

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL多媒體科技控股有限公司

(the “Company”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

**RENEWAL OF VARIOUS CONTINUING CONNECTED TRANSACTIONS
AND NEW CONTINUING CONNECTED TRANSACTIONS**

The Group has been conducting certain continuing connected transactions with the TCL Corporation Group in its ordinary and usual course of business, some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject to the Independent Shareholders’ approval requirements under the said rules.

Reference is made to the Company’s announcements dated 17 January 2006, 4 July 2006 and 2 January 2008, 2006 February Circular, 2006 March Circular and 2007 Circular regarding the entering into of various continuing connected transactions. As set out therein that the Lease Framework Agreement, the Master Sourcing Agreement, Master Supply Agreement, Financial Services Framework Agreement and Master Subcontracting Agreement will expire on 31 December 2008, the Master Overseas Supply Agreement (as extended) will expire on 31 December 2009 whereas the caps for the transactions under the TCL Trademark License Agreement will also expire on 31 December 2009. The Master Logistics Service Supply Agreement and Master Call Centre Services Supply Agreement will however expire on 14 February 2010.

In view of the above and for better management of the Company’s continuing connected transactions, the Company has on 9 October 2008 renewed or revised the relevant agreements to have all the aforesaid agreements to expire on the same expiry date of 31 December 2011 and to set new caps for the TCL Trademark License Agreement which will only be expired on 30 July 2024. Each of the agreements as renewed or revised (as the case may be) is substantially on the same terms as its corresponding previous one.

In addition, for better management of its leased properties, the Company has on 9 October 2008 entered into the New Lease Framework (Tenant) Agreement with TCL Corporation to renew and/or replace the Lease and Lease Framework Agreement covering the leases by the Group as tenant of various properties of TCL Corporation Group. TCL King (Shenzhen), a wholly-owned subsidiary of the Company, has also on 9 October 2008 entered into the New Lease Framework (Landlord) Agreement with TCL Corporation to lease as landlord various premises in Shekou TCL Tower to TCL Corporation Group.

Moreover, the Company and TCL Corporation have also entered into the Loan and Charge Agreement on 9 October 2008 providing assets of the Group to secure funds borrowed by TCL Corporation Group but such fund will be fully utilized by the Group.

All the transactions under the above agreements have been and/or will continue to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms.

TCL Corporation, the controlling Shareholder of the Company, currently holds approximately 54.43% of the issued share capital of the Company. It also owns a 100% interest in Speed Distribution and a 62% direct interest in Finance Company. Accordingly, each of Speed Distribution and Finance Company is an associate of TCL Corporation, thus the aforesaid (including TCL Corporation) are connected persons of the Company under the Listing Rules.

The Finance Services under the Financial Services Framework (Renewal) Agreement will be exempted from reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules. However, based on the annual value of the transactions to be involved, (i) the Other Financial Services under the Financial Services Framework (Renewal) Agreement as well as the transactions under the newly signed New Lease Framework (Landlord) Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules; and (ii) the revised annual caps for the transactions under the TCL Trademark License Agreement and the transactions under the Master Overseas Supply Agreement (as extended), Master Sourcing (Renewal) Agreement, Master Supply (Renewal) Agreement, the Deposit Services under the Financial Services Framework (Renewal) Agreement, Master Logistics Service Supply Agreement (as extended), Master Subcontracting (Renewal) Agreement, Master Call Centre Services Supply Agreement (as extended), as well as the transactions under the newly signed Loan and Charge Agreement and New Lease Framework (Tenant) Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

An Independent Board Committee will be established to advise the Independent Shareholders on the terms and the proposed caps of the Non-exempt Transactions. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The Company will dispatch to the Shareholders a circular containing further details of the Non-exempt Transactions, letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM as soon as practicable.

INTRODUCTION

The Group has been conducting certain continuing connected transactions with the TCL Corporation Group in its ordinary and usual course of business, some of which are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules and some of which are also subject to the Independent Shareholders' approval requirements under the said rules.

Reference is made to the Company's announcements dated 17 January 2006, 4 July 2006 and 2 January 2008, 2006 February Circular, 2006 March Circular and 2007 Circular regarding the entering into of various continuing connected transactions. As set out therein that the Lease Framework Agreement, the Master Sourcing Agreement, Master Supply Agreement, Financial Services Framework Agreement and Master Subcontracting Agreement will expire on 31 December 2008, the Master Overseas Supply Agreement (as extended) will expire on 31 December 2009 whereas the caps for the transactions under the TCL Trademark License Agreement will also expire on 31 December 2009. The Master Logistics Service Supply Agreement and Master Call Centre Services Supply Agreement will however expire on 14 February 2010.

In view of the above and for better management of the Company's continuing connected transactions, the Company has on 9 October 2008 renewed or revised the relevant agreements to have all the aforesaid agreements to expire on the same expiry date of 31 December 2011 and to set new caps for the TCL Trademark License Agreement which will only be expired on 30 July 2024. Each of the agreements as renewed or revised (as the case may be) is substantially on the same terms as its corresponding previous one.

In addition, for better management of its leased properties, the Company has on 9 October 2008 entered into the New Lease Framework (Tenant) Agreement with TCL Corporation to renew and/or replace the Lease and Lease Framework Agreement covering the leases by the Group as tenant of various properties of TCL Corporation Group. Further, TCL King (Shenzhen), a wholly-owned subsidiary of the Company, has also on 9 October 2008 entered into the New Lease Framework (Landlord) Agreement with TCL Corporation to lease as landlord various premises in Shekou TCL Tower to TCL Corporation Group.

Moreover, the Company and TCL Corporation have also entered into the Loan and Charge Agreement on 9 October 2008 providing assets of the Group to secure funds borrowed by TCL Corporation Group but such fund will be fully utilized by the Group.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

1. Transactions requiring Independent Shareholders' approval (i.e. Non-exempt Transactions)

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

1.1 TCL Trademark License Agreement

Date: 30 July 2004

Parties: (i) TCL Corporation – Licensor
(ii) TTE – Licensee
(a wholly owned subsidiary of the Company)

Major terms: The TCL Trademark License Agreement was approved by the Independent Shareholders on 2 July 2004. The major terms of the TCL Trademark License Agreement have been summarized in the Company's announcement dated 1 June 2004 and the 2004 Circular, and are repeated below.

Pursuant to the TCL Trademark License Agreement, TCL Corporation and its subsidiaries have granted to the TTE Group an exclusive (subject to certain limited exceptions which are related to some existing obligation or business of TCL Corporation), non sublicensable and non-transferable license to use certain of its registered trademarks for the manufacture and sale of television products including: (i) "TCL" in Asia-Pacific; and (ii) "TCL" in rest of the world outside Asia-Pacific and "Rowa" in the PRC. TTE Group shall pay to TCL Corporation royalties which shall be calculated based on the net sales of the television products of the TTE Group bearing any of the licensed trademarks under this agreement and the applicable royalty rates. Under the TCL Trademark License Agreement, the royalty rates range from 0% to 1.5% depending on the trademarks, territories and performance of the TTE Group.

TCL Corporation will continue to conduct general brand promotion and marketing in respect of those licensed trademarks under the TCL Trademark License Agreement in its ordinary course of business.

Under the TCL Trademark License Agreement, the TTE Group shall reimburse TCL Corporation such relevant portion of the cost and expenses incurred by TCL Corporation for the general brand advertising costs incurred by TCL Corporation or any other entities controlled by TCL Corporation or under the common control of TCL Corporation during the term of the agreement. The minimum amount of such reimbursement shall be 0.5% of the aggregate annual net sales of the television products of the TTE Group using certain trademarks of TCL Corporation in the relevant territories for the previous fiscal year.

Term: From 30 July 2004 to 30 July 2024 unless earlier terminated in accordance with the terms of the agreement.

The term of the TCL Trademark License Agreement exceeds three years. In accordance with Rule 14A.35 of the Listing Rules, the then independent financial adviser of the Company opined in its letter dated 31 May 2004 (a copy of which was set out in the 2004 Circular) that it was business practice for the Company to enter into the TCL Trademark License Agreement with a term exceeding three years.

1.2 Master Overseas Supply Agreement (as extended)

The original Master Overseas Supply Agreement dated 29 December 2004 was extended to 31 December 2009 by the First Supplemental Agreement dated 5 January 2007. The Master Overseas Supply Agreement was further extended by a second supplemental agreement dated 9 October 2008 to 31 December 2011 (subject to the approval of the Independent Shareholders).

Parties: (i) the Company – Purchaser
(ii) TCL Corporation – Supplier

Major terms: The Master Overseas Supply Agreement and the First Supplemental Agreement were approved by the Independent Shareholders on 22 February 2005 and 15 February 2007 respectively. The major terms of the Master Overseas Supply Agreement have been summarized in the Company's announcement dated 29 December 2004 and the 2005 Circular, and are repeated below.

Pursuant to the Master Overseas Supply Agreement, the Group may purchase any TCL Products from the TCL Corporation Group and sell in any Overseas Territories. The TCL Corporation Group shall sell the relevant TCL Products to the Group if the terms (including the prices) of such purchase offered by the Group to the TCL Corporation Group are not less favourable to the Group than those on which the relevant member of the TCL Corporation Group has sold or supplied such TCL Products to any independent customers in any Overseas Territories.

All the transactions made pursuant to the Master Overseas Supply Agreement will be supported by written contracts to be entered into between the Group and the TCL Corporation Group, and the terms of which will have to be determined in accordance with the provisions of the Master Overseas Supply Agreement after arm's length negotiations between the Group and the TCL Corporation Group and on normal commercial terms.

Term: From 22 February 2005 to 31 December 2009 (as extended) by the First Supplemental Agreement and to be further extended to 31 December 2011 by the second supplemental agreement dated 9 October 2008 (subject to the approval of the Independent Shareholders).

1.3 Master Sourcing (Renewal) Agreement

The original Master Sourcing Agreement dated 27 February 2006 has been substituted by the Master Sourcing (Renewal) Agreement on 9 October 2008 to extend the expiry date of the agreement to 31 December 2011 (subject to approval of the Independent Shareholders).

Parties: (i) the Company
(ii) TCL Corporation

Major Terms: The major terms of the Master Sourcing Agreement have been summarized in the Company's announcement dated 17 January 2006 and the 2006 February Circular, and are repeated below.

The business licences of certain members of the Group require that only products with raw materials purchased in the PRC can be sold in the PRC. The Group has been applying certain Overseas Materials in the production process of the Multimedia Products. In view of the above and the fact that members of the TCL Corporation Group have the required import licences, the relevant member of the TCL Corporation Group (i) acts as the intermediary for the Group to purchase and import the required Overseas Materials from the Company's subsidiaries in places other than the PRC and/or from the independent third parties (designated by the Group) in places other than the PRC and (ii) sells such Overseas Materials to the Company's nominated subsidiaries in the PRC as a local supplier. It should be noted that the second part of the Overseas Materials Sourcing Service mentioned above is different from and does not form part of the transactions under the Sourcing of Goods described below.

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

the Group in the PRC. The payment terms largely correspond to the payment terms allowed by the PRC governmental authorities and independent third parties to which import duties and other expenses are paid.

Term: three years from 1 January 2009 to 31 December 2011

1.4 Master Supply (Renewal) Agreement

The original Master Supply Agreement dated 27 February 2006 was substituted by the Master Supply (Renewal) Agreement on 9 October 2008 to extend the expiry date of the agreement to 31 December 2011 (subject to approval of the Independent Shareholders).

Parties: (i) the Company
(ii) TCL Corporation

Major Terms: The major terms of the Master Supply Agreement have been summarized in the Company's announcement dated 17 January 2006 and the 2006 February Circular, and are repeated and modified below.

Sourcing of Goods

Given the TCL Preferred Supplier Agreement dated 30 July 2004 which was terminated on 9 October 2008, the sourcing of Goods provided under the Master Supply (Renewal) Agreement will cover all raw materials provided by the TCL Corporation Group to the Group for the production of the Group's television products. In other words, goods previously supplied under the TCL Preferred Supplier Agreement will now also be covered under this agreement.

The Company shall procure that its subsidiaries will favourably consider purchasing part of the Group's requirement of the Goods produced or manufactured in the PRC from the TCL Corporation Group and the TCL Associates provided that they can offer terms (including price and payment terms) no less favourable than terms available from independent third parties and are capable of meeting the timeline, quality and quantity of the relevant order placed. TCL Corporation shall procure the relevant members of the TCL Corporation Group and the TCL Associates to sell to the relevant members of the Group the requested Goods. The TCL Corporation Group normally offers a credit term of 30 to 90 days to the Group.

Sale of Goods

If the relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) so requests or makes a written offer to any member of the Group to purchase from the Group any Goods for its business including distribution resale or otherwise, the Company shall procure that its subsidiaries will favourably consider to offer to supply or to accept such offer to supply the Goods to the relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) provided that the terms (including price and payment terms) of the offer by the TCL Corporation Group and the TCL Associates (as the case may be) are not less favourable than terms available to the Group from independent third parties. The Group normally allows a credit term of 30 to 90 days in this regard. Each of the relevant members of the TCL Corporation Group and the TCL Associates is only entitled to sell the Multimedia Products acquired from the Group through its distribution channels or otherwise and at such price as they may determine if it complies with the pricing or distribution policy as determined by the Group from time to time.

Term: Three years from 1 January 2009 to 31 December 2011

1.5 Financial Services Framework (Renewal) Agreement

The original Financial Services Framework Agreement dated 27 October 2006 was substituted by the Financial Services Framework (Renewal) Agreement on 9 October 2008 to extend the expiry date of the agreement to 31 December 2011 (subject to approval of the Independent Shareholders).

Parties: (i) the Company
(ii) TCL Corporation
(iii) Finance Company
(a subsidiary of TCL Corporation)

Principal terms of the Financial Services Framework (Renewal) Agreement

The original Financial Services Framework Agreement was approved by the Independent Shareholders on 13 April 2006. The major terms of the Financial Services Framework Agreement have been summarized in the Company's announcement dated 9 March 2006 and the 2006 March Circular, and are repeated below.

The Deposit Services

Any TCL Multimedia Qualified Member may from time to time deposit money with Finance Company. If Finance Company decides to accept any amount of cash deposits from a TCL Multimedia Qualified Member (including current deposits, fixed deposits or any other form of deposits), the interest rates offered by Finance Company shall not be lower than the interest rates offered by other independent financial institutions from time to time. Such interests derived from the Deposit Services will be calculated on a daily basis. Other terms and conditions offered by Finance Company as a whole shall also not be less favorable than those offered by other independent financial institutions and shall be on normal commercial terms.

Finance Company and TCL Corporation will jointly and severally undertake to the Company that at any time during the term of the Financial Services Framework (Renewal) Agreement, the total amount of loans lent or other trade financing provided by Finance Company and/or TCL Corporation to the TCL Multimedia Qualified Members shall not be less than the total cash deposits placed by the TCL Multimedia Qualified Members with Finance Company.

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

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

The Finance Services

Any TCL Multimedia Qualified Member may from time to time request any Finance Services (including loans, guarantees, receivable factoring, bill acceptance and bill discounting) from Finance Company. If Finance Company decides to provide any Finance Services to a TCL Multimedia Qualified Member, the interest rates charged by Finance Company shall not be higher than the interest rates charged by other independent financial institutions from time to time in respect of similar services, and the other terms and conditions offered by Finance Company in respect of the Finance Services as a whole shall not be less favorable than those offered by other independent financial institutions and shall be on normal commercial terms.

Finance Company and the relevant TCL Multimedia Qualified Member may enter into specific agreements in respect of any Finance Services to be provided with a view to setting out the detailed terms of the transactions. If Finance Company requests the relevant TCL Multimedia Qualified Member to provide any form of security in respect of the Finance Services, the Company will then have to comply with the relevant requirements under the Listing Rules (including but not limited to the independent shareholders' approval requirement).

Other Financial Services

Any TCL Multimedia Qualified Member may from time to time request Finance Company to provide the Other Financial Services, including, among other things, financial advisory services, settlement advisory services, insurance agency services, agency lending and borrowings and any other services approved by the China Banking Regulatory Commission.

The fees charged by Finance Company in respect of the Other Financial Services shall not be higher than the fees determined by PBOC (if applicable) and the fees charged by other independent financial institutions in respect of such services. Other terms and conditions of the Other Financial Services offered by Finance Company shall not be less favorable than those offered by other independent financial institutions and shall be on normal commercial terms.

The relevant TCL Multimedia Qualified Members may enter into separate written agreements with Finance Company in relation to the provision of the specific services under the Other Financial Services with a view to setting out the detailed terms of the transactions.

The relevant TCL Multimedia Qualified Members will make payment of fees and commissions in respect of the Other Financial Services in accordance with the payment terms of the separate agreements for the provision of loans or other financial services as might be entered into.

Other undertakings of TCL Corporation under the Financial Services Framework Agreement

TCL Corporation undertakes to the Company that:

- (i) it will procure the Finance Company to perform its obligations under the Financial Services Framework (Renewal) Agreement; and
- (ii) in case the Finance Company experiences any financial difficulties, TCL Corporation will inject capital to the Finance Company based on the needs of the Finance Company.

Term of the Financial Services Framework (Renewal) Agreement

The term of the Financial Services Framework (Renewal) Agreement is for three years commencing from 1 January 2009 to 31 December 2011 which may be extended upon written agreement of all parties to the agreement subject to the then requirements of the Listing Rules. The Company will re-comply with the applicable Listing Rules requirements, including the reporting, announcement and/or Independent Shareholders' approval requirements (if necessary) under Chapter 14A of the Listing Rules should the Financial Framework (Renewal) Agreement be extended.

All the above transactions have been and/or will continue to be entered into in the ordinary and usual course of business of the Group and on normal commercial terms.

1.6 Master Logistics Service Supply Agreement (as extended)

The original Master Logistics Service Supply Agreement dated 5 January 2007 was extended to 31 December 2011 by a supplemental agreement dated 9 October 2008.

Parties: (i) the Company – client
(ii) Speed Distribution – service provider
(a wholly owned subsidiary of TCL Corporation)

Major terms: The Master Logistics Service Supply Agreement was approved by the Independent Shareholders on 15 February 2007. The major terms of the Master Logistics Service Supply Agreement have been summarized in the Company's announcement dated 5 January 2007 and the 2007 Circular, and are repeated below.

Pursuant to the Master Logistics Service Supply Agreement, the Group may from time to time request Speed Distribution to provide logistics services at terms of no less favourable than (i) those offered by Speed Distribution to other independent clients and/or (ii) those offered to the Group by other independent service providers. Speed Distribution shall provide such logistics services to the Group if Speed Distribution has the necessary resources available.

On the other hand, if Speed Distribution can offer logistics services to the Group at terms of no less favourable than (i) those offered by Speed Distribution to other independent clients and/or (ii) those offered to the Group by other independent service providers, the Company shall procure its subsidiaries to actively consider using the services offered by Speed Distribution subject to the relevant requirements under the Listing Rules, including the caps set for the transaction from time to time. For the avoidance of doubt, the Group is under no obligation to use any logistics services offered by Speed Distribution under this agreement.

If there are no comparable terms offered to other independent customers by Speed Distribution and there are no comparable terms offered to the Group by other independent service providers, the terms of the services to be provided by Speed Distribution to the Group shall then be determined after arm's length negotiations between the parties and shall be on normal commercial terms.

Logistics services which may be provided by Speed Distribution under the Master Logistics Service Supply Agreement include, among others:

- delivery and transfer of raw materials, components, finished goods, etc. among the Group's suppliers, distributors, customers, warehouses and distribution centres;
- warehouse management; and
- other services as agreed between the parties to the agreement from time to time.

If the logistics services provided by Speed Distribution to the Group under this agreement involve the work of a third party service provider engaged by Speed Distribution, Speed Distribution shall only charge the Group the actual cost incurred by Speed Distribution in this regard. The Company shall also reimburse Speed Distribution for the cost and expenses incurred by Speed Distribution in respect of any service improvement work at the request of or agreed by the Group. Specific agreements shall be entered into between the Group and Speed Distribution pursuant to the terms of this Master Logistics Service Supply Agreement if the Group decides to use the logistics services provided by Speed Distribution.

Term: The original term from 15 February 2007 to 14 February 2010 as stipulated in the Master Logistics Service Supply Agreement was extended by the supplemental agreement to 31 December 2011.

1.7 Master Subcontracting (Renewal) Agreement

The original Master Subcontracting Agreement dated 27 February 2006 has been substituted by the Master Subcontracting (Renewal) Agreement dated 9 October 2008 to extend the expiry date of the agreement to 31 December 2011.

Parties: (i) the Company – client
 (ii) TCL Corporation – subcontractor

Major Terms: The Master Subcontracting Agreement was approved by the Independent Shareholders on 27 February 2006. The major terms of the Master Subcontracting Agreement have been summarized in the Company's announcement dated 17 January 2006 and are repeated below.

If any member of the Group so requests, the TCL Corporation Group shall procure the relevant member of the TCL Corporation Group and the TCL Associates to process raw materials (including but not limited to plastic parts) sourced and owned by the Group into certain semi-finished materials which will then be used by the Group for its manufacture of the Multimedia Products, provided that (i) the relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) considers that it has the relevant resources to meet the timeline, quality and quantity of the relevant order placed; (ii) where the relevant member of the Group simultaneously requests an independent third party to provide the same service to it, the overall commercial terms (including charges and payment terms) offered by the relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) shall not be less favourable than those offered by such third party; and (iii) where the relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) provides the same service to an independent third party, the overall commercial terms (including charges and payment terms) offered by the relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) to the Group shall not be less favourable than those offered by such relevant member of the TCL Corporation Group and the TCL Associates (as the case may be) to that third party. The TCL Corporation Group normally offers a credit term of 30 to 90 days to the Group.

The services provided by the TCL Corporation Group and the TCL Associates pursuant to the Master Subcontracting Agreement shall be on a non-exclusive basis but orders placed by the Group shall be given priority.

Term: Three years from 1 January 2009 to 31 December 2011

1.8 Master Call Centre Services Supply Agreement (as extended)

The original Master Call Centre Services Supply Agreement dated 5 January 2007 was extended to 31 December 2011 by a supplemental agreement dated 9 October 2008.

Parties: (i) the Company – client
(ii) TCL Corporation – service provider

Major terms: The Master Call Centre Services Supply Agreement was approved by the Independent Shareholders on 15 February 2007. The major terms of the Master Call Centre Services Supply Agreement have been summarized in the Company's announcement dated 5 January 2007 and the 2007 Circular, and are repeated below.

Pursuant to the Master Call Centre Services Supply Agreement, the TCL Corporation Group has agreed to provide the call centre services to the Group. The Company shall pay the TCL Corporation Group fees to be calculated based on the actual cost structure of the TCL Corporation Group in connection with the provision of the call centre services.

Under the Master Call Centre Services Supply Agreement, the TCL Corporation Group shall operate a nationwide customer call centre in the PRC to support the marketing and after-sales service of the various products of the Group and provide the Group with analysed customer information obtained through the operation of the customer call centre.

Term: The original term from 15 February 2007 to 14 February 2010 as stipulated in the Master Call Centre Services Supply Agreement was extended by the supplemental agreement to 31 December 2011.

HISTORICAL VALUES AND ANNUAL CAPS

The following table sets out the respective historical amounts of the continuing connected transactions as described above for the two years ended 31 December 2007 and the 6 months ended 30 June 2008, and the respective annual caps for the three years ending 31 December 2008:

		For the year ended 31 December 2006 (audited) HK\$'000	For the year ended 31 December 2007 (audited) HK\$'000	For the 6 months ended 30 June 2008 (unaudited) (for actual amount only)/ for the year ending 31 December 2008 (for original annual cap only) HK\$'000
Continuing Connected Transactions				
1.1	TCL			
	Trademark License Agreement	Actual		
		– aggregate royalty	nil	nil
		– aggregate branding fee reimbursement	59,106	36,521
	Total:		59,106	36,521
		Original annual cap		
		– aggregate royalty	147,000	237,947
		– aggregate branding fee reimbursement	138,000	95,570
	Total:		285,000	333,517
1.2	Master Overseas Supply Agreement (as extended)	Actual	53,705	19,352
		Original annual cap	567,000	120,272

		For the year ended 31 December 2006 (audited) HK\$'000	For the year ended 31 December 2007 (audited) HK\$'000	For the 6 months ended 30 June 2008 (unaudited) (for actual amount only)/ for the year ending 31 December 2008 (for original annual cap only) HK\$'000
Continuing Connected Transactions				
1.3 Master Sourcing (Renewal) Agreement	Actual			
	– purchase of overseas goods by TCL Corporation Group from the Group	607,311	582,859	280,582
	– sale of overseas goods by TCL Corporation Group to the Group	902,937	1,236,735	455,809
Total:		1,510,248	1,819,594	736,391
	Original annual cap			
	– purchase of overseas goods by TCL Corporation Group from the Group	5,873,279	6,259,609	6,929,924
	– sale of overseas goods by TCL Corporation Group to the Group	6,519,340	6,948,166	7,692,216
Total:		12,392,619	13,207,775	14,622,140

		For the year ended 31 December 2006 (audited) HK\$'000	For the year ended 31 December 2007 (audited) HK\$'000	For the 6 months ended 30 June 2008 (unaudited) (for actual amount only)/ for the year ending 31 December 2008 (for original annual cap only) HK\$'000
Continuing Connected Transactions				
1.4	Master Supply (Renewal) Agreement	Actual		
	– Sourcing of Goods	43,997	72,189	50,197
	– Sale of Goods	808	3,653	4,652
Total:		44,805	75,842	54,849
		Original annual cap		
	– Sourcing of Goods	59,487	101,877	145,457
	– Sale of Goods	346,010	576,294	921,706
Total:		405,497	678,171	1,067,163
1.5	Financial Services Framework (Renewal) Agreement	Actual		
	– Financial service charges	587	223	143
	– Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)	62,056	108,347	119,833
Total:		62,643	108,570	119,976

		For the year ended 31 December 2006 (audited) HK\$'000	For the year ended 31 December 2007 (audited) HK\$'000	For the 6 months ended 30 June 2008 (unaudited) (for actual amount only)/ for the year ending 31 December 2008 (for original annual cap only) HK\$'000
Continuing Connected Transactions				
	Original annual cap			
	– Financial service charges	2,700	3,500	4,400
	– Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)	1,100,000	1,100,000	1,100,000
Total:		1,102,700	1,103,500	1,104,400
1.6	Master Logistics Service Supply Agreement (as extended)	Actual	N/A	14,553
		Original annual cap	N/A	402,260
				11,803
				485,413
1.7	Master Subcontracting (Renewal) Agreement	Actual	12,554	11,810
		Original annual cap	34,000	36,000
				4,875
				40,000
1.8	Master Call Centre Services Supply Agreement (as extended)	Actual	N/A	14,511
		Original annual cap	N/A	26,804
				7,583
				29,551

Note 1: No royalty was payable by the TTE Group for the two years ended 31 December 2007 and the six months ended 30 June 2008 as the actual performance of the TTE Group for the relevant period did not reach the threshold which triggered the royalty payment obligations under the TCL Trademark License Agreement.

PROPOSED VALUES AND ANNUAL CAPS

The following table sets out the respective proposed annual caps of the continuing connected transactions under the agreements as described above for the three years ending 31 December 2011:

Continuing Connected Transactions			For the year ending 31 December 2009 \$'000	For the year ending 31 December 2010 \$'000	For the year ending 31 December 2011 \$'000
1.1	<i>TCL Trademark License Agreement</i>	– aggregate royalty – aggregate branding fee reimbursement	nil 229,101	nil 372,472	nil 318,866
Total:			229,101	372,472	318,866
1.2	<i>Master Overseas Supply Agreement (as extended)</i>	Proposed annual cap	81,853	91,097	101,284
1.3	<i>Master Sourcing (Renewal) Agreement</i>	– purchase of overseas goods by TCL Corporation Group from the Group – sale of overseas goods by TCL Corporation Group to the Group	1,053,709 2,773,111	1,363,375 2,737,047	1,813,566 2,757,113
Total:			3,826,820	4,100,422	4,570,679
1.4	<i>Master Supply (Renewal) Agreement</i>	– Sourcing of Goods – Sale of Goods	1,762,634 1,498,218	2,619,804 1,976,784	3,795,866 2,591,250
Total:			3,260,852	4,596,588	6,387,116

			For the year ending 31 December 2009 \$'000	For the year ending 31 December 2010 \$'000	For the year ending 31 December 2011 \$'000
Continuing Connected Transactions					
1.5	Financial Services Framework (Renewal) Agreement	– Financial service charges – Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)	6,412 1,386,963	8,416 1,764,627	10,624 2,776,560
Total:			1,393,375	1,773,043	2,787,184
1.6	Master Logistics Service Supply Agreement (as extended)	Proposed annual cap	40,674	54,735	73,657
1.7	Master Subcontracting (Renewal) Agreement	Proposed annual cap	35,291	47,662	63,426
1.8	Master Call Centre Services Supply Agreement (as extended)	Proposed annual cap	29,269	44,113	66,487

Note 1: It is expected that no royalty will be payable by the TTE Group under the TCL Trademark License Agreement for the three years ended 31 December 2011 as the estimated performance of the TTE Group for the relevant period would not reach the threshold which triggers the royalty payment obligations.

REASONS FOR THE PROPOSED ANNUAL CAPS

It is noted that for some continuing connected transactions as mentioned above, the transaction volume was not as high as those original annual cap as previously contemplated by the Group due to the decreases of turnover of the Group in the past two years as a result of the significant wind-down of the Group's business and activities in Europe. The Group has now successfully completed the restructuring and launched a new business model for its overseas business, especially in the region of Europe and North America, and has further enhanced its operation efficiency and control. In view of the expected full operation of the Group after the restructuring and the planned future expansion (including expansion in the OEM business), it is estimated that the amounts involved in such continuing connected transactions will be substantially higher than the actual amounts transacted in the past 3 years.

Furthermore, according to third party research materials available to the Group, LCD televisions world consumptions for the 3 years ending 31 December 2011 will be 20 million sets, 26 million sets and 30 million sets respectively with the corresponding annual growth rates 24%, 17% and 12%. In recent years, the Group has in response to the global trend begun to shift its television business from selling CRT television products to LCD television products. As noted in the Company's interim report 2008, substantial growth in the Group's LCD business has been recorded and the total LCD shipment by the Group for the first half of 2008 has increased sharply by 230% when compared with that for the same period of 2007. It is expected that the Group's LCD business will further grow at 110%, 50% and 40% for the 3 years ending 31 December 2011, which will greatly increases the volume of the transactions to be involved. Indeed, the Group's shifting of its television business from selling CRT television products (the components of which are mainly purchased from third parties) to LCD television products (the components of which are more expensive and mainly purchased from the TCL Corporation Group) will significantly increase the Group's purchases amount from the TCL Corporation Group under the relevant agreements.

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

Proposed caps for the TCL Trademark License Agreement

Taken into account the growth of sales of television products in particular in the PRC, the North America and the emerging market, it is still expected that no royalty will be payable by the TTE Group for the three years ended 31 December 2011 as the estimated performance of the TTE Group for the relevant period will not reach the threshold which triggers the royalty payment obligations under the TCL Trademark License Agreement. The caps in respect of the aggregate branding fee reimbursement for the transaction under the TCL Trademark License Agreement are estimated based on (i) the sales amount in the past years with an expected growth in the next three years with reference to the expected growth in market shares of the Group's television products and certain market estimates of the expected growth in the sales of televisions, especially the substantial growth in LCD televisions market consumption, in the PRC and other regions around the world; and (ii) estimated advertising and promotion expenses of the

promotion projects planned to be launched during the coming 3 years, including but not limited to sponsorship for the Asian Games 2010 to be held in Guangzhou.

Proposed caps for the Master Overseas Supply Agreement (as extended)

The caps for the transaction under the Master Overseas Supply Agreement (as extended) were determined based on the internal projection of the Company in respect of the possible distribution sales of TCL Products purchased under the Master Overseas Supply Agreement (as extended), comprising mainly air conditioners and white goods, in the Overseas Territories and thus the potential demand for purchases under the Master Overseas Supply Agreement (as extended). Such internal projection for determining the proposed cap amounts is in turn estimated by the Company based on (i) the purchase amounts of air conditioners and white goods of the Group in the past years in relation to its overseas distribution business with an estimated growth with reference to the estimated growth of the overseas distribution business and the proposed expansion of the Group's overseas distribution network (which will help stimulate further growth in sales and thus the related purchases under this agreement); (ii) increase in demand by the Group due to new orders placed by customers of the Group; (iii) increase in demand by the Group for the reason that the Group may consider no longer to purchase white goods from third parties but instead purchase from the TCL Corporation Group; and (iv) expected growth in purchase price due to rise in oil and copper price, RMB and inflation.

Proposed caps for the Master Sourcing (Renewal) Agreement, Master Supply (Renewal) Agreement and Master Subcontracting (Renewal) Agreement

The caps for the aggregated transactions under the Master Subcontracting (Renewal) Agreement, Master Sourcing (Renewal) Agreement and Master Supply (Renewal) Agreement are determined by reference to, among other things, (i) the historical amounts of the relevant transactions; (ii) the possible requirement of raw materials, semi-finished materials and finished goods with respect to the projected business volumes and the estimated growth rates of the relevant business lines of the Group (which in turn are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group, sales and purchases growth under new sale and purchase projects with the TCL Corporation Group); (iii) the TCL Corporation Group's projected requirement of finished goods for its operations. The estimated industry demand is based on third party research materials available to the Group for the purpose of performing internal analysis; and (iv) the growth in the Group's LCD business as described above.

Proposed caps for Deposit Services and Other Financial Services under the Financial Services Framework (Renewal) Agreement

The proposed caps in relation to both the Deposit Services and Other Financial Services are determined taking into account the following factors:

- (i) The China Banking Regulatory Commission has recently approved Finance Company's application to provide a wide range of financial services which may be utilized by the Company in the near future;
- (ii) It is also expected Finance Company will be authorised to accept deposit of foreign currencies in late 2008, hence the total amount to be deposited with the Finance Company will substantially increase;
- (iii) Having been satisfied with the services and the benefits provided by Finance Company such as better interest rates than available from other financial institutions, it is expected the balance of deposits with Finance Company will increase;
- (iv) It is expected that the business of the Company will expand rapidly in the following years and as a result, the capital available for deposit with Finance Company will also increase; and
- (v) Finance Company has been continuously improving its clearing platform, and the Company will benefit from the higher efficiency of fund clearance compared with that of independent third parties.

Under current monetary policy in the PRC, it has been difficult for the Company to obtain financing from independent third parties. As such, the Company expects to rely more heavily on the services provided by Finance Company.

Proposed caps for the Master Logistics Service Supply Agreement (as extended)

The estimated transaction values of the transaction under the Master Logistics Service Supply Agreement (as extended) are determined based on the historical cost and expenses incurred by the Group in respect of the logistics services provided by Speed Distribution in the PRC in the past years and the projected sales quantity in the next three years determined with reference to, among other factors, future growth rates in sales quantity, the increasing quantity of products sold in the PRC in particular having regard to the growth in the Group's LCD business in the PRC and the lower average transportation cost for smaller size LCD televisions than that for traditional CRT televisions.

Proposed caps for the Master Call Centre Services Supply Agreement (as extended)

The estimated transaction values of the transaction under the Master Call Centre Services Supply Agreement (as extended) are determined based on the agreed hourly rates under the agreement times the estimated hours of calls in respect of the Group's products which may be handled by the TCL Corporation Group for the next three financial years which are in turn determined based on the historical amount of customer calls handled by the TCL Corporation Group in the past years with an estimated growth for the next three years with reference to certain market estimates in respect of the growth in the television shipments in the PRC in particular having regard to the growth in the Group's LCD business in the PRC.

NEW CONTINUING CONNECTED TRANSACTIONS

1. Transactions exempt from Independent Shareholders' approval requirement (i.e. Exempt-Transactions)

1.1 New Lease Framework (Landlord) Agreement

Date: 9 October 2008

Parties: (i) TCL King (Shenzhen)
(a wholly owned subsidiary of the Company)
(ii) TCL Corporation

Background and major terms: TCL King (Shenzhen) has been leasing as landlord certain premises in the Shekou TCL Tower to TCL Corporation Group and such leases will expire in the period from 31 December 2008 to 30 June 2010. TCL King (Shenzhen) has entered into the New Lease Framework (Landlord) Agreement to cover all such leases so that it may renew the leases upon expiry up to 31 December 2011:

Property	Total Rental Area (sq.m)
Shekou TCL Tower, which is located at No.5, South Nanhai Road, Nanshan District, Shenzhen, the PRC	2,780.10

TCL Corporation Group uses the premises leased under the New Lease Framework (Landlord) Agreement as its office. All the rental, repair and maintenance fees are payable in cash on a monthly basis and are determined after arm's length negotiations between the parties with reference to the market rental at the time when the agreement entered into.

Term: Three years from 1 January 2009 to 31 December 2011

The following table sets out the respective proposed annual caps (i.e. the rental amount) of the transactions under the New Lease Framework (Landlord) Agreement as described above for the three years ending 31 December 2011:

	For the year ending 31 December 2009 HK\$'000	For the year ending 31 December 2010 HK\$'000	For the year ending 31 December 2011 HK\$'000
New Lease Framework (Landlord) Agreement	1,574	1,694	1,824

The annual caps are determined based on the historical amount of rental, repair and maintenance fees received in the past under the respective leases and the terms of lease agreements entered into between TCL King (Shenzhen) and TCL Corporation Group. The total amount of which for the 6 months ended 30 June 2008 was approximately HK\$513,000.

2. Transactions requiring Independent Shareholders' approval (i.e. Non-exempt Transactions)

2.1 Loan and Charge Agreement

Date: 9 October 2008

Parties: (i) the Company
(ii) TCL Corporation

Background and major terms: TCL Corporation Group has been taking out loans and/or facilities from the PRC Banks with its assets charged as security for such bank borrowings, TCL Corporation Group in turn provides financial assistance to the Group by lending the funds received from its bank borrowings to the Group at preferential terms. As of the date of entering into the Loan and Charge Agreement, the Group owed RMB337 million (equivalent to approximately HK\$395 million) to TCL Corporation Group.

The Group has an increasing demand for funds due to increases in volume of business and different payment terms for LCD operations, which comprise a greater portion of the Group's business (6.5% of total sales volume in the first half of 2007 compared to 21.9% of total sales volume in the first half of 2008). To meet the increasing demand of working capital in the most cost-

effective way, given TCL Corporation can command better terms for borrowing and in order for TCL Corporation Group to be in a position to raise funds for the Group and in compliance with market conditions as laid down by the bankers, the Group needs to use the Group's own assets as security for the loan to be taken out by TCL Corporation Group.

Under the Loan and Charge Agreement, the Company will from time to time request TCL Corporation Group to apply to the PRC Bank(s) for loan(s) or credit facility(ies). Upon receipt of such request, TCL Corporation Group undertakes to use its best endeavors to negotiate with the PRC Bank(s) for entering into Loan Agreement(s) with most favourable terms as soon as practicable, and the terms of which shall not be less favourable than the terms offered by independent third parties to the Group.

TCL Corporation undertakes that the entire amount of loan(s) to be obtained by TCL Corporation Group in accordance with the Loan Agreement shall in turn be made available to the Group or for settlement of the debts of the Group to third parties. TCL Corporation Group shall specify in the Loan Agreement(s) that the loan(s) so obtained will be utilized entirely by the Group. The Company has absolute discretion on the basis of commercial considerations to decide whether to accept the Loan Agreement(s) as negotiated and to be signed by TCL Corporation Group. In the event that the Loan Agreement is acceptable to the Company, the Company undertakes (i) to procure the Group to sign the Charge Agreement(s) with the Lender(s) to secure the repayment obligation of TCL Corporation Group under the Loan Agreement(s) pursuant to the Loan and Charge Agreement and (ii) to repay the principal and the interest incurred under the Loan and Charge Agreement to TCL Corporation within the stipulated time. In the event that TCL Corporation Group enters into any Loan Agreement(s) without the authorization of the Group, the Group shall not be responsible for providing any asset to secure the repayment obligation of TCL Corporation Group nor shall it bear any responsibility for repayment of the loan(s) in respect of the said Loan Agreement(s).

TCL Corporation Group must procure to make available to the Group the loans and/or advances received from the PRC Bank(s) under the Loan Agreement through (i) lending such funds to the Group within 3 business days from its receipt of such funds or (ii) at the Group's request, pay on the Group's behalf the bills and invoices of the supplier of the Group.

In the event that TCL Corporation Group fails to make available to the Group the loan(s) received by it under the Loan Agreement or make payment(s) to its supplier(s) as per request by the Group, the Group is not responsible for repayment of the loan(s) in question and the Group is entitled to set off an amount equivalent to the guaranteed amount under the Charge Agreement(s) guaranteeing the loan(s) in question against any debt due to TCL Corporation Group, thus reducing the amount of debt owed by the Group to TCL Corporation Group.

Except as required under the Loan and Charge Agreement, TCL Corporation Group cannot request repayment or interest payment from the Group in respect of the loan(s) under the Loan Agreement(s). TCL Corporation Group further undertakes not to charge any fee or expenses from the Group in respect of the arrangement made under the Loan and Charge Agreement (except any fees charged by the PRC Banks) and it will account to the Group any benefit whatsoever it receives thereunder. The assets, mainly comprising land and buildings (mainly used as offices, factories and warehouses by the Group), to be provided by the Group to secure the repayment obligation of TCL Corporation Group under the Loan Agreements are located in the PRC with a value amounted to RMB301 million (equivalent to approximately HK\$352 million). It is expected that with such value, an amount ranging from RMB120 million (equivalent to approximately HK\$141 million) to RMB211 million (equivalent to approximately HK\$247 million), being 40% to 70% of the value of the asset, may be raised from the PRC Banks through the aforesaid borrowings.

It should be noted that the Deposit Services, Finance Services and other Financial Services under the Financial Services Framework (Renewal) Agreement are different from the transaction under the Loan and Charge Agreement. The services provided by Finance Company under the Financial Services Framework (Renewal) Agreement are similar to those provided by financial institutes such as banks to its customers. Whereas under the Loan and Charge Agreement, TCL Corporation Group is required to borrow money from outside financial institutions such as banks for the benefit of the Group, and such loans are secured by the Group's assets as security and the loans be made available to the TCL Corporation Group thereunder are utilized by the Group or for settlement of the debts of the Group to third parties.

Condition Precedent: The agreement shall become effective on the date on which the Agreement is approved by the Independent Shareholders in accordance with the relevant requirements of the Listing Rules.

Term: The agreement shall have a term of three years from its effective date. The parties to the agreement may mutually agree (in writing) to renew the agreement for one or more 3-year period after the above expiry date subject to the Company complying with the relevant requirements of the Listing Rules.

The following table sets out the respective proposed annual caps of the transactions under the Loan and Charge Agreement as described above for the three years ending 31 December 2010:

	For the year ending 31 December 2008 <i>HK\$'000</i>	For the year ending 31 December 2009 <i>HK\$'000</i>	For the year ending 31 December 2010 <i>HK\$'000</i>
Loan and Charge Agreement			
Facility amount	246,953	246,715	244,998
Security amount	352,790	352,449	349,996

The annual caps for the security amount are determined based on the value of the assets to be provided by the Group as security for the loans under the Loan Agreements and the annual caps for the facility amount

are the estimated amount may be raised by the TCL Corporation Group for the Group pursuant to the Loan and Charge Agreement, being 40% to 70% of the value of the assets to be charged.

2.2 *New Lease Framework (Tenant) Agreement*

Date: 9 October 2008

Parties: (i) the Company
(ii) TCL Corporation

Background and major terms: As noted in the announcement of the Company dated 4 July 2006 and 2 January 2008, the Group has been leasing certain properties from Industrial Institute under the Lease Framework Agreement and from TCL Real Estate under the Lease. As the tenancies thereunder will expire in the period from 31 December 2008 to 31 March 2009, to better manage its leased properties, the Company has entered into the New Lease Framework (Tenant) Agreement to cover all leases of the following properties so that the relevant members of the Group may renew the leases upon expiry up to 31 December 2011:

Properties	Total Rental Area (sq.m)
TCL King Er Ji Di, Zhongkai Development District, Huizhou, Guangdong, PRC	246,224.72
TCL Tower, which is located at West of Keji Nan Shi Road and North of Gaoxin Nan Yi Road, Nanshan District, Shenzhen, Guangdong Province, the PRC	7,059.93

The premises leased under the New Lease Framework (Tenant) Agreement are used as the Group's office, research centre, factory, warehouse and hostel. All the rental, repair and maintenance expenses are payable in cash on a monthly basis and were determined after arm's length negotiations between the parties with reference to the market rental at the time when the agreement entered into.

Term: Three years from 1 January 2009 to 31 December 2011

The following table sets out the respective proposed annual caps (i.e. the rental amount) of the transactions under the New Lease Framework (Tenant) Agreement as described above for the three years ending 31 December 2011:

New Lease Framework (Tenant) Agreement	For the year ending 31 December 2009 <i>HK\$'000</i>	For the year ending 31 December 2010 <i>HK\$'000</i>	For the year ending 31 December 2011 <i>HK\$'000</i>
TCL King Er Ji Di, Zhongkai Development District, Huizhou, Guangdong, PRC	35,393	40,007	45,224
TCL Tower, which is located at West of Keji Nan Shi Road and North of Gaoxin Nan Yi Road, Nanshan District, Shenzhen, Guangdong Province, the PRC	5,519	6,238	7,051
Total	40,912	46,245	52,275

The annual caps are determined based on the current market rentals quoted by independent valuer with estimated growth rate with reference to the inflation in the PRC and the terms of the Lease and the Lease Framework Agreement. The historical amounts of total rentals in relation to TCL Tower for the 2 years ended 31 December 2007 and 6 months ended 30 June 2008 were approximately HK\$13.1 million, HK\$8.6 million and HK\$3.1 million

respectively; and that in relation to TCL King Er Ji Di for the 6 months ended 30 June 2008 was approximately HK\$16.2 million.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

TCL Trademark License Agreement

TCL Corporation Group owns certain trademarks which are used by the TTE Group for the marketing and distribution of its televisions and multimedia (digital) products. Such trademarks are considered to be important to the successful long-term operation of the business of the TTE Group. The TCL Trademark License Agreement allows the TTE Group to secure the use of such trademarks over a reasonable period of time at attractive rates.

Master Overseas Supply Agreement (as extended)

The Master Overseas Supply Agreement (as extended) enables the Group to source TCL Products from the TCL Corporation Group on normal commercial terms with a view to distributing such TCL Products for profits. The Master Overseas Supply Agreement (as extended) has provided and will continuously provide the Group with an additional source of revenue and margin by capitalizing upon its established distribution network of the Group of its television products in the Overseas Territories without incurring significant additional overheads.

Master Sourcing (Renewal) Agreement, Master Supply (Renewal) Agreement and Master Subcontracting (Renewal) Agreement

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

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

The Directors consider that the Subcontracting Arrangement under the Master Subcontracting (Renewal) Agreement has facilitated and will continue to facilitate the

smooth operation of the Group's semi-finished materials which are then used by the Group for its manufacture of the Multimedia Products.

Financial Services Framework (Renewal) Agreement

The principal purpose of entering into the Financial Services Framework (Renewal) Agreement is to provide cost efficient finance and treasury services to all TCL Multimedia Qualified Members. The Company also believes that Finance Company, being a financial institution itself, may also facilitate the TCL Multimedia Qualified Members to obtain cheaper financing from other financial institutions in the PRC by taking advantage of the inter-bank lending rates which Finance Company may enjoy in respect of its own borrowings from other financial institutions. It is expected that the inter-bank interest rates are usually lower than the interest rates of other corporate commercial loans.

Master Logistics Service Supply Agreement (as extended) and Master Call Centre Services Supply Agreement (as extended)

In order to streamline the cost structure and operations of the Group, the Company considers it beneficial to the Group for it to continue to subcontract the logistics services and call centre services to specialized service units. Given the close relationship between the Group and TCL Corporation Group, the Group will be placed in a better position to monitor the services to be provided under the Master Logistics Service Supply Agreement (as extended) and the Master Call Centre Services Supply Agreement (as extended) than by other outside service providers.

New Lease Framework (Landlord) Agreement and New Lease Framework (Tenant) Agreement

The Group has been leasing certain premises of the Properties from TCL Corporation Group as its offices, research centre, factory, warehouse and hostel in respect of the Group's various business segments as well as renting out certain premises in the Shekou TCL Tower to TCL Corporation Group so as to better utilize its unused assets. The Company considers it is the interests of the Company and the Shareholders as a whole to continue the existing Lease as required by the operations of the Group.

Loan and Charge Agreement

As noted above, through the arrangement made under the Loan and Charge agreement, the Group will be able to obtain finance for its needs via TCL Corporation in order to have the required fund to further develop its flourishing LCD business. Given all the funds received by TCL Corporation Group will be utilised by the Group, in essence the Group is using its asset to secure its borrowings.

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

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

LISTING RULES REQUIREMENT

TCL Corporation, the controlling Shareholder of the Company, currently holds approximately 54.43% of the issued share capital of the Company. It also owns a 100% interest in Speed Distribution and a 62% direct interest in Finance Company. Accordingly, each of Speed Distribution and Finance Company is an associate of TCL Corporation, thus the aforesaid (including TCL Corporation) are connected persons of the Company under the Listing Rules.

Based on the relevant proposed annual cap amounts, (i) the Other Financial Services under the Financial Services Framework (Renewal) Agreement and the transactions under the newly signed New Lease Framework (Landlord) Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules; and (ii) the proposal to revise and set annual caps for the transaction under the TCL Trademark License Agreement and the transactions under the Master Overseas Supply Agreement (as extended), Master Sourcing (Renewal) Agreement, Master Supply (Renewal) Agreement, the Deposit Services under the Financial Services Framework (Renewal) Agreement, Master Logistics Service Supply Agreement (as extended), Master Subcontracting (Renewal) Agreement, Master Call Centre Services Supply Agreement (as extended), as well as the transactions under the newly signed Loan and Charge Agreement and New Lease Framework (Tenant) Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Therefore, the Non-exempt Transactions are conditional on the approval by the Independent Shareholders voting by poll at the EGM. TCL Corporation and its associates will abstain from voting in respect of Non-exempt Transactions required to be put forward at the EGM.

So long as the Finance Services under the Financial Services Framework (Renewal) Agreement will be provided on normal commercial terms (or better to the TCL Multimedia Qualified Members) where no security over any assets of the Group is given in respect of the Finance Services, the Finance Services will be exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules; otherwise the Company will have to comply with the necessary requirements under the Listing Rules before accepting any such Finance Services.

An Independent Board Committee will be established to advise the Independent Shareholders on the following: (i) the proposed annual caps of the Non-exempt Transactions; (ii) the terms of the current supplemental agreements in relation to the existing Non-exempt Transactions; and (iii) the terms of the newly entered Non-exempt Transactions. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company will dispatch to the Shareholders a circular containing further details of the Non-exempt Transactions, letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM as soon as practicable.

GENERAL

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, Thailand and Vietnam and distributes its products in all major markets globally. 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 Corporation and its subsidiaries (including the Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit TCL Corporation’s official website at www.tcl.com (the information that appears in this website does not form part of this announcement).

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

Speed Distribution, a company established in the PRC and a wholly owned subsidiary of TCL Corporation, which is principally engaged in the provision of logistics services in the PRC.

TCL King (Shenzhen), a company established in the PRC and a wholly owned subsidiary of the Company, is principally engaged in manufacture of audio-visual products.

DEFINITIONS

- “associate(s)” has the meaning ascribed to it under the Listing Rules
- “Board” the board of Directors
- “Charge Agreement(s)” the charge agreement(s) to be entered into by the Group with the Lender(s) from time to time for charge of assets of the Group to secure the repayment obligation of TCL Corporation Group under the Loan Agreement(s)

“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
“CRT(s)”	cathode ray tube(s)
“Deposit Services”	deposit of money by the TCL Multimedia Qualified Members with the Finance Company pursuant to the Financial Services Framework (Renewal) Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider the Non-exempt Transactions
“Exempt Transactions”	the Other Financial Services under the Financial Services Framework (Renewal) Agreement and the transactions under the New Lease Framework (Landlord) Agreement together with their respective proposed caps
“Finance Company”	TCL Finance Co., Ltd., a company owned as to 62% by TCL Corporation, as to 20% by The Bank of East Asia, Limited (an independent third party), as to 14% by TCL King Electrical Appliances (Huhehaote) Company Limited (an indirect wholly-owned subsidiary of the Company) and as to 4% by TCL Mobile Communication (Hohhot) Co., Ltd. (an indirect wholly-owned subsidiary of TCL Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange and an associate of TCL Corporation)
“Finance Services”	the services of money lending and other financing (including loans, guarantees, receivable factoring, bill acceptance and bill discounting) which may be provided by the Finance Company to the TCL Multimedia Qualified Members pursuant to the relevant Financial Services Framework (Renewal) Agreement

“Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company, TCL Corporation and Finance Company on 27 October 2006
“Financial Services Framework (Renewal) Agreement”	the master agreement dated 9 October 2008 entered into between the Company and TCL Corporation in order to extend the Financial Services Framework Agreement on substantially the same terms
“First Supplemental Agreement”	the first supplemental agreement dated 5 January 2007 entered into between the Company and the TCL Corporation to extend the term of the Master Overseas Supply Agreement to 31 December 2009
“Goods”	the Multimedia Products or the Parent Products (as the case may be) and the raw materials required for manufacture or production of such products
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the terms of and the proposed caps for the Non-exempt Transactions
“Independent Shareholders”	Shareholders other than TCL Corporation and its associates
“Industrial Institute”	深圳TCL工業研究院有限公司 (Shenzhen TCL Central R&D Co., Ltd.), a company established under the laws of the PRC and is indirectly wholly-owned by TCL Corporation
“Lease Framework Agreement”	the existing lease framework agreement entered into by the Company with Industrial Institute on 21 June 2006 for lease of certain properties located at TCL Tower
“Lease”	the existing lease between the Group and Industrial Institute and lease between the Group and TCL Real Estate in respect of the Properties

“Lender(s)”	the PRC Bank(s) which is to enter into the Loan Agreement(s) with TCL Corporation Group, to provide loan(s) or credit facility(ies) to TCL Corporation from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement(s)”	the loan agreement(s) to be entered into between TCL Corporation Group and the PRC Banks from time to time and the loans or advances obtained thereunder shall be fully utilized by the Group under the Loan and Charge Agreement
“Loan and Charge Agreement”	the loan and charge agreement entered into between the Company and TCL Corporation on 9 October 2008
“Master Call Centre Services Supply Agreement”	the master call centre services agreement entered into between the Company and TCL Corporation on 5 January 2007
“Master Logistics Services Supply Agreement”	the master logistics service supply agreement entered into between the Company and Speed Distribution on 5 January 2007
“Master Overseas Supply Agreement”	the master overseas supply agreement dated 29 December 2004 entered into between the Company and the TCL Corporation as amended by the First Supplemental Agreement dated 5 January 2007
“Master Sourcing Agreement”	the master agreement dated 27 February 2006 entered into between the Company and TCL Corporation in respect of the Overseas Materials Sourcing Service
“Master Sourcing (Renewal) Agreement”	the master agreement dated 9 October 2008 entered into between the Company and TCL Corporation in order to extend the term of the Master Sourcing Agreement to 31 December 2011 with substantially the same terms
“Master Subcontracting Agreement”	the master agreement dated 27 February 2006 entered into between the Company and TCL Corporation in respect of the Subcontracting Arrangement

“Master Subcontracting (Renewal) Agreement”	the master agreement dated 9 October 2008 entered into between the Company and TCL Corporation in order to extend the term of the Master Subcontracting Agreement to 31 December 2011 with substantially the same terms
“Master Supply Agreement”	the master agreement dated 27 February 2006 entered into between the Company and TCL Corporation in respect of the Sourcing of Goods and the Sale of Goods
“Master Supply (Renewal) Agreement”	the master agreement dated 9 October 2008 entered into between the Company and TCL Corporation in order to extend the term of the Master Supply Agreement to 31 December 2011 with substantially the same terms
“Multimedia Products”	electronic products including televisions, personal computers and audio-visual products manufactured, produced or otherwise sold or distributed by the Group
“New Lease Framework (Tenant) Agreement”	the lease framework agreement entered into by the Company with TCL Corporation on 9 October 2008 in relation to the lease of the certain landed Properties owned by TCL Corporation Group
“New Lease Framework (Landlord) Agreement”	the lease framework agreement entered into by TCL King (Shenzhen) with TCL Corporation on 9 October 2008 in relation to the lease of the certain premises in the Shekou TCL Tower owned by TCL King (Shenzhen)
“Non-exempt Transactions”	the transactions under the TCL Trademark License Agreement, the Master Overseas Supply Agreement (as extended), Master Sourcing (Renewal) Agreement, Master Supply (Renewal) Agreement, the Deposit Services under the Financial Services Framework (Renewal) Agreement, Master Logistics Service Supply Agreement (as extended), the Master Call Centre Services Supply Agreement (as extended), the Master Subcontracting (Renewal) Agreement, Loan and Charge Agreement and New Lease Framework (Tenant) Agreement together with their respective proposed caps

“Other Financial Services”	all financial services which may be provided by the Finance Company to the TCL Multimedia Qualified Members under the Financial Services Framework (Renewal) Agreement other than the Deposit Services and the Finance Services
“Overseas Materials Sourcing Service”	the sale and purchase by the Group to and from TCL Corporation Group of the Overseas Materials for the manufacture of the Multimedia Products pursuant to the Master Sourcing Agreement
“Overseas Materials”	those articles, things, components or raw materials manufactured or produced in areas other than the PRC which are required for the manufacture or production of the Multimedia Products
“Overseas Territories”	any territory or geographical area in the world other than the PRC
“Parent Products”	electronic, telecommunications, information technology and electrical products designed, developed, manufactured or otherwise marketed by the TCL Corporation Group
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this announcement
“PRC Bank(s)”	banks or financial institutions in the PRC
“Properties”	TCL Tower, which is located at West of Keji Nan Shi Road and North of Gaoxin Nan Yi Road, Nanshan District, Shenzhen, Guangdong Province, the PRC and TCL King Er Ji Di, which is located at Zhongkai Development District, Huizhou, Guangdong Province, the PRC

“Qualified Members”	all companies which the Finance Company will be allowed to provide services to pursuant to the Administrative Measures on Group Finance Companies (企業集團財務公司管理辦法) promulgated by the China Banking Regulatory Commission, which shall only include TCL Corporation, any subsidiary of which TCL Corporation owns an equity interest of 51% or more, any company in which TCL Corporation or any of its subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Corporation or any of its subsidiaries are, individually or collectively, the largest shareholder
“RMB”	Renminbi, the lawful currency of the PRC
“Sale of Goods”	the sale of the Goods by the Group to the TCL Corporation Group and the TCL Associates pursuant to the Master Supply Agreement
“Shareholders”	holders of share(s) of the Company
“Shekou TCL Tower”	the TCL Tower located at No.5, South Nanhai Road, Nanshan District, Shenzhen, the PRC
“Sourcing of Goods”	the purchase by the Group from the TCL Corporation Group and the TCL Associates of the Goods produced or manufactured in the PRC pursuant to the Master Supply Agreement
“Speed Distribution”	深圳速必達商務服務有限公司 (Shenzhen Speed Distribution Platform Co., Ltd), a company established in the PRC and a wholly owned subsidiary of TCL Corporation, which is principally engaged in the provision of logistics services in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subcontracting Arrangement”	the subcontracting arrangement under which the TCL Corporation Group and the TCL Associates processes raw materials sourced and owned by the Group into certain semi-finished materials which will then be used by the Group for its manufacture of electronic products including television, personal computers and audio-visual products pursuant to the Master Subcontracting Agreement

“TCL Associates”	the associates of TCL Corporation
“TCL Corporation”	TCL集團股份有限公司 (TCL Corporation), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder
“TCL Corporation Group”	TCL Corporation and its subsidiaries (excluding the members comprising the Group)
“TCL King (Shenzhen)”	TCL王牌電子(深圳)有限公司 (TCL King Electronics (Shenzhen) Company Limited), a company established in the PRC and a wholly owned subsidiary of the Company, which is principally engaged in manufacture of audio-visual products
“TCL Multimedia Qualified Members”	such member(s) of the Group which is a/are Qualified Member(s)
“TCL Preferred Supplier Agreement”	the TCL preferred supplier agreement dated 30 July 2004 entered into between the TCL Corporation and TTE and has been terminated by termination agreement dated 9 October 2008
“TCL Products”	any goods including electronic or electrical goods or appliances (including but not limited to home electrical appliances traditionally designed in light colour, including but not limited to refrigerators, washing machines and air conditioners, communication equipment, electrical accessories and their components) manufactured, produced or otherwise sold or supplied by any member of the TCL Corporation Group under the Master Overseas Supply Agreement
“TCL Real Estate”	惠州TCL房地產開發有限公司 (Huizhou TCL Real Estate), a company incorporated under the laws of the PRC, is owned by TCL Corporation as to 41.5% direct interest and 25% indirect interest, which engages in development of real estate projects in the PRC
“TCL Trademark License Agreement”	the TCL trademark license agreement dated 30 July 2004 entered into between the TCL Corporation and TTE

“TTE”	TTE Corporation, a wholly owned subsidiary of the Company
“TTE Group”	TTE and its subsidiaries
“2004 Circular”	the circular of the Company dated 31 May 2004
“2005 Circular”	the circular of the Company dated 19 January 2005
“2006 February Circular”	the circular of the Company dated 10 February 2006
“2006 March Circular”	the circular of the Company dated 27 March 2006
“2007 Circular”	the circular of the Company dated 29 January 2007

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.171 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

By order of the Board
Li Dongsheng
Chairman

Hong Kong, 9 October 2008

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