TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED
(formerly known as TCL International Holdings Limited)

TCL 多媒體科技控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004

FINANCIAL HIGHLIGHTS

	2004	2003	**Change**
	HK$M	*HK$M*	*(%)*
Turnover	**25,600**	15,149	69
EBITDA	**732**	704	4
Profit before tax	**439**	734	(40)
Net profit attributable to shareholders	**317**	642	(51)
Basic earnings per share (HK cents)	**11.57**	24.21	(52)
Total cash dividend per share (HK cents)	**8.00**	10.00	(20)

OPERATIONAL HIGHLIGHTS

Corporate Development

— Completed corporate restructuring in 2004 by divesting its stake in TCL Communication, which was separately listed on the Hong Kong Stock Exchange in September 2004, and focused on multimedia business

— Global business development strategy continued to make progress following the establishment of TTE, the TCL-Thomson joint-venture, which commenced operations in August 2004

Business Operations

— Total TV sales reached a record high of 16.7 million sets, an impressive 43% yoy growth

— Proudly maintained its leading position in the PRC market, with a 20% market share

— Strong sales growth of 105% in overseas markets, attributable to TTE's international platform

— Continual R&D efforts contributed to technological breakthrough — the launch of the 61" Slim DLP model, only one-third of the thickness of a conventional DLP projection model

— Started business integration process. Synergies in TTE's operations will be more significant in 2005

The Board of Directors of TCL Multimedia Technology Holdings Limited (the "Company") is pleased to announce the audited consolidated results and financial position of the Company and its subsidiaries (the "Group") for the year ended 31 December 2004 with comparative figures for the previous year as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	**Year ended 31 Dec 2004 *(audited)* *HK$'000***	Year ended 31 Dec 2003 *(audited)* *HK$'000*	**3 months ended 31 Dec 2004 *(unaudited)* *HK$'000***	3 months ended 31 Dec 2003 *(unaudited)* *HK$'000*
TURNOVER	2	**25,599,840**	15,148,652	**10,772,143**	5,169,619
Cost of sales		**(21,225,303)**	(12,671,516)	**(8,931,747)**	(4,311,584)
Gross profit		**4,374,537**	2,477,136	**1,840,396**	858,035
Other revenue and gains		**162,203**	86,675	**61,754**	6,216
Selling and distribution costs		**(2,825,919)**	(1,397,841)	**(1,235,757)**	(506,642)
Administrative expenses		**(866,404)**	(552,617)	**(309,313)**	(144,320)
Research and development costs		**(264,403)**	(56,895)	**(166,603)**	(8,759)
Other operating expenses		**(68,146)**	(50,412)	**(30,893)**	(10,172)
Gain/(loss) on disposal of subsidiaries		**(2,075)**	1,331	**—**	1,331
Impairment of a long term investment		**(13,011)**	—	**(13,011)**	—
PROFIT FROM OPERATING ACTIVITIES	2	**496,782**	507,377	**146,573**	195,689
Finance costs		**(65,715)**	(32,929)	**(47,010)**	(12,272)
Share of profits and losses of jointly-controlled entities	3	**94,516**	337,675	**(1,064)**	98,009
Amortisation of goodwill on acquisition of jointly-controlled entities		**(57,321)**	(78,433)	**—**	(19,609)
Impairment of short term investments (previously jointly-controlled entities)		**(29,026)**	—	**(20,844)**	—
PROFIT BEFORE TAX		**439,236**	733,690	**77,655**	261,817
Tax	5	**(143,563)**	(84,093)	**(34,612)**	(29,233)
PROFIT BEFORE MINORITY INTERESTS		**295,673**	649,597	**43,043**	232,584
Minority interests		**21,041**	(7,748)	**(8,775)**	6,659

	Notes	**Year ended 31 Dec 2004** ***(audited)*** ***HK$'000***	Year ended 31 Dec 2003 *(audited)* *HK$'000*	**3 months ended 31 Dec 2004** ***(unaudited)*** ***HK$'000***	3 months ended 31 Dec 2003 *(unaudited)* *HK$'000*
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**316,714**	641,849	**34,268**	239,243
DIVIDEND	6				
Interim		**110,316**	—		
Proposed final		**110,346**	272,000		
EARNINGS PER SHARE	7				
— Basic		**11.57 cents**	24.21 cents		
— Diluted		**9.08 cents**	23.28 cents		

CONDENSED CONSOLIDATED BALANCE SHEET

	2004	2003
	(audited)	*(audited)*
	HK$'000	*HK$'000*
NON CURRENT ASSETS		
Fixed assets	**2,448,404**	868,919
Trademarks	**26,506**	27,744
Goodwill	**206,639**	244,539
Negative goodwill	**(548,016)**	—
Interests in jointly-controlled entities	**146,375**	1,653,375
Long term investments	**42,301**	1,682
Long term receivables	**283,814**	—
Prepayment for the acquisition of a subsidiary	**—**	47,815
Prepaid royalty	**620,368**	—
Deferred tax assets	**18,583**	8,855
	3,244,974	2,852,929
CURRENT ASSETS		
Inventories	**4,565,500**	2,441,500
Trade and bills receivable	**5,812,543**	1,941,137
Other receivables	**1,318,452**	359,569
Tax recoverable	**11,266**	—
Short term investments	**116,894**	—
Pledged bank deposits	**—**	5,199
Cash and bank balances	**1,833,272**	1,069,562
	13,657,927	5,816,967
CURRENT LIABILITIES		
Trade and bills payable	**6,649,213**	2,966,659
Tax payable	**110,838**	53,543
Other payables and accruals	**1,656,962**	684,235
Provisions	**239,877**	—
Bank borrowings, unsecured	**570,119**	113,929
Due to a minority shareholder	**430,748**	—
Due to ultimate holding company	**246,965**	—
Convertible notes	**256,000**	—
	10,160,722	3,818,366
NET CURRENT ASSETS	**3,497,205**	1,998,601
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,742,179**	4,851,530

	2004 (audited) HK$'000	2003 (audited) HK$'000
NON-CURRENT LIABILITIES		
Bank borrowings, unsecured	**1,622,134**	282,353
Due to a minority shareholder	**603,048**	—
Convertible notes	**—**	347,000
Deferred tax liabilities	**33,989**	1,847
Pension and other post-employment benefits	**130,050**	—
	2,389,221	631,200
MINORITY INTERESTS	**1,422,082**	100,079
	2,930,876	4,120,251
CAPITAL AND RESERVES		
Issued capital	**275,796**	268,133
Reserves	**2,544,734**	3,580,118
Proposed final dividend	**110,346**	272,000
	2,930,876	4,120,251

Notes:

1. Basis of Preparation and Principal Accounting Policies

The Directors are responsible for the preparation of the Group's audited financial statements. These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for short term investments which are stated at fair value. The accounting policies and method of computation used in the preparation of these financial statements are consistent with those used in annual financial statements for the year ended 31 December 2003.

2. Segment Information

An analysis of the Group's turnover and profit from operating activities by principal activities for the year ended 31 December 2004 is as follows:

	Turnover		**Profit from operating activities**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Television	**21,794,739**	12,422,446	**511,667**	573,685
Computers	**1,976,507**	1,775,583	**61,221**	31,241
Other audio-visual products	**1,304,379**	374,846	**30,948**	(28,506)
Others	**524,215**	575,777	**(17,884)**	(14,613)
	25,599,840	15,148,652	**585,952**	561,807
Interest income			**13,811**	9,188
Amortisation of — Goodwill			**(33,227)**	(33,410)
Negative goodwill			**49,820**	—
Corporate expenses			**(104,488)**	(31,539)
Gain/(loss) on disposal of subsidiaries			**(2,075)**	1,331
Impairment of a long term investment			**(13,011)**	—
			496,782	507,377

3. Share of Profits and Losses of Jointly-controlled Entities

More than 90% of the Group's share of results of its jointly-controlled entities was derived from TCL Communication Technology Holdings Limited ("TCL Communication") and its subsidiaries (together "TCL Communication Group"), a group mainly engaged in the design, development, manufacturing and marketing of mobile handsets.

The Company distributed a special dividend satisfied by the distribution in specie of shares in TCL Communication ("Communication Shares") held by the Company on the basis of 40 Communication Shares for every 100 shares of HK$0.10 each in the capital of the Company (the "Distribution") to shareholders whose names appeared in the register of members of the Company on 23 September 2004. Pursuant thereto a total of 1,103,157,000 Communication Shares were distributed or sold (in case where the shareholders were entitled to but not qualified for the Distribution) and a total of 50,463,000 Communication Shares are retained by the Company as short term investments. The Company has undertaken to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") that it will not, without the prior written consent of the Stock Exchange and unless in compliance with the Listing Rules, within six months from the date on which dealings in the Communication Shares commence on the Stock Exchange, dispose of any of such Communication Shares save for transfer to the Company's holding companies.

On 27 September 2004, TCL Communication Shares were listed on the main board of the Stock Exchange by way of an introduction.

Pursuant to the approval by the shareholders dated 9 September 2004, the share premium account of the Group was reduced to fund the Distribution.

The results of TCL Communication were shared by the Group up to 23 September 2004, the date before the Distribution. For furthers details of the results and financial position of TCL Communication Group, please refer to a separate results announcement dated 16 April 2005.

4. Depreciation and Amortisation

During the year, depreciation of HK$248,434,000 (2003: HK$161,363,000) was charged to the profit and loss account in respect of the Group's property, plant and equipment; and amortisation of HK$93,703,000 (2003: HK$114,735,000) was charged to the profit and loss account in respect of the Group's intangible assets and goodwill arising on consolidation. Negative goodwill of HK$49,820,000 (2003 : Nil) was amortised and credited to the profit and loss account.

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof:

	2004	2004
	(audited)	(audited)
	HK$'000	*HK$'000*
Group:		
Current — Hong Kong		
Charge for the year	**29,751**	17,685
Overprovision in prior years	**—**	(31)
Current — Elsewhere	**99,858**	59,800
Deferred	**(98)**	(941)
	129,511	76,513
Share of tax attributable to jointly-controlled entities	**14,052**	7,580
Tax charge for the year	**143,563**	84,093

6. Dividends

	2004	2003
	HK$'000	*HK$'000*
Interim — 4 HK cents (2003: Nil) per share	**110,316**	—
Proposed final — 4 HK cents (2003: 10 HK cents) per share	**110,346**	272,000
	220,662	272,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

In addition to the above cash dividend, as set out in more details in Note 3, a special dividend in the form of distribution in specie of the Communication Shares held by the Company on the basis of 40 Communication Shares for every 100 shares of HK$0.10 each in the capital of the Company was made to the shareholders on the register of members on 23 September 2004.

7. Earnings per Share

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December	
	2004	2003
	HK$'000	*HK$'000*
Earnings		
Net profit attributable to shareholders used in the basic earnings per share calculation	**316,714**	641,849
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**7,541**	10,490
Adjustment to minority interest upon exercise of the Exchange Option@	**(20,597)**	—
Earnings for the purposes of diluted earnings per share	**303,658**	652,339

	Number of shares Year ended 31 December	
	2004	2003
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**2,736,752,618**	2,651,526,753
Weighted average number of ordinary shares:		
Assumed issued at no consideration on deemed exercise of all share options outstanding during the year	**14,089,054**	13,470,468
Assumed issued at no consideration on deemed conversion of all convertible notes outstanding during the year	**112,381,287**	136,857,676
Assumed issued at no consideration on deemed exercise of the Exchange Option@ outstanding during the year	**480,378,535**	—
Weighted average number of ordinary shares used in diluted earnings per share calculation	**3,343,601,494**	2,801,854,897

@ Pursuant to an exchange option agreement, the Company granted an irrevocable option ("Exchange Option") to Thomson S.A., the minority shareholder of TTE Corporation (a subsidiary of the Company), to exchange all of Thomson S.A.'s interest in TTE Corporation for 1,149,140,810 new shares to be issued by the Company. The option is exercisable from 27 September 2004 to 16 July 2005. Details of the Exchange Option have been set out in a circular of the Company dated 31 May 2004.

REVIEW AND OUTLOOK

2004 was a meaningful year in the development history of the Group. The Group took a critical step towards its international business expansion. TTE Corporation ("TTE"), the TCL-Thomson joint venture, commenced operations during the year, enabling the Group to become the largest TV manufacturer in the world. In addition, the Company became the first Chinese enterprise to collaborate with a world-class corporation to establish global market leadership.

The Group completed its business restructuring in 2004 and focused on developing its multimedia business. In September 2004, the Group divested its 40.8% interest in TCL Communication, the flagship mobile handset business, which was separately listed on the Hong Kong Stock Exchange. This has established an independent operation and capital market platform for the mobile handset business. To precisely reflect its line of business, the Company obtained shareholders' approval for changing the company name to TCL Multimedia Technology Holdings Limited. With the completion of the business restructuring, the Group's corporate governance standard and shareholding structure was further enhanced and in compliance with international standards.

Undeniably, the Group still has a long way to go for international business development. Amidst the backdrop of global business consolidation, overall synergies have yet to be fully realized, which inevitably have imposed short-term pressure on the operation and business performance of the Group. By leveraging on its experience in domestic and overseas markets, the Group endeavours to overcome the greatest of future challenges to capture market potential and realize synergies rapidly to, ultimately, become a competitive world-class enterprise.

Financial Performance

The consolidated turnover for the year ended 31 December 2004 amounted to HK$25.6 billion, representing an increase of 69% as compared to the previous year. Gross margin was approximately 17% (2003: 16%). Profit attributable to shareholders during the year under review was HK$317 million, a drop of 51%. Basic earnings per share also decreased to 11.57 HK cents (2003: 24.21 HK cents). The declining performance was mainly attributable to the substantial decrease of the contribution from mobile handset business and a loss of HK$62 million brought forth by TTE's operation, which affected the Group's overall profitability. However, with the realization of certain synergies, the loss from TTE's operation was narrowed.

The Board of Directors believes the profit decline was only a short-term phenomenon. The Group proactively implements various measures to further enhance the benefits of its greater economies of scale in procurement, research and development, production and other aspects. It is expected that overall synergies will be realized over time.

The Board of Directors proposes the payment of a final dividend of 4 HK cents. Together with the interim dividend of 4 HK cents per share, total cash dividend payment for the year amounted to 8 HK cents per share, representing a payout ratio of 70%.

BUSINESS REVIEW

TV Business Maintained Sustainable Growth

With the establishment of TTE, the Group was divided into five profit centres based on geographic region and business nature, namely the China market, the European market, the North American market, emerging markets and strategic OEM business, forming a global business network. The Group captured different markets by capitalizing on its multi-brand strategy. TV brands under the Group's TV business include TCL, Rowa, Thomson, RCA and Schneider, each of which was well-recognized in its respective market.

Despite intense competition in the global market of consumer electronics, the Group continued to record remarkable turnover growth. For the year ended 31 December 2004, total TV sales reached almost 17 million sets, representing a significant increase of 43%. The encouraging growth in TV sales was mainly attributable to overseas TV sales generated by TTE. Domestic TV sales and overseas TV sales amounted to 8.88 million sets and 7.84 million sets, representing increases of 13% and 105% respectively.

	FY2004 *('000)*	FY2003 *('000)*	**Change**
TV Unit Sales			
— PRC	**8,877**	7,826	13%
— Europe	**1,488**	108	not comparable
— North America	**1,603**	N/A	not comparable
— Emerging Markets	**3,054**	2,329	31%
— Strategic OEM	**1,697**	1,390	22%
Total	**16,719**	11,653	43%

China remained as the major income source for the Group's TV business. To cater to market demand, the Group adopted a dual-brand strategy, selling "TCL" and "Rowa" branded TVs in China. The "TCL" brand is renowned for its innovative product ideas and distinguished product design. A series of mid- to high-end "TCL" brand TV models were launched, targeting the respective markets. The "Rowa" brand, on the other hand, is targeted towards the second-tier and rural markets. According to the statistics provided by the Ministry of Information Industry ("MII") and company data, the market share of "TCL" and "Rowa" branded TVs increased to 20%. The Group proudly maintained its market leadership.

For emerging markets, the Group was mainly engaged in the sale of "TCL" branded TVs and the operation of its OEM business, which achieved impressive performance during the year. By leveraging on the Group's competitive edge in its production technology and production cost, its strategic OEM business also attained encouraging results. The Board of Directors expects that the emerging markets and strategic OEM businesses will become two of the Group's major growth drivers in the future.

The Group mainly sells Thomson and Schneider brand TVs in the European market while selling RCA brand TVs in the North American market. During the year, the performance of the two markets was in line with the Group's expectations. Meanwhile, the Group focused on enhancing its operational efficiency to explore competitive edges in procurement and production costs, so as to strengthen its market competitiveness.

As TTE operated for only five months in the year under review, relevant synergies are yet to be fully realized, affecting the Group's financial performance in the TV business.

PC Sales Volume Continued to Increase

The China PC market experienced severe price wars during the second half of 2004, with domestic manufacturers continuing to reduce the prices of PCs with LCD monitors. The Group's PC business maintained sustainable growth despite the intensified competition. Commercial and home PCs, as well as notebook computers recorded stable growth. In 2004, PC sales reached 620,000 sets, and TCL was ranked No. 5 in the overall desktop PC market in China with a share of 4%.

The Group further enhanced its product structure during the year under review. By introducing products with high gross profit margins and selling some high-end products on the foundation of the mid- to low-end product segment, the Group effectively improved its product profitability. The Group also strengthened regional sales operations and management with product-driven strategies, which successfully increased sales volume and profit contribution.

Overseas Market for Audio-Visual Business Demonstrated Immense Growth Potential

The AV business is one of the indispensable parts of the Group's multimedia electronic business. During the year, the Group launched a number of high definition DVD and portable DVD player models, and the attractive prices of these products established a solid foundation for future growth in sales. The Group mainly developed its OEM business in the overseas markets. To stay abreast of market changes, the Group also launched various new products in the export markets. These products received overwhelming market response and are expected to become a major revenue source of the Group's AV business.

Divestment and Listing of Mobile Handset Business

The Group divested its 40.8% interest in TCL Communication by way of distribution in species which has been listed on the Stock Exchange in September 2004. This arrangement allowed the Group and TCL Communication to focus on their respective core businesses.

Future Outlook

2005 will be another year of challenges and difficulties for the Group, especially in business consolidation and development. The Group endeavours to fortify and expand its domestic business while significantly enhancing its profitability overseas. The Group will reinforce its marketing efforts and expand its business in a more proactive way, such as by way of increasing brand promotion in overseas markets, such as India, Thailand, Mexico, Australia and South Africa.

Looking ahead, super large, ultra-thin, high definition and intelligent TVs with 3C convergence functions will continue to propel TV market development. Combining the robust research and development capabilities of TCL and Thomson, the Group is poised to continue to lead the market. TCL will continue to outshine its peers with new breakthroughs in three aspects, namely digital high-definition, quality 3C convergence functions and prominent audio systems.

The Group has gradually implemented programmes for consolidating and developing TTE's business. It has adopted a global procurement programme for raw material sourcing and purchasing. Notable results have been achieved. As for the European and North American markets, the two profit centres where the toughest competition is seen, the Group kicked off restructuring plans last year. Nevertheless, internationalisation is always complex, and the integration between TCL and Thomson is no exception. The Group will cautiously seek measures to effectively improve the performance of the newly acquired operations. Given that the cost control measures over TTE's business in Europe and North America take time to effect, the net loss position of TTE's business injected by Thomson remains difficult to turnaround in the near term. The board of directors anticipates that TTE will continue to record a loss in the 1st quarter of 2005.

By leveraging on our competitive edge in product research and development, supply chain management as well as sales and marketing, the Board of Directors believes that the Group will in long run create remarkable value for shareholders. The Group is confident that synergies will be realized gradually and be more significant in 2005.

Significant Investments and Acquisition

The year 2004 represents a new era for the Group's internationalization. Pursuant to the combination agreement signed at the beginning of the year between the Group and Thomson S.A. (" Thomson"), TTE was formally established to combine the TV businesses of TCL and Thomson. TTE was held by the Group and Thomson as to 67% and 33% respectively. It formally started its operation in early August. The initial net asset value of TTE was approximately HK$3,872 million, of which HK$1,910 million and HK$1,962 million was contributed by the Group and Thomson, respectively. A negative goodwill of approximately HK$598 million arose and is amortised on a straight line basis over the average remaining useful life of the acquired depreciable/amortisable assets.

In July 2004, the Company acquired from TCL Corporation a 100% and 70% interest in Inner-Mongolia TCL Electrical Appliance Company Limited and TCL Digital Science and Technology (Wuxi) Company Limited, respectively ("Wuxi and Inner Mongolia Assets") at a total consideration of RMB231.5 million. The Wuxi and Inner Mongolia Assets were used as part of the Group's contribution into TTE as detailed above.

Listing of TCL Communication Interest and Special Dividend

As a result of the Company's plan to restructure its portfolio of business to focus primarily on multi-media electronic products, TCL Communication has been separately listed on the Stock Exchange on 27 September and the Group has successfully divested its 40.8% interest in TCL Communication by means of a special dividend to the shareholders which was satisfied by a distribution in specie of its entire interest in TCL Communication. Share premium of the Group was utilized to fund the distribution.

Liquidity and Financial Resources

The Group's principal financial instruments comprise bank loans, factorings, convertible notes, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the Group's lowest cost.

The cash and bank balance as at the year end amounted to HK$1,833 million, of which 16% was maintained in Hong Kong dollars, 24% in US Dollars, 23% in Renminbi, 27% in Euro and 10% held in other currencies for the overseas operations.

On 16 November 2004, the Company entered into an agreement ("Syndicated Loan Agreement") with a group of banks in relation to a dual currency term and revolving loan facility (the "Facility") of up to US$180 million. The term loan under the Syndicated Loan Agreement has a tenor of five years and is repayable in five equal semi-annual instalments, commencing 36 months from the date of the Syndicated Loan Agreement with margin of 0.6% per annum above the inter-bank offer rate. The purpose of the Facility is to fund the operation of TTE. As at the year end, the Facility was fully drawn down.

Pursuant to a receivable purchase and sales agreement, to ensure the smooth running of TTE, Thomson agreed to purchase, on a rolling basis, up to a maximum outstanding amount of Euro100 million of the trade accounts receivables of TTE and its relevant subsidiaries. Such outstanding amount shall, from the first anniversary of commencement of operation of TTE, be reduced by 1/12 at the end of each month. The facility has been fully utilized and the balance at the year end amounted to approximately HK$1,034 million.

Save as disclosed above, there was no material change in available credit facilities when compared with the year ended 31 December 2003 and there was no asset held under finance lease at the year end. Convertible notes were subject to fixed interest rate at 3% per annum. As the distribution in specie of shares of TCL Communication was defined as capital distribution, in accordance with the terms of the convertible notes, the conversion price of the convertible notes was adjusted from HK$2.556 per share to HK$2.06 per share. At the year end, a total of HK$256 million of convertible notes remained outstanding which entitle the holders to convert into 124,271,844 shares at the new conversion price of HK$2.06 per share.

At the year end, the Group's gearing ratio was 0.65 which is calculated based on the Group's net borrowing of approximately HK$1,896 million (calculated as total interest-bearing borrowings less cash and bank balances) and the shareholders' funds of approximately HK$2,931 million.

Employees and Remuneration Policy

With the acquisition of the US and European TV businesses from Thomson, the number of employees has been substantially increased from 21,000 to 33,000. They were all dynamic and talented employees, of which approximately 4% was management staff, 28% technical staff, 3% clerical staff, 18% sales & marketing staff, and 47% workers. They were all dedicated to advancing the quality and reliability of our operations. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the individual and company performance. In order to align the interests of staff with those of shareholders, share options were granted to employees under the Company's share option schemes. Total outstanding share options at the year end amounted to 32,316,861 units.

POST BALANCE SHEET EVENT

Subsequent to the balance sheet date on 25 February 2005, the name of the Company was changed from "TCL International Holdings Limited" to "TCL Multimedia Technology Holdings Limited" in English and from "TCL 國際控股有限公司" to "TCL 多媒體科技控股有限公司" in Chinese.

PURCHASES, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year under review.

BOOK CLOSURE

The Register of Members will be closed on 5 May 2005. In order to qualify for the proposed final dividends, all transfers, accompanied by the relevant share certificates, should be lodged with the Registrar by 4:30 p.m. on 3 May 2005

CODE OF BEST PRACTICE

In the opinion of the directors, during the year, the Company has complied with the Code of Best Practice as then set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") which was in force during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

On behalf of the Board
LI Dong Sheng
Chairman

Hong Kong, 16 April 2005

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, Albert Thomas da Rosa, Junior as non-executive director and Tang Guliang, Hon Fong Ming and Wang Bing as independent non-executive directors.

A detailed results announcement containing all the information required by paragraph 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be published on both the Company's website (www.tclhk.com) and the Stock Exchange's website (www.hkex.com.hk) in due course.

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