

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in TCL Multimedia Technology Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

DISCLOSEABLE AND CONNECTED TRANSACTION

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**

CIMB

CIMB-GK Securities (HK) Limited

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on page 14 of this circular. A letter from CIMB-GK, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 21 of this circular.

A notice convening the EGM of TCL Multimedia Technology Holdings Limited to be held at Salon 6, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 7 August 2006 at 2:30 p.m. is set out on pages 33 to 34 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a corporation licensed to carry out types 1, 4 and 6 of the regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“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
“Completion”	completion of the Disposal under the Sale and Purchase Agreement
“Completion Date”	the date of Completion, being the fifth business day following the conditions precedent of the Disposal being fulfilled or waived, or such later date as may be agreed by the parties to the Sale and Purchase Agreement, but in any event shall not be later than 29 September 2006
“Computer Technology”	TCL Computer Technology (BVI) Co., Ltd., a wholly-owned subsidiary of the Company
“Computer Technology Group”	Computer Technology and its subsidiaries
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Consideration”	the consideration for the Disposal
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire shareholding interest in Computer Technology, the entire shareholding interest in Education Web and the 65% equity interest in Industrial Institute under the Sale and Purchase Agreement
“DTZ”	DTZ Debenham Tie Leung Limited, an independent property valuer
“Education Web”	TCL Education Web Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Education Web Group”	Education Web and its subsidiary and jointly-controlled entity

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be convened with a view to seeking approval from the Independent Shareholders for the Disposal
“Electronics BVI”	TCL International Electronics (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Board established for the purpose of reviewing the Disposal which will be voted upon at the EGM
“Independent Shareholders”	Shareholders other than TCL Corp. and its associates
“Industrial Institute”	Shenzhen TCL Central R&D Co., Ltd. (深圳市TCL工業研究院有限公司), a sino-foreign joint venture incorporated in the PRC and is 65% indirectly owned by the Company, and 35% owned by TCL Corp.
“Information Technology Industrial”	TCL Information Technology Industrial (Group) Company Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Latest Practicable Date”	13 July 2006, being the latest practicable date prior to the printing of this circular for ascertaining information in this circular
“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 purposes of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between T.C.L. Industries and the Company on 21 June 2006
“Sale Shares”	the shares/equity interests in Computer Technology, Education Web and/or Industrial Institute (as the case may be) to be disposed of by the Group under the Disposal
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)

DEFINITIONS

“Shareholders”	holders of Share(s)
“Share(s)”	share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL Communication”	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
“TCL Corp.”	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
“T.C.L. Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TCL Corp.
“TCL Tower”	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
“Web Technology”	TCL Web Technology (Shenzhen) Co. Ltd. (TCL萬維科技(深圳)有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

LETTER FROM THE BOARD



TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

Executive Directors:

Li Dong Sheng (*Chairman*)
Lu Zhong Li
Yan Yong
Shi Wanwen
Wang Kang Ping
Alastair Kenneth Ruskin Campbell
Didier Trutt

Registered office:

Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Non-executive Director:

Albert Thomas da Rosa, Junior

*Head office and Principal place
of Business in Hong Kong:*

13th Floor
TCL Tower
8 Tai Chung Road
Tsuen Wan
New Territories
Hong Kong

Independent non-executive Directors:

Tang Guliang
Wang Bing

17 July 2006

To the Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the announcement of the Company dated 23 June 2006. The Board announced that on 21 June 2006, the Company and T.C.L. Industries, a controlling Shareholder, entered into the Sale and Purchase Agreement, pursuant to which the Company agrees to sell, and to procure its relevant subsidiaries to sell, and T.C.L. Industries agrees to purchase (i) the entire issued share capital of Computer Technology, (ii) the entire issued share capital of Education Web and (iii) the 65% equity interest in Industrial Institute for a total initial cash consideration of HK\$377,000,000 (subject to adjustment).

Following the Disposal, the Group will cease to hold any interests in Computer Technology, Education Web and Industrial Institute.

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

T.C.L. Industries is a controlling Shareholder and is therefore a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Disposal 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.

The purpose of this circular is to provide you with further information on, among other things, details of the Disposal under the Sale and Purchase Agreement, the letter from the Independent Board Committee, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice to convene the EGM.

The Independent Board Committee, comprising the independent non-executive Directors namely Mr. Tang Guliang and Mr. Wang Bing, has been established to advise the Independent Shareholders on the terms of the Disposal under the Sale and Purchase Agreement. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

THE DISPOSAL

The Sale and Purchase Agreement

Date: 21 June 2006

Parties to the Sale and Purchase Agreement:

Vendor: the Company, which will sell and will procure its wholly-owned subsidiaries (being Information Technology Industrial and Electronics BVI) to sell the Sale Shares, i.e. (i) the entire issued share capital of Computer Technology; (ii) the entire issued share capital of Education Web; and (iii) the 65% equity interest in Industrial Institute

Purchaser: T.C.L. Industries, which will purchase the Sale Shares from the Group

Consideration

The initial Consideration is HK\$377,000,000 comprising:

- (i) the consideration for the sale of the entire issued share capital of Computer Technology of HK\$288,000,000;
- (ii) the consideration for the sale of the entire issued share capital of Education Web of HK\$54,000,000; and
- (iii) the consideration for the sale of the 65% equity interest in Industrial Institute of HK\$35,000,000.

The initial Consideration was negotiated between the parties at arm's length on normal commercial terms and was set based on the net asset value of each of the Computer Technology Group, the Education Web Group, Industrial Institute and Web Technology (the entire share capital of which will be transferred to Computer Technology as a condition

LETTER FROM THE BOARD

precedent to the Sale and Purchase Agreement and will form part of the assets to be disposed of under the Disposal) as at 31 December 2005. The initial Consideration represents a premium of approximately 0.48% over the aggregate net asset values of the Computer Technology Group, the Education Web Group and Web Technology and 65% of the net asset value of Industrial Institute as at 31 December 2005 after taking into account the capitalization of the shareholders' loans of the Computer Technology Group and the Education Web Group. The financial statements of each member of the Computer Technology Group, the Education Web Group, Industrial Institute and Web Technology for the year ended 31 December 2005 have been reviewed by the auditors of the Company during the statutory audit of the Company's consolidated financial statements for the year ended 31 December 2005.

The Consideration will be adjusted based on the net asset value attributable to the Sale Shares as at the Completion Date. If the consolidated net asset value of any of the Computer Technology Group, the Education Web Group or Industrial Institute attributable to the relevant Sale Shares is greater than the relevant initial Consideration (as shown in the breakdown above), T.C.L. Industries shall then pay such excess amount in cash to the Group as further consideration. If the consolidated net asset value of any of the Computer Technology Group, the Education Web Group or Industrial Institute attributable to the relevant Sale Shares as at the Completion Date is less than the relevant initial Consideration, the Company will then refund T.C.L. Industries an amount equivalent to such shortfall in cash. Payment of any further consideration and refund should be netted off and in no event the net refund to T.C.L. Industries shall be more than HK\$30 million (which was agreed after arm's length negotiations between the parties to the Sale and Purchase Agreement). The net asset values attributable to the Sale Shares (ie. the aggregate net asset value of the 100% interest in the Computer Technology Group, the 100% interest in the Education Web Group and the 65% interest in Industrial Institute) will be determined based on the unaudited financial statements of the Computer Technology Group, the Education Web Group and Industrial Institute as at the Completion Date which will not be reviewed by any external expert given the size of the transaction but will be reviewed by the Board with a view to ensuring that such financial statements will be compiled properly in accordance with the accounting policies of the Group and the Hong Kong Financial Reporting Standards and will present a true and fair view of the state of affairs of those companies.

The Company will issue an announcement if there is any adjustment to the initial Consideration. If the adjusted Consideration will result in a change in the classification of the Disposal under Chapter 14 of the Listing Rules, the Company will comply with the relevant additional requirements under the Listing Rules.

Completion

Completion, for the purposes of the transactions contemplated under the Sale and Purchase Agreement, will take place on the fifth business day (or such later date as the parties to the Sale and Purchase Agreement may agree in writing) after the following conditions are fulfilled or waived:

- (i) the Independent Shareholders having passed the resolution at the EGM to approve the Disposal as required under the Listing Rules;
- (ii) the Company having obtained the required written consent to the Disposal and if such consent is subject to conditions, the Company having accepted such conditions;

LETTER FROM THE BOARD

- (iii) completion of the transfer of the 100% interest in Web Technology from Information Technology Industrial to Computer Technology having taken place;
- (iv) TCL Corp., being the owner of the remaining 35% interest in Industrial Institute, having signed a declaration to waive its preferential right in respect of the acquisition of the 65% interest in Industrial Institute by T.C.L. Industries; and
- (v) a valuation report in respect of TCL Tower having been issued by a property valuer as agreed between the parties to the Sale and Purchase Agreement in an agreed form.

Parties to the Sale and Purchase Agreement shall endeavour to procure all the above conditions precedent be fulfilled on or before 22 September 2006 (or such later date as the parties to the Sale and Purchase Agreement may agree in writing). As agreed between the parties to the Sale and Purchase Agreement, a valuation report prepared by DTZ on the TCL Tower has been prepared. A copy of the valuation report is set out in Appendix I to this circular. Up to the date of this circular, only conditions (ii) and (v) have been satisfied.

The initial Consideration shall be settled in cash by T.C.L. Industries in full on the Completion Date which shall be the fifth business day following the conditions precedent being fulfilled or waived, or such later date as may be agreed by the parties to the Sale and Purchase Agreement, but in any event shall not be later than 29 September 2006.

Under the Sale and Purchase Agreement, the Company will procure that the management accounts of Computer Technology, Education Web and Industrial Institute as at the Completion Date be prepared, and a copy of which be provided to T.C.L. Industries, within one month from the Completion Date (or such other period as may be agreed between the parties to the Sale and Purchase Agreement). Any adjustment to the initial Consideration shall be settled in cash within 7 days from the aforesaid expiry date of provision of the management accounts.

Following the Disposal, the Company will cease to hold any interests in Computer Technology, Education Web and Industrial Institute.

Information on the assets to be disposed of under the Sale and Purchase Agreement

Information on Computer Technology

Computer Technology is a direct wholly-owned subsidiary of the Company and is, together with its subsidiaries, principally engaged in the manufacture and sale of personal computers and peripheral products.

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The table below sets out the unaudited consolidated turnover and the net profit/(loss) before and after taxation of Computer Technology for the two years ended 31 December 2004 and 2005:

	Year ended 31 December 2005 HK\$'000	Year ended 31 December 2004 HK\$'000
Turnover	2,071,299	1,962,638
(Percentage to the consolidated turnover of the Group)	(5.99%)	(7.67%)
Net profit before taxation	9,296	32,073
(Percentage to the profit of the Group before taxation and minority interests)	(N.A.) (Note 1)	(7.68%)
Net (loss)/profit after taxation	(2,572)	27,637
(Percentage to the net profit of the Group after taxation but before minority interests)	(N.A.) (Note 1)	(9.60%)

Note 1: The Group recorded a net loss before and after taxation for the year ended 31 December 2005.

As at 31 December 2005, the unaudited deficiency in net assets of the Computer Technology Group amounted to approximately HK\$90.6 million (including a shareholders' loan of approximately HK\$345.4 million which has subsequently been capitalized and the goodwill arising from the Company's acquisition of an interest in the Computer Technology Group in 2001).

As at the Latest Practicable Date, Computer Technology does not hold any interest in Web Technology. As a condition precedent to the Sale and Purchase Agreement, the 100% interest in Web Technology held by the Group will be transferred to Computer Technology, which in turn will be transferred to T.C.L. Industries under the Disposal. Web Technology is principally engaged in the technological development in home appliances and the manufacture and sale of personal digital assistant (PDA) products. For the two years ended 31 December 2004 and 2005, the unaudited net losses of Web Technology were approximately HK\$4,309,000 and HK\$596,000 respectively. Web Technology did not record any taxation for both years. The unaudited net assets of Web Technology amounted to approximately HK\$32.7 million as at 31 December 2005.

Information on the Education Web Group

As at the Latest Practicable Date, Education Web is an indirect wholly-owned subsidiary of the Company and is, together with its subsidiary and jointly-controlled entity, principally engaged in the provision of online education services, technological development in and the sale of the computer educational software and hardware and the provision of the related technological support services and remote educational services.

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The table below sets out the unaudited consolidated net profit before and after taxation and minority interests of Education Web for the two years ended 31 December 2004 and 2005:

	Year ended 31 December 2005 HK\$'000	Year ended 31 December 2004 HK\$'000
Turnover	—	—
Net profit before taxation and minority interests (Percentage to the profit of the Group before taxation and minority interests)	4,092 (N.A.) (Note 2)	815 (0.19%)
Net profit after taxation and minority interests (Percentage to the net profit of the Group after taxation but before minority interests)	4,092 (N.A.) (Note 2)	1,454 (0.50%)

Note 2: The Group recorded a net loss before and after taxation for the year ended 31 December 2005.

Operations of the Education Web Group are mainly carried out by a jointly-controlled entity of Education Web. Accordingly, Education Web did not record any turnover in its consolidated financial statements for the two years ended 31 December 2005. As at 31 December 2005, the unaudited net assets of the Education Web Group amounted to approximately HK\$10.4 million (including a shareholder's loan of approximately HK\$42.8 million which has subsequently been capitalized).

Information on Industrial Institute

As at the Latest Practicable Date, the Company holds a 65% equity interest in Industrial Institute. Industrial Institute is the owner of TCL Tower. TCL Tower is currently used as offices or research units of, among others, various members of TCL Corp. and its associates including certain members of the Group.

The table below sets out the audited net profit/(loss) before and after taxation of Industrial Institute for the two years ended 31 December 2004 and 2005:

	Year ended 31 December 2005 HK\$'000	Year ended 31 December 2004 HK\$'000
Turnover (Percentage to the consolidated turnover of the Group)	38,299 (0.11%)	— (Note 3)
Net profit/(loss) before taxation (Percentage to the profit of the Group before taxation and minority interests)	15,102 (N.A.) (Note 4)	(6,376) (N.A.)
Net profit/(loss) after taxation (Percentage to the net profit of the Group after taxation but before minority interests)	14,213 (N.A.) (Note 4)	(6,376) (N.A.)

Note 3: Industrial Institute did not record any turnover for the year ended 31 December 2004.

Note 4: The Group recorded a net loss for the year ended 31 December 2005.

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As at 31 December 2005, the audited net assets of Industrial Institute amounted to approximately HK\$53 million.

Based on the valuation report prepared by DTZ, as at 30 April 2006, the capital value in existing state of TCL Tower was RMB207 million (equivalent to approximately HK\$199 million), representing a discount of approximately 31% to the net book value of TCL Tower of approximately HK\$289 million as at 31 December 2005.

Reasons for the Disposal

The Group is a consumer electronics manufacturer. The products of the Group include televisions, audio-visual products, computers and others. After the Disposal, the Group will streamline its business structure to focus its resources on the development of the television business segment which is the most important business segment of the Group but is highly competitive. The Directors (excluding the independent non-executive Directors) are of the opinion that the Disposal 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 Disposal after having considered the advice to be given by the independent financial adviser.

Financial impacts of the Disposal

Upon Completion, the accounts of the Computer Technology Group, The Education Web and Industrial Institute will no longer be consolidated in the Group's accounts. Accordingly, the assets, liabilities, turnover and earnings of the Computer Technology Group, the Education Web Group and Industrial Institute will not be reflected in the Group's financial statements.

Based on the initial Consideration, the amount of net proceeds from the Disposal is estimated to be approximately HK\$377 million and will be used by the Group for repayment of its debts. The Group's gearing position will thus be improved.

Upon Completion, the total assets of the Group will be reduced by an amount equal to the aggregate total assets of the Computer Technology Group, the Education Web Group and Industrial Institute attributable to the Group (amounted to approximately HK\$1,356 million as at 31 December 2005) and the total liabilities of the Group will be reduced by an amount equal to the aggregate total liabilities of the Computer Technology Group, the Education Web Group and Industrial Institute attributable to the Group (amounted to approximately HK\$962 million) plus the amount of debts repaid by the proceeds from the Disposal (being approximately HK\$377 million based on the initial Consideration).

For the year ended 31 December 2005, the aggregate net profits of the Computer Technology Group, the Education Web Group and the Industrial Institute attributable to the Group amounted to approximately HK\$10 million. As mentioned above, after Completion, the earnings of the Group will not include the results of the Computer Technology Group, the Education Web Group and Industrial Institute. Based on the initial Consideration and the financial statements of the Group as at 31 December 2005, there would be an estimated gain on Disposal of approximately HK\$1.8 million. The actual amount of gain on the Disposal shall depend on the final Consideration and the net asset value of the Sale Shares as at the Completion Date. Any gain on the Disposal will be recognized in the financial statements of

LETTER FROM THE BOARD

the Group. After the Disposal, the Group will be able to focus its resources on the development of its core television business. The Company expects that the Disposal will help enhance the overall earning prospects of the Group in the long run.

Listing Rules requirements

As all the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

T.C.L. Industries is a controlling Shareholder (currently holding approximately 38.74% of the issued share capital of the Company) and is therefore a connected person of the Company within the meaning of the Listing Rules. Accordingly, the Disposal 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. Mr. Li Dong Sheng (an executive Director and a director of certain subsidiaries of the Company), Mr. Yan Yong (an executive Director and a director of certain subsidiaries of the Company) and Madame Lu Zhong Li (an executive Director) are also the directors of T.C.L. Industries. Save for disclosed herein, no director, chief executive or controlling shareholder of any member of the Group holds any directorship in T.C.L. Industries.

T.C.L. Industries and its associates (including TCL Corp. and its associates) are required to abstain from voting in respect of the relevant resolution to be put forward at the EGM for approving the Disposal.

INFORMATION ON THE GROUP AND T.C.L. INDUSTRIES

The Group is a leading multimedia consumer electronics manufacturer with a global sales network. Television is the core product of the Group. This business is operated by a wholly-owned subsidiary of the Company, namely TTE Corporation. The Group's televisions sold in Asia, Europe and North America are marketed under three key brands — "TCL", "THOMSON" and "RCA". Currently, the Group is one of the largest worldwide television players. Headquartered in the PRC, the Group operates efficient manufacturing and research and development facilities in all major continents. For more information on the Group, please visit the official website of the Company: www.tclhk.com.

T.C.L. Industries is an investment holding company holding approximately 38.74% of the total issued share capital of the Company. T.C.L. Industries is wholly-owned by TCL Corp. Accordingly, TCL Corp. is the ultimate controlling shareholder and a connected person of the Company. TCL Corp. together with 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 Corp., please visit the official website of TCL Corp.: www.tcl.com.

EGM

The Company will convene the EGM at Salon 6, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 7 August 2006 at 2:30 p.m. at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the Disposal. The notice of the EGM is set out on pages 33 to 34 of this circular. TCL Corp. and

LETTER FROM THE BOARD

its associates, which together were interested in approximately 38.74% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting for the resolution in respect of the Disposal to be put forward at the EGM. The voting on the resolution in respect of the Disposal will be conducted by way of poll in accordance with the requirements of the Listing Rules.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 7 August 2006, for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 4 August 2006.

PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 80 of the articles of association of the Company, at any general meeting a poll may be demanded in respect of a resolution put to the vote at the meeting by:

- (a) the chairman of meeting;
- (b) at least five members present in person or by proxy and entitled to vote;
- (c) any member or members present in person (or in the case of a member being a corporation, by its authorized representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or in the case of a member being a corporation, by its authorized representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums on the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Disposal; (ii) the letter from CIMB-GK set out on pages 15 to 21 of this circular which contains its

LETTER FROM THE BOARD

advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Disposal; and (iii) the notice of the EGM set out on pages 33 to 34 of this circular.

The Independent Board Committee, having taken into account the advice of CIMB-GK, the independent financial adviser, considers that the Disposal is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Disposal.

Yours faithfully,
By order of the Board
Li Dong Sheng
Chairman



TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

17 July 2006

To the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 17 July 2006 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the terms of the Disposal under the Sale and Purchase Agreement, details of which are set out in the letter from the Board in the Circular.

Having taken into account of the advice of CIMB-GK, the independent financial adviser, we consider that the Disposal under the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Disposal.

Yours faithfully,

Tang Guliang Wang Bing
Independent Board Committee

LETTER FROM CIMB-GK

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from CIMB-GK, the independent financial adviser, regarding the terms of the Disposal prepared for the purposes of incorporation in this circular.

CIMB

CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

17 July 2006

*To the Independent Board Committee and the Independent Shareholders of
TCL Multimedia Technology Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal. Details of the terms of the Disposal are set out in the letter from the Board as contained in the circular of the Company to the Shareholders dated 17 July 2006 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We consider that we have reviewed sufficient information and documents to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the Disposal in order to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or TCL Corp. or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion on the terms of the Disposal, we have taken the following principal factors and reasons into consideration:

The Disposal

Background and rationale

The Group is a leading multimedia consumer electronics manufacturer with a global sales network. Television is the core product of the Group.

On 21 June 2006, the Company entered into the Sale and Purchase Agreement with T.C.L. Industries whereby the Company agreed to sell, and to procure its relevant subsidiaries to sell, and T.C.L. Industries agreed to purchase (i) the entire issued share capital of Computer Technology, (ii) the entire issued share capital of Education Web; and (iii) the 65% equity interest in Industrial Institute for an initial cash Consideration of HK\$377 million. Computer Technology Group is principally engaged in the manufacture and sale of personal computers and peripheral products and Education Web Group is principally engaged in the provision of online education services, technological development in and the sale of the computer educational software and hardware and the provision of the related technological support services and remote educational services. Following the Disposal, the Group will cease to hold any interests in Computer Technology, Education Web and Industrial Institute.

As noted from the annual report of the Company for the year ended 31 December 2005, the Group aims to improve the overall business performance by performing review and reforms on all levels from customer, product development to human resources. We note that the Group's non-television and non-audio visual businesses mainly held by the Disposed Companies (as defined below) will be sold under the Disposal. We also note that the entire amount of the estimated net sale proceeds of HK\$377 million from the Disposal will be used by the Group for repayment of its debts which will improve the gearing level of the Group.

Given the above, we concur with the views of the Directors that the Disposal would allow the Group to focus its resources on the development of its core television business segment, and that the Disposal is in the interests of the Company and the Shareholders as a whole.

The Consideration

The initial Consideration is HK\$377 million and is broken down as follows:

- (i) the consideration for the sale of the 44,555,884 shares of Computer Technology is HK\$288 million;
- (ii) the consideration for the sale of the 5,522,829 shares of Education Web is HK\$54 million; and
- (iii) the consideration for the sale of the 65% equity interest in Industrial Institute is HK\$35 million.

LETTER FROM CIMB-GK

The initial Consideration was negotiated between the parties at arm's length on normal commercial terms based on the net asset value ("NAV") of the Computer Technology Group (including Web Technology the entire share capital of which will be transferred to Computer Technology as a condition precedent to the Sale and Purchase Agreement), the Education Web Group and Industrial Institute (collectively, the "Disposed Companies") as at 31 December 2005. The initial Consideration represents a premium of approximately 0.48% over the aggregate NAVs of the Computer Technology Group, the Education Web Group and 65% of the NAV of Industrial Institute as at 31 December 2005 after taking into account the capitalization of the shareholders' loans of each of the Computer Technology Group (approximately HK\$345.4 million) and of the Education Web Group (approximately HK\$42.8 million).

Comparison with comparable companies

Computer Technology Group

As the Computer Technology Group (including Web Technology) recorded a net loss after taxation and minority interests of approximately HK\$3.2 million for the year ended 31 December 2005, this renders the price-earning ratio ("PER") comparison not applicable. As the consideration for the Computer Technology Group was determined based on its net asset value, we consider it is appropriate to assess the fairness of such consideration based on PBR valuation. In assessing the fairness of the consideration for the Computer Technology Group, we have, to the best of our knowledge, reviewed and compared the price-to-book value ratio ("PBR") of companies listed on the Stock Exchange that are engaged in similar business as those of the Computer Technology Group, i.e. manufacture and sale of personal computers and peripheral products ("Computer Technology Comparables"), details of which are as follows:

Name of Computer Technology Comparables	PBR (Note 1)
Lenovo Group Limited	2.59
Great Wall Technology Company Limited	0.18
Shenzhen High-Tech Holdings Limited	0.59
Sky Hawk Computer Group Holdings Limited	<u>1.30</u>
<i>Average</i>	<i>1.17</i>
Computer Technology Group (Note 2)	1.00

Source: Bloomberg and the latest published financial reports of the respective comparables.

Notes:

- (1) The calculation of PBRs is based on the closing prices for Computer Technology Comparables on 21 June 2006, being the date of the Sale and Purchase Agreement.
- (2) As the consideration for the Computer Technology Group will be equivalent to its net asset value as at the Completion Date, the implied PBR of the Computer Technology Group is 1.00 times.

LETTER FROM CIMB-GK

The PBRs of the Computer Technology Comparables range from approximately 0.18 times to 2.59 times, with an average of approximately 1.17 times. The implied PBR of the Computer Technology Comparables of 1.00 times is within the range and is comparable to the average of the PBR of the Computer Technology Comparables.

Education Web Group

In assessing the fairness of the consideration for the Education Web Group, we have, to the best of our knowledge, reviewed and compared the PERs and PBRs of listed companies on the Stock Exchange that are engaged in the similar business as those of Education Web Group, i.e. the development and sale of the computer software and hardware and the provision of the related technological support services ("Education Web Comparables"). Summary of the Education Web Comparables are as follows:

Name of Education Web Comparables	PER <i>(Note 1)</i>	PBR <i>(Note 1)</i>
A & K Educational Software Holdings Ltd.	90.01	3.80
Technology Venture Holdings Ltd.	4.50	0.32
Kingdee International Software Group Co. Ltd.	16.81	3.23
TravelSky Technology Ltd	14.66	0.76
ZZNode Holdings Co. Ltd.	0.24	1.73
Qianlong Technology International Holdings Ltd.	0.23	0.99
Jiangsu Nandasoft Co. Ltd.	Loss	0.20
Excel Technology International Holdings Ltd.	Loss	1.06
FlexSystem Holdings Ltd.	0.19	1.37
Global Link Communications Holdings Ltd.	0.14	5.01
Q9 Technology Holdings Ltd.	Loss	2.30
SJTU Sunway Software Industry Ltd.	Loss	2.44
Xteam Software International Ltd.	0.15	0.45
Inno-Tech Holdings Ltd.	Loss	0.72
Armitage Technologies Holding Ltd.	<u>Loss</u>	<u>0.65</u>
<i>Average</i>	<i>4.61</i> <i>(Note 2)</i>	<i>1.67</i>
Education Web Group	13.20	1.00 <i>(Note 3)</i>

Source: Bloomberg and the latest published financial reports of the respective comparables.

LETTER FROM CIMB-GK

Notes:

- (1) The calculation of PERs and PBRs is based on the closing share prices for Education Web Comparables on 21 June 2006, being the date of the Sale and Purchase Agreement.
- (2) The PER of A & K Educational Software Holdings Ltd., being an outlier (the "Outliner"), is excluded from the average PER of the Education Web Comparables.
- (3) As the consideration for the Education Web Group will be equivalent to its net asset value as at the Completion Date, the implied PBR of the Education Web Group is 1.00 times.

The PERs of the Education Web Comparables, excluding the Outliner, range from approximately 0.14 times to 16.81 times, with an average of approximately 4.61 times. The implied PER of the Education Web Group of approximately 13.20 times is higher than the average of the PER of the Education Web Comparables.

As a reference, we note that the implied PBR of Education Web Group of 1.00 times is within the range of the PBR of the Education Web Comparables but is lower than the average. Notwithstanding this, as the Education Web Group is principally engaged in the development of computer software and service provision businesses, we consider that PER valuation is more relevant than PBR valuation in valuing the Education Web Group.

Industrial Institute

The consideration for Industrial Institute of HK\$35 million is based on 65% of the audited NAV of Industrial Institute as at 31 December 2005. Given that the principal asset of Industrial Institute is TCL Tower, we consider it fair and reasonable to determine the consideration for Industrial Institute based on its NAV.

We noted from the independent valuation report set out in Appendix I to the Circular, prepared by DTZ Debenham Tie Leung Limited ("Independent Valuer"), the valuation of TCL Tower amounted to approximately RMB207.0 million (approximately HK\$199.0 million) ("Valuation") as at 30 April 2006. As noted from the valuation report and our discussion with the Independent Valuer, due to the specific nature of the buildings and structures of TCL Tower, which is a research/industrial building and the relevant restriction on alienation imposed by Shenzhen High-technology Park, there is no readily identifiable market sales comparable, the buildings and structures cannot be valued by making reference to market transactions. In addition, as the land of TCL Tower was acquired at waived land grant fee, the transfer of TCL Tower is subject to certain sale restrictions which stipulates that the transfer price of the land cannot exceed its original land price and the price of the building cannot exceed the original cost less depreciation. We note that the Independent Valuer arrived at the Valuation using the depreciated replacement cost of TCL Tower, which is the cost of replacement of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization. We have discussed with the Independent Valuer on the bases and assumptions in preparing the Valuation and noted that there is no major discrepancy between the representations made by the Company and the bases and assumptions adopted by the Independent Valuer in relation to the Valuation. Based on the PRC legal opinion dated 17 July 2006 in relation to the land use right of TCL Tower provided by the legal adviser to the Company, we note that despite the aforesaid sales restrictions, there

is no legal restriction for TCL International Electronics (BVI) Co. Ltd., a wholly owned subsidiary of the Company, to dispose of its 65% equity interest in Industrial Institute to T.C.L. Industries.

The audited NAV of Industrial Institute of HK\$53 million as at 31 December 2005 include the book value of TCL Tower of approximately RMB300.5 million (approximately HK\$289.0 million), which represents approximately 96.6% of Industrial Institute's total asset value of approximately RMB311.2 million as at 31 December 2005. Given this, we consider that the consideration for Industrial Institute which was based on the NAV of Industrial Institute (which carried a higher value on TCL Tower than the Valuation) is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Consideration adjustment mechanism

The initial Consideration will be adjusted based on the NAV attributable to the Sale Shares as at the Completion Date. If the consolidated NAV attributable to the Sale Shares as at the Completion Date of any of the Disposed Companies is greater than the initial Consideration, the initial Consideration shall be increased by such excess amount. If the consolidated NAV attributable to the Sale Shares as at the Completion Date of any of the Disposed Companies is less than the initial Consideration, the initial Consideration shall be reduced by the shortfall amount. Payment of any further consideration and refund in respect of each of the Disposed Companies should be netted off and in no event the net refund to T.C.L Industries shall be more than HK\$30 million which was agreed after arm's length negotiations between the parties to the Sale and Purchase Agreement. All adjustments to the initial Consideration will be settled in cash. We have reviewed the management accounts of the Disposed Companies and noted that their aggregated NAVs as at 31 May 2006 was higher than their aggregated NAVs as at 31 December 2005. We note that as the Company is the vendor under the Disposal and will perform the compilation of the NAV of the Disposed Companies, the Company will be in a position to determine the adjustment as deemed necessary. We consider this consideration adjustment mechanism is fair and reasonable so far as the Company and the Independent Shareholders are concerned as the initial Consideration will be adjusted upward on a dollar-for-dollar basis according to the NAV of the Disposed Companies as at Completion Date without any limit whilst there is a cap of HK\$30 million imposed on the downward adjustment to the initial Consideration should the NAV of the Disposed Companies as at Completion Date be less than the initial Consideration.

Financial effects on the Company

Earnings

For the year ended 31 December 2005, the Computer Technology Group and Web Technology recorded a net loss after taxation of approximately HK\$2.6 million and approximately HK\$0.6 million respectively and the Education Web Group and Industrial Institute only recorded net profits after taxation and minority interests of approximately HK\$4.1 million and HK\$14.2 million respectively. Upon Completion, the Disposed Companies will cease to be consolidated in the accounts of the Group. Based on the results of the Disposed Companies for the year ended 31 December 2005, should the Disposal occur in 2005, the Group's profit would have decreased accordingly.

NAV

As the initial Consideration will be adjusted based on the NAV of the Disposed Companies as at the Completion Date, no material gain or loss is expected to arise from the Disposal. As disclosed in the “Letter from the Board” in the Circular, based on the initial Consideration and the financial statements of the Group as at 31 December 2005, there would be an estimated gain on the Disposal of approximately HK\$1.8 million.

Gearing

As the entire amount of the estimated net sale proceeds of approximately HK\$377 million from the Disposal will be used by the Group for repayment of its debts, the gearing ratio of the Group would have lowered as a result of the Disposal.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, in particular,

- the Disposal would allow the Group to focus its resources on the development of its core television business segment;
- the Consideration and adjustment mechanism is fair and reasonable so far as the Company and the Independent Shareholders are concerned; and
- as the proceeds of the Disposal will be used to repay debts, the Disposal would have lowered the gearing level of the Group,

we consider that the Disposal is in the interests of the Company and the Independent Shareholders as a whole and that the terms thereof as well as the initial Consideration are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Sale and Purchase Agreement.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) Limited

Alex Lau

Flavia Hung

Executive Vice President Senior Vice President

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular, received from DTZ, an independent valuer, in connection with their valuations as at 30 April 2006 of the property interests.



10th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

The Directors
TCL Multimedia Technology Holdings Limited
13th Floor
TCL Tower
8 Tai Chung Road
Tsuen Wan
New Territories
Hong Kong

17 July 2006

Dear Sirs,

Re: TCL Tower, West of Keji Nan Shi Road and North of Gaoxin Nan Yi Road, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China

In accordance with the instructions for us to carry out market valuation in existing state of the captioned property ("TCL Tower") situated in the People's Republic of China ("the PRC"), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing TCL Multimedia Technology Holdings Limited and its subsidiaries (together refer to as the "Group") with our opinion of the value of such property interest as at 30 April 2006.

We have carried out the valuation based on the Depreciated Replacement Cost (DRC) of the property. The DRC is defined as the cost of replacement of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the property interest in the PRC, we have assumed that land use rights in respect of the property interest for its specific term at nominal annual land use fees have been granted and that any land premium payable has already been fully settled. We have relied on the advice given by the Group and its legal adviser, Beijing Jiayuan Law Firm regarding the title to the property interest and the nature and extent of its interest in the property.

In valuing the property interest which is situated in the PRC, we have assumed that the grantee or the user of the property interest has an enforceable title to the property interest.

We have prepared our valuation on an entire interest basis in respect of the property interest.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

Due to the specific nature of the buildings and structures of TCL Tower which is a research/industrial building and the relevant restriction on alienation imposed by Shenzhen High-technology Park, there are no readily identifiable market sales comparables and the buildings and structures cannot be valued by making reference to market transactions.

In addition, the land of TCL Tower was acquired at waived land grant fee. The alienation or transfer of TCL Tower is subject to certain sale restriction of Shenzhen High-technology Park which stipulates that the transfer price of the land cannot exceed its original land price and the price of the building cannot exceed the original cost less depreciation. The transferee must also satisfy the relevant qualifications required by the Shenzhen High-technology Park.

Therefore, in undertaking our valuation, we have adopted the DRC Approach. The DRC Approach requires a valuation of the value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures, from which deductions are made to allow for the age, condition and functional obsolescence. In arriving at our opinion of the market value of the land, we have also taken into account the abovesaid restriction on sale price of the property upon transfer.

In valuing the property interest, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited and Valuation Standards on Properties (First Edition 2005) of The Hong Kong Institute of Surveyors.

We have relied to a very considerable extent on information given by the Group and its PRC legal advisor, Beijing Jiayuan Law Firm, on the PRC laws in respect of the property interest. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion date, identification of property interest, particulars of occupancy, tenancy details, site and floor areas and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Group to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the validity and legality as well as the interpretation of the documents.

The Group has provided us with some documents in relation to the title of the property interest. However, we have not searched the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us.

We have inspected the exterior and, where possible, the interior of the property. However, no structural survey had been made and no tests had been carried out on any of the services. In the course of our previous inspection, we did note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defect.

We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated all money amounts stated are in Renminbi (“RMB”), the official currency of the PRC.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
K B Wong
Registered Professional Surveyor (GP)
China Real Estate Appraiser
M.H.K.I.S., M.R.I.C.S
Director

Note: Mr. K B Wong is a Registered Professional Surveyor who has over 15 years’ of experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property interest held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 30 April 2006																						
TCL Tower, West of Keji Nan Shi Road, North of Gaoxin Nan Yi Road, Nanshan District, Shenzhen, Guangdong Province, the PRC	<p>The property is a 19-storey building erected on a piece of land with an area of 15,147.20 sq.m. (163,044 sq.ft.) completed in 2004.</p> <p>The property has a total gross floor area of 64,350.61 sq.m. (692,670 sq.ft.).</p> <p>The land use right of the property has been granted for a term of 50 years from 13 December 2000 to 12 December 2050 for high-technology industrial use.</p>	<p>As per the information provided to us, the occupancy of the property as at 4 July 2006 is as follows:</p> <p>Lease to intra-group tenancies (Total leaseable area is 13,554.05 sq.m. at a total monthly rentals of RMB705,000.)</p> <table> <tr> <th>Portion</th> <th>Lease term</th> </tr> <tr> <td>B L16 & 17</td> <td>9/2005–8/2007</td> </tr> <tr> <td>B L 18</td> <td>7/2006–6/2007</td> </tr> <tr> <td>A L 10</td> <td>7/2006–6/2007</td> </tr> <tr> <td>A L3 (part)</td> <td>4/2006–4/2007</td> </tr> <tr> <td>A L6 (part)</td> <td>4/2006–4/2007</td> </tr> <tr> <td>A L9</td> <td>5/2006–6/2007</td> </tr> </table> <p>Also, there are some intra-group tenancies leased by those subsidiaries which will be disposed of after the discloseable and connected transaction as stated in this Circular. (Total leaseable area is 11,373.28 sq.m. at a total monthly rentals of RMB594,000)</p> <table> <tr> <th>Portion</th> <th>Lease term</th> </tr> <tr> <td>A L4</td> <td>9/2005–8/2007</td> </tr> <tr> <td>B L10–12 and L13 (part)</td> <td></td> </tr> <tr> <td>A L2 (part)</td> <td>2/2006–2/2007</td> </tr> </table> <p>Also, there are some inter-group tenancies leased by those companies which are related to TCL Corporation. This portion of the property, comprising a total gross floor area of 8,868.39 sq.m. with the latest expiry date in August 2007. The total monthly rental receivable is RMB RMB566,000.</p> <p>Portions of the property, comprising a total gross floor area of 25,257.77 sq.m., are leased to third parties for the latest expiry date in June 2009. The total monthly rental receivable is RMB1,821,000.</p> <p>The remaining portion is vacant.</p>	Portion	Lease term	B L16 & 17	9/2005–8/2007	B L 18	7/2006–6/2007	A L 10	7/2006–6/2007	A L3 (part)	4/2006–4/2007	A L6 (part)	4/2006–4/2007	A L9	5/2006–6/2007	Portion	Lease term	A L4	9/2005–8/2007	B L10–12 and L13 (part)		A L2 (part)	2/2006–2/2007	RMB207,000,000 (Please see Note 1).
Portion	Lease term																								
B L16 & 17	9/2005–8/2007																								
B L 18	7/2006–6/2007																								
A L 10	7/2006–6/2007																								
A L3 (part)	4/2006–4/2007																								
A L6 (part)	4/2006–4/2007																								
A L9	5/2006–6/2007																								
Portion	Lease term																								
A L4	9/2005–8/2007																								
B L10–12 and L13 (part)																									
A L2 (part)	2/2006–2/2007																								

- Notes:
- (1) According to the PRC legal opinion, as the land of TCL Tower was acquired at waived land grant fee, the transfer of TCL Tower is subject to certain sale restriction of the Shenzhen High-technology Park which stipulates that the transfer price of the land cannot exceed its original land price and the price of the building cannot exceed the original cost less depreciation. The transferee must also satisfy relevant qualifications required by the Shenzhen High-technology Park.
- (2) According to Realty Title Certificate No. 4000243817 dated 18 October 2005:
- (i) Owner:

(ii) Site area:

(iii) Location:

(iv) Use of land:

(v) Land use term:

(vi) Name of Real Estate:

(vii) Gross floor area:

(viii) Use of building:

(ix) Year of completion:

(x) The Real estate cannot be transferred. *(Please see Note 5 (iv) below)*

Shenzhen TCL Central R & D Co., Ltd.

15,147.20 sq.m.

Gaoxin Nan Yi Road, Nanshan District

High-technology industrial

From 13 December 2000 to 12 December 2050

TCL Tower

64,350.61 sq.m.

Research, factory

1 November 2004
- (3) According to Grant Contract for State-owned Land Use Rights No. 0104 dated 13 October 2000, the land use rights of the property, comprising a site area of 15,147.20 sq.m. has been granted to Shenzhen TCL Central R & D Co., Ltd. for a land use term from 13 December 2000 to 12 December 2050 for high-technology industrial use. The land grant fee was waived, whilst the total land development cost and urban ancillary facility cost was RMB5,150,048.
- (4) According to Business Licence No. 110781 dated 5 July 1999, Shenzhen TCL Central R & D Co., Ltd. was established with a registered capital of RMB50,000,000.
- (5) According to the PRC legal opinion:
- (i) Shenzhen TCL Central R & D Co., Ltd. has obtained the Business License.

(ii) Shenzhen TCL Central R & D Co., Ltd. has obtained the Realty Title Certificate for the property with a site area of 15,147.20 sq.m. and a total gross floor area of 64,350.61 sq.m. The land use right of the property has been granted for a term of 50 years from 13 December 2000 to 12 December 2050 for high-technology industrial use.

(iii) The land use rights were granted as non-commodity housing; the property is not freely transferable. However, if the property have to be transferred under bankruptcy, liquidation, moving out by voluntary or by compulsion, the transfer of the property will be subject to the Shenzhen High Technology Park Regulations;

(iv) As the land of TCL Tower was acquired at waived land grant fee, the transfer of TCL Tower is subject to certain sale restriction of the Shenzhen High-technology Park Regulations which stipulates that the transfer price of the land cannot exceed its original land price and the price of the building cannot exceed the original cost less depreciation. The transferee must also comply with the relevant qualification in entering the Shenzhen High-technology Park.

(v) Shenzhen TCL Central R & D Co., Ltd. has the right to occupy and use the property; to mortgage or lease the property should be processed according to the relevant rules.

(vi) The leasing of TCL Tower to the related companies of the Group by Shenzhen TCL Central R & D Co., Ltd. is subject to certain restrictions. The related procedure of such leasing arrangement should be processed in accordance with the relevant rules. Such leasing contracts are subject to the main risks:

(a) the tenancies may be void, the tenancies may have to be terminated and related land profit to be paid;

(b) the tenancies may be continue subject to certain approval application procedure and leasing registration, and to pay the related land profit and lease registration fee.
- (6) In accordance with the information provided by the Group and the PRC legal opinion, the status of title and grant of major approvals and licences are as follows:
- Realty Title Certificate

Red-line Drawing (site plan)

Grant Contract for State-owned Land Use Rights

Business Licence

Yes

Yes

Yes

Yes

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS’ INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

(a) Long positions in the Shares

Directors	Capacity	No. of Shares held	Percentage of issued share capital of the Company
Li Dong Sheng	Beneficial owner	17,232,000	0.44%
Wang Kang Ping	Beneficial owner	100,000	0.003%

(b) Long positions in underlying shares of the Company — share options

Directors	Capacity	No. of underlying shares held	Percentage of issued share capital of the Company
Li Dong Sheng	Beneficial owner	5,000,000	0.13%
Yan Yong	Beneficial owner	3,518,000	0.09%
Lu Zhong Li	Beneficial owner	2,500,000	0.06%
Shi Wanwen	Beneficial owner	2,600,000	0.07%
Wang Kang Ping	Beneficial owner	1,500,000	0.038%
Albert T. da Rosa, Jr.	Beneficial owner	300,000	0.008%
Tang Guliang	Beneficial owner	300,000	0.008%
Wang Bing	Beneficial owner	300,000	0.008%

(c) Long positions in shares of associated corporations of the Company

Directors	Name of associated corporation	Capacity	No. of shares held	Approximate percentage of issued share capital in associated corporation
Li Dong Sheng	TCL Corp.	Beneficial owner	144,521,730	5.59%
Li Dong Sheng	TCL Communication	Beneficial owner	77,788,800	1.31%
Lu Zhong Li	TCL Corp.	Beneficial owner	23,569,661	0.91%
Shi Wanwen	TCL Corp.	Beneficial owner	2,283,465	0.09%
Wang Kang Ping	TCL Communication	Beneficial owner	80,000	0.001%

(d) Long positions in underlying shares of associated corporations of the Company — share options

Directors	Name of associated corporation	Capacity	No. of underlying shares held	Percentage of issued share capital in associated corporation
Li Dong Sheng	TCL Communication	Beneficial owner	15,454,550	0.26%
Lu Zhong Li	TCL Communication	Beneficial owner	3,727,275	0.06%
Wang Kang Ping	TCL Communication	Beneficial owner	3,027,274	0.05%
Yan Yong	TCL Communication	Beneficial owner	2,145,456	0.04%
Shi Wanwen	TCL Communication	Beneficial owner	654,546	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following persons (not being a Director or the chief executive of the Company or a member of the Group) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the following subsidiaries of the Company:

(a) Long positions in the Shares

Shareholder	Capacity	No. of Shares held	Percentage of issued share capital of the Company
TCL Corp.	Interest of controlled corporation	1,512,121,289 (Note 1)	38.74%
Thomson S.A.	Interest of controlled corporation	1,144,182,095 (Note 2)	29.32%

Notes:

1. TCL Corp. is deemed to be interested in 1,512,121,289 Shares held by T.C.L. Industries, its direct wholly owned subsidiary, for the purposes of the SFO.
2. Thomson S.A. is deemed to be interested in 67,610,864 Shares owned by Thomson Asia Pacific Investments Pte. Ltd., its wholly owned subsidiary, for the purposes of the SFO.
3. The following Directors are directors or employees of the corporations which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Mr. Li Dong Sheng is the chairman and president of TCL Corp. Ms. Lu Zhong Li is a director and senior vice president of TCL Corp. Mr. Yan Yong is a director and senior vice president of TCL Corp. Mr. Shi Wanwen and Mr. Wang Kang Ping are vice presidents of TCL Corp. Mr. Alastair Kenneth Ruskin Campbell is the president of China business for Thomson S.A. based in Beijing. Mr. Didier Trutt is a senior executive vice president of Thomson S.A.

(b) Long positions in shares of subsidiaries of the Company

Name of subsidiary	Name of substantial shareholder	Percentage of holding
1. Guangzhou Digital Rowa Technology Co., Ltd. (廣州數碼樂華科技有限公司)	● Guangzhou Science City Development Public Co., Ltd. (廣州南方科學城發展科學有限公司)	30%
2. Henan TCL — Melody Electronics Co., Ltd. (河南 TCL — 美樂電子有限公司)	● Henan Ancai Melody Electronic Co., Ltd. (河南安彩集團美樂電子有限公司)	47.86%
3. PT. TCL Indonesia	● Junaide Sungkono	20%
4. Industrial Institute	● TCL Corp.	35%
5. TCL Electronics (Singapore) Pte Ltd.	● Dragoncom Shenzhen Investment Ltd. (深圳市浩龍投資有限公司)	15%
6. TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL 王牌電器(無錫)有限公司)	● 無錫電儀資產經營有限公司	30%

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or the chief executive of the Company or a member of the Group) who, as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of subsidiaries of the Company or any options in respect of such capital.

4. MATERIAL ADVERSE CHANGE

Save for the information regarding the financial position, results and performance of the Group as set out in (i) the profit warning announcement issued by the Company on 10 July 2006 and (ii) the Company’s announcement dated 27 April 2006 in respect of the Group’s unaudited consolidated balance sheet as at 31 March 2006 and unaudited consolidated results for the three months ended 31 March 2006, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Group were made up.

5. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which falls to be discloseable under the Listing Rules.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice, which are contained or referred to in this circular:

Name	Qualification
CIMB-GK	a corporation licensed to carry out types 1, 4 and 6 of the regulated activities under the SFO
DTZ	property valuer

Each of CIMB-GK and DTZ has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name, in the form and context in which they appear. As at the Latest Practicable Date, each of CIMB-GK and DTZ did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. MISCELLANEOUS

- (a) Mr. Albert Thomas da Rosa, Junior, a non-executive Director, is a partner of Cheung Tong & Rosa, legal advisers to the Company as to Hong Kong law. Cheung, Tong & Rosa will receive usual professional fees in connection with their services provided in relation to the entering into of the Sale and Purchase Agreement.
- (b) Save as disclosed in (a) above, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

- (c) As at the Latest Practicable Date, none of the Directors, CIMB-GK nor DTZ was interested, directly or indirectly, in any assets which had since 31 December 2005 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) The secretary of the Company is Ms. Pang Siu Yin who is a practising solicitor in Hong Kong and a partner of Messrs. Cheung, Tong & Rosa, Solicitors, Hong Kong. She is also a member of the Chartered Institute of Arbitrators, the United Kingdom and the Hong Kong Securities Institute.
- (e) The qualified accountant of the Company is Mr. Chan Oi Nin, Derek who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (f) The share registrar and transfer office of the Company in the Cayman Islands is Butterfield Fund Services (Cayman) Limited, Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands.
- (g) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Sale and Purchase Agreement is available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong for a period from the date of this circular to 4 August 2006.

NOTICE OF EGM



TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of TCL Multimedia Technology Holdings Limited ("Company") will be held at Salon 6, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 7 August 2006 at 2:30 p.m. for the purposes of considering and, if thought fit, passing the following resolution (with or without modification):

ORDINARY RESOLUTION

"THAT the sale and purchase agreement (the "Sale and Purchase Agreement") dated 21 June 2006 entered into between TCL Multimedia Technology Holdings Limited (the "Company") and T.C.L. Industries Holdings (H.K.) Limited (a copy of which has been produced to this meeting and marked "A" and initialed by the Chairman of this meeting for the purpose of identification and the details of which are set out in the circular of the Company dated 17 July 2006) and the transactions contemplated thereunder be and are hereby approved, ratified, and confirmed and any director of the Company be and is hereby authorized to take such action, do such things and execute such further documents or deeds as such director may, in his opinion, deem necessary or desirable for the purpose of implementing or giving effect to the Sale and Purchase Agreement."

By order of the Board
Li Dong Sheng
Chairman

Hong Kong, 17 July 2006

NOTICE OF EGM

Notes:

- (1) A member who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
- (2) In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (3) A form of proxy for use at the meeting is enclosed with the circular of the Company dated 17 July 2006.
- (4) In accordance with Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the voting on the ordinary resolution will be conducted by way of poll and TCL Corporation and its associates (as defined in the Listing Rules) are required to abstain from voting.
- (5) The register of members of the Company will be closed on 7 August 2006, for the purposes of determining the entitlements of the members of the Company to attend and vote at the meeting. No transfer of the shares of the Company may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 4 August 2006.