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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)

APPLICATION FOR NEW WAIVER FOR ONGOING CONNECTED TRANSACTIONS

Financial Adviser to the Company

 ERNST & YOUNG

Ernst & Young Corporate Finance Limited

At the time of listing of the Company's shares in November 1999, the Company obtained from the Stock Exchange the existing waiver from strict compliance with the relevant requirements under the Listing Rules in respect of the Ongoing Connected Transactions and this existing waiver will expire on 31 December 2002. The Ongoing Connected Transactions comprise transactions with TCL Corporation, the ultimate controlling shareholder of the Company, and/or its associates (as defined under the Listing Rules) which have been and will continue to be carried out in the ordinary and usual course of the Group's business pursuant to the Distribution Agreement and the Master Supply Agreement entered into at the time of the Company's listing.

It is expected that the annual aggregate amount of the transactions under each of the Distribution Agreement and the Master Supply Agreement will continue to exceed the higher of HK\$10 million or 3% of the latest published net tangible asset value of the Group and will therefore be subject to disclosure and independent shareholders' approval requirements under the Listing Rules. As the Ongoing Connected Transactions will continue to be carried out on a recurring basis, the Directors consider that it will be unduly burdensome and impractical for the Company to make disclosure and seek Independent Shareholders' approval on each occasion the Ongoing Connected Transactions arise. Accordingly, the Company has applied to the Stock Exchange for a new waiver from strict compliance with the relevant requirements under the Listing Rules for the three financial years ending 31 December 2005 in respect of the Ongoing Connected Transactions.

A circular containing, among other things, details of the Ongoing Connected Transactions, a letter from the Independent Board Committee and an opinion of the independent financial adviser, together with a notice convening the EGM to approve the Ongoing Connected Transactions were despatched to the Shareholders 12 December 2002.

BACKGROUND

Reference is made to the Prospectus setting out details of the Ongoing Connected Transactions. At the time of listing of the Company's shares in November 1999, the Company obtained from the Stock Exchange the existing waiver from strict compliance with the relevant requirements under the Listing Rules for the three financial years ending 31 December 2002 in respect of the Ongoing Connected Transactions. This existing waiver was granted by the Stock Exchange subject to the conditions set out in the Prospectus and will expire on 31 December 2002. The Company has applied to the Stock Exchange for a new waiver in respect of the Ongoing Connected Transactions, the details and conditions of which are described in the section headed "Application for new waiver" below.

ONGOING CONNECTED TRANSACTIONS

The following agreements were entered into between the Company and the connected persons at the time of the Company's listing in November 1999. The Directors anticipate that the Company and the connected persons will continue to enter into the transactions as stated in the following agreements which constitute the Ongoing Connected Transactions:

Distribution Agreement

The Company and Huizhou TCL Appliance entered into the Distribution Agreement on 15 November 1999 pursuant to which Huizhou TCL Appliance was appointed as the Group's non-exclusive distribution agent for the promotion and sale of the Group's products under the TCL brand name in the PRC through the Network for a period of 15 years.

At the time of the entering into of the Distribution Agreement, Huizhou TCL Appliance was owned as to 51% by TCL Corporation. As disclosed in the Company's announcement dated 30 August 2001, the Company acquired from TCL Corporation its 51% interest in Huizhou TCL Appliance which became a non-wholly owned subsidiary of the Company. TCL Corporation subsequently acquired the remaining 49% interest in Huizhou TCL Appliance from a company established under the laws and regulations of the PRC which was owned as to 95% by the workers' union of Huizhou TCL Appliance and as to 5% by four other individuals including an executive Director. As TCL Corporation is the ultimate controlling shareholder of the Company and is also interested in 49% of Huizhou TCL Appliance, transactions contemplated under the Distribution Agreement will continue to constitute ongoing connected transactions for the Company under the Listing Rules.

The principal terms of the Distribution Agreement are summarised as follows:

Credit term in relation to the payment of sales proceeds by Huizhou TCL Appliance to the Group in respect of products sold through the Network:	30 days from the date of sale
Sales commission payable by the Group to Huizhou TCL Appliance:	10% on the retail price of the Group's products sold through the Network

The terms of the Distribution Agreement are determined on the basis of the market consideration for provision of such a wide coverage of the Network such as the costs and efficiency rate for setting up a similar network. The sales commission rate is determined by reference to the salary, administration, advertisement and transportation charges borne by Huizhou TCL Appliance in the

provision of the services. Pursuant to the arrangement, the products of the Group are sold through the Network and the buyers pay the price for the products to Huizhou TCL Appliance which in turn pays the sales proceeds to the relevant member of the Group after collection of such proceeds and deduction of sales commission. Huizhou TCL Appliance is also entitled to receive from the Group reward interest if Huizhou TCL Appliance pays sales proceeds (received from customers) to the Group within the credit period. The reward interest or cash discount which is designed to encourage payment by Huizhou TCL Appliance before the payment due date, is determined by the best lending interest rate offered by the People's Bank of China on 1 January each year and is comparable to the interest rate applicable to the Group in its transactions with financial institutions in the PRC.

The following table sets out the respective amounts of the sales commission and reward interest/cash discount paid/payable by the Group to Huizhou TCL Appliance for the two years ended 31 December 2001 and the nine months ended 30 September 2002.

	Year ended 31 December		Nine months ended 30 September 2002
	2000	2001	
	HK\$'000	HK\$'000	HK\$'000
Consolidated turnover of the Group for the year/period (<i>Note</i>)	8,569,198	9,609,735	8,532,864
Sales commission	772,100	733,477	589,670
Percentage to the consolidated turnover of the Group for the year/period	9.0%	7.6%	6.9%
Reward interest/cash discount	22,434	13,442	3,508
Percentage to the consolidated turnover of the Group for the year/period	0.26%	0.14%	0.04%

Note: The turnover of the Group for each of the two years ended 31 December 2001 has been extracted from audited financial statements whilst the turnover for the nine months ended 30 September 2002 is based upon unaudited management accounts.

Moreover, Huizhou TCL Appliance is entitled to receive from the Group a sales bonus if Huizhou TCL Appliance is able to achieve a pre-determined sales target agreed upon between the Company and Huizhou TCL Appliance at the beginning of each financial year. This sales bonus is aimed at giving an incentive to Huizhou TCL Appliance to promote sales. The sales bonus is determined at the rate of 2% per annum on the total of (a) 6.15% of the actual cash proceeds from Huizhou TCL Appliance and (b) the balance which the above cash proceeds exceeds the pre-determined sales target. The sales targets agreed with Huizhou TCL Appliance for the two years ended 31 December 2001 were both RMB9 billion (equivalent to about HK\$8.4 billion). The actual sales through Huizhou TCL Appliance for the two years ended 31 December 2001 were about RMB8.26 billion (equivalent to about HK\$7.7 billion) and RMB7.84 billion (equivalent to about HK\$7.3 billion) respectively. Accordingly, no sales bonus was paid by the Group to Huizhou TCL Appliance for the two years ended 31 December 2001. Furthermore, a late payment interest at the same interest rate as that of the reward interest/cash discount mentioned above is payable by Huizhou TCL

Appliance to the Group if Huizhou TCL Appliance cannot settle the sales proceeds (received from customers) within the 30-day credit period. Huizhou TCL Appliance has been able to make settlement for sales proceeds within the 30-day credit period and therefore no late payment interest was received by the Group for the two years ended 31 December 2001.

Master Supply Agreement

The Company and TCL Corporation entered into the Master Supply Agreement on 15 November 1999 for a period of 5 years with an option to renew the agreement on substantially the same terms for one or more successive periods of 5 years. The Master Supply Agreement sets out the terms for the following transactions:

1. Overseas Materials Sourcing Service

The business licences of certain members of the Group (including TCL King Electrical Appliances (Huizhou) Co., Ltd. which is a wholly-owned subsidiary of the Company and the major manufacturer of the Group's products) require that only products with raw materials purchased in the PRC can be sold in the PRC. In the production process of the Group's television sets, other audio-visual products and computer related products, the Group applied certain raw materials manufactured overseas. In view of the above and the fact that TCL Corporation has the required import licence, TCL Corporation (i) acts as the intermediary for the Group to purchase and import the required raw materials manufactured overseas from the Company's subsidiaries incorporated or established in places other than the PRC and (ii) sells such imported raw materials to the Company's nominated subsidiaries in the PRC as a local supplier. It should be noted that the second part of the Overseas Materials Sourcing Service mentioned above is different from and does not form part of the transactions under the PRC Materials Sourcing Service described below.

In respect of the purchase of the raw materials by TCL Corporation from the Group, the Group charges TCL Corporation the costs of the raw materials and a small mark-up. In respect of the sale of the imported raw materials by TCL Corporation to the Group, TCL Corporation charges the Group for the acquisition cost of the raw materials (i.e. the costs of the raw materials and the small mark-up mentioned above) plus the necessary out-of-pocket expenses incurred by TCL Corporation such as transportation and customs clearance. These imported overseas raw materials include, among other things, cathode ray tubes of screen size 29 inches and above, integrated circuits and capacitors.

2. PRC Materials Sourcing Service

The Company is required to procure its PRC subsidiaries to favourably consider purchasing and receiving part of the Group's requirement of raw materials manufactured in the PRC from the subsidiaries and associates of TCL Corporation if the terms offered by the TCL Corporation Group are the same as or more favourable than terms available from suppliers who are independent third parties and are capable of meeting the orders placed. TCL Corporation is also required to procure its subsidiaries and associates to sell to the Company's subsidiaries the requested raw materials which are necessary for the Group's production of audio-visual and computer related products. The purchase prices of such raw materials are determined by reference to the market price of the relevant materials and the purchases will only be made if the terms are not less favourable than those available from suppliers who are independent third parties.

3. *Sale of Raw Materials*

In the event that any member of the Group offers to sell raw materials to any member of the TCL Corporation Group in response to the latter's requests, TCL Corporation is required to procure its subsidiary to purchase the raw materials concerned if the terms of the offer from the Group are not less favourable than terms available from suppliers who are independent third parties. The sale prices of such raw materials are determined by reference to the market price of the relevant materials and the terms offered by the Group to the TCL Corporation Group are comparable to and not more favourable than terms offered to customers of the Group who are independent third parties. However, there is no obligation on the part of the Group to supply raw materials to the TCL Corporation Group and the above arrangement enables the Group, if necessary, to deal in raw materials which are not required by the Group.

The Company and TCL Corporation entered into a deed of variation on 11 December 2002 to extend the expiry date of the Master Supply Agreement from 14 November 2004 to 31 December 2005 and to amend the length of any successive period which may be renewed from 5 years to 3 years. The renewal is at the option of either party.

The following table sets out the total aggregate amounts in respect of the above transactions for the two years ended 31 December 2001 and the nine months ended 30 September 2002:

	Year ended 31 December		Nine months ended 30 September 2002
	2000	2001	
	HK\$'000	HK\$'000	HK\$'000
<i>Overseas Materials Sourcing Service</i>			
Purchases of overseas raw materials by TCL Corporation from the Group (<i>Note 1</i>)	1,184,473	569,889	951,735
Percentage to the preceding year's audited consolidated turnover of the Group	19.2%	6.7%	9.9% (<i>Note 2</i>)
<i>PRC Materials Sourcing Service</i>			
Purchases of PRC raw materials by the Group from the TCL Corporation Group	66,503	74,618	58,961
Percentage to the preceding year's audited consolidated turnover of the Group	1.1%	0.9%	0.6% (<i>Note 2</i>)
<i>Sale of Raw Materials</i>			
Sale of raw materials by the Group to the TCL Corporation Group	888	627	1,130
Percentage to the preceding year's audited consolidated turnover of the Group	0.014%	0.007%	0.012% (<i>Note 2</i>)

Note 1: The amounts shown for the purchases of overseas raw materials by TCL Corporation from the Group do not include the necessary out-of-pocket expenses incurred by TCL Corporation such as transportation and customs clearance as described above.

Note 2: These percentages are not on an annual basis and only represent the amounts for the nine months ended 30 September 2002 as compared to the preceding year's audited consolidated turnover of the Group.

The decrease in the annual amount of the transactions under the Overseas Materials Sourcing Service for 2001 was mainly attributable to the Group's strategy to clean up inventory of raw materials carried by the Group in times of severe competition in order to reduce the burden on working capital.

PROPOSED CAPS FOR THE ONGOING CONNECTED TRANSACTIONS

Distribution Agreement

Set out below are the Proposed Caps for the transactions under the Distribution Agreement:

Transactions	Proposed Cap (as percentage to the audited consolidated turnover of the Group for the relevant financial year)
Sales commission	10%
Reward interest	0.5%
Sales bonus	1.5%
Late payment interest	0.5%

The Proposed Caps for the transactions under the Distribution Agreement are determined by reference to, among other things, the contractual sales commission/bonus rates, the historic interest rates and the Group's preliminary sales estimate (as the case may be).

Master Supply Agreement

Set out below are the existing caps and the Proposed Caps for the transactions under the Master Supply Agreement:

Transactions	Existing cap (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)	Proposed Cap (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)
Overseas Materials Sourcing Service — Purchases of overseas raw materials by TCL Corporation from the Group	40% (Note 1)	30%
Overseas Materials Sourcing Service — Sale of overseas raw materials by TCL Corporation to the Group	40% (Note 1)	40% (Note 2)
PRC Materials Sourcing Service	3%	1.5%
Sale of Raw Materials	0.02%	0.02% (no change)

Note 1: These transactions were viewed as one single type of transaction under the existing waiver.

Note 2: The price for the sale of overseas raw materials by TCL Corporation to the Group has included the necessary out-of-pocket expenses incurred by TCL Corporation such as transportation and customs clearance in addition to the costs of such raw materials.

The Proposed Caps for the transactions under the Master Supply Agreement are determined by reference to, among other things, the Group's projected requirement of raw materials (whether manufactured overseas or in the PRC), the Group's strategy to focus more on high-end products, the anticipated gradual reduction in import tariffs levied on raw materials and the expected general shortage of supply in the following year in respect of the required raw materials in the PRC.

APPLICATION FOR NEW WAIVER

It is expected that the annual aggregate amount of the transactions under each of the Distribution Agreement and the Master Supply Agreement will continue to exceed the higher of HK\$10 million or 3% of the latest published net tangible asset value of the Group and will therefore be subject to disclosure and independent shareholders' approval requirements under Rule 14.26 of the Listing Rules. As the Ongoing Connected Transactions have been and will continue to be carried out in the ordinary and usual course of the Group's business and will occur on a recurring basis, the Directors consider that it will be unduly burdensome and impractical for the Group to make disclosure and seek Independent Shareholders' approval on each occasion the Ongoing Connected Transactions arise. Accordingly, the Company has applied to the Stock Exchange for a new waiver from strict compliance with the disclosure and shareholders' approval requirements under the Listing Rules for the three financial years ending 31 December 2005 in respect of the Ongoing Connected Transactions subject to the following conditions:

1. the Ongoing Connected Transactions shall be:
 - (a) entered into by the Group in the ordinary and usual course of its business;
 - (b) entered into either (i) on normal commercial terms; or (ii) (where there is no available comparison) on terms that are fair and reasonable so far as the Shareholders are concerned;
 - (c) carried out in accordance with the terms of the respective agreements governing such transactions or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties; and
 - (d) carried out in accordance with the pricing policies of the Group (as the case which may be applicable);
2. the annual aggregate amounts of the transactions under the Distribution Agreement and the Master Supply Agreement shall not exceed the Proposed Caps as described in the section headed "Proposed Caps for the Ongoing Connected Transactions";
3. the independent non-executive Directors shall review annually the Ongoing Connection Transactions and confirm in the Company's next annual report that such transactions have been conducted in the manner as stated in paragraphs 1 and/or 2 above;
4. the auditors of the Company shall review annually the Ongoing Connected Transactions and confirm in a letter (the "Letter") to the board of Directors (a copy of which shall be provided to the Stock Exchange) stating whether:
 - (a) the transactions have received the approval of the Directors;
 - (b) the transactions have been carried out in accordance with the terms of the relevant agreements governing such transactions or where there are no such agreements, on terms no less favourable than terms available to or from independent third parties;
 - (c) the transactions have been carried out in accordance with the pricing policies of the Group (as the case which may be applicable); and
 - (d) the Proposed Caps have been exceeded;

where, for whatever reason, the auditors of the Company decline to accept the engagement or are unable to provide the Letter, the Directors shall contact the Stock Exchange immediately;

5. details of the transactions in each financial year as required under Rule 14.25(1)(A) to (D) of the Listing Rules shall be disclosed in the Company's annual report for that financial year together with a statement of opinion of the independent non-executive Directors and the auditors of the Company referred to in paragraphs 3 and 4 above; and
6. the Company and its subsidiaries and the TCL Corporation Group members with whom the Company has entered into the above Ongoing Connected Transactions shall provide undertakings to the Stock Exchange that for so long as the shares of the Company are listed on the Stock Exchange, they will provide the auditors of the Company with full access to their relevant records to carry out the review of the such transactions.

Should the annual aggregate amounts of the Ongoing Connected Transactions exceed their respective Proposed Caps, the Company will comply with the relevant disclosure and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In the event that the terms of the above transactions be altered, extended or renewed or the Company enters into any new agreements with any connected persons in the future, the Company must comply with the relevant requirements of the Listing Rules governing connected transactions unless the Company applies for and obtains a separate waiver from the Stock Exchange.

REASONS FOR AND BENEFITS OF THE ONGOING CONNECTED TRANSACTIONS

The Company is an investment holding company. Its principal subsidiaries are mainly engaged in the design, manufacture, assembly and sale of a wide range of electronic consumer products. These include internet-related information technology products, colour television sets and other audio-visual products.

The Directors believe that the Network operated and controlled by Huizhou TCL Appliance is one of the most sophisticated, effective and efficient electronic consumer product distribution networks in the PRC. Moreover, following the acquisition of a controlling interest in Huizhou TCL Appliance in 2001, the Group is able to exert direct control of the Network, thereby enhancing the overall competitiveness and profitability of the Group.

The Directors consider that the arrangement under the Overseas Materials Sourcing Service is the best alternative for the Group to source overseas raw materials for the Group's production in view of the requirements of the business licences of certain members of the Group and are entered into on terms that are fair and reasonable so far as the Shareholders are concerned. Furthermore, the transactions under the PRC Materials Sourcing Service and the Sale of Raw Materials are entered into on normal commercial terms.

The Ongoing Connected Transactions are and will continue to be conducted in the ordinary and usual course of business of the Group and on normal commercial terms or terms that are fair and reasonable so far as the Shareholders are concerned. The Directors consider that it is in the interest of the Company and the Shareholders to continue the Ongoing Connected Transactions as these transactions have facilitated and will continue to facilitate the operation of the Group's business.

GENERAL

TCL Corporation indirectly owns 54.2% of the issued share capital of the Company. In view of the interests of TCL Corporation in and the size of the Ongoing Connected Transactions, the Ongoing Connected Transactions and the related waiver application are subject to the approval of the

Independent Shareholders. TCL Corporation and its associates will abstain from voting in relation to the resolutions to be put forward at the EGM for the purpose of approving the Ongoing Connected Transactions. The Independent Board Committee has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the Ongoing Connected Transactions and DBS Asia Capital Ltd has been appointed as the independent financial adviser to advise the Independent Board Committee in this regard.

A circular containing, among other things, details of the Ongoing Connected Transactions, a letter from the Independent Board Committee and an opinion of DBS Asia Capital Ltd, the independent financial adviser, together with a notice convening the EGM to approve, among other things, the Ongoing Connected Transactions were despatched to the Shareholders on 12 December 2002.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	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
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Distribution Agreement”	the distribution agreement dated 15 November 1999 entered into between the Company and Huizhou TCL Appliance for a period of 15 years in respect of the sale of the Group’s products under the TCL brand name in the PRC through the Network
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Ongoing Connected Transactions
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HK dollars”	Hong Kong dollars
“Huizhou TCL Appliance”	TCL Electrical Appliance Sales Co, Ltd., a company established under the laws of the PRC which is owned as to 51% by the Group and as to 49% by TCL Corporation
“Independent Board Committee”	an independent committee of the board of the Directors established for the purpose of reviewing the Ongoing Connected Transactions
“Independent Shareholders”	Shareholders other than TCL Corporation and its associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	the master supply agreement dated 15 November 1999 entered into between the Company and TCL Corporation for a period of 5 years pursuant to which the Group and the TCL Corporation Group entered into transactions which are categorised into the Overseas Materials Sourcing Service, the PRC Materials Sourcing Service and the Sale of Materials as amended by a deed of variation dated 11 December 2002
“Network”	the distribution and after-sales services network in the PRC operated and controlled by Huizhou TCL Appliance
“Ongoing Connected Transactions”	the ongoing connected transactions which have been and will continue to be carried out pursuant to the Distribution Agreement and the Master Supply Agreement
“Overseas Materials Sourcing Service”	the sale and purchase by the Group to and from TCL Corporation of raw materials manufactured overseas for the production of the Group’s products pursuant to the Master Supply Agreement
“PRC”	the People’s Republic of China
“PRC Materials Sourcing Service”	the purchase by the Group from the subsidiaries and associates of TCL Corporation of raw materials manufactured in the PRC for the production of the Group’s products pursuant to the Master Supply Agreement
“Prospectus”	the prospectus dated 17 November 1999 issued by the Company relating to the initial public offer and listing of the Company’s shares
“Proposed Cap(s)”	the proposed respective annual limits for the value of the Ongoing Connected Transactions to be carried out which are set out in the section headed “Proposed Caps for the Ongoing Connected Transactions” in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale of Materials”	the sale of raw materials by the Group to the TCL Corporation Group pursuant to the Master Supply Agreement
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling shareholder of the Company (formerly known as TCL Holdings Corporation Ltd., a state owned limited liability company established under the laws of the PRC)
“TCL Corporation Group”	TCL Corporation and its subsidiaries and associates (as defined in the Listing Rules) (excluding members comprising the Group)

By order of the Board
Dong Sheng, Tomson
Chairman

Hong Kong, 11 December 2002

** for identification purpose only*

For the purpose of this announcement, the translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB1.07.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at 2:30 p.m. on 27 December 2002 (Friday) at Level 7, Caine Room, Conrad International, Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT** the deed of variation (the “Deed of Variation”) dated 11 December 2002 entered into between the Company and TCL Corporation in connection with the Master Supply Agreement, a copy of which has been produced to this meeting marked “A” and signed by the Chairman of this meeting for the purpose of identification and the details of which are set out in the circular (the “Circular”) of the Company dated 12 December 2002, and the transactions contemplated under the Deed of Variation, be and are hereby approved, ratified, and confirmed and any Director be and is hereby authorised to take such action, do such things and execute such further documents or deeds as such director may, in his opinion, deem necessary or desirable for the purpose of implementing the Deed of Variation.”
2. **“THAT**
 - (a) the Ongoing Connected Transactions, the details of which are set out in the Circular and a copy of which has been produced to this meeting marked “B” and signed by the Chairman of this meeting for the purposes of identification, be and are hereby approved; and
 - (b) the application for new waiver (the “New Waiver Application”) in respect of the Ongoing Connected Transactions, the details of which are set out in the Circular, be and are hereby approved; AND THAT any Director be and are hereby authorized to do all such acts and take all necessary actions in connection with the Ongoing Connected Transactions and the New Waiver Application.”

By order of the Board
Li Dong Sheng, Tomson
Chairman

Hong Kong, 11 December 2002

Notes:

- (1) A member who is holder of two or more shares, and who is entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the Meeting and voting in person. In such event, his form of proxy will be deemed to have been revoked.
- (2) In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the principal place of business of the Company in Hong Kong at 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (3) A form of proxy for the Meeting will be sent to shareholders together with the circular to be issued by the Company in connection with the aforesaid agreements as soon as possible.
- (4) In accordance with Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), TCL Corporation and its associates (as defined in the Listing Rules) will abstain from voting on the above resolutions.

*Please also refer to the published version of this announcement in the (**The Standard**)*