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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)

DISCLOSEABLE TRANSACTION, CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

The Company announces that on 7 January 2009, TCL King Huizhou, TCL Holdings BVI, the Purchaser, TCL Corporation and others entered into the Framework Agreement. Pursuant to the agreement,

- (a) TCL Holdings BVI, an indirect wholly owned subsidiary of the Company, agrees to (i) sell the Disposal Interest to its wholly owned subsidiary, TCL King Huizhou, which will in turn sell such interest to the Purchaser and (ii) pledge the Pledged Interest in favour of the Purchaser to secure a Trust Loan to be advanced to TCL King Huizhou;
- (b) TCL King Huizhou agrees to sell the Disposal Interest to the Purchaser after its acquisition of such interest from TCL Holdings BVI; and
- (c) the Purchaser agrees to (i) acquire the State Interest from Wuxi Assets through a public tender process, (ii) acquire the Disposal Interest from TCL King Huizhou and (iii) make available to TCL King Huizhou the Trust Loan.

The parties to the Framework Agreement agree that the total acquisition costs for the Purchaser to purchase 100% interest in the Target Co. is RMB230,000,000 (equivalent to approximately HK\$260,682,000), of which not exceeding RMB71,000,000 (equivalent to approximately HK\$80,471,400) will be paid by the Purchaser to Wuxi Assets, an Independent Third Party. The Purchaser will pay TCL King Huizhou RMB101,500,000 (equivalent to approximately HK\$115,040,100) in cash (subject to adjustment) for the Disposal Interest and RMB57,500,000 (equivalent to approximately HK\$65,170,500) in cash as Trust Loan in respect of the Pledged Interest. Accordingly, insofar as the transaction with the Group is concerned, total amount involved in the Disposal and Trust Loan is RMB159,000,000 (equivalent to approximately HK\$180,210,600).

The assets of the Target Co. consist mainly of the Property on which erected several buildings used for factory, office, storage, dormitory and canteen purposes. It is stipulated under the Framework Agreement that following the Disposal, TCL King Wuxi, an indirect 70% owned subsidiary of the Company, shall enter into a lease agreement to lease back from the Target Co. the Leased Property which represents about 58% of the total floor area of the Property for an annual rental and management fee of RMB16,229,676 (equivalent to approximately HK\$18,394,715).

TCL Corporation, the ultimate controlling Shareholder of the Company (currently holding approximately 54.45% of the issued share capital of the Company), holds 45% interest in the Purchaser, therefore the Purchaser is a connected person of the Company within the meaning of the Listing Rules.

As the total amount to be received by the Group in respect of the Transaction is more than 5% but less than 25% of the Relevant Ratio, accordingly the Transaction constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

As the total amount to be received by the Group in respect of the Transaction is more than 2.5% of the Relevant Ratio, accordingly the Transaction also constitute a connected transaction for the Company pursuant to Rule 14A.13 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. TCL Corporation and its associates are required to abstain from voting in respect of the relevant resolution(s) to be put forward at the EGM for the Transaction.

The Lease itself constitutes a continuing connected transaction for the Company pursuant to Rule 14A.14 of the Listing Rules. However, as the rental and management fee for the Lease on an annual basis is more than 0.1% but less than 2.5% of the Relevant Ratio the Lease is only subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Independent Shareholders' Approval for the Transaction will be sought and the Transaction will be reviewed by the independent financial adviser accordingly.

An Independent Board Committee will be established to advise the Independent Shareholders on the Transaction. Somerley Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction. The Company will dispatch to the Shareholders a circular containing further details of the Transaction, letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM as soon as practicable.

BACKGROUND

The Target Co. is an indirect non-wholly owned subsidiary of the Company, of which 70% interest is owned by TCL Holdings BVI, an indirect wholly owned subsidiary of the Company, and the remaining 30% is owned by Wuxi Assets, an Independent Third Party. Wuxi Assets is a state owned enterprise. To the Company's best knowledge, the ultimate beneficial owners of Wuxi Assets are also Independent Third Parties.

The Target Co. used to be an operating arm of the Group engaging in manufacturing CRT and LCD televisions. In contemplation of disposing of its interest in the Target Co., the Group has caused all its business in the Target Co. transferred to TCL King Wuxi. Immediately prior to transfer of the Disposal Interest, the Target Co. should have become a company holding the Property but without any operation. The assets of the Target Co. include the Property in Wuxi, the PRC and some plant and machinery. However, the Property, having a site area of 275,592.0 square meters on which erected several buildings with a total gross floor area of 159,504.45 square meters, is the major asset of the Target Co. The buildings are used for factory, office, storage, dormitory and canteen purposes.

The Purchaser is only prepared to acquire 100% equity interest in the Target Co. Given Wuxi Assets is a state owned enterprise, acquisition of the State Interest must go through a public tender process. To facilitate a speedy transfer requested by the Group, the Purchaser agrees to acquire the State Interest so as to save the time involved if the Group has to go through the public tender process to first acquire the State Interest and then sell such interest to the Purchaser. The parties therefore enter into the Framework Agreement which sets out the terms and conditions for 100% interests in the Target Co. is to be transferred to the Purchaser.

Insofar as the transfer between the Group and the Purchaser is concerned, it is the parties' intention that TCL Holdings BVI will first transfer its 45% interest in the Target Co. to TCL King Huizhou which will then sell the same to the Purchaser, the remaining 25% registered interest in the Target Co. will still be kept by TCL Holdings BVI to maintain a sino-foreign joint venture status to speed up the approval process.

Following the Disposal, the Group will lease back from the Target Co. the Leased Property for its LCD manufacturing business.

The purpose of the whole arrangement under the Framework Agreement is for the Group to effectively realise its assets to generate cash for its working capital to expand its LCD business.

THE FRAMEWORK AGREEMENT

Date: 7 January 2009

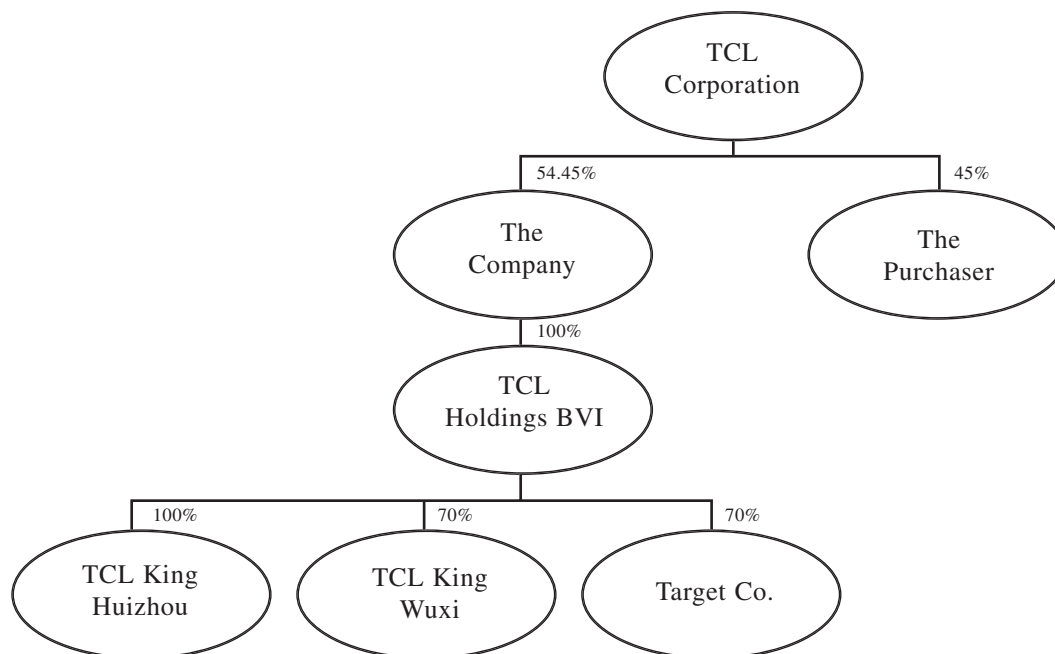
Parties to the Framework Agreement

- (1) TCL King Electrical Appliances Huizhou Company Limited, an indirect wholly owned subsidiary of the Company, as the vendor of the Disposal Interest
- (2) Tianjin Vantone New-Innovation Industrial Resource Investment Co. Ltd. (天津萬通新創工業資源投資有限公司) is 45% owned by TCL Corporation and thus an associate of TCL Corporation, as the purchaser of the Disposal Interest and the party to which Pledged Interest is eventually transferred
- (3) TCL Digital Science and Technology Wuxi Company Limited, an indirect 70% owned subsidiary of the Company, being the Target Co.
- (4) TCL King Electrical Appliances Wuxi Company Limited, an indirect 70% owned subsidiary of the Company, as the party to lease back the Leased Property
- (5) TCL Holdings (BVI) Limited, an indirect wholly owned subsidiary of the Company, as the party to procure the sale of the Disposal Interest and to pledge the Pledged Interest
- (6) TCL Corporation, the ultimate controlling Shareholder of the Company, as the guarantor guaranteeing the due performance of the Group

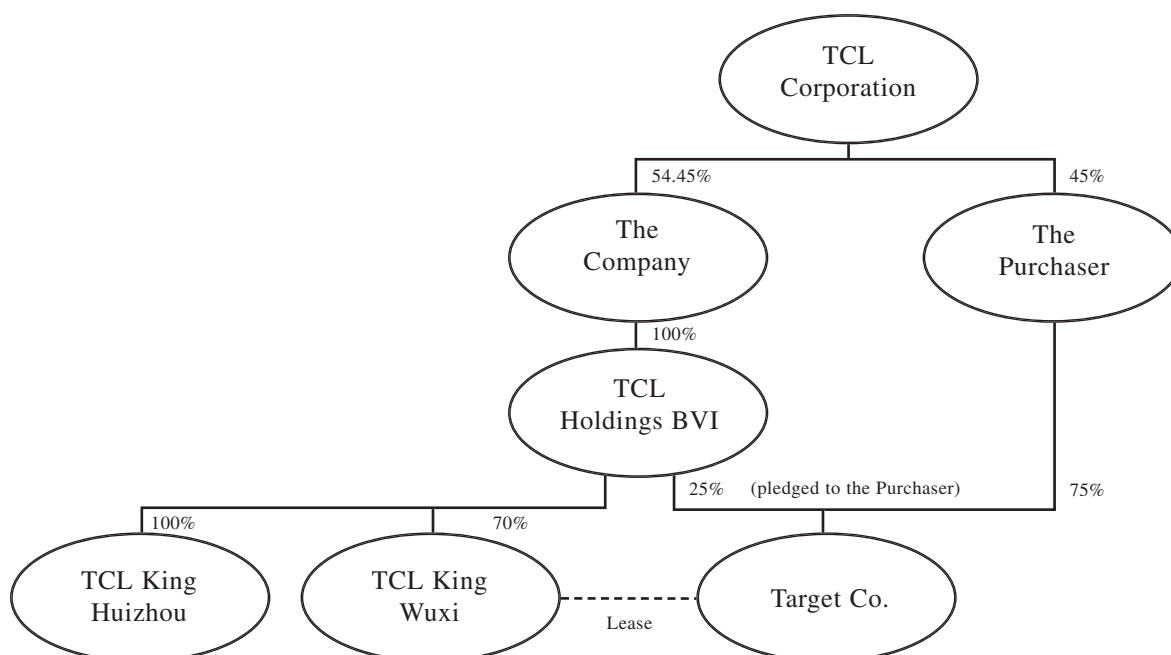
Shareholding Structure

Below is the shareholding structure before entering into of the Framework Agreement and after Disposal Completion:

(i) *Shareholding structure of the Target Co. before entering into of the Framework Agreement*



(ii) *Shareholding structure of the Target Co. after Disposal Completion*



The Framework Agreement stipulates the following transactions:

1. the Purchaser shall acquire the State Interest from Wuxi Assets through a public tender process for a sum not exceeding RMB71,000,000 (equivalent to approximately HK\$80,471,400) and obtained the required approval from relevant approval authorities and completed the necessary registration therefor. The Purchaser is entitled to terminate the Framework Agreement if the amount required for acquisition of the State Interest exceeds RMB71,000,000 (equivalent to approximately HK\$80,471,400);
2. TCL King Huizhou procures that the Board's approval and the Independent Shareholders' Approval in respect of the Framework Agreement can be obtained by 10 April 2009;
3. By 25 May 2009, TCL King Huizhou must have completed the following:
 - (a) TCL King Huizhou has successfully acquired the Disposal Interest from TCL Holdings BVI and obtained the required approval from all relevant approval authorities and completed the necessary registration therefor;
 - (b) the Purchaser and TCL King Huizhou have signed the Transfer Agreement whereby the Disposal Interest is transferred to the Purchaser;
 - (c) the Purchaser, TCL Holdings BVI and TCL King Huizhou have signed (i) the Trust Loan Agreement whereby the Purchaser will make available to TCL King Huizhou the Trust Loan and (ii) the Pledge Agreement whereby TCL Holdings BVI will pledge the Pledged Interest in favour of the Purchaser as security for the Trust Loan, and the required approval in respect of the Pledge from all relevant approval authorities have been obtained and the necessary registration therefor is completed;
 - (d) the Target Co. and TCL King Wuxi have signed the Lease whereby TCL King Wuxi will lease back the Leased Property, details of which are set out in the section headed "Lease" below.

The Disposal Completion will take place within 10 Business Days after the required approval in respect of the Disposal has been obtained and the necessary registration is completed. Upon Disposal Completion, all directors of the Target Co. will be nominated by the Purchaser.

With effect from the date of signing of the Framework Agreement, the Purchaser is entitled to co-manage the Target Co. with TCL King Huizhou by designating personnel to involve in the management of financial matters, company seal of the Target Co. and the Property. If any personnel designated by TCL King Huizhou who has authority or apparent authority to bind the Target Co., they must seek approval of the Purchaser before taking any action on any matter concerning the Target Co.

Consideration

The parties to the Framework Agreement agree that the total acquisition costs for the Purchaser to purchase 100% interest in the Target Co. is RMB230,000,000 (equivalent to approximately HK\$260,682,000), of which not exceeding RMB71,000,000 (equivalent to approximately HK\$80,471,400) is expected to be paid by the Purchaser to Wuxi Assets, an Independent Third Party. As stated above, the Purchaser is only prepared to acquire 100% equity interest in the Target Co. given it does not want to have a government agency as the joint venture partner of the Target Co. The parties thus agreed that a small premium (as compared to what to be paid by the Purchaser to the Group for the remaining interest in the Target Co.) should be paid for the acquisition of the State Interest to secure that the interest of Wuxi Assets can be bought out.

The Purchaser will pay TCL King Huizhou (i) RMB101,500,000 (equivalent to approximately HK\$115,040,100) (subject to adjustment) in cash for the Disposal Interest which includes the total debts of the Target Co. (inclusive of the accounts payable) in the sum of RMB16,703,800 (equivalent to approximately HK\$18,932,087) as at 30 November 2008 and (ii) RMB57,500,000 (equivalent to approximately HK\$65,170,500) in cash as Trust Loan in respect of the Pledged Interest. Accordingly, total amount to be received by the Group in respect of the Disposal and the Trust Loan is RMB159,000,000 (equivalent to approximately HK\$180,210,600).

The Disposal Consideration and the Trust Loan totaling RMB159,000,000 (equivalent to approximately HK\$180,210,600) shall be paid by the Purchaser to TCL King Huizhou as follows:

1. 1st installment representing around 71% of the Disposal Consideration amounting to RMB72,000,000 (equivalent to approximately HK\$81,604,800) shall be paid by the Purchaser within 25 days after the Independent Shareholders' Approval has been obtained;
2. 2nd installment in the sum of RMB79,000,000 (equivalent to approximately HK\$89,538,600) representing the total of (i) around 21% of the Disposal Consideration in the sum of RMB21,500,000 (equivalent to approximately HK\$24,368,100) and (ii) the Trust Loan in the sum of RMB57,500,000 (equivalent to approximately HK\$65,170,500) payable under the Trust Loan Agreement, shall be paid by the Purchaser within 25 days after the following conditions having been fulfilled:
 - (a) the Purchaser has duly completed the acquisition of the State Interest, the Target Co. has completed the necessary registrations in respect of the Disposal with the relevant authorities and the Disposal Completion has taken place within 10 Business Days from the issue of a new business registration licence to the Target Co.;
 - (b) the necessary registrations in respect of the Pledge with all relevant authorities have been completed.

The 2nd installment is however subject to the following adjustments:

- (i) if the State Interest Acquisition Cost paid by the Purchaser for the State Interest exceeds RMB71,000,000 (equivalent to approximately HK\$80,471,400), the Purchaser is entitled to deduct from the 2nd installment the difference between the amount paid and RMB71,000,000 (equivalent to approximately HK\$80,471,400). If however the Purchaser pays less for the State Interest, the Purchaser will pay TCL King Huizhou the balance;
 - (ii) the Purchaser is entitled to deduct from the 2nd installment the difference if the amount of the total debts of the Target Co. (inclusive of the accounts payable) as at the Disposal Completion exceeds that as at 30 November 2008 in the sum of about RMB16,703,800 (equivalent to approximately HK\$18,932,087).
3. the final payment representing around 8% of the Disposal Consideration amounting to RMB8,000,000 (equivalent to approximately HK\$9,067,200) shall be paid by the Purchaser within 25 days from the following dates (whichever is later):
- (a) expiry of one year of the warranty period for maintenance of the Property;
 - (b) expiry of one year from termination of employment contracts between the Target Co. and its employees existing as at the date of the Framework Agreement.

The 3rd installment is however subject to adjustments if the Purchaser pays for maintenance of the Property during the one-year warranty period or suffers any damages in relation to the employment contracts as described below.

In respect of compensation relating to maintenance of the Property, if the Property requires major repairing work to be done during the warranty period and TCL King Huizhou refuses to do the repair work, the Purchaser can do the repair itself but deduct from the consideration the cost of repair.

In respect of compensation relating to employment contract, the parties agreed that the employment contracts existing as at the date of the Framework Agreement shall be transferred to TCL King Wuxi on or before 31 May 2009, TCL King Wuxi will therefore be responsible for all expenses (including salary, social insurance, housing allowance) relating to such employment contracts. As at the date of this Announcement, the Target Co. has employment contracts with 12 employees. If TCL King Huizhou fails to transfer the aforesaid employment contracts or if there is any loss suffered by the Purchaser as a result of any claim against the Target Co. under such employment contracts, TCL King Huizhou is liable to pay compensation to the Purchaser and the Purchaser is entitled to deduct such sum from the 3rd installment payment.

Notwithstanding the aforesaid provision, the Purchaser is entitled to withhold any payment payable under the Framework Agreement if TCL King Huizhou has breached any of its undertakings or obligations under the Framework Agreement resulting the Purchaser cannot achieve its intended purpose for the acquisition.

The consideration was negotiated between the parties at arm's length on normal commercial terms by reference to the value of the Target Co. after taking into account of the market value of the Property and the current market condition in view of the financial tsunami.

Trust Loan And Pledge

Pursuant to the Framework Agreement, the Purchaser agrees to make available to TCL King Huizhou the Trust Loan for a term up to 26 October 2010 at the interest rate as stipulated by the People's Bank of China. The Trust Loan is scheduled to be repaid by TCL King Huizhou within 30 days from the expiry date of the Trust Loan. The interest is not payable by TCL King Huizhou if TCL Holdings BVI transfers the Pledged Interest to the Purchaser within 15 days after expiry date of the Trust Loan. The Pledged Interest is stipulated to be transferred to the Purchaser at the consideration of an amount equivalent to the Trust Loan. If the Pledged Interest is so transferred by TCL Holdings BVI, the Purchaser must purchase such interest and payment of principal of the Trust Loan will be set off against the consideration payable by the Purchaser for the Pledged Interest.

As security for the Trust Loan, TCL Holdings BVI is to pledge the Pledged Interest in favour of the Purchaser. TCL Holdings BVI further undertakes that during the period in which the Pledged Interest is pledged, TCL Holdings BVI will not have any control in the management of the Target Co. nor take part in any profit sharing of the Target Co.

According to the PRC lawyers of the Company, the Trust Loan and Pledge arrangement as mentioned above are fully complied with PRC laws, the governing law of the Framework Agreement.

Special Arrangement in relation to the State Interest

If the Independent Shareholders' Approval has not been obtained by 10 April 2009, TCL Corporation as the guarantor is required to purchase within 60 days from the date of the EGM or by 10 June 2009 (whichever is earlier) the State Interest acquired by the Purchaser from Wuxi Assets at the State Interest Acquisition Cost. In TCL Corporation's default of purchasing the State Interest within the prescribed period, the Purchaser is entitled to terminate the Framework Agreement and TCL Corporation is liable to pay compensation to the Purchaser in the sum of RMB23,000,000 (equivalent to approximately HK\$26,068,200).

If the Independent Shareholders' Approval has been obtained, however TCL King Huizhou cannot by 25 May 2009 obtain the required approval from all relevant approval authorities or complete all necessary registration therefor in respect of the Disposal, TCL King Huizhou is required within 30 days to return to the Purchaser the part of Disposal Consideration received by it and within 60 days to purchase from the Purchaser the State Interest at the State Interest Acquisition Cost.

Termination and Pre-agreed Compensation as a Result of Breach

The Framework Agreement stipulates the events under which the Purchaser or the Group is entitled to terminate the Framework Agreement and other agreements contemplated thereunder and provides a specific sum as the amount of compensation agreed among the parties.

Termination by the Purchaser

1. In the event of the following, the Purchaser is entitled to terminate the Framework Agreement and other agreements contemplated thereunder. In case the Purchaser choosing to terminate, TCL King Huizhou is required to purchase from the Purchaser the State Interest within 30 days from the date of the Purchaser serving the termination notice. If the State Interest cannot be purchased within the prescribed period, TCL King Huizhou is liable to pay compensation to the Purchaser in the sum of RMB23,000,000 (equivalent to approximately HK\$26,068,200), such compensation is payable within 5 Business Days after the expiry of the prescribed period:
 - (a) TCL King Huizhou fails to complete the purchase of the Disposal Interest from TCL Holdings BVI;
 - (b) if the default of the following cannot be remedied within 60 days from the relevant breach:
 - (i) TCL King Huizhou due to its own reason fails to complete the transfer of the Disposal Interest by the date of Disposal Completion;

- (ii) TCL King Huizhou refuses to sign the Transfer Agreement; or
 - (iii) TCL King Huizhou breaches its undertakings or obligations under the Framework Agreement.
2. In the event that the Property has been resumed by the government by reason of any failure of the Group in developing the Property in accordance with relevant rule and regulations, the Purchaser is entitled to terminate the Framework Agreement and other agreements contemplated thereunder. In case the Purchaser choosing to terminate, TCL King Huizhou is liable to refund to the Purchaser the amount received by it under the Framework Agreement and to pay compensation to the Purchaser in the sum of RMB17,600,000 (equivalent to approximately HK\$19,947,840).
 3. In the event that TCL Holdings BVI refuses to transfer to the Purchaser the Pledged Interest, TCL Holdings BVI is liable to pay compensation to the Purchaser in the sum of RMB17,600,000 (equivalent to approximately HK\$19,947,840).

Termination by TCL King Huizhou

In the event of the following, TCL King Huizhou is entitled to terminate the Framework Agreement and other agreements contemplated thereunder and the Purchaser is liable to pay compensation to TCL King Huizhou in the sum of RMB17,600,000 (equivalent to approximately HK\$19,947,840), such compensation is payable within 5 Business Days from the date of TCL King Huizhou serving the termination notice:

1. if the Purchaser breaches its obligations in paying the Group in accordance with the terms of the Framework Agreement for a period of 30 days;
2. if the default of the following cannot be remedied within 60 days from the relevant breach:
 - (a) when Disposal Completion cannot be effective within 3 days after the date of Disposal Completion due to reasons of the Purchaser;
 - (b) when the Purchaser fails to honour its obligation or breaches its undertakings or obligations under the Framework Agreement.

Determination of the Compensation Amount

The compensation amount in the sum of RMB23,000,000 (equivalent to approximately HK\$26,068,200) payable by the Group and receivable by the Purchaser represents about 10% of the total amount paid by the Purchaser under the Framework Agreement (including payment of the State Interest Acquisition Cost). The compensation amount in the sum of RMB17,600,000 (equivalent to approximately HK\$19,947,840) payable by the Purchaser and receivable by the Group represents 10% of the total of amount receivable by the Group under the Framework Agreement plus the amount of the total debts of the Target Co. (inclusive of the accounts payable) in the sum of RMB16,703,800 (equivalent to approximately HK\$18,932,087) {i.e. 10% x (RMB159,000,000 + RMB16,703,800)}.

Guarantee

In addition to the obligation to purchase the State Interest from the Purchaser in the event that the Independent Shareholders' Approval cannot be obtained, TCL Corporation agrees to guarantee the due performance of the Group under the Framework Agreement, including but not limited to TCL King Huizhou's obligation under the Trust Loan Agreement, TCL Holdings BVI's obligation under the Pledge Agreement and TCL King Wuxi's obligation under the Lease.

INFORMATION ON THE TARGET CO. AND THE PROPERTY

Net Profit/(Loss) of the Target Co.

The table below sets out the audited net profit/(loss) before and after taxation of the Target Co. for the two years ended 31 December 2006 and 2007 respectively:

	Year ended 31 December 2006	Year ended 31 December 2007
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) before taxation and extraordinary items	(22,902) (25,957)	34,437 39,031
Net profit/(loss) after taxation and extraordinary items	(25,205) (28,567)	29,271 33,176

As disclosed in the Background above, the main assets of the Target Co. is the Property. According to the preliminary indication of an independent valuer, the net assets value of the Target Co. as at 30 September 2008 was about RMB230,034,728 (equivalent to approximately HK\$260,721,361) whereas the market value of the Property as at 30 September 2008 was about RMB238,900,000 (equivalent to approximately HK\$270,769,260). Details of the valuation report will be disclosed in the circular to be issued by the Company in connection with the Framework Agreement.

EFFECT OF THE DISPOSAL AND THE PLEDGE

After Disposal Completion, the Target Co. will cease to be a subsidiary of the Company and its financial statement will no longer be consolidated into the accounts of the Company. The Group will thereafter only retain a nominal 25% interest in the Target Co. which is stipulated to be transferred to the Purchaser on expiry of the term of the Trust Loan. In view of the Trust Loan and Pledge arrangement as mentioned above and the stipulation that the Purchaser must purchase the Pledged Interest transferred by TCL Holdings BVI at the pre-set price and the Trust Loan will be set off against the consideration payable by the Purchaser for the Pledged Interest, for accounting purposes, the Pledged Interest will be treated as having been disposed by the Group when the Group receives the Trust Loan in accordance with the terms of the Framework Agreement.

FINANCIAL EFFECT OF THE DISPOSAL AND THE PLEDGE

The amount of sales proceed from the Disposal is RMB101,500,000 (equivalent to approximately HK\$115,040,100). Together with the amount receivable under the Trust Loan, the Group will have a total cash inflow of RMB159,000,000 (equivalent to approximately HK\$180,210,600) and will use such sum to finance its general working capital and future business development.

As at 30 November 2008, the unaudited book value of the net assets of the Target Co. amounted to approximately RMB160,471,000 (equivalent to approximately HK\$181,877,831). Given the substance of the Framework Agreement amounts to a disposal by the Group of the Disposal Interest as well as the Pledged Interest, based on the total amount to be received by the Group from the transaction in the sum of RMB159,000,000 (equivalent to approximately HK\$180,210,600) (without taking into account of any adjustment to be made), it is estimated that the Group will record an unaudited gain of approximately RMB46,670,300 (equivalent to approximately HK\$52,896,118), being the difference between the total amount to be received by the Group from the transaction and 70% of the unaudited book value of the net asset value of the Target Co. as at 30 November 2008.

The Directors (excluding the independent non-executive Directors) are of the opinion that the Disposal and the Pledge was entered into on normal commercial terms after arm's length negotiations between the parties, is fair and reasonable and in the interests of the Company and its Shareholders as a whole. The independent non-executive Directors will opine on the Transaction having considered the advice to be given by the independent financial adviser.

LEASE

One of the transactions contemplating in the Framework Agreement is the signing of the Lease, the principal terms of which are as follows:

Parties:	(1) Lessor: Target Co. (2) Lessee: TCL King Wuxi
Premises to be leased:	Leased Property
Total rental area:	93,274 square meters, representing approximately 58% of the total gross floor area of the buildings on the Property
Terms of lease:	3 years starting from the Disposal Completion. Upon expiry of the initial term of 3 years and subject to the requirements under the Listing Rules, the parties shall renew the Lease for a further period of 3 years on the same terms and conditions
Rental and Management Fee:	RMB1,352,473 (equivalent to approximately HK\$1,532,893) per month, based on rental of RMB13.3 (equivalent to approximately HK\$15.1) per square meter, management fee of RMB1.2 (equivalent to approximately HK\$1.36) per square meter and the total rental area of 93,274 square meters
Usage for the Leased Property:	Factory, office, storage and dormitory

3 months of rental and management fee deposit amounting to RMB4,057,419 (approximately equivalent to HK\$4,598,679) is required as security for the due observance and performance by TCL King Wuxi of its obligations under the Lease. The rental and management fee shall be payable quarterly and shall be financed from the internal resources of the Group. The Target Co. shall receive the management fee from TCL King Wuxi for and on behalf of the management company of the Leased Property. The rental and management fee for the first quarter shall be paid before the commencement of the Lease and those for the subsequent quarters shall be paid in advance within 5 days before the expiry of the preceding quarter.

The rental and management fee under the Lease were determined after arm's length negotiations between the parties with reference to the prevailing market rental and management fee for similar properties in vicinity as advised by an independent property valuer, physical condition of the Leased Property, the fact that the Property has been occupied by the Group before the Disposal and the relocation costs TCL King Wuxi may incur without the Lease.

The proposed annual caps for the rental and management fee payable by TCL King Wuxi to the Target Co. for the three financial years ending 31 December 2011 are as follows:

The year ending 31 December	<i>RMB</i>	Equivalent to approximate <i>HK\$</i>
2009	16,229,676	18,394,715
2010	16,229,676	18,394,715
2011	16,229,676	18,394,715

The Directors (including the independent non-executive Directors) are of the opinion that the Lease was entered into (i) in the ordinary and usual course of business of the Group and (ii) on normal commercial terms after arm's length negotiations between the parties. They consider that the terms of the Lease are fair and reasonable, and that entering into the Lease will be beneficial to the Company and therefore in the interest of the Company and the Shareholders as a whole.

REASONS FOR ENTERING INTO THE FRAMEWORK AGREEMENT

The proposed transaction enables the Group to leverage its unutilized facilities and simultaneously gain additional financial flexibility. The Directors therefore consider the Transaction offer the Group a very good opportunity to recoup capital for its continuing business development and financial stability and thus increasing cost-effectiveness and competitiveness of the Group. Overall, the arrangement will give the Group cash inflow in the sum of RMB159,000,000 (equivalent to approximately HK\$180,210,600). With such resources, the Group can take advantage of opportunities available to it to further develop its LCD business.

In summary, the Transaction will bring the Group the following benefits:

- (a) unaudited gain of approximately RMB46,670,300 (equivalent to approximately HK\$52,896,118); and
- (b) cash inflow in the sum of RMB159,000,000 (equivalent to approximately HK\$180,210,600).

INFORMATION ON THE PARTIES

The Group, including TCL King Huizhou, TCL Holdings BVI and TCL King Wuxi, 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).

The Target Co. before the Disposal and the Pledge is principally engaged in manufacture and sale of television sets.

The Purchaser is principally engaged in industrial property investment.

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).

LISTING RULES REQUIREMENTS

TCL Corporation, the ultimate controlling Shareholder of the Company (currently holding approximately 54.45% of the issued share capital of the Company), holds 45% interest in the Purchaser, therefore the Purchaser is a connected person of the Company within the meaning of the Listing Rules.

As the total amount to be received by the Group in respect of the Transaction is more than 5% but less than 25% of the Relevant Ratio, accordingly the Transaction constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules.

As the total amount to be received by the Group in respect of the Transaction is more than 2.5% of the Relevant Ratio, accordingly the Transaction also constitutes a connected transaction for the Company pursuant to Rule 14A.13 of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

TCL Corporation and its associates are required to abstain from voting in respect of the relevant resolution(s) to be put forward at the EGM for the Transaction.

The Lease itself constitutes a continuing connected transaction for the Company pursuant to Rule 14A.14 of the Listing Rules. However, as the rental and management fee for the Lease on an annual basis is more than 0.1% but less than 2.5% of the Relevant Ratio, the Lease is only subject to the reporting and announcement requirements but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Independent Shareholders' Approval for the Transaction will be sought and the Transaction will be reviewed by the independent financial adviser accordingly.

An Independent Board Committee will be established to advise the Independent Shareholders on the Transaction. Somerley Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction. The Company will dispatch to the Shareholders a circular containing further details of the Transaction, letters from the Independent Board Committee and the independent financial adviser, and a notice convening the EGM as soon as practicable.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in the PRC are open for normal banking business (excluding Saturdays, Sundays and public holidays)
“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 of Hong Kong Limited (stock code: 01070)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the disposal by TCL Holdings BVI through TCL King Huizhou to the Purchaser of the Disposal Interest
“Disposal Completion”	completion of transfer of the Disposal Interest under the Framework Agreement
“Disposal Consideration”	the sum of RMB101,500,000 (equivalent to approximately HK\$115,040,100) payable by the Purchaser to TCL King Huizhou being the consideration for the Disposal

“Disposal Interest”	45% equity interest in the Target Co. to be transferred by TCL Holdings BVI to TCL King Huizhou which will in turn sell the same to the Purchaser
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Transaction
“Framework Agreement”	the agreement dated 7 January 2009 entered into among TCL King Huizhou, TCL Holdings BVI, the Purchaser, TCL Corporation and others for sale and purchase of the Disposal Interest, pledge of the Pledged Interest and lease of the Leased Property
“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 the Framework Agreement and advising the Independent Shareholders in respect of the transaction contemplated thereunder
“Independent Shareholders”	Shareholders of the Company other than TCL Corporation and its associates
“Independent Shareholders’ Approval”	the Independent Shareholders’ approval at the EGM for approving the Transaction
“Independent Third Party(ies)”	third party(ies) not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules
“Lease”	the lease to be entered into by the Target Co. as the lessor and TCL King Wuxi as the lessee in relation to the Leased Property
“Leased Property”	being part of the property having a total floor area of 93,274 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Pledge”	the pledge by TCL Holdings BVI of the Pledged Interest in favour of the Purchaser for granting of the Trust Loan
“Pledge Agreement”	the agreement to be entered into between TCL Holdings BVI and the Purchaser for pledge in favour of the Purchaser of the Pledged Interest
“Pledged Interest”	25% equity interest in the Target Co. owned by TCL Holdings BVI which will be pledged in favour of the Purchaser as a security for the Trust Loan
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	a large parcel of land with several buildings currently owned by the Target Co. and located at Section B-12, National Hi-Tech Industrial Development Zone, Wuxi, PRC (中國無錫國家高新技術產業開發區 B-12 地塊)
“Purchaser”	Tianjin Vantone New-Innovation Industrial Resource Investment Co. Ltd. (天津萬通新創工業資源投資有限公司), a company established under the laws of the PRC and an associate of TCL Corporation
“Relevant Ratio”	any ratio applicable to the Disposal and the Pledge or the Lease (as the case may be) set out in Rule 14.07 of the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of Share(s)
“Shares”	shares of HK\$0.10 each in the capital of the Company
“State Interest”	30% equity interest in the Target Co. owned by Wuxi Assets
“State Interest Acquisition Cost”	the consideration paid by the Purchaser for the State Interest plus expenses incurred by the Purchaser in relation thereto

“Target Co.”	TCL Digital Science and Technology Wuxi Company Limited (TCL數碼科技(無錫)有限公司), a company established under the laws of the PRC and an indirect subsidiary of the Company, of which 70% interest is owned by TCL Holdings BVI and the remaining 30% is owned by Wuxi Assets
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder of the Company
“TCL Holdings BVI”	TCL Holdings (BVI) Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company, which holds 70% equity interest in the Target Co.
“TCL King Huizhou”	TCL King Electrical Appliances Huizhou Company Limited (TCL王牌電器(惠州)有限公司), a company established under the laws of PRC and an indirect wholly owned subsidiary of the Company
“TCL King Wuxi”	TCL King Electrical Appliances Wuxi Company Limited (TCL王牌電器(無錫)有限公司), a company established under the laws of the PRC and an indirect 70% owned subsidiary of the Company
“Transaction”	the Framework Agreement and the transactions contemplated thereunder
“Transfer Agreement”	the transfer agreement to be entered into between TCL King Huizhou and the Purchaser for transfer of the Disposal Interest
“Trust Loan”	a loan of RMB57,500,000 (equivalent to approximately HK\$65,170,500) to be advanced by the Purchaser to TCL King Huizhou under the Trust Loan Agreement
“Trust Loan Agreement”	the agreement to be entered into between TCL Holdings BVI and the Purchaser in respect of granting of the Trust Loan to TCL King Huizhou and pledging the Pledged Interest as a security therefor

“Wuxi Assets”

Wuxi Industry Assets Management Co., Ltd. (無錫產業資產經營有限公司), a company established under the laws of the PRC which holds 30% interest in the Target Co.

“%”

per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.0000 = HK\$1.1334 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.

On behalf of the Board
Li Dongsheng
Chairman

Hong Kong, 7 January 2009

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