huizhou TCL Mobile is the owner of the Land Use Rights of a piece of land in Huizhou and it plans to construct a manufacturing plant, a staff canteen and certain ancillary facilities with a gross floor area of 70,200 square meters on the land.

In order to ensure an efficient and effective progress of the Construction Project, on 9 August 2012, Huizhou TCL Mobile, an indirect wholly owned subsidiary of the Company, entered into a Construction Management Agreement with TCL Real Estate (Huizhou), appointing TCL Real Estate (Huizhou) as the construction manager of Huizhou TCL Mobile for the Construction Project.

CONSTRUCTION MANAGEMENT AGREEMENT

Date: 9 August 2012

Parties: (i) Huizhou TCL Mobile, an indirect wholly owned subsidiary of the Company, as the employer for the Construction Project

(ii) TCL Real Estate (Huizhou), a non-wholly owned subsidiary of TCL Corporation, as the construction manager for the Construction Project

Duration: the period from 9 August 2012, until the expiry of one-year Warranty Period which is starting from the day of the final acceptance of major construction work, but in any event no later than April 2014.

The appointment: Huizhou TCL Mobile will appoint TCL Real Estate (Huizhou) as the construction manager for the Construction Project. TCL Real Estate (Huizhou) will provide efficient construction management services to Huizhou TCL Mobile which covers planning, programming, cost control and supervision of the carrying out and completion of the Construction Project within the pre-determined time frame and target cost. TCL Real Estate (Huizhou) will also provide post-completion management services including obtaining the property ownership certificate (房產證) and handling other relevant procedures, and a one-year Warranty Period will also be offered to Huizhou TCL Mobile. Huizhou TCL Mobile retains the right of final decision in relation to certain aspects including design, purchase of important equipment, choice of contractors and clearing agents, and it is also entitled to appoint professional staff into a management committee for facilitating communication and monitoring work during the course of the Construction Project.

The entire Construction Project is expected to be completed no later than April 2014, including the one-year Warranty Period starting from the day of the final acceptance of major construction work. The total budget of the Construction Project in relation to building and installation is approximately RMB140,000,000 (equivalent to HK\$172,200,000) (excluding expenses in relation to land fee, survey,

design and inspection fee, administrative fee, procurement and installation of technical equipment and large equipment purchased by Huizhou TCL Mobile itself), and the ceiling of the targeted construction costs for the Construction Project is capped at RMB 155,000,000 (equivalent to HK\$190,650,000).

As Huizhou TCL Mobile is solely responsible for all expenses involved in the Construction Project, TCL Real Estate (Huizhou) agrees to submit the preliminary budget to Huizhou TCL Mobile for approval after the completion of the design stage and submit the monthly actual payment plan and application documents for construction payment to Huizhou TCL Mobile on the 25th day of each month, and Huizhou TCL Mobile undertakes to reimburse or remit to bank account as designated by any third party contractors involved the amount of actual costs incurred or those to be incurred in relation to the Construction Project within 10 business days after the satisfactory receipt of all documents related to such payment.

Service Fees: Huizhou TCL Mobile agrees to pay TCL Real Estate (Huizhou) the Service Fees at an amount equal to 3.5% of the total budget of the Construction Project in relation to building and installation in the sum of approximately RMB140,000,000 (equivalent to HK\$172,200,000) (excluding expenses in relation to land fee, survey, design and inspection fee, administrative fee, procurement and installation of technical equipment and large equipment purchased by Huizhou TCL Mobile itself), which is preliminarily estimated to be RMB 5,000,000 (equivalent to HK\$6,150,000), subject to subsequent adjustment of the actual costs reasonably incurred and the reward and punishment mechanism, but the total amount involved will not, in any event, exceed RMB 6,000,000 (equivalent to HK\$7,380,000).

The Service Fees are arrived at after arm's length negotiations between the parties thereto and on normal commercial terms after taking into account the view of an independent third party construction costs consultant on project management fee which is suitable for this size of development in Huizhou. Such fees will be satisfied by the internal resources of Huizhou TCL Mobile.

Payment terms: The Service Fees are payable by the Huizhou TCL Mobile to bank account designated by TCL Real Estate (Huizhou) in 8 installments with reference to the proportion of work done as certified by independent quantity surveyor consultant during the relevant period on a milestone basis:

1. the first 10% of the Service Fees at RMB500,000 (equivalent to HK\$615,000) shall be payable upon the completion of the preliminary design;
2. a further 10% of the Service Fees at RMB500,000 (equivalent to HK\$615,000) shall be payable upon the acceptance of the

construction base;

3. a further 30% of the Service Fees at RMB1,500,000 (equivalent to HK\$1,845,000) shall be payable upon the completion of the major construction work;
4. a further 10% of the Service Fees at RMB500,000 (equivalent to HK\$615,000) shall be payable upon the final acceptance of the major construction work;
5. a further 15% of the Service Fees at RMB750,000 (equivalent to HK\$922,500) shall be payable upon the completion of outdoor construction work and implementation of water and electricity facilities;
6. a further 10% of the Service Fees at RMB500,000 (equivalent to HK\$615,000) shall be payable upon the satisfaction of fire safety check;
7. within 10 days from the settlement of the Construction Project, Huizhou TCL Mobile should have paid at least 95% of the Service Fees (after subsequent adjustments with reference to actual costs incurred and the reward and punishment mechanism); and
8. the remaining balance of the Service Fees shall be payable within 15 days upon the expiry of the Warranty Period.

As an incentive to TCL Real Estate (Huizhou) for timely completion of the Construction Project, if the Construction Project can be completed 30 days ahead of schedule, Huizhou TCL Mobile will pay a bonus in the amount of RMB200,000 (equivalent to HK\$246,000) to TCL Real Estate (Huizhou). On the contrary, if the completion of the Construction Project is delayed by 30 days due to the default of TCL Real Estate (Huizhou), TCL Real Estate (Huizhou) will need to give a discount of RMB200,000 (equivalent to HK\$246,000) to Huizhou TCL Mobile over the Service Fees. However, even taking into account the aforesaid subsequent adjustments in relation to actual costs incurred and the reward and punishment mechanism, the total amount of the Service Fees will not in any event exceed RMB 6,000,000 (equivalent to HK\$7,380,000).

REASONS FOR AND BENEFITS OF THE TRANSACTION

TCL Real Estate (Huizhou) engages in the property investment and provision of management services in respect of construction projects and real estate.

With the rapid expansion of the Group's business, there is a growing demand for both industrial plant and office space. TCL Real Estate (Huizhou) has proven to be reliable

and professional in providing property management services. It is the main force of drive in the property investment business in the TCL Corporation Group and has been involved in the development and management of a number of properties including TCL Jade Garden, TCL Elegant Garden, TCL Glorious Garden and TCL Palm Garden (Phase I). It is expected that TCL Real Estate (Huizhou) would provide professional service in the design, construction and logistics of the Construction Project, and in turn improves cost efficiency and enhances quality of the plant and its ancillary facilities.

The Directors (including the independent non-executive Directors) consider that the Construction Management 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. WANG Jiyang, Mr. BO Lianming, 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. WANG Jiyang is interested in options to subscribe for 1,190,400 shares, Mr. BO Lianming is interested in 802,340 shares and options to subscribe for 6,871,400 shares, Ms. XU Fang is interested in 40,000 shares (of which all shares are 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 in TCL Corporation, and the shares of TCL Corporation held by Mr. LI Dongsheng, Mr. BO Lianming and Ms. XU Fang represent approximately 5.61%, 0.01% and 0.0005% of the issued 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 Construction Management Agreement. Except that Mr. BO Lianming and Mr. HUANG Xubin refrained from voting as they are the directors of TCL Real Estate (Huizhou), all other Directors are entitled to vote pursuant to the Company's articles of association.

LISTING RULES REQUIREMENT

TCL Real Estate (Huizhou) is a non-wholly owned subsidiary of TCL Corporation, the ultimate controlling Shareholder, which currently holds approximately 49.79% of the issued share capital of the Company. As TCL Real Estate (Huizhou) is owned as to 66.5% by TCL Corporation and thus an associate of TCL Corporation, therefore, the Construction Management Agreement constitutes a connected transaction for the Company.

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules of the Service Fees under the Construction Management Agreement is more than 0.1% but less than 5%, the Construction Management Agreement is only subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL

The Group, including Huizhou TCL Mobile, designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands – “TCL” and “ALCATEL ONE TOUCH”. The 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. The 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 the Group's official website at <http://telcom.tcl.com>.

TCL Real Estate (Huizhou), a company established in the PRC and a non-wholly owned subsidiary of TCL Corporation, is principally engaged in the property investment and management.

DEFINITIONS

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"business day"	a day on which banks in the PRC are open for normal banking business (excluding Saturdays, Sundays and public holidays)
"Company"	TCL Communication 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 : 02618)
"connected person(s)"	has the meanings ascribed to it under the Listing Rules
"Construction Management Agreement"	the construction management agreement entered into between Huizhou TCL Mobile and TCL Real Estate (Huizhou) on 9 August 2012 in relation to the provision of construction management services
"Construction Project"	The building project involving construction of a manufacturing plant, a staff canteen and certain ancillary facilities
"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
"Huizhou Land"	a piece of land located at Sub-division 37, Zhong Kai High Tech Park, Huizhou, Guangdong Province, the PRC (中國廣東省惠州市仲愷高新區37號小區)
"Huizhou TCL Mobile"	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

"Land Use Rights"	all land use rights held by Huizhou TCL Mobile in respect of the Huizhou Land for a period of 50 years up to 8 September 2061 for industrial use
"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
"RMB"	Renminbi, the lawful currency of the PRC
"Service Fees"	the service fees payable by Huizhou TCL Mobile to TCL Real Estate (Huizhou) for the construction management services provided by TCL Real Estate (Huizhou) in relation to the Construction Project, subject to subsequent adjustment of the actual costs reasonably incurred and the reward and punishment mechanism
"Shareholders"	holders of share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 Corporation Group"	TCL Corporation and its subsidiaries and any entity that may become subsidiary of the TCL Corporation from time to time during the term of the Construction Management Agreement but does not include the Group for the purpose of this announcement
"TCL Real Estate (Huizhou)"	TCL Real Estate (Huizhou) Co., Ltd (惠州TCL房地產開發有限公司), a company established under the laws of the PRC and a non-wholly owned subsidiary of the TCL Corporation
"Warranty Period"	one-year warranty period starting from the date of final acceptance of major construction work

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.23 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, 9 August 2012

As at the date of this announcement, the board of directors of the Company (“Directors”) comprises Mr. LI Dongsheng, Mr. GUO Aiping and Mr. WANG Jiyang, being the executive Directors; Mr. BO Lianming, Mr. HUANG Xubin, and Ms. XU Fang, being the non-executive Directors; Mr. LAU Siu Ki, Mr. LOOK Andrew and Mr. KWOK Hoi Sing, being the independent non-executive Directors.