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TCL Multimedia Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1070)

INSOLVENCY FILING BY A MAJOR SUBSIDIARY

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Reference is made to the Company's announcements dated 27 October 2006 and 30 April 2007 regarding the restructuring of its subsidiary TTE Europe SAS ("TTE Europe"). After completion of negotiations of TTE Europe with its creditors for settlement of their claims, TTE Europe still faces a number of outstanding liabilities that it is unable to settle. As a result of its inability to settle these liabilities, TTE Europe filed a declaration of insolvency on 24 May 2007.

BACKGROUND

Reference is made to the announcement of TCL Multimedia Technology Holdings Limited (the "Company") dated 27 October 2006 regarding the restructuring of TTE Europe SAS ("TTE Europe"), a major subsidiary of the Company, in an effort to curtail continuing losses in the European part of the business of the Company and its subsidiaries (the "Group").

As disclosed in the Company's announcement dated 30 April 2007, TTE Europe entered into a conciliation process under the supervision of the French Commercial Court in March 2007 aiming to reduce the liabilities of TTE Europe by negotiation with its creditors for a reduction of their claims. However, following extensive negotiations, TTE Europe still faces a number of outstanding claims that it is unable to settle. Therefore, the conciliation process will be terminated. TTE Europe is required under French law to file for insolvency without undue delay and in any case not later than 45 days, because TTE Europe is unable to pay its debts as they become due. Accordingly, a declaration of insolvency of TTE Europe was filed on 24 May 2007.

CONSEQUENCES OF THE INSOLVENCY FILING

The Company expects that the French court will appoint a judicial liquidator to take control over TTE Europe within a week to ten days after the insolvency filing. The liquidator will then be the sole person responsible for winding-up TTE Europe by liquidating its assets and making payment to its creditors.

The Company has been advised that under French law, the shareholder is normally not held responsible for the liabilities of subsidiaries in judicial liquidation. The shareholder and management of the company in liquidation, are obliged to provide information and support to the liquidator in performance of his duties, and the Company has made the necessary arrangements to do so.

The audited consolidated results of the Group for the year ended 31 December 2006 to be announced by the Company on or about 31 May 2007 will include financial statements of TTE Europe which were prepared on a liquidation basis of accounting and therefore already incorporate the financial impact of the TTE Europe liquidation on the Group. Save as disclosed in the accounts, the insolvency filing of TTE Europe is not expected to have a material adverse financial impact on the Group.

As the operations of TTE Europe have caused significant losses to the Group in recent years, TTE Europe's insolvency filing will provide closure to the Group's involvement in TTE Europe, specifically with respect to TTE Europe's wind-down and settlement of claims. The board of directors of the Company thus considers that the insolvency filing of TTE Europe is a significant step towards the Group's recovery and turnaround in the future.

On behalf of the Board
Li Dongsheng
Chairman

Hong Kong, 24 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.

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