

TCL INTERNATIONAL HOLDINGS LIMITED

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TCL INTERNATIONAL HOLDINGS LIMITED
TCL 國際控股有限公司*

(incorporated in the Cayman Islands with limited liability)

This announcement relates to the status of releasing corporate guarantees granted by certain shareholders of the Company in respect of certain borrowings of the Group as mentioned in the prospectus of the Company dated 17 November 1999 issued for the purpose of listing the Company's shares.

The Exchange is looking into the timing of release of this announcement and reserves its rights to take any action against the Company and/or its directors, if appropriate, under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the prospectus (the "Prospectus") of the Company dated 17 November 1999 issued for the purpose of listing the Company's shares. In the Prospectus, it was stated that the corporate guarantees given by certain shareholders of the Company, including TCL Holdings Corporation Limited ("TCL Holdings"), the ultimate controlling shareholder of the Company, in respect of certain of the Group's borrowings as mentioned in the Prospectus would be released or the loan in respect thereof will be repaid from internal resources prior to or shortly after commencement of dealing of Shares on the Stock Exchange (the "Listing").

When the statement was made in the Prospectus, the Company obtained written representation from the relevant banks that they would favourably consider releasing the relevant guarantees after Listing of the Company released and replaced by those to be issued by the Company shortly after the Listing. The Company had however been negotiating with the relevant banks for the release of the corporate guarantees granted by TCL Holdings as the banks have subsequently refused to release such guarantees.

The Company has informed its shareholders of the progress on the matter in the annual report of the Company dated 25 April 2000 for the year ended 31 December 1999 (the "Annual Report"). As disclosed therein apart from corporate guarantees granted by TCL Holdings for the benefit of the Group for certain PRC bank borrowings of TCL King Electronics (Shenzhen) Co. Ltd., a wholly owned subsidiary of the Company, all corporate guarantees as stated in the Prospectus have been

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released.

The Company wishes to state that not until late July 2000 has it received confirmation from the relevant PRC banks that notwithstanding the Company's willingness to provide guarantee for the said indebtedness, the Company being an overseas company is not acceptable to the lenders as the sole Guarantor. As a result, the aforesaid corporate guarantees of TCL Holdings remains unreleased making the Company not be able to adhere to the statement. However, given the Company has sufficient cash (which as at 30 June 2000 was estimated to be in the region of HK\$800,000,000), the Company intends to make arrangement for the repayment thereof by the end of September 2000.

In view of the fact that the maximum amount of indebtedness covered by the unreleased guarantee only amounted to approximately HK\$95 million or approximately 4.5% of the net asset value of the Group as at 31 December 1999 and with the disclosure in the Annual Report the Company has done what it believed to be necessary or reasonable in the circumstances. The Company did not realise until recently during the course of looking into the disclosure requirements in respect of certain transactions of the Company, that it has an obligation to issue an announcement on the above matters.

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By Order of the Board
Tse On Kin
Managing Director

Hong Kong, 21 August 2000

** For identification only*

Please also refer to the published version of this announcement in the (Hong Kong iMail)