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TCL Multimedia Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

ANNOUNCEMENT – DELAY IN PUBLICATION OF ANNUAL RESULTS OF THE GROUP AND DESPATCH OF THE ANNUAL REPORT

The Company announces that there will be a delay in publication of the Group's audited annual results announcement and despatch of the annual report for the year ended 31 December 2006 as a result of the delay in finalisation of the audit of a major subsidiary of the Company, TTE Europe SAS, which is undergoing a conciliation with its creditors and whose financial statements are not being prepared on a going concern basis.

The Company is unable to comply with the requirement to publish its annual results announcement and despatch the annual report within the time specified in Rules 13.49(1) and 13.46(2) of the Listing Rules. The Company expects to be able to publish the results announcement and despatch the annual report in the second half of May, and in any event no later than 15 June 2007.

The Group's unaudited consolidated results for the year ended 31 December 2006 are set out below. Such results may be subject to change upon the finalization of the audited annual results.

Shareholders of the Company and investors are urged to exercise caution when dealing in the shares of the Company.

TCL Multimedia Technology Holdings Limited (the "Company", and together with its subsidiaries the "Group") announces that there will be a delay in publication of the audited annual results announcement and despatch of the annual report for the year ended 31 December 2006.

Reasons for the Delay

The delay in the publication of the audited annual results announcement and despatch of the annual report for the year ended 31 December 2006 is due to a delay in finalisation of the audit of a major subsidiary of the Company, TTE Europe SAS ("TTE Europe"), which is undergoing a conciliation with its creditors and whose financial statements are not prepared on a going concern basis.

Reference is made to the Company's announcement dated 27 October 2006 regarding the restructuring of TTE Europe in an effort to resolve continuing losses in the European part of the Group's business. TTE Europe has been undergoing substantial restructuring involving the cessation of most of its operations and laying-off most of its employees. The restructuring has proceeded according to the plan previously announced. However, the audit of the financial statements of TTE Europe has been complicated by closure of its businesses and the departures of key personnel with knowledge of those businesses.

In addition, in March 2007 TTE Europe entered into a conciliation process. Conciliation is a procedure carried out under the supervision of the French Commercial Court, which is intended to assist companies facing financial difficulties avoid insolvency. As the conciliation process involves negotiation and settlement of outstanding claims, the liabilities of TTE Europe cannot be ascertained until that process is concluded. The conciliation process is expected to be completed in May 2007.

Expected Date of Announcement

The Company expects to release its audited annual results announcement and despatch the annual report in the second half of May, and in any event no later than 15 June 2007. This has been agreed between the Company's auditors and the board of directors of the Company (the "Board").

Listing Rules Implication

The Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") require the Company to publish its audited annual results announcement and despatch the annual report within four months after the date upon which the Company's financial year ended. The Company is unable to comply with these requirements and, in consequence, is making this announcement in compliance with Rule 13.49(3)(i) of the Listing Rules.

Unaudited Annual Results and 1st Quarterly Results

TCL Corporation, the Company's ultimate controlling shareholder, will publish its annual results for the year ended 31 December 2006 and its 1st quarterly results for the three months ended 31 March 2007 on or about 30 April 2007 which will be based in part on financial information of the Company. To ensure simultaneous disclosure and in compliance with Rule 13.49(3)(i)(c) of the Listing Rules, the Company wishes to inform its shareholders of the Group's unaudited consolidated preliminary results for the year ended 31 December 2006 ("2006 Results") and its 1st quarterly results for the three months ended 31 March 2007 ("1st Quarterly Results") which are set out below. The 2006 Results have been prepared based on the draft financial statements of the Company which have not taken into account any potential adjustment arising from the conclusion of the conciliation process at TTE Europe. The 2006 Results are still being audited by the Company's auditors. Although utmost care has been taken to ensure the accuracy of the information provided, as the 2006 Results have not been audited and agreed by the auditors of the Company, there may be discrepancies between the unaudited financial statements disclosed below and the audited financial statements for the year ended 31 December 2006 to be published by the Company.

The 2006 Results and the 1st Quarterly Results prepared on the aforesaid basis have been reviewed by the audit committee of the Board. The committee expressed no disagreement on the financial treatment of these results. A meeting of the Board was held on 27 April 2007 to consider the unaudited 2006 Results and the 1st Quarterly Results. After much deliberation, the Board concluded that in view of the uncertainties arising from the conciliation process at TTE Europe, the delay in publication of the audited 2006 Results would be the best option available to the Company.

Fund Raising Plan

The Group is actively exploring the availability of various fund raising options to help improve the financial position of the Group and is currently in the process of negotiation for restructuring or repayment of certain existing debts. Further announcement will be made as and when appropriate if any fund raising plan is confirmed.

Shareholders of the Company and investors are urged to exercise caution when dealing in the shares of the Company.

UNAUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2006

	<i>Notes</i>	2006 (unaudited) HK\$'000	2005 (audited) HK\$'000
CONTINUING OPERATIONS			
TURNOVER	3	29,077,341	32,499,945
Cost of sales		(24,503,765)	(27,040,234)
Gross profit		4,573,576	5,459,711
Other revenue and gains		182,530	233,189
Selling and distribution costs		(4,435,116)	(4,206,082)
Administrative expenses		(1,187,652)	(1,182,981)
Research and development costs		(383,567)	(504,808)
Other operating expenses		(281,793)	(129,493)
LOSS FROM OPERATING ACTIVITIES		(1,532,022)	(330,464)
Fair value losses of equity investments at fair value through profit or loss		(37,653)	(95,083)
Costs in connection with the restructuring and winding down of the European business		(816,055)	–
Finance costs		(248,098)	(162,239)
Share of profits and losses of:			
Jointly-controlled entities		3,589	9,212
An associate		(70)	–
LOSS BEFORE TAX		(2,630,309)	(578,574)
Tax	4	(95,721)	(107,311)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(2,726,030)	(685,885)
DISCONTINUED OPERATION			
Profit/(loss) for the year from a discontinued operation		7,362	(17,382)
LOSS FOR THE YEAR		(2,718,668)	(703,267)
Attributable to:			
Equity holders of the parent		(2,715,510)	(598,893)
Minority interests		(3,158)	(104,374)
		(2,718,668)	(703,267)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
	5		
Basic			
– For loss for the year		HK(69.58) cents	HK(18.66) cents
– For loss from continuing operations		HK(69.76) cents	HK(18.12) cents
Diluted			
– For loss for the year		N/A	N/A
– For loss from continuing operations		N/A	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

31 December 2006

	2006 (unaudited) HK\$'000	2005 (audited) HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,993,920	2,722,422
Prepaid land lease payments	82,756	62,623
Goodwill	119,638	206,639
Other intangible assets	67,784	91,993
Interests in jointly-controlled entities	110,444	157,088
Interests in an associate	69,566	–
Available-for-sale investments	2,325	14,773
Long term receivables	–	358,774
Prepaid royalty	269,596	563,674
Deferred tax assets	20,678	27,690
Total non-current assets	2,736,707	4,205,676
CURRENT ASSETS		
Inventories	3,208,525	4,599,339
Trade and bills receivables	3,706,449	6,036,973
Other receivables	763,984	1,270,343
Tax recoverable	26,246	39,089
Equity investments at fair value through profit or loss	–	47,594
Pledged deposits	14,462	90,165
Cash and bank balances	1,899,550	1,861,957
Total current assets	9,619,216	13,945,460
CURRENT LIABILITIES		
Trade and bills payables	4,977,391	6,867,142
Tax payable	111,124	145,985
Other payables and accruals	1,989,382	1,916,671
Provisions	790,019	197,402
Interest-bearing bank and other borrowings	2,624,035	3,481,045
Due to a shareholder	–	536,364
Due to the ultimate holding company	281,747	717,863
Total current liabilities	10,773,698	13,862,472
NET CURRENT ASSETS/(LIABILITIES)	(1,154,482)	82,988
TOTAL ASSETS LESS CURRENT LIABILITIES	1,582,225	4,288,664
NON-CURRENT LIABILITIES		
Deferred tax liabilities	21,908	24,057
Pensions and other post-employment benefits	93,378	165,615
Total non-current liabilities	115,286	189,672
Net assets	1,466,939	4,098,992
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	390,295	390,295
Reserves	987,768	3,600,221
	1,378,063	3,990,516
Minority interests	88,876	108,476
Total equity	1,466,939	4,098,992

Notes:

1. BASIS OF PRESENTATION

As at 31 December 2006, the Group had net current liabilities of approximately HK\$1,154 million which included long term bank loans of approximately HK\$534 million (the "Syndication Loans") being reclassified as current liabilities due to the breach of certain financial covenants of the relevant bank loan agreements. The Group also incurred a loss attributable to equity holders of the Company of approximately HK\$2,716 million for the year ended 31 December 2006.

In order to strengthen the capital base of the Group and to improve the Group's financial position, immediate liquidity and cash flows, and otherwise to sustain the Group as a going concern, the directors of the Company have implemented the following measures:

- (a) It was resolved at the meeting of the board of directors of the Company on 9 June 2006 that the Company would no longer provide new cash and credit facilities to TTE Europe SAS.
- (b) It was resolved at the meeting of the board of directors of the Company on 12 October 2006 that the Group's presence in Europe would be drastically reduced by closure of most of its offices and operations in Europe.
- (c) The directors of the Company are in ongoing negotiations with the Company's lenders not to accelerate the Syndication Loans to demand immediate repayment due to the breach of certain financial covenants of the relevant bank loan agreements as at 31 December 2006.
- (d) The directors of the Company are considering various cost controls over general and administrative expenses with an aim to attain profitable and positive cash flow operations.
- (e) The Group is now actively exploring the availability of various options of fund raising to help improve the financial position of the Group and in the process of negotiation for restructuring or repayment of the loans.

In the opinion of the directors of the Company, in light of the measures taken to date, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to return to a commercially viable going concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the financial statements on a going concern basis, notwithstanding the Group's financial and liquidity position at 31 December 2006.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these potential adjustments have not been reflected in the financial statements.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and certain equity investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

3. SEGMENT INFORMATION

Business segments

The following tables present revenue and profit/(loss) information for the Group's business segments for the years ended 31 December 2006 and 2005.

For the year ended 31 December 2006

	Continuing Operations				Discontinued Operations	Total
	Television (unaudited) HK\$'000	Audio-visual (unaudited) HK\$'000	Others (unaudited) HK\$'000	Sub-total (unaudited) HK\$'000	Computers (unaudited) HK\$'000	(unaudited) HK\$'000
Turnover	26,258,635	2,224,068	594,638	29,077,341	1,568,162	30,645,503
Results	(1,335,032)	17,592	(77,456)	(1,394,896)	8,127	(1,386,769)
Interest income				22,719	–	22,719
Corporate expenses				(159,845)	–	(159,845)
Profit/(loss) from operating activities				(1,532,022)	8,127	(1,523,895)

	Continuing Operations				Discontinued Operations	Total
	Television (audited) HK\$'000	Audio-visual (audited) HK\$'000	Others (audited) HK\$'000	Sub-total (audited) HK\$'000	Computers (audited) HK\$'000	(audited) HK\$'000
Turnover	<u>29,937,575</u>	<u>1,986,323</u>	<u>576,047</u>	<u>32,499,945</u>	<u>2,056,385</u>	<u>34,556,330</u>
Results	<u>(236,647)</u>	<u>(13,242)</u>	<u>8,237</u>	<u>(241,652)</u>	<u>(4,217)</u>	<u>(245,869)</u>
Interest income				30,664	–	30,664
Corporate expenses				(119,476)	–	(119,476)
Loss from operating activities				<u>(330,464)</u>	<u>(4,217)</u>	<u>(334,681)</u>

4. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2006 (unaudited) HK\$'000	2005 (audited) HK\$'000
Current – Hong Kong		
Charge for the year	10,607	11,403
Overprovision in prior years	(1,670)	–
Current – Elsewhere		
Charge for the year	85,544	119,421
Under/(over)-provision in prior years	2,437	(3,466)
Deferred	(1,197)	(20,047)
Total tax charge for the year	<u>95,721</u>	<u>107,311</u>

5. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted loss per share are based on:

	2006 (unaudited) HK\$'000	2005 (audited) HK\$'000
Loss		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic loss per share calculation:		
From continuing operations	(2,722,872)	(581,511)
From a discontinued operation	7,362	(17,382)
	<u>(2,715,510)</u>	<u>(598,893)</u>
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	–	6,400
Adjustment to minority interests upon exercise of the Exchange Option [@]	–	(100,372)
Loss for the purpose of diluted loss per share	<u>(2,715,510)</u>	<u>(692,865)</u>
Attributable to:		
Continuing operations	(2,722,872)	(675,483)
Discontinued operation	7,362	(17,382)
	<u>(2,715,510)</u>	<u>(692,865)</u>

	Number of shares	
	2006	2005
Shares		
Weighted average number of ordinary shares in issue during the year used in basic loss per share calculation	3,902,951,727	3,210,011,179
Effect of dilution – weighted average number of ordinary shares:		
Assumed issued at no consideration on deemed exercise of all outstanding share options	–	6,240,721
Assumed deemed conversion of all convertible notes	–	105,886,421
Assumed deemed exercise of the Exchange Option [@] outstanding during the year	–	692,778,748
	<hr/>	<hr/>
Weighted average number of ordinary shares used in diluted loss per share calculation	<u>3,902,951,727</u>	<u>4,014,917,069</u>

@ Pursuant to an exchange option agreement dated 30 July 2004 entered into between the Company and Thomson, the Company granted an option (the “Exchange Option”) to Thomson, the then minority shareholder of a subsidiary of the Company TTE Corporation (“TTE”), to exchange all of Thomson’s interest in TTE for new shares issued by the Company. On 10 August 2005, Thomson exercised its Exchange Option and 1,144,182,095 new shares were issued to Thomson.

A diluted loss per share amount for the year ended 31 December 2006 has not been disclosed, as the share options outstanding during the year had an anti-dilutive effect on the basic loss per share for the year.

UNAUDITED 1ST QUARTERLY RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT

Three months ended 31 March 2007

	Three months ended 31 March	
	2007 (Unaudited) HK\$'000	2006 (Unaudited) HK\$'000
CONTINUING OPERATIONS		
TURNOVER	5,019,025	7,515,573
Cost of sales	(4,103,705)	(6,271,430)
Gross profit	915,320	1,244,143
Other revenue and gains	32,584	72,626
Selling and distribution costs	(688,352)	(932,081)
Administrative expenses	(223,431)	(257,797)
Research and development costs	(15,209)	(126,349)
Other operating expenses	(13,752)	(37,910)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	7,160	(37,368)
Fair value losses of equity investments at fair value through profit or loss	–	(8,601)
Finance costs	(43,256)	(63,023)
Share of profits and losses of:		
Jointly-controlled entities	(1,368)	(399)
An associate	131	–
LOSS BEFORE TAX	(37,333)	(109,391)
Tax	(28,694)	(39,657)
LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS	(66,027)	(149,048)
DISCONTINUED OPERATION		
Profit for the period from a discontinued operation	–	11,194
LOSS FOR THE PERIOD	(66,027)	(137,854)
Attributable to:		
Equity holders of the parent	(67,281)	(139,128)
Minority interests	1,254	1,274
	(66,027)	(137,854)
INTERIM DIVIDEND	–	–

	Three months ended	
	31 March	
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
Basic		
– For loss for the period	<u>HK(1.72) cents</u>	<u>HK(3.56) cents</u>
– For loss from continuing operations	<u>HK(1.72) cents</u>	<u>HK(3.85) cents</u>
Diluted		
– For loss for the period	<u>N/A</u>	<u>N/A</u>
– For loss from continuing operations	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED BALANCE SHEET

31 March 2007

	31 March	31 December
	2007	2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,977,531	1,993,920
Prepaid land lease payments	82,133	82,756
Goodwill	119,638	119,638
Other intangible assets	66,842	67,784
Interests in jointly-controlled entities	110,957	110,444
Interests in an associate	70,837	69,566
Available-for-sale investments	3,333	2,325
Prepaid royalty	270,893	269,596
Deferred tax assets	14,043	20,678
Total non-current assets	<u>2,716,207</u>	<u>2,736,707</u>
CURRENT ASSETS		
Inventories	2,333,897	3,208,525
Trade and bills receivables	2,530,162	3,706,449
Other receivables	737,912	763,984
Tax recoverable	19,149	26,246
Pledged deposits	14,321	14,462
Cash and bank balances	1,405,266	1,899,550
Total current assets	<u>7,040,707</u>	<u>9,619,216</u>

	31 March 2007 (Unaudited) HK\$'000	31 December 2006 (Unaudited) HK\$'000
CURRENT LIABILITIES		
Trade and bills payables	3,337,236	4,977,391
Tax payable	125,055	111,124
Other payables and accruals	1,528,956	1,989,382
Provisions	770,604	790,019
Interest-bearing bank and other borrowings	2,165,892	2,624,035
Due to the immediate holding company	117,143	–
Due to the ultimate holding company	175,437	281,747
Total current liabilities	8,220,323	10,773,698
NET CURRENT LIABILITIES	(1,179,616)	(1,154,482)
TOTAL ASSETS LESS CURRENT LIABILITIES	1,536,591	1,582,225
NON-CURRENT LIABILITIES		
Deferred tax liabilities	26,686	21,908
Pensions and other post-employment benefits	92,225	93,378
Total non-current liabilities	118,911	115,286
Net assets	1,417,680	1,466,939
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	390,295	390,295
Reserves	935,804	987,768
	1,326,099	1,378,063
Minority interests	91,581	88,876
Total equity	1,417,680	1,466,939

On behalf of the Board
Li Dongsheng
Chairman

As at the date hereof, the Board comprises Li Dongsheng, Lu Zhongli, Wang Kangping, Shi Wanwen and Yuan Bing as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Tang Guliang, Wang Bing and Robert Maarten Westerhof as independent non-executive directors.

Hong Kong, 27 April 2007

Please also refer to the published version of this announcement in South China Morning Post - Classified.