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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)

CONTINUING CONNECTED TRANSACTION

MASTER AFTER SALE SERVICE AGREEMENT

The Board is pleased to announce that on 24 October 2012, the Company entered into the Master After Sale Service Agreement with TCL Corporation, pursuant to which TCL Corporation Group appoints the Group as its Service Provider of the Service in the PRC in respect of the Commercial Use Display Products. The Group shall provide TCL Corporation Group with the Service. The Master After Sale Service Agreement is a master agreement setting out the principal provisions for subsequent transactions, and the conditions of which will be governed by further Service Contracts in greater detail.

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.79% of the issued share capital of the Company. Therefore, TCL Corporation is a connected person of the Company under the Listing Rules. As a result, the entering into of the Master After Sale Service Agreement constitutes a continuing connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios with reference to the Annual Caps of the Master After Sale Service Agreement exceed 0.1% but are less than 5%, the continuing connected transaction contemplated thereunder is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

With the view of fully utilising the experienced personnel, equipment and other resources for providing the Service in respect of the Commercial Use Display Products, the Company entered into the Master After Sale Service Agreement with TCL Corporation pursuant to which TCL Corporation Group appoints the Group as its Service Provider of the Service in the PRC in respect of the Commercial Use Display Products. The Master After Sale Service Agreement is a master agreement setting out the principal provisions for subsequent transactions, and the conditions of which will be governed by further Service Contracts in greater detail.

MASTER AFTER SALE SERVICE AGREEMENT

Date: 24 October 2012

- Parties:
- (1) TCL Corporation as the user of the Service (the “User”) (for itself and on behalf of its Subsidiaries) (known as the “Relevant Member(s) of the User”)
 - (2) the Company as the service provider of the Service (the “Service Provider”) (for itself and on behalf of its Subsidiaries) (known as the “Relevant Member(s) of the Service Provider”)

(collectively known as the “Relevant Parties”)

Duration: Unless being terminated by either of the parties, the Master After Sale Agreement is effective from 24 October 2012 to 31 December 2014.

Service Fees: The Service Fees shall be determined with reference to the prevailing market fees for comparable services. The Service Fees consist of (i) fees calculated at agreed percentages of the turnover of the Commercial Use Display Products involved and (ii) fees for Other Service. The relevant percentages for calculating the fees as stated above (i) differ depending on whether the relevant product belongs to the category of General Product or Industry Product. If the Relevant Members of the User request services other than the Basic Service, the Relevant Parties shall agree in advance the fees for such Other Service. The Relevant Parties shall also determine the payment terms in the Service Contracts with reference to comparable practice in the market, and the Relevant Members of the Service Provider is entitled to terminate the Service if the Relevant Members of the User fails to pay the Service Fees within the specified time.

Where no comparable reference terms are available, the terms (including fees and payment terms) shall be no less favourable than (i) those proposed by independent third parties to TCL Corporation Group and/or (ii) those given by the Group to independent third parties.

There is no minimum subscription amount for the Service and the Group is not bound to provide any Service to TCL Corporation Group until specific Service Contracts are entered into.

Obligations of the User: Pursuant to the Master After Sale Service Agreement, the User undertakes that the Relevant Members of the User shall:

1. inform the Relevant Members of the Service Provider about the details of the Service required if it intends to enter into Service Contracts within a specified time after the Relevant Members of the User has acquired the tender in relation to the Commercial Use Display Products;
2. provide the Relevant Members of the Service Provider with the detail breakdown of the turnover and sales volume of the Commercial Use Display Products on a monthly basis for verification purpose;
3. provide the Relevant Members of the Service Provider with certain Free Materials, the relevant proportion of which shall be determined between the Relevant Parties in Service Contracts;
4. provide assistance to the Relevant Members of the Service Provider in facilitating the acquisition of Purchased Materials;
5. facilitate suppliers of the Relevant Members of the Users to provide free warranty services in respect of the Free Materials and the Purchased Materials for certain period agreed among the Relevant Parties and the suppliers of the Relevant Members of the Users;
6. provide any other information as requested for the purpose of audit work in respect of the audit carried out by the Relevant Members of the Service Provider; and

7. pay the Service Fees to the Relevant Members of the Service Provider within the specified time as agreed between the Relevant Parties.

Obligations of the Service Provider:

Pursuant to the Master After Sale Service Agreement, the Service Provider undertakes that the Relevant Members of the Service Provider shall:

1. provide the Service to the Relevant Members of the User in accordance with the Customer Service Policy;
2. conduct audit on the Service Fees quarterly;
3. settle the bills of the Purchased Materials of the preceding month (in case the Relevant Members of the Service Provider opts to acquire the Purchased Materials directly from the Relevant Members of the User and where the proportion of Free Materials provided by the Relevant Members of the User free of charge have been exceeded) necessary for performing the Service on a monthly basis; and
4. issue invoice of the Service Fees payable to the Relevant Members of the User within the specified time as agreed between the Relevant Parties.

Other major terms:

Terms of the Service Contracts shall be determined and negotiated based on normal commercial terms that are in the interests of TCL Corporation Group and the Group with reference to the prevailing fair market fees for comparable services.

PROPOSED ANNUAL CAPS OF THE MASTER AFTER SALE SERVICE AGREEMENT

It is expected that the proposed Annual Caps for the Service as contemplated under the Master After Sale Service Agreement for the three years ending 31 December 2014 will not exceed the amounts set out below:

	For the year ending 31 December 2012 <i>HK\$'000</i>	For the year ending 31 December 2013 <i>HK\$'000</i>	For the year ending 31 December 2014 <i>HK\$'000</i>
Master After Sale Agreement			
Service Fees	24,347	49,925	66,835

The proposed Annual Caps for the Service as contemplated under the Master After Sale Service Agreement have been determined taking into account the estimated gradual increase in the sales volume of the Commercial Use Display Products of the User and the amount of after sale service expenses incurred by the Service Provider in the past, thus leading to an increasing demand for the Service during the term of the Master After Sale Service Agreement. The Company has also taken into account the likely appreciation of RMB in the coming years.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER AFTER SALE SERVICE AGREEMENT

The Directors consider that it is in the interest of the Company and the Shareholders to provide the Service to TCL Corporation Group for the following reasons:

- (i) the Group has vast experience with display and multimedia products and is equipped with experienced personnel and equipment for providing after sale service in respect of these products, the Directors believe that the Group would be able to fully utilise the existing resources and generate additional source of income by providing the Service to TCL Corporation Group in respect of the Commercial Use Display Products; and
- (ii) by acting as a service provider of the Service in relation to Commercial Use Display Products, it will help the Group build up its image as an experienced display products manufacturer, and thereby putting the Group in a better position to attract and retain more customers, which will in turn increase the revenue of the Group.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.79% of the issued share capital of the Company. Therefore, TCL Corporation is a connected person of the Company under the Listing Rules. As a result, the entering into of the Master After Sale Service Agreement constitutes a continuing connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios with reference to the Annual Caps of the Master After Sale Service Agreement exceed 0.1% but are less than 5%, the continuing connected transaction contemplated thereunder is subject to reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Service Contracts contemplated under the Master After Sale Service Agreement are entered into or expected to be entered into in the ordinary and usual course of business of the Group, and the Master After Sale Service Agreement has been entered into on normal commercial terms after arm's length negotiations between the parties, and the terms thereunder together with the Annual Caps in respect thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Zhao Zhongyao, Mr. Yu Guanghui, 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. Bo Lianming is interested in 802,340 shares and options to subscribe for 6,871,400 shares, Mr. Zhao Zhongyao is interested in 3,557,478 shares and options to subscribe for 3,077,800 shares, Mr. Yu Guanghui is interested in options to subscribe for 1,026,000 shares, Ms. Xu Fang is interested in 40,000 shares (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, the actual number of shares held by Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Zhao Zhongyao and Ms. Xu Fang represent approximately 5.61%, 0.009%, 0.04% and 0.0005% of the registered 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 Master After Sale Service Agreement, 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 and home networking products. 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).

TCL Corporation and its subsidiaries (including the Group) is a major PRC conglomerates that designs, develops, manufactures and markets a wide range of electronic, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit TCL Corporation's official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

DEFINITIONS

“Annual Caps”	the annual caps of the Services Fees for the three years ending 31 December 2014
“Basic Service”	basic after sale service in relation to Commercial Use Display Products, including call centre, management services, basic installation, repair, backup, spare parts management, services before sale of Commercial Use Display Products, shared platform for spare parts, technical support and quality management

“Board”	the board of Directors of the Company
“Commercial Use Display Products”	the display products sold by TCL Corporation Group for commercial use which include General Product and Industry Product
“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”	has the meaning ascribed to it under the Listing Rules
“Customer Service Policy”	the customer service policy given by the Service Provider in relation to the Commercial Use Display Products in the PRC from time to time, including but not limited to the policy, standards and logistics of the Service
“Director(s)”	the directors of the Company
“Free Materials”	free raw materials for the Service of the Commercial Use Display Products, including free spare parts and free supplies materials
“General Product”	commercial use display products used in commercial projects including hotels and entertainment facilities
“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
“Industry Product”	commercial use display products for advertising used either in indoor or outdoor
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master After Sale Service Agreement”	the master after sale service agreement entered into between TCL Corporation and the Company dated 24 October 2012

“Other Service”	those services outside the scope of Basic Service, including but not limited to accidental incidents handling, bulk incidents handlings, return and rejection of goods handing, extraordinary installation and all other related services as set out in the Customer Service Policy
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Purchased Materials”	raw materials excluding Free Materials
“RMB”	Renminbi, the lawful currency of the PRC
“Service”	includes Basic Service and Other Service
“Service Contracts”	the service contracts to be entered into between relevant member(s) of TCL Corporation Group as User and relevant member(s) of the Group as Service Provider for the Service of the Commercial Use Display Products as contemplated under the Master After Sale Service Agreement
“Service Fees”	the fees paid by the relevant member(s) of TCL Corporation Group to the relevant member(s) of the Group for the Service under Service Contracts
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholder(s)”	holder(s) of share(s) of the Company
“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

“TCL Corporation Group”

TCL Corporation and its Subsidiaries (excluding members comprising the Group for the purpose of this announcement)

By order of the Board

Li Dongsheng

Chairman

Hong Kong, 24 October 2012

As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, ZHAO Zhongyao, YU Guanghui and XU Fang as executive directors, Albert Thomas DA ROSA, Junior and HUANG Xubin as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.