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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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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)

**CONNECTED TRANSACTION
NON-COMPETITION ARRANGEMENT FOR IMPLEMENTATION
OF THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
ONLY HOLDINGS ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
SANCTION OF DISTRIBUTION IN SPECIE**

AND

ELECTION OF DIRECTOR

Financial Adviser to the Company



BNP PARIBAS

CORPORATE & INVESTMENT BANKING

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

RHB OSK
RHB OSK Capital Hong Kong Limited

A letter from the Board is set out on pages 5 to 18 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 19 of this circular. A letter from RHB 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 20 to 25 of this circular.

A notice convening the EGM of TCL Multimedia Technology Holdings Limited to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 1 August 2013 at 4:30 p.m. is set out on pages 33 to 34 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.

17 July 2013

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 15 July 2013 relating to the Non-Competition Arrangement
“AV”	audio-visual
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	a day on which banks in the PRC and Hong Kong 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)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Deed of Non-Competition (1999)”	the deed executed by TCL Corporation, TCL Electronics Corporation (deregistered on 29 January 2002) and TCL Industries on 15 November 1999 in favour of the Company whereby each of TCL Corporation, TCL Electronics Corporation and TCL Industries has undertaken not to directly or indirectly, carry on or be engaged or interested in the Restricted Activity, which was disclosed in the Company’s prospectus dated 17 November 1999
“Deed of Non-Competition (Tonly)”	the deed of non-competition dated 15 July 2013 entered into among TCL Corporation, TCL Industries and Tonly Holdings
“Director(s)”	the directors of the Company
“Distribution in Specie”	the satisfaction of a special dividend by the Company to Shareholders wholly by way of distribution of such amount of the Company’s interest in Tonly Holdings
“Distribution Record Date”	7 August 2013, the record date for ascertaining entitlements to the conditional special interim dividend declared by the Company on 15 July 2013

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong, on Thursday, 1 August 2013 at 4:30 p.m. for the purposes of considering and, if thought fit, approving the Non-Competition Arrangement, Distribution in Specie and election of Director
“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Board, after making enquiries and based on the relevant legal opinions provided by legal advisers, considers it necessary or expedient not to transfer the shares of Tonly Holdings to, on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“First Variation Deed (2002)”	the variation deed entered into among TCL Corporation, TCL Industries and the Company on 10 June 2002
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the Non-Competition Arrangement (including the terms of the Second Variation Deed (2013) and Deed of Non-Competition (Tonly)) and advising the Independent Shareholders in respect of the transactions 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 Non-Competition Arrangement)
“Independent Shareholders’ Approval”	the Independent Shareholders’ approval given at the EGM for the Non-Competition Arrangement
“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”	10 July 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Competition Arrangement”	the proposed arrangement as contemplated by the Second Variation Deed (2013) and Deed of Non-Competition (Tonly)
“ODM”	original design manufacturing under which the manufacturer owns the design of the products which are sold under the customer’s brand
“Original Non-Competition Deeds”	Deed of Non-Competition (1999) and First Variation Deed (2002)
“Overseas Shareholder(s)”	Shareholder(s) whose addresses appear on the register of members of the Company at the close of business on the Distribution Record Date and are in jurisdictions outside Hong Kong
“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
“Proposed Spin-Off”	the proposed spin-off of Tonly Holdings, details of which are set out in the announcements of the Company dated 22 February 2013, 19 April 2013, 28 June 2013, 3 July 2013 and 15 July 2013
“Relevant Business”	the research and development, manufacturing and sales relating to AV products (excluding TV sets)
“Reorganisation”	the corporate reorganisation of the Group in preparation for the Proposed Spin-Off, the results of which are that the subsidiaries of the Company engaging in the research and development, manufacturing and sales of AV products for third parties’ brands on an ODM basis would become the subsidiaries of Tonly Holdings
“Restricted Activity”	means the restricted activities from carrying on by TCL Corporation and TCL Industries and their respective associates pursuant to the Original Non-Competition Deeds which, at present are the manufacture, assembly, distribution and maintenance of audiovisual products and products relating to internet related information technology

DEFINITIONS

“RHB OSK Capital”	RHB 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 Non-Competition Arrangement
“Second Variation Deed (2013)”	the variation deed dated 15 July 2013 entered into among TCL Corporation, TCL Industries and the Company for the purpose of modifying the scope of Restricted Activity
“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
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder of the Company
“TCL Corporation Group”	TCL Corporation and its subsidiaries
“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
“Tonly Group”	Tonly Holdings and its subsidiaries. For the purpose of this circular, Tonly Group has been treated and its financial information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed on 1 January 2010
“Tonly Holdings”	Tonly Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability and wholly-owned by the Company as at the date of this circular
“%”	per cent.

LETTER FROM THE BOARD



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
Zhao Zhongyao
Yu Guanghui

Non-Executive Directors:

Albert Thomas da Rosa, Junior
Huang Xubin
Bo Lianming
Yan Xiaolin

Independent Non-executive Directors:

Tang Guliang
Robert Maarten Westerhof
Wu Shihong
Tseng Shieng-chang Carter

Alternative Director:

Hao Yi (the alternate director to Zhao Zhongyao)

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business in Hong Kong:

13th Floor, TCL Tower
8 Tai Chung Road
Tsuen Wan
New Territories
Hong Kong

17 July 2013

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
NON-COMPETITION ARRANGEMENT FOR IMPLEMENTATION
OF THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
TONLY HOLDINGS ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

SANCTION OF DISTRIBUTION IN SPECIE

AND

ELECTION OF DIRECTOR

A. INTRODUCTION

Reference is made to the Announcement dated 15 July 2013. For the purpose of implementing the Proposed Spin-Off of Tonly Holdings, the Company entered into the Second Variation Deed (2013) with TCL Corporation and TCL Industries on 15 July 2013, while at the same time, Tonly Holdings (a

LETTER FROM THE BOARD

wholly owned subsidiary of the Company before the completion of the Proposed Spin-Off) entered into the Deed of Non-Competition (Tonly) with TCL Corporation and TCL Industries. Given the fact that TCL Corporation and TCL Industries are the controlling shareholders of the Company, the Non-Competition Arrangement under the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly) constitutes a connected transaction of the Company under the Listing Rules. The Non-Competition Arrangement under the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly) is not in the ordinary and usual course of business of the Company. It is subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules. TCL Corporation, TCL Industries and their respective associates shall abstain from voting under Rule 14A.54 of the Listing Rules.

Pursuant to Practice Note 15 to the Listing Rules, the Company is required to provide the Shareholders with an assured entitlement to shares of Tonly Holdings. The Board intends to provide the assured entitlement by way of a Distribution in Specie of the entire interest of the Company in Tonly Holdings.

The purposes of this circular are:

- (i) to provide you with further information in relation to the Non-Competition Arrangement, the Distribution in Specie and election of Mr. Yan Xiaolin as a non-executive director of the Company;
- (ii) to set out the letter of advice from RHB OSK Capital to the Independent Board Committee and the Independent Shareholders in relation to the Non-Competition Arrangement and the recommendation of the Independent Board Committee as advised by RHB OSK Capital; and
- (iii) to seek your approval of the ordinary resolutions in relation to the Non-Competition Arrangement, the Distribution in Specie and election of Mr. Yan Xiaolin as a non-executive director of the Company, which are set out in the notice of the EGM.

Background

Information about the Group, TCL Corporation, TCL Industries and Tonly Holdings

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

LETTER FROM THE BOARD

TCL Industries is a wholly owned subsidiary of TCL Corporation. It is an investment holding vehicle of TCL Corporation.

As at the date hereof, Tonly Holdings is a wholly owned subsidiary of the Company. Tonly Group is principally engaged in the research and development, manufacturing and sales of AV products for third parties' brands on an ODM basis. Its products generally fall into three categories, namely (i) video products, mainly DVD Players, BD Players and Media Boxes; (ii) audio products, mainly Home Theater System (家庭影院) ("HTS"), Micro & Mini speakers (小型音箱) ("Micro & Mini"), Soundbars, Dockings and Wireless Speakers; and (iii) other products, mainly Advanced Broadcasting System-Satellite (直播星) ("ABS-s") and components. For the year ended 31 December 2012, the revenue and net profit after tax of Tonly Group amounted to approximately HK\$3,653.1 million and HK\$94.7 million, respectively and as at 31 March 2013, Tonly Group's total asset and net asset amounted to HK\$3,568.2 million and HK\$437.9 million, respectively.

Proposed Spin-Off

Reference is made to the announcements of the Company dated 22 February 2013, 19 April 2013, 28 June 2013, 3 July 2013 and 15 July 2013 with respect of the Proposed Spin-Off of Tonly Holdings. The following table summarises the progress of the Proposed Spin-Off up to the date of this circular for Shareholders' information:

Time	Event
22 February 2013	The Board resolved to consider the feasibility of the Proposed Spin-Off
13 March 2013	The Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 of the Listing Rules
17 April 2013	The Stock Exchange informed the Company that the Company might proceed with the Proposed Spin-off
19 April 2013	A listing application (Form A1) was submitted to the Stock Exchange for an application for the listing of, and permission to deal in, the shares of Tonly Holdings
since 19 April 2013	The application process is underway
27 June 2013	The listing application of Tonly Holdings was reviewed by the Listing Committee of the Stock Exchange

The shares of Tonly Holdings are intended to be listed by way of introduction and there will be no offering to the Proposed Spin-Off. In accordance with the requirements of PN15 of the Listing Rules, the Board proposes to give due regard to the interests of the Shareholders by providing Shareholders with an assured entitlement to the shares of Tonly Holdings by way of a Distribution In Specie of 100% of the shares in Tonly Holdings.

The Proposed Spin-Off is conditional upon:

- (a) the Stock Exchange approving the Proposed Spin-Off;

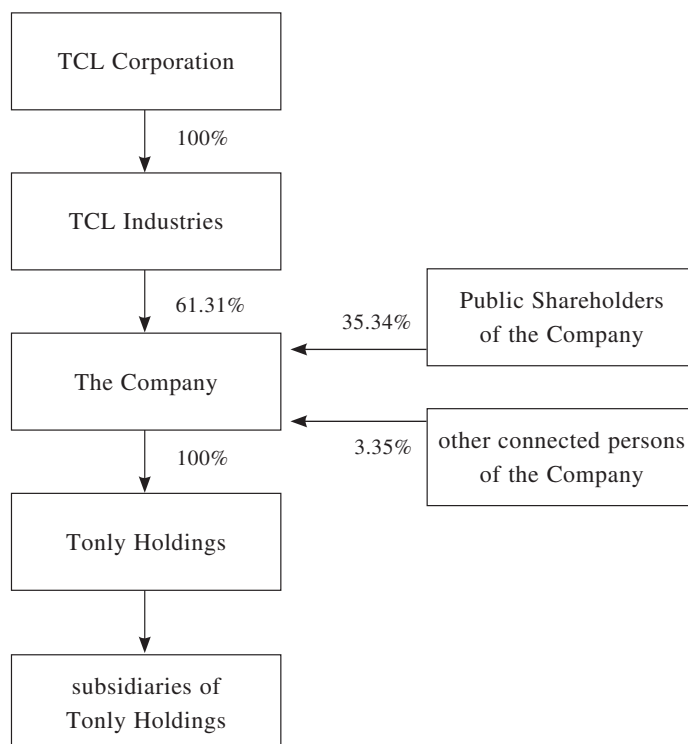
LETTER FROM THE BOARD

- (b) the approval of the Non-Competition Arrangement by the Independent Shareholders at the EGM;
- (c) the Listing Committee granting listing of, and permission to deal in, the shares of Tonly Holdings on the Main Board of the Stock Exchange; and
- (d) the sanction by the Shareholders of the Distribution In Specie at the EGM.

Tonly Holdings has appointed BNP Paribas Securities (Asia) Limited and Kim Eng Securities (Hong Kong) Limited as the joint sponsors in relation to the Proposed Spin-Off.

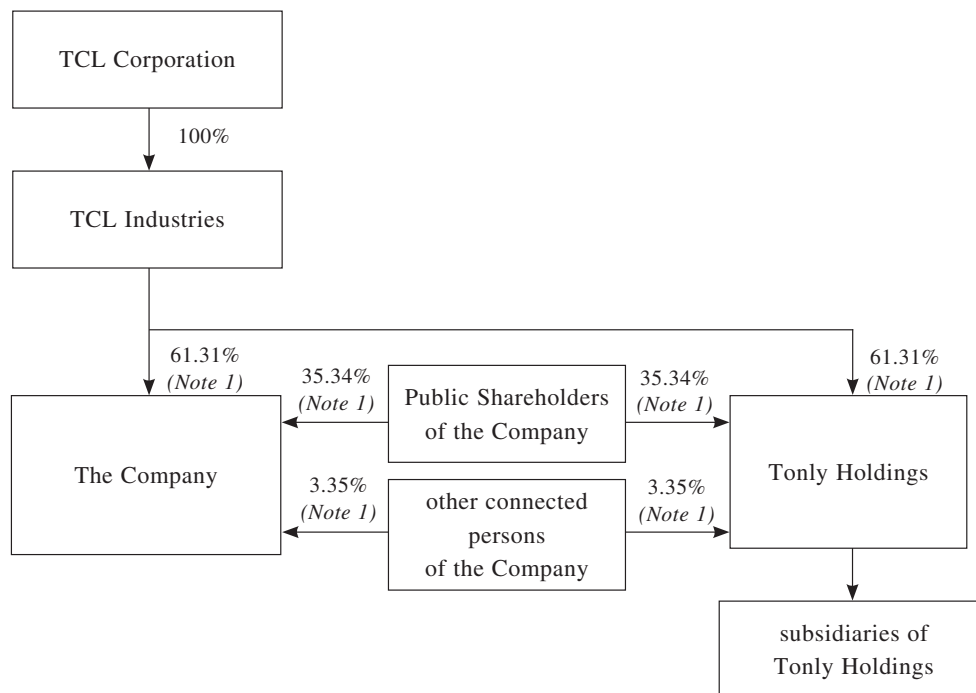
Set out below is the proposed corporate structure relating to TCL Corporation, TCL Industries and Tonly Holdings before and upon completion of the Proposed Spin-Off:

Before completion of the Proposed Spin-Off



LETTER FROM THE BOARD

Upon completion of the Proposed Spin-Off



Note:

1. The percentages are calculated based on the issued share capital of the Company and its respective shareholdings as at the Latest Practicable Date and assuming they will remain unchanged immediately after the completion of the Proposed Spin-Off.

Deed of Non-Competition (1999) and First Variation Deed (2002)

Reference is made to the circular of the Company dated 24 May 2002.

Pursuant to the Deed of Non-Competition (1999), TCL Corporation and TCL Industries have undertaken not to directly or indirectly, carry on or be engaged or interested in the manufacture, assembly, distribution and maintenance of audio-visual products, white goods and products relating to internet related information technology from time to time. Pursuant to the First Variation Deed (2002), the manufacture, assembly, distribution and maintenance of white goods have been excluded from the scope of the non-competition business (“Restricted Activity”).

Thus, the combined effect of the Deed of Non-Competition (1999) and First Variation Deed (2002) is that TCL Corporation and TCL Industries cannot participate in the Restricted Activity which includes the Relevant Business and TCL Corporation and TCL Industries can only participate in the Relevant Business through the Company.

B. THE NON-COMPETITION ARRANGEMENT

Upon completion of the Proposed Spin-Off, Tonly Holdings will cease to be a subsidiary of the Company. Both Tonly Holdings and the Company will become fellow subsidiaries of TCL Corporation and TCL Industries. Technically speaking, TCL Corporation and TCL Industries (through their shareholdings in Tonly Holdings, instead of the Company) will be engaged in the Relevant Business which currently falls under the scope of non-competition under the Original Non-Competition Deeds, and accordingly will be in breach of the undertakings made under such deeds.

LETTER FROM THE BOARD

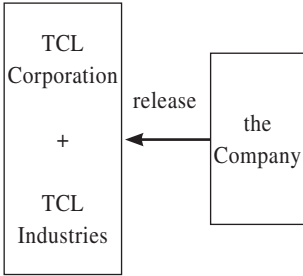
In accordance with PN15 of the Listing Rules, a clear business delineation is required for the Proposed Spin-Off. It is integral that TCL Corporation, TCL Industries and the Company shall not continue to engage in the Relevant Business after completion of the Proposed Spin-Off. In addition, Tonly Holdings shall be free from competition by the Company, TCL Corporation, TCL Industries and their respective associates in the area of Relevant Business.

Taking the above-mentioned factors into consideration, the Non-Competition Arrangement consists of two limbs (for details, please refer to page 11 to page 13 of this circular):

- the Company entered into the Second Variation Deed (2013) with TCL Corporation and TCL Industries; and
- Tonly Holdings (the spun-off entity and currently a wholly owned subsidiary of the Company) entered into the Non-Competition Deed (Tonly) with TCL Corporation and TCL Industries.

LETTER FROM THE BOARD

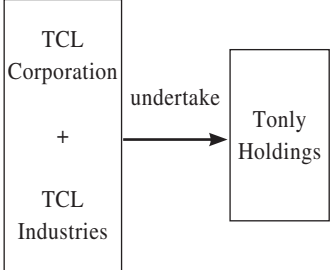
Set out below is the mechanism of the Non-Competition Arrangement and the details of the relevant agreements:

Deed entered into on 15 July 2013	Parties to the deed				Mechanism and effect
	TCL Corporation	TCL Industries	the Company	Tonly Holdings	
Second Variation Deed (2013): 	√	√	√		<ul style="list-style-type: none"> The Second Variation Deed (2013) will exclude the Relevant Business from the scope of the Original Non-Competition Deeds so as to permit TCL Corporation and TCL Industries to participate in the Relevant Business through Tonly Holdings. Such amendments are made also for avoiding the possible technical breach as a result of the completion of Proposed Spin-Off when Tonly Holdings will cease to be a subsidiary of the Company and become an indirect subsidiary of TCL Corporation through TCL Industries. The Company only permits Tonly Holdings (but not TCL Corporation, TCL Industries and their respective associates (other than Tonly Holdings and its subsidiaries)) to engage in the Relevant Business. This release will be conditional upon: <ol style="list-style-type: none"> the listing of Tonly Holdings; TCL Corporation and TCL Industries remaining as the controlling shareholders of Tonly Holdings; and The Relevant Business remaining as the principal business of Tonly Holdings.

LETTER FROM THE BOARD

Deed entered into on 15 July 2013	Parties to the deed				Mechanism and effect
	TCL Corporation	TCL Industries	the Company	Tonly Holdings	
<p>Deed of Non-Competition (Tonly):</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <div style="display: flex; align-items: center; justify-content: center;"> <div style="border: 1px solid black; padding: 5px; text-align: center; width: 100px;"> TCL Corporation + TCL Industries </div> <div style="margin: 0 10px; text-align: center;"> undertake → </div> <div style="border: 1px solid black; padding: 5px; text-align: center; width: 100px;"> Tonly Holdings </div> </div> </div>	√	√		√	<ul style="list-style-type: none"> • The Deed of Non-Competition (Tonly) is an undertaking from TCL Corporation and TCL Industries to Tonly Holdings. TCL Corporation and TCL Industries (“Covenantors”) shall not and shall procure that their respective associates not to, directly or indirectly, carry on or be engaged or interested in the Relevant Business (except for holding interest in Tonly Holdings). • Even though the Company is not a party to this deed, TCL Corporation and TCL Industries will exercise their influence on the board and management of the Company, which is a non-wholly owned subsidiary of TCL Corporation and TCL Industries so as to cause the Company to comply with this undertaking. • Notwithstanding the undertaking above, <ol style="list-style-type: none"> (1) there is no restriction on TCL Corporation and TCL Industries directly or indirectly engaging or having an interest in or continuing to engage or have an interest in the Relevant Business if they are so involved through their respective direct or indirect interest in Tonly Holdings; (2) there is no restriction on the Covenantors either directly or indirectly holding or being interested in shares or other securities in any company which is engaged or interested in any Relevant Business and whose Shares or securities are listed on a stock exchange (the “Subject Company”) provided that (i) the aggregate number of shares held by the Covenantors or in which they are interested does not amount to more than 10 per cent. of the issued shares of the Subject Company; (ii) the revenue or assets of the Subject Company attributable to the Relevant Business recorded in the consolidated audited accounts of the latest full financial year immediately before the acquisition is less than 20% of its consolidated total revenue or consolidated total assets (as the case may be); or (iii) neither the Covenantors nor any of their subsidiaries can exercise any control, directly or indirectly, over the board of directors of the Subject Company; and

LETTER FROM THE BOARD

Deed entered into on 15 July 2013	Parties to the deed				Mechanism and effect
	TCL Corporation	TCL Industries	the Company	Tonly Holdings	
Deed of Non-Competition (Tonly):  <p>The diagram shows two boxes on the left: 'TCL Corporation' and 'TCL Industries' with a '+' sign between them. An arrow labeled 'undertake' points from these boxes to a box on the right labeled 'Tonly Holdings'.</p>	√	√		√	(3) there is no restriction on the Covenantors directly or indirectly engaging in the sales of AV Products (excluding TV sets) which are purchased by the Covenantors or any of their subsidiaries from the Tonly Group with the sole purpose of such subsequent sales to customers. • The procurement obligation on the part of TCL Corporation and TCL Industries will be conditional upon: <ol style="list-style-type: none"> (1) the listing of Tonly Holdings; (2) TCL Corporation and TCL Industries remaining as the controlling shareholders of Tonly Holdings; and (3) The Relevant Business remaining as the principal business of Tonly Holdings.

Measures to be taken

For good corporate governance practices, in relation to compliance with the terms of the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly), the Company and Tonly Holdings will adopt the following measures:

- (i) Each of TCL Corporation and TCL Industries shall make a semi-annual confirmation to the Company and Tonly Holdings regarding their respective compliance with the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly) and disclosure in this regard will be made in the interim or annual reports of the Company and Tonly Holdings (as the case may be). Disclosure on how the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly) is complied with and enforced is consistent with the principles of making voluntary disclosures in the corporate governance report of the Company and Tonly Holdings (as the case may be).
- (ii) The independent non-executive Directors of the Company and Tonly Holdings (as the case may be) shall review the information provided by TCL Corporation and TCL Industries in respect of the compliance and enforcement of the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly).
- (iii) Each of TCL Corporation and TCL Industries shall undertake to provide all information necessary for the review by the independent non-executive Directors of the Company and Tonly Holdings and the enforcement of the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly) (as the case may be).

LETTER FROM THE BOARD

- (iv) The Company and Tonly Holdings (as the case may be) shall disclose decisions on matters reviewed by its independent non-executive Directors in relation to the compliance and enforcement of the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly) either through the interim or annual report, or by way of announcements to the public.

Reasons for entering into the Non-Competition Arrangement

The purpose of the Non-Competition Arrangement is to implement the Proposed Spin-Off. The agreements are designed to deal with the technical issues arising from the Original Non-Competition Deeds and to meet the needs for maintaining a proper operation of Tonly Holdings as a separate listed company. The Board is of the view that the separate listing of Tonly Holdings will be beneficial to both the Company (as well as the Shareholders) and Tonly Holdings. The reasons were set out in the announcement of the Company dated 19 April 2013 in detail.

Listing Rules Implications

The Non-Competition Arrangement has been approved by the Board on 15 July 2013.

As none of the Directors have a material interest in the proposed entering into of the Non-Competition Arrangement, none of them were required to nor had abstained from voting at the Board resolution approving the transactions contemplated in this circular.

As at the Latest Practicable Date, TCL Corporation through its wholly owned subsidiary, TCL Industries, holds 816,094,475 Shares, representing approximately 61.31% of the total issued share capital of the Company. Accordingly, TCL Corporation and TCL industries are connected persons of the Company under the Listing Rules. The proposed entering into of the Non-Competition Arrangement constitutes connected transaction of the Company which are subject to Independent Shareholders' approval as required under Rule 14A of the Listing Rules. TCL Corporation, TCL Industries and their respective associates and any Shareholders who are involved in, or interested in the Non-Competition Arrangement shall abstain from voting at the EGM in respect of the ordinary resolution to approve the Non-Competition Arrangement.

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 Non-Competition Arrangement. Pursuant to Rule 14A.22 of the Listing Rules, RHB 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 Non-Competition Arrangement is on normal commercial terms, and the terms of the Non-Competition Arrangement are fair and reasonable, and whether it is in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

LETTER FROM THE BOARD

Recommendation

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 19 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Non-Competition Arrangement; and (ii) the letter from RHB OSK Capital set out on pages 20 to 25 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 Non-Competition Arrangement.

The Board considers that the Non-Competition Arrangement 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 Non-Competition Arrangement.

The Independent Board Committee, having taken into account the advice of RHB OSK Capital, the independent financial adviser, considers that the Non-Competition Arrangement is on normal commercial terms, 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 Non-Competition Arrangement.

C. SANCTION OF THE DISTRIBUTION IN SPECIE

The Board intends to fulfill the assured entitlement requirement in Practice Note 15 to the Listing Rules by declaring a special dividend on the Shares in accordance with the Articles of Association of the Company and the Companies Law of Cayman Islands and satisfying such dividend by the Distribution in Specie.

Article 145(c) of the Articles of Association empowers the Board to declare and pay special dividends on the Shares from time to time. Article 152 of the Articles of Association provides that the Board, with the sanction of the Company's members in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares of any other company.

Reference is made to the announcement issued by the Company dated 15 July 2013 in relation to the declaration of a conditional special interim dividend and to the listing document issued by Tonly Holdings on the same date. The Distribution in Specie will be in the proportion of one share of Tonly Holdings for every ten Shares held by Shareholders as at the close of business on the Distribution Record Date. Fractional entitlements will not be allotted to the Shareholders but will be aggregated and sold and the sale proceeds after deduction of related expenses will be retained by and for the benefit of Tonly Holdings. Such distribution is conditional upon, inter alia, the sanction by the Shareholders. The Company shall seek Shareholders' sanction so that the Board could satisfy the special dividend by way of the Distribution in Specie. No Shareholder of the Company shall abstain from the voting at the EGM in respect of the ordinary resolution to approve the Distribution in Specie.

LETTER FROM THE BOARD

If there are any Overseas Shareholders at the close of business on the Distribution Record Date, the Directors will make enquiries, based on legal opinions provided by legal advisers if the Directors consider it necessary, as to whether the transfer of the shares of Tonly Holdings to the Overseas Shareholders may contravene the applicable securities legislations of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange. If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to transfer the shares of Tonly Holdings to such Overseas Shareholders, the Excluded Shareholders (if any) will still be entitled to the distribution but will not receive the shares of Tonly Holdings. Instead, they will receive a cash amount equals to the net proceeds of the sale by the Company, if such net proceeds shall exceed HK\$100.00, on their behalf of the shares of Tonly Holdings to which they would otherwise be entitled pursuant to the distribution after dealings in the shares of Tonly Holdings commence on the Stock Exchange at the prevailing market price. If the net proceeds shall be below HK\$100.00, Tonly Holdings will retain such amount. The Company will ensure that the purchaser(s) of such shares of Tonly Holdings will be Independent Third Party(ies). The net proceeds of such sale will be paid to the relevant Excluded Shareholders in Hong Kong dollars. Cheques for such net proceeds are expected to be despatched within approximately two weeks following the commencement of dealings in the shares of Tonly Holdings on the Main Board. As at the Latest Practicable Date, there was no Overseas Shareholder.

D. ELECTION OF A DIRECTOR

Reference is made to the announcement of the Company dated 24 April 2013 in relation to, amongst others, the appointment of Mr. YAN Xiaolin (“Mr. YAN”) as a non-executive director of the Company. Pursuant to A.4.2 of Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules, directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Accordingly, Mr. YAN is subject to election by Shareholders at the EGM.

Set out below are details of Mr. YAN who is proposed to be elected at the EGM.

Mr. YAN, aged 46, has been serving as the Chief Technology Officer (the “CTO”) of TCL Corporation since December 2012 and the President of TCL Corporate Research of TCL Corporation (“TCL Corporate Research”, TCL集團工業研究院) since October 2005. Mr. YAN joined TCL Corporation Group in May 2001. From May 2001 to December 2004, he served as the Project Manager, Director of Research Institute and Deputy General Manager of the Research & Development Centre of the Company. From December 2004 to October 2005, he was the CTO of Components Strategic Business Unit of TCL Corporation and the Deputy Principal and Acting Principal of TCL Corporate Research. From May 2008 to November 2012, Mr. YAN was the Vice President of TCL Corporation.

Mr. YAN is also the Person-in-charge of the expert group of the New Display Key Project of the 12th five-year plan of the Ministry of Science and Technology of the PRC (國家科技部十二五新型顯示重點專項總體專家組負責人), a Committee Member of the Electrical Technology Committee of the Ministry of Industry and Information Technology of the PRC (國家工信部電子科技委委員), a Director of the Beijing Chapter of the Society of Information Display (國際顯示學會(SID)北京分會理事長), a Director of the Display Technology Committee of the Chinese Vacuum Society (中國真空學會平板顯

LETTER FROM THE BOARD

示技術分會理事長), a Director of the Engineering Research Centre of Digital Family Life of the PRC (國家數字家庭工程實驗室主任), an Executive Director of the Engineering Technology Research Centre of Digital Family Life of the PRC (國家數字家庭工程技術研究中心執行主任) and the Chairman of the China 3D Industry Association (中國3D產業聯盟會長).

Mr. YAN graduated from the Institute of Plasma Physics of Chinese Academy of Science with a Doctoral Degree in July 1999. From July 1999 to May 2001, he worked as a post-doctoral fellow in the Chinese Academy of Science.

Mr. YAN has nearly 15 years of experience in the high-tech industry and enjoys a good reputation in his professional area. He was awarded or honoured the PRC Quality Entrepreneur for Endogenous Innovation (全國企業自主創新優秀人物), special allowance from the State Council of the PRC (國務院國家政府津貼), the Outstanding Expert of Contribution to Chinese Colour TV (中國彩電傑出貢獻專家), the Innovator for Chinese TV Broadcasting Technology (中國廣播電視技術創新人物), the Labour Model of Guangdong Province (廣東省勞動模範) and the Outstanding National Leader of Shenzhen (深圳市國家級領軍人才). In addition, Mr. YAN completed 12 national projects as a person-in-charge, formulated one set of International Electrotechnical Commission international standard and two sets of national standard as a group leader, as well as registered 32 patents of his inventions as a chief inventor, two of which were awarded the Gold Award and Outstanding Award of the PRC National Patent Award respectively.

Save as disclosed above, Mr. YAN does not at present, and did not in the past three years, hold any directorship in any other listed public companies or any other position with the Company or any other members of the Group.

There is a service contract for his directorship in the Company pursuant to which Mr. YAN is appointed for a term of three years commencing from 24 April 2013 subject to election by Shareholders at the EGM and retirement by rotation and re-election at annual general meetings of the Company in accordance with the articles of association of the Company and the Listing Rules. Mr. YAN is entitled to an annual director's fee of HK\$120,000 which is determined by the Board based on the recommendation by the remuneration committee of the Company, with reference to his duties and responsibilities with the Company and the market rate for the position.

As at the Latest Practicable Date, Mr. YAN holds:

1. options to subscribe for 283,467 shares of the Company;
2. 34,600 unvested awarded shares of the Company;
3. options to subscribe for 212,200 shares of TCL Communication Technology Holdings Limited, an associate of the Company; and
4. 531,500 shares of TCL Corporation and options to subscribe for 4,310,400 shares of TCL Corporation.

Save as disclosed above, Mr. YAN has no interest in the shares of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance and does not

LETTER FROM THE BOARD

have any relationship with any other directors, senior management or any substantial or controlling shareholders of the Company.

There is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(w) of the Listing Rules, and the Board is not aware of any other matters which need to be brought to the attention of the shareholders of the Company.

E. EGM

The Company will convene the EGM at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 1 August 2013, at 4:30 p.m, at which ordinary resolutions will be proposed for the purposes of considering and if thought fit, approving the Non-Competition Arrangement, the Distribution in Specie and the election of Mr. YAN as a non-executive Director respectively. The voting at such meeting will be taken on a poll and the Company will make an announcement of the poll results. TCL Corporation, TCL Industries and their respective associates and any Shareholders who are involved in, or interested in the transactions contemplated in Non-Competition Arrangement will abstain from voting at the EGM in respect of the ordinary resolution to approve the transactions contemplated in Non-Competition Arrangement. The notice of the EGM is set out on pages 33 and 34 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.

F. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on Thursday, 1 August 2013, 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 Wednesday, 31 July 2013.

G. OTHER INFORMATION

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

Yours faithfully,
By order of the Board
Li Dongsheng
Chairman



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)

17 July 2013

To: the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
NON-COMPETITION ARRANGEMENT FOR IMPLEMENTATION
OF THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
TONLY HOLDINGS ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

We refer to the circular of the Company dated 17 July 2013 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 Non-Competition Arrangement (including the Second Variation Deed (2013) and the Deed of Non-Competition (Tonly)), 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 RHB OSK Capital set out on pages 5 to 18 and pages 20 to 25 of the Circular respectively.

Having taken into account of the advice of RHB OSK Capital, the independent financial adviser, we consider that the Non-Competition Arrangement is on normal commercial term, 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 Non-Competition Arrangement.

Yours faithfully,

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

Tseng Shieng-chang Carter
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



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

17 July 2013

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

Dear Sirs or Madam,

CONNECTED TRANSACTION NON-COMPETITION ARRANGEMENT FOR IMPLEMENTATION OF THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF TONLY HOLDINGS ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders with respect to the Non-Competition Arrangement, details of which are set out in the circular of TCL Multimedia Technology Holdings Limited (the “**Company**”) dated 17 July 2013 (the “**Circular**”) to the Shareholders, 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.

As referred to in the letter from the Board (the “**Letter from the Board**”) of the Circular, Tonly Holdings is a wholly owned subsidiary of the Company. The Company is contemplating by way of a Distribution in Specie of its entire shareholding in Tonly Holdings (after its restructuring) and seeking a listing of such distributed shares on the Main Board of the Stock Exchange.

As referred to in the Letter from the Board, each of TCL Corporation and TCL Industries is a controlling shareholder of the Company. Therefore, the Non-Competition Arrangement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Company proposes to seek the approval from the Independent Shareholders for the Non-Competition Arrangement to facilitate the Proposed Spin-Off. The Non-Competition Arrangement is subject to approval by the Independent Shareholders at the EGM. TCL Corporation, TCL Industries and their respective associates and any Shareholders who are involved in, or interested in the Non-Competition Arrangement (in aggregate holding 816,094,475 Shares, representing 61.31% of the entire issued share capital of the Company) shall abstain from voting at the EGM on the resolution approving the Non-Competition Arrangement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide you with an independent opinion and recommendation as to whether the Non-Competition Arrangement is on normal commercial terms, and the terms of the Non-Competition Arrangement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. The Independent Board Committee comprising all the independent non-executive Directors, namely Tang Guliang, Robert Maarten Westerhof, Wu Shihong and Tseng Shieng-chang Carter, has been established to advise the Independent Shareholders in respect of the Non-Competition Arrangement.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the accuracy of the information and facts supplied, and the opinions expressed by the Group, the Directors and the Group's management to us. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due enquiry. We have also assumed that all information, representations and opinion made or referred to in the Circular were true, accurate and complete at the time they were made and will continue to be true at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, the Directors and the Group's management, and have been advised by the Directors that no material facts have been omitted from the information provided by or referred to in the Circular.

In rendering our opinion, apart from discussions with the Directors and Group's management, we have researched, analyzed and relied on information in relation to the Company, TCL Corporation, TCL Industries and Tonly Holdings as set out below:

- (i) the Second Variation Deed (2013);
- (ii) the Deed of Non-Competition (Tonly);
- (iii) the First Variation Deed (2002);
- (iv) the Deed of Non-Competition (1999); and
- (v) the Circular.

We have assumed such information to be accurate and reliable and have not carried out any independent verification on the accuracy of such information, which provides us with a basis on which we have been able to formulate our independent opinion. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We also consider that we have performed all reasonable steps as required under Rule 13.80 of the Listing Rules (including the notes thereto) to formulate our opinion and recommendation. We have not, however, conducted any form of in-depth investigations into the business affairs, financial position and future prospects of the Group and the parties to the Non-Competition Arrangement, nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Group, the Directors and the Group's management.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL REASONS AND FACTORS CONSIDERED

In formulating our opinion in respect of the Non-Competition Arrangement, we have taken into consideration, among other things, the following principal reasons and factors:

I. INFORMATION OF THE COMPANY AND TONLY HOLDINGS

The Company has been listed on the Stock Exchange since November 1999. Currently, Tonly Holdings is a wholly owned subsidiary of the Company. The Company is contemplating by way of a Distribution in Specie of its entire shareholding in Tonly Holdings if the Proposed Spin-Off proceeds.

Tonly Group is principally engaged in the research and development, manufacturing and sales of AV products for third parties' brands on an ODM basis. The products of Tonly Group generally fall into three categories, namely (i) video products, mainly DVD Players, BD Players and Media Boxes; (ii) audio products, mainly Home Theater System, Micro & Mini speakers, Soundbars, Dockings and Wireless Speakers; and (iii) other products, mainly Advanced Broadcasting System-Satellite and components.

II. BACKGROUND

Pursuant to the Deed of Non-Competition (1999), TCL Corporation and TCL Industries have undertaken not to directly or indirectly, carry on or be engaged or interested in the manufacture, assembly, distribution and maintenance of audio-visual products, white goods and products relating to internet related information technology from time to time. Pursuant to the First Variation Deed (2002), the manufacture, assembly, distribution and maintenance of white goods have been excluded from the scope of the Restricted Activity.

Thus, the combined effect of the Deed of Non-Competition (1999) and First Variation Deed (2002) is that TCL Corporation and TCL Industries cannot participate in the Restricted Activity which includes the Relevant Business and TCL Corporation and TCL Industries can only participate in the Relevant Business through the Company.

Upon completion of the Proposed Spin-Off, Tonly Holdings will cease to be a subsidiary of the Company. Both Tonly Holdings and the Company will become fellow subsidiaries of TCL Corporation and TCL Industries. Technically speaking, TCL Corporation and TCL Industries (through their shareholdings in Tonly Holdings, instead of the Company) will be engaged in the Relevant Business which currently falls under the scope of non-competition under the Original Non-Competition Deeds, and accordingly will be in breach of the undertakings made under such deeds.

To avoid the consequence of breaching the Original Non-Competition Deeds following the completion of the Proposed Spin-Off, it is proposed that the Original Non-Competition Deeds be amended so as to ensure that the completion of the Proposed Spin-Off will not result in such breach.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

III. THE NON-COMPETITION ARRANGEMENT

Taking into account the Original Non-Competition Deeds and to ensure that there is a clear delineation between the businesses of the Company and Tonly Holdings upon completion of the Proposed Spin-Off, relevant arrangements set out below, if passed at the EGM, will be entered into:

- (i) the Deed of Non-Competition (Tonly), an undertaking from TCL Corporation and TCL Industries to Tonly Holdings pursuant to which TCL Corporation and TCL Industries shall not and shall procure that their respective associates not to, directly or indirectly, carry on or be engaged or interested in the Relevant Business (except for holding interest in Tonly Holdings). Even though the Company is not a party to the Deed of Non-Competition (Tonly), TCL Corporation and TCL Industries will exercise their influence on the board and management of the Company, which is a non-wholly owned subsidiary of TCL Corporation, and TCL Industries so as to cause the Company to comply with the undertaking; and
- (ii) the Second Variation Deed (2013) to be entered into among TCL Corporation, TCL Industries and the Company pursuant to which the Relevant Business shall be excluded from the scope of the Original Non-Competition Deeds so as to permit TCL Corporation and TCL Industries to participate in the Relevant Business through Tonly Holdings.

As the Original Non-Competition Deed must be modified to remove restrictions related to the Relevant Business, we concur with the Directors' view that the entering into of the Non-Competition Arrangement to exclude the Relevant Business from the scope of the Restricted Activity to be fair and reasonable.

IV. FURTHER ANALYSIS

The Non-Competition Arrangement is for the implementation the Proposed Spin-Off. The relevant agreements are designed to deal with the technical issues arising from the Original Non-Competition Deeds and to meet the needs for maintaining a proper operation of Tonly Holdings as a separate listed company. Subject to the approval of the Non-Competition Arrangement by the Independent Shareholders at the EGM, we note that the Proposed Spin-Off is expected to bring the following benefits to the Group or the Shareholders:

- (i) the Company and Tonly Holdings, operating in different business segments, are believed to have different growth profiles and different business strategies. By delineating clearly between the Company's TV business and Tonly Holdings' Relevant Business, the Proposed Spin-Off will allow separate platforms for the businesses of the two groups. To the extent possible, the potential negative effects cast on the amount of orders given by the clients' group, as a result of the potential conflict due to the fact that Tonly Holdings is currently merely a subsidiary of the Company, are avoided;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the Proposed Spin-Off will create two groups of companies and will offer investors with an opportunity to participate in the future development of both the Company as well as Tonly Holdings and flexibility to invest in both or either of the groups;
- (iii) the Proposed Spin-Off will enable the management of the Company to continue to focus on building the core businesses of the Company, thereby enhancing the decision-making process and its responsiveness to market changes;
- (iv) the Proposed Spin-Off will provide a mechanism to attract and motivate Tonly Holdings' management to be directly in charge of the operating and financial performance on a standalone basis;
- (v) the Proposed Spin-Off will provide separate fund-raising platforms for the Company and for Tonly Holdings with respect to their respective operations and future expansion, which will in particular boost the smooth transformation towards a dedicated company for the business; and
- (vi) investors will be provided with more details of Tonly Holdings' results of operations and can better analyse a more tightly focused company where risk issues are isolated, identified and understood.

We would like to draw the attention of the Independent Shareholders that the Non-Competition Arrangement is intended to facilitate the implementation the Proposed Spin-Off. Based on the abovementioned reasons, we are of the view that the separate listing of Tonly Holdings will be beneficial to both the Company (as well as the Shareholders) and Tonly Holdings.

In addition, the Non-Competition Arrangement will ensure a clear delineation between the businesses of the Company and Tonly Holdings and release the potential value of each of the group upon completion of the Proposed Spin-Off, which will allow the Company to focus on its core businesses in the future, and the Shareholders to benefit from the value of the shares of both the Company and Tonly Holdings from the growth of the two groups by restricting Company from engaging in the Relevant Business to eliminate the potential negative effects and conflicts with Tonly Holdings. In the event the Non-Competition Arrangement is not approved by the Independent Shareholders at the EGM, the Proposed Spin-Off will not proceed and the Shareholders will not be able to enjoy the benefits of the Proposed Spin-Off. Taking into account (i) the Proposed Spin-Off is conditional upon, among other things, the Non-Competition Arrangement; and (ii) the expected benefits of the Proposed Spin-Off as mentioned above, we consider that the Non-Competition Arrangement is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

OPINION AND RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the Non-Competition Arrangement is on normal commercial terms, and the terms of the Non-Competition Arrangement are fair and reasonable so far as the Independent Shareholders are concerned, and the Non-Competition Arrangement is in the interests of the Company and the Shareholders as a whole. Thus, we recommend the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM of the Company to approve the Non-Competition Arrangement. We also advise the Independent Shareholders to vote in favour of the resolution to approve the Non-Competition Arrangement at the EGM.

Yours faithfully,

For and on behalf of

RHB OSK Capital Hong Kong Limited

Leo Chan

*Managing Director and
Head of Investment Banking*

Conrad Cheng

*Director
Corporate Finance*

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	Beneficial owner/ interest of spouse	37,475,888	2.82%
Zhao Zhongyao	Beneficial owner	6,911,714	0.52%
Albert T. da. Rosa, Jr.	Beneficial owner	21,429	0.002%
Huang Xubin	Beneficial owner	43,257	0.003%
Bo Lianming	Beneficial owner	71,036	0.005%
Tang Guliang	Beneficial owner	21,429	0.002%
Robert Maarten Westerhof	Beneficial owner	21,429	0.002%
Wu Shihong	Beneficial owner	21,429	0.002%
Hao Yi	Beneficial owner	1,163	0.00009%

(b) Other interests of the Company

Name of Directors	Type of interest	Other interests	Approximate percentage of issued share capital of the Company
Li Dongsheng	Beneficial owner	1,100,932	0.08%
Zhao Zhongyao	Beneficial owner	633,017	0.05%
Albert T. da. Rosa, Jr.	Beneficial owner	8,571	0.0006%
Huang Xubin	Beneficial owner	17,303	0.001%
Bo Lianming	Beneficial owner	27,691	0.002%
Yan Xiaolin	Beneficial owner	34,600	0.003%
Tang Guliang	Beneficial owner	8,571	0.0006%
Robert Maarten Westerhof	Beneficial owner	8,571	0.0006%
Wu Shihong	Beneficial owner	8,571	0.0006%
Hao Yi	Beneficial owner	622,776	0.05%

Note: The other interests are restricted shares granted to the relevant directors under a restricted share award scheme of the Company and were not vested as at the Latest Practicable Date.

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

Name of Directors	Type of interest	No. of underlying shares held	Approximate percentage of issued share capital of the Company
Li Dongsheng	Beneficial owner	3,977,200	0.30%
Zhao Zhongyao	Beneficial owner	7,395,900	0.56%
Albert T. da. Rosa, Jr.	Beneficial owner	300,000	0.02%
Huang Xubin	Beneficial owner	708,711	0.05%
Bo Lianming	Beneficial owner	1,275,700	0.10%
Yan Xiaolin	Beneficial owner	283,467	0.02%
Tang Guliang	Beneficial owner	300,000	0.02%
Robert Maarten Westerhof	Beneficial owner	300,000	0.02%
Wu Shihong	Beneficial owner	300,000	0.02%
Hao Yi	Beneficial owner	1,649,778	0.12%

(d) 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	511,570,300	6.02%
Zhao Zhongyao	TCL Corporation	Beneficial owner	4,788,598	0.06%
Huang Xubin	TCL Corporation	Beneficial owner	1,933,360	0.02%
Bo Lianming	TCL Corporation	Beneficial owner	3,550,900	0.04%
Yan Xiaolin	TCL Corporation	Beneficial owner	531,500	0.006%
Hao Yi	TCL Corporation	Interest of spouse	201,600	0.002%
Li Dongsheng	TCL Communication	Beneficial owner / interest of spouse	40,276,756	3.53%
Zhao Zhongyao	TCL Communication	Beneficial owner	443,000	0.04%
Yu Guanghui	TCL Communication	Beneficial owner	740	0.00006%
Bo Lianming	TCL Communication	Beneficial owner	65,700	0.006%
Hao Yi	TCL Communication	Beneficial owner	201,133	0.02%
Zhao Zhongyao	Huizhou Techne Corporation	Beneficial owner	12,443,000	5.41%
Wu Shihong	Huizhou Techne Corporation	Beneficial owner	802,700	0.35%
Yu Guanghui	Tonly Electronics Limited	Interest in controlled corporation	11,426,400	10.80%

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

Name of Directors	Name of associated corporation	Type of interest	No. of underlying shares held	Approximate percentage of the relevant associated corporation's issued share capital
Zhao Zhongyao	TCL Corporation	Beneficial owner	1,846,680	0.02%
Yu Guanghui	TCL Corporation	Beneficial owner	1,026,000	0.01%
Huang Xubin	TCL Corporation	Beneficial owner	2,900,040	0.03%
Bo Lianming	TCL Corporation	Beneficial owner	4,122,840	0.05%
Yan Xiaolin	TCL Corporation	Beneficial owner	4,310,400	0.05%
Li Dongsheng	TCL Communication	Beneficial owner	12,416,165	1.09%
Huang Xubin	TCL Communication	Beneficial owner	2,767,906	0.24%
Bo Lianming	TCL Communication	Beneficial owner	3,388,987	0.30%
Yan Xiaolin	TCL Communication	Beneficial owner	212,200	0.02%

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

Name of Shareholders	Nature of Interest	No. of shares held	Approximate Percentage of issued share capital of the Company
TCL Corporation	Interest of controlled corporation	816,094,475 (note 1)	61.31% (note 2)

Notes:

1. TCL Corporation was deemed to be interested in 816,094,475 shares held by TCL Industries, its direct wholly owned subsidiary, for the purpose of the SFO.
2. Such percentage was calculated based on the issued share capital of the Company as at the Latest Practicable Date, being 1,331,098,119 shares in issue.
3. 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 chief executive officer of TCL Corporation;
 - (b) Mr. ZHAO Zhongyao is an executive director and senior vice president of TCL Corporation;
 - (c) Mr. HUANG Xubin is the chief financial officer of TCL Corporation;
 - (d) Mr. BO Lianming is an executive director, president and chief operating officer of TCL Corporation;
 - (e) Mr. YAN Xiaolin is the chief technology officer of TCL Corporation and the president of TCL Corporate Research of TCL Corporation; and
 - (f) Mr. HAO Yi is a vice president 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
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%
TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL王牌電器(無錫)有限公司)	無錫產業發展集團有限公司	30%
Tonly Electronics Limited	Run Fu Holdings Limited (“Run Fu”) (note 4)	10.8%
Guangdong Regency Optics-Electron Corp. (廣東瑞捷光電股份有限公司)	Weng Xiaoyu (翁曉瑜)	27.3%
Guangdong Regency Optics-Electron Corp. (廣東瑞捷光電股份有限公司)	Li Fengxiang (厲鳳翔)	12.7%

Notes:

4. As at the Latest Practicable Date, Run Fu is held by two limited partnerships established in the PRC, namely Huizhou Guangsheng Investment Partnership Enterprise (Limited Partnership) (惠州市廣勝投資合夥企業(有限合夥)) and Huizhou Yinhuiyu Investment Partnership Enterprise (Limited Partnership) (惠州市銀輝宇投資合夥企業(有限合夥)) as to approximately 55.56% and 44.44% respectively. Huizhou Guangsheng Investment Partnership Enterprise (Limited Partnership) is owned by (i) Mr. Song Yonghong, a director of Tonly Holdings, (ii) Mr. Ren Xuenong, a director of Tonly Holdings, and (iii) 3 employees of Tonly Group, as to approximately 46.50%, 20.03% and 33.47% respectively. Huizhou Yinhuiyu Investment Partnership Enterprise (Limited Partnership) is owned by Mr. Yu Guanghui, our executive Director and his wife, as to approximately 99% and 1% respectively.

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 2012 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. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualifications
RHB 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

RHB OSK Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 17 July 2013 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, RHB OSK Capital 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, nor RHB OSK Capital was interested, directly or indirectly, in any assets which had since 31 December 2012 (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 13th 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) Second Variation Deed (2013);
- (b) Deed of Non-Competition (Tonly);
- (c) the letter from the Independent Board Committee, the text of which is set out on page 19 of this circular;
- (d) the letter from RHB OSK Capital, the text of which is set out on pages 20 to 25 of this circular; and
- (e) the written consent from RHB OSK Capital referred to in the paragraph headed “Expert and Consent” in Appendix I to this circular.

NOTICE OF EGM



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 United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Thursday, 1 August 2013, at 4:30 p.m., to consider and, if thought fit, pass the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. **“THAT**
 - (a) the Non-Competition Arrangement (including the Second Variation Deed (2013) and Deed of Non-Competition (Tonly), both as defined in the circular of the Company dated 17 July 2013) 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 Deed of Non-Competition (Tonly) and the Second Variation Deed (2013) and completing the transactions contemplated by the Deed of Non-Competition (Tonly) and the Second Variation Deed (2013) with such changes as such director may consider necessary, desirable or expedient.”⁽¹⁾
2. **“THAT** as the Company’s board of directors declared, in accordance with the Company’s Articles of Association and the Companies Law of Cayman Islands, a special dividend on the shares of the Company in relation to the proposed spin-off of Tonly Holdings for a separate listing on Main Board of the Stock Exchange, the satisfaction of such dividend wholly by way of distribution of such amount of the Company’s interest in Tonly Holdings (“Distribution in Specie”) be and is hereby approved and **THAT** the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient to implement and administer the Distribution in Specie.”⁽²⁾
3. **“THAT** Mr. YAN Xiaolin be and is elected as a non-executive director of the Company until the conclusion of the annual general meeting of the Company of 2016.”

By Order of the Board
Li Dongsheng
Chairman

Hong Kong, 16 July 2013

NOTICE OF EGM

Notes:

1. Unless stated otherwise, terms used in the resolution shall have the same meanings as those used in the announcement of the Company, dated 15 July 2013, and titled “Connected Transaction – Non-Competition Arrangement for Implementation of the Proposed Spin-Off and Separate Listing of Tonly Holdings on the Main Board of The Stock Exchange of Hong Kong Limited”.
2. Unless stated otherwise, terms used in this resolution shall have the same meanings as those used in the announcement of the Company dated 15 July 2013, and titled “Seeking for Shareholders’ Sanction for Conditional Special Interim Dividend by way of Distribution in Specie”.
3. Please refer to the circular of the Company (to be issued on 17 July 2013) for details and background of the proposed resolutions set out herein.
4. 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.
5. 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.
6. The register of members of the Company will be closed on Thursday, 1 August 2013 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 Wednesday, 31 July 2013.
7. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), the above resolutions will be voted by way of poll; TCL Corporation, TCL Industries and their associates (as defined in the Listing Rules) are required to abstain from voting in respect of the ordinary resolution in relation to the Non-Competition Arrangement.

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