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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: 01070)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

Placing Agents

NOMURA
Nomura International
(Hong Kong) Limited

**Standard
Chartered** 
Standard Chartered Securities
(Hong Kong) Limited

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

On 22 March 2010 (after close of trading hours), the Vendor, the Company and the Placing Agents entered into the Agreement, pursuant to which the Vendor has agreed to sell the Placing Shares and Nomura and Standard Chartered have agreed to, on a several and not jointly nor on a joint or several basis, to act as placing agents to the Vendor to procure purchasers to purchase the Placing Shares at the Placing Price of HK\$7.43 per Placing Share, failing which to purchase as principals the Placing Shares.

The Placing Shares represent approximately 7.10% of the existing issued share capital of the Company as at the date of this announcement. The Placing Price represents (i) a discount of approximately 8.04% to the closing price of HK\$8.08 per Share as quoted on the Stock Exchange of the Last Trading Day; (ii) a discount of approximately 7.13% to the average of the closing prices of approximately HK\$8.00 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; (iii) a discount of approximately 7.70% to the

average of the closing prices of approximately HK\$8.05 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

Pursuant to the Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares (i.e. 72,000,000 Shares) at the Subscription Price, which is the same as the Placing Price. The number of Subscription Shares which the Vendor has conditionally agreed to subscribe is equivalent to the number of the Placing Shares sold by the Vendor pursuant to the Placing. The Subscription Shares represent (i) approximately 7.10% of the existing issued share capital of the Company as at the date of this announcement, (ii) approximately 6.63% of the issued share capital of the Company as enlarged by the Subscription assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares) and (iii) approximately 6.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and assuming all Outstanding Options are exercised.

As at the date of this announcement, the Vendor holds 556,399,284 Shares, representing approximately 54.90% of the existing issued share capital of the Company. Assuming the Placing Shares are fully placed, the shareholding of the Vendor in the issued share capital of the Company will be reduced from approximately 54.90% to approximately 47.80% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 47.80% to approximately 51.26% upon completion of the Placing and the Subscription.

The Placing is unconditional while the Subscription is conditional upon (i) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; and (ii) completion of the Placing having occurred pursuant to the terms of the Agreement.

Since the completion of the Subscription is subject to a number of conditions mentioned herein, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

A. THE AGREEMENT

Date: 22 March 2010 (after close of trading hours)

Parties:

- (a) The Vendor (as the vendor of the Placing Shares and subscriber of the Subscription Shares)
- (b) The Company (as the issuer of the Subscription Shares)
- (c) The Placing Agents

As at the date of this announcement, the Vendor, the immediate controlling shareholder of the Company (as defined under the Listing Rules) and a wholly owned subsidiary of TCL Corporation, holds 556,399,284 Shares representing approximately 54.90% of the existing issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Placing Agents nor their respective associates are connected persons of the Company (as defined under the Listing Rules).

Placing Shares

As at the date of this announcement, the Company has an authorised capital of HK\$2,200,000,000 divided into 2,200,000,000 Shares of which 1,013,421,618 Shares have been issued and has Outstanding Options under the Share Option Scheme to subscribe for an aggregate of 24,806,743 Shares.

Pursuant to the Agreement, the Vendor has agreed to sell the Placing Shares and Nomura and Standard Chartered have agreed to, on a several and not jointly nor on a joint or several basis, to act as placing agents to the Vendor to procure purchasers to purchase the Placing Shares at the Placing Price of HK\$7.43 per Placing Share, failing which to purchase as principals the Placing Shares. Accordingly, the Placing Agents will together place the Placing Shares on a fully underwritten basis.

The Placing Shares represent approximately 7.10% of the existing issued share capital of the Company as at the date of this announcement.

Placing Price

The Placing Price is HK\$7.43 per Share.

The Placing Price represents:

- (i) a discount of approximately 8.04% to the closing price of HK\$8.08 per Share as quoted on the Stock Exchange of the Last Trading Day;

- (ii) a discount of approximately 7.13% to the average of the closing prices of approximately HK\$8.00 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 7.70% to the average of the closing prices of approximately HK\$8.05 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was negotiated on an arm's length basis among the parties to the Agreement and was determined with reference to the prevailing market price of the Shares and the recent trading volume of the Shares. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and the Placing is in the best interests of the Company and its Shareholders as a whole.

The net Placing Price is HK\$7.29 per Share.

Rights of the Placing Shares

The Placing Shares will be sold free of all liens, charges, options, warrants, pre-emptive rights or other encumbrances and together with all rights attaching to them as at the date of the Agreement, including the right to receive all dividends declared, made or paid on the Placing Shares at any time after the date of the Agreement.

Placees

The Placing Shares shall be offered by the Placing Agents to not less than six Placees. Each of the Vendor and the Company will use its best endeavours to ensure that the Placees shall not be connected persons of the Company and shall be third parties independent of and not connected with any connected persons of the Company and shall notify any connected persons not to acquire Placing Shares in the Placing. It is expected that none of the Placees will become a substantial shareholder of the Company as a result of the Placing.

Completion of the Placing

The Placing is unconditional and completion of the Placing will take place on 25 March 2010 (or such other date as the Vendor and the Placing Agents shall agree).

Termination of the Placing

The Placing Agents have the right to terminate the Placing Agreement if, amongst other things, prior to completion of the Placing:

1. there develops, occurs or comes into force:
 - (a) any new law or regulation or any change or prospective change in existing laws or regulations which in the absolute opinion of the Placing Agents makes it impracticable or inadvisable or inexpedient to proceed with the Placing or has or is likely to have a material adverse effect on the financial position, business, results of operation or prospects of the Group as a whole; or
 - (b) any significant event, development or change or prospective change (whether or not permanent or forming part of a series of event, developments or changes occurring or continuing before, on and/or after the date hereof) in local, national or international economic, financial, fiscal, industrial, regulatory, political or military conditions, securities market conditions or currency exchange rates or exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by the United States, the United Kingdom, the PRC or Hong Kong of a national emergency or other calamity or crisis, the effect of which in the absolute opinion of Placing Agents is or would be materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
 - (c) the declaration of a banking moratorium by United States, the United Kingdom, the PRC or Hong Kong authorities, or any moratorium, suspension or material restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange, the Shenzhen Stock Exchange, the Shanghai Stock Exchange, New York Stock Exchange or the London Stock Exchange; or
 - (d) any suspension of dealings in the Shares for any period whatsoever which is directly or indirectly caused by the Company or the Vendor or any of their affiliates other than any suspension in connection with the Placing which is for no longer than two trading days from the date of the Agreement
2. any breach of any of the representations, warranties and undertakings by the Vendor and/or the Company in the Agreement comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date of the Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect or there has been a breach of, or failure to perform, any other provision of the Agreement on the part of the Vendor and/or the Company; or

3. any change or any development involving a prospective change in the general affairs, prospects, earnings, business, properties, stockholders' equity or in the financial or trading position of the Group as a whole which in the absolute opinion of the Placing Agents is so material and adverse as to make it impractical or inadvisable to proceed with the Placing.

In the event that the Placing Agents terminate the Agreement as set out above, all obligations of each of the parties shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Agreement except for any antecedent breach of any obligation under the Agreement and other liabilities as specified in the Agreement.

Subscription Shares

Pursuant to the Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares and the Company has conditionally agreed to issue the Subscription Shares which are equivalent to the number of the Placing Shares sold by the Vendor pursuant to the Placing.

The Subscription Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the Company's annual general meeting held on 12 May 2009. As such, the issue of the Subscription Shares is not subject to further approval of the shareholders of the Company. As at the date of this announcement, no Share has been issued pursuant to the general mandate and the issue of the Subscription Shares will not require any special approval from the Shareholders.

The Subscription Shares, which are equal to the number of Placing Shares, represent (i) approximately 7.10% of the existing issued share capital of the Company as at the date of this announcement, (ii) approximately 6.63% of the issued share capital of the Company as enlarged by the Subscription assuming that there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the issue of the Subscription Shares) and (iii) approximately 6.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and Option Shares assuming all Outstanding Options are exercised.

Subscription Price

The Subscription Price, which is the same as the Placing Price, is HK\$7.43 per Subscription Share. After deduction of the placing commission and the estimated expenses in relation to the Placing and the Subscription, the net proceeds from the Subscription are estimated to be approximately HK\$525.00 million.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects inter se and with all other Shares in issue at the time of issue and allotment of the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares); and
2. completion of the Placing having occurred pursuant to the terms of the Agreement.

The completion of the Subscription is expected to take place on or before 5 April 2010, which is within 14 days from the date of the Agreement (or such later date as may be agreed by the Vendor and the Company).

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

If the above conditions are not fulfilled within 14 days after the date of the Agreement or such later date as may be agreed between the Company and the Vendor subject to compliance with the Listing Rules, the obligations and liabilities of the Vendor and the Company under the Subscription shall be null and void.

Since the completion of the Subscription is subject to a number of conditions mentioned herein, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Non-disposal Undertakings of the Vendor

Pursuant to the terms of the Agreement, the Vendor undertakes to the Placing Agents that (except for the sale of the Sale Shares pursuant to this Agreement) for a period of 90 days from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents.

Restrictions on Issuance of Shares

Pursuant to the terms of the Agreement, the Company undertakes to the Placing Agents, and the Vendor undertakes to the Placing Agents to procure, that for a period of 90 days from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to the terms of the Share Option Scheme, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agents.

B. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the changes to the shareholding structure of the Company as a result of the completion of the Placing and the Subscription:

Shareholder	As at the date of this announcement		Immediately after the Placing but before completion of the Subscription		Immediately after the Placing but before completion of the Subscription (assuming the Outstanding Options are exercised in full and no granting of options under the Share Option Scheme)		Immediately after completion of the Placing and the Subscription		Immediately after completion of the Placing and the Subscription (assuming the Outstanding Options are exercised in full and no granting of options under the Share Option Scheme)	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
	%	%	%	%	%	%	%	%	%	%
Vendor	556,399,284	54.90	484,399,284	47.80	484,399,284	46.66	556,399,284	51.26	556,399,284	50.12
Directors of the Company	31,807,348	3.14	31,807,348	3.14	38,292,043	3.69	31,807,348	2.93	38,292,043	3.44
Existing Public shareholders	425,214,986	41.96	425,214,986	41.96	443,537,034	42.72	425,214,986	39.18	443,537,034	39.95
Placees	-	-	72,000,000	7.10	72,000,000	6.93	72,000,000	6.63	72,000,000	6.49
Total:	1,013,421,618	100	1,013,421,618	100	1,038,228,361	100	1,085,421,618	100	1,110,228,361	100

As at the date of this announcement, the Directors, namely, Li Dongsheng, Leong Yue Wing and Yu Guanghui respectively hold 30,411,731 Shares representing approximately 3.00%, 1,164,671 Shares representing approximately 0.11% and 230,946 Shares representing approximately 0.02% of the issued share capital of the Company. Mr. Li Dongsheng, the chairman of the Company, is deemed to be acting in concert with the Vendor.

C. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and AV products. The Group has factories in the PRC, Poland, Mexico, Thailand and Vietnam and distributes its products in all major markets globally. For more information on the Group, please visit its official website at www.tclhk.com (the information that appears in this website does not form part of this announcement).

The Company estimates that the gross proceeds of the Subscription will amount to approximately HK\$534.96 million. The net proceeds will amount to approximately HK\$525.00 million. The Company intends to use the net proceeds from the Subscription for (i) development of the Group's LCD and LED business in the PRC and (ii) as general working capital purposes of the Group. The Directors consider that the Subscription offers a good opportunity to raise additional funds to strengthen the financial position and broaden the capital base of the Group so as to facilitate its future development.

The Directors consider that the terms of the Agreement, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole. The Directors (including the independent non-executive Directors) are of the view that the terms of the Placing and the Subscription are on normal commercial terms and are fair and reasonable to the Company based on the current market conditions and are in the interests of the Company and its Shareholders as a whole.

D. FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS ENDING ON THE DATE OF THIS ANNOUNCEMENT

The Group has not conducted any equity fund raising activities in the past 12 month period immediately before the date of this announcement.

E. DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE

As at the date of this announcement, the Vendor holds 556,399,284 Shares, representing approximately 54.90% of the existing issued share capital of the Company. As a result of the Placing, the percentage shareholding of the Vendor will reduce from 54.90% to 47.80% (a decrease of approximately 7.10%) and as a result of the Subscription, its shareholding will be increased from 47.80% to 51.26% (an increase of approximately 3.46%). Accordingly, the Vendor would be required to make a general offer under Rule 26 of the Takeovers Code unless a waiver from the SFC is granted. Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with him has continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and top-up transaction. Given the Vendor has continuously held more than 50% of the voting rights of the Company for the past 12 months immediately preceding the Placing, a waiver under Rule 26 of the Takeovers Code is not required.

Since the completion of the Subscription is subject to a number of conditions mentioned herein, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

F. DEFINITIONS

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

“Agreement”	the placing and subscription agreement dated 22 March 2010 between the Vendor, the Company and the Placing Agents
“Board”	the board of Directors
“Closing Date”	25 March 2010 (or such other date as the Vendor and the Placing Agents shall agree)
“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 meaning ascribed to it under the Listing Rules
“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
“Last Trading Day”	22 March 2010, being the last trading day prior to the date of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomura”	Nomura International (Hong Kong) Limited, an entity incorporated in Hong Kong and licensed under the Securities and Futures Ordinance (Cap. 571) for type 1 (dealing in securities), type 2 (dealings in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities
“Outstanding Options”	the options granted by the Company to subscribe for an aggregate of 24,806,743 Shares pursuant to the Share Option Schemes, which are outstanding as at the date of this announcement
“Option Shares”	an aggregate of 24,806,743 Shares, to be allotted and issued upon exercise of the Outstanding Options
“Placees”	any professional, institutional and other investor selected and procured by or on behalf of the Placing Agents to purchase any of the Placing Shares
“Placing”	the placing of the Placing Shares pursuant to the Agreement
“Placing Agents”	Nomura and Standard Chartered
“Placing Price”	HK\$7.43 per Placing Share
“Placing Shares”	72,000,000 Shares beneficially owned by the Vendor to be sold pursuant to the Agreement
“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
“SFC”	Securities and Futures Commission

“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 15 February 2007
“Standard Chartered”	Standard Chartered Securities (Hong Kong) Limited, an entity incorporated in Hong Kong and licensed under the Securities and Futures Ordinance (Cap. 571) for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by the Vendor of the Subscription Shares pursuant to the Agreement
“Subscription Price”	HK\$7.43 per Subscription Share
“Subscription Shares”	such number of new Shares equivalent to the number of the Placing Shares sold by the Vendor pursuant to the Placing
“TCL Corporation”	TCL集團股份有限公司 (TCL Corporation), a joint stock company established under the laws of the PRC, the ultimate controlling shareholder of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, a controlling shareholder of the Company as defined under the Listing Rules and a wholly owned subsidiary of TCL Corporation

“Vietnam”

the Socialist Republic of Vietnam

“%”

per cent.

On behalf of the Board

Li Dongsheng

Chairman

Hong Kong, 22 March 2010

As at the date of this announcement, the Board comprises Li Dongsheng, Yu Guanghui, Leong Yue Wing, Shi Wanwen, and Xu Fang as executive directors, Huang Xubin and Albert Thomas da Rosa, Junior as non-executive directors and Tang Guliang, Robert Maarten Westerhof and Wu Shihong as independent non-executive directors.