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TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
(TCL多媒體科技控股有限公司)

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01070)

SUBSCRIPTION FOR NEW SHARES – CONNECTED TRANSACTION
ASSIGNMENT OF LOAN – CONNECTED TRANSACTION AND
DISCLOSEABLE TRANSACTION
WHITEWASH WAIVER APPLICATION
AND
RESUMPTION OF TRADING

Financial Adviser to the Company



J.P. Morgan Securities (Asia Pacific) Limited

Independent Financial Adviser to the Independent Board Committee
and Independent Shareholders



Somerley Limited

THE SUBSCRIPTION AND ASSIGNMENT OF LOAN

On 30 May 2008, the Company entered into (i) the Subscription Agreements with the Subscribers, pursuant to which, the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue the Subscription Shares at the Subscription Price for an aggregate amount of HK\$1,206,269,010, the aggregate investment amount to be paid by the Subscribers as deposit for the Subscription; and (ii) the Assignment Agreement with TCL Industries, pursuant to which, TCL Industries conditionally agreed to assign the Loan to the Company and the Company conditionally agreed to issue the Consideration Shares at the Subscription Price for an aggregate amount of HK\$117,524,522.3, being the amount of the Loan. As of the date of this announcement, the Subscription Price has not been fixed, which will be equal to 15% discount to the average closing price per Share as stated in the daily quotation

sheets of the Hong Kong Stock Exchange for 10 trading days immediately after the date of this announcement and subject to a price range of HK\$0.315 and HK\$0.250, namely, (i) in the event that the price is higher than HK\$0.315, the Subscription Price shall be HK\$0.315; and (ii) in the event that the price is less than HK\$0.250, the Subscription Price shall be HK\$0.250.

TCL Industries is the controlling Shareholder of the Company and is therefore a connected person of the Company. Each of Mr. Li, Mr. Leong, Mr. Yuan and Ms. Lu is an executive Director of the Company and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction for the Company under the Hong Kong Listing Rules. Completion of the Subscription Agreements is therefore subject to, among other things, approval of the Independent Shareholders by way of poll at the EGM. Each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with it and those Shareholders who are involved in, or interested in the Subscription, the Assignment of Loan and the Whitewash Waiver shall abstain from voting in respect of the Subscription.

TCL Industries is the controlling Shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Assignment of Loan constitutes a connected transaction and a discloseable transaction for the Company under the Hong Kong Listing Rules. Completion of the Assignment Agreement is therefore subject to, among other things, approval of the Independent Shareholders by way of poll at the EGM. Each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with it and those Shareholders who are involved in, or interested in the Subscription, the Assignment of Loan and the Whitewash Waiver shall abstain from voting in respect of the Assignment of Loan.

WHITEWASH WAIVER

Assuming no further Shares will be issued by the Company prior to the completion of the Subscription and the Assignment of Loan, upon completion of the Subscription Agreements and Assignment Agreement, (i) the interests held by TCL Industries and parties acting in concert with it will increase from 41.418% to 65.945% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and Consideration Shares on the basis of the highest Subscription Price of HK\$0.315 in the price range; or (ii) the interests held by TCL Industries and parties acting in concert with it will increase from 41.418% to 69.288% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and Consideration Shares on the basis of the lowest Subscription Price of HK\$0.250 in the price range, in both cases, representing an increase in their shareholdings in the Company by more than 2%.

TCL industries and parties acting in concert with it will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Hong Kong Takeovers Code as a result of the completion of the Subscription and the Assignment of Loan.

TCL Industries will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Hong Kong Takeovers Code. The Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote taken by way of a poll whereby each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with it and those Shareholders who are involved in, or interested in the Subscription, the Assignment of Loan and the Whitewash Waiver will abstain from voting in respect of the Whitewash Waiver.

GENERAL INFORMATION

An Independent Board Committee has been formed to advise the Independent Shareholders on the Subscription, the Assignment of Loan and the Whitewash Waiver and the Independent Board Committee has approved the appointment of Somerley Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Subscription, the Assignment of Loan and the Whitewash Waiver in accordance with the Hong Kong Listing Rules and Hong Kong Takeovers Code.

A circular containing, among other things, further details of the Subscription, the Assignment of Loan, the Subscription Price, the number of Subscription Shares and Consideration Shares and the Whitewash Waiver, the letter from the Independent Board Committee and the recommendation from the independent financial adviser on the terms of the Subscription, the Assignment of Loan and the Whitewash Waiver, together with a notice convening the EGM, will be dispatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended from 9:33 a.m. on Friday, 30 May 2008 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for the resumption of trading in the Shares on the Hong Kong Stock Exchange from 9:30 a.m. on Tuesday, 10 June 2008.

SUBSCRIPTION AGREEMENTS

Introduction

On 30 May 2008, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which, the Subscribers conditionally agreed to subscribe for and the Company conditionally agreed to issue the Subscription Shares at the Subscription Price for an aggregate amount of HK\$1,206,269,010, the aggregate investment amount to be paid by the Subscribers as deposit for the Subscription.

Date

30 May 2008

Parties involved

- (i) the Company, as the issuer;
- (ii) TCL Industries, the controlling Shareholder of the Company holding approximately 39.487% of the issued share capital of the Company as at the date of this announcement, will subscribe for the amount of HK\$896,448,000;
- (iii) Creative Honor Overseas Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Ms. Anne Lin, who is an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$80,000,000;
- (iv) Advance Data Service Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Ma Huateng, who is an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$38,976,000;
- (v) Top Scale Company Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Wong Toe Yeung, who is an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$36,180,800;
- (vi) Info Express Service Limited, a company incorporated under the laws of the British Virgin Islands and wholly-owned by Mr. Tian Suning, who is an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$7,795,200;

- (vii) Mr. Chen Hong, an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$38,976,000;
- (viii) Mr. Li, the Chairman, President and Chief Executive Officer of TCL Corporation and the Chairman and an executive Director of the Company, will subscribe for the amount of HK\$20,000,000;
- (ix) Mr. Leong, a Senior Vice President of TCL Corporation and an executive Director and the Chief Executive Officer of the Company, will subscribe for the amount of HK\$2,000,000;
- (x) Mr. Yuan, a Vice President and the Chief Financial Officer of TCL Corporation and an executive Director and the Acting Chief Financial Officer of the Company, will subscribe for the amount of HK\$1,000,000;
- (xi) Ms. Lu, an executive Director of the Company, will subscribe for the amount of HK\$300,000;
- (xii) Mr. Bo Lianming, an executive director and a Senior Vice President of TCL Corporation and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$1,423,970;
- (xiii) Mr. Zhao Zhongyao, a Senior Vice President of TCL Corporation and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$2,247,950;
- (xiv) Ms. Liao Shaoyao, the Head of Accounting of the China Regional Business Center of the Company and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$43,531,530;
- (xv) Mr. Wang Hui, the Financial Controller of the Global Industry Center of the Company and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$4,480,730;
- (xvi) Mr. Song Yu, the Head of Financial Information Department of the Global Finance Center of the Company and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$17,968,880;

(xvii) Mr. Chan King Yin Colin, the Deputy Financial Controller of the Research & Development Center of the Company and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$320,000;

(xviii) Ms. Huang Kaili, the Head of Administration of TCL Corporation and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$7,404,130; and

(xix) Ms. Shao Wei, the Head of Enterprise Management Department of TCL Corporation and an independent third party, not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates, will subscribe for the amount of HK\$7,215,820.

Each of the above subscribers is referred herein as a “Subscriber” and collectively the “Subscribers” and are regarded as parties acting in concert with TCL Industries.

Subscription Price

The Subscription Price was agreed after arm’s length negotiations between the Company and the Subscribers taking into account, among other factors, the market prices of the Shares after the disclosure of the transactions contemplated under this announcement and will be a price equal to 15% discount to the average closing price per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for 10 trading days immediately after the date of this announcement and subject to a price range of HK\$0.315 and HK\$0.250, namely, (i) in the event that the price is higher than HK\$0.315, the Subscription Price shall be HK\$0.315; and (ii) in the event that the price is less HK\$0.250, the Subscription Price shall be HK\$0.250.

The highest Subscription Price of HK\$0.315 in the price range represents (i) a discount of approximately 13.69% to the closing price of HK\$0.365 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.74% to the average closing price of approximately HK\$0.361 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 14.17% to the average closing price of approximately HK\$0.367 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

The lowest Subscription Price of HK\$0.250 in the price range represents (i) a discount of approximately 31.51% to the closing price of HK\$0.365 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange on the Last Trading Day; (ii) a discount of approximately 30.75% to the average closing price of approximately HK\$0.361 per Share as stated in the daily quotation sheets of the Hong Kong Stock

Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 31.88% to the average closing price of approximately HK\$0.367 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

As of the date of this announcement, the Subscription Price has not been fixed. Further announcement will be made by the Company when the Subscription Price is determined.

An aggregate sum of HK\$1,206,269,010 will be paid in cash by the Subscribers on or before 13 June 2008 as deposit for the Subscription, which (i) is the aggregate investment amount agreed to be paid by the Subscribers for the Subscription; (ii) was agreed after arm's length negotiations between the Company and each of the Subscribers; and (iii) shall constitute a good discharge for the Subscribers of its payment obligation of the consideration for the Subscription.

Number of Subscription Shares

The number of Subscription Shares will be arrived at by dividing the above deposit in the amount of HK\$1,206,269,010 paid by the Subscribers by the Subscription Price, as nearly as practicable, ignoring fractions and rounding down to the nearest whole number of Subscription Shares and the remaining amount will be kept by the Company. Assuming the Subscription Price is fixed at the highest price of HK\$0.315 in the price range, 3,829,425,420 Subscription Shares will be issued and allotted by the Company representing approximately 65.626% of the Company's existing issued share capital and approximately 38.150% of the Company's enlarged issued share capital after the Subscription and the Assignment of Loan, respectively. Assuming the Subscription Price is fixed at the lowest price of HK\$0.250 in the price range, 4,825,076,040 Subscription Shares will be issued and allotted by the Company representing approximately 82.689% of the Company's existing issued share capital and approximately 43.350% of the Company's enlarged issued share capital after the Subscription and the Assignment of Loan, respectively. Further announcement will be made by the Company when the Subscription Price and the number of Subscription Shares are determined, which will include, among other matters, the Subscription Price, the number of Subscription Shares, a shareholding table and the percentage of the number of Subscription Shares as to the existing and enlarged issued share capital of the Company.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

The Subscription Shares

The Subscription Shares will be issued under a special mandate to be considered by the Independent Shareholders at the EGM. Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

Conditions of the Subscription Agreements

The completion of the Subscription Agreements is conditional upon, among other things:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (ii) the Executive granting the Whitewash Waiver to TCL Industries and parties acting in concert with it under the Hong Kong Takeovers Code pursuant to the terms of the Subscription Agreements; and
- (iii) the Independent Shareholders in an extraordinary general meeting to be held approving by way of poll the Subscription Agreements and the Whitewash Waiver and the issue and allotment of the Subscription Shares to the Subscribers pursuant to the terms and conditions of the Subscription Agreements.

The above conditions cannot be waived by the parties to the Subscription Agreements. In the event that the conditions to the Subscription Agreements are not fulfilled by 3 September 2008 or such later date as may be agreed between the Company and the Subscribers, all rights, obligations and liabilities of the parties in respect of or under the Subscription Agreements shall cease and terminate, and no party shall have any claim of any nature whatsoever against the other parties under the Subscription Agreements (except in respect of any antecedent breach of any obligation under the Subscription Agreements).

ASSIGNMENT AGREEMENT

Introduction

On 30 May 2008, the Company entered into the Assignment Agreement with TCL Industries, pursuant to which, TCL Industries conditionally agreed to assign the Loan to the Company and the Company conditionally agreed to issue the Consideration Shares at the Subscription Price for an aggregate amount of HK\$117,524,522.3 , being the amount of the Loan. The Loan was advanced by TCL Industries to TCL Holdings and TCL International, being wholly-owned subsidiaries of the Company, without fixed term of repayment. Out of the Loan, an amount of HK\$24,920,900 is interest bearing, with an interest payable at the rate of 0.257% per month.

Date

30 May 2008

Parties involved

- (i) the Company, as the assignee; and
- (ii) TCL Industries, as the assignor.

Subscription Price

The Subscription Price was agreed after arm's length negotiations between the Company and TCL Industries taking into account, among other factors, the market prices of the Shares after the disclosure of transactions contemplated under this announcement and will be a price equal to 15% discount to the average closing price per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for 10 trading days immediately after the date of this announcement and subject to a price range of HK\$0.315 and HK\$0.250, namely, (i) in the event that the price is higher than HK\$0.315, the Subscription Price shall be HK\$0.315; and (ii) in the event that the price is less HK\$0.250, the Subscription Price shall be HK\$0.250.

The highest Subscription Price of HK\$0.315 in the price range represents (i) a discount of approximately 13.69% to the closing price of HK\$0.365 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange on the Last Trading Day; (ii) a discount of approximately 12.74% to the average closing price of approximately HK\$0.361 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 14.17% to the average closing price of approximately HK\$0.367 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

The lowest Subscription Price of HK\$0.250 in the price range represents (i) a discount of approximately 31.51% to the closing price of HK\$0.365 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange on the Last Trading Day; (ii) a discount of approximately 30.75% to the average closing price of approximately HK\$0.361 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last five trading days up to and including the Last Trading Day; and (iii) a discount of approximately 31.88% to the average closing price of approximately HK\$0.367 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

As of the date of this announcement, the Subscription Price has not been fixed. Further announcement will be made by the Company when the Subscription Price is determined.

Number of Consideration Shares

The number of Consideration Shares will be arrived at by dividing the amount of the Loan of HK\$117,524,522.3 by the Subscription Price, as nearly as practicable, ignoring fractions and rounding down to the nearest whole number of Consideration Shares and the remaining amount will be kept by the Company. Assuming the Subscription Price is fixed at the highest price of HK\$0.315 in the price range, 373,093,721 Consideration Shares will be issued and allotted by the Company representing approximately 6.394% of the Company's existing issued share capital and approximately 3.717% of the Company's enlarged issued share capital after the Subscription and the Assignment of Loan, respectively. Assuming the Subscription Price is fixed at the lowest price of HK\$0.250 in the price range, 470,098,089 Consideration Shares will be issued

and allotted by the Company representing approximately 8.056% of the Company's existing issued share capital and approximately 4.224% of the Company's enlarged issued share capital after the Subscription and the Assignment of Loan, respectively. Further announcement will be made by the Company when the Subscription Price and the number of Consideration Shares are determined, which will include, among other matters, the Subscription Price, the number of Consideration Shares, a shareholding table and the percentage of the number of Consideration Shares as to the existing and enlarged issued share capital of the Company.

Ranking of Consideration Shares

The Consideration Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Consideration Shares.

The Consideration Shares

The Consideration Shares will be issued under a special mandate to be considered by the Independent Shareholders at the EGM. Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the grant of the listing of, and permission to deal in, the Consideration Shares.

Conditions of the Assignment Agreement

The completion of the Assignment Agreement is conditional upon, among other things:

- (i) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares;
- (ii) the Executive granting the Whitewash Waiver to TCL Industries and parties acting in concert with it under the Hong Kong Takeovers Code pursuant to the terms of the Subscription Agreements and the Assignment Agreement;
- (iii) the Independent Shareholders in an extraordinary general meeting to be held approving by way of poll the Assignment Agreement and the Whitewash Waiver and the issue and allotment of the Consideration Shares to TCL Industries pursuant to the terms and conditions of the Assignment Agreement; and
- (iv) the becoming unconditional of the Subscription.

The above conditions cannot be waived by the parties to the Assignment Agreement. In the event that the conditions to the Assignment Agreement are not fulfilled by 3 September 2008 or such later date as may be agreed between the Company and TCL Industries, all rights, obligations and liabilities of the parties in respect of or under the Assignment Agreement shall cease and terminate, and no party shall have any claim of any nature whatsoever against the other parties under the Assignment Agreement (except in respect of any antecedent breach of any obligation under the Assignment Agreement).

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Reference is made to the Bonds Announcement of the Company dated 21 May 2007. Unless otherwise stated, terms used herein shall have the same meanings as defined in the Bonds Announcement.

The Bonds were issued by the Company on 12 July 2007. The principal terms and conditions of the Bonds were set out in the Bonds Announcement. According to the Trust Deed, in the event that one of the Redemption Events occurs,

- (i) the Bondholders have the right to request the Company to redeem all or some of their Bonds at the Early Redemption Amount; and
- (ii) the Company shall issue a notice to inform all Bondholders, among other things, the occurrence of the relevant Redemption Event by not later than 14 days following the first day on which the Company becomes aware of the occurrence of the relevant Redemption Event.

On 25 March 2008, one of the Redemption Events occurred, namely, the Closing Price for each of any 20 Trading Days falling within a period of 30 consecutive Trading Days was at least 30% below the conversion price of HK\$0.65 per Share.

In compliance with the terms and conditions of the Trust Deed, the Company has issued a notice on 8 April 2008 to inform all Bondholders of the occurrence of the above-mentioned Redemption Event, and their rights to request the Company to redeem all or some of their Bonds at the Early Redemption Amount, as well as the procedures in relation thereto.

As of the date of this announcement, the Company has already received notices of request from all the Bondholders holding the principal amount of US\$140 million (approximately HK\$1,091,328,000) in relation to redemption of the Bonds by the Company at the Early Redemption Amount of an aggregate amount of approximately US\$150.9 million (approximately HK\$1,176,295,680). According to the Trust Deed, the Company shall settle the payment of the above Early Redemption Amount in the amount of US\$94.7 million (approximately HK\$738,205,440) and US\$56.2 million (approximately HK\$438,090,240) by 6 June 2008 and 20 June 2008, respectively.

The Company intends to apply the net proceeds of the Subscription of approximately HK\$1,192,000,000 to redeem the Bonds of the aggregate principal amount of US\$140 million (approximately HK\$1,091,328,000) in full at the Early Redemption Amount of an aggregate amount of approximately US\$150.9 million (approximately HK\$1,176,295,680).

The fair value gains on the Bonds were in the amount of approximately HK\$241,417,000 and approximately HK\$155,336,000 (unaudited) for the year ended 31 December 2007 and the three months ended 31 March 2008, respectively. After the redemption of the Bonds in full, the fair value gains arose for the year ended 31 December 2007 and the three months ended 31 March 2008, respectively, will be adjusted and it is expected that the Company will incur a one-off loss in the amount of approximately HK\$401,334,000, as a result of the redemption of Bonds in full in June 2008.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser) consider that the terms of the Subscription Agreements are fair and reasonable and the Subscription is in the interest of the Company and the Shareholders as a whole as full redemption of the Bonds will (i) terminate the financial covenants under the Bonds; (ii) lower its financial costs and liabilities as well as gearing ratio; and (iii) eliminate the impact of fair value adjustments of the Bonds on the financial results of the Group, and thereby, facilitates its future financing exercises and the conduct of the Group's business.

REASONS FOR THE ASSIGNMENT OF LOAN

The interest accrued and payable on the Loan was approximately HK\$1,183,070 for the year ended 31 December 2006 and was approximately HK\$1,082,169 for the year ended 31 December 2007.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser) consider that the terms of the Assignment Agreement are fair and reasonable and the Assignment of Loan is in the interest of the Group and the Shareholders as a whole as the Assignment of Loan will lower the Group's financial costs and liabilities as well as gearing ratio, and thereby, facilitates the Group's future financing exercises and the conduct of the Group's business.

HONG KONG LISTING RULES IMPLICATIONS

TCL Industries is the controlling Shareholder of the Company and is therefore a connected person of the Company. Each of Mr. Li, Mr. Leong, Mr. Yuan and Ms. Lu is an executive Director of the Company and is therefore a connected person of the Company. The Subscription constitutes a connected transaction for the Company under the Hong Kong Listing Rules and is subject to, among other things, approval of the Independent Shareholders by way of poll at the EGM. Each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with it and those Shareholders who are involved in, or interested in the Subscription, the Assignment of Loan and the Whitewash Waiver shall abstain from voting in respect of the Subscription.

TCL Industries is the controlling Shareholder of the Company and is therefore a connected person of the Company. The Assignment of Loan constitutes a connected transaction and a discloseable transaction for the Company under the Hong Kong Listing Rules and is subject to, among other things, approval of the Independent Shareholders by way of poll at the EGM. Each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan and Ms. Lu and their respective associates and parties acting in concert with it and those Shareholders who are involved in, or interested in the Subscription, the Assignment of Loan and the Whitewash Waiver shall abstain from voting in respect of the Assignment of Loan.

Save as disclosed above, to the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Subscribers (save as TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan and Ms. Lu) and, in the case of body corporate, their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

APPLICATION FOR WHITEWASH WAIVER

Assuming no further Shares will be issued by the Company prior to the completion of the Subscription and the Assignment of Loan, upon completion of the Subscription Agreements and Assignment Agreement, (i) the interests held by TCL Industries and parties acting in concert with it will increase from 41.418% to 65.945% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and Consideration Shares on the basis of the highest Subscription Price of HK\$0.315 in the price range; or (ii) the interests held by TCL Industries and parties acting in concert with it will increase from 41.418% to 69.288% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares and Consideration Shares on the basis of the lowest Subscription Price of HK\$0.250 in the price range, in both cases, representing an increase in their shareholdings in the Company by more than 2%.

TCL industries and parties acting in concert with it will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Hong Kong Takeovers Code as a result of the completion of the Subscription and the Assignment of Loan.

TCL Industries will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Hong Kong Takeovers Code. The Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote taken by way of a poll whereby each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with it and those Shareholdings who are involved in, or interested in the Subscriptions, the Assignment of Loan and the Whitewash Waiver will abstain from voting in respect of the Whitewash Waiver.

Save as (i) the share repurchases conducted by the Company as disclosed in the share buyback reports of the Company dated 14 December 2007, 17 December 2007, 18 December 2007, 19 December 2007, 20 December 2007, 16 January 2008, 30 January 2008 and 18 March 2008, respectively; and (ii) the purchases of 500,000 Shares each by Mr. Leong on 22 January 2008 and 30 January 2008, respectively, there are no dealings in the securities of the Company by the Subscribers and their respective concert parties during the six months prior to the date of this announcement and including the date of this announcement. The share repurchases by the Company and the purchases of Shares by Mr. Leong mentioned above may constitute disqualifying transactions under the Hong Kong Takeovers Code. An application will be made to the Executive for a ruling that these dealings will not constitute disqualifying transactions for the purpose of the Whitewash Waiver.

Except as disclosed in the section headed “Effects on Shareholding” below, the Subscribers and their respective concert parties do not hold any other securities, or derivatives in respect of the securities in the Company.

EFFECTS ON SHAREHOLDING

The effects of the Subscription and Assignment of Loan on the shareholding of the Company are shown as follows:

	Shareholding as at the date of this announcement		Shareholding upon completion of the Subscription Agreements and Assignment Agreement on the basis of the highest Subscription Price of HK\$0.315		Shareholding upon completion of the Subscription Agreements and Assignment Agreement on the basis of the lowest Subscription Price of HK\$0.250	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>Percentage (%)</i>	<i>Number of Shares</i>	<i>Percentage (%)</i>	<i>Number of Shares</i>	<i>Percentage (%)</i>
TCL Industries	2,304,181,933	39.487%	5,523,142,320	55.024%	6,360,072,022	57.141%
Creative Honor Overseas Limited	–	–	253,968,253	2.530%	320,000,000	2.875%
Advance Data Service Limited	–	–	123,733,333	1.233%	155,904,000	1.401%
Top Scale Company Limited	–	–	114,859,682	1.144%	144,723,200	1.300%
Info Express Service Limited	–	–	24,746,666	0.247%	31,180,800	0.280%
Mr. Chen Hong	–	–	123,733,333	1.233%	155,904,000	1.401%
Mr. Li (<i>Note 1</i>)	111,666,579	1.914%	175,158,642	1.745%	191,666,579	1.722%
Mr. Leong	1,000,000	0.017%	7,349,206	0.073%	9,000,000	0.081%
Mr. Yuan (<i>Note 2</i>)	–	–	3,174,603	0.032%	4,000,000	0.036%
Ms. Lu (<i>Note 3</i>)	–	–	952,380	0.009%	1,200,000	0.011%
Mr. Bo Lianming	–	–	4,520,539	0.045%	5,695,880	0.051%
Mr. Zhao Zhongyao	–	–	7,136,349	0.071%	8,991,800	0.081%
Ms. Liao Shaoyao	–	–	138,195,333	1.377%	174,126,120	1.564%
Mr. Wang Hui	–	–	14,224,539	0.142%	17,922,920	0.161%
Mr. Song Yu	–	–	57,044,063	0.568%	71,875,520	0.646%
Mr. Chan King Yin Colin	–	–	1,015,873	0.010%	1,280,000	0.012%
Ms. Huang Kalli	–	–	23,505,174	0.234%	29,616,520	0.266%
Ms. Shao Wei	–	–	22,907,365	0.228%	28,863,280	0.259%
Subtotal (for TCL Industries and its concert parties):	2,416,848,512	41.418%	6,619,367,653	65.945%	7,712,022,641	69.288%
Mr. Wang Kangping (<i>Note 4</i>)	150,000	0.003%	150,000	0.001%	150,000	0.001%
Public Shareholders	3,418,243,078	58.579%	3,418,243,078	34.054%	3,418,243,078	30.711%
Total:	<u>5,835,241,590</u>	<u>100.000%</u>	<u>10,037,760,731</u>	<u>100.000%</u>	<u>11,130,415,719</u>	<u>100.000%</u>

Notes:

- (1) As of the date of this announcement, in addition to the 111,666,579 Shares, Mr. Li also holds outstanding share options under the employee share option scheme(s) of the Company with the rights to subscribe for 23,990,028 Shares at the prices of (i) HK\$1.167 (in respect of 6,000,000 outstanding share options); and (ii) HK\$0.630 (in respect of 17,990,028 outstanding share options).
- (2) As of the date of this announcement, Mr. Yuan holds outstanding share options under the employee share option scheme(s) of the Company with the rights to subscribe for 2,216,033 Shares at the prices of (i) HK\$1.167 (in respect of 396,000 outstanding share options); and (ii) HK\$0.630 (in respect of 1,820,033 outstanding share options).
- (3) As of the date of this announcement, Ms. Lu holds outstanding share options under the employee share option scheme(s) of the Company with the rights to subscribe for 4,300,033 Shares at the prices of (i) HK\$1.167 (in respect of 3,000,000 outstanding share options); and (ii) HK\$0.630 (in respect of 1,300,033 outstanding share options).
- (4) As of the date of this announcement, in addition to the 150,000 Shares, Mr. Wang Kangping, an executive Director of the Company, also holds outstanding share options under the employee share option scheme(s) of the Company with the rights to subscribe for 1,680,000 Shares at the prices of HK\$1.167.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as the rights issue disclosed in the announcement of the Company dated 15 May 2007 and the issue of the Bonds disclosed in the Bonds Announcement dated 21 May 2007, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the manufacture and sale of wide range of electronic consumer products including television set and audio-visual products. The Group also has factories in various places in the world including in PRC and Mexico. For more information on the Group, please visit its official website at www.tclhk.com (the information that appears in this website does not form part of this announcement).

TCL Industries

TCL Industries is the controlling shareholder of the Company and holds approximately 39.487% of the issued share capital of the Company as of the date of this announcement. TCL Industries is an investment holding company without other business activities.

GENERAL INFORMATION

An Independent Board Committee has been formed to advise the Independent Shareholders on the Subscription, the Assignment of Loan and the Whitewash Waiver and the Independent Board Committee has approved the appointment of Somerley Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Subscription, the Assignment of Loan and the Whitewash Waiver in accordance with the Hong Kong Listing Rules and Hong Kong Takeovers Code.

A circular containing, among other things, further details of the Subscription, the Assignment of Loan, the Subscription Price, the number of Subscription Shares and Consideration Shares and the Whitewash Waiver, the letter from the Independent Board Committee and the recommendation from the independent financial adviser on the terms of the Subscription, the Assignment of Loan and the Whitewash Waiver, together with a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

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

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Hong Kong Stock Exchange has been suspended from 9:33 a.m. on Friday, 30 May 2008 pending the release of this announcement. Application has been made to the Hong Kong Stock Exchange for the resumption of trading in the Shares on the Hong Kong Stock Exchange from 9:30 a.m. on Tuesday, 10 June 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Assignment Agreement”	the assignment agreement dated 30 May 2008 and entered into between the Company and TCL Industries in relation to the Assignment of Loan and subscription of the Consideration Shares
“Assignment of Loan”	the assignment of the Loan to be executed on the completion of the Assignment Agreement
“associate(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules

“Board”	the board of Directors
“Bonds Announcement”	the announcement of the Company dated 21 May 2007 in relation to the issue by the Company of the 4.5% secured convertible bonds in an aggregate principal amount of US\$140 million (approximately HK\$1,091,328,000)
“Company”	TCL Multimedia Technology Holdings Limited, a company incorporated under the laws of the Cayman Islands and whose Shares are listed and traded on the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Consideration Shares”	new Shares to be subscribed by TCL Industries pursuant to the Assignment Agreement
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to consider and approve the Subscription, the Assignment of Loan and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Hong Kong Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Independent Board Committee”	an independent board committee of the Board comprising all the non-executive Directors and independent non-executive Directors, namely Mr. Albert Thomas da Rosa, Junior, Mr. Tang Guliang, Mr. Robert Maarten Westerhof and Ms. Wu Shihong
“Independent Shareholders”	Shareholders (other than TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with it and those Shareholders who are involved in, or interested in the Subscription, the Assignment of Loan and the Whitewash Waiver) who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription, the Assignment of Loan and the Whitewash Waiver under the Hong Kong Listing Rules and the Hong Kong Takeovers Code, respectively
“Last Trading Day”	Thursday, 29 May 2008, being the last full trading day for the Shares immediately before the issue of this announcement
“Loan”	the loans in the aggregate amount of HK\$117,524,522.3 due and payable by TCL Holdings and TCL International to TCL Industries
“Mr. Leong”	Mr. Leong Yue Wing, a Senior Vice President of TCL Corporation and an executive Director and the Chief Executive Officer of the Company
“Mr. Li”	Mr. Li Dongsheng, the Chairman, President and Chief Executive Officer of TCL Corporation and the Chairman and an executive Director of the Company
“Ms. Lu”	Ms. Lu Zhongli, an executive Director of the Company
“Mr. Yuan”	Mr. Yuan Bing, a Vice President and the Chief Financial Officer of TCL Corporation and an executive Director and the Acting Chief Financial Officer of the Company
“PRC”	The People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong

“Subscribers”	has the meaning ascribed thereto in this announcement
“Subscription”	the subscription of new Shares by the Subscribers pursuant to the terms of the Subscription Agreements
“Subscription Agreements”	share subscription agreements dated 30 May 2008 and entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Price”	15% discount to the average closing price per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for 10 trading days immediately after the date of this announcement, provided that (i) in the event that the price is higher than HK\$0.315, the Subscription Price shall be HK\$0.315; and (ii) in the event that the price is less than HK\$0.250, the Subscription Price shall be HK\$0.250
“Subscription Shares”	new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreements
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 in the share capital of the Company
“TCL Corporation”	TCL集團股份有限公司 (TCL Corporation), a joint stock limited liability company incorporated under the laws of the People’s Republic of China, whose shares are listed and traded on the Shenzhen Stock Exchange
“TCL Holdings”	TCL Holdings (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“TCL International”	TCL International Electronics (BVI) Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“TCL Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated under the laws of Hong Kong and a wholly owned subsidiary of TCL Corporation

“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on the Dispensations from Rule 26 of the Hong Kong Takeovers Code in respect of the obligations of TCL Industries and parties acting in concert with it to make a mandatory general offer for all the Shares not already owned or agreed to be subscribed by them which would otherwise arise as a result of completion of the Subscription Agreements and the Assignment Agreement
“US\$”	United States dollars, the lawful currency of the United States of America

For the purpose of illustration only, amounts denominated in US\$ have been translated into HK\$ at the rate of US\$1: HK\$7.7952

By order of the Board
TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
Li Dongsheng
Chairman

Hong Kong, 6 June 2008

As at the date of this announcement, the Board comprises Li Dongsheng, Leong Yue Wing, Yuan Bing, Shi Wanwen, Wang Kangping and Lu Zhongli as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Tang Guliang, Robert Maarten Westerhof and Wu Shihong as independent non-executive directors.