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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)

CONTINUING CONNECTED TRANSACTIONS

On 19 August 2009, the Company entered into the Master Mainland Supply Agreement with TCL Corporation for supply of Air-conditioner Products by TCL Corporation Group to the Group for the purpose of re-selling the same in the PRC.

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 55.510% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules.

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the Relevant Ratios in respect of the Master Mainland Supply Agreement are more than 0.1% but less than 2.5% and accordingly the Master Mainland Supply Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

MASTER MAINLAND SUPPLY AGREEMENT

On 19 August 2009, the Company entered into the Master Mainland Supply Agreement with TCL Corporation for supply of Air-conditioner Products by TCL Corporation Group to the Group for the purpose of re-selling the same in the PRC.

Details of the Master Mainland Supply Agreement are set out in this announcement below:

Date: 19 August 2009

Parties: (i) the Company (as the purchaser)
(ii) TCL Corporation (as the supplier)

Nature of transaction:

Supply of Air-conditioner Products by TCL Corporation Group to the Group

Major Terms:

Pursuant to the Master Mainland Supply Agreement, TCL Corporation shall sell and procure members of TCL Corporation Group to sell and the Company shall purchase and procure members of the Group to purchase Air-conditioner Products on individual written sale and purchase contracts to be entered into by the relevant member of the TCL Corporation Group and the relevant member of the Group, provided that the terms of such sale and purchase contracts shall comply with the following guiding principles:

1. the terms (including price and payment terms) shall be determined by agreement between the parties based on normal commercial terms after arm's length negotiations with reference to the fair market price ranges of products comparable to air-conditioner products offered in the PRC market as at the time when the relevant sale and purchase is performed. If no comparable transactions are available for references, the terms (including price and payment terms) shall be not less favourable than those available to or from the Independent Third Parties for provision of products similar to air-conditioner products;
2. the relevant member of the Group will only have the obligation to buy the offered Air-conditioner Products when resale of the same to third parties is ensured and it has the absolute discretion to decide whether to accept offer from the relevant member of TCL Corporation Group;
3. the relevant member of the Group has the right to sell or re-sell the Air-conditioner Products which it has acquired from the relevant member of TCL Corporation Group at such price as it may in its absolute discretion determine; and
4. the relevant member of the Group may demand the relevant member of TCL Corporation Group to purchase back the Air-conditioner Products at the original purchase price if they remain unsold to third parties for six months.

Term: From the date of the Master Mainland Supply Agreement till 31 December 2011. After the expiration of the initial term, both parties may extend the Master Mainland Supply Agreement for one or more successive periods of three years by giving one month's prior written notice to the other party subject to compliance of the applicable requirements under Chapter 14A of the Listing Rules.

PROPOSED ANNUAL CAPS FOR THE MASTER MAINLAND SUPPLY AGREEMENT

The Company proposes that the annual caps for the transactions under the Master Mainland Supply Agreement be as follows:

	Proposed annual amount for the financial year ending 31 December		
	2009	2010	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount	57,248	93,688	95,820

The above proposed annual caps are the products of (i) the estimated amount of the Air-conditioner Products to be purchased from TCL Corporation Group for each of the three years ending 31 December 2011; and (ii) the estimated average purchase price of Air-conditioner Products for each of the three years ending 31 December 2011. The Group has yet commenced any sale and purchase of air-conditioner products in the PRC and the caps are determined by the Board after taking into account of current industry development as well as the development of the Group's distribution network, details of which are as follows:

1. the historical demand and the anticipated growth in demand for air-conditioner products in the PRC retail market as a result of the growth of economy of the PRC;
2. the anticipated increasing demand for air-conditioner products in the PRC as boosted by the "Promotion of Energy Efficient Appliances" policy implemented by the PRC government;
3. the anticipated increase in the market price for air-conditioner products, arising from the expected appreciation of RMB of approximately 2% a year against the HK\$; and
4. the estimated growth of the mainland distribution business of the Group and development of the Group's mainland distribution network.

REASONS FOR ENTERING INTO THE MASTER MAINLAND SUPPLY AGREEMENT

By entering into the Master Mainland Supply Agreement, the Group is able to grasp the opportunity in the surge of demand in air-conditioner products in the PRC arising from the “Promotion of Energy Efficient Appliances” policy. The Group will benefit by securing a reliable source of high quality Air-conditioner Products for re-sale to customers in the PRC and an additional income will be derived from re-selling the Air-conditioner Products to customers by utilising the Group’s existing distribution network in the PRC.

The Board (including the independent non-executive Directors) are of the opinion that the Master Mainland Supply Agreement and the transactions thereunder are (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, and consider that the terms of the Master Mainland Supply Agreement and the proposed annual caps therefor are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES REQUIREMENTS

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 55.510% of the issued share capital of the Company and is a connected person of the Company under the Listing Rules.

Based on the five test calculations set out in Rule 14.07 of the Listing Rules, the Relevant Ratios in respect of the Master Mainland Supply Agreement are more than 0.1% but less than 2.5% and accordingly the Master Mainland Supply Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION ON THE PARTIES

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and home networking products. The Group has factories in the PRC, Poland, Mexico, 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) are 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).

Definitions

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Air-conditioner Products”	products to be sold to the Group from time to time under the Master Mainland Supply Agreement, which are air-conditioners and related products;
“Board”	the board of Directors;
“Company”	TCL Multimedia Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01070);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“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 Third Party(ies)”	third party(ies) that is/are 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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Mainland Supply Agreement”	the master mainland supply agreement entered into between the Company and TCL Corporation dated 19 August 2009 in relation to supply of Air-conditioner Products;
“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;

“Relevant Ratios”	any ratio applicable to the Master Mainland Supply Agreement set out in Rule 14.07 of the Listing Rules;
“RMB”	Renminbi, the lawful currency of PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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 Corporation Group”	TCL Corporation and its subsidiaries (excluding the members comprising the Group);
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.145 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, 19 August 2009

As at the date of this announcement, the Board comprises LI Dongsheng, LEONG Yue Wing, YU Guanghui, SHI Wanwen, HUANG Xubin and XU Fang as executive directors, Albert Thomas DA ROSA, Junior as a non-executive director and TANG Guliang, Robert Maarten WESTERHOF and WU Shihong as independent non-executive directors.