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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)

(Stock Code: 1070)

Proposed Distribution in Specie of Shares in TCL Communication Technology Holdings Limited And Closure of Register of Members

Subsequent to the Board's proposed declaration of a conditional special dividend pro rata to their respective shareholdings in the Company ("Proposed Distribution"), which is to be satisfied wholly by a proposed distribution in specie of all shares ("Communication Shares") in TCL Communication Technology Holdings Limited ("TCL Communication") held by the Company, subject to certain conditions and terms as more particularly described in a circular ("Circular") issued to the Shareholders on 18 August 2004, the Board decided on 7 September 2004 that, provided that all conditions to the Proposed Distribution are satisfied, 40 Communication Shares will be distributed under the Proposed Distribution for every 100 Shares (rounded down to the nearest whole number) held by the shareholders whose names appear on the register of members of the Company at the close of business on 22 September 2004. The Company will issue an announcement at the time all the conditions to the Proposed Distribution are satisfied or if there is any change in the proposed record date.

In this connection, the register of members of the Company will be closed on 22 September 2004 for the purpose of determining the entitlements to the Proposed Distribution.

The Board emphasizes that the Proposed Distribution and/or the proposed listing of Communication Shares on the main board of the Stock Exchange by way of introduction ("Proposed Listing") may or may not proceed. In the event that any of the conditions of the Proposed Distribution specified in the Circular is not satisfied by 31 December 2005, the Proposed Distribution will lapse absolutely and unconditionally. Shareholders are reminded to exercise caution when dealing in the securities of the Company.

References are made to the announcement of the Company dated 18 August 2004 and the Circular (collectively referred to as the Disclosure Document). Unless stated otherwise, capitalized terms used herein shall have the same meaning as those defined in the Circular.

Proposed Distribution of Special Interim Dividend

On 18 August 2004, the Board proposed to declare and pay to the Shareholders a conditional special dividend pro-rata to their respective shareholdings in the Company which is to be satisfied wholly by a distribution in specie of all Communication Shares to be acquired by the Company upon completion of the Reorganisation representing 40.8% of the issued share capital of TCL Communication, subject to the fulfilment of the Distribution Conditions as set out in the Circular. The Reorganisation was completed on 25 August 2004 and the Company currently holds 1,153,620,000 Communication Shares representing 40.8% of the entire issued capital of TCL Communication.

On 7 September 2004, the Board decided that, provided that all conditions to the Proposed Distribution are satisfied, 40 Communication Shares will be distributed under the Proposed Distribution for every 100 Shares (rounded down to the nearest whole number) (“Resolved Distribution Ratio”) held by the Shareholders whose names appear on the register of members of the Company at the close of business on 22 September 2004 (“Distribution Record Date”). The Resolved Distribution Ratio is considered to be final and no further changes is expected to be made thereto. The Company will issue an announcement at the time all the conditions to the Proposed Distribution are satisfied or if there is any change in the proposed record date. The Resolved Distribution Ratio is arrived at after taking into account the outstanding Global Note and Options and that both the Noteholder and Option Holders may exercise respectively their conversion rights or Options such that they will be entitled to the Proposed Distribution.

The distribution ratio of 42 Communication Shares for every 100 Shares as mentioned in the Circular was for indicative purposes only on the basis of 2,737,768,993 Shares in issue as at 11 August 2004, the latest practicable date for ascertaining information for the purpose of issuing the Circular. The number of issued Shares of the Company was increased from 2,737,768,993 Shares as mentioned in the Circular to 2,753,730,393 Shares as at 3 September 2004, the latest practicable date for ascertaining the information contained herein (“Latest Practicable Date”) resulted from exercise of the outstanding Options. The Resolved Distribution Ratio would be sufficient to cover conversion rights under all outstanding convertible securities issued by the Company (including the Global Note and Options).

Under the terms and conditions of the Global Note, the Noteholder is entitled to any distribution declared by the Company the record date for which falls on a date on or after the date of the exercise of the conversion right under the Global Note. Under the Share Option Scheme, the Option Holders are entitled to distribution(s) made prior to the Distribution Record Date if the Shares subscribed for on exercise of the Options are issued and allotted before such date.

There are outstanding Global Note in the sum of HK\$256,000,000 (at a conversion price of HK\$2.556 per Share) allowing entitlements for subscription of a total of 100,156,494 Shares and outstanding Options (with the right to exercise the conversion right prior to the Distribution Record Date) allowing entitlements in aggregate for subscription of a total of 19,547,100 Shares. Based on the Resolved Distribution Ratio and 2,753,730,393 Shares in issue as at the Latest Practicable Date and assuming the Global Note is not converted into Shares and the Options are not exercised, a total of approximately 1,101,492,157 Communication Shares (representing

approximately 39% of the entire issued capital of TCL Communication) will be distributed to the Shareholders and approximately 52,127,843 Communication Shares (representing approximately 1.8% of the entire issued capital of TCL Communication) will be retained by the Company for sale for its benefit under the Proposed Distribution. Assuming on or before the Distribution Record Date, conversion notice for full exercise of the conversion right of the outstanding Global Note is received by the Company and Shares on full exercise of all outstanding Options (with the right to exercise the conversion right prior to the Distribution Record Date) are duly issued and allotted, an aggregate of approximately 47,881,438 Communication Shares (representing approximately 1.7% of the entire issued capital of TCL Communication) will be further distributed and the Company will only retain approximately 4,246,405 Communication Shares (representing approximately 0.2% of the entire issued capital of TCL Communication) for sale for its benefit under the Proposed Distribution.

As mentioned in the Disclosure Document, actual Communication Shares will not be distributed to the Non-qualifying Shareholders under the Proposed Distribution but will be offered by the Company for sale in the market upon commencement of dealings in Communication Shares on the main board of the Stock Exchange for the benefits of the Non-Qualifying Shareholders.

Fractional entitlements to the Communication Shares will not be transferred under the Proposed Distribution but will also be retained by the Company for sale in the market.

As the Communication Shares to be retained by the Company as aforesaid will be deemed to be the interest of TCL Industries and TCL Corporation, the controlling shareholder of the Company and TCL Communication, such Communication Shares will only be sold by the Company after the expiry of six months from the commencement of dealings in the Communication Shares on the main board of the Stock Exchange in accordance with the Listing Rules.

Closure of Register of Members

The register of members of the Company will be closed on 22 September 2004 for the purpose of determining the entitlements to the Proposed Distribution. No transfer of the Shares may be registered on that date. In order to qualify for the entitlements to the Proposed Distribution, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:00 p.m. on 21 September 2004. The last date of dealings in the Shares cum-entitlements to the Proposed Distribution is 17 September 2004 and the first day of dealings of the shares of the Company ex-entitlements to the Proposed Distribution is 20 September 2004.

Please note that the aforesaid book closure period is the same as that for determining the entitlements to the interim dividend of the Company as mentioned in the announcement of the Company dated 26 August 2004.

General

Further announcements will be made as and when necessary in relation to the Proposed Distribution and/or the Proposed Listing (including the date on which share certificates of Communication Shares will be despatched and dealings in Communication Shares on the Stock Exchange will commence). **The Board emphasizes that the Proposed Distribution and/or the Proposed Listing may or may not proceed. In the event that any of the Distribution Conditions specified in the Circular is not satisfied by 31 December 2005, the Proposed Distribution will lapse absolutely and unconditionally. 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, Lu Zhong Li, Hu Qiu Sheng, Yan Yong, Zhao Zhong Yao and Suen Hay Wai as executive directors and Hon Fong Ming and Albert Thomas da Rosa, Junior as independent non-executive directors.

On behalf of the Board
Li Dong Sheng
Chairman

Hong Kong, 7 September 2004

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