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TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

CONNECTED TRANSACTION

ENTERING INTO A SUBSCRIPTION AGREEMENT WITH TONLY ELECTRONICS LIMITED

The Board is pleased to announce that on 8 December 2012, the Subject Company, a wholly owned Subsidiary of the Company, entered into the Subscription Agreement with the Company, Run Fu and Star Force whereby the Subject Company will issue and allot whereas the Company, Run Fu and Star Force will subscribe for 34,640,000, 11,426,400 and 9,733,600 Subject Company Shares respectively at respective consideration of HK\$90,756,800, HK\$29,937,168 and HK\$25,502,032. Immediately prior to the completion of the Subscription Agreement, the Subject Company will have 50,000,000 Subject Company Shares which are fully owned by the Company. Thus, on completion of the Subscription Agreement, the Subject Company will be held by the Company, Run Fu and Star Force as to 84,640,000, 11,426,400 and 9,733,600 Subject Company Shares, representing 80%, 10.8% and 9.2% respectively of the enlarged issued share capital of the Subject Company.

The main purpose of the Subscription Agreement is to motivate the contribution of the Participants and to provide them a direct economic interest in attaining the long-term business objectives of the Company.

Recently, the Group is undergoing a restructuring of its AV Business, under which the Subject Company, a newly established Subsidiary of the Company will be a holding company of the AV Business after the completion of such restructuring. Run Fu and Star Force are two newly set up companies established for the purpose of the subscription contemplated under the Subscription Agreement. Ultimately, the Participants will indirectly hold the shares in Run Fu and Star Force through respectively two and four limited partnerships established in the PRC and the partners of all those limited partnerships are the Participants(s). The Participants will be given the opportunity to participate in the AV Business through the subscription by Run Fu and Star Force. After the completion of the Subscription Agreement, the Subject Company will be owned as to 80% by the Company and as to 20% by Run Fu and

Star Force. The Group's interest in the Subject Company will then have effectively been diluted to 80% of the issued share capital of the Subject Company. The Subject Company will remain a non-wholly owned Subsidiary of the Company after the completion of the Subscription.

Mr. Yu Guanghui is one of the Participants and he is deemed to be interested in more than 30% interest in Run Fu, thus Run Fu is deemed to be an associate of Mr. Yu Guanghui. Therefore Run Fu is a connected person of the Company, the Run Fu Subscription constitutes a connected transaction of the Company under the Listing Rules.

Since all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Run Fu Subscription exceed 0.1% but is less than 5%, the Run Fu Subscription is, pursuant to Rule 14A.32 of the Listing Rules, only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 8 December 2012, the Subject Company, a wholly owned Subsidiary of the Company, entered into the Subscription Agreement with the Company, Run Fu and Star Force whereby the Subject Company will issue and allot whereas the Company, Run Fu and Star Force will subscribe for 34,640,000, 11,426,400 and 9,733,600 Subject Company Shares respectively at respective consideration of HK\$90,756,800, HK\$29,937,168 and HK\$25,502,032. Immediately prior to the completion of the Subscription Agreement, the Subject Company will have 50,000,000 Subject Company Shares which are fully owned by the Company. Thus, on completion of the Subscription Agreement, the Subject Company will be held by the Company, Run Fu and Star Force as to 84,640,000, 11,426,400 and 9,733,600 Subject Company Shares, representing 80%, 10.8% and 9.2% respectively of the enlarged issued share capital of the Subject Company.

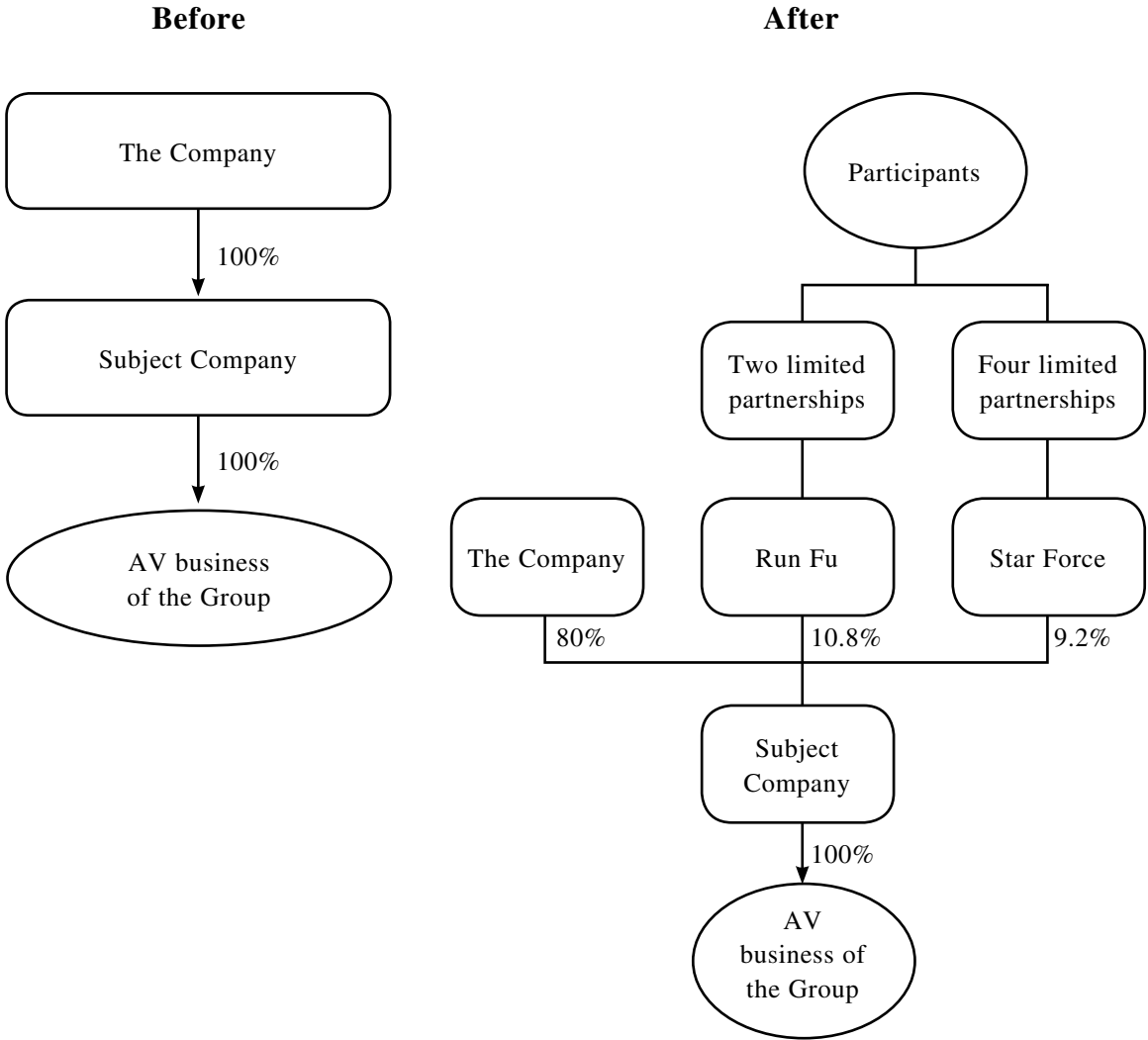
The main purpose of the Subscription Agreement is to motivate the contribution of the Participants and to provide them a direct economic interest in attaining the long-term business objectives of the Company.

Recently, the Group is undergoing a restructuring of its AV Business, under which the Subject Company, a newly established Subsidiary of the Company will be a holding company of the AV Business after the completion of such restructuring. Run Fu and Star Force are two newly set up companies established for the purpose of the subscription contemplated under the Subscription Agreement. Ultimately, the Participants will indirectly hold the shares in Run Fu and Star Force through respectively two and four limited partnerships established in the PRC and the partners of all those limited partnerships are the Participants(s). Though strictly speaking there is no shareholding structure in such partnership structure, given Mr. Yu Guanghui, an executive Director, is

one of the Participants and he will have about 44.1% interest in the assets and income in aggregate of the two limited partnerships holding Run Fu, Mr. Yu Guanghui is deemed to be interested in more than 30% interest in Run Fu, thus Run Fu is deemed to be an associate of Mr. Yu Guanghui. This however is not the case for those who are connected by virtue of their directorship in the Subsidiary given their interest in aggregate in the two limited partnerships of Run Fu amount to not more than 25% at most.

The Participants will be given the opportunity to participate in the AV Business through the subscription by Run Fu and Star Force. After the completion of the Subscription Agreement, the Subject Company will be owned as to 80% by the Company and as to 20% by Run Fu and Star Force. The Group’s interest in the Subject Company will then have effectively been diluted to 80% of the issued share capital of the Subject Company. The Subject Company will remain a non-wholly owned Subsidiary of the Company after the completion of the Subscription.

The holding of the AV Business before and after the completion of the Subscription Agreement is illustrated as follows:



THE SUBSCRIPTION AGREEMENT

Date: 8 December 2012

Parties: (i) the Subject Company
(ii) the Company,
(iii) Run Fu, and
(iv) Star Force
((ii) to (iv) are collectively known as the "Subscribers")

Consideration: Pursuant to the Subscription Agreement, the Subject Company agreed to issue and allot 55,800,000 new Subject Company Shares to the Subscribers, whereas the Subscribers agreed to subscribe for the following new Subject Company Shares at the following consideration:

Subscribers	Number of New Shares	Consideration (HK\$)
the Company	34,640,000	90,756,800
Run Fu	11,426,400	29,937,168
Star Force	9,733,600	25,502,032
Total:	55,800,000	146,196,000

The consideration for each Subject Company Share was arrived at after arm's length negotiation between the parties thereto and on normal commercial terms with reference to the value of the AV Business of approximately HK\$131,080,000 calculated based on the consolidated audited net asset value of the main operating companies in AV Business for the year ended 31 December 2011 less their dividend declared in the year 2012.

The consideration shall be payable by the Subscribers by cash, by cheque or to the designated account of the Subject Company before completion to be taken place on 24 December 2012 (or later date as the parties may agree).

The Company will satisfy the consideration by means of internal sources of funds.

- Other major terms:**
1. Before the completion of the Subscription Agreement:
 - 1.1 The limited partnerships through which the Participants will indirectly have interests in Run Fu and Star Force have complied with all necessary PRC requirements for subscription of Subject Company Shares; and
 - 1.2 The restructuring of the AV Business have been completed.
 2. The newly allotted Subject Company Shares under the Subscription Agreement, when fully paid and issued, will rank pari passu in all respects with other Subject Company Shares then in issue.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT

To recognise and motivate the contribution of the Participants and to provide incentives and help the Company in retaining the Participants for the continual operation and development of AV Business and to provide them with a direct economic interest in attaining the long-term business objectives of the Company, the Company entered into the Subscription Agreement with the Subject Company, Run Fu and Star Force. The Participants will be given the opportunity to invest in the AV Business through the subscription by Run Fu and Star Force.

It is estimated that on the allotment of 21,160,000 Subject Company Shares to Run Fu and Star Force, the Group is not expected to record any gain/loss from the proceeds of HK\$55,439,200 to be received by the Group based on the consideration for these 21,160,000 Subject Company Shares and the valuation of the AV Business carried out by an independent valuer of approximately HK\$208,000,000 as at 30 September 2012.

The proceeds from the allotment of Subject Company Shares to Run Fu and Star Force will provide additional cash flow, which will strengthen the financial position of the Group for its AV Business development.

The Directors, including the independent non-executive Directors, are of the view that the Run Fu Subscription contemplated under the Subscription Agreement is on normal commercial terms and that the terms of the Run Fu Subscription contemplated under the Subscription Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

As explained in the paragraph headed “Background” in this announcement, Mr. Yu Guanghui is one of the Participants and he is deemed to be interested in more than 30% interest in Run Fu, and thus he is considered as having a material interest in the Run Fu Subscription. Accordingly, he was required to abstain from voting in the Board meeting approving the entering into the Subscription Agreement. The Board wishes to confirm that except Mr. Yu, no other Director has any material interest in the said transaction and therefore none of them is required to abstain from voting on the board resolution for approving the said transaction.

GENERAL INFORMATION ON THE PARTIES

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and home networking products. The Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally. For more information on the Group, please visit its official website at <http://multimedia.tcl.com> (the information that appears in this website does not form part of this announcement).

The Subject Company is a newly established wholly owned Subsidiary of the Group and it is intended to hold the AV Business for the Group.

Run Fu and Star Force are two newly set up companies established for the purpose of the subscription contemplated under the Subscription Agreement.

LISTING RULES IMPLICATIONS

As explained in the paragraph headed “Background” in this announcement, Mr. Yu Guanghui is one of the Participants and he is deemed to be interested in more than 30% interest in Run Fu, thus Run Fu is deemed to be an associate of Mr. Yu Guanghui. Therefore Run Fu is a connected person of the Company, the Run Fu Subscription constitutes a connected transaction of the Company under the Listing Rules.

Since all applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Run Fu Subscription exceed 0.1% but is less than 5%, the Run Fu Subscription is, pursuant to Rule 14A.32 of the Listing Rules, only subject to the reporting and announcement requirements and is exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“AV Business”	the audio visual business of the Group;
“Board”	the board of Directors;
“Company”	TCL Multimedia Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Employees”	certain employees and senior management of the Group who are engaging in the AV Business (including executive and non-executive directors of the Company or its subsidiaries);
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Participant(s)”	the Employees and such other person who the Company as its sole discretion considers has contributed or is expected to contribute to the development of the AV Business;
“Run Fu”	Run Fu Holdings Limited (潤富控股有限公司), a limited liability company incorporated in British Virgins Islands;
“Run Fu Subscription”	the subscription of 11,426,400 Subject Company Shares by Run Fu;
“Shareholders”	holders of share(s) of the Company;

“Star Force”	Star Force Investment Limited (星科投資有限公司), a limited liability company incorporated in British Virgins Islands;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Company”	Tonly Electronics Limited (通力電子有限公司), a limited liability company incorporated in British Virgins Islands;
“Subject Company Share(s)”	ordinary share(s) of HK\$1.00 each of the Subject Company;
“Subscription Agreement”	the subscription agreement dated 8 December 2012 and entered into among the Company, Run Fu, Star Force and the Subject Company
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” should be construed accordingly;
“%”	per cent;

By order of the Board
Li Dongsheng
Chairman

Hong Kong, 10 December 2012

As at the date of this announcement, the Board comprises LI Dongsheng, BO Lianming, ZHAO Zhongyao, YU Guanghui and XU Fang as executive directors, Albert Thomas DA ROSA, Junior and HUANG Xubin as non-executive directors and TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.