

TCL INTERNATIONAL HOLDINGS LIMITED

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TCL INTERNATIONAL HOLDINGS LIMITED TCL 國際控股有限公司*

(incorporated in Cayman Islands with limited liability)

CONNECTED TRANSACTION

The board of directors of TCL International Holdings Limited wished to announce that on 21 November 2000, TCL Overseas Holdings Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Luks Industrial Company Limited for the acquisition of the entire issued share capital of Luks Technology Development Company Limited at a consideration of HK\$10,690,000.

The aforesaid acquisition constitutes a connected transaction for the Company under Rule 14.23(b) of the Listing Rules. The total consideration under the agreement represents less than 3% of the book value of the net tangible assets of the Company as disclosed in the latest published accounts, therefore no shareholders' approval is required.

SALE AND PURCHASE AGREEMENT

Dated

21 November 2000

Parties

- (1) Luks Industrial Company Limited (the "Vendor")
- (2) TCL Overseas Holdings Limited (the "Purchaser")

Asset Acquired under the Agreement

2 ordinary shares of US\$1.00 of Luks Technology representing the entire issued share capital thereof. Luks Technology is a company incorporated in the British Virgin Islands and established solely for holding the entire interest in DONACO. Save for its interest in DONACO, Luks Technology does not engage in other business or investment.

DONACO, a wholly owned subsidiary of Luks Technology, is a 100% foreign invested enterprise established in the Republic of Vietnam with limited liability. DONACO is engaged in the manufacturing and selling of televisions, receivers, audio, video cassette tapes, electrical and electronic products. It commenced business operations on about April 1991. According to the audited accounts of DONACO as at 31 December 1999, it sustained a net loss of approximately 13,452,718,000 Vietnam Dong or approximately HK\$7.48 million (converted at an exchange rate of 1,000 Vietnam Dong to 0.55595 Hong Kong Dollars).

Consideration

HK\$10,690,000 of which, HK\$2,672,500 representing 25% of the consideration was paid by the Purchaser to the Vendor in cash on signing of the Agreement. The remaining balance of HK\$8,017,500 is to be paid on completion.

The said consideration was agreed after arm's length negotiation between the Vendor and the Purchaser and on normal commercial terms between the parties. It represents a premium of 19% by reference to the unaudited net asset value of Luks-Tech Group as at 31 December 1999 adjusted by the value of the fixed assets as determined by an independent professional valuer and the diminution resulting from the writing off of all balances with companies controlled by the Vendor. The unaudited net asset value of DONACO and Luks-Tech Group as at 31 December 1999 after the said adjustments amounted to HK\$7,948,996 and HK\$8,970,786 respectively. As the change in shareholdings would only occur at the level of Luks Technology, no further approval in Vietnam is necessary. In line with the continuous efforts of the Group to further explore overseas markets for its electronic products especially color television sets, the Board (including independent non-executive directors) considers that the terms of the agreement are fair and reasonable and are in the interest of the independent Shareholders taken as a whole.

Completion

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Completion will take place on the 7th business day following the signing of the Agreement or such later date as the parties may agree in writing.

CONNECTED TRANSACTION

Mr. Luk King Tin, a non-executive director of the Company, is the Chairman of the Vendor. Mr. Luk (inclusive of his family interest and corporate interest) controls the exercise of over 35% of the voting rights at the general meeting of the Vendor. The Vendor is not a substantial shareholder of the Company. In the circumstances, the Acquisition would constitute connected transaction for the Company under Rule 14.23(b) of the Listing Rules. As the total consideration under the Agreement represents less than 3% of the book value of the net tangible assets of the Company as disclosed in the latest published accounts, no shareholders' approval is required but the transaction has to be disclosed by way of press notice and the inclusion of the details of the transaction in the next published report and accounts of the Company.

REASONS FOR THE ACQUISITION

The Acquisition represents the Group's continuous efforts to further explore overseas markets for its electronic products especially colour television sets. In view of the improving relationship between Vietnam and the United States, it is expected that the economy and gross national product of Vietnam will be improved and hence a potential market for the Group's products. The Board believes that the Acquisition will help facilitating the Group to penetrate Vietnam market and the southeastern countries nearby.

GENERAL

The Company is an investment holding company. Its principal subsidiaries are engaged in the design, manufacture and sale of electronic products in the PRC.

DEFINITIONS

"Agreement"	the agreement dated 21 November 2000 entered into between the Vendor and the Purchaser for the Acquisition
"Acquisition"	the acquisition of entire issued share capital of Luks Technology Development Company Limited
"Purchaser"	TCL Overseas Holdings Limited, a company incorporated in the British

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"Board"	Virgin Islands the board of directors (including independent non-executive directors) of the Company
"Company"	TCL International Holdings Limited
"DONACO"	Cong Ty Dien & Dien Tu Dong Nai, since 8 October 1998 known as TCL (Vietnam) Corporation Limited, a 100% foreign invested enterprise established in the Republic of Vietnam with limited liability
"Group"	the Company together with its subsidiaries
"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Vendor"	Luks Industrial Company Limited, a company incorporated in Hong Kong SAR whose securities are listed on the Hong Kong Stock Exchange Limited
"Luks Technology"	Luks Technology Development Limited, a limited liability company incorporated in the British Virgin Islands
"Luks-Tech Group"	Luks Technology and its subsidiary
"Listing Rules"	Rules Governing the Listing of Securities on Stock Exchange
"Shareholders"	shareholders of the Company
"Stock Exchange"	the Hong Kong Stock Exchange Limited

On Behalf of the Board
Li Dong Sheng, Tomson
Chairman

Hong Kong, 21 November 2000

** For identification only*

Please also refer to the published version of this announcement in the Hong Kong iMail