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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)

Major and Connected Transaction

Combination Agreement for establishment of TCL-Thomson Electronics Limited

Reference is made to the announcement made by the Company on 3 November 2003 relating to the proposed establishment of a joint venture company with Thomson and the signing of the memorandum of understanding. The Directors are pleased to announce that significant progress has been made and that on 28 January 2004, the Company entered into a Combination Agreement with Thomson and TCL Corp.

Pursuant to the Combination Agreement, the respective TV businesses and assets of the Group, TCL Corp and the Thomson Group will be combined and managed under the ownership of TTE. The Combination Agreement involves:

- (a) the Group undergoing restructuring to contribute its entire TV businesses and assets, and the Wuxi and Inner Mongolia Assets (to be acquired from TCL Corp) to TTE Group,
- (b) the acquisition by TTE Group from the Thomson Group of the Thomson TV Business comprising certain TV production plants, R&D facilities and current assets. The estimated value of these assets is €230 million (about HK\$2,254 million), and
- (c) the acquisition by the Company from TCL Corp of the Wuxi and Inner-Mongolia Assets with an aggregate attributable unaudited net asset value of approximately RMB192.9 million (about HK\$182 million) as at 31 December 2003.

On Closing, TTE will, in return for the contribution made by the Company and Thomson, issue to them respectively such number of shares representing 67% and 33% of the issued share capital of TTE. The consideration for the acquisition of the Wuxi and Inner-Mongolia Assets will be settled in cash in the amount of approximately RMB231.5 million (about HK\$218.4 million) at Closing.

If the injection of assets under the Combination Agreement is completed as contemplated, it is estimated that the combined total net asset value of TTE will be in excess of €450 million (about HK\$4,410 million) and it is the Directors' belief that TTE will become a major global company with long-term competitiveness in the businesses of TV R&D, manufacture, distribution and sales.

The total net asset value of the assets to be acquired by the Group pursuant to the Combination Agreement constitutes more than 50% but less than 100% of the latest published unaudited consolidated net tangible asset value of the Company for the nine months ended 30 September 2003. Following Closing, the entire issued share capital of TTE will be held by the Company and Thomson. Their respective shareholdings in TTE will be 67% and 33% (and they will therefore constitute “controlling shareholders” of TTE for the purposes of the Listing Rules). TCL Corp, the controlling shareholder of the Company holding approximately 54.51% of the existing issued share capital of the Company, is a party to the Combination Agreement. The acquisition of the Wuxi and Inner-Mongolia Assets will constitute a connected transaction for the Company under the Listing Rules and will require approval by the Shareholders independent of TCL Corp or its associates at the EGM. Accordingly, the Combination Agreement constitutes a major and connected transaction (under Rule 14.09 and Rule 14.23(1) of the Listing Rules, respectively) for the Company and will require approval by the independent Shareholders at the EGM. TCL Corp and its associates will abstain from voting as required by the Listing Rules.

The Combination Agreement is subject to, among other things, the finalization and execution of Transaction Documents which save for the Shareholders’ Agreement are still subject to further negotiation of the Parties. The Group will be a party to most of the Transaction Documents and the Company will make further announcement on those Transaction Documents to which the Group is a party as and when appropriate in accordance with the Listing Rules. Further information on those Transaction Documents will also be included in the Circular.

A Circular containing, among other things, further details of the Combination Agreement, the relevant Transaction Documents as mentioned above, the ongoing connected transactions and the notice convening the EGM will be despatched to the Shareholders as soon as practicable.

The Directors wish to emphasize that the Combination Agreement is subject to a number of conditions, including in particular the approval by the independent Shareholders, the execution of the Transaction Documents and the relevant government approvals required to consummate the transactions contemplated under the Combination Agreement. If such conditions are not fulfilled or waived on or before 30 September 2004, unless the parties decide otherwise, the transactions contemplated under the Combination Agreement may not proceed. Accordingly, Shareholders and investors are reminded to exercise caution in dealing in the Shares.

Trading in the Shares on the Stock Exchange was suspended at the Company’s request from 9:30 a.m. on 29 January 2004 pending the issue of this announcement. The Company has applied to the Stock Exchange for trading in its Shares to resume from 9:30 a.m. on 2 February 2004.

COMBINATION AGREEMENT DATED 28 JANUARY 2004

Major Transaction

Parties

1. The Company
2. Thomson, an independent third party not connected with any of the Directors, chief executives, or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates, and
3. TCL Corp, the ultimate controlling shareholder of the Company holding approximately 54.51% of the issued share capital of the Company

Assets and businesses required to be contributed by Thomson

Pursuant to the Combination Agreement, Thomson is required to contribute the following businesses and assets into TTE Group:

1. Thomson TV businesses (as defined in the definition) currently being conducted within the Thomson Group which is expected to include the following business units:
 - RCA components SA de CV — primarily TV manufacturing (Mexico)
 - Manufacturas Avanzadas SA de CV — primarily TV manufacturing (Mexico)
 - Thomson Televisiones de Mexico, SA de CV — primarily TV manufacturing (Mexico)
 - Thomson Multimedia Operations Company Limited — primarily TV manufacturing (Thailand)
 - Thomson Zhao Wei Multimedia Co Ltd — primarily TV manufacturing (China)
 - Thomson Multimedia India Private Ltd — primarily TV manufacturing (India)
 - Thomson Multimedia Polska Zyrardow — primarily TV manufacturing (Poland).
2. Three R&D centres located in Villingen (Germany), Indianapolis (U.S.) and India each of which conducts R&D in relation to TV related production for the Thomson TV Business;
3. certain current assets and current liabilities, including cash, inventory and certain accounts payable; and
4. other fixed assets including production equipment such as tooling assets from other Thomson entities connected to the Thomson TV Business.

As Thomson TV Business will remain in full operation at all time, the exact extent of the current assets and liabilities and tooling equipment will not be ascertained until Closing.

Based on the unaudited net book value of fixed asset of Thomson TV Business as at 31 December 2002, the total net tangible asset value to be contributed by Thomson listed above to TTE Group will amount to approximately €230 million (about HK\$2,254 million). The profit and loss figures of Thomson TV Business, which are being prepared by the accountants, will be set out in the carve-out financials for the Thomson TV business to be included in the shareholder's circular.

In consideration of the contribution by Thomson of the Thomson TV Business, TTE will issue to Thomson shares representing 33% of the issued share capital of TTE immediately following Closing.

Assets and businesses required to be contributed by the Company

Pursuant to the Combination Agreement, the Company is required to contribute into TTE Group its entire TV businesses including all its fixed assets relating to TV business amounting to approximately €90 million (about HK\$882 million), currently comprising TV businesses and assets located in the PRC, Germany and South East Asia and all its net working capital associated with its TV business. As the Group's TV business will remain in full operation at all time and the amount of net working capital to be contributed is not ascertainable until Closing, it is currently expected that the amount to be in the region of approximately €120 to 140 million (about HK\$1,176 to 1,372 million) associated with its TV business. The contribution as set out above will include the Wuxi and Inner Mongolia Assets, i.e. TCL Corp's equity interest in the businesses of TV manufacturing, to be acquired from TCL Corp (for details please refer to the section below headed "Connected Transaction"). The total net tangible asset value to be contributed by the Company into TTE is expected to amount to €210 to 230 million (about HK\$2,058 to 2,254 million)

In consideration of the contribution by the Company of its TV assets and businesses and the Wuxi and Inner-Mongolia Assets to TTE Group, TTE will issue to the Company shares representing 67% of the issued share capital of TTE immediately following Closing.

Connected Transaction

Assets to be acquired from TCL Corp

The Company will prior to Closing purchase from TCL Corp for cash consideration of approximately RMB231.5 million (about HK\$218.4 million) and contribute to the TTE Group the Wuxi and Inner-Mongolia Assets (with aggregate attributable unaudited net asset value of approximately RMB192.9 million (about HK\$182 million) as at 31 December 2003. The cash consideration represents a 20% premium of the net asset value of the Wuxi and Inner-Mongolia Assets. For the two years ended 31 December 2003, the respective audited and unaudited net profit after taxation of Inner-Mongolia Assets were RMB3.7 million (about HK\$3.5 million) and RMB7.9 million (about HK\$7.5 million) respectively. For the two years ended 31 December 2003, the respective audited and unaudited net profit after taxation of the Wuxi Assets were RMB3.9 million (about HK\$3.7 million) and RMB11.9 million (about HK\$11.2 million) respectively. As the Wuxi and Inner-Mongolia Assets are currently held by TCL Corp, the purchase will constitute a connected transaction of the Company under Chapter 14 of the Listing Rules and will require approval by the independent Shareholders. It is currently expected that the Parties will enter into the sale and purchase agreements in early March. A further announcement will be made by the Company when the sale and purchase agreement is signed. Further details of the purchase will also be set out in the Circular. As required by the Listing Rules, TCL Corp (including their respective associates) will abstain from voting on the resolutions to be proposed at EGM on the Combination Agreement (including the purchase of Wuxi and Inner-Mongolia Assets).

Immediate follow-up actions

The Combination Agreement provides that the Parties shall use their respective commercial best efforts to agree in good faith prior to 10 February 2004 in accordance with certain agreed business principles certain key Transaction Documents and a number of schedules containing details concerning the assets and business to be injected into TTE Group. The rest of the Transaction Documents are to be finalized by the Parties by 28 February 2004. Further announcement will be made by the Company to inform Shareholders as and when appropriate.

Conditions

It is a condition precedent of the Combination Agreement that certain key Transaction Documents and the schedules as mentioned above are in a form agreed by the Parties. It is currently anticipated that such condition precedent will be satisfied by 10 February 2004.

The respective obligations of each party to the Combination Agreement are also subject to fulfillment or waiver of, among others, the following conditions on or prior to the Closing Date:

- (a) the transactions contemplated under the Combination Agreement and other Transaction Documents have been approved by the independent Shareholders;
- (b) all government and regulatory authorities approvals required to consummate the transactions contemplated under the Combination Agreement have been obtained; and
- (c) execution of all Transaction Documents.

Closing is expected to take place on or by 30 June 2004.

Exclusivity

The Parties have agreed that during the term of the Combination Agreement, they will not negotiate directly or indirectly with any third party with respect to any transaction similar to the transactions contemplated in the Combination Agreement.

Termination

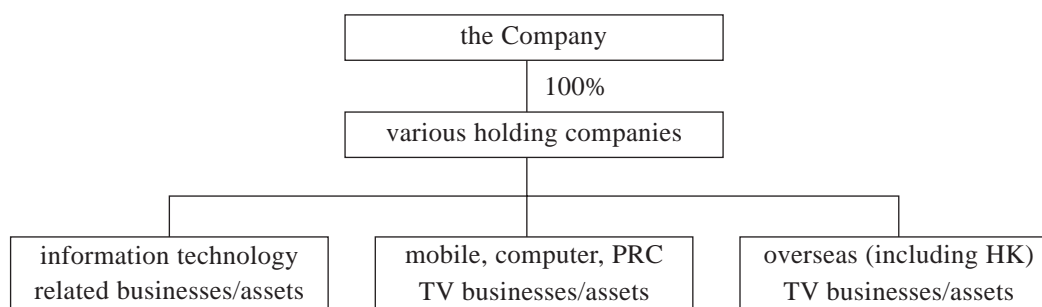
The Combination Agreement may be terminated at any time prior to the Closing Date under the following circumstances:

- (a) by mutual consent of the Company, TCL Corp and Thomson;
- (b) by the Company, TCL Corp or Thomson if:
 - (i) certain key Transaction Documents are not in a form agreed by the Parties by 31 March 2004 and the rest by 30 April 2004.
 - (ii) Closing has not occurred by 30 September 2004;
 - (iii) any order, judgment, injunction, award, decree or writs handed down, adopted or imposed by any government authority restraining, enjoining or otherwise prohibiting Closing and the same has become final and non-appealable; or
 - (iv) the transactions contemplated under the Combination Agreement have not been approved by the independent Shareholders.
- (c) by the Company or TCL Corp if Thomson breaches any of its representations, warranties, covenants or agreements under the Combination Agreement which would result in a Condition Precedent not being fulfilled and which has not been cured by Thomson within 20 Business Days after receipt of written notice of such breach from the Company and TCL Corp;
- (d) by Thomson if the Company or TCL Corp breaches any of their respective representations, warranties, covenants or agreements under the Combination Agreement which would result in a Condition Precedent not being fulfilled and which has not been cured by the Company and TCL Corp within 20 Business Days after receipt of written notice of such breach from Thomson.

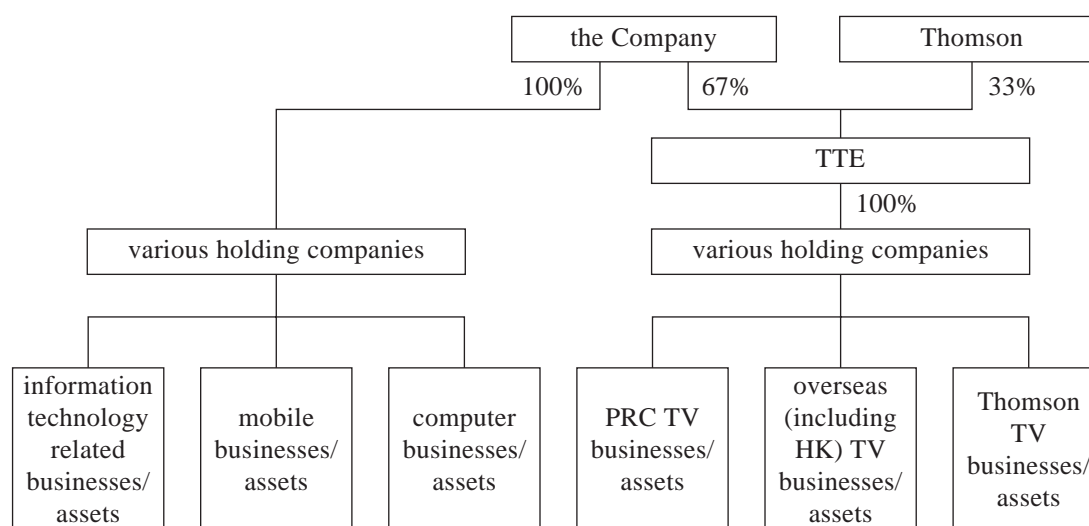
CORPORATE STRUCTURE AND TTE

Set out below is the effect of the Combination Agreement on the Company's corporate structure

Before Closing of the Combination Agreement



After Closing of the Combination Agreement



It is currently estimated that TTE will own combined assets of total net asset value exceeding €450 million (about HK\$4,410 million) and it is the Directors' belief that will be a major global player in the businesses of R&D of TV technologies, manufacture, distribution and sales.

It is intended that the principal business of TTE will be to conduct, directly or indirectly, the following activities throughout most of the world (a) R&D of TV technologies, (b) designing, manufacturing, distributing and selling TV, (c) licensing intellectual property for TV, (d) providing goods and services relating to TV, and (e) undertaking activities associated or ancillary to any of the foregoing.

TTE will be organized as a stand-alone business with an arm's length relationship with the Group and the Thomson Group. All transactions to be entered into between TTE Group and any TTE's shareholders or their affiliates must be on terms and conditions no less favourable to TTE Group than would be applicable in comparable transactions between independent parties acting at arm's length.

TRANSACTION DOCUMENTS

As mentioned above one of the conditions for effecting the Combination Agreement is that all the relevant parties have duly executed all Transaction Documents (and if Shareholders' approval is required for those Transaction Documents, the approval has been obtained) which include the Exchange Option Agreement, Shareholders' Agreement and a number of Operation Agreements. The Transaction Documents also include some agreements to be entered into between Thomson and TCL Corp where the Group will not be a party.

Shareholders' Agreement

The Shareholders' Agreement will be entered into by the Company, Thomson and TTE (after incorporation) and is now in an agreed form but not signed by the parties thereto. It will contain provisions governing the operation of TTE and regulating the rights and obligations of the Company and Thomson as shareholders of TTE. It will also provide for a right of first refusal and restrictions on transfers of shares in TTE. The number of directors constituting the board of directors of TTE will be nine, of which six will be nominated by the Company and three will be nominated by Thomson.

Each of the Company and Thomson (each a "Covenantor") is required under the Shareholders' Agreement to covenant with TTE that none of their respective group members will directly or indirectly conduct any business which is potentially in competition in whole or in part with the business of TTE Group comprising the design and manufacturing of TV (save and except those business expressly permitted under the Operation Agreements) until the later of (i) 5 years from the Closing Date; and (ii) the date when such Covenantor and its affiliates in the aggregate hold less than 33% of their initial shareholding in TTE immediately after Closing

Exchange Option Agreement

The Transaction Documents include an Exchange Option Agreement which will involve the Company granting an irrevocable option to Thomson to exchange its shares in TTE for the new Shares to be issued by the Company, which will become exercisable under certain circumstances to be defined in the Exchange Option Agreement, but no later than 18 months from Closing. The number of Shares to be issued to Thomson on exercise of the option will depend on the value of Thomson's stake in TTE and the valuation of the Company at the time of exchange, based on parameters to be defined in the Exchange Option Agreement. Thomson does not intend to become the single largest Shareholder of the Company but it is expected to become a substantial Shareholder of the Company upon the share exchange.

Operation Agreements

The Transaction Documents also include a number of Operation Agreements to be entered into between TTE and Thomson Group or TCL Corp Group. The Operation Agreements concern the future operation of the TTE and would provide the TTE Group with a full range of services to conduct its business activities globally. The Operation Agreements as identified in the Combination Agreement concern appointment of Thomson Group and the Group as sales and marketing agents of the TTE Group in respective regions covering North America, Europe, Middle East, Africa and regions in PRC, grant of licenses for TTE Group to use certain trademarks, patents and information technology of Thomson Group and other operation of the TTE Group such as sourcing of raw material and styling services.

The Transaction Documents, save for the Shareholders' Agreement, are still subject to further negotiation of the Parties. The Company will make further announcement on the relevant Transaction Documents as and when appropriate in accordance with the Listing Rules.

BASIS FOR THE DETERMINATION OF THE AMOUNT OF TTE SHARES TO BE ISSUED TO THOMSON

The number of shares to be issued to Thomson in TTE has been arrived at on the basis of arm's length negotiations between Thomson and the Company. It has taken into consideration, amongst other things, the contributions of both parties, an assessment of the brand presence, technology capabilities and distribution coverage of the two businesses in their respective markets and likely synergies from the combination.

INFORMATION ON THE GROUP

The Group is a leading multimedia consumer electronics product manufacturer, with a strong brand presence in China and Asia. Its core products include televisions, mobile handsets, personal computers, audio-visual equipment as well as information technology services. Under its highly recognized and well-established TCL brand, it is one of the strongest players in the TV and mobile handset marketplace in China. Committed to expanding globally, the Group acquired the assets of Schneider, a Germany-based consumer electronics brand in Europe in 2002. The Group operates a number of highly efficient manufacturing bases in China, Asia and Europe. For further information on the Company, please visit www.tclhk.com. (The information that appears in this website does not form part of this announcement.)

INFORMATION ON THOMSON GROUP

Thomson Group provides a wide range of video (and enabling) technologies, systems, finished products and services to consumers and professionals in the entertainment and media industries. To advance and enable the digital media transition, Thomson has four principal divisions: Content and Networks, Consumer Products, Components, and Licensing. Thomson Group distributes its products under the THOMSON, RCA, Technicolor and Grass Valley brand names. Thomson's TV manufacturing plants mainly locate in Mexico, Poland, France, Thailand with TV products mainly distributed to the U.S. and Europe. For more information regarding Thomson and Thomson Group, please visit its website at www.thomson.net. (The information that appears in this website does not form part of this announcement.)

REASONS AND BENEFITS FOR THE COMBINATION AGREEMENT

It is the Directors' belief that the Combination Agreement will enable TTE to become a major global company in the TV industry by combining the resources of the respective TV related businesses and assets of the Group and Thomson Group. The combination will enable the Company to strengthen its competitiveness and expand into the emerging digital TV market.

On Closing, TTE will become a major global player in the businesses of TV R&D, manufacture, sales and distribution. The two groups' geographical footprints are highly complementary, which will reduce the Group's costs of expansion into overseas markets. Domestically, the Group operates one of the most extensive and efficient distribution networks for consumer electronics

products in the PRC and the TCL brand is one of the most well-recognized among consumers in the PRC. Outside China, the Group will gain access to the U.S. and Europe with well-known brands through TTE.

TTE's key assets and strengths will include, among others, (i) solid market position and strong brands in all main regions, such as the TCL brand in Asia, the Thomson brand in Europe and the RCA brand in the U.S.; (ii) extensive sales network offering broad coverage in China, the U.S. and Europe; (iii) a cost-efficient manufacturing platform with facilities near each major consumer market; (iv) strong technological capabilities with full coverage of analog and digital technologies; and (v) a comprehensive range of high-quality TV products and related services. The Parties currently expect TTE to achieve significant operational synergies, particularly with revenue synergies driven by global presence, comprehensive product range and increased R&D resources for innovation, sourcing and materials synergies and manufacturing synergies driven by economies-of-scale and optimization of global footprint.

Thomson has one of the most extensive R&D capabilities in relation to TV. With the enhanced R&D capabilities contributed by Thomson Group, TTE aims to further strengthen its competitiveness, and to position itself for the rapid growth in global demand for digital TV. It is expected that TTE will enable the Group to improve its product variety and increase contributions from advanced TV models.

The Board believes that the transactions contemplated under the Combination Agreement will increase the resources available to the Company and will create significant value for Shareholders in the long-term.

The Board considers that the terms of the Combination Agreement, which have been concluded after arm's length negotiation between the Parties on normal commercial terms, are fair and reasonable so far as the Company and the Shareholders are concerned. The independent non-executive Directors concur with the executive directors that the terms of the Combination Agreement are in the interest of the Company and the Shareholders as a whole.

MAJOR AND CONNECTED TRANSACTION

The total net asset value of the assets to be acquired pursuant to the Combination Agreement constitutes more than 50% but less than 100% of the latest published unaudited consolidated net tangible assets value of the Company for the nine months ended 30 September 2003. Following Closing, the entire issued share capital of TTE will be held by the Company and Thomson. Their respective shareholdings will be 67% and 33% (and they will therefore constitute "controlling shareholders" of TTE for the purposes of the Listing Rules). TCL Corp, a controlling shareholder of the Company holding approximately 54.51% of the existing issued share capital of the Company, is a party to the Combination Agreement. The acquisition of the Wuxi and Inner-Mongolia Assets will constitute a connected transaction for the Company under the Listing Rules and will require approval by the Shareholders independent of TCL Corp or its associates at the EGM. Accordingly, the Combination Agreement constitutes a major and connected transaction (under Rule 14.09 and Rule 14.23(1) of the Listing Rules, respectively) for the Company and will require approval by the independent Shareholders at EGM. TCL Corp and its associates will abstain from voting as required by the Listing Rules.

Some of the Transaction Documents concerning the future operation of TTE (being the Operation Agreements) will be entered into by TTE with TCL Corp Group or Thomson Group on Closing. The transactions contemplated under those agreements will constitute connected transactions or

ongoing connected transactions of the Company under Chapter 14 of the Listing Rules and depending on the size of the transactions, may require approval by the independent Shareholders. The Company will make further announcement on those connected transactions or ongoing connected transactions as and when appropriate under the Listing Rules which is expected to be made prior to despatch of the Circular. Should the Company need to apply for a waiver from the Stock Exchange from strict compliance with the Listing Rules regarding the ongoing connected transactions, details of the waiver application and the conditions under which the ongoing connected transaction waiver is being applied for will be disclosed in the connected transaction announcement of the Company and be set out in the Circular. An independent board committee will be established to advise the independent Shareholders regarding the fairness and reasonableness of the terms for the said connected transactions or ongoing connected transactions to be entered into by TTE after Closing with TCL Corp Group and Thomson Group.

SHAREHOLDERS' CIRCULAR

A Shareholders' circular containing, among other things, further details of the Combination Agreement, some relevant Transaction Documents (including certain Operation Agreements which may require ongoing connected transaction waiver, if applicable), the letter from the independent board committee and an opinion from an independent financial advisor to be appointed together with the notice convening the EGM will be despatched to Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m., 29 January 2004 pending the issuance of this announcement.

Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m., 2 February 2004.

The Directors wish to emphasize that the Combination Agreement is subject to a number of conditions, including in particular the approval by the independent Shareholders, the execution of the Transaction Documents and the relevant government approvals required to consummate the transactions contemplated under the Combination Agreement. If such conditions are not fulfilled or waived on or before the 30 September 2004, the transactions contemplated under the Combination Agreement may not proceed. Accordingly, Shareholders and investors are reminded to exercise caution in dealing in the Shares.

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day other than (a) a Saturday or Sunday or (b) any other day on which commercial banks in (i) Huizhou PRC, (ii) Hong Kong or (iii) Paris, France are required or authorized by law or executed orders to be closed
“Circular”	a circular containing, among other things, further details of the Combination Agreement, certain Transaction Documents, the ongoing connected transactions and the notice convening the EGM to be despatched to the Shareholders

“Closing”	the closing of the transactions contemplated under the Combination Agreement
“Closing Date”	the fifth Business Day after the day on which the last of the conditions precedent (other than any conditions precedent that by their nature are to be satisfied at the Closing) is satisfied or waived in accordance with the Combination Agreement; or on such other date as the Company and Thomson may agree in writing
“Combination Agreement”	the combination agreement dated 28 January 2004 entered into by the Company, Thomson and TCL Corp in respect of the establishment of TTE
“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 meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among others, the Combination Agreement
“Exchange Option Agreement”	the exchange option agreement stipulated under the Combination Agreement to be entered into between Thomson and the Company on or prior to the Closing
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Inner-Mongolia Assets”	the 100% interest of TCL Corp in Inner-Mongolia TCL Electrical Appliance Company Limited (內蒙古 TCL 電器有限公司), an enterprise established in the PRC operating TV manufacturing plant located in Inner-Mongolia
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Operation Agreements”	the agreements concerning future operation of TTE and stipulated under the Combination Agreement to be entered into between TTE and Thomson Group or TCL Corp Group on or prior to the Closing
“Parties”	the Company, TCL Corp and Thomson, and a “Party” means any one of them

“PRC” or “China”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of PRC
“R&D”	research and development
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder”	holder of Share(s)
“Shareholders’ Agreement”	the shareholders agreement stipulated under the Combination Agreement to be entered into between companies designated by the Company and Thomson on or prior to the Closing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL Corp”	TCL Corporation (TCL 集團股份有限公司), a joint stock company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange and is the ultimate controlling shareholder of the Company
“TCL Corp Group”	TCL Corporation and its subsidiaries (excluding members comprising the Group)
“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 receipt shares
“Thomson Group”	Thomson and its subsidiaries
“Thomson TV Business”	the TV businesses and assets to be injected by Thomson into TTE listed in the section headed “Assets and business required to be contributed by Thomson”
“Transaction Documents”	the agreements stipulated under the Combination Agreement to be entered into by the relevant parties on or prior to the Closing in relation to the combination of respective TV business and assets of the Company and Thomson and future operation of TTE, including the Exchange Option Agreement, Shareholders’ Agreement and a number of Operation Agreements
“TTE”	a company to be established pursuant to the Combination Agreement to be named as TCL-Thomson Electronics Limited
“TTE Group”	TTE and its subsidiaries
“TV”	television

- “Wuxi Assets” the 70% interest of TCL Corp in Digital Science and Technology (Wuxi) Company Limited (TCL 數碼科技(無錫)有限公司), a sino-foreign joint venture enterprise established in the PRC operating TV manufacturing plant located in Wuxi, which remaining 30% interest is being held by Wuxi Electronic Instrument Operation Company Limited (無錫市電儀資產經營有限公司), an independent third party not connected with the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
- “Wuxi and Inner-Mongolia Assets” the Wuxi Assets and the Inner-Mongolia Assets
- “€” Euro, the single currency of the participating member states from time to time of the European Union that adopt such currency in accordance with the Treaty on European Union signed on 7 February 1992 as amended

Unless otherwise specified, conversion of RMB into Hong Kong Dollars is based on the exchange rate of RMB106 : HK\$100

Unless otherwise specified, conversion of Euro into Hong Kong Dollars is based on the exchange rate of €1 : HK\$9.8

On behalf of the Board
Li Dong Sheng
Chairman

Hong Kong, 30 January 2004

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