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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.

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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF TOT INTEREST**

Financial Adviser to the Company



**BNP PARIBAS**  
CORPORATE & INVESTMENT BANKING

Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders

**OSK Capital Hong Kong Limited**

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A letter from the Board is set out on pages 4 to 15 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 16 of this circular. A letter from OSK Capital Hong Kong Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 27 of this circular.

A notice convening the EGM of TCL Multimedia Technology Holdings Limited to be held at Drawing Room, Mezzanine Level, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 5 August 2011 at 5:00 p.m. is set out on pages 41 to 42 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

18 July 2011

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## DEFINITIONS

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

“Acquisition”	the purchase by the Company of the TOT Interest pursuant to the Acquisition Agreement
“Acquisition Agreement”	the agreement entered into between the Company and TCL Corporation for the sale and purchase of the TOT Interest
“Announcement”	the announcement of the Company dated 27 June 2011 relating to Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Beijing Pan-China”	Beijing Pan-China Assets Appraisal Co., Ltd., an asset appraisal institution which is qualified to participate in valuation work in respect of securities related matters, engaged by TCL Corporation
“Board”	the board of Directors
“business day”	a day on which banks in the PRC are open for normal banking business (excluding Saturdays, Sundays and public holidays)
“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)
“Completion”	closing of the Acquisition
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Consideration Shares”	an aggregate of 246,497,191 New Shares
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Drawing Room, Mezzanine Level, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, on 5 August 2011 at 5:00 p.m. for the purposes of considering and, if thought fit, approving the Acquisition
“GCA”	Greater China Appraisal Limited
“Group”	the Company and its subsidiaries

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Huizhou Coretronic”	Huizhou TCL Coretronic Co., Ltd. (惠州TCL臻宇光電有限公司), a limited liability company established under the laws of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the terms of the Acquisition Agreement and advising the Independent Shareholders in respect of the transaction contemplated thereunder
“Independent Shareholders”	Shareholders of the Company (other than TCL Corporation, TCL Industries and their respective associates, and any Shareholders who are involved in, or interested in the Acquisition)
“Independent Shareholders’ Approval”	the Independent Shareholders’ approval at the EGM for the Acquisition
“Independent Third Party(ies)”	third party(ies) not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules
“Latest Practicable Date”	13 July 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	the Shares to be issued to TCL Corporation as consideration to be paid by the Company for the Acquisition
“OSK Capital”	OSK Capital Hong Kong Limited, a licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Shareholders”	holders of share(s)
“Shares”	Shares of HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Coretronic”	Coretronic (Suzhou) Co., Ltd. (蘇州璨宇光學有限公司), a limited liability company established under the laws of the PRC
“Target Group”	TOT and Huizhou Coretronic
“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 Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of TCL Corporation
“TOT”	TCL Optoelectronics Technology (Huizhou) Co., Ltd. (TCL光電科技(惠州)有限公司), a limited liability company established under the laws of the PRC
“TOT Interest”	the entire equity interest in the registered capital of TOT held by TCL Corporation
“%”	per cent.

*For the purpose of this circular, unless otherwise indicated, the exchange rate of HK\$1.00 = RMB0.83111 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.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Li Dongsheng

Bo Lianming

Zhao Zhongyao

Yu Guanghui

Xu Fang

*Registered Office:*

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Non-Executive Directors:*

Albert Thomas da Rosa, Junior

Huang Xubin

*Principal Place of Business in Hong Kong:*

13<sup>th</sup> Floor, TCL Tower

8 Tai Chung Road

Tsuen Wan, New Territories

Hong Kong

*Independent Non-executive Directors:*

Tang Guliang

Robert Maarten Westerhof

Wu Shihong

Tseng Shieng-chang Carter

18 July 2011

*To the Shareholders*

Dear Sir or Madam,

### DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF TOT INTEREST

#### 1. INTRODUCTION

Reference is made to the Announcement made on 27 June 2011. As stated in the Announcement, the Company entered into the Acquisition Agreement with TCL Corporation on 27 June 2011, pursuant to which, the Company agreed to acquire TOT Interest from TCL Corporation, subject to fulfillment of certain conditions precedent as agreed therein. In accordance with the Listing Rules, the Company shall issue a circular to the Shareholders containing further information of the Acquisition and shall also convene a general meeting for obtaining the Independent Shareholders' Approval for the conduct of the Acquisition.

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## LETTER FROM THE BOARD

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The purposes of this circular are:

- (i) to provide you with further information in relation to the Acquisition and the Acquisition Agreement;
- (ii) to set out the letter of advice from OSK Capital to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee as advised by OSK Capital; and
- (iii) to seek your approval of the ordinary resolution in relation to the transaction as contemplated by the Acquisition Agreement, which is set out in the notice of the EGM.

### **2. BACKGROUND**

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 circular).

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 [www.tcl.com](http://www.tcl.com) (the information that appears in this website does not form part of this circular).

TCL Corporation currently indirectly (through TCL Industries) holds 569,597,284 Shares, representing approximately 52.41% of the entire issued share capital of the Company. According to the Listing Rules, TCL Corporation is a connected person of the Company, and accordingly, the acquisition of TOT Interest by the Company from TCL Corporation constitutes a connected transaction for the Company. The transaction scale of the Acquisition exceeds 5% of the applicable percentage ratios as calculated in accordance with Rule 14.07 of the Listing Rules. The Acquisition is therefore subject to the Independent Shareholders' Approval pursuant to Rule 14A.18 of the Listing Rules. TCL Corporation, TCL Industries and their respective associates and any Shareholders who are involved in, or interested in the Acquisition (in aggregate holding 599,336,822 Shares, representing 55.15% of the entire issued share capital of the Company) shall abstain from voting at the EGM in respect of the ordinary resolution to approve the Acquisition (including the Acquisition Agreement).

Pursuant to the Listing Rules, Mr. Li Dongsheng, being a director of the Board of the Company having a material interest in the Acquisition, had abstained from voting on the board resolution relating to the entering of the Acquisition Agreement and the transaction contemplated thereunder. The resolution was voted by directors who are not connected to the Acquisition.

The Acquisition also constitutes a discloseable transaction for the Company.

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## LETTER FROM THE BOARD

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### 3. THE ACQUISITION AGREEMENT

**Date:** 27 June 2011

**Parties:** Seller: TCL Corporation

Purchaser: the Company

**Interest to be acquired:** Equity interest representing 100% of the registered capital of TOT

**Conditions precedent:**

Unless otherwise waived by the Company in writing, the Completion is conditional upon the fulfillment of the conditions precedent as agreed in the Acquisition Agreement, mainly including the following:

- (1) completion of the legal, financial and business due diligence in respect of the Acquisition by and to the satisfaction of the Company;
- (2) the obligations of TCL Corporation being fully discharged;
- (3) the warranties given by TCL Corporation being true, accurate and not misleading at all times from the date of the Acquisition Agreement up to and including the date of Completion;
- (4) the approvals by the directors and shareholders of TCL Corporation for the Acquisition, the Acquisition Agreement and any agreement(s) or contract(s) ancillary thereto;
- (5) the approvals of the Board and Independent Shareholders having been validly obtained by the Company;
- (6) all necessary approvals, permits and consents in respect of the Acquisition from relevant third parties and other competent authority being obtained, and those consents remain fully effective;
- (7) the entering of a confidentiality agreement between the Target Group and its senior management and key management personnel; and
- (8) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Consideration Shares.

If any of the conditions precedent are not fulfilled or waived on or before 180 days after the signing of the Acquisition Agreement, the Company may elect to terminate the Acquisition Agreement, or to postpone the closing of the Acquisition to a date at its discretion. If the closing is not postponed or the conditions precedent could not be fulfilled or are waived after such time



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## LETTER FROM THE BOARD

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extension, the Acquisition Agreement shall be terminated. By termination of the Acquisition Agreement as a result of non-fulfillment of the conditions precedent, no person shall have any claim to the other party in respect of any damage, compensation or other matters except for in respect of any previous breach of the Acquisition Agreement.

#### 4. CONSIDERATION

The consideration of the Acquisition is RMB655,572,098.59 (approximately HK\$788,791,012.73). It has been taken into account the business prospects, an asset valuation report prepared by Beijing Pan-China using the replacement cost method, market environment and operating conditions of the Target Group as well as its strategic synergies with the Group. The final consideration was based on arm's length negotiation between the parties.

The consideration for the Acquisition (i.e. RMB655,572,098.59) represents (i) a discount of approximately 0.74% to the appraised value of RMB660,492,100 as at 31 December 2010 as per the valuation report by Beijing Pan-China, and (ii) a premium of approximately 14.82% over the unaudited consolidated net asset value of the Target Group attributable to the shareholder (i.e. TCL Corporation) as at 31 December 2010 of approximately RMB570,933,275.

The consideration for the Acquisition will be satisfied by the Company by way of the issue and allotment of 246,497,191 New Shares to TCL Corporation at an issue price of HK\$3.20 per New Share upon Completion. Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares. The issue of the Consideration Shares will not result in any change in the controlling interest in the Company.

Based on the closing price of HK\$2.99 per Share as at 24 June 2011, being the last trading day of the Shares immediately prior to the date of the Acquisition Agreement, the aggregate market value of New Shares amounts to approximately HK\$737,026,601.09 (approximately RMB612,550,178.43).

The issue price of HK\$3.20 per New Share was arrived at after arm's length negotiation between the Company and TCL Corporation and represents:

- a premium of approximately 7.02% over the closing price per Share quoted on the Stock Exchange of HK\$2.99 as at 24 June 2011, being the last trading day of the Shares immediately prior to the date of the Announcement;
- a premium of approximately 9.22% over the average of closing prices per Share quoted on the Stock Exchange of approximately HK\$2.93 for the last 5 trading days up to and including 24 June 2011;
- a premium of approximately 8.47% over the average of closing prices per Share quoted on the Stock Exchange of approximately HK\$2.95 for the last 10 trading days up to and including 24 June 2011; and
- a premium of approximately 8.11% over the average of closing prices per Share quoted on the Stock Exchange of approximately HK\$2.96 for the last 30 trading days up to and including 24 June 2011.

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## LETTER FROM THE BOARD

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Based on the above analysis, the Directors believe that the issue price per New Share of HK\$3.20 is fair and reasonable.

### 5. INFORMATION ON THE TARGET GROUP

The Target Group consists of two companies, namely, TOT and its subsidiary, Huizhou Coretronic.

TOT, with headquarters located at Huizhou of Guangdong Province, the PRC, was established by TCL Corporation in December 2007 in the PRC as a limited liability company with a registered capital of RMB120,000,000. It is principally engaged in the manufacturing and sale of advanced display facilities and components.

The registered capital of TOT was increased to RMB300,000,000 in February 2009 by way of a cash injection of RMB180,000,000 by TCL Corporation. In January 2010, TCL Corporation further injected by way of cash an amount of RMB276,000,000 into TOT while the registered capital of TOT now amounts to RMB576,000,000.

TOT is TCL Corporation's main operating entity of the LCD Module Projects. Through, inter alia, order processing, processing with imported materials, and general trade, TOT is mainly engaged in the provision of LCD Module for 26-inch to 46-inch Thin Film Transistor Liquid Crystal Display to TCL Corporation, its subsidiaries and other domestic and overseas LCD TV manufacturers. LCD module is the major product of TOT, which is the component required for the assembly of liquid crystal display devices, connectors, integrated circuits ("IC"), printed circuit boards ("PCB"), backlight and mechanical parts in the manufacturing of LCD TV, thus is a key component of LCD TV products.

Currently, TOT has six LCD Module production lines. Through equipment modification, the production capacity of the six production lines has reached 6 million units. TOT has also completed low-cost, high brightness and wide viewing angle LCD Module which is developed and designed by its in-house talents, and has been awarded 2 national patents for invention. This achievement has filled the gap in the production of self-developed large-screen (over 40-inch) LCD module by domestic color TV manufacturers. With the establishment of the designated supply chain for the self-developed LCD Module, TOT strives to lower production costs and stable raw materials supply.

2010 marked the first year of official production for the LCD Module Projects. The production operation encountered an uphill climb while production capacity has yet to reach the full utilization level as designed. The total output of the LCD Module Projects in 2010 amounted to 3,467,800 units.

TCL Corporation warranted that the TOT Interest is not subject to any mortgage, pledge, lien or third party rights and such interest is not subject to any disputes, litigations, arbitrations and other legal proceedings.

Huizhou Coretronic was established in July 2009 jointly by Huizhou Taikeli Group Corporation ("Huizhou Taikeli") and Suzhou Coretronic as a limited liability company with a registered capital of RMB32,000,000 where Huizhou Taikeli and Suzhou Coretronic held a 60% and 40% equity interest of the registered capital, respectively, thereof. Suzhou Coretronic was and is an independent third party not connected to the Company and its connected persons while Huizhou Taikeli is a subsidiary of TCL Corporation.

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## LETTER FROM THE BOARD

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In December 2010, Huizhou Taikeli transferred its 60% interest in Huizhou Coretronic to TOT for a cash consideration of RMB19,200,000. By completion of such transfer and as at the date hereof, each of TOT and Suzhou Coretronic holds a 60% and 40% interest in Huizhou Coretronic, respectively.

Huizhou Coretronic is principally engaged in manufacturing and sale of CCFL (cold cathode fluorescent lamp) LCD and LED backlight units.

TCL Corporation warranted that the 60% equity interest in the registered capital of Huizhou Coretronic held by TOT is not subject to any mortgage, pledge, lien or third party rights and such interest is not subject to any disputes, litigations, arbitrations and other legal proceedings.

The following is a summary of the unaudited consolidated financial information of the Target Group as at 31 December 2009, 31 December 2010 and 31 March 2011, and for the years ended 31 December 2009, 31 December 2010, and the three months ended 31 March 2011, prepared in accordance with the PRC accounting standards:

	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31 December 2009</b>	<b>31 December 2010</b>	<b>31 March 2011</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
			<i>(RMB in thousands)</i>
Total assets	1,049,451	1,252,953	1,012,699
Total liabilities	756,007	673,765	434,156
Accounts receivables	68,146	240,089	121,826
Net assets	293,444	579,188	578,543
			<b>For the three</b>
	<b>For the year ended</b>	<b>For the year ended</b>	<b>months ended</b>
	<b>31 December 2009</b>	<b>31 December 2010</b>	<b>31 March 2011</b>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Operating revenue	184,041	1,632,752	181,403
Operating (loss)/profit	(1,881)	(26,351)	(21,616)
(Loss)/profit before tax	(1,873)	9,185	(620)
Net (loss)/profit	(1,873)	8,062	(645)

The difference between the unaudited consolidated net assets of the Target Group as at 31 December 2010 and the appraised value as at 31 December 2010 as per the valuation report prepared by Beijing Pan-China of approximately RMB81.3 million mainly represents the appreciation of land and building (approximately RMB19 million), reduced account payables due to government subsidies (approximately RMB55 million) and other assets.

### 6. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been recognised by its renowned brand name and quality products, and has adhered to advanced corporate management practices to enhance its manufacturing capability through innovations and research and development. As one of the PRC's most well-known TV manufacturers, the Group exercises stringent control over its supply chain and strives to further consolidate its reputation as the PRC's leading TV and consumer electronic brand on the international stage.

The Group was ranked second in terms of market share in the PRC TV market, and third with a 13.6% share of the LCD TV market in the PRC, according to a survey by DisplaySearch in 2010. With the initiative to enhance the Group's leadership position in a highly competitive market, the Group will implement a host of strategic measures and restructuring initiatives such as the Acquisition to ensure the Group will continue to improve its competence in an open, decisive, prompt and responsible manner.

## LETTER FROM THE BOARD

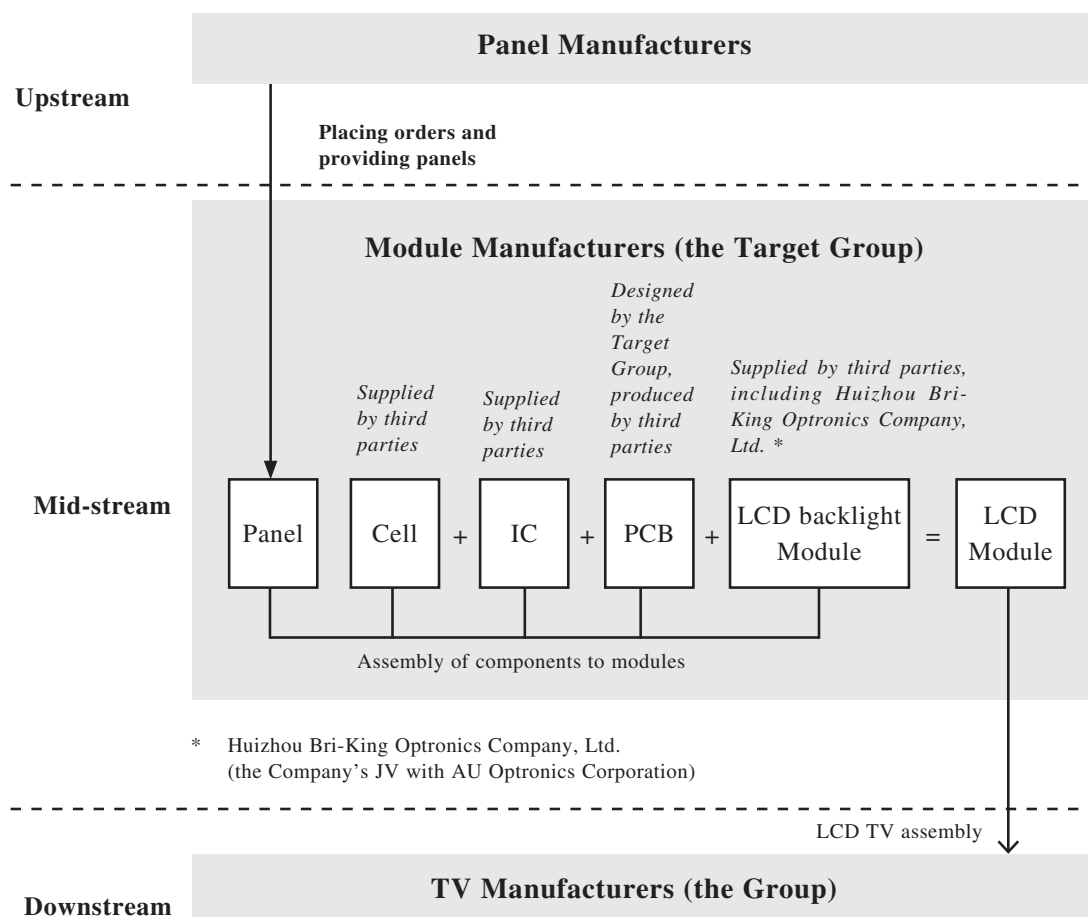
The Directors believe that the Acquisition will provide the following positive impact and strengthen the Group’s foundation for long-term development with an emphasis on “integration, innovation and internationalisation”:

### (1) Vertical integration strategy to create cost synergy

LCD module is a key component for the Group’s LCD TV, accounting for approximately 70% of the Group’s total LCD TV manufacturing cost in 2010. The Target Group is one of the most important LCD module suppliers of the Group, accounting approximately 30% of the Group’s total LCD module procurement cost in 2010. Therefore, the Acquisition will allow the Group to further integrate its production process and achieve potential cost synergy by self manufacturing a key component that is important in a highly competitive LCD TV market.

Manufacturing sites of the Target Group and the Group are both located within the Zhongkai High-tech Industries Development Zone in Huizhou, which help ensure the process of integration after the Acquisition would be efficient. Procurement cost, electricity cost, assembly and integration cost are the major cost components of the production cost of a LCD module. The Group believes that the Acquisition will bring potential cost synergy in the following aspects: (i) lower transportation and packaging expenses; (ii) integration of machinery; (iii) improvement of the electricity efficiency; and (iv) streamline man power requirement.

The following diagram illustrates the supply chain of the role between the Target Group and the Group in the LCD TV manufacturing process:



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## LETTER FROM THE BOARD

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### **(2) Create a new revenue stream for the Group**

The Target Group achieved revenue of approximately RMB1.63 billion in 2010, representing a year-on-year growth of approximately 787%, due to an increasing customer demand and rapid expansion of utilisation and operating capacity. Despite the strong revenue growth in 2010, TOT was still at an early stage of development and utilisation in 2010 was only at around 54% with ample room to grow. In addition, as a subsidiary of TCL Corporation, the Target Group is poised to develop cooperation with Shenzhen Huaxing Photoelectronics Technology Co., Ltd. (“Shenzhen Huaxing”, a subsidiary of TCL Corporation) that is currently scheduled to produce LCD panels in the third quarter of 2011 through its 8.5 generation manufacturing site for LCD panels. TOT also supplies to third party customers who are leading market players, thereby further diversify the Group’s product offering and allow the Group to achieve new revenue contribution upon the completion of the Acquisition. Upon the completion of the Acquisition, the Group will focus on enhancing the utilization rate of the Target Group and increase the supply of TOT to both the Group and third party customers. The Group believes that the increase in supply to third party customers will create a new revenue stream for the Group.

### **(3) Enhance product quality and production efficiencies with secured supply of LCD Modules**

The Group places strong emphasis to enhance its manufacturing capability through innovations and research and development. The Acquisition will provide the Group with an opportunity to acquire TOT’s self-developed production technology and know-how and at the same time enhance the Group’s vertically integrated production manufacturing process that in turn will allow the Group to gain better control in product quality, improve production yield and accelerate product development and innovation. In addition, the Group will also be in a better position to secure the supply of LCD module which is a key component to its TV manufacturing.

### **(4) A strategic arrangement to better accommodate potential volatility of component costs**

Upon Completion, the Group will be able to better control the impact from potential volatility of the component cost and manufactures its LCD TVs with more competitive cost given that the Group can have a more direct access to the component suppliers, flexibility to choose suppliers and better utilise the economies of scale.

### **(5) A strategic integration in line with the Group’s overall strategy in the TV segment**

The operations of the Group and the Target Group are similar in nature as LCD Module is a key component of the Group’s manufacturing process. The Directors believe that the Group is positioned to better utilise the Target Group’s capability and potential. The Acquisition will also help the Group to extend its capability in the industry value chain and potentially benefit by building a strategic integration with other TV related subsidiaries of TCL Corporation and the Company, such as:

- LED Backlight Module production line of Huizhou Bri-King Optronics Company, Ltd. (a joint venture between the Company and AU Optronics Corporation)
- the 8.5 generation LCD panel project of Shenzhen Huaxing.

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## LETTER FROM THE BOARD

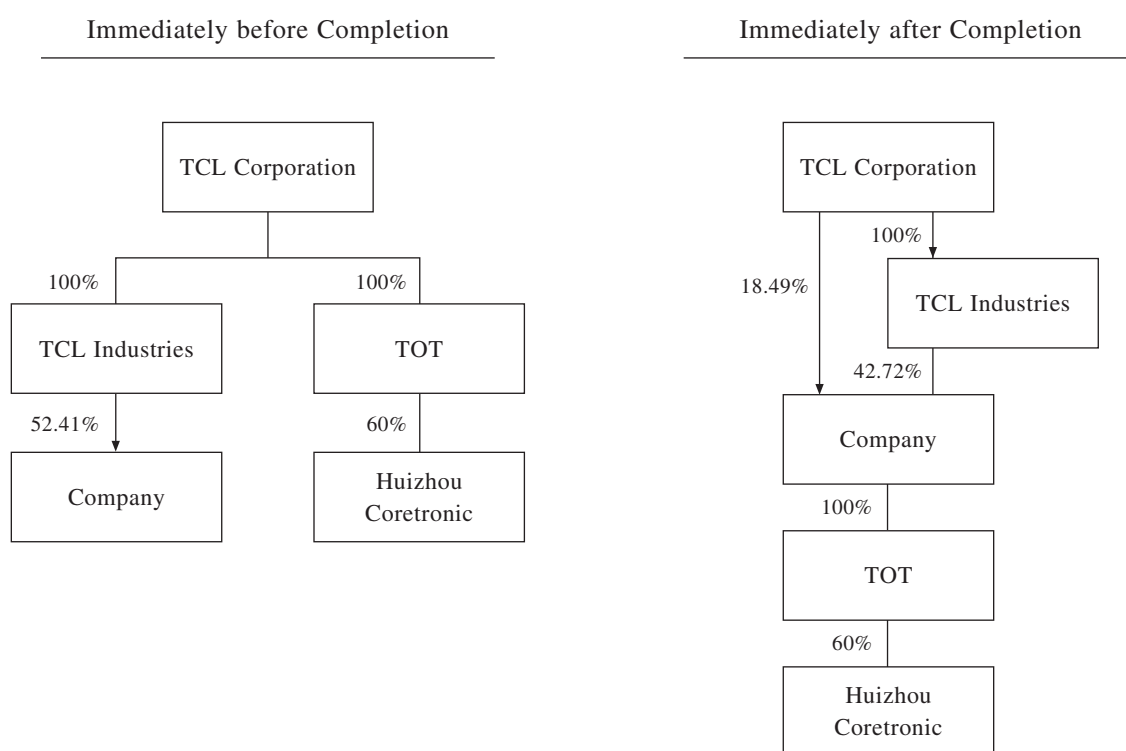
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### 7. COMPLETION

The Directors consider that the Acquisition, including the terms of the Acquisition Agreement, are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Completion shall occur on or before 14 business days upon fulfilment, or waiver by the Company, of all conditions as agreed in the Acquisition Agreement.

The following sets out the corporate structure of the Target Group immediately before and after the Completion:



Upon Completion, TOT and Huizhou Coretronic will become subsidiaries of the Group and the financial statements of the Target Group will be consolidated into the Company's consolidated financial statements. The Directors expect that the Acquisition would have no material impact on the assets, liabilities and revenue of the Group.

Despite the operating losses recorded for the respective periods given that the Target Group's operation is still at an early stage of development with relatively high investment cost and low utilisation rate, after considering the potential future prospects of the Target Group (including higher utilisation rate and potential cost synergies), the Directors are of the view that the Acquisition would have a positive impact on the future earnings of the Group when the Target Group's operation reaches a more mature stage with a higher utilisation rate to average out the fixed cost.

The Company does not anticipate any substantial change in the composition of its board of directors or management as a result of the Acquisition.

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## LETTER FROM THE BOARD

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Upon Completion, TOT and Huizhou Coretronic will become members of the Group, thus the transactions conducted by such two companies, same as those by other members of the Group, shall be subject to the Listing Rules requirements.

### 8. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

After Completion, TCL Corporation and its associates will remain as the controlling shareholder of the Company.

As at the Latest Practicable Date, TCL Corporation did not directly hold any Shares, but through TCL Industries (its wholly owned subsidiary) indirectly held a total of 569,597,284 Shares, representing approximately 52.41% of the entire issued share capital of the Company.

Upon Completion, TCL Corporation itself will directly hold 246,497,191 New Shares, representing approximately 18.49% of the enlarged share capital of the Company after Completion.

Details of the shareholding structure of the Company upon Completion is set out below:

	Shareholding as of the date hereof		Shareholding upon Completion	
	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>	<i>Number of Shares</i>	<i>Approximate percentage (%)</i>
TCL Corporation	–	–	246,497,191	18.49
TCL Industries	569,597,284	52.41	569,597,284	42.72
Other associates of TCL Corporation	29,739,538	2.74	29,739,538	2.23
Public Shareholders	487,424,780	44.85	487,424,780	36.56
Total	<u>1,086,761,602</u>	<u>100.00</u>	<u>1,333,258,793</u>	<u>100.00</u>

### 9. EGM

The Acquisition constitutes a discloseable and connected transaction for the Company. As the transaction scale of the Acquisition exceeds 5% of the applicable percentage ratios as calculated pursuant to Rule 14.07 of the Listing Rules, and the Acquisition is a connected transaction of the Company, the Acquisition shall be subject to Independent Shareholders' Approval as required under Rule 14A.18 of the Listing Rules. The Company will convene the EGM at Drawing Room, Mezzanine Level, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai., Hong Kong on 5 August 2011, at 5:00 p.m., at which an ordinary resolution will be proposed for the purposes of considering and if thought fit, approving the Acquisition. The voting at such meeting will be taken on a poll and the Company will make an announcement of the

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## LETTER FROM THE BOARD

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poll results. TCL Corporation, TCL Industries and their respective associates and any Shareholders who are involved in, or interested in the Acquisition (holding an aggregate of 599,336,822 Shares, representing approximately 55.15% of the entire issued share capital of the Company as at the date hereof) will abstain from voting at the EGM in respect of the ordinary resolution to approve the Acquisition (including the Acquisition Agreement). The notice of the EGM is set out on pages 41 and 42 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

### **10. CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed on 5 August 2011, for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 4 August 2011.

### **11. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

According to the requirement of the Listing Rules, the Independent Board Committee should advise the Independent Shareholders in connection with the Acquisition (including the Acquisition Agreement). Pursuant to Rule 14A.22 of the Listing Rules, OSK Capital has been appointed by the Company as the independent financial adviser to make recommendations to the Independent Board Committee and Independent Shareholders as to whether the Acquisition is on normal commercial terms, and the terms of the Acquisition are fair and reasonable, and whether the Acquisition is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

### **12. RECOMMENDATION**

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 16 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Acquisition; (ii) the letter from OSK Capital set out on pages 17 to 27 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Acquisition; and (iii) the property valuation report prepared by GCA set out in Appendix I to this circular.

The Independent Board Committee, having taken into account the advice of OSK Capital, the independent financial adviser, considers that the Acquisition is in the interests of the Company and the Independent Shareholders as a whole and that the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Acquisition.



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## LETTER FROM THE BOARD

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The Board considers that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, and therefore recommends you to vote in favour of the resolution to approve the Acquisition.

### 13. OTHER INFORMATION

Your attention is drawn to the general information set out in the appendices to this circular.

Yours faithfully,  
By order of the Board  
**Li Dongsheng**  
*Chairman*

The logo consists of the letters "TCL" in a bold, white, sans-serif font, centered within a solid black rectangular background.

**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)

18 July 2011

*To: the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
ACQUISITION OF TOT INTEREST**

We refer to the circular of the Company dated 18 July 2011 of the Company (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the terms of the Acquisition, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from OSK Capital set out on pages 4 to 15 and pages 17 to 27 of the Circular respectively.

Having taken into account of the advice of OSK Capital, the independent financial adviser, we consider that the Acquisition is in the interests of the Company and the Independent Shareholders as a whole and the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in respect of the Acquisition.

Yours faithfully,

**Tang Guliang, Robert Maarten Westerhof, Wu Shihong**

**and**

**Tseng Shieng-chang Carter**

*Independent Board Committee*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of the letter of advice from OSK Capital Hong Kong Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.*

**OSK Capital Hong Kong Limited**  
**僑豐融資有限公司**  
Subsidiary of OSK Investment Bank Berhad, Malaysia

12/F, World-Wide House  
19 Des Voeux Road Central  
Hong Kong

18 July 2011

*The Independent Board Committee and  
the Independent Shareholders*  
TCL Multimedia Technology Holdings Limited

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF TOT INTEREST**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition, details of which are set out in the circular of the Company dated 18 July 2011 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context requires otherwise.

On 27 June 2011, the Company entered into the Acquisition Agreement in respect of the purchase of the TOT Interest from TCL Corporation. The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As set out in the letter from the Board in the Circular (the “Letter from the Board”), when the Agreement was entered into, TCL Corporation owned approximately 52.41% of the issued share capital of the Company and was the controlling Shareholder and thus a connected person of the Company under the Listing Rules. The Acquisition therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements.

The Acquisition is subject to the Independent Shareholders’ Approval at general meeting by way of poll. The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tang Guliang, Mr. Robert Maarten Westerhof, Ms. Wu Shihong and Dr. Tseng Shieng-chang Carter has been established to give advice and recommendation to the Independent Shareholders in relation to the Acquisition. TCL Corporation is materially interested in the transaction contemplated under the Acquisition. According to the Listing Rules, TCL Corporation and its associates (including TCL Industries) and any Shareholders who are involved in, or interested in the Acquisition will abstain from voting in respect of the ordinary resolution relating to the Acquisition.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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OSK Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition Agreement and the Acquisition are fair and reasonable and whether the Acquisition is on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

In formulating our opinion, we have relied upon the information, facts and representations contained in the Announcement, the Circular and those supplied or made available by the management of and advisers to the Company to us. We have assumed that all such information, facts and representations were true and accurate in all respects at the time they were supplied or made and continue to be true and accurate at the date of the Circular and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the management of the Company that no material facts have been withheld or omitted from such information and representations.

We have taken all reasonable and necessary steps to comply with the requirements set out in Rule 13.80 of the Listing Rules. We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, conducted any independent verification of such information or any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any in-depth research on the Group, TCL Corporation and their respective associates.

### **PRINCIPAL FACTORS CONSIDERED**

In formulating our opinion on the Acquisition Agreement and the Acquisition, we have taken into consideration the following principal factors:

#### **Background and reasons for the Acquisition**

##### *Information on the Group*

The Group is principally engaged in manufacture and sale of a wide range of electronic consumer products including colour television sets and home networking products.

The Group's revenue and results by business segments for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2010 and 2011 are summarised below, which are extracted from the respective annual reports and results announcements.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	For the three months ended		For the year ended 31 December					
	31 March		2010		2009		2008	
	2011	2010	2010		2009		2008	
	HK\$'000	HK\$'000	HK\$'000		HK\$'000		HK\$'000	
<b>Revenue</b>								
Television – PRC market	4,046,458	3,715,222	15,790,369	58%	15,864,796	52%	11,619,265	45%
Television – Overseas markets	1,487,080	2,184,991	6,878,761	26%	10,424,690	34%	10,741,764	42%
Audio-visual products	918,947	701,010	3,573,778	13%	3,819,373	13%	2,843,053	11%
Others	128,596	159,409	705,719	3%	233,691	1%	569,240	2%
	<u>6,581,081</u>	<u>6,760,632</u>	<u>26,948,627</u>	<u>100%</u>	<u>30,342,550</u>	<u>100%</u>	<u>25,773,322</u>	<u>100%</u>
<b>Segment results</b>								
Television – PRC market	173,240	55,832	(492,021)		506,224		639,456	
Television – Overseas markets	(68,561)	27,946	(344,994)		96,032		(217,103)	
Audio-visual products	14,550	74,862	203,765		192,207		108,555	
Others	(335)	7,566	131,600		1,510		(56,161)	
	<u>(335)</u>	<u>7,566</u>	<u>131,600</u>		<u>1,510</u>		<u>(56,161)</u>	

The following is a breakdown of the Group's sales volume of television by regions for the years ended 31 December 2008, 2009 and 2010 and for the three months ended 31 March 2010 and 2011, which is extracted from the respective annual reports and results announcements.

	For the three months		For the year ended 31 December					
	ended 31 March		2010		2009		2008	
	2011	2010	2010		2009		2008	
	('000 sets)	('000 sets)	('000 sets)		('000 sets)		('000 sets)	
<b>LCD TVs</b>	<b>1,928</b>	<b>1,927</b>	<b>7,464</b>	<b>57%</b>	<b>8,373</b>	<b>59%</b>	<b>4,184</b>	<b>29%</b>
Of which: LED backlight TVs	599	–	843	–	–	–	–	–
– PRC	1,331	1,188	5,124	39%	4,629	33%	1,466	10%
– Overseas	597	739	2,340	18%	3,744	26%	2,718	19%
<b>CRT TVs</b>	<b>1,163</b>	<b>1,612</b>	<b>5,548</b>	<b>43%</b>	<b>5,865</b>	<b>41%</b>	<b>10,182</b>	<b>71%</b>
– PRC	377	569	1,947	15%	2,968	21%	5,382	38%
– Overseas	786	1,043	3,601	28%	2,897	20%	4,800	33%
<b>Total TV Sales</b>	<b>3,091</b>	<b>3,539</b>	<b>13,012</b>	<b>100%</b>	<b>14,238</b>	<b>100%</b>	<b>14,366</b>	<b>100%</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As set out in the annual report of the Company for the year ended 31 December 2010 (the “2010 Annual Report”), the decrease in total TV sales volume was mainly due to intense market competition, restructuring of the Group’s business in North America, and adjustment to the customer base of its original equipment manufacturer. Sales of LCD TVs have become a major source of income of the Group. However, as stated in the 2010 Annual Report, the Group failed to seize the opportunity brought by the market transition from cold cathode fluorescent lamp (“CCFL”) LCD TVs to light emitting diode (“LED”) backlight LCD TVs during the first half of the year. The Group lowered the selling prices to clear the obsolete TV models and tapped into the sale of LED backlight LCD TV products.

The Group has formed a joint venture with AU Optronics Corporation of Taiwan for the production of LED backlight modules. The joint venture has commenced mass production since August 2010. This represents an effort of the Group in promoting LED backlight LCD TV products.

As set out in the results announcement of the Company for the three months ended 31 March 2011, the Group continues to capitalise on the market transition towards high-end TV products and endeavours to strengthen its market competitiveness through continuous improvement in its product structure and market-oriented sales strategies.

The Company believes that the demand of TV sets in the PRC will continue to be significantly driven by the demand for LCD TVs. However, the market remains very competitive. During the three months ended 31 March 2011, the Group’s sales volume of LCD TVs in the PRC increased to 1,330,869 sets, representing an increase of approximately 12% as compared with that for the three months ended 31 March 2010. The overall sales of the Group in respect of TV sets in the PRC increased by only 9% to HK\$4,046.5 million for the three months ended 31 March 2011 from HK\$3,715.2 million for the three months ended 31 March 2010. This implies a lower average selling price per TV set. To maintain profitability, it is important for the Group to be able to control a stable supply of the key components. The Acquisition will allow the Group to better control and secure the supply of LCD Modules as detailed in the paragraph below headed “Reasons for and benefits of the Acquisition” below.

### *Information on the Target Group*

The Target Group consists of TOT and Huizhou Coretronic and is principally engaged in the manufacture and sale of LCD Modules for LCD TV production. The Target Group has 6 LCD Modules production lines with a total production capacity of 6 million units a year. In 2010, the Target Group produced approximately 3.5 million units of LCD Modules.

TOT was established by TCL Corporation in December 2007. During the past few years of development, the Target Group has designed low-cost, high brightness and wide viewing angle LCD Modules and has been granted two national patents. The Target Group is one of the major suppliers of LCD Modules of the Group, accounting for approximately 30% of the Group’s total LCD Module procurement cost during the year ended 31 December 2010. The Acquisition will allow the Group to further vertically integrate and thus achieve better control of the Group’s production supply chain.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The table below sets out the unaudited results of the Target Group for the two years ended 31 December 2009 and 2010 and the three months ended 31 March 2011.

<i>RMB'000</i>	<b>For the year ended 31 December 2009</b>	<b>For the year ended 31 December 2010</b>	<b>For the three months ended 31 March 2011</b>
Revenue	184,041	1,632,752	181,403
Operating loss	(1,881)	(26,351)	(21,616)
(Loss)/profit before tax	(1,873)	9,185	(620)
Net (loss)/profit	(1,873)	8,062	(645)

The Company has confirmed that 2010 represented the first full year of commercial production of the Target Group. The production capacity utilisation of the Target Group is yet to be enhanced. For the year ended 31 December 2010, the Target Group made a profit of approximately RMB8.1 million after taking into account of a government subsidy income of RMB35.6 million for its purchases of production facilities and interest expenses in respect of high technology projects. The government subsidy income for production facilities are recognised over six years and interest expenses are recognised in full in the year which such subsidies relate.

The Target Group is currently working closely with an international reputable supplier of LCD panels. The Target Group has been sourcing LCD panels from that supplier. Under the agreements with such supplier, TOT can use the technology provided by such supplier to produce its products and sell them to other customers only at a payment of royalty fee to such supplier. LCD modules produced by TOT under the agreements are all sold back to such supplier. We were informed by the management of the Target Group that the agreement with the supplier is expiring in April 2012. The Target Group is looking into an opportunity to work with another LCD panel supplier in the PRC, Shenzhen Huaxing, where the Target Group will not be subject to the aforesaid sales restrictions imposed by the existing supplier of LCD panels. Shenzhen Huaxing is owned as to 55% by TCL Corporation, 15% by the current LCD panel supplier of the Target Group and 30% by Shenzhen municipal government. The management of the Target Group understands that Shenzhen Huaxing will commence operation by the end of third quarter 2011. Based on the latest available information, the management of the Target Group believes that Shenzhen Huaxing will be able to meet the Target Group's demands for LCD panels from April 2012 onward, and this will allow the Target Group to accept orders from other perspective customers in the PRC and thus generate additional sales and enhance its production utilisation and efficiency. In addition, the Target Group plans to purchase LCD panels from Shenzhen Huaxing to assemble LCD modules and distribute to other customers. The management of the Target Group believes that this helps enhance the profitability of the Target Group as compared to merely acting as OEM. The management of the Target Group considers that the business development of the Target Group is still in its early stage and there are ample rooms for enhancing utilisation and for future growth.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Reasons for and benefits of the Acquisition*

The Directors have set out the reasons for and benefits of the Acquisition in the Letter from the Board. To summarise, the Directors consider that the Acquisition will

1. allow vertical integration and cost synergy;
2. enhance the value of the Target Group and create additional revenue stream to the Group;
3. enhance quality control and secure supply of LCD Modules; and
4. to a certain degree, hedge against future cost fluctuations of LCD Modules.

The Independent Board Committee and the Independent Shareholders may refer to the relevant text in the Letter from the Board for details of the reasons for and benefits of the Acquisition.

We agree with the Directors that the Acquisition is likely to potentially benefit the Group. The development of LCD TVs is a main trend of the TV market. LCD Modules are key components for the manufacture of LCD TVs, which accounted for approximately 70% of the Group's manufacturing cost in 2010. The Target Group has been investing in the research and development of the production skills and process for LCD Module manufacturing. The Target Group is well located near the production facilities of the Group and is one of the major suppliers of the Group in respect of LCD Modules. The Group currently sources LCD Modules indirectly from the Target Group through the supplier of the Target Group as mentioned above. After the expiry of the supply agreement in April 2012, the Target Group will be able to directly sell to the Group. This will help lower the procurement cost of the enlarged Group. In addition, the Acquisition will allow the Group to monitor and control the operations and business development of the Group. We believe that this will, in a long term, allow the Group to better secure the supply of LCD Modules, control product quality and production cost.

On 17 June 2011, the Company announced that the sales of LCD TV of the Group amounted to 3.274 million sets for the five months ended 31 May 2011, representing a year-on-year increase of 13.2%. The Group will continue to increase the proportion of LED backlight LCD TV in its production and expected that there will still be a tremendous market growth for LCD TV in the near future. Therefore, it is vital to expand the Group's existing production capacity in LCD TV modules to meet the growing demand in corresponding products and the rapid growth of sales. The Group plans to build a vertically integrated LCD TV production plant in Hohhot, Inner Mongolia with an annual production capacity of 3 million LCD TV sets to meet its rapid sales growth and market demand. The production plant will be built in phases and the first phase is expected to be completed in September 2012.

We note that a number of TV manufacturers in the PRC have already invested in their own production facilities to supply LCD modules for LCD TV production. According to the 2007/08 annual report of Skyworth Digital Holdings Limited, it had invested HK\$109 million for a minority interest in a LCD module plant. In addition, based on the 2009 annual report of Konka Group Co., Ltd., it had planned to invest RMB136 million in a LCD module project in 2010. The Group has established a joint venture with AU Optronics Corporation, namely Huizhou Bri-King Optronics Co. Ltd., mainly for the manufacture and sale of LED backlight modules, which is another key component for the manufacture of LED backlight LCD Modules. The Acquisition may potentially allow further integration and cooperation between this joint venture and the Target Group. The Acquisition, together with the LCD modules production plant in Hohhot, Inner Mongolia, is expected to benefit the Group to catch up with the market demand as well as its competitors' production capacity.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Apart from the indirect sale of LCD Modules to the Group, the Target Group also sells LCD Modules to other LCD TV manufacturers. Upon Completion, this will help generate new revenue stream for the Group on an enlarged basis after completion of the Acquisition.

Although the Target Group was loss making at its operating level (before government subsidy), we note and agree with the Directors who believe that the Target Group is still in its early development stage, and the Group is in a good position to create synergy from the Acquisition.

Based on the above, we agree with the Board that the Acquisition is incidental to the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Acquisition**

Pursuant to the Agreement, the Company agreed to purchase and TCL Corporation agreed to sell the TOT Interest, being the entire issued capital of TOT, at a total consideration of RMB655,572,098.59 (equivalent to approximately HK\$788,791,012.73), on the terms and subject to the conditions set out in the Agreement. Upon Completion, the Company will hold the entire equity interest in TOT.

### *Consideration*

The consideration of the Acquisition is RMB655,572,098.59 (equivalent to approximately HK\$788,791,012.73), which shall be satisfied by way of the issue and allotment, credited as fully paid, of 246,497,191 Consideration Shares at the issue price of HK\$3.20 per Consideration Share at completion to TCL Corporation.

As set out in the Letter from the Board, the Company took note of the asset valuation on the Target Group of RMB660,492,100 as at 31 December 2010 (the "Appraised Value") prepared by Beijing Pan-China using the replacement cost method at the instigation of TCL Corporation only. In arriving at the consideration of the Acquisition, regard was made to the market environment and operating conditions of the Target Group as well as the expected strategic synergies with the Group which can enable the Group to control an important step of LCD TV manufacturing. The final consideration of the Acquisition was based on arm's length negotiation between the parties. The consideration represents a discount of 0.74% to the Appraised Value. As at 31 December 2010, the net asset value of the Target Group attributable to its shareholder amounted to RMB570,933,275, representing approximately 86.4% of the Appraised Value. Based on the valuation report, we understand that the increase in the Appraised Value as compared with the net asset value of the Target Group as at 31 December 2010 was mainly a result of (i) an increase in the carrying value of fixed assets (due to increase in materials costs and a longer depreciation period in respect of some fixed assets); and (ii) a decrease in non-current liabilities (due to reversal of government subsidies which have been recognised as non-current liabilities).

We understand that Beijing Pan-China is an appraisal company in the PRC which can carry out business valuation in relation to securities related matters. Its team members have the experience in PRC business valuations. As confirmed by the Company, Beijing Pan-China is a company independent from the Company and its connected persons. We have reviewed the valuation report prepared by Beijing Pan-China and have discussed with members of the valuation team of Beijing Pan-China regarding its

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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valuation work. We understand from the Company that it is its strategic plan to enter into the LCD Module production segment. Accordingly, we agree that the replacement cost method to be a reasonable method to appraise the value of the Target Group based on the likely cost that the Group would have to incur to set up the existing operations of the Target Group. We understand from Beijing Pan-China that the replacement cost method is a common way to value a business.

In addition to the business valuation conducted by Beijing Pan-China, as set out in Appendix I to the Circular, Greater China Appraisal Limited has prepared a valuation report on TOT's property interests. The valuation of the property held by TOT as at 30 April 2011 is RMB245.1 million on the basis of depreciated replacement cost. Under the business valuation conducted by Beijing Pan-China, TOT's property interests are valued at RMB264.8 million with the carrying value in TOT's books of RMB245.0 million as at 31 December 2010. We consider that there is no material difference between the business valuation of TOT's property interests as at 31 December 2010 conducted by Beijing Pan-China and that as at 30 April 2011 conducted by Greater China Appraisal Limited.

Based on the Appraised Value, we consider that the consideration for the Acquisition is fair and reasonable.

Apart from the Appraised Value, price earnings ratio and price to book ratio are also commonly used tools to assess the valuation of a company. We have researched on the valuations of other LCD Modules companies in the Greater China region. To the best of our knowledge and findings, we have identified 8 companies (listed on Hong Kong, Taiwan and the PRC) engaged in, among other things, the manufacture and sale of LCD modules in Hong Kong, Taiwan and/or the PRC. However, for 4 of these companies, manufacture and sale of LCD modules only accounted for a minority portion of their respective total turnover in the latest completed financial year, whilst the other 3 companies have not disclosed sufficient information on the proportion of turnover derived from manufacture and sale of LCD modules over their respective total turnover. For the remaining one company, we note that its target customers are mainly located in Taiwan. Accordingly, we consider that these 8 companies are not good references for the purposes of reviewing the valuation of the Target Group.

### *Issue price of the Consideration Shares*

As mentioned above, the consideration for the Acquisition shall be satisfied by the issue and allotment of 246,497,191 Consideration Shares to TCL Corporation credited as fully paid at HK\$3.20 per Consideration Shares upon Completion. The issue price of HK\$3.20 per Consideration Share represents:

- (i) a premium of approximately 7.02% over the closing price of HK\$2.99 per Share as quoted on the Stock Exchange on 24 June 2011, the last trading day of the Shares immediately prior to the date of the Announcement;
- (ii) a premium of approximately 9.22% over the average closing price of approximately HK\$2.93 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 24 June 2011;
- (iii) a premium of approximately 8.47% over the average closing price of approximately HK\$2.95 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 24 June 2011; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) a discount of approximately 1.23% to the closing price of HK\$3.24 per Share as quoted on the Stock Exchange on the Latest Practicable Date.



Source: Infocast

The chart above shows that the closing price per Share on each trading day during the one year prior to the date of the Acquisition Agreement. During the year, the lowest closing price was HK\$2.24 per Share and the highest closing price was HK\$4.90 per Share. The daily average and median closing price per Share for the past one year were HK\$3.12 and HK\$3.11, respectively, representing a discount of 2.5% and 2.81% to the issue price per Consideration Share. Taking into account that the issue price of a Consideration Share of HK\$3.20 which represents (i) a premium over the recent benchmark prices stated above prior to the entering into of the Acquisition Agreement; and (ii) is very close to the one year average and median closing price per Share, we consider that the issue price is fair and reasonable so far as the interests of the Company and the Independent Shareholders as a whole is concerned.

### **Dilution effects on the existing public Shareholders**

Reference is made to the shareholding structure of the Company as set out in the paragraph headed “Shareholding structure of the Company before and after completion” in the Letter from the Board. Upon Completion, the shareholding of the existing public Shareholders would decrease from approximately 44.85% as at the Latest Practicable Date to approximately 36.56% as enlarged by the issue and allotment of the Consideration Shares. Based on the net asset value of the Group and that of the Target Group as at 31 December 2010, the net asset value per Share would decrease from HK\$2.89 per Share to HK\$2.87 per Share as a result of the Acquisition (before taking into consideration of any goodwill and/or other intangible assets that may be recorded by the Group as described below in the paragraph headed “Financial effects of the Acquisition to the Group”).

If the consideration for the Acquisition were to be settled by cash, the net asset value of the Group as at 31 December 2010 would have decreased by 3.24% and the net asset value per Share would have decreased from HK\$2.89 to HK\$2.80 based on their respective financial positions as at 31 December 2010.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered (i) the fairness and reasonableness of the issue price of HK\$3.20 in the paragraph headed “Issue price of the Consideration Shares” above; (ii) the benefits of the Acquisition attributable to the Group as mentioned in the paragraph headed “Reasons for and benefits of the Acquisition” above; and (iii) the issue of the Consideration Shares for settlement of the consideration would enable the Group to retain more cash resources, we consider that the dilution effects on shareholdings of the Company upon completion of the Acquisition is acceptable, and fair and reasonable.

### **Financial effects of the Acquisition to the Group**

Upon Completion, TOT will become a wholly-owned subsidiary of the Group and the Target Group will become members of the Group. Accordingly the results of the Target Group will be consolidated into the Group’s consolidated financial statements after Completion.

#### *Earnings*

For the year ended 31 December 2010, the Target Group recorded combined operating loss of RMB26.4 million and net profit of approximately RMB8.1 million. The short-term profitability of the Group may adversely be affected by the Acquisition if the Target Group cannot continue to obtain government subsidy and increase its production utilisation, and continue to incur operating loss. Given that the Target Group is still at its early business development stage and the expected synergy between the Target Group and the Group in respect of (i) potential additional revenue; (ii) enhanced profitability after a further increase in the utilization of the production capacity of the Target Group; and (iii) the potential benefits of securing supply as well as cost and quality control, the management of the Company expects that the Acquisition to have a long-term positive impact on the enlarged Group. We agree with the view of the Company’s management based on the information provided to us by the Company.

#### *Net asset value*

The Group had net asset value of approximately HK\$3,144.4 million as at 31 December 2010, whilst the Target Group had net asset value attributable to its shareholder of approximately RMB570.9 million (equivalent to HK\$687.0 million) as at 31 December 2010. As the consideration for the Acquisition will be settled by the issue of the Consideration Shares, it is expected that the net assets of the Group will be enlarged by the fair value of the net assets of the Target Group at the date of completion of the Acquisition. Save as disclosed above, the Acquisition is not expected to have any other material effect on the Group’s net asset value.

Shareholders should note that if the aggregate fair value of the Consideration Shares as at the completion date of the Acquisition exceeds the Group’s interest in the net fair value of the Target Group’s identifiable assets, and liabilities and contingent liabilities, the Acquisition would result in the Group recording a goodwill and/or other intangible assets. We understand from the Company that the carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Should any impairment loss is recognised, earnings and net asset value of the Group may adversely be affected. In addition, any intangible assets so recognised will be subject to amortisation with expenses charged to the statement of comprehensive income of the Group.

### *Working capital*

As at 31 December 2010, the Target Group had cash of RMB274.8 million (equivalent to HK\$330.7 million) and net current assets of RMB144.6 million (equivalent to HK\$174.0 million). The consideration for the Acquisition will be satisfied by the issue and allotment of the Consideration Shares. The Acquisition is not expected to have any material adverse impact on the Group's working capital.

### **CONCLUSION**

Having considered the above principal factors and reasons, we are of the opinion that the terms of the Acquisition Agreement and the Acquisition are fair and reasonable and the Acquisition is on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise (i) the Independent Board Committee to recommend to the Independent Shareholders to; and (ii) the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement and the Acquisition.

Yours faithfully,  
For and on behalf of  
**OSK Capital Hong Kong Limited**  
**Allen Tze**  
*Executive Director*

*The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular and received from GCA, an independent valuer, in connection with their valuations of the property interest of TOT as at 30 April 2011.*

**GREATER CHINA APPRAISAL LIMITED****漢華評值有限公司**

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Room 2703  
Shui On Centre  
6-8 Harbour Road  
Wanchai  
Hong Kong

18 July 2011

The Directors  
TCL Multimedia Technology Holdings Limited  
13/F, TCL Tower  
8 Tai Chung Road  
Tsuen Wan  
Hong Kong

Dear Sirs,

In accordance with the instructions from TCL Multimedia Technology Holdings Limited (“the Company”) to value the property in which TCL Optoelectronics Technology (Huizhou) Co., Ltd. (“TOT”) has interests in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquires and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital value of such property interests as at 30 April 2011 (referred to as the “date of valuation”).

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of property and the limiting conditions.

**BASIS OF VALUATION**

The valuation of the property is our opinion of the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

**VALUATION METHODOLOGY**

Due to the nature of the buildings and structures of the property interest and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interests have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization”. It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interests are subject to adequate potential profitability of the concerned business.

**ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the property interests on the open market in its existing state without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to increase the value of the property interest.

For the property interests which are held under long term land use rights, we have assumed that the owner of the property interest has free and uninterrupted rights to use, transfer or lease the property interest for the whole of the unexpired term of the land use rights. In our valuation, we have assumed that the property interest can be freely disposed of, transferred and leased to third parties on the open market without any additional payment to the relevant government authorities.

Unless otherwise stated, we have assumed that all consents, approvals and licenses from relevant government authorities for the buildings and structures erected thereon have been granted.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. Moreover, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists, unless noted in the report.

Other special assumptions of the property, if any, have been stated out in the footnotes of the valuation certificate.

**TITLESHIP INVESTIGATION**

We have been provided with copies of title documents of the property. However, due to the current registration system of the PRC, no investigations have been made for the legal title or any liabilities attached to the property.

In the course of our valuation, we have relied upon the legal opinion given by the Company's PRC legal advisor – Jiayuan Law Firm in relation to the legal title to the property located in the PRC.

All legal documents disclosed in this report are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the property set out in this report.

### **LIMITING CONDITIONS**

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey has been made and we are therefore unable to report as to whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the land or building areas in respect of the relevant property but have assumed that the areas shown on the legal documents provided to us are correct. Based on our experience of valuation of similar properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

No soil investigations have been carried out to determine the suitability of the ground conditions or the services for any property development. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided by the Company or TOT and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, occupation, rentals, site and floor areas and in the identification of the property. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company or TOT. We were also advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free of encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Since the property is located in a relatively under-developed market of the PRC, the above assumptions are often based on imperfect market evidence. A range of values may be attributable to the property depending upon the assumptions made. While we have exercised our professional judgments in arriving at the values, report readers are urged to consider carefully the nature of such assumptions which are disclosed in the valuation report and should exercise caution in interpreting the valuation report.

### **OPINION OF VALUE**

Valuation figure of the property held by TOT is shown in the attached valuation certificate.



**REMARKS**

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

In valuing the property interests we have complied with the requirements contained in the HKIS Valuation Standards on Properties (1st Edition 2005) published by the Hong Kong Institute of Surveyors.

All amounts are denominated in Chinese Renminbi (RMB).

We enclose herewith the valuation certificate.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,  
For and on behalf of  
**GREATER CHINA APPRAISAL LIMITED**  
**Nikson Y. T. Ng**  
*MSc MHKIS MRICS*  
*Registered Professional Surveyor (G.P.)*  
**Head of Real Estate & Asset Advisory**

*Note:* Mr. Nikson Y. T. Ng is a Chartered Surveyor and a Registered Professional Surveyor who has over 21 years' experience in valuation of properties in Hong Kong and 5 years' experience in valuation of properties in the PRC.

## VALUATION CERTIFICATE

## Property held by TOT for owner occupation

Property	Description	Particulars of Occupancy	Capital value in existing state as at 30 April 2011 (RMB)																					
No. 78 Huifeng Four Road, Huizhou Zhongkai Hi-tech Industrial Development Zone, Huizhou, Guangdong Province, The PRC	<p>The property comprises two parcels of land (the "Land Parcels") with total site area of approximately 114,414.1 square metres, four buildings (the "Buildings") and various structures erected thereon. The Buildings were completed between 2008 and 2010.</p> <p>The total gross floor area of the Buildings is approximately 86,597.86 square metres. Detailed breakdown is shown as follows:</p> <table border="1"> <thead> <tr> <th>Buildings</th> <th>No. of Storeys</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Factory</td> <td>2</td> <td>56,958.51</td> </tr> <tr> <td>Phase I Power station</td> <td>2(Level 1)</td> <td>2,748.16</td> </tr> <tr> <td>Phase II Power Station</td> <td>2(Level 2)</td> <td>3,966.00</td> </tr> <tr> <td>Phase I Dormitory</td> <td>6</td> <td>8,915.19</td> </tr> <tr> <td>Phase II Dormitory</td> <td>6</td> <td><u>14,010.00</u></td> </tr> <tr> <td>Total:</td> <td></td> <td><u><u>86,597.86</u></u></td> </tr> </tbody> </table>	Buildings	No. of Storeys	Gross Floor Area (sq.m.)	Factory	2	56,958.51	Phase I Power station	2(Level 1)	2,748.16	Phase II Power Station	2(Level 2)	3,966.00	Phase I Dormitory	6	8,915.19	Phase II Dormitory	6	<u>14,010.00</u>	Total:		<u><u>86,597.86</u></u>	The property is occupied by TOT for industrial and dormitory uses.	245,100,000
Buildings	No. of Storeys	Gross Floor Area (sq.m.)																						
Factory	2	56,958.51																						
Phase I Power station	2(Level 1)	2,748.16																						
Phase II Power Station	2(Level 2)	3,966.00																						
Phase I Dormitory	6	8,915.19																						
Phase II Dormitory	6	<u>14,010.00</u>																						
Total:		<u><u>86,597.86</u></u>																						
	<p>The various structures include landscape features and a basketball court.</p> <p>The property is held under two State-owned Land Use Rights Certificates for a common term expiring on 4 June 2058 for industrial use.</p>																							

*Notes:*

- (i) According to a State-owned Land Use Rights Grant Contract entered into between State-owned Land Resources Bureau of Huizhou and TOT dated 4 June 2008, a land parcel with a site area of approximately 19,797 square metres would be granted to TOT for industrial use for a term of 50 years at a consideration of RMB8,040,000.
- (ii) According to a State-owned Land Use Rights Grant Contract entered into between State-owned Land Resources Bureau of Huizhou and TOT dated 4 June 2008, a land parcel with a site area of approximately 147,995 square metres would be granted to TOT for industrial use for a term of 50 years at a consideration of RMB57,470,000. According to a Land Use Rights Transfer Contract dated 5 December 2008, TOT has agreed to transfer the land use rights of a portion of the aforesaid land with a site area of approximately 53,704.8 square metres to TCL King Electrical Appliances (Huizhou) Company Limited at a consideration of RMB21,569,459.
- (iii) According to two State-owned Land Use Rights Certificates (Hui Fu Guo Yong (2008) Di No. 3021400122 and 13021400123) issued by the People's Government of Huizhou, the land use rights of the Land Parcels with a total land area of 114,414.1 square metres are held by TOT for a term expiring on 4 June 2058 for industrial use.
- (iv) According to two Construction Land Use Planning Permits (Hui Shi Zhong Gui Di Zheng No. (2008) 0020 and 0035) issued by Planning and Construction Bureau of Huizhou, the proposed land use for the development on the Land Parcels was approved.
- (v) According to three Building Ownership Certificates (Yue Fang Di Quan Zheng Huizhou Zi Di No. 1100048201 to 1100048203) issued by Real Estate Management Bureau of Huizhou, factory, phase I power station and phase I dormitory of the Buildings with a total gross floor area of approximately 68,621.86 square metres are held by TOT.
- (vi) According to two Construction Works Planning Permits (Hui Shi Zhong Gui Jian Zheng No. (2009) 0044 and 0061) issued by Planning and Construction Bureau of Huizhou and two Construction Works Commencement Permits (No. 441305201006211201 and 441305201006121101) issued by Planning and Construction Bureau of Huizhou Zhongkai Hi-tech Industrial Development Zone, the proposed construction of phase II power station and phase II dormitory of the Buildings with total gross floor area of 17,976 square metres was approved.
- (vii) According to a Construction Works Planning Inspection and Acceptance Record Certificate (Hui Shi Zhong Gui Yan Zheng [2010] No. 36) issued by Huizhou Housing and Urban Planning and Construction Bureau dated 9 October 2010, construction of the phase II dormitory with gross floor area of 13,966.2 square metres has been completed with acceptance. As advised by TOT, construction of the phase II power station has been completed in 2009 and is waiting for construction completion inspection.
- (viii) As advised by TOT, the application for the building ownership certificates of the phase II power station and phase II dormitory is in progress. We have attributed no commercial value to these two buildings for which the building ownership certificates have not been obtained. However, for reference purposes, we are of the opinion that the capital value of these buildings as at the date of valuation would be RMB40,600,000 assuming all relevant title certificates had been obtained and the buildings could be freely transferrable.
- (ix) In our valuation, we have assumed that the property interest can be freely disposed of and transferred to third parties on the open market without any additional payment to the relevant government authorities.
- (x) The legal opinion of the Company's legal advisor contains, inter alia, the following:
  - (a) TOT legally holds the land use rights of the Land Parcels.
  - (b) The land use rights of the Land Parcels have been mortgaged to China Development Bank Corporation and Industrial and Commercial Bank of China Limited Huizhou Branch.
  - (c) TOT has the rights to occupy, use, assign, transfer, lease, mortgage or in any other legal way to handle the land use rights of the Land Parcels, within the specified land use rights term, subject to the consents of the mortgagees.
  - (d) Except the above mortgage, the Land Parcels are not subject to any sealed order or other mortgage.
  - (e) TOT legally holds the building ownership of the three buildings with the Building Ownership Certificates.

- (f) The three buildings with Building Ownership Certificates have been mortgaged to China Development Bank Corporation and Industrial and Commercial Bank of China Limited Huizhou Branch.
- (g) TOT has the rights to transfer, lease, mortgage or in any other legal way to handle the building ownership of the three buildings with the Building Ownership Certificates, subject to the consents of the mortgagees.
- (h) Except the above mortgage, the three buildings with the Building Ownership Certificates are not subject to any sealed order or other mortgage.
- (i) TOT is the legal owner for the construction in progress of phase II power station and phase II dormitory. The ownership is protected by laws of the PRC.
- (j) According to the documents provided by and written confirmation of TOT and its subsidiaries, and verified by the Company's legal advisor, as at the date of this legal opinion, the construction completion inspection procedures of phase II power station and phase II dormitory are in progress.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular or this circular misleading.

## 2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

### (a) Interests in shares of the Company

Name of Directors	Type of Interest	No. of Shares held	Approximate percentage of issued share capital of the Company
Li Dongsheng	Interest of spouse/ Beneficial owner	26,213,731	2.41%
Bo Lianming	Beneficial owner	1,807	0.0002%
Zhao Zhongyao	Beneficial owner	3,524,000	0.32%
Yu Guanghui	Beneficial owner	230,946	0.02%

## (b) Long positions in underlying shares of the Company – share options

Name of Directors	Type of Interest	No. of shares options held	Approximate percentage of issued share capital of the Company
Li Dongsheng	Beneficial owner	7,171,956	0.66%
Bo Lianming	Beneficial owner	1,616,057	0.15%
Zhao Zhongyao	Beneficial owner	8,198,257	0.75%
Yu Guanghui	Beneficial owner	697,663	0.06%
Xu Fang	Beneficial owner	1,282,110	0.12%
Albert Thomas da Rosa, Junior	Beneficial owner	330,000	0.03%
Huang Xubin	Beneficial owner	1,092,529	0.10%
Tang Guliang	Beneficial owner	330,000	0.03%
Robert Maarten Westerhof	Beneficial owner	330,000	0.03%
Wu Shihong	Beneficial owner	330,000	0.03%

## (c) Interests in shares of associated corporations of the Company

Name of Directors	Name of associated corporation	Type of Interest	No. of shares held	Approximate percentage of the relevant associated corporation's issued share capital
Li Dongsheng	TCL Corporation	Beneficial owner	459,833,600	5.42%
Bo Lianming	TCL Corporation	Beneficial owner	802,340	0.01%
Zhao Zhongyao	TCL Corporation	Beneficial owner	4,743,304	0.06%
Xu Fang	TCL Corporation	Interest of spouse/ Beneficial owner	40,000	0.0005%
Li Dongsheng	TCL Communication Technology Holdings Ltd. ("TCL Communication")	Interest of spouse/ Beneficial owner	32,743,756	2.95%
Bo Lianming	TCL Communication	Beneficial owner	65,700	0.01%
Yu Guanghui	TCL Communication	Beneficial owner	740	0.0001%

**(d) Long positions in underlying shares of associated corporations of the Company – share options**

<b>Name of Directors</b>	<b>Name of associated corporation</b>	<b>Type of Interest</b>	<b>No. of shares options held</b>	<b>Approximate percentage of the relevant associated corporation's issued share capital</b>
Li Dongsheng	TCL Communication	Beneficial owner	9,240,620	0.83%
Bo Lianming	TCL Communication	Beneficial owner	1,719,987	0.15%
Xu Fang	TCL Communication	Beneficial owner	1,093,367	0.10%
Huang Xubin	TCL Communication	Beneficial owner	1,452,126	0.13%

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**3. SUBSTANTIAL SHAREHOLDERS' INTERESTS****(a) Interests in the Company**

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

*(i) Long positions in shares of the Company*

<b>Name of Shareholders</b>	<b>Nature of Interest</b>	<b>No. of shares held</b>	<b>Approximate Percentage of issued share capital of the Company</b>
TCL Corporation	Interest of controlled corporation	569,597,284	52.41%

*Notes:*

1. TCL Corporation was deemed to be interested in 569,597,284 shares held by T.C.L. Industries Holdings (H.K.) Limited, its direct wholly owned subsidiary, for the purpose of the SFO.
2. The following Directors are directors/employees of TCL Corporation who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:
  - (a) Mr. LI Dongsheng is the chairman and CEO of TCL Corporation;
  - (b) Mr. BO Lianming is an executive director and COO of TCL Corporation;
  - (c) Mr. ZHAO Zhongyao is an executive director and senior vice president of TCL Corporation;
  - (d) Mr. YU Guanghui is a vice president of TCL Corporation;
  - (e) Ms. XU Fang is a vice president and Human Resources Director of TCL Corporation; and
  - (f) Mr. HUANG Xubin is the CFO of TCL Corporation

**(b) Interests in subsidiaries of the Company**

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company:

	Name of subsidiary of the Company	Name of substantial shareholders	Approximate Percentage of shareholding
1.	Guangzhou Digital Rowa Technology Co., Ltd. (廣州數碼樂華科技有限公司)	Science City Development Public Co., Ltd. (南方科學城發展股份有限公司)	30%
2.	TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL王牌電器(無錫)有限公司)	無錫市電儀資產經營有限公司	30%
3.	Sizzon Pte Ltd.	Junaide Sungkono	20%

Save as disclosed in this paragraph 3(b), there is no person (not being a Director or chief executive of the Company) known to the Directors or chief executive of the Company, who, as at the Latest Practicable Date, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company.



#### 4. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since the date to which the latest published audited accounts for the financial year ended 31 December 2010 of the Group were made up.

#### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### 6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

#### 7. EXPERTS AND CONSENT

The following is the qualifications of the experts who have given opinions or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualifications</b>
OSK Capital	A licensed corporation under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
GCA	Independent professional valuers

Each of OSK Capital and GCA has given and has not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters dated 18 July 2011 and references to their respective names, in the form and context in which they appear.

As at the Latest Practicable Date, each of OSK Capital and GCA did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

#### 8. MISCELLANEOUS

- (a) Save as disclosed herein, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

- (b) As at the Latest Practicable Date, none of the Directors, OSK Capital nor GCA was interested, directly or indirectly, in any assets which had since 31 December 2010 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 13<sup>th</sup> Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong for a period of 14 days from the date of this circular:

- (a) Acquisition Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 16 of this circular;
- (c) the letter from OSK Capital, the text of which is set out on pages 17 to 27 of this circular;
- (d) the property valuation report prepared by GCA, the text of which is set out on pages 28 to 34 of this circular; and
- (e) the written consents from OSK Capital and GCA respectively referred to in the paragraph headed “Experts and Consent” in Appendix II to this circular.

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## NOTICE OF EGM

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The logo consists of the letters "TCL" in a bold, white, sans-serif font, centered within a solid black rectangular background.

### 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)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of TCL Multimedia Technology Holdings Limited (the “Company”) will be held at Drawing Room, Mezzanine Level, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 5 August 2011, at 5:00 p.m., to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

#### ORDINARY RESOLUTION

1. **“THAT**

- (a) the Acquisition Agreement (as defined in the circular of the Company dated 18 July 2011, (the “Circular”) and a copy of which has been produced to the meeting marked “A” and initialed by the Chairman of the meeting for the purpose of identification) and the performance by the Group (as defined in the Circular) thereof and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to sign or execute such other documents or supplemental agreements or deeds or take such action, do such things, as such director may in his opinion consider necessary or desirable for the purpose of implementing or giving effect to the Acquisition Agreement and completing the transactions contemplated by the Acquisition Agreement with such changes as such director may consider necessary, desirable or expedient.”

By order of the Board

**Li Dongsheng**

*Chairman*

Hong Kong, 18 July 2011

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## NOTICE OF EGM

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*Notes:*

1. Please refer to the circular of the Company (dated of even date) for details and background of the proposed resolution set out herein.
2. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
3. A form of proxy for the EGM is enclosed to the notice of the EGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
4. The register of members of the Company will be closed on 5 August 2011 for the purposes of determining the entitlements of the members of the Company to attend and vote at the meeting. No transfer of the shares of the Company may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 4 August 2011.
5. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the above resolution will be voted by way of poll; TCL Corporation and its associates (as defined in the Listing Rules) are required to abstain from voting in respect of the ordinary resolution above.