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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

**REVISION OF ANNUAL CAPS UNDER
THE MASTER FINANCIAL SERVICES AGREEMENT**

Reference is made to the Disclosure Documents in relation to, among other things, the entering into of the Master Financial Services Agreement. Pursuant to the Master Financial Services Agreement, Finance Company may provide Deposit Services, Financing Services and Other Financial Services to TCL Multimedia Qualified Members and the relevant annual caps thereof have been disclosed in the Disclosure Documents. Whilst independent shareholders' approval had been obtained on 30 December 2011 in relation to the annual caps for Deposit Services and Financing Services, all of the applicable percentage ratios with reference to the Other Financial Services Original Annual Caps exceeded 0.1% but were less than 5%, therefore such annual caps were exempted from independent shareholders' approval requirement under Rule 14A.34(1).

In view of the rapid increase in the demand for bill discounting (without recourse) services by the Group in the PRC, which is a type of Other Financial Services provided by Finance Company under the Master Financial Services Agreement, the Board proposes the Other Financial Services Revised Annual Caps for the two years ending 31 December 2014 while the annual caps for Deposit Services and Financing Services for the said period shall remain unchanged.

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.72% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Master Financial Services Agreement constitute continuing connected transactions of the Company. Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios with reference to the Other Financial Services Revised Annual Caps exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are exempted from independent shareholders' approval requirement under Rule 14A.34(1) but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the Disclosure Documents in relation to, among other things, the entering into of the Master Financial Services Agreement. Pursuant to the Master Financial Services Agreement, Finance Company may provide Deposit Services, Financing Services and Other Financial Services to TCL Multimedia Qualified Members and the relevant annual caps thereof have been disclosed in the Disclosure Documents. Whilst independent shareholders' approval had been obtained on 30 December 2011 in relation to the annual caps for Deposit Services and Financing Services, all of the applicable percentage ratios with reference to the Other Financial Services Original Annual Caps exceeded 0.1% but were less than 5%, therefore such annual caps were exempted from independent shareholders' approval requirement under Rule 14A.34(1).

In view of the rapid increase in the demand for bill discounting (without recourse) services by the Group in the PRC, which is a type of Other Financial Services provided by Finance Company under the Master Financial Services Agreement, the Board proposes the Other Financial Services Revised Annual Caps for the two years ending 31 December 2014 while the annual caps for Deposit Services and Financing Services for the said period shall remain unchanged. The details of the Master Financial Services Agreement have already been set out in the Disclosure Documents.

MASTER FINANCIAL SERVICES AGREEMENT

The Master Financial Services Agreement dated 26 October 2011 is a renewal of the Financial Services Framework (Renewal) Agreement which had been expired on 31 December 2011.

The parties to the Master Financial Services Agreement are the Company (for itself and on behalf of its Subsidiaries), TCL Corporation (for itself and on behalf of its Subsidiaries) and Finance Company and the duration thereof is three years from 1 January 2012 to 31 December 2014.

Set out below are the details of Other Financial Services under the Master Financial Services Agreement:

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request Finance Company to provide Other Financial Services, including, among other things, financial advisory services, settlement advisory services, insurance agency services, agency lending and borrowings and any other services approved by the China Banking Regulatory Commission, including among others the bill discounting (without recourse) services.

In return for Other Financial Services provided by Finance Company, TCL Multimedia Qualified Member shall pay financial service fees; and such fees charged by Finance Company shall not be higher than the fees determined by PBOC (if applicable) and the fees charged by other independent financial institutions in respect of such services. Other terms and conditions of Other Financial Services offered by Finance Company shall not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms.

The relevant TCL Multimedia Qualified Member may determine in its absolute discretion to use Other Financial Services provided by Finance Company or any other independent financial institutions.

The relevant TCL Multimedia Qualified Member may enter into separate written agreements with Finance Company in relation to the provision of the specific services under Other Financial Services with a view to setting out the detailed terms of the transactions, as long as such terms comply with the requirements of the Listing Rules.

TCL Corporation undertakes to the Company that:

1. it will procure Finance Company to perform its obligations under the Master Financial Services Agreement; and
2. in case Finance Company experiences any financial difficulties, TCL Corporation will, subject to internal approvals and the applicable rules and regulations, inject capital to Finance Company based on the needs of Finance Company.

HISTORICAL FIGURES

The historical financial service charges for Other Financial Services for the two years ended 31 December 2010 and the six months ended 30 June 2011 have been disclosed in the Disclosure Documents. Given a year has lapsed since the entering into of the Master Financial Services Agreement, set out below are the historical figures therefor for the three years ended 31 December 2012:

		For the year ended 31 December 2010 (audited) <i>HK\$'000</i>	For the year ended 31 December 2011 (audited) <i>HK\$'000</i>	For the year ended 31 December 2012 (unaudited) <i>HK\$'000</i>
Continuing Connected Transactions				
Financial Services Framework (Renewal) Agreement	Actual			
	– financial service charges	443	279	N/A
	Other Financial Services Original Annual Caps	8,416	10,624	N/A
Master Financial Services Agreement	Actual			
	– financial service charges	N/A	N/A	889
	Other Financial Services Original Annual Caps	N/A	N/A	5,706

REVISION OF ANNUAL CAPS

Due to the increasing demand for bill discounting (without recourse) services by the Group, the Board expects that the Other Financial Services Original Annual Caps disclosed in the Disclosure Documents will not be sufficient to cover Other Financial Services to be received by the Group for the two years ending 31 December 2014. The Board therefore proposes the Other Financial Services Revised Annual Caps as follows:

Continuing Connected Transactions		For the year ending 31 December 2013	For the year ending 31 December 2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
Master Financial Services Agreement	Other Financial Services Original Annual Caps	7,585	8,741
	Other Financial Services Revised Annual Caps	117,445	150,828

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

Finance Company has been providing bill discounting services, both with and without recourse to TCL Multimedia Qualified Members. Bill discounting (with recourse) service is a type of Financing Services whereas bill discounting (without recourse) service is a type of Other Financial Services under the Master Financial Services Agreement. With the continuous growth of business of the Group, it is expected that there would be an increasing demand for working capital and free cash for daily operation and potential capital investment in the coming years, thus leading to an increasing need for bill discounting (without recourse) services. Given it is a type of Other Financial Services under the Master Financial Services Agreement, therefore, it is expected that financial services charges to be incurred by the Group would increase accordingly, which in turn necessitates the need to revise the Other Financial Services Original Annual Caps.

The Directors (including the independent non-executive Directors) are of the view that the Other Financial Services Original Annual Caps as previously disclosed in the Disclosure Documents should be further increased to a more realistic level in order to cope with future demand. The Directors (including the independent non-executive Directors) consider that the Other Financial Services Revised Annual Caps are 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 such interest in TCL Corporation, Mr. Li Dongsheng is interested in 502,288,400 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 deemed to be 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, the share interest held by Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Zhao Zhongyao and Ms. Xu Fang represent approximately 5.93%, 0.009%, 0.04% and 0.0005% of its registered share capital of TCL Corporation respectively. Notwithstanding their respective interest in TCL Corporation, none of them is considered as having material interest in the transactions contemplated under the Master Financial Services Agreement, therefore all Directors are entitled to vote pursuant to the Company's articles of association.

LISTING RULES REQUIREMENTS

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.72% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Master Financial Services Agreement constitute continuing connected transactions of the Company. Pursuant to the Listing Rules, if the Company proposes to revise the annual caps under the continuing connected transactions, the Company is required to re-comply with the relevant provisions under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios with reference to the Other Financial Services Revised Annual Caps exceed 0.1% but are less than 5%, the continuing connected transactions contemplated thereunder are exempted from independent shareholders' approval requirement under Rule 14A.34(1) but are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

GENERAL

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

DEFINITIONS

“Announcement”	the announcement of the Company dated 26 October 2011 relating to renewal of and/or revising of existing continuing connected transactions and entering into of new continuing connected transactions
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	the circular of the Company dated 8 December 2011 relating to renewal of and/or revising of existing continuing connected transactions and entering into of new continuing connected transactions
“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)
“Deposit Services”	deposit of money by the TCL Multimedia Qualified Members with Finance Company pursuant to the Master Financial Services Agreement
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disclosure Documents”	include the Announcement and the Circular
“Finance Company”	TCL Finance Co., Ltd., a company owned as to 62% by TCL Corporation, as to 20% by the Bank of East Asia, Limited (an independent third party), as to 14% by TCL King Electrical Appliances (Huhehaote) Company Limited (a TCL Associate and an indirect wholly-owned Subsidiary of the Company) and as to 4% by TCL Mobile Communication (Hohhot) Co., Ltd. (a TCL Associate and an indirect wholly-owned Subsidiary of 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))

“Financing Services”	the provision of loan and credit facilities (including unsecured loans, guarantees, receivable factoring, bill acceptance, bill discounting and secured loans) by Finance Company to the TCL Multimedia Qualified Members pursuant to the relevant Master Financial Services Agreement
“Financial Services Framework (Renewal) Agreement”	the Master Financial Services Agreement dated 9 October 2008 entered into among the Company, TCL Corporation and Finance Company in respect of the provision of Deposit Services, Financing Services and Other Financial Services provided by Finance 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Financial Services Agreement”	the master financial services agreement entered into among the Company, TCL Corporation and Finance Company on 26 October 2011
“Other Financial Services”	all financial services which may be provided by Finance Company for the TCL Multimedia Qualified Members under the Master Financial Services Agreement other than the Deposit Services and the Financing Services
“Other Financial Services Original Annual Caps”	the original annual caps for the three years ending 31 December 2014 as disclosed in the Disclosure Documents for the financial service charges to be paid by relevant TCL Multimedia Qualified Members in return for Other Financial Services provided by Finance Company

“Other Financial Services Revised Annual Caps”	the revised annual caps for the two years ending 31 December 2014 as disclosed in this announcement for the financial service charges to be paid by relevant TCL Multimedia Qualified Members in return for Other Financial Services provided by Finance Company
“PBOC”	the People’s Bank of China, the central bank of the PRC
“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
“Qualified Members”	all companies for which Finance Company will be allowed to provide services pursuant to the Administrative Measures on Group Finance Companies (《企業集團財務公司管理辦法》) promulgated by the China Banking Regulatory Commission, which shall only include TCL Corporation, any Subsidiary of which TCL Corporation owns an equity interest of 51% or more, any company in which TCL Corporation or any of its Subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Corporation or any of its Subsidiaries are, individually or collectively, the largest shareholder
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“TCL Associate(s)”	the associate(s) of TCL Corporation
“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 Multimedia Qualified Members”

such member(s) of the Group which satisfies the qualification of Qualified Member(s) during the term of the Master Financial Services Agreement

By order of the Board
LI Dongsheng
Chairman

Hong Kong, 22 February 2013

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.