
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 advisor.

If you have sold or transferred all your Shares in TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED (the "Company"), 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**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)

**RENEWAL OF AND/OR REVISING OF EXISTING CONTINUING
CONNECTED TRANSACTIONS, MAJOR TRANSACTIONS IN RESPECT OF DEPOSIT
SERVICES AND FINANCING SERVICES UNDER THE MASTER FINANCIAL SERVICES
(2014 RENEWAL) AGREEMENT, THE MASTER SOURCING (2014 RENEWAL) AGREEMENT
AND THE MASTER SUPPLY (2014 RENEWAL) AGREEMENT,
AND ADVANCE TO AN ENTITY IN RESPECT OF DEPOSIT SERVICES UNDER THE MASTER
FINANCIAL SERVICES (2014 RENEWAL) AGREEMENT**

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

**South China Capital Limited**

A letter from the Board is set out on pages 7 to 33 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 34 of this circular. A letter from South China Capital Limited, the independent financial advisor, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 56 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 16 December 2014, Tuesday at 4:30 p.m. is set out on pages 74 to 76 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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.

CONTENTS

	<i>Page</i>
CONTENTS	i
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	34
LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR	35
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	57
APPENDIX II – GENERAL INFORMATION	62
NOTICE OF EGM	74

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 11 November 2014 relating to the renewal of and/or revising of existing continuing connected transactions, major transactions in respect of Deposit Services and Financing Services under the Master Financial Services (2014 Renewal) Agreement, the Master Sourcing (2014 Renewal) Agreement and the Master Supply (2014 Renewal) Agreement and advance to an entity in respect of Deposit Services under the Master Financial Services (2014 Renewal) Agreement;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“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;
“Deposit Services”	deposit of money by the TCL Multimedia Qualified Members with Finance Company pursuant to the Master Financial Services (2014 Renewal) Agreement;
“Director(s)”	the director(s) of the Company;
“EBIT Percentage”	the percentage figure calculated by dividing the sum of the net income, net interest expenses and tax expenses of the Group by its consolidated net revenue after deduction for all payments by the Group due under the Master TCL Trademark License (2014 Renewal) Agreement;
“EGM”	the extraordinary general meeting of the Company to be convened and held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong, on 16 December 2014, Tuesday at 4:30 p.m. for the purposes of considering and, if thought fit, approving, the Non-exempt Transactions;

DEFINITIONS

“Finance Company”	TCL Finance Co., Ltd., a company owned as to 82% by TCL Corporation, as to 14% by TCL King Electrical Appliances (Chengdu) Company Limited (an indirect wholly-owned Subsidiary of the Company) and as to 4% by JRD Communication (Shenzhen) Ltd. (an indirect wholly-owned Subsidiary of TCL Communication);
“Financing Services”	the provision of loan and credit facilities (including unsecured loans, guarantees, receivable factoring, bill acceptance, bill discounting and secured loans) by Finance Company to the TCL Multimedia Qualified Members pursuant to the relevant Master Financial Services (2014 Renewal) Agreement;
“Goods”	the Multimedia Products or the Parent Products (as the case may be) and the articles, things, components or raw materials required for the manufacture or production of such products and waste products arising from manufacturing or production of any such products;
“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 terms of and the proposed annual caps for the Non-exempt Transactions;
“Independent Shareholders”	Shareholders other than TCL Corporation and TCL Associates;
“Latest Practicable Date”	25 November 2014, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“LCD”	Liquid crystal display;
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange;
“Master Financial Services Agreement”	the master financial services agreement entered into among the Company, TCL Corporation and Finance Company on 26 October 2011;

DEFINITIONS

“Master Financial Services (2014 Renewal) Agreement”	the master financial services agreement entered into among the Company, TCL Corporation and Finance Company in respect of the provision of Deposit Services, Financing Services and Other Financial Services by Finance Company on 11 November 2014;
“Master Logistics Service Supply Agreement”	the master logistics service supply agreement entered into between the Company and Speed Distribution on 26 October 2011;
“Master Logistics Service Supply (2014 Renewal) Agreement”	the master logistics service supply agreement entered into between the Company and Speed Distribution on 11 November 2014;
“Master TCL Trademark License Agreement”	the master TCL trademark license agreement entered into between TCL Corporation and the Company on 26 October 2011;
“Master TCL Trademark License (2014 Renewal) Agreement”	the master TCL trademark license agreement entered into between TCL Corporation and the Company on 11 November 2014;
“Master Sourcing Agreement”	the master sourcing agreement entered into between the Company and TCL Corporation on 26 October 2011;
“Master Sourcing (2014 Renewal) Agreement”	the master sourcing agreement entered into between the Company and TCL Corporation in respect of the Overseas Materials Sourcing Service on 11 November 2014;
“Master Supply Agreement”	the master supply agreement entered into between the Company and TCL Corporation on 26 October 2011;
“Master Supply (2014 Renewal) Agreement”	the master supply agreement entered into between the Company and TCL Corporation in respect of the Sourcing of Goods and the Sale of Goods on 11 November 2014;
“Multimedia Products”	electronic consumer products including televisions, audio-visual products and commercial use display products manufactured, produced or otherwise sold or distributed by the Group;
“Non-exempt Transactions”	the transactions under the Master TCL Trademark License (2014 Renewal) Agreement, Master Logistics Service Supply (2014 Renewal) Agreement, Master Sourcing (2014 Renewal) Agreement, Master Supply (2014 Renewal) Agreement and Master Financial Services (2014 Renewal) Agreement together with their respective proposed annual caps;
“ODM”	original design manufacturing;
“OEM”	original equipment manufacturing;

DEFINITIONS

“Original Non-Competition Deeds”	the (i) Deed of Non-Competition (1999) executed by TCL Corporation, TCL Electronics Corporation (deregistered on 29 January 2002) and TCL Industries on 15 November 1999; and (ii) First Variation Deed (2002) entered into among TCL Corporation, TCL Industries and the Company on 10 June 2002;
“Other Financial Services”	all financial services which may be provided by Finance Company for the TCL Multimedia Qualified Members under the Master Financial Services (2014 Renewal) Agreement other than the Deposit Services and the Financing Services;
“Overseas Materials”	those articles, things, components or raw materials manufactured or produced in areas other than the PRC which are required for the manufacture or production of the Multimedia Products;
“Overseas Materials Sourcing Service”	the sale and purchase by the Group to and from TCL Corporation Group of the Overseas Materials for the manufacture of the Multimedia Products pursuant to the Master Sourcing (2014 Renewal) Agreement;
“Parent Products”	electronic, telecommunications, information technology, electrical and audio-visual products designed, developed, manufactured or otherwise marketed by TCL Corporation Group;
“PBOC”	the People’s Bank of China, the central bank of the PRC;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“Qualified Members”	all companies for which Finance Company will be allowed to provide services pursuant to the Administrative Measures on Group Finance Companies (企業集團財務公司管理辦法) promulgated by the CBRC, which shall only include TCL Corporation, any Subsidiary of which TCL Corporation owns an equity interest of 51% or more, any company in which TCL Corporation or any of its Subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Corporation or any of its Subsidiaries are, individually or collectively, the largest shareholder;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale of Goods”	the sale of the Goods by the Group to TCL Corporation Group and the TCL Associates pursuant to the Master Supply (2014 Renewal) Agreement;

DEFINITIONS

“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 activities from carrying on by TCL Corporation and TCL Industries and their respective associates pursuant to the Original Non-Competition Deeds which included, among others, the manufacture, assembly, distribution and maintenance of audio-visual products;
“Shareholder(s)”	holder(s) of share(s) of the Company;
“Sourcing of Goods”	the purchase by the Group from TCL Corporation Group and the TCL Associates of the Goods produced or manufactured in the PRC pursuant to the Master Supply (2014 Renewal) Agreement;
“Speed Distribution”	Shenzhen Speed Distribution Platform Co., Ltd. (深圳速必達商務服務有限公司), a company established in the PRC and a wholly-owned Subsidiary of TCL Corporation, which is principally engaged in the provision of logistics services in the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly;
“Tonly Electronics Holdings”	Tonly Electronics 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: 01249);
“Third Variation Deed (2014)”	the variation deed dated 24 April 2014 entered into among TCL Corporation, TCL Industries and the Company;
“TCL Associates”	the associates of TCL Corporation;
“TCL Communication”	TCL Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 02618);
“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, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100);

DEFINITIONS

“TCL Corporation Group”	TCL Corporation and its Subsidiaries and any entity that may become Subsidiary of TCL Corporation from time to time but does not include the Group for the purpose of this circular;
“TCL Industries”	T.C.L. Industries Holdings (H.K.) Limited (T.C.L.實業控股(香港)有限公司), a company incorporated under the laws of Hong Kong, a wholly-owned Subsidiary of TCL Corporation and the immediate holding company of the Company; and
“TCL Multimedia Qualified Members”	such member(s) of the Group which satisfies the qualification of Qualified Member(s) during the term of the Master Financial Services (2014 Renewal) Agreement.

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
BO Lianming
HAO Yi
YAN Xiaolin

Registered Office:

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

Non-executive Directors:

Albert Thomas DA ROSA, Junior
HUANG Xubin
SHI Wanwen

Principal Place of Business in

Hong Kong:

13th 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

1 December 2014

To the Shareholders

Dear Sir or Madam,

**RENEWAL OF AND/OR REVISING OF EXISTING CONTINUING
CONNECTED TRANSACTIONS, MAJOR TRANSACTIONS IN RESPECT OF DEPOSIT
SERVICES AND FINANCING SERVICES UNDER THE MASTER FINANCIAL SERVICES
(2014 RENEWAL) AGREEMENT, THE MASTER SOURCING (2014 RENEWAL) AGREEMENT
AND THE MASTER SUPPLY (2014 RENEWAL) AGREEMENT,
AND ADVANCE TO AN ENTITY IN RESPECT OF DEPOSIT SERVICES UNDER THE MASTER
FINANCIAL SERVICES (2014 RENEWAL) AGREEMENT**

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the Announcement. As stated therein, the Group had on 11 November 2014 entered into the following agreements with TCL Corporation and/or its associates and the transactions contemplated thereunder constitute continuing connected transactions, of which the following five agreements are Non-exempt Transactions which are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements:

1. Master TCL Trademark License (2014 Renewal) Agreement;
2. Master Logistics Service Supply (2014 Renewal) Agreement;
3. Master Sourcing (2014 Renewal) Agreement;
4. Master Supply (2014 Renewal) Agreement; and
5. Master Financial Services (2014 Renewal) Agreement.

All of the abovementioned five agreements are in substance renewal of the existing agreements. Whilst the terms in substance of most of the said agreements are substantially the same as the previous agreements, the following major amendments are made:

- (a) after (i) the signing of the Second Variation Deed (2013); and (ii) the spin off of Tonly Electronics Holdings on 15 August 2013 pursuant to which the Company's OEM and ODM businesses in relation to audio-visual products were separately listed on the Main Board of the Stock Exchange, the manufacture, assembly, distribution and maintenance of audio-visual products was excluded from the scope of restricted activity from carrying on by TCL Corporation and TCL Industries. In other words, TCL Corporation and TCL Industries were permitted to engage in the business of audio-visual products through its shareholding in Tonly Electronics Holdings;
- (b) after further amendment to the Second Variation Deed (2013) and correspondingly the entrance into the Third Variation Deed (2014), the scope of restricted activities from carrying on by TCL Corporation and TCL Industries now only covers the manufacture and assembly of television sets. Accordingly, the restriction imposed on TCL Corporation Group and TCL Associates to sell the Multimedia Products acquired from the Group only through the Group's distribution channels has been removed from the Sale of Goods under the Master Supply (2014 Renewal) Agreement; and
- (c) the pricing mechanism under the Master Financial Services (2014 Renewal) Agreement was amended to distinguish between services offered by Finance Company in the PRC and those offered outside the PRC.

LETTER FROM THE BOARD

The purposes of this circular are: (i) to provide the Shareholders with further information regarding the details of the Non-exempt Transactions (including particulars thereof in compliance with the disclosure requirements of major transactions) and their relevant proposed caps as mentioned in the Announcement; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the independent financial advisor to the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Transactions; and (iii) to give the Shareholders the notice of the EGM and other information in accordance with the requirements of the Listing Rules.

The Independent Board Committee, comprising four independent non-executive Directors namely Mr. TANG Guliang, Mr. Robert Maarten WESTERHOF, Ms. WU Shihong and Dr. TSENG Shieng-chang Carter, none of whom has any material interest in the Non-exempt Transactions, has been established to advise the Independent Shareholders as to whether the terms of the Non-exempt Transactions and the relevant proposed caps are fair and reasonable, whether the Non-exempt Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, and whether the Non-exempt Transactions are in the interests of the Company and the Independent Shareholders as a whole and to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the ordinary resolutions regarding the Non-exempt Transactions. South China Capital Limited has been appointed as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in this respect.

RENEWAL OF AND/OR REVISING OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Based on the annual caps to be involved, the following transactions are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules:

1. Master TCL Trademark License (2014 Renewal) Agreement

The Company has entered into the Master TCL Trademark License Agreement on 26 October 2011, which will be expired on 31 December 2014. As the Company wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master TCL Trademark License (2014 Renewal) Agreement, the terms of which are substantially the same as the Master TCL Trademark License Agreement.

Set out below are the major terms of the Master TCL Trademark License (2014 Renewal) Agreement:

- | | |
|----------|---|
| Date: | 11 November 2014 |
| Parties: | (i) TCL Corporation – Licensor (for itself and on behalf of its Subsidiaries) |
| | (ii) the Company – Licensee (for itself and on behalf of certain of its Subsidiaries) |

LETTER FROM THE BOARD

- Duration:** Three years from 1 January 2015 to 31 December 2017
- Major terms:** TCL Corporation Group has granted to the Group an exclusive (subject to certain limited exceptions which are related to some existing obligations or business of TCL Corporation), non-sub-licensable and non-transferable license to use certain of its registered trademarks for the manufacture, production, sale and distribution of Multimedia Products in the territories as specified in the Master TCL Trademark License (2014 Renewal) Agreement (“Licensed Trademarks”). Under the Master TCL Trademark License (2014 Renewal) Agreement, the Group is entitled (subject to certain exceptions) to use the trademark “TCL” as part of its business name and in all business applications in which a company’s name is commonly used.
- TCL Corporation will continue to conduct general brand promotion and marketing in respect of the Licensed Trademarks that the Group uses on products produced by it in its ordinary and usual course of business.
- Price determination:** The Group shall pay to TCL Corporation royalties which shall be calculated based on the net sales of Multimedia Products bearing any of the Licensed Trademarks under the Master TCL Trademark License (2014 Renewal) Agreement and the applicable royalty rates. Under the Master TCL Trademark License (2014 Renewal) Agreement, the royalty rates range from 0% to 1.5% depending on the trademarks, territories and performance of the Group. The Group is only required to pay royalty if the EBIT Percentage of the Group for previous 4 consecutive quarters is 3% or more.
- Under the Master TCL Trademark License (2014 Renewal) Agreement, the Group shall reimburse TCL Corporation for the relevant portion of the cost and expenses incurred for the general brand advertising costs by TCL Corporation or any other entities controlled by TCL Corporation or under the common control of TCL Corporation during the term of the Master TCL Trademark License (2014 Renewal) Agreement. Under the Master TCL Trademark License (2014 Renewal) Agreement, the annual amount of the general brand advertising costs payable by the Group to TCL Corporation shall range from 0.25% to 2.0% of the annual net sales of the Group for the relevant fiscal year depending on the types of products, provided that the aforesaid percentage may be varied from time to time with the written mutual consent of the parties.

LETTER FROM THE BOARD

2. Master Logistics Service Supply (2014 Renewal) Agreement

The Company has entered into the Master Logistics Service Supply Agreement on 26 October 2011, which will be expired on 31 December 2014. As the Company wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Logistics Service Supply (2014 Renewal) Agreement, the terms of which are substantially the same as the Master Logistics Service Supply Agreement.

Set out below are the major terms of the Master Logistics Service Supply (2014 Renewal) Agreement:

- Date: 11 November 2014
- Parties: (i) Speed Distribution – service provider
(ii) the Company – client (for itself and on behalf of its Subsidiaries)
- Duration: Three years from 1 January 2015 to 31 December 2017
- Major terms: Speed Distribution shall provide to the Group the following services:
1. delivery and transfer of raw materials, components, finished goods, etc. among the Group's suppliers, distributors, customers, warehouses and distribution centres;
 2. storage service and warehouse management; and
 3. other services as agreed between the parties to the agreement from time to time.

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

LETTER FROM THE BOARD

Pricing policy and price determination:

1. Speed Distribution shall provide logistics services at terms no less favourable than (i) those offered by Speed Distribution to other independent third parties and/or (ii) those offered by other independent third parties to the Group for comparable service.
2. The logistics services fees charged are under regular review and may be adjusted from time to time on mutual agreement. In determining if the logistics services are provided on normal commercial terms, the Group shall obtain quotations from Speed Distribution and independent third parties for comparable logistics services on a periodic basis and make comparisons. The Group would consider, compare and take reference of the said price quotations in determining the final logistics services fees charged.
3. If at any time during the term of the Master Logistics Service Supply (2014 Renewal) Agreement, Speed Distribution provides comparable logistics services at more favourable terms to other independent third parties, Speed Distribution shall immediately offer to provide logistics services to the Group at equivalent terms accorded to such other independent third parties starting from the next applicable period.
4. If there are no comparable terms offered to the Group by other independent third parties, the terms of the services to be provided by Speed Distribution to the Group shall then be determined after arm's length negotiations between the parties and shall be on normal commercial terms.
5. If the logistics services provided by Speed Distribution to the Group under Master Logistics Service Supply (2014 Renewal) Agreement involve the work of a third party service provider engaged by Speed Distribution, Speed Distribution shall only charge the Group the actual cost incurred by Speed Distribution in this regard.
6. If so requested by Speed Distribution, the Company shall also reimburse Speed Distribution for the cost and expenses incurred by Speed Distribution in respect of any service improvement work at the request of or agreed by the Group.

LETTER FROM THE BOARD

3. Master Sourcing (2014 Renewal) Agreement

The Company has entered into the Master Sourcing Agreement on 26 October 2011, which will be expired on 31 December 2014. As the Company wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Sourcing (2014 Renewal) Agreement, the terms of which are substantially the same as the Master Sourcing Agreement.

Set out below are the major terms of the Master Sourcing (2014 Renewal) Agreement:

Date:	11 November 2014
Parties:	(i) the Company (for itself and on behalf of its Subsidiaries) (ii) TCL Corporation (for itself and on behalf of its Subsidiaries)
Duration:	Three years from 1 January 2015 to 31 December 2017
Major terms:	Relevant member of TCL Corporation Group (i) acts as the intermediary for the Group to purchase and import the required Overseas Materials from the Company's Subsidiaries in places other than the PRC and/or from the independent third parties (designated by the Group) in places other than the PRC and (ii) sells such Overseas Materials to the Company's nominated Subsidiaries in the PRC as a local supplier.

It should be noted that the second part of the Overseas Materials Sourcing Service mentioned above is different from and does not form part of the transactions under the Sourcing of Goods described in the section of "Master Supply (2014 Renewal) Agreement" below.

Pricing policy and price determination:	<ol style="list-style-type: none">1. In respect of the purchase of the Overseas Materials by TCL Corporation Group from the Company's Subsidiaries in places other than the PRC, the relevant member of the Group charges TCL Corporation Group the costs of the Overseas Materials.2. In respect of the sale of the Overseas Materials by TCL Corporation Group to the Company's nominated Subsidiaries in the PRC, TCL Corporation Group charges the relevant member of the Group for the acquisition cost of the Overseas Materials (i.e. the cost charged by the Group or independent third parties designated by the Group to TCL Corporation Group as mentioned above) plus all
---	--

LETTER FROM THE BOARD

import duties payable by TCL Corporation Group and an administrative charge covering import administrative expenses and insurance fee and all out-of-pocket expenses incurred by TCL Corporation Group relating to the importation and delivery of the relevant Overseas Materials into the PRC.

3. The administrative charges charged by TCL Corporation Group shall be no less favourable than those charged by independent third parties for the purpose of importing overseas materials for the Group. The Group shall at regular intervals obtain quotations for comparable services from independent third parties, where available, in order to compare such quotations with the administrative charge proposed to be charged by TCL Corporation Group. TCL Corporation Group will pay the cost of the Overseas Materials to the relevant member of the Group in places other than the PRC after the receipt of payment (cost of the Overseas Materials plus import duties and administrative charge) from the relevant member of the Group in the PRC. The payment terms largely correspond to the payment terms allowed by the PRC governmental authorities and independent third parties to which import duties and other expenses are paid.

Furthermore, as the applicable percentage ratios with reference to the annual caps of the Master Sourcing (2014 Renewal) Agreement exceed 25%, in addition to being continuing connected transaction, it also constitutes a major transaction of the Company and is subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules.

4. Master Supply (2014 Renewal) Agreement

The Company has entered into the Master Supply Agreement on 26 October 2011, which will be expired on 31 December 2014. As the Company wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Supply (2014 Renewal) Agreement, the terms of which are substantially the same as the Master Supply Agreement.

Set out below are the major terms of the Master Supply (2014 Renewal) Agreement:

Date: 11 November 2014

Parties: (i) the Company (for itself and on behalf of its Subsidiaries)
(ii) TCL Corporation (for itself and on behalf of its Subsidiaries)

LETTER FROM THE BOARD

Duration: Three years from 1 January 2015 to 31 December 2017

Major terms: **Sourcing of Goods**

The Company shall procure its Subsidiaries to favourably consider purchasing part of the Group's required Goods produced or manufactured in the PRC from TCL Corporation Group and the TCL Associates provided that they can offer terms (including price and payment terms) no less favourable than terms available from independent third parties and are capable of meeting the timeline, quality and quantity of the relevant order placed.

TCL Corporation shall procure the relevant members of TCL Corporation Group and the TCL Associates to sell to the relevant members of the Group the requested Goods.

Sale of Goods

If the relevant member of TCL Corporation Group and the TCL Associates (as the case may be) requests or makes a written offer to any member of the Group to purchase from the Group any Goods for its business including distribution resale or otherwise, the Company shall procure its Subsidiaries to favourably consider offering to supply to or accepting such offer to purchase made by relevant member of TCL Corporation Group and the TCL Associates (as the case may be) provided that the terms (including price and payment terms) of the offer by TCL Corporation Group and the TCL Associates (as the case may be) are no less favourable than terms available to the Group from independent third parties.

Pricing policy and price determination:

1. The prices charged for the Goods are under regular review and may be adjusted from time to time on mutual agreement. In determining if the prices charged are on normal commercial terms, the Group shall obtain quotations from TCL Corporation Group and independent third parties for comparable goods on a periodic basis and make comparisons. The Group would consider, compare and take reference of the said price quotations in determining the final prices charged.
2. If at any time during the term of the Master Supply (2014 Renewal) Agreement, TCL Corporation Group provides Goods to other independent third parties at more favourable terms, TCL Corporation Group shall immediately offer to provide Goods to the Group at equivalent terms accorded to such other independent third parties starting from the next applicable period.

LETTER FROM THE BOARD

Furthermore, as the applicable percentage ratios with reference to the annual caps of the Master Supply (2014 Renewal) Agreement exceed 25%, in addition to being continuing connected transaction, it also constitutes a major transaction of the Company and is subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules.

5. Master Financial Services (2014 Renewal) Agreement

The Company has entered into the Master Financial Services Agreement on 26 October 2011, which will be expired on 31 December 2014. As the Company wishes to continue the continuing connected transactions contemplated thereunder, the Company entered into the Master Financial Services (2014 Renewal) Agreement, the terms of which are substantially the same as the Master Financial Services Agreement. Under the Master Financial Services (2014 Renewal) Agreement, Finance Company will provide Deposit Services as well as Financing Services and Other Financial Services to TCL Multimedia Qualified Members.

Set out below are the major terms of the Master Financial Services (2014 Renewal) Agreement:

Date:	11 November 2014
Parties:	(i) the Company (for itself and on behalf of its Subsidiaries) (ii) TCL Corporation (for itself and on behalf of its Subsidiaries) (iii) Finance Company
Duration:	Three years from 1 January 2015 to 31 December 2017
Major terms:	Deposit Services

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion deposit money with Finance Company. If Finance Company decides to accept any amount of cash deposits in the PRC from a TCL Multimedia Qualified Member (including current deposits, fixed deposits or any other form of deposits), the interest rates offered by Finance Company for such deposits shall not be lower than (i) the minimum interest rate promulgated by the PBOC for the same type of deposit services from time to time; (ii) the interest rates for the same type of deposits offered by major commercial banks of the PRC to the TCL Multimedia Qualified Members; and (iii) the interest rates for the same type of deposits offered by Finance Company to any other members of TCL Corporation Group. Other terms and conditions offered by Finance Company as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks in the PRC and Finance Company for the same type of deposit services to any other members of TCL Corporation Group.

LETTER FROM THE BOARD

If Finance Company decides to accept any amount of cash deposits outside the PRC from a TCL Multimedia Qualified Member, the interest rates offered by Finance Company for such deposits shall not be lower than (i) the interest rates for the same type of deposits offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate, to the TCL Multimedia Qualified Members; and (ii) the interest rates for the same type of deposits offered by Finance Company to any other members of TCL Corporation Group. Other terms and conditions offered by Finance Company as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate, and Finance Company for the same type of deposit services to any other members of TCL Corporation Group.

Finance Company and TCL Corporation will jointly and severally undertake to the Company that at any time during the term of the Master Financial Services (2014 Renewal) Agreement, the maximum amount of loans, financing and guarantees available under the facility line provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members shall not be less than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the TCL Multimedia Qualified Members with Finance Company.

If any TCL Multimedia Qualified Member demands repayment of any money deposited by it with Finance Company in accordance with the relevant terms and procedure and Finance Company fails to follow the repayment demand, such TCL Multimedia Qualified Member shall then have the right to:

- (a) offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by it and/or any financing provided to it by Finance Company and/or TCL Corporation; and/or
- (b) transfer the right mentioned in (a) above to other TCL Multimedia Qualified Members; and/or
- (c) request TCL Corporation to repay the outstanding deposit amount on behalf of Finance Company in full.

LETTER FROM THE BOARD

Financing Services

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request any Financing Services from Finance Company.

If Finance Company decides to provide any Financing Services in the PRC to a TCL Multimedia Qualified Member, the interest rates charged by Finance Company shall not be higher than (i) the maximum interest rates promulgated by the PBOC in respect of similar services from time to time; (ii) the interest rates offered by major commercial banks of the PRC for similar services; and (iii) the interest rates for similar services provided by the Finance Company to any other members of TCL Corporation Group with the same credit rating. Other terms and conditions offered by Finance Company in respect of the Financing Services as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks in the PRC in respect of similar services and Finance Company to any other members of TCL Corporation Group with the same credit rating.

If Finance Company decides to provide any Financing Services outside the PRC to a TCL Multimedia Qualified Member, the interest rates charged by Finance Company for Financing Services shall not be higher than (i) the interest rates offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate for similar services; and (ii) the interest rates for similar services provided by Finance Company to any other members of TCL Corporation Group with the same credit rating. Other terms and conditions offered by Finance Company in respect of the Financing Services as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate in respect of similar services and Finance Company to any other members of TCL Corporation Group with the same credit rating.

Finance Company and the relevant TCL Multimedia Qualified Members may enter into specific agreements in respect of any Financing Services to be provided with a view to setting out the detailed terms of the transactions.

Finance Company may request TCL Multimedia Qualified Member(s) to provide some form of security to Finance Company in respect of the Financing Services provided by Finance Company.

LETTER FROM THE BOARD

Other Financial Services

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request Finance Company to provide Other Financial Services, including, among other things, financial advisory services, settlement advisory services, insurance agency services, agency lending and borrowings and any other services approved by the CBRC.

The fees charged by Finance Company in respect of the Other Financial Services shall not be higher than (i) the maximum fees promulgated by PBOC (if applicable) for similar type of services from time to time; (ii) the fees charged by major commercial banks of the PRC in respect of similar type of services; and (iii) the fees charged for the similar type of services offered by the Finance Company to any other members of TCL Corporation Group. Other terms and conditions of the Other Financial Services offered by the Finance Company shall not be less favourable than those offered by PBOC, major commercial banks of the PRC and the Finance Company to any other members of TCL Corporation Group with the same credit rating for the similar type of services and shall be on normal commercial terms.

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

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

TCL Corporation's
undertakings:

TCL Corporation undertakes to the Company that:

1. it will procure Finance Company to perform its obligations under the Master Financial Services (2014 Renewal) Agreement; and
2. in case Finance Company experiences any financial difficulties, TCL Corporation will, subject to internal approvals and the applicable rules and regulations, inject capital to Finance Company based on the needs of Finance Company.

LETTER FROM THE BOARD

Furthermore, as the applicable percentage ratios in relation to the Deposit Services and Financing Services under the Master Financial Services (2014 Renewal) Agreement exceed 25%, in addition to being continuing connected transactions, they constitute major transactions of the Company and are subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules. Further, as the assets ratio of the Deposit Services exceeds 8%, the Deposit Services under the Master Financial Services (2014 Renewal) Agreement also constitutes an advance to an entity and is subject to the relevant disclosure requirements under Chapter 13 of the Listing Rules.

HISTORICAL FIGURES

The following table sets out the respective actual amounts of the continuing connected transactions as described above for the two years ended 31 December 2013 and the six months ended 30 June 2014, and the respective annual caps for the three years ending 31 December 2014:

		For the year ended 31 December 2012 (audited) <i>HK\$'000</i>	For the year ended 31 December 2013 (audited) <i>HK\$'000</i>	For the six months ended 30 June 2014 (unaudited) (for actual amount only)/for the year ending 31 December 2014 (for original annual cap only) <i>HK\$'000</i>
Continuing Connected Transactions <i>(Note 1)</i>				
1. Master TCL Trademark License (2014 Renewal) Agreement	Actual			
	– aggregate royalty <i>(Note 2)</i>	nil	nil	nil
	– aggregate branding fee reimbursement	211,361	236,233	92,688
	Original annual cap			
	– aggregate royalty	nil	nil	nil
	– aggregate branding fee reimbursement	388,807	466,678	560,496
2. Master Logistics Service Supply (2014 Renewal) Agreement	Actual	90,415	208,679	158,539
	Original annual cap	91,167	375,798	392,824

LETTER FROM THE BOARD

		For the six months ended 30 June 2014 (unaudited) (for actual amount only)/for the year ending 31 December 2014 (for original annual cap only)		
		For the year ended 31 December 2012 (audited) <i>HK\$'000</i>	For the year ended 31 December 2013 (audited) <i>HK\$'000</i>	<i>HK\$'000</i>
Continuing Connected Transactions (Note 1)				
3. Master Sourcing (2014 Renewal) Agreement	Actual			
	– purchase of overseas goods by TCL Corporation Group from the Group	1,480,702	1,062,414	269,266
	– sale of overseas goods by TCL Corporation Group to the Group	1,939,827	1,209,670	299,008
	Original annual cap			
	– purchase of overseas goods by TCL Corporation Group from the Group	1,662,181	2,116,577	2,302,137
	– sale of overseas goods by TCL Corporation Group to the Group	3,337,989	4,339,823	4,705,676
4. Master Supply (2014 Renewal) Agreement	Actual			
	– Sourcing of Goods	7,494,711	11,269,982	4,134,632
	– Sale of Goods	1,230,292	3,216,425	1,055,648
	Original annual cap			
	– Sourcing of Goods	12,234,978	16,790,134	20,612,345
	– Sale of Goods	3,178,115	5,772,962	7,668,196

LETTER FROM THE BOARD

		For the six months ended 30 June 2014 (unaudited) (for actual amount only)/for the year ending 31 December 2014 (for original annual cap only)		
		For the year ended 31 December 2012 (audited) HK\$'000	For the year ended 31 December 2013 (audited) HK\$'000	31 December 2014 (for original annual cap only) HK\$'000
Continuing Connected Transactions (Note 1)				
5. Master Financial Services (2014 Renewal) Agreement	Actual			
	– financial service charges	889	22,242	2,610
	– maximum outstanding balances of deposits (including interest receivables in respect of these deposits)			
	(a) normal deposit	3,411,687	3,766,486	2,949,810
	(b) deposit (cash or bank instruments) as security	nil	nil	635,809
	Sub-total:	3,411,687	3,766,486	3,585,619
	– facility amount (with cash deposit or bank instruments as security) (Note 3)	246,640	nil	635,659
	Original annual cap			
	– financial service charges	5,706	117,445	150,828
	– maximum outstanding balances of deposits (including interest receivables in respect of these deposits)			
	(a) normal deposit	3,482,523	3,775,893	4,056,154
	(b) deposit (cash or bank instruments) as security	3,700,837	4,324,358	4,966,297
	Sub-total:	7,183,360	8,100,251	9,022,451
	– maximum facility amount (with cash deposit or bank instruments as security) (Note 3)	3,700,837	4,324,358	4,966,297

Note 1: For easy comparison of the historical figures and the proposed annual caps, names of the new master agreements are used herein.

Note 2: No royalty was payable by the Group for the two years ended 31 December 2013 and the six months ended 30 June 2014 as the actual performance of the Group for the relevant period did not reach the threshold which triggered the royalty payment obligations under the Master TCL Trademark License Agreement.

LETTER FROM THE BOARD

Note 3: The facility amount mentioned above excludes the facility amount without cash or bank instruments as security (“Unsecured Facility Amount”) and other unsecured loans, financing and guarantees available under the facility line (“Other Facility Amount”) provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members. If the facility amount includes the Unsecured Facility Amount and the Other Facility Amount, the aggregate facility amount will be more than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the TCL Multimedia Qualified Members with Finance Company for the two years ended 31 December 2013 and the six months ended 30 June 2014.

PROPOSED ANNUAL CAPS

The following table sets out the respective proposed annual caps of the continuing connected transactions under the following agreements:

Continuing Connected Transactions		For the year ending 31 December 2015 <i>HK\$'000</i>	For the year ending 31 December 2016 <i>HK\$'000</i>	For the year ending 31 December 2017 <i>HK\$'000</i>
1. Master TCL Trademark License (2014 Renewal) Agreement	– aggregate royalty (<i>Note 1</i>)	nil	nil	158,988
	– aggregate branding fee reimbursement	560,661	663,298	737,963
2. Master Logistics Service Supply (2014 Renewal) Agreement		507,529	615,125	733,229
3. Master Sourcing (2014 Renewal) Agreement	– purchase of overseas goods by TCL Corporation Group from the Group	857,425	1,076,386	1,360,851
	– sale of overseas goods by TCL Corporation Group to the Group	1,063,207	1,334,718	1,687,455
4. Master Supply (2014 Renewal) Agreement	– Sourcing of Goods	18,954,763	22,495,059	25,650,532
	– Sale of Goods	7,988,320	12,216,885	18,201,831
5. Master Financial Services (2014 Renewal) Agreement	– financial service charges	157,503	178,666	197,308
	– maximum outstanding balances of deposits (including interest receivables in respect of these deposits)			
	(a) normal deposit	8,400,000	11,760,000	16,464,000
	(b) deposit (cash or bank instruments as security)	6,952,816	9,733,942	13,627,519
	Sub-total:	15,352,816	21,493,942	30,091,519
	– maximum facility amount (with cash deposit or bank instruments as security) (<i>Note 2</i>)	6,952,816	9,733,942	13,627,519

LETTER FROM THE BOARD

Note 1: It is expected that no royalty will be payable by the Group under the Master TCL Trademark License (2014 Renewal) Agreement for the two years ending 31 December 2016 as the estimated performance of the Group for the relevant period would not reach the threshold which triggers the royalty payment obligations.

Note 2: The facility amount mentioned above excludes the facility amount without cash or bank instruments as security (“Unsecured Facility Amount”) and other unsecured loans, financing and guarantees available under the facility line (“Other Facility Amount”) provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members. If the facility amount includes the Unsecured Facility Amount and the Other Facility Amount, the aggregate facility amount will be more than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the TCL Multimedia Qualified Members with Finance Company for each of the three years ending 31 December 2017.

REASONS FOR THE PROPOSED ANNUAL CAPS

The major bases and assumptions for determining the proposed annual caps for the various continuing connected transactions are set out below.

1. Proposed annual caps for the Master TCL Trademark License (2014 Renewal) Agreement

Taken into account the sales growth of Multimedia Products in particular in the PRC and the emerging markets, it is still expected that no royalty will be payable by the Group for the two years ending 31 December 2016 as the estimated performance of the Group for the relevant period will not reach the threshold which triggers the royalty payment obligations under the Master TCL Trademark License (2014 Renewal) Agreement. The annual caps in respect of the aggregate branding fee reimbursement for the transaction under the Master TCL Trademark License (2014 Renewal) Agreement are estimated based on (i) the historical sales amount with an expected growth in the next three years with reference to the expected growth in market shares of the Group’s Multimedia Products and certain market estimates of the expected growth in the sales of televisions, especially the substantial growth in LCD televisions market consumption, in the PRC and other regions around the world; (ii) the increase in branding fee reimbursement rate from 0.25%-1.5% in the past years to 0.25%-2.0% since 2014; (iii) the expected appreciation of RMB against HK\$; and (iv) the estimated advertising and promotion expenses of the promotion projects intended to be launched during the coming 3 years, including but not limited to the potential cooperation opportunities in connection with the Games of the XXXI Olympiad (also known as Rio 2016) and further cooperation with Hollywood movie makers given that the promotional activities of the Hollywood 3D movie “X-Men: Days of Future Past” launched earlier this year have received great success. More potential cooperation opportunities with (i) well-known television shows such as “Voice of China” and (ii) certain open world sports events such as the Wuhan Open are expected to be continued in the future.

The branding fee reimbursement paid to TCL Corporation for the two years ended 31 December 2013 and the six months ended 30 June 2014 was much less than the original annual caps because TCL Corporation supported the promotion of TCL brand in overseas markets without charging branding fee reimbursement for such promotion in overseas markets for years 2012, 2013 and 2014. This was a one-off arrangement and there is no guarantee that the Group will be granted such treatment in the coming years. To illustrate the effect of such treatment, it is estimated that the amount of annual branding reimbursement for the year ending 31 December 2014 would be HK\$502.7 million if there was no such treatment offered by TCL Corporation.

LETTER FROM THE BOARD

2. Proposed annual caps for the Master Logistics Service Supply (2014 Renewal) Agreement

The estimated values of the transactions under the Master Logistics Service Supply (2014 Renewal) Agreement are determined based on (i) the historical cost and expenses incurred by the Group in respect of the logistics services provided by Speed Distribution in the PRC; (ii) the expected appreciation of RMB against HK\$; (iii) the expected general inflation in the PRC; and (iv) the projected sales volume in the next three years determined with reference to, among other factors, future growth rates in sales volume, the increasing quantity of products sold in the PRC in particular having regard to the growth in the Group's LCD business in the PRC.

The actual amount of logistics services fee paid for the year ended 31 December 2013 was lower than the original annual cap because the actual sales volume of LCD TVs in 2013 is lower than the original forecasted figure made in 2011. For the year ending 31 December 2014, it is expected that the actual logistics services fee would be more or less the same as the original annual cap since the logistics service fee for the six month ended 30 June 2014 has already reached HK\$158.5 million, being 40.4% of the original annual cap and it is expected during the second half of 2014, being the peak season for sales of LCD TVs, the logistics services fee will be greater than that for the first half of 2014.

3. Proposed annual caps for the Master Sourcing (2014 Renewal) Agreement and the Master Supply (2014 Renewal) Agreement

The annual caps for the aggregated transactions under the Master Sourcing (2014 Renewal) Agreement and the Master Supply (2014 Renewal) Agreement are determined by reference to, among other things, (i) the historical amounts of the relevant transactions; (ii) the possible requirement of raw materials, semi-finished materials and finished goods with respect to the projected business volumes and the estimated growth rates of the relevant business lines of the Group (which in turn are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group); (iii) TCL Corporation Group's projected requirement of raw materials, semi-finished materials and finished goods for its operations, which is expected to increase substantially; and (iv) the growth in the Group's LCD business.

For the Master Sourcing (2014 Renewal) Agreement, the decrease in the proposed annual caps is mainly due to the fact that Shenzhen China Star Optoelectronics Technology Co., Ltd. ("CSOT", a panel manufacturer in the PRC and a subsidiary of TCL Corporation) has reached its target production capacity in the fourth quarter of 2012. Accordingly, the Group shifted substantial part of its panel purchases to CSOT thereafter. In other words, instead of purchasing panels as Overseas Materials through TCL Corporation Group as intermediary as originally contemplated under the Master Sourcing Agreement, the Group purchased panels from CSOT since then, and such purchase falls within the scope of Sourcing of Goods under the Master Supply Agreement. As a result, the actual transaction volume under the Master Sourcing Agreement was lower than the original annual caps for the two years ended 31 December 2013 and is expected to be lower than that for one year ending 31 December 2014. The proposed annual caps for the Master Sourcing (2014 Renewal) Agreement for the three years ending 31 December 2017 are, therefore, lower than the historical annual caps for the three years ending 31 December 2014.

LETTER FROM THE BOARD

As for the Master Supply (2014 Renewal) Agreement, the significant increase in the proposed annual caps for Sourcing of Goods is mainly due to the expected increase of the sourcing of parts and components for the production of new products of the Group, such as 7V box, a new product launched by the Group since late 2014. The expected increase for sourcing of parts and components for the production of 7V box for year 2015 will be 488.1% compared to the forecasted transaction amount in 2014, and 96.6% and 28.9% for years 2016 and 2017, respectively.

Regarding the proposed annual caps for the Sale of Goods under the Master Supply (2014 Renewal) Agreement, the significant increase is mainly due to the expected increase of the sale of new products (including 7V box) of the Group. The expected increase for sale of 7V box for year 2015 will be 113.0% compared to the forecasted transaction amount in 2014, and 22.0% and 36.0% for years 2016 and 2017, respectively. Also, the Group will roll out its electronic commerce business via an online-to-offline (“O2O”) platform in the future. As a result, the Group expected the sales of Multimedia Products to TCL Corporation Group will be increased significantly for the coming three years. The expected increases are 62.0%, 45.7% and 42.0% for years 2015, 2016 and 2017, respectively. The expected growth is in line with the increase of online shopping transaction as stated in the circular of the Company dated 28 May 2014.

4. Proposed annual caps for the Master Financial Services (2014 Renewal) Agreement

The proposed annual caps in relation to the Master Financial Services (2014 Renewal) Agreement are determined by reference to the historical amounts of the relevant transactions and taking into account the following factors:

- (i) Having been satisfied with the services and the benefits provided by Finance Company such as better interest rates than available from other financial institutions, it is expected the balance of deposits with Finance Company will increase;
- (ii) It is expected that the business of the Company will expand rapidly in the following years and as a result, the capital available for deposits with Finance Company will also increase;
- (iii) Finance Company has been continuously improving its clearing platform, and the Company will benefit from the higher efficiency of fund clearance compared with that of independent third parties;
- (iv) TCL Corporation has been acting as the principal guarantor for the Group in respect of loans and other financing, but with the continuous growth of the Group, it is expected that TCL Corporation may not be able to cater for the demand of the Group, or certain financial institutions also require a guarantor with financial institution license, therefore Finance Company will play an important role for providing guarantee in relation to the Group’s borrowings in future;
- (v) Finance Company intends to provide borrowings secured by cash or bank instruments; and

LETTER FROM THE BOARD

- (vi) Finance Company obtained a qualification in global fund management in 2014, and will co-ordinate the management and services of funds, both inside and outside of the PRC.

In particular, for the Deposit Services, the Group expects there will be new cash deposits placed with Finance Company outside the PRC from TCL Multimedia Qualified Member(s) in the coming three years, whereas in the original annual caps for the three years ending 31 December 2014, only deposits placed with Finance Company in the PRC, from TCL Multimedia Qualified Member(s) were considered. Therefore, the proposed annual caps for the Deposit Services for the three years ending 31 December 2017 will be increased in order to cope with the increased needs for Deposit Services under the newly contemplated placing of deposits with the Finance Company from outside the PRC.

As for the Financing Services, since Finance Company has obtained the necessary qualification in conducting the business of global fund management in 2014, which allows Finance Company to expand its Financing Services to places outside the PRC, the Group expects that new Financing Services will be provided by Finance Company outside the PRC to TCL Multimedia Qualified Member(s) in the coming three years, whereas in determining the original annual caps for the three years ending 31 December 2014, only Financing Services provided by Finance Company in the PRC to TCL Multimedia Qualified Member(s) were considered. Therefore, the proposed annual caps for the three years ending 31 December 2017 will be larger to cope with the increased needs for Financing Services outside the PRC.

As such, the Company expects to rely more heavily on the services provided by Finance Company.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Directors consider that the terms of the aforesaid continuing connected transactions are fair and reasonable, and it is in the interests of the Company and the Shareholders to enter the aforesaid continuing connected transactions with TCL Corporation and/or its associates for the following reasons:

1. Master TCL Trademark License (2014 Renewal) Agreement

TCL Corporation Group owns and has registered certain trademarks which are used by the Group for the marketing and distribution of Multimedia Products. Such trademarks are considered to be important to the successful long-term operation of the business of the Group. The Master TCL Trademark License (2014 Renewal) Agreement allows the Group to secure the use of such trademarks over a reasonable period of time at attractive rates.

2. Master Logistics Service Supply (2014 Renewal) Agreement

In order to streamline the cost structure and operations of the Group, the Company considers it is beneficial to the Group to continue to outsource the logistics services to specialized service units. Given the close relationship between the Group and TCL Corporation Group, the Group will be placed in a better position to monitor the services to be provided under the Master Logistics Service Supply (2014 Renewal) Agreement than by other outside service providers.

LETTER FROM THE BOARD

3. Master Sourcing (2014 Renewal) Agreement and Master Supply (2014 Renewal) Agreement

In respect of the Master Sourcing (2014 Renewal) Agreement, the arrangement under the Overseas Materials Sourcing Service is the best alternative for the Group to source Overseas Materials for the Group's production in view of the requirements of the business licenses of certain members of the Group.

In respect of the Master Supply (2014 Renewal) Agreement, the Directors consider that the transactions under the Sourcing of Goods will continue to facilitate the smooth operation of the Group's business by providing a stable and reliable source of supply of the necessary materials manufactured in the PRC for the Group's manufacture of the Multimedia Products and the necessary finished goods for the Group's operations. The Sale of Goods under the Master Supply (2014 Renewal) Agreement will also allow the Group to better manage its level of raw materials by providing additional flexibility to the Group for managing its surplus materials (if any) and will allow the Group to widen its revenue base by supplying Goods to TCL Corporation Group.

4. Master Financial Services (2014 Renewal) Agreement

The principal purpose of entering into the Master Financial Services (2014 Renewal) Agreement is to provide cost efficient finance and treasury services to all TCL Multimedia Qualified Members. The Company believes that Finance Company, being a financial institution duly established in the PRC and the pricing policies and the operation of which is subject to guidelines issued by the CBRC, may also facilitate the TCL Multimedia Qualified Members to obtain cheaper financing from other financial institutions in the PRC by taking advantage of the inter-bank lending rates which Finance Company may enjoy in respect of its own borrowings from other financial institutions. It is expected that the inter-bank lending rates are usually lower than the interest rates of other corporate commercial loans. Finance Company has been providing financial services to the Group and has a thorough understanding of the operations and development needs of the Group. Accordingly, it is expected that Finance Company will be more efficient in terms of processing transactions for the Group than other financial institutions given their close relationships.

The Directors consider that the transactions under the Non-exempt Transactions and the proposed annual caps thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE MASTER FINANCIAL SERVICES (2014 RENEWAL) AGREEMENT, THE MASTER SOURCING (2014 RENEWAL) AGREEMENT AND THE MASTER SUPPLY (2014 RENEWAL) AGREEMENT

Regarding the Master Financial Services (2014 Renewal) Agreement, the Company expects more cash will be available for deposit with Finance Company in 2015-2017. Therefore, it expects that there will be an increase in interest income to be earned from Finance Company in the same period. However, given that the interest income earned from Finance Company in the past years, which are in the sums of approximately HK\$9,414,000 and HK\$10,880,000 for the two years ended 31 December 2013 respectively, only represent a small proportion of its earnings and net assets, the Company anticipates that the interest income to be earned from the deposits will not have any material impact on its corresponding earnings and net assets.

For the Master Sourcing (2014 Renewal) Agreement and Master Supply (2014 Renewal) Agreement, the Company anticipates that the transactions contemplated thereunder will not have any material impact on its corresponding earnings and net assets.

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The Non-exempt Transactions will be subject to the following annual review requirements:

1. the independent non-executive Directors shall review annually the Non-exempt Transactions and confirm in the Company's corresponding annual report that the Non-exempt Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) on normal commercial terms and on terms no less favourable to the Group than those available from the independent third parties; and
 - (c) in accordance with the respective agreements and on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
2. the auditors of the Company shall review annually the Non-exempt Transactions and confirm in a letter to the Board (a copy of which shall be provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) that the Non-exempt Transactions:
 - (a) have received the approval of the Board;
 - (b) have been, in all material respects, in accordance with the pricing policies of the Group (for these Non-exempt Transactions involving the provision of goods and services by the Group);
 - (c) have been entered into in accordance with the respective agreements; and
 - (d) have not exceeded the caps; and

LETTER FROM THE BOARD

3. the Directors shall state in the Company's annual report whether its auditors have confirmed the matters stated in Rule 14A.57 of the Listing Rules.

The Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (1) and/or (2) respectively.

The Company shall allow, and shall procure that the counterparties shall allow the Company's auditors access to the relevant records for the purpose of the auditors' review of the Non-exempt Transactions referred to in paragraph (2) above.

LISTING RULES REQUIREMENTS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 63.68% of the issued share capital of the Company, and is a connected person of the Company under the Listing Rules. It also owns a 100% interest in Speed Distribution and a 82% direct interest in Finance Company. Accordingly, each of Speed Distribution and Finance Company is a TCL Associate, thus the aforesaid (including TCL Corporation) are connected persons of the Company under the Listing Rules. The transactions contemplated under the aforesaid agreements therefore constitute continuing connected transactions.

The entering into of the various agreements on continuing connected transactions to be renewed and transactions contemplated thereunder have been approved by the Board on 11 November 2014. Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Huang Xubin and Mr. Shi Wanwen, all being Directors, have interests in TCL Corporation. Of such interest in TCL Corporation, Mr. Li Dongsheng is interested in 1,047,173,209 shares (of which 408,899,521 shares are held by his controlled corporation), Mr. Bo Lianming is interested in 1,997,381 shares and options to subscribe for 2,061,420 shares, Mr. Hao Yi is interested in 201,600 shares (held by his spouse), Mr. Yan Xiaolin is interested in 793,000 shares and options to subscribe for 1,522,400 shares, Mr. Huang Xubin is interested in 1,933,360 shares and options to subscribe for 1,450,020 shares, and Mr. Shi Wanwen is interested in 5,799,518 shares and options to subscribe for 1,780,740 shares. The share interest held by Mr. Li Dongsheng, Mr. Bo Lianming, Mr. Hao Yi, Mr. Yan Xiaolin, Mr. Huang Xubin and Mr. Shi Wanwen represent approximately 11.08%, 0.02%, 0.002%, 0.01%, 0.02% and 0.06% of its registered share capital of TCL Corporation respectively. Notwithstanding their respective interest in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the various agreements on continuing connected transactions to be renewed, therefore all Directors are entitled to vote pursuant to the Company's articles of association.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the respective annual caps of the Master TCL Trademark License (2014 Renewal) Agreement, Master Logistics Service Supply (2014 Renewal) Agreement, Master Sourcing (2014 Renewal) Agreement, Master Supply (2014 Renewal) Agreement and Master Financial Services (2014 Renewal) Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As the applicable percentage ratios in relation to the Deposit Services and Financing Services under the Master Financial Services (2014 Renewal) Agreement exceed 25%, in addition to being continuing connected transactions, they constitute major transactions of the Company and are subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules. Further, as the assets ratio of the Deposit Services exceeds 8%, the Deposit Services under the Master Financial Services (2014 Renewal) Agreement also constitutes an advance to an entity and is subject to the relevant disclosure requirements under Chapter 13 of the Listing Rules.

As the applicable percentage ratios with reference to the respective annual caps of (i) the Master Sourcing (2014 Renewal) Agreement; and (ii) the Master Supply (2014 Renewal) Agreement exceed 25%, in addition to being continuing connected transactions, they also constitute major transactions of the Company and are subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms and the proposed caps of the Non-exempt Transactions. The Company has appointed South China Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

TCL Corporation and TCL Associates will abstain from voting in respect of the Non-exempt Transactions required to be put forward at the EGM.

GENERAL INFORMATION ON THE PARTIES

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. 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, audio-visual products, 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).

Finance Company provides financial services including corporate finance advisory services, credit worthiness verification and related consultancy and agency services, collection and payment services, approved insurance agency services, guarantee services, agency lending and investment services, discounting bills and design of various schemes for settlement and clearing in respect of group fund transfer, and any other services approved by the CBRC for the Qualified Members.

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

LETTER FROM THE BOARD

EGM

The Company will convene the EGM at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong on 16 December 2014, Tuesday at 4:30 p.m., at which resolutions will be proposed for the purposes of considering and if thought fit, approving the Non-exempt Transactions and their respective proposed annual caps. The notice of the EGM is set out on pages 74 to 76 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 Level 22, Hopewell Centre, 183 Queen's Road East, 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 16 December 2014, 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 15 December 2014.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 34 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolutions to approve the Non-exempt Transactions and their respective proposed annual caps; (ii) the letter from South China Capital Limited, the independent financial advisor, set out on pages 35 to 56 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-exempt Transactions and their respective proposed annual caps; and (iii) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice of South China Capital Limited, the independent financial advisor, considers that the Non-exempt Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole and that the terms thereof and their respective proposed annual caps 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 resolutions to be proposed at the EGM in respect of the Non-exempt Transactions and their respective proposed annual caps.

The Board considers that the transactions under the Non-exempt Transactions and the proposed annual caps thereof are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Board also considers that the resolutions proposed in the notice of EGM are in the best interests of the Company and the Independent Shareholders and therefore recommend you to vote in favour of all the relevant resolutions to be proposed at the EGM.

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)

1 December 2014

To: the Independent Shareholders

Dear Sir or Madam,

**RENEWAL OF AND/OR REVISING OF EXISTING CONTINUING
CONNECTED TRANSACTIONS, MAJOR TRANSACTIONS IN RESPECT OF DEPOSIT
SERVICES AND FINANCING SERVICES UNDER THE MASTER FINANCIAL SERVICES
(2014 RENEWAL) AGREEMENT, THE MASTER SOURCING (2014 RENEWAL) AGREEMENT
AND THE MASTER SUPPLY (2014 RENEWAL) AGREEMENT,
AND ADVANCE TO AN ENTITY IN RESPECT OF DEPOSIT SERVICES UNDER THE MASTER
FINANCIAL SERVICES (2014 RENEWAL) AGREEMENT**

We refer to the circular of the Company dated 1 December 2014 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-exempt Transactions and their respective proposed annual caps, 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 South China Capital Limited set out on pages 7 to 33 and pages 35 to 56 of the Circular respectively.

Having taken into account of the advice of South China Capital Limited, the independent financial advisor, we consider that the Non-exempt Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole and the terms thereof and their respective proposed annual caps 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 resolutions to be proposed at the EGM in respect of the Non-exempt Transactions and their respective proposed annual caps.

Yours faithfully,

**TANG Guliang, Robert Maarten WESTERHOF,
WU Shihong and TSENG Shieng-chang Carter**

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the full text of the letter of advice from South China Capital Limited to the Independent Board Committee and the Independent Shareholders for incorporation in this circular.



South China Capital Limited
28/F., Bank of China Tower
No. 1 Garden Road, Central
Hong Kong

1 December 2014

To the Independent Board Committee and the Independent Shareholders
TCL Multimedia Technology Holdings Limited

Dear Sirs,

**RENEWAL OF AND/OR REVISING OF
EXISTING CONTINUING CONNECTED TRANSACTIONS,
MAJOR TRANSACTIONS IN RESPECT OF DEPOSIT SERVICES AND
FINANCING SERVICES UNDER THE MASTER FINANCIAL SERVICES
(2014 RENEWAL) AGREEMENT, THE MASTER SOURCING
(2014 RENEWAL) AGREEMENT AND THE MASTER SUPPLY
(2014 RENEWAL) AGREEMENT, AND ADVANCE TO AN ENTITY IN
RESPECT OF DEPOSIT SERVICES UNDER THE MASTER FINANCIAL
SERVICES (2014 RENEWAL) AGREEMENT**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Non-exempt Transactions and their respective proposed annual caps for the three years ending 31 December 2017, details of which are set out in the letter from the board (the “**Letter from the Board**”) of the circular issued by the Company dated 1 December 2014 (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.

As at the Latest Practicable Date, TCL Corporation, the ultimate controlling Shareholder of the Company, holds approximately 63.68% of the issued share capital of the Company, and is a connected person of the Company under the Listing Rules. It also owns a 100% interest in Speed Distribution and a 82% direct interest in Finance Company. Accordingly, each of Speed Distribution and Finance Company is a TCL Associate, thus the aforesaid (including TCL Corporation) are connected persons of the Company under the Listing Rules. The transactions contemplated under the aforesaid agreements therefore constitute continuing connected transactions.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the respective annual caps of the Master TCL Trademark License (2014 Renewal) Agreement, the Master Logistics Service Supply (2014 Renewal) Agreement, the Master Sourcing (2014 Renewal) Agreement, the Master Supply (2014 Renewal) Agreement and the Master Financial Services (2014 Renewal)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

TCL Corporation and TCL Associates will abstain from voting in respect of the Non-exempt Transactions required to be put forward at the EGM.

The Independent Board Committee comprising all of 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 consider the terms of the Non-exempt Transactions and their respective proposed annual caps. We, South China Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Non-exempt Transactions and their respective proposed annual caps are fair and reasonable and whether the Non-exempt Transactions are 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.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading. We have performed all necessary steps as required under Rule 13.80 of the Listing Rules, including the notes thereto, to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions and have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the Non-exempt Transactions and their respective proposed annual caps, we have taken into consideration the following principal factors:

Background and reasons for the Non-exempt Transactions

Background and financial information of the Group

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. The Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally.

The Group's turnover and results by business segments for the years ended 31 December 2011, 2012 and 2013 and for the nine months ended 30 September 2013 and 2014 are summarised below, which are extracted from the respective annual reports and results announcement.

	For the nine months ended 30 September		For the year ended 31 December		
	2014	2013	2013	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover					
Television – PRC Market	13,783,344	18,352,079	25,665,747	23,146,374	19,615,224
Television – Overseas Markets	9,164,302	8,645,064	11,884,234	11,939,494	8,743,034
Audio-visual products (<i>Note 1</i>)	–	2,220,838	2,256,667	3,659,851	3,880,441
Others	653,604	890,531	1,944,722	939,136	693,664
	<u>23,601,250</u>	<u>30,108,512</u>	<u>41,751,370</u>	<u>39,684,855</u>	<u>32,932,363</u>
Segment results					
Television – PRC Market	449,388	397,045	60,954	902,571	526,672
Television – Overseas Markets	(6,946)	(129,220)	(96,731)	158,710	(811)
Audio-visual products (<i>Note 1</i>)	–	91,798	91,737	83,330	101,739
Others	(33,304)	(47,974)	(27,084)	76,773	12,639
	<u>409,138</u>	<u>311,649</u>	<u>28,876</u>	<u>1,221,384</u>	<u>640,239</u>

Note 1: manufacture and sale of audio-visual products were discontinued during the year ended 31 December 2013

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Background and reasons for the Non-exempt Transactions

TCL Corporation and its subsidiaries (including the Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of electronic, audio-visual products, telecommunications, information technology and electrical products. Products of the Group and TCL Corporation Group are primarily sold under the “TCL” brand.

Finance Company provides financial services including corporate finance advisory services, credit worthiness verification and related consultancy and agency services, collection and payment services, approved insurance agency services, guarantee services, agency lending and investment services, discounting bills and design of various schemes for settlement and clearing in respect of group fund transfer, and any other services approved by the CBRC for the Qualified Members.

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

We note that the Group has been carrying out, in the ordinary and usual course of its business, various non-exempt continuing connected transactions with TCL Corporation Group, subject to the annual caps and the terms of the respective agreements.

THE NON-EXEMPT TRANSACTIONS

1 Master TCL Trademark License (2014 Renewal) Agreement

Background, reasons and major terms

The Group is the arm of TCL Corporation responsible for the Multimedia Products. A majority of the Group’s products are marketed under the “TCL” trademark owned by TCL Corporation. The Company believes that such trademark is important to the success of the business of the Group and has been obtaining the right to use the “TCL” trademark pursuant to the Master TCL Trademark License Agreement. TCL Corporation, as owner of the “TCL” brand, will continue to conduct general brand promotion and marketing in respect of the Licensed Trademarks (as defined below) that the Group uses on products produced by it in its ordinary and usual course of business.

Pursuant to the Master TCL Trademark License (2014 Renewal) Agreement, TCL Corporation Group has granted to the Group an exclusive (subject to certain limited exceptions which are related to some existing obligation or business of TCL Corporation), non-sub-licensable and non-transferable license to use certain of its registered trademark for the manufacture, production, sale and distribution of Multimedia Products in the territories as specified in the Master TCL Trademark License (2014 Renewal) Agreement (“**Licensed Trademarks**”). Under the Master TCL Trademark License (2014 Renewal) Agreement, the Group is entitled (subject to certain exceptions) to use the trademark “TCL” as part of its business name and in all business applications in which a company’s name is commonly used.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Group shall pay to TCL Corporation royalties which shall be calculated based on the net sales of Multimedia Products bearing any of the Licensed Trademark under the Master TCL Trademark License (2014 Renewal) Agreement and the applicable royalty rates. Under the Master TCL Trademark License (2014 Renewal) Agreement, the royalty rates range from 0% to 1.5% depending on the trademarks, territories and performance of the Group. The Group is only required to pay royalty if the EBIT Percentage of the Group for previous 4 consecutive quarters is 3% or more.

We understand that sales revenue is the main basis of charging brand royalty. As a reference, we set out below information regarding certain continuing connected transactions involving granting of trademark license (with royalty fee calculated based on sales revenue) of which we are aware as announced by companies listed on the Main Board of the Stock Exchange since the beginning of year 2014 up to the date of the Master TCL Trademark License (2014 Renewal) Agreement (the “**Comparable Transactions**”).

Announcement date	Stock code	Company	Business	Royalty fee	Basis of calculation
24-Feb-14	839	Anhui Tianda Oil Pipe Co. Ltd.	Research and development, production and sales of specialized seamless pipes	2%	Royalty fee of 2% on the sales price ex-works of all products and accessories
28-Mar-14	81	China Overseas Grand Oceans Group Ltd.	Property investment and development, property leasing and investment holding	1%	Royalty fee of 1% of its audited annual consolidated turnover for each financial year ending 31 December 2014, 2015 and 2016
3-Oct-14	6898	China Aluminum Cans Holdings Ltd.	Manufacturing monobloc aluminum aerosol cans	2.5%	2.5% on the net sales price of all products sold in relation to the twelve trademarks
28-Oct-14	753	Air China Ltd.	Providing air passenger, air cargo and airline-related services in China	0%	Transaction is on a royalty-free basis

We note from the above table that the maximum royalty rate charged by TCL Corporation is within the range of rates of the Comparable Transactions. The applicable pre-agreed royalty rates payable by the Group are on an escalating scale, ranging from 0% to 1.5%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Under the Master TCL Trademark License (2014 Renewal) Agreement, the Group is not required to pay any royalty if its EBIT Percentage for previous 4 consecutive quarters is less than 3%. The Group did not meet the EBIT Percentage threshold in the past three years and does not expect to be able to meet such threshold for the two years ending 31 December 2016. Based on our review of the Company's calculation methods and explanations, discussions made with the Company and the forecasts stated in the shipments forecast report issued by DisplaySearch, it is currently estimated that a royalty of approximately HK\$159.0 million will be paid in the year ending 31 December 2017.

Under the Master TCL Trademark License (2014 Renewal) Agreement, the Group shall reimburse TCL Corporation for the relevant portion of the cost and expenses incurred for the general brand advertising costs by TCL Corporation or any other entities controlled by TCL Corporation or under the common control of TCL Corporation during the term of the Master TCL Trademark License (2014 Renewal) Agreement. Under the Master TCL Trademark License (2014 Renewal) Agreement, the annual amount of the general brand advertising costs payable by the Group to TCL Corporation shall range from 0.25% to 2.0% of the annual net sales of the Group for the relevant fiscal year depending on the types of products, provided that the aforesaid percentage may be varied from time to time with the written mutual consent of the parties.

The Group is a major revenue contributor of TCL Corporation. Sales of the Group represented approximately 27.0% of the total sales of TCL Corporation for the nine months ended 30 September 2014. Brand awareness and recognition is very important to the continual success of the Group, as well as other members of TCL Corporation Group. In the past two years, TCL Corporation Group only charged the Group the minimum charges of reimbursement under the Master TCL Trademark License Agreement amounting to HK\$211.4 million for the year ended 31 December 2012 and HK\$236.2 million for the year ended 31 December 2013 and estimated HK\$502.7 million for the year ending 31 December 2014. We understand from the Company that the branding reimbursement paid to TCL Corporation is much less than the actual amount of branding expenses incurred by TCL Corporation Group. Based on TCL Corporation Group's annual reports, the branding fee expenses payable by TCL Corporation Group amounted to RMB433.5 million for the year ended 31 December 2012 and RMB337.1 million for the year ended 31 December 2013. We note that significant branding campaigns are proposed to be launched like the potential cooperation opportunities in connection with the Games of the XXXI Olympiad (also known as Rio 2016) and further cooperation with Hollywood movie makers given that the promotional activities of the Hollywood 3D movie "X-Men: Days of Future Past" launched earlier this year received great success. More potential cooperation opportunities with (i) well-known television shows such as "Voice of China" and (ii) certain open world sports events such as the Wuhan Open are expected to be continued in the future.

We concur with the Directors' view that branding promotion is one of the very significant factors affecting the business development of the Group; it is fair and reasonable for the Group to contribute to the branding activities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

2 Master Logistics Service Supply (2014 Renewal) Agreement

Background, reasons and major terms

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. As stated in the Letter from the Board, the Master Logistics Service Supply (2014 Renewal) Agreement allows the Group to streamline the cost structure and operations. Under the Master Logistics Service Supply (2014 Renewal) Agreement, Speed Distribution shall provide to the Group the following services: (i) delivery and transfer of raw materials, components, finished goods, etc. among the Group's suppliers, distributors, customers, warehouses and distribution centres; (ii) storage service and warehouse management; and (iii) other services as agreed between the parties to the agreement from time to time.

Given the close relationship between the Group and TCL Corporation Group, the Group will be placed in a better position to monitor the services to be provided under the Master Logistics Service Supply (2014 Renewal) Agreement than by other outside service providers.

Where Speed Distribution offers to provide logistics services at terms no less favourable than (i) those offered by Speed Distribution to other independent third parties and/or (ii) those offered by other independent third parties to the Group, the Company shall procure its Subsidiaries to actively consider using the services provided by Speed Distribution. We understand Speed Distribution was established in 14 July 2004 and is one of the subsidiaries of the TCL Corporation that has a long history of providing logistics services. We understand from the Company that Speed Distribution currently has 39 logistic centers across the PRC and under the Master Logistics Service Supply (2014 Renewal) Agreement, the Group is entitled to use the logistics services provided by other independent service providers.

We have reviewed, on a random basis, the charges offered by Speed Distribution to the Group and to other independent third parties during the year ended 31 December 2013 and the six months ended 30 June 2014. Upon review of 2 agreements and its related supporting documents, we note that the charges offered by Speed Distribution were comparable to and no less favourable than those offered to independent third parties based on information provided to us by the Company.

3 Master Sourcing (2014 Renewal) Agreement

Background, reasons and major terms

From time to time the Group requires Overseas Materials for manufacturing or production of electronic products (including televisions and commercial use display products, manufactured, produced or otherwise sold or distributed by the Group) and requires TCL Corporation to act as an intermediary for the Group for the purchase of the overseas goods. The Master Sourcing (2014 Renewal) Agreement enables the Group to source Overseas Materials for the Group's production in view of the requirements of the business licenses of certain members of the Group. Under the Master Sourcing (2014 Renewal) Agreement, relevant member of TCL Corporation Group (i) acts as the intermediary for the Group to purchase and import the required Overseas Materials from the Company's Subsidiaries in places other than the PRC and/or from the independent third parties (designated by the Group) in places other than the PRC and (ii) sells such Overseas Materials to the Company's nominated Subsidiaries in the PRC as a local supplier.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Directors consider the arrangement under the Overseas Materials Sourcing Service is the best alternative for the Group to source Overseas Materials for the Group's production in view of the requirements of the business licenses of certain members of the Group.

In respect of the purchase of the Overseas Materials by TCL Corporation Group from the Company's Subsidiaries in places other than the PRC, the relevant member of the Group charges TCL Corporation Group the costs of the Overseas Materials.

The Company has provided information about the acquisition costs of the Overseas Materials charged to the Group and an independent third party providing similar import services. Upon review of 2 transactions and its related supporting documents, we are of the view that the acquisition costs of the Overseas Materials are on normal commercial terms and are fair and reasonable.

In respect of the sale of the Overseas Materials by TCL Corporation Group to the Company's nominated Subsidiaries in the PRC, TCL Corporation Group charges the relevant member of the Group for the acquisition cost of the Overseas Materials (i.e. the cost charged by the Group or independent third parties designated by the Group to TCL Corporation Group as mentioned above) plus all import duties payable by TCL Corporation Group and an administrative charge covering import administrative expenses and insurance fee and all out-of-pocket expenses incurred by TCL Corporation Group relating to the importation and delivery of the relevant Overseas Materials into the PRC. The administrative charges charged by TCL Corporation Group shall be no less favourable than those charged by independent third parties for the purpose of importing Overseas Materials for the Group.

The Company has provided information about the rate of the administration fee charged by an independent third party providing similar import services. Upon review of 2 transactions and its related supporting documents, we note that the rate of the administration fee quoted by such independent third party is comparable with the rate charged by TCL Corporation.

4 Master Supply (2014 Renewal) Agreement

Background, reasons and major terms

Sourcing of Goods

From time to time the Group requires components or raw materials produced or manufactured in the PRC for manufacturing or production of the Multimedia Products and it intends to purchase part of its requirements from TCL Corporation Group. In addition, the Group from time to time may request TCL Corporation Group to supply certain electronic, telecommunications, information technology, electrical and audio-visual products designed, developed, manufactured or otherwise marketed by TCL Corporation Group.

The Directors consider that the Sourcing of Goods will continue to facilitate a smooth operation of the Group's business by providing a stable and reliable source of supply of the necessary materials manufactured in the PRC for the Group's manufacture of the Multimedia Products and the necessary finished goods for the Group's operations.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Company shall procure its Subsidiaries to favourably consider purchasing part of the Group's required Goods produced or manufactured in the PRC from TCL Corporation Group and the TCL Associates provided that they can offer terms (including price and payment terms) no less favourable than terms available from independent third parties and are capable of meeting the timeline, quality and quantity of the relevant order placed.

With regard to purchase from TCL Corporation Group and/or the TCL Associates under the Master Supply (2014 Renewal) Agreement, we have reviewed, on a random basis, the unit selling prices to the Group to the prices of similar products from independent third parties during the year ended 31 December 2013 and the six months ended 30 June 2014. Upon review of 4 transactions and its related supporting documents, we note that the unit selling prices offered by TCL Corporation Group and/or the TCL Associates were lower than those offered by the independent third parties based on information provided to us by the Company.

Sale of Goods

The Group sells Goods, including Multimedia Products and parts and components, such as LCD televisions, electronic components and waste products manufactured or produced by the Group to TCL Corporation Group and the TCL Associates. On the other hand, TCL Corporation Group may from time to time request the Group to supply certain components or raw materials and Multimedia Products.

The Sale of Goods under the Master Supply (2014 Renewal) Agreement will also allow the Group to better manage its level of raw materials by providing additional flexibility to the Group for managing its surplus materials (if any) and will allow the Group to widen its revenue base by supplying Goods to TCL Corporation Group.

The Company shall procure its Subsidiaries to favourably consider offering to supply goods to or accepting such offer to purchase made by relevant member of TCL Corporation Group and the TCL Associates (as the case may be) provided that the terms (including price and payment terms) of the offer by TCL Corporation Group and the TCL Associates (as the case may be) are no less favourable than terms available to the Group from independent third parties. TCL Corporation Group and the TCL Associates have to comply with the pricing or distribution policy as determined by the Group from time to time.

With regard to the sale of the Multimedia Products, parts and components (under the Master Supply (2014 Renewal) Agreement) to TCL Corporation Group and/or the TCL Associates, we have reviewed, on a random basis, the unit selling prices to TCL Corporation Group and/or the TCL Associates to those offered to independent third parties during the year ended 31 December 2013 and the six months ended 30 June 2014. Upon review of 4 transactions and its related supporting documents, we note that the unit selling prices offered to TCL Corporation Group and/or the TCL Associates were comparable to and no less favourable than those offered to such independent third parties based on information provided to us by the Company.

Subject to the guiding principles as aforesaid, the relevant parties will negotiate on the detailed terms of contract (including payment terms) and enter into individual sale contracts for the sale and purchase of the goods manufactured by TCL Corporation Group, parts and components and/or the Multimedia Products.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

5 Master Financial Services (2014 Renewal) Agreement

Background, reasons and major terms

Finance Company was established in October 2006 pursuant to the relevant PRC laws and regulations relating to the establishment of “group finance company” to enhance the centralized management of funds among, and to improve the fund utilization of the individual member companies of TCL Corporation, including the Group. Finance Company is a financial institution approved and regulated by the PBOC and the CBRC. Finance Company provides financial services to TCL Corporation and its Qualified Members.

We understand from the Company that a purpose of entering into the Master Financial Services (2014 Renewal) Agreement is to provide cost efficient finance and treasury services to all TCL Multimedia Qualified Members. The Group also uses various loans and trade finance facilities provided by different financial institutions to support its operation. The Company believes that Finance Company, being a fellow subsidiary of the Company controlled by TCL Corporation, is in a better position to serve the financial needs of the Group as TCL Corporation has been the ultimate controlling shareholder of the Company since the inception of the Company and has a thorough understanding of the operations and development needs of the Group. Accordingly, Finance Company may be able to serve the Group more efficiently.

Deposit Services

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion deposit money with Finance Company.

If Finance Company decides to accept any amount of cash deposits in the PRC from a TCL Multimedia Qualified Member, the interest rates offered by Finance Company for such deposits shall not be lower than (i) the minimum interest rate promulgated by the PBOC for the same type of deposit services from time to time; (ii) the interest rates for the same type of deposits offered by major commercial banks of the PRC to the TCL Multimedia Qualified Members; and (iii) the interest rates for the same type of deposits offered by Finance Company to any other members of TCL Corporation Group. Other terms and conditions offered by Finance Company as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks in the PRC and Finance Company for the same type of deposit services to any other members of TCL Corporation Group.

If Finance Company decides to accept any amount of cash deposits outside the PRC from a TCL Multimedia Qualified Member, the interest rates offered by Finance Company for such deposits shall not be lower than (i) the interest rates for the same type of deposits offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate, to the TCL Multimedia Qualified Members; and (ii) the interest rates for the same type of deposits offered by Finance Company to any other members of TCL Corporation Group. Other terms and conditions offered by Finance Company as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate, and Finance Company for the same type of deposit services to any other members of TCL Corporation Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Finance Company and TCL Corporation will jointly and severally undertake to the Company that at any time during the term of the Master Financial Services (2014 Renewal) Agreement, the maximum amount of loans, financing and guarantees available under the facility line provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members shall not be less than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the TCL Multimedia Qualified Members with Finance Company.

If any TCL Multimedia Qualified Member demands repayment of any money deposited by it with Finance Company in accordance with the relevant terms and procedure and Finance Company fails to follow the repayment demand, such TCL Multimedia Qualified Member shall then have the right to:

- offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by it and/or any financing provided to it by Finance Company and/or TCL Corporation; and/or
- transfer the right mentioned in (a) above to other TCL Multimedia Qualified Members; and/or
- request TCL Corporation to repay the outstanding deposit amount on behalf of Finance Company in full.

The TCL Multimedia Qualified Members have been obtaining the Deposit Services from Finance Company since October 2006 and there has not been any problem with deposits repayment by Finance Company. We have reviewed the financial information of TCL Corporation Group and the Group as at 30 September 2014. We note that the balances of cash deposits, net current assets and net assets of TCL Corporation Group excluding the Group are higher than the aggregate amount of the proposed annual caps for the Deposit Services with Finance Company.

Given the respective financial position of Finance Company and TCL Corporation, we consider that Finance Company and TCL Corporation would be able to satisfy the repayment of deposits made by the Group with Finance Company.

Financing Services

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request any Financing Services from Finance Company.

If Finance Company decides to provide any Financing Services in the PRC to a TCL Multimedia Qualified Member, the interest rates charged by Finance Company shall not be higher than (i) the maximum interest rates promulgated by the PBOC from time to time in respect of similar services; (ii) the interest rates offered by major commercial banks of the PRC for similar services; and (iii) the interest rates for similar services provided by the Finance Company to any other members of TCL Corporation Group with the same credit rating. Other terms and conditions offered by Finance Company in respect of the Financing Services as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks in the PRC in respect of similar services and Finance Company to any other members of TCL Corporation Group with the same credit rating.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

If Finance Company decides to provide any Financing Services outside the PRC to a TCL Multimedia Qualified Member, the interest rates charged by Finance Company for Financing Services shall not be higher than (i) the interest rates offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate for similar services; and (ii) the interest rates for similar services provided by Finance Company to any other members of TCL Corporation Group with the same credit rating. Other terms and conditions offered by Finance Company in respect of the Financing Services as a whole shall be on normal commercial terms and shall not be less favourable than those offered by major commercial banks, in places outside the PRC where those TCL Multimedia Qualified Members are located and operate in respect of similar services and Finance Company to any other members of TCL Corporation Group with the same credit rating.

Finance Company and the relevant TCL Multimedia Qualified Members may enter into specific agreements in respect of any Financing Services to be provided with a view to setting out the detailed terms of the transactions.

The deposits of the Group with Finance Company will be pledged against loans and utilised trade finance facilities provided by Finance Company to the Group, the Group also has the right to set off any loan obligations owing by the Group to Finance Company if Finance Company fails to repay the Group in respect of any deposit on a dollar-for-dollar basis. We understand the aggregate maximum amount of loan and other facilities (secured and unsecured) provided by Finance Company and/or TCL Corporation to the Group shall be greater than the aggregate amount of deposits the Group makes with Finance Company.

Other Financial Services

Any TCL Multimedia Qualified Member may from time to time and in its absolute discretion request Finance Company to provide Other Financial Services, including, among other things, financial advisory services, settlement advisory services, insurance agency services, agency lending and borrowings and any other services approved by the CBRC.

The fees charged by Finance Company in respect of Other Financial Services shall not be higher than (i) the maximum fees promulgated by PBOC (if applicable) for similar type of services from time to time; (ii) the fees charged by major commercial banks of the PRC in respect of similar type of services; and (iii) the fees charged for the similar type of services offered by Finance Company to any other members of TCL Corporation Group. Other terms and conditions of Other Financial Services offered by Finance Company shall not be less favourable than those offered by PBOC, major commercial banks of the PRC and the Finance Company to any other members of TCL Corporation Group with the same credit rating for the similar type of services and shall be on normal commercial terms.

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

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

We have compared, on a random basis, the interest rates offered by Finance Company to those offered by other independent financial institutions and commercial banks during the year ended 31 December 2013 and the six months ended 30 June 2014. Upon review of 4 transactions and its related supporting documents, we note that the interest rates offered by Finance Company were comparable to and no less favourable than those offered by such independent financial institutions and commercial banks.

6 Overall view on the Non-exempt Transactions

We have reviewed the relevant agreements regarding the Non-exempt Transactions and note that each of the agreements renewed or revised (as the case may be) has been entered into on substantially the same terms as its corresponding existing agreement(s). All those agreements require terms of the Non-exempt Transactions be carried out on terms which are comparable to terms which may be available to the Group from independent third parties in respect of the sale of similar goods or provisions of similar services. The terms of the Non-exempt Transactions under the existing related agreements were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 30 December 2011 (except for the Master Logistics Service Supply Agreement which was exempted from the independent shareholders' approval requirement).

Based on our review and having considered the above, we consider that the terms of the Non-exempt Transactions are fair and reasonable.

THE PROPOSED ANNUAL CAPS

Set out below is a summary of the historical transaction amounts and original annual caps for each of the Non-exempt Transactions for the two years ended 31 December 2013 and the six months ended 30 June 2014 as well as the respective proposed annual caps for the three years ending 31 December 2017:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

	Historical Figures			Proposed annual caps		
	Year ended 31 December	Year ended 31 December	Six months	Year ending 31 December		
			ended	2015	2016	2017
			30 June	2015	2016	2017
2012	2013	2014	2015	2016	2017	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Master TCL Trademark License						
(2014 Renewal) Agreement						
– aggregate royalty (<i>Note 1</i>)	Nil	Nil	Nil	N/A	N/A	N/A
– original/proposed annual cap	Nil	Nil	Nil	Nil	Nil	158,988
– aggregate branding fee reimbursement	211,361	236,233	92,688	N/A	N/A	N/A
– original/proposed annual cap	388,807	466,678	560,496	560,661	663,298	737,963
Master Logistics Service Supply						
(2014 Renewal) Agreement						
– logistics service fee	90,415	208,679	158,539	N/A	N/A	N/A
– original/proposed annual cap	91,167	375,798	392,824	507,529	615,125	733,229
Master Sourcing (2014 Renewal)						
Agreement						
– purchase of overseas goods by TCL Corporation Group from the Group	1,480,702	1,062,414	269,266	N/A	N/A	N/A
– original/proposed annual cap	1,662,181	2,116,577	2,302,137	857,425	1,076,386	1,360,851
– sale of overseas goods by TCL Corporation Group to the Group	1,939,827	1,209,670	299,008	N/A	N/A	N/A
– original/proposed annual cap	3,337,989	4,339,823	4,705,676	1,063,207	1,334,718	1,687,455
Master Supply (2014 Renewal)						
Agreement						
– Sourcing of Goods	7,494,711	11,269,982	4,134,632	N/A	N/A	N/A
– original/proposed annual cap	12,234,978	16,790,134	20,612,345	18,954,763	22,495,059	25,650,532
– Sale of Goods	1,230,292	3,216,425	1,055,648	N/A	N/A	N/A
– original/proposed annual cap	3,178,115	5,772,962	7,668,196	7,988,320	12,216,885	18,201,831

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

	Historical Figures			Proposed annual caps		
	Year ended 31 December	Year ended 31 December	Six months	Year ending 31 December		
			ended 30 June	2015	2016	2017
	2012	2013	2014	2015	2016	2017
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Master Financial Services						
(2014 Renewal) Agreement						
- financial service charges	889	22,242	2,610	N/A	N/A	N/A
- original/proposed annual cap	5,706	117,445	150,828	157,503	178,666	197,308
- maximum outstanding balances of						
deposits (including interest						
receivables in respect of						
these deposits)						
	3,411,687	3,766,486	3,585,619	N/A	N/A	N/A
- original/proposed annual cap	7,183,360	8,100,251	9,022,451	15,352,816	21,493,942	30,091,519
(a) normal deposit						
	3,411,687	3,766,486	2,949,810	N/A	N/A	N/A
- original/proposed annual cap	3,482,523	3,775,893	4,056,154	8,400,000	11,760,000	16,464,000
(b) deposit (cash or bank instruments)						
as security						
	Nil	Nil	635,809	N/A	N/A	N/A
- original/proposed annual cap	3,700,837	4,324,358	4,966,297	6,952,816	9,733,942	13,627,519
- maximum facility amount						
(with cash deposit or bank						
instruments) as security						
	246,640	Nil	635,659	N/A	N/A	N/A
- original/proposed annual cap	3,700,837	4,324,358	4,966,297	6,952,816	9,733,942	13,627,519

Notes:

- 1) No royalty was payable by the Group for the two years ended 31 December 2013 and the six months ended 30 June 2014 as the actual performance of the Group for the relevant period did not reach the threshold which triggered the royalty payment obligations under the Master TCL Trademark License Agreement. It is expected that no royalty will be payable by the Group under the Master TCL Trademark License (2014 Renewal) Agreement for the two years ending 31 December 2016 as the estimated performance of the Group for the relevant period would not reach the threshold which triggers the royalty payment obligations.
- 2) For easy comparison of the historical figures and the proposed annual caps, names of the new master agreements are used herein.

We understand that the proposed annual caps for the Non-exempt Transactions for the three years ending 31 December 2017 were determined primarily based on (i) the business projections of the Group; and (ii) potential further appreciation of RMB against HK\$ during the relevant periods.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

(i) Business projections of the Group

The respective proposed annual caps for the Non-exempt Transactions are estimated with reference to (i) the historical transaction amounts for the two years ended 31 December 2013 and the six months ended 30 June 2014; and (ii) the projected business scale of the Group for the three years ending 31 December 2017. The business projections are prepared by the Company with reference to the anticipated global television consumptions, in particular, the demand for LCD televisions as the more popular television products, and the Group's targeted market share in the global television market, especially the PRC market.

Set out below is a summary of the sales volumes of the Group's televisions for the nine months ended 30 September 2013 and 2014 and the two years ended 31 December 2013:

	For the nine months ended 30 September		For the year ended 31 December	
	2014	2013	2013	2012
	('000 sets)	('000 sets)	('000 sets)	('000 sets)
LCD televisions*	11,903	12,085	17,184	15,527
Of which: LED backlight				
LCD televisions	11,869	11,569	16,661	11,828
CRT televisions	153	895	1,055	2,030
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total sales volume of televisions	12,056	12,980	18,239	17,557
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

* includes internet televisions

As set out in the annual report of the Company for the year ended 31 December 2013, the total sales volume of the Group's LCD televisions in 2013 increased by 10.7% as compared with that of 2012 to 17.2 million sets. The increase was mainly due to (1) the Group implementing its "one-stop integration, innovation and internationalization" long term development strategy; (2) further improving its product competitiveness; and (3) adhering to its core development strategy with an emphasis on "speed and efficiency". According to the report published by DisplaySearch (a leading global market research and consulting firm specializing in the display supply chain), the Group ranked No.3 in the global LCD TV market in 2013 with a market share of 6.5% while maintaining its No.1 position in the PRC LCD TV market with a market share of 18.1%, reflecting the success of the implementation of the Group's strategies.

As set out in the Company's results announcement for the nine months ended 30 September 2014, the Group's accumulated sales volume of LCD television for the period ended 30 September 2014 hit 11.9 million sets, representing a decrease of 1.5% year-on-year. This was mainly due to the continuous weak market demand arising from the withdrawal of the energy saving home appliances subsidy policy at the end of May last year. The sales volume of the Group's LED backlight LCD televisions rose from 7.6 million sets in the first half to 11.9 million sets for the nine months ended 30 September 2014. The Group's LED backlight LCD television sales volume amounted to 1.6 million sets in September 2014, accounting for 99.4% of its total LCD television sales volume in the month of September 2014. We

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

understand from the Company that the proportion of the Group's LED backlight LCD television sales volume to the Group's LCD television sales volume in the PRC Market in September 2014 reached 99.6%. The sales of LCD televisions accounted for 98.7% of the Group's television sales in terms of volume, representing an increase of 5.6 percentage points as compared with that of the corresponding period last year. Based on the global television shipments forecast report issued by DisplaySearch, total shipments of LCD televisions in the PRC are estimated to be 55.2 million sets, 56.5 million sets, 58.8 million sets and 61.3 million sets for the year ending 31 December 2014, 2015, 2016 and 2017, representing an increase of 0.8%, 2.4%, 4.1% and 4.2% year-on-year respectively.

Based on the information provided by the Company, the market share of the Group's LCD television products in the PRC is approximately 18.1% and 17.1% for the year ended 31 December 2013 and the six months ended 30 June 2014 respectively, representing a decrease of approximately 1%. We note that the Group targets to maintain approximately 13-14% market share in LCD televisions in the PRC for the years ending 31 December 2015, 2016 and 2017. This represents a potential annual growth of 15.1%, 12.5% and 10.2% in sales volume of the Group's LCD televisions in the PRC to approximately 10.0 million sets, 11.3 million sets and 12.4 million sets in 2015, 2016 and 2017 respectively. The sales volume of the Group's LCD televisions in the PRC amounted to approximately 5.8 million sets for the nine months ended 30 September 2014. The growth rates of the Group's market share in LCD televisions in the PRC for the three years ending 31 December 2017 have taken into account the projected growth in demand of LCD televisions. The Group's LCD television sales volume increased to 1.3 million sets in October, accounting for 10.0% of its total LCD television sales volume for the ten months ended 31 October 2014 which increased by 10.7% year-on-year. The Directors are confident that the Group shall be able to continue to increase its sales volume in LCD televisions in the coming years and the production capacity of the Group would be able to accommodate such increase. The Company also expects the Group's global sales volume continue to grow in the three years ending 31 December 2017.

(ii) Potential further appreciation of RMB against HK\$ during the relevant periods

As a majority of sales and costs are denominated in RMB, the proposed annual caps, which are denominated in HK\$, are set after taking into account the possible further appreciation of RMB against HK\$. For the purpose of calculating the respective proposed annual caps, the exchange rates of RMB1.00 to HK\$1.3253, RMB1.00 to HK\$1.3942 and RMB1.00 to HK\$1.4667 are used for the year ending 31 December 2015, 2016 and 2017 respectively. Such forecast exchange rates are estimated with reference to the appreciation rate of RMB to HK\$ of approximately 5.2% during the period from July 2011 to June 2014.

1 Master TCL Trademark License (2014 Renewal) Agreement

It is not expected that the performance of the Group will trigger the royalty payment obligations for the two years ending 31 December 2016 as the estimated performance of the Group for the relevant period will not reach the threshold which triggers the royalty payment obligations under the Master TCL Trademark License (2014 Renewal) Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The annual caps in respect of the aggregate branding fee reimbursement for the transaction under the Master TCL Trademark License (2014 Renewal) Agreement are estimated based on (i) the historical sales amount with an expected growth in the next three years with reference to the expected growth in market shares of the Group's Multimedia Products and certain market estimates of the expected growth in the sales of televisions, especially the substantial growth in LCD televisions market consumption, in the PRC and other regions around the world; (ii) the increase in branding fee reimbursement rate from 0.25% to 1.5% in the past years to 0.25% to 2% since 2014; (iii) the expected appreciation of RMB against HK\$; and (iv) the estimated advertising and promotion expenses of the promotion projects intended to be launched during the coming 3 years, including but not limited to the potential cooperation opportunities in connection with the Games of the XXXI Olympiad (also known as Rio 2016) and further cooperation with Hollywood movie makers given that the promotional activities of the Hollywood 3D movie "X-Men: Days of Future Past" launched earlier this year have received great success. More potential cooperation opportunities with (i) well-known television shows such as "Voice of China" and (ii) certain open world sports events such as the Wuhan Open are expected to be continued in the future. We note and understand from the Company that the branding fee reimbursement paid to TCL Corporation for the two years ending 31 December 2013 and the six months ended 30 June 2014 was much less than original annual caps because TCL Corporation supported the promotion of TCL brand in overseas markets without charging branding fee reimbursement for such promotion in overseas markets for years 2012, 2013 and 2014. This was a one-off arrangement and there is no guarantee that the Group will be granted such treatment in the coming years. To illustrate the effect of such treatment, it is estimated that the amount of annual branding reimbursement for the year ending 31 December 2014 would be HK\$502.7 million if there was no such treatment offered by TCL Corporation.

The proposed annual cap for the year ending 31 December 2015 of HK\$560.7 million represents approximately a 11.5% increase over the forecast branding fee reimbursement of HK\$502.7 million for the year ending 31 December 2014; the proposed annual cap for the year ending 31 December 2016 of HK\$663.3 million represents approximately a 18.3% increase over the proposed annual cap for the year ending 31 December 2015; and the proposed annual cap for the year ending 31 December 2017 of HK\$738.0 million represents approximately a 11.3% increase over the proposed annual cap for the year ending 31 December 2016. The proposed annual cap for the year ending 31 December 2015 is determined based on the projected sales of the Group for the year.

Given the Group's strategy focusing on the manufacture and sale of LCD televisions in the next three years and the market trend, we concur with the Company that it is reasonable to set the annual caps based on the targeting growth of the Group's LCD television business.

2 Master Logistics Service Supply (2014 Renewal) Agreement

The proposed annual caps for the Master Logistics Service Supply (2014 Renewal) Agreement are estimated based on the Group's historical costs and expenses incurred by the Group in respect of the logistics services provided by Speed Distribution in the PRC, the expected appreciation of RMB against HK\$, the expected inflation in the PRC and the projected sales volume in the next three years determined with reference to, among other factors, future growth rates in sales volume, the increasing quantity of products sold in the PRC in particular having regard to the growth in the Group's LCD business in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

We note and understand from the Company that the actual amount of logistics services fee paid for the year ending 31 December 2013 was lower than the original annual cap because the actual sales volume of LCD TVs in 2013 is lower than the original forecasted figure made in 2011. For the year ending 31 December 2014, it is expected that the actual logistics services fee would be more or less the same as the original annual cap since the logistics service fee for the six months ended 30 June 2014 has already reached HK\$158.5 million, being 40.4% of the original annual cap and it is expected during the second half of 2014, being the peak season of sales of LCD TVs, the logistics services fee will be greater than that of the first half of 2014.

3 Master Sourcing (2014 Renewal) Agreement

The proposed annual caps for the Master Sourcing (2014 Renewal) Agreement are estimated based on the Group's projected sales which are primarily driven by the growth of the Group's LCD television business based on the estimated purchases amount of diodes and other electronic parts, which are major parts and components used in the manufacture of LCD televisions and are imported through TCL Corporation Group on behalf of the Group for the three years ending 31 December 2017. The decrease in the proposed annual caps is mainly because CSOT (a panel manufacturer in the PRC and a subsidiary of TCL Corporation) reached its targeted production capacity in the fourth quarter of 2012 and thus the Group purchased panels from CSOT directly and the transaction amount was included under the Master Supply Agreement. As such, for the year ended 31 December 2012 and 2013, the historical figures of the Master Sourcing Agreement mainly consist of sales/sourcing of diodes and other related electronic parts while the renewal in 2011 included the expected sales/sourcing of LCD panels.

4 Master Supply (2014 Renewal) Agreement

The Company expects that more parts and components will be purchased from TCL Corporation Group and the TCL Associates given the development plan of TCL Corporation Group and that of the Group. The Group has been purchasing different parts and components such as LCD panels and open cell modules from TCL Corporation Group and the TCL Associates for its production needs.

The proposed annual caps under the Master Supply (2014 Renewal) Agreement in respect of the Sourcing of Goods from TCL Corporation Group are determined mainly based on (i) the estimated purchases of LCD panels from CSOT by the Group; (ii) the estimated purchases of other parts and components for the manufacture of LCD televisions and new products (including 7V box); and (iii) the estimated purchases of commercial use LCD televisions/displays from TCL Corporation Group.

In respect of the Sale of Goods under the Master Supply (2014 Renewal) Agreement, the proposed annual caps are primarily determined with reference to (i) the estimated sales through the electronic commerce platform of Huizhou Kuyu Network Technology Co., Ltd.; and (ii) the estimated sales of the Group's new product 7V box to TCL Corporation Group. We note from the circular of the Company dated 28 May 2014 that as of June 2013, the total number of internet users in China reached 564 million, of which 271 million people were online shoppers while the numbers are still increasing. The total retail sales of consumer goods in China amounted to RMB23,438 billion in 2013, representing an increase of 13.1% over the previous year, of which online shopping transaction amount was approximately RMB1,850 billion, representing an increase of 42% over the previous year and accounting for 7.8% of total retail sales of consumer goods in China in 2013, being 1.6% higher than that for the previous year. Online

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

shopping market in China, as a whole, will maintain a relatively high growth rate and the O2O business model will develop rapidly and become the mainstream of e-commerce market. It is expected that the annual transaction amount through online shopping will reach approximately RMB4,000 billion in the PRC market by 2016-2017 and will account for a larger proportion of the total retail sales of consumer goods as a whole.

As for the Master Supply (2014 Renewal) Agreement, we note and understand from the Company that the significant increase in the proposed annual caps for Sourcing of Goods is mainly due to the expected increase of the sourcing of parts and components for the production of new products of the Group, such as 7V box, a new product launched by the Group since late 2014. The expected increase for sourcing of parts and components for the production of 7V box for year 2015 will be 488.1% compared to the forecasted transaction amount in 2014, and 96.6% and 28.9% for years 2016 and 2017, respectively.

In regards to the proposed annual caps for the Sale of Goods under the Master Supply (2014 Renewal) Agreement, we understand from the Company that the significant increase is mainly due to the expected increase of the sale of new products (including 7V box) of the Group. The expected increase for sale of 7V box for year 2015 will be 113.0% compared to the forecasted transaction amount in 2014, and 22.0% and 36.0% for years 2016 and 2017, respectively. Also, the Group will roll out its electronic commerce business via an O2O platform in the future. As a result, the Group expected the sales of Multimedia Products to TCL Corporation Group will be increased significantly for the coming three years. The expected increases are 62.0%, 45.7% and 42.0% for years 2015, 2016 and 2017, respectively. The expected growth is in line with the increase of online shopping transaction as stated in the circular of the Company dated 28 May 2014.

5 Master Financial Services (2014 Renewal) Agreement

The proposed annual caps for the Master Financial Services (2014 Renewal) Agreement are estimated with reference to the expected growth of the Group's business for the three years ending 31 December 2017. The Group has been placing pledged RMB deposits and borrowing secured loans with other financial institutions in the PRC in the past years. It is expected that such transactions, in addition to the Deposit Services, may also be undertaken by Finance Company after 1 January 2015 if Finance Company can offer favourable terms and meet the financial needs of the Group.

As at each quarter end in 2013 and the first nine months of 2014, the balances of the Group's pledged deposits and secured bank loans were HK\$106.8 million and HK\$106.4 million as at 31 March 2013, HK\$0 million and HK\$0 million as at 30 June 2013, HK\$0 million and HK\$0 million as at 30 September 2013, HK\$0 million and HK\$0 million as at 31 December 2013, HK\$0 million and HK\$0 million as at 31 March 2014, HK\$0 million and HK\$0 million as at 30 June 2014, and HK\$0 million and HK\$0 million as at 30 September 2014, respectively. The secured bank loans were secured by the Group's pledged deposits and bank instruments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

We note and understand from the Company that the original annual caps for the three years ending 31 December 2014 only took into account deposits placed with Finance Company in the PRC from TCL Multimedia Qualified Member(s) and financing services provided by Finance Company to TCL Multimedia Qualified Member(s) in the PRC. For the Deposit Services, the Group expects that there will be new cash deposits placed with Finance Company outside the PRC from TCL Multimedia Qualified Member(s) in the coming three years and therefore, the proposed annual caps for the Deposit Services for the three years ending 31 December 2017 will be increased in order to cope with the increased needs for Deposit Services under the newly contemplated placing of deposits with the Finance Company from outside the PRC.

As for the Financing Services, since Finance Company has obtained the necessary qualification in conducting the business of global fund management in 2014, which allows Finance Company to expand its Financing Services to places outside the PRC, the Group expects that new Financing Services will be provided by Finance Company outside the PRC to TCL Multimedia Qualified Member(s) in the coming three years, whereas in determining the original annual caps for the three years ending 31 December 2014, only Financing Services provided by Finance Company in the PRC to TCL Multimedia Qualified Member(s) were considered. Therefore, the proposed annual caps for the three years ending 31 December 2017 will be larger to cope with the increased needs for Financing Services outside the PRC.

With the Group's ongoing effort in product-mix optimisation, it is reasonable to set higher proposed annual caps.

6 Overall view on the proposed annual caps

In addition to the above, we consider that it is in the interests of the Group to set the proposed annual caps with a reasonable room to accommodate possible fluctuations in the Group's operation, such as an increase in selling prices in the Group's products, an increase in the selling prices of parts and components or a higher general inflation and/or RMB appreciation, provided that the terms of the Non-exempt Transactions are fair and reasonable and the conduct of those transactions complies with the Listing Rules, including annual review by the independent non-executive Directors and the auditors of the Company as required under Chapter 14A of the Listing Rules. Based on the annual reports of the Company for the year ended 31 December 2011, 2012 and 2013, we note that the Company has complied with the relevant requirements under the Listing Rules in respect of its continuing connected transactions.

In assessing the reasonableness of the proposed annual caps, we have discussed with the management of the Group their projected volume and the basis of the calculations, both of which we consider reasonable. Based on the above analysis, we are of the view that the proposed annual caps for the Non-exempt Transactions have been determined by the Board with reasonable grounds and basis. Having considered the above, we consider that the proposed annual caps for the Non-exempt Transactions are fairly and reasonably determined.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

RECOMMENDATION

Having considered the principal reasons and factors discussed above, we are of the view that the terms of the Non-exempt Transactions and their respective proposed annual caps are fair and reasonable and that the Non-exempt Transactions are 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 the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Non-exempt Transactions and their respective proposed annual caps.

Yours faithfully,
For and on behalf of
South China Capital Limited
Francis Yeung
Managing Director

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as comparative table and the latest published audited consolidated statement of financial position together with the notes on the annual accounts for the last financial year of the Group.

The audited consolidated financial statements of the Company for the years ended 31 December 2013, 2012 and 2011 together with the relevant notes to the financial statements of the Company can be found on pages 98 to 215 of the annual report of the Company for the year ended 31 December 2013, pages 92 to 203 of the annual report of the Company for the year ended 31 December 2012, and pages 70 to 175 of the annual report of the Company for the year ended 31 December 2011. Please also see below the hyperlinks to the said annual reports.

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0321/LTN20140321282.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0319/LTN20130319226.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0326/LTN20120326343.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 31 October 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group's total interest-bearing borrowings of approximately HK\$3,759,991,000, comprising:

- (i) unsecured bank loans in the amount of approximately HK\$2,990,029,000;
- (ii) unsecured trust receipt loans in the amount of approximately HK\$223,632,000;
- (iii) loans from an associate in the amount of approximately HK\$158,565,000; and
- (iv) a loan from TCL Industries in the amount of approximately HK\$387,765,000.

Capital commitments and contingent liabilities

As at 31 October 2014, the Group had capital commitment of approximately HK\$70,161,000 and HK\$290,477,000 which were contracted but not provided for and authorised but not contracted for respectively.

As at 31 October 2014, guarantees given to banks by the Company in connection with banking facilities granted to its Subsidiaries amounted to HK\$2,140,514,000 and guarantees given to suppliers by the Company in connection with the payment of purchases by its Subsidiaries amounted to HK\$310,236,000.

In addition, the Company provided guarantees to banks in connection with foreign exchange contracts entered into by certain subsidiaries of the Group. As at 31 October 2014, the aggregate notional amount of unsettled foreign exchange contracts amounted to approximately HK\$528,851,000.

There was also a provision in the amount of HK\$374,442,000 for restructuring and warranties as at 31 October 2014.

Pledge of assets

As at 31 October 2014, the Group's time deposits in the amount of approximately HK\$78,233,000 were being pledged for certain bills payables in the amount of approximately HK\$68,545,000.

Save as aforesaid, the Group did not have any outstanding indebtedness in respect of any debentures, loan capital, bank loans and overdrafts, term loans and other borrowings, debt securities or other similar indebtedness, or hire purchase commitments, finance lease commitments, whether guaranteed, unguaranteed, secured or unsecured, mortgages, charges, guarantees or other contingent liabilities as at the close of business on 31 October 2014.

The Directors have confirmed that there has not been any material change in the indebtedness or the contingent liabilities of the Group since 31 October 2014.

3. WORKING CAPITAL

As at the Latest Practicable Date, after due enquiry and taking into account the internal resources of the Group and the borrowing facilities available to the Group, the Directors are of the opinion that the Group will have sufficient working capital for its present requirement, that is for at least the next 12 months from the date of publication of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Looking ahead, the global economy is expected to continue its moderate recovery. The TV industry in the PRC, after having experienced a rapid growth, is expected to slow down in its market growth. Moreover, the cross-industry participation from internet companies into the TV industry intensifies market competition, inflicting pressure on product prices and posing more challenges to the outlook of the TV industry.

Nevertheless, as the pillar theme of striving to grow with stability for the PRC economy remains intact, urbanization development and steady increasing disposable income are expected to be the drivers of steady development of the TV industry. However, in the short term, the TV industry in PRC will still be affected by weak market demand and the global shortage of screen supply. Therefore, the Group has lowered its annual sales volume target of LCD TVs to 17.00 million sets. In response to the market demand, the Group will strive towards enhancing product competitiveness with a focus on Big Screen, Ultra high-definition and Smart TVs – BUS-oriented. Meanwhile, the Group will work diligently to enhance its fundamental capabilities and continue to proactively implement “double +” transformation

strategy, which encompasses “intelligence + internet” and “products + services”. By shifting from a product-oriented approach to a product-and-user-oriented approach, the Group seeks to develop smart products and services that deliver exquisite experience and provide users a comprehensive entertainment solution, which is expected to become a profit growth driver for the TV enterprise.

In the PRC Market, the Group will further strengthen promotion of TV+ Home Entertainment TVs, enrich its innovative internet product planning and continuously expand service content, striving to bring exquisite experience to users. Meanwhile, the Group will continue to deepen sales channel and organizational reforms to flatten its enterprise structure further in order to boost terminal sales capability and agility to changes in the market. For the Overseas Markets, the Group will seek to bring customers more satisfying innovative products and services by improving its overseas sales channels development, strengthening R&D and innovation in product technologies and facilitating vertical integration of the industry chain. Furthermore, the Group proactively exploits synergies with other businesses of TCL Corporation. Products like TCL branded mobile phones and air conditioners, etc. will be introduced in such markets as Southeast Asia, etc., to raise the overall influence of the TCL brand overseas.

With respect to the “intelligence + internet” strategy, with the prevailing popularity in application of internet technologies, the Group will on one hand apply an internet-oriented thinking in R&D, manufacturing and marketing to cater to customer demand, while on the other hand step up the establishment of an internet ecosystem by consolidating its hardware business development, expanding and enhancing its service and content, deepening cross-industry strategic cooperations with iQIYI, Tencent and IMAX, etc. with an aim to developing cross-industry smart terminal products which will embody the integration of “platform, content, terminal and application”. Also, the Group will foster its electronic commerce business development via an O2O platform with better cost advantages that help implement a marketing strategy combining traditional media with new media. This will not only reinforce the existing distribution channels, but also enhance sales efficiency by bringing consumers closer through internet application tools. Furthermore, the Group will continue to consolidate its product lines of the existing new internet business, such as games, OTT, 7V box, etc., through establishment of an internet business unit and expand the revenue streams by adding interactive functions from “TV+” service system. In the future, the Group will further enhance its product capabilities for the new businesses, creating exquisite products and user experiences and achieving new growth drivers based on internet-based operations.

With respect to the “product + services” strategy, the Group will endeavor its best efforts in establishing a mechanism that identifies consumer insights and user experiences and continue to improve its product competitiveness. The Group will proactively develop smart TVs, game consoles, OTT set-top boxes to be operated on smart service platforms, IMAX premium private theatre systems, etc., with exquisite experience. The Group will cooperate with TCL Communication to jointly launch high-resolution video conferencing systems. The Group will organize its service business layout along the 4 smart service platforms including the video platform, the game platform, the education platform and the living platform. The Group will reinforce horizontal alliances and core cross-industry cooperations in video platform and game platform, promote implementation of the education platform and the living platform so as to provide users a comprehensive entertainment solution and strive to achieve further breakthroughs in establishing recurring income streams and revenue-sharing models for its businesses.

Meanwhile, the Group will persistently implement its international branding strategy, consolidate its resources all over the world and continue to strengthen its business in the Overseas Markets, exploiting further synergies in the industry and develop TCL into a leading global brand and strive to increase the global market share and awareness of the TCL brand. The Group will implement its own strategic transformation with the “double +” strategy, namely the combination of “intelligence + internet” and “products + services”, by fully capitalizing on TCL Corporation’s resource advantages. It will establish a new organizational structure and enhance its capability for implementing the strategic transformation with an aim to gradually transforming into a global entertainment technology enterprise and creating long-term enterprise value and returns for shareholders.

5. ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

On 31 March 2014, US Moka Limited (“US Moka”, a wholly-owned subsidiary of the Company) and Sanyo Manufacturing Corporation (“SMC”, an independent third party) entered into two agreements, namely: (i) the asset purchase agreement pursuant to which SMC agreed to sell and US Moka agreed to acquire the assets comprising certain pieces of land (the “Land”) located at the Industrial Development Zone known as Ciudad Industrial Nueva Tijuana in Baja California Mexico, with a total area of about 79,131.79 square meters; all the buildings erected on the Land; and the machinery and any other supplementary tools (collectively, the “Sanyo Assets”) operated in Sanyo Manufacturing, S.A. de C.V. (“SMSA”, a non wholly-owned subsidiary of SMC) at a consideration of US\$13,200,000 (equivalent to approximately HK\$102,339,000); and (ii) the stock purchase agreement pursuant to which SMC agreed to sell and US Moka agreed to acquire 45,000 shares in SMSA, representing 90% of the equity interest of SMSA at a consideration of US\$1,950,000 (equivalent to approximately HK\$15,119,000), subject to certain consideration adjustments. The total consideration was US\$15,150,000 (equivalent to approximately HK\$117,458,000), subject to certain consideration adjustments. The acquisition was completed on 30 April 2014. The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company were not varied in consequence of the acquisition.

On 24 April 2014, TCL Optoelectronics Technology (Huizhou) Co., Ltd. (“TOT”, a wholly-owned subsidiary of the Company) and CPT Display Technology (Shenzhen) Limited (“CPT Display”, a non wholly-owned subsidiary of TCL Corporation) entered into the acquisition agreement pursuant to which CPT Display agreed to sell and TOT agreed to purchase production lines owned by CPT Display for aging in manufacture of backlight module at a consideration of RMB45,000,000 (equivalent to approximately HK\$56,700,000). The transaction was completed on 30 April 2014 and no gain/loss was recorded. The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company were not varied in consequence of the acquisition.

On 24 April 2014, TCL King Electrical Appliances (Huizhou) Company Limited (“TCL King (Huizhou)”, a wholly-owned subsidiary of the Company) entered into a capital increase agreement with TCL Corporation, Huizhou TCL Mobile Communication Co., Ltd. (“Huizhou TCL Mobile”) (a wholly-owned subsidiary of TCL Communication), TCL Air-conditioner (Zhongshan) Co., Ltd. (a non wholly-owned subsidiary of TCL Corporation), TCL Home Appliance (Hefei) Co., Ltd. (a wholly-owned subsidiary of TCL Corporation), Foshan TCL Household Appliances (Nanhai) Co., Ltd. (a wholly-owned subsidiary of TCL Corporation), Huizhou TCL Light Electrical Appliances Co., Ltd. (a non wholly-owned subsidiary of TCL Corporation), Huizhou Pengpeng Keji Investment Partnership (Limited Partnership)

(“Pengpeng Keji”) (46.20% equity interest owned by Mr. Shi Wanwen, a non-executive director of the Company), Huizhou Wuheshen Keji Investment Partnership (Limited Partnership) (60%, 20% and 20% equity interest owned by Mr. Yang Bin (a director of three subsidiaries of the Company), Mr. Liu Wenwu and Mr. Wen Aijin (the senior management of Huizhou Kuyu Network Technology Co, Ltd. (“Kuyu”)), respectively) and Kuyu, pursuant to which TCL King (Huizhou) agreed to inject RMB80,000,000 (equivalent to approximately HK\$100,781,000) in cash to Kuyu as its registered capital and therefore held 16% equity interest in the enlarged registered capital of Kuyu. The transaction was completed on 27 June 2014. The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company were not varied in consequence of the acquisition.

On 2 December 2013, TCL Electrical Appliance Sales Co., Ltd. (“Sales Co”, a wholly-owned subsidiary of the Company) entered into an equity transfer agreement (“Equity Transfer Agreement”) with Toshiba Corporation, an independent third party, pursuant to which Sales Co agreed to acquire an additional 21% equity interest in Toshiba Visual Products (China) Co., Ltd. (“Toshiba Visual”, a former 49% owned associate of Sales Co) at nil consideration. The equity transfer was completed on 9 May 2014 and Toshiba Visual became a subsidiary of the Group since then. The equity transfer was regarded as a business combination achieved in stages. The Group accordingly remeasured the fair value of its previously held equity interest in Toshiba Visual at the equity transfer date and recognised the resulting gain of HK\$49,307,000 in the consolidated statement of profit or loss and other comprehensive income. The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company were not varied in consequence of the acquisition.

1. RESPONSIBILITY OF THE DIRECTORS

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 Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 herein or this document 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 Transactions, by Directors of Listed Issuers contained in the Listing Rules ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest 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	43,205,526	3.24%
BO Lianming	Beneficial owner	218,727	0.02%
HAO Yi	Beneficial owner	1,479,366	0.11%
YAN Xiaolin	Beneficial owner	390,600	0.03%
Albert Thomas DA ROSA, Junior	Beneficial owner	63,333	0.005%
HUANG Xubin	Beneficial owner	1,060,560	0.08%
SHI Wanwen	Beneficial owner	566,692	0.04%
TANG Guliang	Beneficial owner	63,333	0.005%
Robert Maarten WESTERHOF	Beneficial owner	30,000	0.002%
WU Shihong	Beneficial owner	63,333	0.005%

(b) Other interest in the Company

Name of Directors	Type of Interest	Other interests (Note)	Approximate percentage of issued share capital of the Company
LI Dongsheng	Beneficial owner	275,205	0.02%
HAO Yi	Beneficial owner	144,573	0.01%

Note: These 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 share options	Approximate percentage of issued share capital of the Company
LI Dongsheng	Beneficial owner	3,535,289	0.27%
BO Lianming	Beneficial owner	1,155,700	0.09%
HAO Yi	Beneficial owner	1,649,778	0.12%
YAN Xiaolin	Beneficial owner	283,467	0.02%
Albert Thomas DA ROSA, Junior	Beneficial owner	266,667	0.02%
HUANG Xubin	Beneficial owner	708,711	0.05%
SHI Wanwen	Beneficial owner	141,778	0.01%
TANG Guliang	Beneficial owner	266,667	0.02%
Robert Maarten WESTERHOF	Beneficial owner	300,000	0.02%
WU Shihong	Beneficial owner	266,667	0.02%

(d) Long positions 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/ Interest of controlled corporation	1,047,173,209	11.08%
BO Lianming	TCL Corporation	Beneficial owner	1,997,381	0.02%
HAO Yi	TCL Corporation	Interest of spouse	201,600	0.002%
YAN Xiaolin	TCL Corporation	Beneficial owner	793,000	0.01%
HUANG Xubin	TCL Corporation	Beneficial owner	1,933,360	0.02%
SHI Wanwen	TCL Corporation	Beneficial owner	5,799,518	0.06%
LI Dongsheng	TCL Communication	Beneficial owner	42,371,008	3.47%
BO Lianming	TCL Communication	Beneficial owner	65,700	0.01%
HAO Yi	TCL Communication	Beneficial owner	133	0.00001%
YAN Xiaolin	TCL Communication	Beneficial owner	22,000	0.002%
SHI Wanwen	TCL Communication	Beneficial owner	83,715	0.01%
WU Shihong	Huizhou Techne Corporation	Beneficial owner	802,700	0.35%
LI Dongsheng	Tonly Electronics Holdings	Beneficial owner/ Interest of spouse	5,687,668	2.28%
BO Lianming	Tonly Electronics Holdings	Beneficial owner	28,653	0.01%
HAO Yi	Tonly Electronics Holdings	Beneficial owner	116	0.00005%
Albert Thomas DA ROSA, Junior	Tonly Electronics Holdings	Beneficial owner	5,476	0.002%
HUANG Xubin	Tonly Electronics Holdings	Beneficial owner	4,325	0.002%
SHI Wanwen	Tonly Electronics Holdings	Beneficial owner	54,937	0.02%
TANG Guliang	Tonly Electronics Holdings	Beneficial owner	5,476	0.002%
Robert Maarten WESTERHOF	Tonly Electronics Holdings	Beneficial owner	2,142	0.001%
WU Shihong	Tonly Electronics Holdings	Beneficial owner	5,476	0.002%

(e) Interest in shares of CSOT, an associated corporation of the Company

Name of Director	Registered Capital (Note)	Approximate percentage of registered capital of CSOT
BO Lianming	RMB34,912,000	0.22%

Note: Mr. BO Lianming was deemed to be interested in CSOT since he owned Tibet Shannan Star Ripple Venture Capital Partnership (Limited Partnership) (“Star Ripple”) as to approximately 57.58% and Star Ripple in turn held 0.22% of the registered capital of CSOT.

(f) Interest in shares of Kuyu, an associated corporation of the Company

Name of Director	Registered Capital (Note)	Approximate percentage of registered capital of Kuyu
SHI Wanwen	RMB35,500,000	7.10%

Note: Mr. SHI Wanwen was deemed to be interested in Kuyu since he owned Pengpeng Keji, as to approximately 46.20% and Pengpeng Keji in turn held 7.10% of the registered capital of Kuyu.

(g) 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 share options	Approximate percentage of the relevant associated corporation’s issued share capital
BO Lianming	TCL Corporation	Beneficial owner	2,061,420	0.02%
YAN Xiaolin	TCL Corporation	Beneficial owner	1,522,400	0.02%
HUANG Xubin	TCL Corporation	Beneficial owner	1,450,020	0.02%
SHI Wanwen	TCL Corporation	Beneficial owner	1,780,740	0.02%
LI Dongsheng	TCL Communication	Beneficial owner	9,241,913	0.76%
BO Lianming	TCL Communication	Beneficial owner	2,879,000	0.24%
YAN Xiaolin	TCL Communication	Beneficial owner	377,200	0.03%
HUANG Xubin	TCL Communication	Beneficial owner	1,016,035	0.08%
SHI Wanwen	TCL Communication	Beneficial owner	293,600	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 to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

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:

(a) Long positions in shares of the Company

Name of Shareholder	Type of Interest	No. of shares held	Approximate percentage of issued share capital of the Company
TCL Corporation	Interest of controlled corporation	849,204,475 (Note 1)	63.68% (Note 2)

Notes:

1. Under the SFO, as at the Latest Practicable Date, TCL Corporation was deemed to be interested in 840,710,475 shares of the Company held by TCL Industries, a direct wholly-owned subsidiary of TCL Corporation. Such percentage is calculated based on aforesaid amount disclosed on the website of Stock Exchange, and the issued share capital of the Company as at the Latest Practicable Date. The Company has been notified by TCL Corporation that the holding of TCL Industries as at the Latest Practicable Date was 849,204,475 shares of the Company. However, the increase of such holding did not give rise to any disclosure obligation under the SFO.
2. Such percentage was calculated based on the issued share capital of the Company as at the Latest Practicable Date, being 1,333,598,514 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. BO Lianming is an executive director, president and chief operating officer of TCL Corporation;
 - (c) Mr. HAO Yi is a vice president of TCL Corporation;

- (d) Mr. YAN Xiaolin is a senior vice president and the chief technology officer of TCL Corporation and the president of TCL Corporate Research of TCL Corporation; and
- (e) Mr. HUANG Xubin is an executive director and the chief financial officer 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%
Henan Melody-Huana Electronics Co., Ltd. (河南美樂華納電子有限公司)	惠州市仁仁巨實業有限公司	60%
TCL Moka Manufacturing, S.A. de C.V.	Sanyo Manufacturing Corporation	10%
Toshiba Visual (東芝視頻產品(中國)有限公司)	Toshiba Corporation (株式會社東芝)	30%

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 2013 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. DIRECTORS' INTEREST IN THE GROUP'S ASSETS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. 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.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

9. 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	Qualification
South China Capital Limited	A licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO

South China Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 1 December 2014 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, South China Capital Limited did not have (i) 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 and (ii) any direct or indirect interest in any assets which have, since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, of leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

10. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into the ordinary course of business, were entered into by the Company or any of its Subsidiaries which are or may be material:

- (a) the Master Financial Services (2014 Renewal) Agreement;
- (b) the joint venture agreement dated 11 November 2014 entered into among Sino Leader (Hong Kong) Limited (“Sino Leader”), a wholly-owned subsidiary of the Company, Prosper Fortune Enterprises Limited, Crown Capital Enterprises Limited and the joint venture company (to be named as TCL Smart Home Technologies Co., Ltd), pursuant to which the parties to the joint venture agreement to jointly develop the relevant business comprising the provision of (i) the smart home appliances and integrated systems to end users; (ii) the smart home related applications and services to end users; (iii) the advertisement and consultancy services to smart appliance manufacturers; and (iv) the total solution of smart appliances and services provided to smart communities and smart cities. The initial capital requirement and further financing commitment on the part of the Company amounted to approximately RMB27,000,000;
- (c) the Kuyu capital increase agreement dated 24 April 2014 entered into among TCL King (Huizhou), a limited liability company incorporated in the PRC and 100% interest in its registered capital being indirectly held by the Company, TCL Corporation, Huizhou TCL Mobile, TCL Air-conditioner (Zhongshan) Co., Ltd., TCL Home Appliance (Hefei) Co., Ltd., Foshan TCL Household Appliances (Nanhai) Co., Ltd. and Huizhou TCL Light Electrical Appliances Co., Ltd., Pengpeng Keji, Huizhou Wuheshen Keji Investment Partnership (Limited Partnership) and Kuyu, pursuant to which the Company agreed to inject RMB80 million in cash to Kuyu as its registered capital;
- (d) the Third Variation Deed (2014) dated 24 April 2014 entered into among the Company, TCL Corporation and TCL Industries in relation to certain non-competition arrangement, and entered into for the purpose of modifying the scope of restricted activity undertaken by TCL Corporation and TCL Industries (“Restricted Activity”), so that the scope of Restricted Activity shall only cover the manufacture and assembly of TV sets;
- (e) the acquisition agreement dated 24 April 2014 entered into between TOT, a wholly foreign-owned enterprise established in the PRC and a direct Subsidiary of the Company, and CPT Display pursuant to which TOT agreed to purchase certain CPT aging production line at a consideration of approximately RMB45.0 million;
- (f) the disposal agreement dated 24 April 2014 entered into between TOT and CPT Display pursuant to which TOT agreed to sell certain TOT bonding production line at a consideration of approximately RMB116.5 million;

- (g) the asset purchase agreement dated 31 March 2014 entered into between US Moka as purchaser, a wholly-owned subsidiary of the Company and SMC as vendor pursuant to which SMC agreed to sell and US Moka agreed to acquire (i) certain pieces of land located at the industrial development zone known as Ciudad Industrial Nueva Tijuana in Baja California Mexico (“Land”); (ii) all the buildings erected on the Land; and (iii) the machinery and any other supplementary tools operated in SMSA, a non wholly-owned subsidiary of SMC, at a consideration of US\$13.2 million (subject to certain consideration adjustments);
- (h) the stock purchase agreement dated 31 March 2014 entered into between US Moka and SMC pursuant to which SMC agreed to sell and US Moka agreed to acquire 45,000 shares in SMSA at a consideration of US\$1.95 million (subject to certain consideration adjustments);
- (i) the strategic cooperation (2014) framework agreement dated 24 February 2014 entered into between the Company and TCL Corporation, pursuant to which comprehensive and extensive research and development services in a number of technological areas which may bring innovative ideas in developing high-end TV products, would be provided by TCL Corporation Group to the Group;
- (j) the Equity Transfer Agreement dated 2 December 2013;
- (k) the capital injection agreement dated 15 November 2013 entered into among TCL King Electrical Appliances (Chengdu) Company Limited (“TCL King (Chengdu)”), a wholly-owned Subsidiary of the Company, TCL Corporation, JRD Communication (Shenzhen) Ltd (“JRD Shenzhen”) and Finance Company pursuant to which TCL King (Chengdu), TCL Corporation and JRD Shenzhen, all being shareholders of Finance Company, agreed to inject a total of RMB1,000 million into Finance Company on a pro rata basis. TCL King Chengdu would inject a total of RMB140 million into the Finance Company;
- (l) the joint venture agreement dated 29 October 2013 entered into between Sino Leader and IMAX (Hong Kong) Holdings, Limited (“IMAX (Hong Kong)”) pursuant to which the Group and IMAX (Hong Kong) agreed to form TCL-IMAX Entertainment Co., Limited, a joint venture in Hong Kong and certain other joint ventures in the PRC (the “Joint Venture”), which would be engaged in the development, manufacture and distribution, for worldwide customers, of premium high-end private theatre systems, and providing both high quality day-and-date and library content for Chinese and foreign films, and standard television content and various other content, including music and gaming. The Joint Venture would integrate the new strategic ideas of “hardware, software, service and content” to provide global high-end customers with comprehensive solutions to ultra-advanced audio visual demonstration technology;
- (m) the tripartite agreement dated 11 September 2013 entered into among Inner Mongolia TCL King Electrical Appliance Company Limited (“Inner Mongolia TCL King”), a wholly-owned subsidiary of the Company, Hohhot Land Purchase and Reserve Auction Centre (“Hohhot Auction Centre”) and Management Committee of Wishful Zone of Hohhot Economic and Technological Development Zone (“Management Committee of Wishful Zone of Hohhot”) pursuant to which Inner Mongolia TCL King agreed to sell and Hohhot Auction Centre agreed to acquire (i) all the land use rights held by Inner Mongolia TCL King in respect of two pieces of adjacent land located at East of East Second Ring Road, South of Xin

Hua Street, Wishful Development Zone, Hohhot (“Land”) for industrial use (“Land Use Rights”) and; (ii) all the buildings erected on the Land (“Buildings”) at a total consideration of RMB235,923,436. In addition, Inner Mongolia TCL King would be entitled to (i) a compensation and reward for its relocation from the Land in a sum of RMB61,244,000; and (ii) refund of RMB9,730,000 payable by Management Committee of Wishful Zone of Hohhot;

- (n) the 3-year term loan facility agreement dated 16 August 2013 entered into among the Company as borrower with, amongst others, three banks, pursuant to which a term loan facility of up to US\$150 million was granted to the Company (“Facility Agreement”). The Facility Agreement provided that it would be an event of default if TCL Corporation ceased to remain the single largest shareholder of the Company or ceased to maintain at least 40% beneficial ownership of the issued share capital of the Company;
- (o) the Second Variation Deed (2013) dated 15 July 2013 entered into among the Company, TCL Corporation and TCL Industries pursuant to which TCL Corporation and TCL Industries would be permitted to participate in the research and development, manufacturing and sales relating to AV products (excluding TV sets) (“Relevant Business”) through Tonly Electronics Holdings. Only Tonly Electronics Holdings, but not TCL Corporation, TCL Industries and their respective associates (other than Tonly Electronics Holdings and its subsidiaries) would be permitted to engage in the Relevant Business;
- (p) the transfer agreement dated 26 June 2013 entered into among TCL King (Huizhou) and TCL Technoly Electronics (Huizhou) Company Limited (“TCL Technoly”) (collectively as purchasers) and Huizhou TCL Mobile as vendor, pursuant to which the vendor would transfer a relevant portion of a piece of land located in Sub-division 38, Zhong Kai High TechPark, Huizhou, Guangdong Province, the PRC, together with the buildings thereon to each of the purchasers. The total consideration of was approximately RMB72,918,000;
- (q) the 2013 club membership acquisition agreements dated 19 April 2013 entered into between Shenzhen TCL New Technology Company Limited (“TCL New Technology”) and TCL Optoelectronics Tech (Shenzhen) Company Limited to acquire further club membership interests, including the exclusive rights to occupy and use certain premises and the ancillary services, for use until 12 September 2056, at a total consideration of RMB51,416,293;
- (r) the management agreements dated 17 December 2012 entered into by Huizhou TCL Mobile on behalf of TCL King (Huizhou) and TCL Technoly to appoint TCL Real Estate (Huizhou) Co., Ltd. as the construction manager for two construction projects to provide management services for certain period. The service fees under the management agreements were approximately RMB3,400,000 and RMB2,200,000 respectively and in any event would not exceed RMB4,000,000 and RMB3,000,000 respectively; and

- (s) the subscription agreement dated 8 December 2012 entered into among the Company, Run Fu Holdings Limited and Star Force Investment Limited (collectively the “Subscribers”) whereby Tonly Electronics Limited, a wholly owned Subsidiary of the Company before the spin off of Tonly Electronics Holdings on 15 August 2013 (“Subject Company”) would issue and allot whereas the Subscribers would subscribe for 34,640,000, 11,426,400 and 9,733,600 shares of the Subject Company respectively at a consideration of HK\$90,756,800, HK\$29,937,168 and HK\$25,502,032.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business in Hong Kong at 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.
- (b) The Company’s Hong Kong branch share registrar and transfer office is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Pang Siu Yin, a practising solicitor of Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

12. 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/F., 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) the memorandum and articles of association and the bye-laws of the Company;
- (b) the annual reports of the Company for the three years ended 31 December 2011, 2012 and 2013 respectively;
- (c) the material contracts referred to in the section headed “Material Contracts” in this appendix;
- (d) this circular;
- (e) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (f) the letter from South China Capital Limited, the text of which is set out in this circular;
- (g) the written consent from South China Capital Limited referred to in the section headed “Expert and Consent” in this appendix;
- (h) the Master TCL Trademark License (2014 Renewal) Agreement;

- (i) the Master TCL Trademark License Agreement;
- (j) the Master Logistics Service Supply (2014 Renewal) Agreement;
- (k) the Master Logistics Service Supply Agreement;
- (l) the Master Sourcing (2014 Renewal) Agreement;
- (m) the Master Sourcing Agreement;
- (n) the Master Supply (2014 Renewal) Agreement;
- (o) the Master Supply Agreement;
- (p) the Master Financial Services (2014 Renewal) Agreement;
- (q) the Master Financial Services Agreement;
- (r) the Deed of Non-Competition (1999);
- (s) the First Variation Deed (2002);
- (t) the Second Variation Deed (2013);
- (u) the Third Variation Deed (2014);
- (v) the asset purchase agreement dated 31 March 2014;
- (w) the stock purchase agreement dated 31 March 2014;
- (x) the acquisition agreement dated 24 April 2014;
- (y) the capital increase agreement dated 24 April 2014;
- (z) the Equity Transfer Agreement dated 2 December 2013; and
- (aa) the circular dated 28 May 2014 in relation to Non-Competition Arrangement and Master After Sale Service (TV Products) Agreement.

NOTICE OF EGM

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

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 16 December 2014, Tuesday, 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 Master TCL Trademark License (2014 Renewal) Agreement (as defined in the circular of the Company dated 1 December 2014 (the “Circular”)), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “A” and initialled by the Chairman of the meeting for the purpose of identification) together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2017 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master TCL Trademark License (2014 Renewal) Agreement or the transactions contemplated thereby.”

2. **“THAT**

- (a) the Master Logistics Service Supply (2014 Renewal) Agreement (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “B” and initialled by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2017 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master Logistics Service Supply (2014 Renewal) Agreement or the transactions contemplated thereby.”

NOTICE OF EGM

3. **“THAT**

- (a) the Master Sourcing (2014 Renewal) Agreement (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “C” and initialled by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2017 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master Sourcing (2014 Renewal) Agreement or the transactions contemplated thereby.”

4. **“THAT**

- (a) the Master Supply (2014 Renewal) Agreement (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “D” and initialled by the chairman of the meeting for the purposes of identification), together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2017 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master Supply (2014 Renewal) Agreement or the transactions contemplated thereby.”

5. **“THAT**

- (a) the Master Financial Services (2014 Renewal) Agreement (as defined in the Circular), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked “E” and initialled by the chairman of the meeting for the purposes of identification), together with the relevant proposed caps in relation to such transactions for the three financial years ending 31 December 2017 as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Master Financial Services (2014 Renewal) Agreement or the transactions contemplated thereby.”

By order of the Board
LI Dongsheng
Chairman

Hong Kong, 1 December 2014

NOTICE OF EGM

Notes:

1. 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.
2. 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed on 16 December 2014 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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 15 December 2014.
4. 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 and its associates (as defined in the Listing Rules) are required to abstain from voting in respect of all ordinary resolutions above.
5. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at or after 7:30 a.m. on 16 December 2014 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 16 December 2014 that either of the above mentioned warnings is to be issued within the next two hours, the EGM shall automatically be postponed to the next Business Day on which no "black" rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted between the hours from 7:30 a.m. to 9:30 a.m. and in such case the EGM shall be held at 4:00 p.m. on that Business Day at 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong. "Business Day", in this context, shall mean a day (not being a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for general banking business.

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