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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)

**ANNOUNCEMENT  
SUBSCRIPTION FOR NEW SHARES – CONNECTED TRANSACTION  
WHITEWASH WAIVER APPLICATION  
AND  
CONVENING OF NEW EXTRAORDINARY GENERAL MEETING**

Financial Adviser to the Company



**J.P. Morgan Securities (Asia Pacific) Limited**

Independent Financial Adviser to the Independent Board Committee  
and Independent Shareholders



**FIRST EGM**

Reference is made to the announcement of the Company dated 15 July 2008. The Company announced that the First EGM of the Company was held at 4:30 p.m. on 15 July 2008, during which: (1) Resolution No. 1 contained in the Notice of First EGM in relation to the Subscription Agreements and Subscription was considered by the Independent Shareholders and more than 50% of the valid votes cast were in favour of the resolution, the resolution was duly passed as an ordinary resolution; (2) Resolution No. 2 contained in the Notice of First EGM in relation to the Assignment Agreement and Assignment of Loan was considered by the Independent Shareholders and more than 50% of the valid votes cast were against the resolution, the resolution was not passed as an ordinary resolution; and (3) each of (i) Resolution No. 3 contained in the Notice of First EGM in relation to the Whitewash Waiver; (ii) Resolution

no. 4 contained in the Notice of First EGM in relation to the issue of Shares under the Subscription; and (iii) Resolution No. 5 contained in the Notice of First EGM in relation to the issue of Shares under the Assignment of Loan, was not completed and the First EGM was adjourned at the instance of the Chairman of the First EGM in accordance with the articles of association of the Company. The Board has decided not to resume the First EGM.

## **SECOND EGM**

For the completion of the Subscription, in addition to Resolution No. 1 contained in the Notice of First EGM in relation to the Subscription Agreements and Subscription, which was duly passed as an ordinary resolution by the Independent Shareholders at the First EGM, a resolution in relation to Whitewash Waiver and a resolution in relation to the issue of Shares under the Subscription has to be passed by the Independent Shareholders as an ordinary resolution.

In this connection, the Board has resolved to convene the Second EGM and propose to Independent Shareholders to consider and, if thought fit, approve the resolution to be contained in the Notice of Second EGM, namely, a resolution (i) approving, confirming and ratifying the Subscription Agreements and Subscription again; (ii) approving the Whitewash Waiver in respect of the Subscription; and (iii) authorizing the issue of Shares under the Subscription.

The Cayman Islands legal advisers of the Company has advised that subject to (i) not less than 14 days notice being given to the Shareholders in respect of the Second EGM; (ii) the requisite quorum being present at the Second EGM; and (iii) more than 50% of the valid votes being cast in favour of the resolution to be proposed at the Second EGM by the Shareholders present and entitled to vote, the Second EGM will be duly convened and the resolution to be proposed at the Second EGM will be duly passed as an ordinary resolution.

## **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 Second EGM. Each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with any one of them and those Shareholders who are involved in, or interested in the Subscription and the Whitewash Waiver shall abstain from voting in respect of the Subscription.

## **APPLICATION FOR WHITEWASH WAIVER**

Assuming no further Shares will be issued by the Company prior to the completion of the Subscription, upon completion of the Subscription Agreements, the interests held by TCL Industries and parties acting in concert with it will increase from 41.418% to 66.558% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, 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.

TCL Industries has applied to the Executive for the First Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Hong Kong Takeovers Code and the Executive has conditionally granted the First Whitewash Waiver.

In view of the adjournment of the First EGM and the convening of the Second EGM, TCL Industries will reapply 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 Second 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 Subscriptions 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 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 and the Whitewash Waiver in accordance with the Hong Kong Listing Rules and Hong Kong Takeovers Code.

A circular for the purpose of provision of information in relation to the resolution to be proposed at the Second EGM, which contains, among other things, further details of the Subscription and the Whitewash Waiver and any change in the information, recommendation and/or advice as contained in the First Circular, together with a notice convening the Second EGM and the form of proxy will be dispatched to the Shareholders as soon as practicable.

## **FIRST EGM**

Reference is made to the announcement of the Company dated 15 July 2008. The Company announced that the First EGM of the Company was held at 4:30 p.m. on 15 July 2008, during which:

- (1) Resolution No. 1 contained in the Notice of First EGM in relation to the Subscription Agreements and Subscription was considered by the Independent Shareholders and more than 50% of the valid votes cast were in favour of the resolution, the resolution was duly passed as an ordinary resolution;
- (2) Resolution No. 2 contained in the Notice of First EGM in relation to the Assignment Agreement and Assignment of Loan was considered by the Independent Shareholders and more than 50% of the valid votes cast were against the resolution, the resolution was not passed as an ordinary resolution; and
- (3) each of (i) Resolution No. 3 contained in the Notice of First EGM in relation to the Whitewash Waiver; (ii) Resolution no. 4 contained in the Notice of First EGM in relation to the issue of Shares under the Subscription; and (iii) Resolution No. 5 contained in the Notice of First EGM in relation to the issue of Shares under the Assignment of Loan, was not completed and the First EGM was adjourned at the instance of the Chairman of the First EGM in accordance with the articles of association of the Company.

The Board has decided not to resume the First EGM.

As Resolution No. 2 contained in the Notice of First EGM in relation to the Assignment Agreement and Assignment of Loan was not passed as an ordinary resolution, the completion of the Assignment of Loan will not be taken place and the Loan in the aggregate amount of HK\$117,524,522.3 will remained due by TCL Holdings and TCL International, wholly-owned subsidiaries of the Company, to TCL Industries.

The Board was informed by TCL Industries that TCL Industries will not pursue the repayment of the Loan from TCL Holdings and TCL International and the Loan will be maintained with its original terms and conditions, namely, without fixed term of repayment and an amount of HK\$24,920,900 out of the Loan is interest bearing, with an interest payable at the rate of 0.257% per month.

On the above premises, the Board is of the view that the non-completion of the Assignment of Loan will not have any impact on the financial position, including cashflow position, and trading prospects of the Group, save that the Group will not be able to lower its financial costs and liabilities and gearing ratio.

## **SECOND EGM**

In the event that the completion of the Subscription is not taken place due to the failure to fulfil one or more of the conditions precedent, the Company would have to return the deposit in the amount of HK\$1,206,269,010 paid by the Subscribers, together with an interest at the rate of 10% per annum by reference to the actual number of days lapse from the date of actual payment up to the date of return of such deposit, and would not be able to enjoy the benefits to be brought by the Subscription as stated in the section headed “Reasons for the Subscription and Use of Proceeds” below.

For the completion of the Subscription, in addition to Resolution No. 1 contained in the Notice of First EGM in relation to the Subscription Agreements and Subscription, which was duly passed as an ordinary resolution by the Independent Shareholders at the First EGM, a resolution in relation to Whitewash Waiver and a resolution in relation to the issue of Shares under the Subscription has to be passed by the Independent Shareholders as an ordinary resolution.

In this connection, the Board has resolved to convene the Second EGM and propose to Independent Shareholders to consider and, if thought fit, approve the following resolution of the Company:

a resolution (i) approving, confirming and ratifying the Subscription Agreements and Subscription again; (ii) approving the Whitewash Waiver in respect of the Subscription; and (iii) authorizing the issue of Shares under the Subscription as follows:

“**THAT** the execution of the subscription agreements (the “Subscription Agreements”) dated 30 May 2008 and entered into between the Company and the Subscribers (as defined in the circular of the Company), respectively, in relation to the subscription of 4,386,432,755 shares of HK\$0.10 each in the share capital of the Company (the “Subscription Shares”) at a price of HK\$0.275 per Subscription Share (the “Subscription”), a copy of each of the Subscription Agreements has been produced to the meeting marked “A” and initialled by the chairman of the meeting for identification purpose and the Subscription and the performance by the Company thereof and the transactions contemplated thereby be and are hereby confirmed, ratified and approved; and that any one or more of the Directors be and are hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary or desirable for the purpose of giving effect to the Subscription Agreements and completing the transactions contemplated by the Subscription Agreements with such changes as any such Director(s) may consider necessary, desirable or expedient; and **THAT** the waiver for T.C.L. Industries Holdings (H.K.) Limited and its parties acting in concert from the obligations which may arise under Rule 26 of the Hong Kong Code on Takeovers and Mergers promulgated by the Securities and Futures Commission to make a general offer for all the shares of the Company not already owned or agreed to be acquired by them as a result of the completion of the Subscription be and is hereby approved; and **THAT** the Directors be and are hereby authorized to issue and

allot 4,386,432,755 shares of HK\$0.10 each in the share capital of the Company to the Subscribers (or to such other person or persons as they may nominate) upon the completion of the Subscription pursuant to the terms of the Subscription Agreements.”

The Cayman Islands legal advisers of the Company has advised that subject to (i) not less than 14 days notice being given to the Shareholders in respect of the Second EGM; (ii) the requisite quorum being present at the Second EGM; and (iii) more than 50% of the valid votes being cast in favour of the resolution to be proposed at the Second EGM by the Shareholders present and entitled to vote, the Second EGM will be duly convened and the resolution to be proposed at the Second EGM will be duly passed as an ordinary resolution.

## **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 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 of the Latest Practicable Date, will subscribe for 3,259,810,909 Shares 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 290,909,090 Shares 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 141,730,909 Shares 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 131,566,545 Shares 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 28,346,181 Shares 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 141,730,909 Shares 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 72,727,272 Shares 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 7,272,727 Shares for the amount of HK\$2,000,000;
- (x) Mr. Yuan, a Vice President of TCL Corporation and an executive Director and the Chief Financial Officer of the Company, will subscribe for 3,636,363 Shares for the amount of HK\$1,000,000;
- (xi) Ms. Lu, an executive Director of the Company, will subscribe for 1,090,909 Shares 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 5,178,072 Shares 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 8,174,363 Shares 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 158,296,472 Shares 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 16,293,563 Shares 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 65,341,381 Shares for the amount of HK\$17,968,880;
- (xvii) Mr. Chan King Yin Colin, the Deputy Financial Controller of the Europe Business Center of TTE Corporation, a subsidiary 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 1,163,636 Shares 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 26,924,109 Shares 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 26,239,345 Shares 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 the First Announcement and the Whitewash Waiver and was fixed at HK\$0.275, which was a price equal to 15% discount to the average closing price of approximately HK\$0.324 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for 10 trading days immediately after the date of the First Announcement, namely, from 10 June 2008 to 23 June 2008.

The Subscription Price of HK\$0.275 represents (i) a discount of approximately 24.66% 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 23.82% 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; (iii) a discount of approximately 25.07% 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; and (iv) a discount of approximately 3.51% to the closing price of HK\$0.285 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange on the date of this announcement.

An aggregate sum of HK\$1,206,269,010 has been paid in cash by the Subscribers as deposit for the Subscription, which (i) was 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; (iii) carried an interest payable in cash at the rate of 10% per annum by reference to the actual number of days lapse from the date of actual payment up to the date of completion of the Subscription or the date of return of such deposit in the event that the Subscription does not become unconditional, as the case may be; and (iv) 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 4,386,432,755, which is arrived at by dividing the above deposit in the amount of HK\$1,206,269,010 paid by the Subscribers by the Subscription Price of HK\$0.275, 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.

4,386,432,755 Subscription Shares to be issued and allotted by the Company upon the completion of the Subscription Agreements represents approximately 75.171% of the Company's existing issued share capital and approximately 42.913% of the Company's enlarged issued share capital after the Subscription.

### **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, with the right to receive all dividends and other distributions declared, made or paid on or after the date of allotment.

### **The Subscription Shares**

The Subscription Shares will be issued under a special mandate to be considered by the Independent Shareholders at the Second EGM. Application has been 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 and none of which has been fulfilled as of the date of this announcement.

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).

The Company confirmed that there had not been any change in the terms and conditions of the Subscription Agreement as disclosed in the First Announcement and the First Circular, respectively.

## **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 issued a notice on 8 April 2008 to inform all Bondholders of the occurrence of the abovementioned 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.

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 settled 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) on 6 June 2008 and 20 June 2008, respectively, out of the deposit in the amount of HK\$1,206,269,010 paid by the Subscribers.

The Company had applied part of the deposit for 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 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.

### **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 Second EGM. Each of TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with any one of them and those Shareholders who are involved in, or interested in the Subscription and the Whitewash Waiver shall abstain from voting in respect of the Subscription.

As of the date of his announcement, TCL Industries and parties acting in concert with it controlled or were entitled to exercise over the voting rights in 2,416,848,512 Shares representing approximately 41.418% of the issued share capital of the Company.

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 THE WHITEWASH WAIVER**

Assuming no further Shares will be issued by the Company prior to the completion of the Subscription, upon completion of the Subscription Agreements, the interests held by TCL Industries and parties acting in concert with it will increase from 41.418% to 66.558% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares, 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.

TCL Industries has applied to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Hong Kong Takeovers Code and the Executive has granted the Whitewash Waiver (the “**First Whitewash Waiver**”) subject to the following conditions:

- (1) the issue of the new securities being approved by a vote of independent shareholders at a general meeting of the Company, to be taken on a poll; and
- (2) unless the Executive gives prior consent, no acquisition or disposal of voting rights being made by TCL industries and its concert parties between the announcement of the proposed issue of new securities and the completion of the issue.

In view of the adjournment of the First EGM and the convening of the Second EGM, TCL Industries will reapply 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 Second 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 Subscriptions and the Whitewash Waiver will abstain from voting in respect of the Whitewash Waiver.

If the Whitewash Waiver is granted, TCL Industries will not be required to make a mandatory general offer to the Shareholders under Rule 26 of the Hong Kong Takeovers Code as a result of the allotment and issue of the Subscription Shares. Furthermore, as TCL Industries and its concert parties will hold more than 50% of the voting rights of the Company upon completion of the Subscription, they may increase their holding without incurring any further obligation to make a general offer under Rule 26 of the Hong Kong Takeovers Code.

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 the First Announcement and including the date of the First 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 has been made to the Executive for a ruling that these dealings will not constitute disqualifying transactions for the purpose of the Whitewash Waiver and the Executive has confirmed that the share repurchases by the

Company and the purchases of Shares by Mr. Leong mentioned above will not constitute disqualifying transactions for the purpose of the Whitewash Waiver due to the fact that such dealings took place prior to any negotiations, discussions or the reaching of understandings or agreements with the Directors (which includes informal discussions) in relation to the proposed issue of new Shares under the Subscription.

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 on the shareholding of the Company upon completion of the Subscription Agreements are shown as follows:

|  | Shareholding as of            |                   | Shareholding upon     |                   |
|--|-------------------------------|-------------------|-----------------------|-------------------|
|  | the date of this announcement |                   | completion of the     |                   |
|  | <i>Number of</i>              | <i>Percentage</i> | <i>Number of</i>      | <i>Percentage</i> |
|  | <i>Shares</i>                 | <i>(%)</i>        | <i>Shares</i>         | <i>(%)</i>        |
| TCL Industries   | 2,304,181,933                 | 39.487%           | 5,563,992,842         | 54.433%           |
| Creative Honor Overseas Limited  | –                             | –                 | 290,909,090           | 2.846%            |
| Advance Data Service Limited   | –                             | –                 | 141,730,909           | 1.387%            |
| Top Scale Company Limited  | –                             | –                 | 131,566,545           | 1.287%            |
| Info Express Service Limited   | –                             | –                 | 28,346,181            | 0.277%            |
| Mr. Chen Hong  | –                             | –                 | 141,730,909           | 1.387%            |
| Mr. Li ( <i>Note 1</i> )   | 111,666,579                   | 1.914%            | 184,393,851           | 1.804%            |
| Mr. Leong  | 1,000,000                     | 0.017%            | 8,272,727             | 0.081%            |
| Mr. Yuan ( <i>Note 2</i> )   | –                             | –                 | 3,636,363             | 0.036%            |
| Ms. Lu ( <i>Note 3</i> )   | –                             | –                 | 1,090,909             | 0.011%            |
| Mr. Bo Lianming  | –                             | –                 | 5,178,072             | 0.051%            |
| Mr. Zhao Zhongyao  | –                             | –                 | 8,174,363             | 0.080%            |
| Ms. Liao Shaoyao   | –                             | –                 | 158,296,472           | 1.549%            |
| Mr. Wang Hui   | –                             | –                 | 16,293,563            | 0.159%            |
| Mr. Song Yu  | –                             | –                 | 65,341,381            | 0.639%            |
| Mr. Chan King Yin Colin  | –                             | –                 | 1,163,636             | 0.011%            |
| Ms. Huang Kaili  | –                             | –                 | 26,924,109            | 0.263%            |
| Ms. Shao Wei   | –                             | –                 | 26,239,345            | 0.257%            |
| Subtotal (for TCL Industries and its concert parties) ( <i>Note 4</i> ): | 2,416,848,512                 | 41.418%           | 6,803,281,267         | 66.558%           |
| Mr. Wang Kangping ( <i>Note 5</i> )                                      | 150,000                       | 0.003%            | 150,000               | 0.001%            |
| Public Shareholders  | 3,418,243,078                 | 58.579%           | 3,418,243,078         | 33.441%           |
| Total:   | <u>5,835,241,590</u>          | <u>100.000%</u>   | <u>10,221,674,345</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). Mr. Li is a director of TCL Industries.
- (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). Mr. Yuan is a director of TCL Industries.
- (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). Ms. Lu is a director of TCL Industries.
- (4) Each of the Subscribers (except TCL Industries), namely, Creative Honor Overseas Limited, Advanced Data Service Limited, Top Scale Company Limited, Info Express Service Limited, Mr. Chen Hong, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu, Mr. Bo Lianming, Mr. Zhao Zhongyao, Ms. Liao Shaoyao, Mr. Wang Hui, Mr. Song Yu, Mr. Chan King Yin Colin, Ms. Huang Kaili and Ms. Shao Wei, is regarded as a party acting in concert with TCL Industries.
- (5) 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.
- (6) Save as disclosed in the table above, as of the date of this announcement, none of TCL Industries, the directors of TCL Industries nor the parties acting in concert with TCL Industries has any shareholding interest in the Company.

## **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 the First 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](http://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 beneficially wholly-owned by TCL Corporation and an investment holding company without other business activities. The board of directors of TCL Industries comprises of Mr. Li, Mr. Yuan, Ms. Lu, Mr. Zheng Chuanlie and Mr. Jacky Zhou.

TCL industries (i) intends to maintain the existing businesses of the Group upon completion of the Subscription; (ii) has no intention to introduce any major change to the existing business operation, including the redeployment of any material fixed assets of the Group, as a result of the completion of the Subscription; (iii) has no intention to introduce any major change to the management structure of the Group or discontinue the employment of any employee of the Group as a result of the completion of the Subscription; and (iv) has no intention to transfer, charge or pledge any of the Subscription Shares to any other person.

## **GENERAL INFORMATION**

An Independent Board Committee has been formed to advise the Independent Shareholders on the Subscription 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 and the Whitewash Waiver in accordance with the Hong Kong Listing Rules and Hong Kong Takeovers Code.

A circular for the purpose of provision of information in relation to the resolution to be proposed at the Second EGM, which contains, among other things, further details of the Subscription and the Whitewash Waiver, and any change in the information, recommendation and/or advice as contained in the First Circular, together with a notice convening the Second EGM and the form of proxy 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.



## 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”                | the 4.5% secured convertible bonds in an aggregate principal amount of US\$140 million issued by the Company as previously disclosed in the Bonds Announcement;  |
| “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;  |
| “Director(s)”          | the director(s) of the Company;  |
| “Executive”            | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;   |
| “First Circular”       | the circular of the Company dated 27 June 2008 in relation to, among other matters, the Subscription, the Assignment of Loan and the First Whitewash Waiver;   |

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|---------------------------------|--|
| “First Announcement”            | the announcement of the Company dated 6 June 2008 in relation to, among other matters, the Subscription, the Assignment of Loan and the First Whitewash Waiver;  |
| “First EGM”                     | the extraordinary general meeting of the Company held at Salon I & II, Mezzanine Level, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong at 4:30 p.m. on Tuesday, 15 July 2008;   |
| “First Whitewash Waiver”        | has the meaning ascribed thereto under the section “Application for Whitewash Waiver” in this announcement;  |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong;   |
| “Hong Kong”                     | the 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 Takeovers Code”      | The Hong Kong Code on Takeovers and Mergers;   |
| “Hong Kong Stock Exchange”      | The Stock Exchange of Hong Kong Limited;   |
| “Independent Board Committee”   | an independent board committee of the Board comprising all the non-executive Director and independent non-executive Directors, namely Mr. Albert Thomas da Rosa, Junior, Mr. Tang Guliang, Mr. Robert Maarten Westerhof and Ms. Wu Shihong;  |
| “Independent Financial Adviser” | Somerley Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders; |

|                              |  |
|------------------------------|--|
| “Independent Shareholder(s)” | Shareholders (other than TCL Industries, Mr. Li, Mr. Leong, Mr. Yuan, Ms. Lu and their respective associates and parties acting in concert with any one of them and those Shareholders who are involved in, or interested in the Subscription and the Whitewash Waiver) who are not required to abstain from voting on the resolutions to be proposed at the Second EGM to approve the Subscription 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 trading day for the Shares immediately before the issue of the First Announcement;   |
| “Listing Committee”          | the Listing Committee of the Hong Kong Stock Exchange;   |
| “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 of TCL Corporation and an executive Director and the Chief Financial Officer of the Company;   |
| “Notice of First EGM”        | the notice convening the First EGM;  |
| “Notice of Second EGM”       | the notice convening the Second EGM;   |
| “PRC”                        | the People’s Republic of China, which for the present purposes only and unless otherwise indicated, excludes Hong Kong, Macau and Taiwan;  |

|                           |   |
|---------------------------|---|
| Second EGM                | an extraordinary general meeting of the Company to be convened to consider and approve the Subscription and the Whitewash Waiver;   |
| “SFC”                     | the Securities and Futures Commission;  |
| “Share(s)”                | ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company;  |
| “Shareholder(s)”          | registered holder(s) of the Share(s);   |
| “Subscribers”             | has the meaning ascribed thereto under the section headed “Subscription Agreements – Parties Involved” 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”      | HK\$0.275, being 15% discount to the average closing price of approximately HK\$0.324 per Share as stated in the daily quotation sheets of the Hong Kong Stock Exchange for 10 trading days immediately after the date of the First Announcement, namely, from 10 June 2008 to 23 June 2008 |
| “Subscription Shares”     | new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreements;  |
| “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 PRC, 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 |
| “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, 29 July 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.*