



For immediate release

TCL-Alcatel joint venture officially started operations

Hong Kong, 31 August, 2004 – The new global handset company jointly set up by **TCL Communication Technology Holdings Limited** ("TCL Communication"), the holding company of **Huizhou TCL Mobile Communication Co., Ltd.** ("TCL Mobile"), a leading mobile handset manufacturer in China, and **Alcatel** (Paris: CGEP.PA and NYSE: ALA), a worldwide leader in telecommunications network equipment, applications and services, officially started operations. The new company is to be named **TCL & Alcatel Mobile Phones Limited** ("TAMP").

Since the signing of the Joint Venture Subscription Agreement on 18 June, TCL Communication and Alcatel have obtained shareholder, board and regulatory approvals and finalised various operational agreements necessary for the formation of TAMP. Headquartered in Hong Kong, TAMP has an initial net asset value of approximately €100 million, with TCL Communication holding a 55% equity stake and Alcatel owning the remaining 45%.

Substantially all of the 600 employees of Alcatel mobile handset activities in France and in China, have become the employees of TAMP.

TAMP's research and development teams are expected to be located in Colombes, France and Shanghai, China. It is contemplated that TCL Mobile and TAMP will cooperate in the development of next generation handset technologies through the sharing of R&D resources and in the distribution of each other's products through their respective sales and distribution networks.

Future Plans

TCL Mobile and Alcatel believe that TAMP will combine their respective strengths in the competitive mobile handset market with the objective to become the global mobile handset leader.

Some of the key elements of the future strategy of TAMP are:

- **Expand market coverage:** TCL Mobile and TAMP have complementary handset markets which cover China, Latin America, Europe and the rest of the world addressing major operators and distributors.
- **Leverage the brand equity of Alcatel:** TAMP has an exclusive license to use the Alcatel brand name for handset sales and distribution.
- **Leverage Low-Cost Manufacturing:** TCL and TAMP will enter into various arm's length agreements to capture production synergies by combined purchasing and leveraging TCL Mobile's low-cost production base.
- **Strengthen R&D Platform:** R&D co-operation between TCL Mobile and TAMP is expected to optimize R&D resources of the two groups and increase the pace of product roll-outs.

About TCL International Holdings Limited

TCL International (HKSE code: 1070) is a leading multimedia consumer electronics product manufacturer in the PRC and Asia. It is principally engaged in the production of TVs, mobile handsets and PCs. With its renowned TCL brand, it is one of the largest TV and handset manufacturers in the PRC. Aiming at further extending its business to the global market, TCL International formed a joint-venture with Thomson to establish a new global TV leader, TTE Corporation, which has commenced operation in August 2004. Headquartered in China, TCL International operates highly efficient manufacturing bases across major markets in the world. For further information on TCL International, please visit www.tclhk.com.

About TCL Communication Technology Holdings Limited

TCL Communication Technology Holdings Limited. is a subsidiary of TCL Corporation and the holding company of TCL Mobile. TCL Mobile is a hi-tech company committed to the R&D, manufacturing and sales of mobile terminal products. In 2003, TCL Mobile reported mobile handset sales of 9.82 million units, with RMB9.5 billion in revenue. For further information on TCL Mobile, please visit www.tclmobile.com.cn.

About Alcatel

Alcatel SA (Paris: CGEP.PA and NYSE: ALA) provides communications solutions to telecommunication carriers, Internet service providers and enterprises for delivery of voice, data and video applications to their customers or to their employees. Alcatel leverages its leading position in fixed and mobile broadband networks, applications and services to bring value to its customers in the framework of a broadband world. With sales of Euro 12.5 billion in 2003, Alcatel operates in more than 130 countries. For more information, please visit <http://www.alcatel.com>.

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