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TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE EQUITY INTEREST OF TCL DIGITAL TECHNOLOGY (SHENZHEN) COMPANY LIMITED

On 10 December 2010, the Purchaser (an immediate holding company of the Company) and the Vendor (a wholly owned subsidiary of the Company) entered into the Agreement pursuant to which the Vendor has agreed to transfer to the Purchaser the entire equity interest in the Target Company at a consideration of RMB41,500,000 (equivalent to approximately HK\$48,463,700).

The Purchaser currently holds approximately 52.43% of the issued share capital of the Company and is a controlling Shareholder. Therefore, the Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules and the transaction contemplated under the Agreement constitutes a connected transaction for the Company.

Given the applicable percentage ratios calculated with reference to the transaction exceeds 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE SALE AND PURCHASE AGREEMENT

Date: 10 December 2010

Parties: (i) TCL International Electronics (BVI) Limited as the Vendor
(ii) T.C.L. Industries Holdings (H.K.) Limited as the Purchaser

Subject matter to be transferred: The entire equity interest in the Target Company.

The Target Company is a company established under the laws of PRC and is an indirect wholly owned subsidiary of the Company immediately prior to the date of the Agreement. Its principal activities include the manufacture and sale of audio-visual products and trading of components. It will cease to be a subsidiary of the Company following the completion of the Agreement.

According to the unaudited accounts of the Target Company, its book value as at 30 November 2010 was approximately RMB40,277,000 (equivalent to approximately HK\$47,035,481). For the financial year ended 31 December 2008, the audited net profits before and after taxation and extraordinary items of the Target Company were approximately RMB1,844,000 (equivalent to approximately HK\$2,153,423) and RMB1,555,000 (equivalent to approximately HK\$1,815,929) respectively. For the financial year ended 31 December 2009, the audited net losses before and after taxation and extraordinary items of the Target Company were approximately RMB1,739,000 (equivalent to approximately HK\$2,030,804) and RMB1,559,000 (equivalent to approximately HK\$1,820,600) respectively.

Consideration: RMB41,500,000 (equivalent to approximately HK\$48,463,700).

The consideration was determined by reference to the book value of the Target Company.

Payment terms: The Purchaser shall pay the Vendor upon signing of the Agreement by way of offsetting the First Debt Consideration.

The Purchaser shall further pay on or before 31 December 2010 by way of assigning the Second Debt Consideration to the Vendor to the extent of the balance of consideration outstanding.

If the Second Debt Consideration is not sufficient to cover the balance of consideration outstanding, the Purchaser shall pay the Vendor in cash any shortfall within ten (10) Business Days upon the signing of the Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The disposal of the equity interest in the Target Company allows the Group to improve its financial position so as to fulfill the production and operation needs of the Company in the future. This can also further enhance the Group in its future business development.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The disposal is expected to accrue to the Company a gain of approximately RMB1,223,000 (equivalent to approximately HK\$1,428,219). The gain is calculated by reference to the book value of the Target Company.

LISTING RULES REQUIREMENTS

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Given the applicable percentage ratios calculated with reference to the transaction exceeds 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements, but is exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Though Mr. Li Dongsheng is a director of the Purchaser, he does not have a material interest in the transaction contemplated under the Agreement. Indeed, none of the Directors has a material interest in the transaction.

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).

Both the Purchaser and the Vendor are principally engaged in investment holding.

DEFINITIONS

“Agreement”	the share transfer agreement entered into by the Purchaser and the Vendor on 10 December 2010 pursuant to which the Vendor would transfer to the Purchaser the entire equity interest in the Target Company
“Business Days”	any day except Saturday and Sunday or any other days on which the banks in Hong Kong or the PRC are closed for business as required by laws or under authorisation

“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
“Director(s)”	the director(s) of the Company
“First Debt Consideration”	a debt in the sum of HK\$38,145,866 owed by the Vendor to the Purchaser as at 30 November 2010
“Second Debt Consideration”	a debt in the sum of HK\$10,784,218 owed by TCL King Electrical Appliances (Huizhou) to the Purchaser as at 30 November 2010
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules governing the listing of securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Purchaser”	T.C.L. Industries Holdings (H.K.) Limited (T.C.L. 實業控股 (香港) 有限公司), a limited company established in Hong Kong and the controlling Shareholder
“RMB”	Renminbi, the lawful currency of PRC
“Shareholders”	holders of share(s) of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	TCL Digital Technology (Shenzhen) Company Limited (TCL 數碼科技 (深圳) 有限責任公司, a company established under the laws of the PRC
“TCL King Electrical Appliances (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 the PRC and an indirect wholly owned subsidiary of the Company

“Vendor”

TCL International Electronics (BVI) Limited (TCL 國際電子(BVI)有限公司), a company established in the British Virgin Islands with limited liability, which holds 100% equity interest in the Target Company immediately prior to the date of the Agreement

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB 1.00 = HK\$1.1678 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, 10 December 2010

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