



PRESS RELEASE

Treviso, 11th January 2006

**The expansion of the De' Longhi Group in China continues with the opening of its newly set up plant in the Guangdong province.**

Today in Zhongshan, in the Guangdong province, Mr Giuseppe De' Longhi, Chairman of the De' Longhi Group, and Mr. Li, Chairman of TCL Corporation, in the presence of the Chinese authorities have opened the new plant relative to the Joint Venture announced on 28th April 2005.

The marketing of the portable air conditioners and dehumidifiers manufactured in this innovative plant will take place under the De' Longhi brand in all the global markets, excluding China and the Far Eastern Countries, where these products will be sold under the TCL brand.

The new JV, founded on the integration of the research and development, production and distribution functions, will allow the De' Longhi Group and TCL to achieve significant synergies in the rising Asian market of portable air conditioners and dehumidifiers, also by virtue of the strong marketing and organisational skills of the two companies.

Portable air conditioners and dehumidifiers, which have been sold for over twenty years in Europe, are still little common in the Asian market; a significant increase of sales for these product categories is foreseeable in Asia, also considering the climatic changes and the rapid growth of population.

The plant opened today is already operational and has an estimated production capacity of 500,000 units (portable air conditioners and dehumidifiers) for 2006. In 2008, the production capacity is expected to reach 1.5 million units, which would make it the world largest plant dedicated to the manufacture of portable air conditioners and dehumidifiers.

The investment in the Joint Venture is \$ 12.5 million, equally split between TCL and the De' Longhi Group.

Through the JV with TCL the De' Longhi Group strengthens its commercial and marketing presence in the Far East where it already has five subsidiaries (China, Hong Kong, Singapore, Malaysia, Japan).



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