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TCL Multimedia Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

PROPOSED RIGHTS ISSUE OF NOT LESS THAN 1,951,475,863 RIGHTS SHARES AND NOT MORE THAN 2,019,010,863 RIGHTS SHARES OF HK\$0.1 EACH AT HK\$ 0.40 PER RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE (IN THE PROPORTION OF 1 RIGHTS SHARE FOR EVERY 2 EXISTING SHARES HELD ON THE RECORD DATE); APPLICATION FOR WHITEWASH WAIVER; AND RESUMPTION OF TRADING

Underwriter for the Rights Issue

T.C.L. Industries Holdings (H.K.) Limited

Financial adviser to the Rights Issue



CIMB-GK Securities (HK) Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than HK\$780.6 million before expenses by issuing not less than 1,951,475,863 Rights Shares (assuming no Outstanding Options are exercised on or before the Record Date) and to raise not more than approximately HK\$807.6 million before expenses by issuing not more than 2,019,010,863 Rights Shares (assuming all Outstanding Options are exercised on or before the Record Date) at the Subscription Price of HK\$0.40 per Rights Share on the basis of 1 Rights Share for every 2 existing Shares in issue on the Record Date.

Based on the 1,951,475,863 Rights Shares proposed to be issued (assuming no Outstanding Options are exercised on or before the Record Date), the net proceeds from the Rights Issue is currently expected to be approximately HK\$773.9 million, of which approximately HK\$390.0 million will be used for partial repayment of syndicated loans, if required, otherwise this amount will be used for general working capital of the Group, and the remaining balance of approximately HK\$383.9 million will be retained as general working capital.

The Rights Shares will be fully underwritten by TCL Industries, based on the terms and conditions set out in the Underwriting Agreement. Details of the major terms and conditions of the Underwriting Agreement are set out in the paragraph headed "Underwriting Agreement" of this announcement. TCL Industries is a substantial Shareholder and therefore a connected person (as defined in the Listing Rules) of the Company. The Underwriting Agreement constitutes an exempt connected transaction for the Company under Rule 14A.31(3)(c) of the Listing Rules, and is therefore exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Rights Issue is conditional upon the fulfillment or waiver of the conditions set out below under the paragraph headed "Conditions of the Rights Issue" under the section headed "Proposed Rights Issue" in this announcement. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms (see the paragraph below headed "Termination of the Underwriting Agreement" under the section headed "Proposed Rights Issue" in this announcement). If the Underwriter terminates the Underwriting Agreement, or the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between 26 June 2007 to 4 July 2007 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms.

WHITEWASH WAIVER

As at the date of this announcement, TCL Industries, the controlling Shareholder (as defined in the Listing Rules) of the Company, and parties acting in concert with TCL Industries are beneficially interested in a total of 1,534,109,289 Shares representing approximately 39.31% of the existing issued share capital of the Company.

In the event that the Underwriter is called upon to subscribe for the Rights Shares in full pursuant to its obligations under the Underwriting Agreement, the interest of the Underwriter and parties acting in concert with it in the Company will increase from approximately 39.31% to a maximum of approximately 59.54% of the Company's issued share capital immediately upon completion of the Rights Issue as enlarged by the issue of the Rights Shares (assuming no Outstanding Options are exercised on or before the Record Date). Accordingly, the underwriting of the Rights Issue by the Underwriter may trigger a mandatory general offer obligation under Rule 26 of the Takeovers Code for all the Shares not held by the Underwriter and persons acting in concert with it.

A formal application has been made by TCL Industries to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

It is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive or if the conditions (if any) imposed thereon are not fulfilled, the Rights Issue will not proceed. In any event, the requirement for the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Rights Issue will not be triggered.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Whitewash Waiver are fair and reasonable and whether the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

In this connection, the Independent Board Committee will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Whitewash Waiver are fair and reasonable and whether the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Further announcement in relation to the appointment of the independent financial adviser will be made in due course.

A circular containing, among other things, details of the Rights Issue and Whitewash Waiver, the advice and recommendation of the Independent Board Committee and the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable and so far as the Rights Issue and the Whitewash Waiver are concerned, in accordance with the Takeovers Code.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Shareholders as soon as practicable, subject to the conditions set out in the paragraph headed "Conditions of the Rights Issue" in the section headed "Proposed Rights Issue" of this announcement being satisfied.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 15 May 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 16 May 2007.

PROPOSED RIGHTS ISSUE

Basis of the Rights Issue:	1 Rights Share for every 2 existing Shares held on the Record Date
Number of existing shares in issue as at the date of this announcement:	3,902,951,727 Shares
Number of Rights Shares (assuming no Outstanding Options are exercised on or before the Record Date):	1,951,475,863 Rights Shares
Outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement:	Outstanding Options attaching subscription rights to subscribe for 135,070,000 Shares
Maximum number of Rights Shares:	Assuming exercise of the subscription rights attaching to all Outstanding Options on or before the Record Date, the number of Rights Shares to be issued will be 2,019,010,863 Rights Shares

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent approximately 50.0% of the Company's existing issued share capital as at the date of this announcement and approximately 33.3% of the enlarged issued share capital of the Company immediately following the completion of the Rights Issue assuming that no Outstanding Options are exercised on or before the completion of the Rights Issue.

The number of Rights Shares which may be issued pursuant to the Rights Issue will increase in proportion to any additional new Shares which may be allotted and issued pursuant to the exercise of the Outstanding Options on or before the Record Date. As at the date of this announcement, there are Outstanding Options attaching subscription rights to subscribe for 135,070,000 Shares. If all the subscription rights attaching to all such Outstanding Options are duly exercised and Shares are issued and allotted pursuant to such exercise on or before the Record Date, the number of issued Shares is expected to increase to 4,038,021,727 Shares and the number of Rights Shares that may be issued pursuant to the Rights Issue is expected to increase to 2,019,010,863 Rights Shares.

As at the date of this announcement, other than the Outstanding Options, the Company has no derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The Rights Shares

The Subscription Price for the Rights Shares is HK\$0.40 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price of HK\$0.40 per Rights Share represents:

- a discount of approximately 37.5% to the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a discount of approximately 34.4% to the average closing price of HK\$0.61 per Share for the five consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 35.5% to the average closing price of HK\$0.62 per Share for the 10 consecutive trading days up to and including the Last Trading Date;
- a discount of approximately 28.6% to the theoretical ex-rights price of HK\$0.56 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Date; and
- a premium of approximately 31.1% over the unaudited consolidated net tangible asset value per Share of approximately HK\$0.305 (calculated by using the latest published unaudited net tangible asset value of the Group as at 31 December 2006 and dividing this sum total by the 3,902,951,727 Shares in issue as at the date of this announcement).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the then market environment, prevailing Share prices and the recent financial conditions of the Group. In order to enhance the attractiveness of the Rights Issue, issuance of new shares by way of rights issue at a discount to the market price has been commonly adopted by listed issuers in Hong Kong. Given the relatively long underwriting period of a rights issue and taking into account the aforesaid and the theoretical ex-rights price per Share, the Directors consider that, in order to enhance the attractiveness of the Rights Issue, the discount on the Subscription Price to the current market price of the Shares as proposed is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors (excluding the independent non-executive Directors whose recommendations in relation to the Rights Issue will be provided in a circular containing, among other things, details of the Rights Issue and the Whitewash Waiver, to be despatched to the Shareholders as soon as practicable) consider the Subscription Price to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, will rank pari passu with the then existing Shares in issue on the date of allotment of the Rights Shares in fully-paid form. Holders of such Rights Shares will be entitled to receive all future dividends and distributions which are declared after the date of allotment and issue of the Rights Shares.

Fractions of the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available for excess application.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for any unsold entitlements of the Excluded Shareholders (see the paragraph headed "Excluded Shareholders" below), any unsold fractions of Rights Shares and any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Applications may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings;
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, any further remaining excess Rights Shares will be allocated to applicants in proportion to the excess Rights Shares applied by them; and
- (3) in accordance with any further requirements of the Stock Exchange.

Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to ultimate beneficial owners individually. Shareholders with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For Shareholders whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary document with the share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on 15 June 2007.

Share certificates for the Rights Shares

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to Qualifying Shareholders who have accepted and applied for (where appropriate), and paid for the Rights Shares by 16 July 2007 at their own risk.

Qualifying Shareholders

The Company will send (i) the Rights Issue Documents to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Excluded Shareholders. The Excluded Shareholders will be entitled to attend and vote at the EGM.

To qualify for the Rights Issue, the Shareholders must be registered as members of the Company on the Record Date. In order to qualify for the Rights Issue, a holder of Outstanding Options must (i) exercise its subscription rights in accordance with the relevant procedures specified in the rules of the Share Option Scheme on or before the Record Date; (ii) be registered as a holder of the Shares allotted pursuant to the exercise of the subscription rights of the Outstanding Options on or before the Record Date; and (iii) not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant Share certificate(s)) with the Company's share registrar in Hong Kong by 4:00 p.m. on 15 June 2007. The last day of dealings in Shares on a cum-rights basis is therefore expected to be 13 June 2007. The Shares will be dealt with on an ex-rights basis from 14 June 2007.

The Company's share registrar in Hong Kong is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

It is intended that the Company's register of members will be closed from 18 June 2007 to 21 June 2007, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Excluded Shareholders

If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Directors will make enquiries, to be based on legal opinions provided by legal advisers if the Directors consider it necessary, as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders.

Further information in this connection will be set out in the Company's circular containing, among other things, details of the Rights Issue, to be despatched to the Shareholders as soon as practicable.

The Company will only send the Prospectus to the Excluded Shareholders for their information. The Excluded Shareholders will be entitled to attend and vote at the EGM.

The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the open market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Excluded Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled:

- (1) the Company despatching the circular to the Shareholders containing, among other matters, details of the Rights Issue and Whitewash Waiver together with the proxy form and notice of the EGM;

- (2) the passing by the shareholders of TCL Corporation of a resolution to approve the funding or investment to be provided by TCL Corporation to the Underwriter in connection with the Rights Issue;
- (3) the passing by the Independent Shareholders at the EGM by way of poll of an ordinary resolution(s) to approve the Whitewash Waiver by no later than the date on which the Prospectus is despatched;
- (4) the Executive granting the Whitewash Waiver to TCL Industries and parties acting in concert with it and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the date on which the Prospectus is despatched;
- (6) the filing and registration of all documents relating to the Rights Issue, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
- (7) the posting of the Rights Issue Documents to the Shareholders; and
- (8) compliance with and performance of all the undertakings and obligations of the Company and TCL Industries under the terms of the Underwriting Agreement.

None of the Company and the Underwriter may waive conditions (1), (2), (3), (4), (5), (6) and (7) set out above. The Underwriter may waive condition (8) set out above in whole or in part by written notice to the Company. If any of the conditions of the Rights Issue are not fulfilled or (in respect of condition (8) only) waived on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriter may determine in writing), the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

UNDERWRITING AGREEMENT DATED 15 MAY 2007

Parties: (1) the Company

(2) TCL Industries, the controlling shareholder of the Company interested in approximately 38.74% of the existing issued share capital of the Company as at the date of this announcement.

Number of Shares to be underwritten by TCL Industries: Not less than 1,195,415,219 Rights Shares and not more than 1,262,950,219 Rights Shares.

Commission: Nil

Pursuant to the Underwriting Agreement, subject to the conditions set out therein, the Underwriter has undertaken that (i) the 1,512,121,289 Shares currently held by the Underwriter or its nominees will remain beneficially owned by the Underwriter or its nominee(s) and that it (or its nominee(s)) will have a registered address (as shown in the register of members of the Company) in Hong Kong up to the Record Date; and (ii) the Underwriter will accept or procure the acceptance of such number of Rights Shares to be provisionally allotted to it (or its nominee(s)) pursuant to the Rights Issue in respect of its existing holding of 1,512,121,289 Shares.

Under the terms of the Underwriting Agreement, the Company and the Underwriter agreed that if the conditions of the Rights Issue are fulfilled or waived on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriter may determine in writing) and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, the Company shall on or before 6:00 p.m. on the first Business Day after the Latest Acceptance Time notify or procure its share registrar in Hong Kong on behalf of the Company to notify the Underwriter in writing of the number of Underwritten Shares not taken up by Qualifying Shareholders on or before the Latest Acceptance Time ("Untaken Shares") and the Underwriter shall subscribe for the Untaken Shares not later than 4:00 p.m. on the second Business Day after the date of the Latest Acceptance Time and pay the relevant Subscription Monies not later than 4:00 p.m. on the third Business Day after the date of the Latest Acceptance Time in full.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions granting the Underwriter, by notice in writing, the right to terminate the Underwriter's obligations thereunder on the occurrence of certain events. The Underwriter may terminate the Underwriting Agreement on or before the Latest Time for Termination if prior to the Latest Time for Termination, any of the following happens:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
 - (v) a change or development involving a prospective material change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially adversely affect the Company; or
 - (vi) any material change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong, the PRC or the US (including without limitation suspension or material restriction on trading in securities); or

- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the circular in relation to the Rights Issues or the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which in the reasonable opinion of the Underwriter is material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
- (d) if the Underwriter shall receive notification of, or shall otherwise become aware of, the fact that any of the representations or warranties given by the Company in the Underwriting Agreement was, when given, untrue or inaccurate in any material respect or would be untrue or inaccurate in any material respect if repeated as provided in the Underwriting Agreement and the Underwriter shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (e) any change occurs in the circumstances of the Company or any member of the Group, or the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission, which, in the sole opinion of the Underwriter, would materially and adversely affect the business, financial or trading position or prospects of the Group as a whole; or
- (f) the occurrence of any event, or series of events, beyond the control of the Underwriter which, at the absolute discretion of the Underwriter, have or would have the effect of making any part of the Underwriting Agreement incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Rights Issue or pursuant to the underwriting thereof or which have or is likely to have a material prejudicial effect on the Rights Issue.

As far as the Company is aware, there is no information falling within paragraph (c) above.

Pursuant to the Underwriting Agreement, a European Restructuring Event shall not constitute a cause for termination of the Underwriting Agreement by the Underwriter.

If the Underwriting Agreement is terminated by the Underwriter on or before the aforesaid deadline or does not become unconditional, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from 14 June 2007. Dealings in the Rights Shares in the nil-paid form will take place from 26 June 2007 to 4 July 2007 (both days inclusive). If the conditions of the Rights Issue are not fulfilled and/or waived on or before the Latest Acceptance Time (or such later time and/or date as the Company and the Underwriter may determine in writing), or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed and the Rights Issue will lapse.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between 26 June 2007 to 4 July 2007 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholders or other persons contemplating dealing in the Shares or nil-paid Rights Shares are recommended to consult their own professional advisers.

CHANGES IN SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Rights Issue except pursuant to the exercise of Outstanding Options and the transactions contemplated under the Underwriting Agreement:

Name of Shareholder/ Beneficial owner	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming no Outstanding Options are exercised on or before completion of the Rights Issue and assuming no Shareholders (other than TCL Industries) have taken up rights entitlements and the maximum 1,195,415,219 Rights Shares are subscribed by TCL Industries under the Underwriting Agreement)		Immediately after completion of the Rights Issue (assuming all Outstanding Options are exercised on or before the Record Date and assuming no Shareholders (other than TCL Industries) have taken up rights entitlements and the maximum 1,262,950,219 Rights Shares are subscribed by TCL Industries under the Underwriting Agreement)	
	Shares	%	Shares	%	Shares	%
TCL Industries and parties acting in concert with it	1,534,109,289	39.31	3,485,585,152	59.54	3,561,250,152	58.80
Sub-total:	1,534,109,289	39.31	3,485,585,152	59.54	3,561,250,152	58.80
Thomson	603,888,095	15.47	603,888,095	10.31	603,888,095	9.97
Public	1,764,954,343	45.22	1,764,954,343	30.15	1,891,894,343	31.23
Total:	<u>3,902,951,727</u>	<u>100.00</u>	<u>5,854,427,590</u>	<u>100.00</u>	<u>6,057,032,590</u>	<u>100.00</u>

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The net proceeds from the Rights Issue assuming no Outstanding Options are exercised prior to the Record Date) after deducting for expenses are estimated to be approximately HK\$773.9 million. The Company intends to use approximately HK\$390.0 million for partial repayment of syndicated loans, if required, otherwise this amount will be used for general working capital of the Group, and retain the remaining balance of approximately HK\$383.9 million for general working capital of the Group. The Rights Issue will enlarge the capital base of the Company and the Directors consider that it will facilitate the long-term development of the Company. Taking into account the fact that the net proceeds from the Rights Issue would improve the Group's gearing position and enhance the Company's capital base, the Directors (other than the Directors forming the Independent Board Committee) are of the view that the Rights Issue is in the interests of the Group and the Shareholders as a whole.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that the Whitewash Waiver will be granted by the Executive and approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any changes will be announced in a separate announcement by the Company as soon as practicable.

Hong Kong time (2007)

Despatch of the Company's circular with notice of EGM	4 June
Last day of dealing in Shares on a cum-rights basis	13 June
First day of dealing in Shares on an ex-rights basis	14 June
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue	4:00 p.m. on 15 June
Latest time for return of the form of proxy for use at the EGM	10:00 a.m. on 19 June
Register of members of the Company closes (both dates inclusive)	18 June to 21 June
Date of EGM	10:00 a.m. on 21 June
Record Date	21 June
Announcement of results of EGM appears in newspapers	22 June
Register of members re-opens	22 June
Despatch of the Rights Issue Documents	22 June
First day of dealings in nil-paid Rights Shares	26 June
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on 28 June
Last day of dealings in nil-paid Rights Shares	4 July
Latest time for acceptance of and payment for Rights Shares	4:00 p.m. on 9 July
Latest time for the Rights Issue to become unconditional	4:00 p.m. on 11 July
Announcement of results of acceptance of and excess applications for the Rights Issue appears in newspapers	13 July
Despatch of refund cheques in respect of unsuccessful or partially unsuccessful excess applications for excess Rights Shares on or before	16 July
Despatch of certificates for fully-paid Rights Shares on or before	16 July
Commencement of dealings in fully-paid Rights Shares	18 July

WHITEWASH WAIVER

If no Qualifying Shareholder (other than TCL Industries and parties acting in concert with it) takes up any Rights Shares under the Rights Issue, 1,195,415,219 Rights Shares (assuming no Outstanding Options are exercised on or before the Record Date) or 1,262,950,219 Rights Shares (assuming all Outstanding Options are exercised on or before the Record Date) will be allocated to TCL Industries pursuant to the Underwriting Agreement. In such event, TCL Industries and parties acting in concert with it will hold 3,485,585,152 Shares (assuming no Outstanding Options are exercised on or before the Record Date) or 3,561,250,152 Shares (assuming all Outstanding Options are exercised on or before the Record Date), representing approximately 59.54% and 58.80% respectively of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Parties acting in concert with TCL Industries hold Outstanding Options to subscribe for 8,130,000 Shares, and have indicated that they will not exercise their Outstanding Options on or before the Record Date.

In the event that the Underwriter is called upon to subscribe for the Rights Shares in full pursuant to its obligations under the Underwriting Agreement, the interest of the Underwriter and parties acting in concert with it in the Company will increase from approximately 39.31% to a maximum of approximately 59.54% of the Company's issued share capital immediately upon completion of the Rights Issue as enlarged by the issue of the Rights Shares (assuming no Outstanding Options are exercised on or before the Record Date). Accordingly, the underwriting of the Rights Issue by the Underwriter may trigger a mandatory general offer obligation under Rule 26 of the Takeovers Code for all the Shares not held by the Underwriter and persons acting in concert with it.

A formal application has been made by TCL Industries to the Executive for the Whitewash Waiver pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll.

It is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive. If the Whitewash Waiver is not granted by the Executive or if the conditions (if any) imposed thereon are not fulfilled, the Rights Issue will not proceed. In any event, the requirement on the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code as a result of the Rights Issue will not be triggered.

DEALINGS OF THE SHARES BY TCL INDUSTRIES AND ITS CONCERT PARTIES AND OTHER MISCELLANEOUS MATTERS

There has been no dealing of Shares and other securities in the Company by TCL Industries and parties acting in concert with it for the six months period immediately prior to the date of this announcement.

As at the date of this announcement, other than approximately 39.31% of the issued share capital of the Company beneficially owned by TCL Industries and parties acting in concert with it and the Outstanding Options attaching subscription rights to subscribe for 8,130,000 Shares held by the parties acting in concert with TCL Industries, (a) TCL Industries and parties acting or presumed to be acting in concert with it do not hold any other shares, convertible securities, warrants or options of the Company, or any outstanding derivative in respect of securities in the Company; (b) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of TCL Industries or the Company and which may be material to the Rights Issue and the Whitewash Waiver; and (c) there are no agreements or arrangements to which TCL Industries is a party which related to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Rights Issue and the Whitewash Waiver, other than the transactions contemplated under the Underwriting Agreement and as disclosed in this announcement.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether the terms of the Whitewash Waiver are fair and reasonable and whether the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the independent financial adviser.

In this connection, the Independent Board Committee will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Whitewash Waiver are fair and reasonable and whether the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. Further announcement in relation to the appointment of the independent financial adviser will be made in due course.

A circular containing, among other things, details of the Rights Issue and Whitewash Waiver, the advice and recommendation of the Independent Board Committee and the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable and so far as the Rights Issue and the Whitewash Waiver are concerned, in accordance with the Takeovers Code.

The Rights Issue Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable, subject to the conditions set out in the paragraph headed "Conditions of the Rights Issue" in the section headed "Proposed Rights Issue" of this announcement being satisfied.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 15 May 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 16 May 2007.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"acting in concert"	has the meaning ascribed thereto under the Takeovers Code
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (other than a Saturday) on which banks generally are open for business in Hong Kong
"Company"	TCL Multimedia Technology Holdings Limited (previously known as TCL International 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
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering, among other matters, the Whitewash Waiver
"European Restructuring Event"	any member of the Group, the operations of which take place solely in Europe, becoming insolvent, making any voluntary arrangement with its creditors, becoming subject to an administration order, going into liquidation or ceasing to carry on business on or after the date of the Underwriting Agreement
"Excluded Shareholders"	the Overseas Shareholders whom the Board, after making enquiries, considers it necessary or expedient not to offer the Rights Shares to on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent committee of the Board, comprising only the non-executive Directors who have no direct or indirect interest or involvement in the Rights Issue and the Whitewash Waiver, established for the purpose of advising the Independent Shareholders on the terms of the Whitewash Waiver
"Independent Shareholders"	Shareholders other than (1) TCL Industries and its associates and parties acting in concert with any of them; and (2) any other Shareholders who are involved in or interested in the Underwriting Agreement
"Last Trading Date"	14 May 2007, being the last trading day of the Shares immediately before the suspension of trading of the Shares prior to the release of this announcement
"Latest Acceptance Time"	4:00 p.m. on 9 July 2007 or such later time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares
"Latest Time for Termination"	4:00 p.m. on the second Business Day after the Latest Acceptance Time, being the latest time by which the Underwriter may terminate the Underwriting Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Options”	the options granted by the Company to subscribe for an aggregate of 135,070,000 Shares pursuant to the Share Option Scheme, which are outstanding as at the date of this announcement
“Overseas Shareholder(s)”	the Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Qualifying Shareholders”	the Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	21 June 2007 or such other date as may be agreed between the Company and the Underwriter
“Rights Issue”	the proposed issue of Rights Shares by the Company on the basis of 1 Rights Share for every 2 existing Shares to the Qualifying Shareholders by way of rights or to holders of nil-paid Rights Shares at the Subscription Price, pursuant to the terms and conditions of the issue
“Rights Issue Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“Rights Share(s)”	not less than 1,951,475,863 new Shares and not more than 2,019,010,863 new Shares to be issued by the Company pursuant to the Rights Issue
“Share(s)”	the ordinary shares with par value of HK\$0.10 each in the capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 15 February 2007
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Monies”	the subscription monies payable by the Underwriter to the Company in respect of the Rights Shares underwritten by the Underwriter
“Subscription Price”	the subscription price of HK\$0.40 per Rights Share
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange and the ultimate controlling shareholder of the Company
“TCL Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the direct controlling Shareholder of the Company (within the meaning of the Listing Rules) and a wholly-owned subsidiary of TCL Corporation
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers and Share Repurchases
“Underwriter”	TCL Industries
“Underwriting Agreement”	the underwriting agreement dated 15 May 2007 entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	1,195,415,219 Rights Shares (assuming no Outstanding Options are exercised on or before the Record Date) and 1,262,950,219 Rights Shares (assuming all Outstanding Options are exercised in full on or before the Record Date), being all Rights Shares less such number of Rights Shares agreed to be taken up or procured to be taken up by the Underwriter in respect of its pro rata entitlement as a Qualifying Shareholder
“Whitewash Waiver”	a waiver from the obligation of TCL Industries and parties acting in concert with it to make a mandatory offer under Rule 26 of the Takeovers Code as a result of the allotment and issue of Rights Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
Li Dongsheng
Chairman

Hong Kong, 15 May 2007

As at the date of this announcement, 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

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