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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)

ANNOUNCEMENT

The signing of the subscription agreement by TCL Communication Technology Holdings Limited and Alcatel.

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

Reference is made to the announcement made by the Company on 26 April 2004 relating to the signing of the memorandum of understanding between TCL Communication Technology Holdings Limited (“TCL Communication”) and Alcatel (together with its subsidiaries, “Alcatel Group”) in connection with the proposed establishment by them of a joint venture company (“JVCo”, and together with its subsidiaries, “JV Group”). TCL Communication is the intended holding company of Huizhou TCL Mobile Communication Co., Ltd. (“TCL Mobile”) after completion of its reorganization in preparation for its proposed listing on the main board of The Stock Exchange of Hong Kong Limited (“Proposed Listing”). The Company currently indirectly holds a 40.8% equity interest in TCL Mobile.

The Directors are pleased to announce that significant progress has been made and that on 18 June 2004, TCL Communication and Alcatel entered into a subscription agreement (“Subscription Agreement”).

Pursuant to the Subscription Agreement, the JVCo, mainly engaging in the business of research and development, subcontracting of manufacturing, sale and distribution of mobile handsets and the peripheral devices therefor will be established in Hong Kong. As contemplated under the Subscription Agreement, TCL Communication will contribute into the JVCo cash in the sum of Euro 55 million (about HK\$517 million) and Alcatel will contribute into the JV Group cash and its entire worldwide mobile handset business engaged by the Alcatel Group (“Alcatel MPD Business”) totalling in a net asset value of Euro 45 million (about HK\$423 million). The Alcatel MPD Business comprises, among other things, certain leased real properties, fixtures and equipment, raw materials and finished goods, accounts receivables, certain intellectual properties

owned by or licensed to the Alcatel Group, contracts, liabilities and employees. The JVCo will be owned by TCL Communication and Alcatel as to 55% and 45% respectively. The estimated net asset value of the JV Group immediately after Closing (as defined below) is expected to be no less than Euro 100 million (about HK\$940 million). Closing will be subject to, among other things, approval of shareholders of TCL Corporation, receipt of all required governmental approvals and execution of a number of agreements in connection with corporate governance matters and future operations of the JV Group, the grant of option to Alcatel to sell its shares in the JVCo to TCL Communication and the governance matters of TCL Communication after Alcatel's exercise of option.

As the approval of shareholders of TCL Corporation is one of the conditions of Closing, TCL Corporation is required to make a more detailed announcement in respect of the signing of the Subscription Agreement. At the request of the Company, TCL Corporation has agreed to reproduce a copy of its announcement at the Company's web site at www.tclhk.com. For further details in connection with the Subscription Agreement, please refer to the announcement of TCL Corporation dated 18 June 2004. (The announcement of TCL Corporation however does not form part of this announcement.)

TCL Communication and Alcatel are required under the Subscription Agreement to complete all transactions contemplated thereunder ("Closing") on the fifth business day after satisfaction or waiver of all of the closing conditions set out therein or such other date to be agreed by the parties. It is expected that Closing will take place by the end of August 2004, to be followed by the Proposed Listing.

It is expected that the formation of the JVCo will not cause any material change to the Company's plan to restructure its portfolio of business to focus primarily on multi-media electronic products or to its plan to propose a special interim dividend to its shareholders which will be wholly satisfied by a distribution in specie of its entire interest in TCL Communication as mentioned in our announcement dated 6 April 2004 ("Proposed Distribution"). A separate announcement and/or circular in respect of the Proposed Distribution will be made or dispatched by the Company as and when appropriate.

The Board wishes to emphasize that Closing may or may not take place and that the Proposed Listing may or may not proceed. The Shareholders are reminded to exercise caution when dealing in the securities of the Company.

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

Unless otherwise specified, conversion of Euro into Hong Kong Dollars is based on the exchange rate of Euro 1 : HK\$9.4.

On behalf of the Board
Li Dong Sheng
Chairman

Hong Kong, 18 June 2004

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