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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 TRANSACTIONS

REVISION OF ANNUAL CAPS UNDER THE MASTER LOGISTICS SERVICE SUPPLY AGREEMENT AND THE MASTER CALL CENTRE SERVICES SUPPLY AGREEMENT

Reference is made to the Announcement in relation to, among other things, the entering into of the Agreements. In view of the rapid increase in the demand for smart televisions and other high-end television products in the PRC, the Board proposes to revise the annual caps for the two years ending 31 December 2014 under the Agreements.

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.31% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. Speed Distribution is a wholly-owned Subsidiary of TCL Corporation and accordingly, it is an associate of TCL Corporation and is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Agreements 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 one or more of the applicable percentage ratios with reference to the respective revised annual caps of the Agreements 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 Announcement in relation to, among other things, the entering into of the Agreements. In view of the rapid increase in the demand for smart televisions and other high-end television products in the PRC, the Board proposes to revise the annual caps for the two years ending 31 December 2014 under the Agreements. The details of the Agreements have already been set out in the Announcement, the same are set out below again for Shareholders' easy reference.

1. THE MASTER LOGISTICS SERVICE SUPPLY AGREEMENT

On 26 October 2011, the Company (for itself and on behalf of its Subsidiaries) entered into the Master Logistics Service Supply Agreement with Speed Distribution for a term of three years from 1 January 2012 to 31 December 2014.

Date: 26 October 2011

Parties: (i) Speed Distribution – service provider
(ii) the Company – client (for itself and on behalf of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014

Major terms: Speed Distribution shall provide to the Group the following services:

1. delivery and transfer of raw materials, components, finished goods, etc. among the Group's suppliers, distributors, customers, warehouses and distribution centres;
2. storage service and warehouse management; and
3. other services as agreed between the parties to the agreement from time to time.

Where Speed Distribution offers to provide logistics services at terms no less favourable than (i) those offered by Speed Distribution to other independent third parties and/or (ii) those offered by other independent third parties to the Group, the Company shall procure its Subsidiaries to actively consider using the services provided by Speed Distribution. For the avoidance of doubt, the Group is entitled to use the logistics services provided by other independent service providers.

- Price determination:
1. Speed Distribution shall provide logistics services at terms no less favourable than (i) those offered by Speed Distribution to other independent third parties and/or (ii) those offered by other independent third parties to the Group for the provision of comparable services.
 2. If there are no comparable terms offered to the Group by other independent third parties, the terms of the services to be provided by Speed Distribution to the Group shall then be determined after arm's length negotiations between the parties and shall be on normal commercial terms.
 3. If the logistics services provided by Speed Distribution to the Group under the Master Logistics Service Supply Agreement involve the work of a third party service provider engaged by Speed Distribution, Speed Distribution shall only charge the Group the actual cost incurred by Speed Distribution in this regard.
 4. If so requested by Speed Distribution, the Group shall also reimburse Speed Distribution for the cost and expenses incurred by Speed Distribution in respect of any service improvement work at the request of or agreed by the Group.

2. THE MASTER CALL CENTRE SERVICES SUPPLY AGREEMENT

On 26 October 2011, the Company (for itself and on behalf of its Subsidiaries) entered into the Master Call Centre Services Supply Agreement with TCL Corporation (for itself and on behalf of its Subsidiaries) for a term of three years from 1 January 2012 to 31 December 2014.

Date: 26 October 2011

Parties:

- (i) TCL Corporation – service provider (for itself and on behalf of its Subsidiaries)
- (ii) the Company – client (for itself and on behalf of its Subsidiaries)

Duration: Three years from 1 January 2012 to 31 December 2014

Service: TCL Corporation Group has agreed to provide the Group with the call centre services, including but not limited to providing the Group with a 24-hour hotline, support the marketing and after-sales service of the various products of the Group and provide the Group with analysed customer information obtained through the operation of the customer call centre. For the avoidance of doubt, the Group is entitled to use call centre services provided by other independent service providers.

Price determination: The Group shall pay TCL Corporation Group at a standard rate to be calculated based on actual costs incurred by TCL Corporation Group in connection with the provision of the call centre services. The standard rate will be reviewed by TCL Corporation within 60 days after each of its financial year end.

HISTORICAL FIGURES

The historical transaction amounts for the two years ended 31 December 2010 and the six months ended 30 June 2011 concerning the transactions contemplated under the Agreements have been disclosed in the Announcement. Given more than a year have lapsed for the transactions since the entering into of the Agreements, set out below are the historical figures for the two years ended 31 December 2012 and the three months ended 31 March 2013, and the respective original annual caps for the three years ending 31 December 2013:

		For the year ended 31 December 2011 (audited) HK\$'000	For the year ended 31 December 2012 (audited) HK\$'000	For the three months ended 31 March 2013 (unaudited) (for actual amount only)/for the year ending 31 December 2013 (for original annual cap only) HK\$'000
Continuing Connected Transactions				
Master Logistics Service Supply Agreement	Actual	62,961	90,415	50,474
	Original annual caps	73,657	91,167	103,874
Master Call Centre Services Supply Agreement	Actual	18,584	20,197	6,080
	Original annual caps	66,487	20,618	22,586

REVISION OF ANNUAL CAPS

Due to the proliferating demand for smart televisions and other high-end television products of the Group in the PRC, the Board expects that the original annual caps under the Agreements as disclosed in the Announcement will not be sufficient for the expected amount of logistics service fee and call centre service fee to be paid by the Group for the two years ending 31 December 2014. The Board therefore proposes the original annual caps under the Agreements to be revised as follows:

Continuing Connected Transactions		For the	For the
		year ending	year ending
		31 December	31 December
		2013	2014
		<i>HK\$'000</i>	<i>HK\$'000</i>
Master Logistics Service Supply Agreement	Original annual caps	103,874	109,515
	Revised annual caps	375,798	392,824
Master Call Centre Services Supply Agreement	Original annual caps	22,586	24,186
	Revised annual caps	30,866	34,429

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAPS

Recently, there has been a growing popularity of smart televisions and other high-end television products in the PRC as a result of the rise in the income per capita in the PRC, more smart televisions and other high-end television products are expected to be produced to meet the increasing demand. Such increase in the production and sale of television products will lead to a corresponding increase in the demand of logistics services and call centre services, and in turn, lead to an increase in the amount of service fees under the Agreements. This necessitates the revision of their respective original annual caps under the Agreements.

The Directors (including the independent non-executive Directors) are of the view that insofar as the logistics services and call centre services provided by Speed Distribution and TCL Corporation Group respectively to the Group are concerned, the original annual caps under the Agreements as previously disclosed should be further increased to a more realistic level in order to cope with future demand. It is expected that such growth trend will continue in near future with the increased popularity of smart televisions and other high-end television products. The Directors (including the independent non-executive Directors) consider that the revised annual caps are in the interests of the Company and its Shareholders as a whole.

Mr. Li Dongsheng, Mr. Zhao Zhongyao, Mr. Yu Guanghui, Mr. Huang Xubin, Mr. Bo Lianming and Mr. Yan Xiaolin, directors of the Company, have interests in TCL Corporation. Of such interest in TCL Corporation, Mr. Li Dongsheng is interested in 508,982,300 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, Mr. Huang Xubin is interested in options to subscribe for 4,833,400 shares, Mr. Bo Lianming is interested in 802,340 shares and options to subscribe for 6,871,400 shares and Mr. Yan Xiaolin is interested in 8,500 shares and options to subscribe for 4,833,400 shares, the share interest held by Mr. Li Dongsheng, Mr. Zhao Zhongyao, Mr. Bo Lianming and Mr. Yan Xiaolin represent approximately 6%, 0.04%, 0.009% and 0.0001% of its 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 Agreements, therefore pursuant to the Company's articles of association, all Directors are entitled to vote in relation to the revision of the annual caps under the Agreements.

LISTING RULES REQUIREMENTS

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 61.31% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules. Speed Distribution is a wholly-owned Subsidiary of TCL Corporation and accordingly, it is an associate of TCL Corporation and is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Agreements 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 one or more of the applicable percentage ratios with reference to the respective revised annual caps of the Agreements 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 TCL Corporation's official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

Speed Distribution is principally engaged in the provision of logistics services in the PRC.

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
“Agreements”	including the Master Call Centre Services Supply Agreement and the Master Logistics Service Supply Agreement
“associate(s)”	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: 01070)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Call Centre Services Supply Agreement”	the master call centre services supply agreement entered into between the Company and TCL Corporation on 26 October 2011

“Master Logistics Service Supply Agreement”	the master logistics service supply agreement entered into between the Company and Speed Distribution on 26 October 2011
“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
“Shareholder(s)”	holder(s) of share(s) of the Company
“Speed Distribution”	Shenzhen Speed Distribution Platform Co., Ltd (深圳速必達商務服務有限公司), a company established in the PRC and a wholly-owned Subsidiary of TCL Corporation, which is principally engaged in the provision of logistic services in the PRC
“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 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 Master Call Centre Services Supply Agreement but does not include the Group for the purpose of this announcement

By order of the Board
LI Dongsheng
Chairman

Hong Kong, 22 May 2013

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