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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: 1070)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME, INITIAL AWARD AND FURTHER AWARD

The board of directors of TCL Multimedia Technology Holdings Limited today resolved to adopt the restricted share award scheme pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the provisions of the Scheme.

The board of directors further resolved to provide a total amount not exceeding HK\$50 million to the Trustee for the purchase of Shares to be awarded to certain current Employees to recognise their contribution to the Group and to give incentives for retaining them.

A proposal will be put to the Shareholders allowing the Board to implement the Scheme to its full extent (i.e. to provide further funds to the Trustee in accordance with the terms of the Scheme Rules for purchase of Shares up to ten per cent of the issued share capital of the Company as at the Adoption Date).

A circular containing, among other things, details of the Restricted Share Award Scheme will be despatched to the Shareholders as soon as possible.

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The board of directors of TCL Multimedia Technology Holdings Limited today resolved to adopt the Restricted Share Award Scheme pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Group and be held in trust for the relevant Selected Employees until such Shares are vested with the relevant Selected Employees in accordance with the provisions of the Scheme.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. A summary of the Scheme Rules is set out below at the end of this announcement:-

INITIAL AWARD

The board of directors also resolved to provide the Trustee a total sum not exceeding HK\$50 million for the purchase of Shares to be awarded to the Selected Employees as a recognition of their contributions and an incentive to retain them for the continual operation and development of the Group. The Company is planning to include the top 200 managers as the Selected Employees for the Initial Award. Based on today's closing price of HK\$0.46 per Share, the number of Shares in board lot to be purchased is about 108,694,000 Shares, which represents approximately 2 per cent of the issued share capital of the Company as at the date of this Announcement.

FURTHER AWARD

A proposal will be put to the Shareholders allowing the Board to implement the Scheme to its full extent (i.e. to provide further funds to the Trustee in accordance with the terms of the Scheme Rules for purchase of Shares up to ten per cent of the issued share capital of the Company as at the Adoption Date. The proposal is put to the Shareholders to enhance the transparency of the management of the Company.

REASONS FOR THE ADOPTION OF THE SCHEME AND THE INITIAL AWARD

The Directors strongly believe that the future success of the Company is closely tied to the commitment and efforts of the broader management. In line with the confidence in the future of the Company demonstrated in the purchase of Shares in the Company by the controlling shareholder and certain executive directors in recent months and the Company's repurchase of its own Shares in the same period, the directors proposed the scheme to increase the degree to which the management's interests are directly tied to the fortunes of the Company and its shareholders. Although the top 200 managers already participate in a share option scheme, the Initial Award enables the managers to see their fortunes more directly linked to that of the shareholders through the mechanism of an annual bonus in the form of Shares awarded under the Scheme. The annual bonus is calculated on the basis of specific pre-defined criteria that directly impacts the Company's operating performance. Quantitative criteria are used where possible. The fact that the management will receive their future bonuses in Shares indicates not only that they are willing to see their fortunes tied to that of the Company, but also that they do have confidence in the Company's future. The Initial Award (and if approved, the Further Award) would have the incidental effect of allowing the Trustee to purchase the Shares at the most advantageous pricing within the allowed window.

SUMMARY OF THE SCHEME RULES

Purposes and Objectives

The purpose of the Scheme is to recognise and motivate the contribution of certain Employees and to provide incentives and help the Group in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Company.

Administration

The Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules.

Maximum Limit

The Board shall not make any further award of Shares which will result in the aggregate number of shares awarded by the Board throughout the duration of the Scheme to be in excess of ten per cent of the issued share capital of the Company as at the Adoption Date. The maximum number of Shares which may be awarded to a Selected Employee under the Scheme shall not exceed one per cent of the issued share capital of the Company as at the Adoption Date.

Restrictions

No instructions and no payments to purchase Shares shall be given to the Trustee when any director of the Company is in possession of unpublished price sensitive information in relation to the Company or where dealings by directors of the Company are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

Operation

Pursuant to the Scheme Rules, the Board shall select the Selected Employee(s) and determine the number of shares to be awarded. The Board shall cause to pay the Trustee the purchase price and the related expenses from the Company's resources for the Shares to be purchased by the Trustee. The Trustee shall purchase from the market such number of Shares awarded as specified by the Board and shall hold such Shares until they are vested in accordance with the Scheme Rules.

When the Selected Employee has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the Trustee shall transfer the relevant vested Shares to that employee at no cost. The Selected Employee however is not entitled to receive any income or distribution, such as dividend derived from the Shares allocated to him. The said income or distributions shall be used by the Trustee for payment of the Trustee's fees or expenses or for purchase of further Shares for the Scheme.

Vesting and Lapse

Unless otherwise determined by the Board at its discretion, Restricted Shares held by the Trustee upon the Trust and which are referable to a Selected Employee shall not vest in the Selected Employee under the following circumstances:

- in the event of any failure of the Selected Employee to remain as an employee of the Group Company on the date which the Restricted Shares are supposed to be vested to him;
- in the event that the Selected Employee fails to achieve the key performance indicator or such other condition(s) as specified in the Grant Letter;
- in the event that the Selected Employee(s) fails to return duly executed transfer documents prescribed by the Trustee for the relevant Restricted Shares within the stipulated period; and
- in the event of the death of Selected Employee.

Unless otherwise determined by the Board at its discretion, an award shall automatically lapse when (i) a Selected Employee fails to satisfy any condition as set out in the letter of grant, or (ii) the Subsidiary employing the Selected Employee ceases to be a Subsidiary, or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company). In any event, the relevant Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares and shall be held as Returned Shares for the purposes of the Scheme.

In the event (i) a Selected Employee is found to be an Excluded Employee or (ii) a Selected Employee fails to return duly executed transfer documents within the stipulated period, the relevant part of an award made to such Selected Employee shall automatically lapse forthwith and the relevant Shares awarded shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Scheme.

If there occurs an event of change in control (as specified in The Codes on Takeovers and Mergers and Share Repurchases from time to time) of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the awarded Shares shall immediately vest on the date when such change in control event becomes or is declared unconditional and such date shall be deemed the vesting date.

Where the awarded Shares do not vest in accordance with the Scheme Rules, the Trustee shall hold such Shares for the benefit of one or more employees of the Group as it determines in its discretion, after having taken into account the recommendations of the Board.

Voting Rights

The Trustee shall not exercise the voting rights in respect of any Shares held under the Trust (including but not limited to the awarded Shares, and further Shares acquired out of the income derived therefrom).

Duration and Termination

The Scheme shall be effective from the Adoption Date and shall continue in full force and effect for a term of 5 years and shall be automatically renewed for one successive 5 year term unless sooner terminated as determined by the Board of Directors provided that the Board must give a 3 months prior notice for such termination and the termination shall not affect any subsisting rights of any Selected Employee hereunder.

Upon termination, all awarded Shares shall become vested on the Selected Employees so referable on such date of termination, subject to the receipt by the Trustee of the transfer documents duly executed by the Selected Employees within the stipulated period. Net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

A circular containing, among other things, details of the Restricted Share Award Scheme will be despatched to the Shareholders as soon as possible.

Definitions

“Adoption Date”	6 February 2008, being the date on which the board of directors of the Company adopted the Scheme
“Board”	the board of directors of the Company, such committee or sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Scheme
“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 : 1070)
“Employee”	any employee (whether full-time or part-time) of any member of the Group (including without limitation any executive and non-executive director of any member of the Group)

“Excluded Employee”	any Employee who is resident in a place where the award of the Restricted Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws and regulations in such place make it necessary or expedient to exclude such Employee
“Further Award”	the further award(s) to be made under the Scheme as mentioned in the paragraph headed “Further Award”
“Group”	the Company and its Subsidiaries
“Group Company”	the Company or any company which is its subsidiary
“Initial Award”	the initial payment of HK\$50 million by the Company for the purchase of the Shares to be awarded to the Selected Employees under the Scheme
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Returned Shares”	such awarded Shares which are not vested and/or forfeited in accordance with the terms of the Scheme Rules
“Scheme”	the Restricted Share Award Scheme of the Company adopted by the board of directors of the Company whereby awards of Shares may be made to Employees (such Shares being purchased by the Trustee) pursuant to the Trust Deed and the Scheme Rules
“Scheme Rules”	the rules relating to the Scheme adopted by the board of directors of the Company
“Selected Employee(s)”	Employee(s) of the Group selected by the Board and employee(s) of the Group selected by the Trustee in respect of the Returned Shares in its absolute discretion, after having taken into consideration recommendations of the Board, for participation in the Scheme pursuant to the Scheme Rules

“Shareholders”	holders of Share(s)
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Subsidiary(ies)”	Subsidiary(ies) of the Company from time to time within the meaning of the Companies Ordinance (Cap.32 of the Laws of Hong Kong)
“Trust”	the trust constituted by the Trust Deed
“Trust Deed”	the trust deed to be made between the Company as settlor and the Trustee as trustee, which deed establishes the Scheme
“Trust Period”	the period beginning with the Adoption Date and ending upon the first to happen of the following, namely: <ul style="list-style-type: none"> (a) such date, being the 10th anniversary date of the Adoption Date; or (b) the date when an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); or (c) the date as may be informed by the Company that the Scheme shall be terminated
“Trustee”	BOCI-Prudential Trustee Limited (which is independent and not connected with the Company)

On behalf of the Board
Li Dongsheng
Chairman

Hong Kong, 6 February 2008

As at the date of this announcement, the Board comprises Li Dongsheng, Lu Zhongli, Wang Kangping, Shi Wanwen, Yuan Bing and Leong Yue Wing 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.