

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TCL INTERNATIONAL HOLDINGS LIMITED

(TCL 國際 控 股 有 限 公 司)

(the “Company”)

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

Clarification Announcement

Reference is made to the circular of the Company dated 31 May 2004 relating to, among others, the Combination Agreement in connection with the establishment of TTE Corporation, a joint venture company to be established pursuant to the terms of the Combination Agreement.

This announcement clarifies the reports appearing in various Chinese newspapers and English newspapers on 3 June 2004 regarding the Company’s targets to make TTE Corporation profitable in the year of 2004 and its profits level to reach the latest level of the Group for the year of 2003 within 3 years.

Reference is made to the circular of the Company dated 31 May 2004 relating to, among others, the Combination Agreement in connection with the establishment of TTE Corporation (the “TTE”), a joint venture company to be established pursuant to the terms of the Combination Agreement.

Terms used herein shall have the same meaning as those used in the Circular unless otherwise defined.

The Board refers to the press articles appearing in various Chinese newspapers and English newspapers on 3 June 2004. In those press articles, it was reported that the Company expected or aimed that the TTE Group to become profitable in the year of 2004 even if the Thomson TV Business would remain unprofitable and the profits of the TTE Group would reach approximately HK\$641 million in three years’ time.

The Board wishes to clarify that in connection with the future operation of TTE, the TTE Board to be formed has, in the integration planning meeting recently held, set out a number of missions which include that TTE should aim at, among others, (a) achieving profitability in the year of 2004 and (b) to have its profits level to reach the latest level of the Group for the year of 2003 within 3 years. However, the TTE Board has not set out any profit figure in its mission plan, but simply referred to the net profit figure of the Group for the year of 2003 amounted to HK\$641 million as a guided vision. The Board wishes to clarify that the mission statement has not been reviewed by financial advisers and/or auditors and such missions should not be regarded as any guidance on any specific profit forecast of the Company.

As noted in the Circular under the section headed “Business Prospect” of the Circular, the Board has identified certain measures to turn around the net loss position of the Thomson TV Business. Although the joint venture may cause adverse impact on the Company’s profit in the initial period of the Combination, in view of the measures to be taken to improve the Thomson TV Business the Board considers that it is reasonable for the TTE Board to set such missions. The Board wishes to emphasize that after the Combination Agreement becomes unconditional and the Closing takes place as expected, much needs to be done to achieve the missions.

Investors and shareholders of the Company should exercise caution in dealing with the shares of the Company.

This announcement is made pursuant to the requirements under Rule 13.09 of the Listing Rules.

As at the date of this announcement, the Board comprises Li Dong Sheng, Lu Zhong Li, Hu Qiu Sheng, Zhao Zhong Yao, Yan Yong and Suen Hay Wai as executive directors and Hon Fong Ming and Albert T. da Rosa, Jr. as independent non-executive directors.

On behalf of the Board

Li Dong Sheng

Chairman

Hong Kong, 3 June 2004

Please also refer to the published version of this announcement in the (South China Morning Post)