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**TCL 多媒體科技控股有限公司**

**TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1070)**

## **EXERCISE OF EXCHANGE OPTION BY THOMSON**

The Company has on 10 August 2005 entered into an Option Closing Agreement with Thomson and closing of the Exchange Option has taken place on the same day pursuant thereto. A total of 1,144,182,095 Shares representing 29.32% of the enlarged issued share capital of the Company has been issued to Thomson on the Closing Date.

Reference is made to the Exchange Option granted to Thomson under the Exchange Option Agreement dated 30 July 2004 pursuant to which Thomson is entitled to exchange its 33% interest in TTE for Shares in the Company and the number of Shares to be issued to Thomson upon exercise of the Exchange Option would represent up to 30% of the enlarged issued share capital of the Company minus one Share. The Company is pleased to announce that the Company has on 10 August 2005 entered into an Option Closing Agreement and closing of the Exchange Option has taken place on the same day.

A total of 1,144,182,095 Shares representing 29.32% of the enlarged issued share capital of the Company has been issued to Thomson on the Closing Date. Based on the average closing price of HK\$1.422 per Share for the 5 trading days prior to 10 August 2005, 1,144,182,095 Shares represent a value of about HK\$1,627 million.

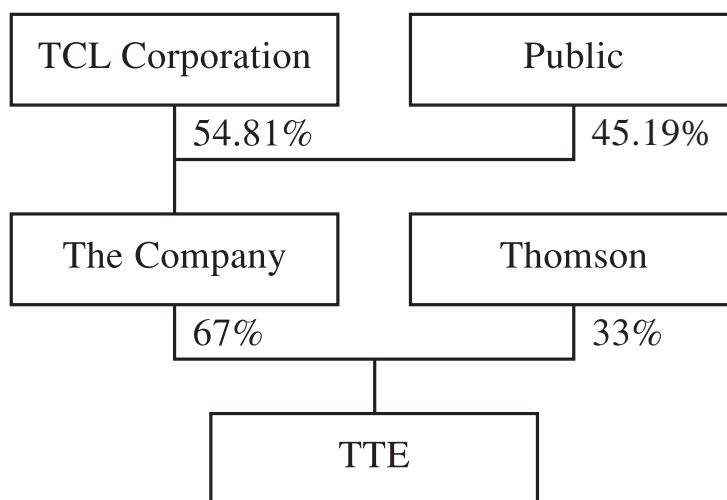
On granting of the Exchange Option, Thomson was not a connected person of the Company. By virtue of the acquisition of its 33% interest in the share capital of TTE on 30 July 2004, Thomson became a connected person of the Company. Upon closing of the Exchange Option, Thomson has become a substantial shareholder of the Company and remains a connected person of the Company.

The grant and exercise of Exchange Option was approved by the Shareholders in an extraordinary general meeting of the Company dated 2 July 2004. The listing of, and permission to deal in, the Shares issued on exercise of the Exchange Option has been approved by the Listing Committee.

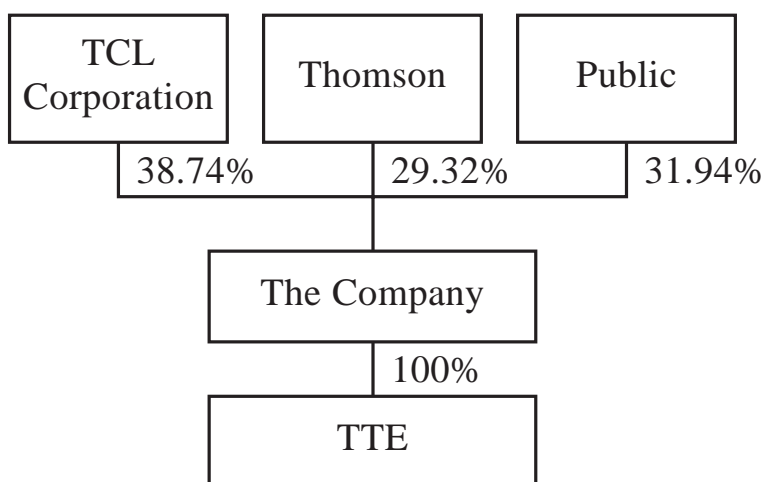
TCL Corporation, the ultimate controlling shareholding of the Company, held about 54% of the total issued share capital of the Company before closing of the Exchange Option. Following closing of the Exchange Option, its shareholding in the Company has decreased to about 38% but it remains the single largest Shareholder of the Company. Pursuant to the Shareholders' Covenants Agreement entered into between TCL Corporation and Thomson dated the Closing Date, Thomson is entitled to nominate two directors out of eleven directors to the Board for so long as it holds at least 13.25% interest in the Company, but TCL Corporation will remain in control of the majority of the Board.

The shareholding of the Company before and after closing of the Exchange Option is as follows:

**Before closing of the Exchange Option**



**After closing of the Exchange Option**



**INFORMATION ON THE GROUP**

The Group is a leading multimedia consumer electronics manufacturer with a global sales network. Television is the core product of the Group. This business is operated under its wholly owned subsidiary, TTE Corporation, the company previously established by the Group and Thomson S.A. in August 2004. The Group’s TVs sold in Asia, Europe and North America are marketed under three key brands — “TCL”, “THOMSON” and “RCA” respectively. Currently, the Group is the largest TV player in the world in terms of production and sales volume. The Group operates multiple manufacturing plants and R&D centres across all major continents. In addition to TVs, the Group also manufactures PCs and AV products. For further information on the Company, please visit [www.tclhk.com](http://www.tclhk.com). (The information that appears in this website does not form part of this announcement.)

## DEFINITION

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Board”	the board of directors of the Company
“Closing Date”	10 August 2005
“Combination Agreement”	the combination agreement dated 28 January 2004 (together with subsequent amendments) entered into by the Company, Thomson and TCL Corporation in respect of the establishment of TTE, details of which are set out in the Merger Circular
“Company”	TCL Multimedia Technology Holdings Limited (previously known as TCL International Holdings Limited), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Exchange Option”	the exchange of shares between the Company and Thomson as contemplated under the Exchange Option Agreement
“Exchange Option Agreement”	Exchange Option Agreement dated 30 July 2004 entered into between the Company and Thomson pursuant to the Combination Agreement, details of which are set out in the circular of the Company dated 30 July 2004 relating to the combination agreement dated 28 January 2004 (together with subsequent amendments) entered into by the Company, Thomson and TCL Corporation in respect of the establishment of TTE
“Group”	the Company and its subsidiaries
“Listing Committee”	the Listing Committee of the Stock Exchange
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thomson”	Thomson S.A., a company incorporated under the laws of France, whose shares are listed on the <i>Premier Marché</i> of Euronext Paris S.A. and on the New York Stock Exchange in the form of American depository shares, and its affiliate, Thomson Asia Pacific Investment Pte. Ltd.
“TTE”	a company established pursuant to the Combination Agreement and previously owned by the Company and Thomson as to 67% and 33% respectively before closing of the Exchange Option but is currently wholly owned by the Company after Closing of the Exchange Option

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

On behalf of the Board  
**Li Dong Sheng**  
*Chairman*

Hong Kong, 10 August 2005

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