

CORPORATE GOVERNANCE

On the road to further business globalization, the Board of Directors is committed to raising the Group's corporate governance standards. It aims to raise operational efficiencies by strengthening internal management, while at the same time, increasing corporate transparency and promoting openness through different channels of information disclosure to uphold its responsibilities to shareholders.

BOARD OF DIRECTORS

The Board is responsible for formulating the overall business development targets and long-term strategies of the Group, assessing the results of management policies and monitoring the performance of the management on a regular basis. Leading the Group with commitment and responsibility, the Board takes shareholder interests as the basis for all its decision-making.

The Board consists of eight directors, including six executive directors and two independent non-executive directors. Independent non-executive directors make up a quarter of the total number of Board members. The Group's independent non-executive directors possess the highest professional management standards — Mr Albert Thomas da Rosa, Jr. is a practising solicitor, and Dr Hon Fong Ming is the chairman and chief executive officer of another listed company in Hong Kong as well as a post-doctorate research student of Harvard University. Their insights and extensive experience in their respective business sectors contribute to the Group's continuing success.

The Board meets regularly to review the financial and operational performances of the Group and its businesses, and to discuss and formulate future development plans.

AUDIT COMMITTEE

The Board has established an audit committee which meets at least four times a year. Consisting of two independent non-executive directors, the audit committee is responsible for reviewing the truthfulness, completeness, and accuracy of the Group's financial statements, and for assessing the scope of work of internal and external auditors and the efficiency of the internal control systems. It strives to ensure that the Group can provide accurate and reliable financial information to its shareholders and investors in a timely manner.

CORPORATE TRANSPARENCY

As a listed company on the Main Board of the Hong Kong Stock Exchange, apart from interim and annual results announcements in accordance with the Listing Rules of the Main Board, the Group has taken the initiatives to increase the frequency of results announcements from half-yearly to quarterly reports in order to enhance its transparency.

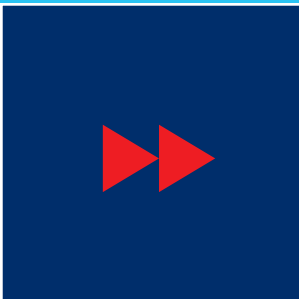
Furthermore, the Group proactively added in its results announcement, certain operational and financial information on TCL Mobile, an associated company of the Group engaged in mobile communication business, for investor and the public.



INVESTOR RELATIONS

The Group has set up a department specifically handling investor relations. Headed by an executive director, the department is responsible for keeping close contacts with investors. Regular meetings with investors and the media are held to exchange views. This kind of interaction not only enables investors to better understand the Group's business development but also allows the management to gain feedback and understand expectations in its business development from the investment community.

With regard to the announcement of interim and annual results as well as other significant transactions, the Group proactively releases information on its latest development via analyst meetings, media conferences, investor teleconferences, etc. We also post announcements, financial reports,



press releases, etc., on our corporate website www.tclhk.com, keeping shareholders and the public abreast of the Group's latest development.

We received the honourable awards "The Best IR Company" in Hong Kong and "Most Improved IR Company" in the technology category of the Reuters Institutional Investors Report 2003, in June 2003.

Looking ahead, the Group will continue to strengthen its internal governance mechanisms. Considering shareholders' interests as one of our key concerns, we will keep on streamlining management systems and enhancing transparency.

HUMAN RESOURCES

Human resources are among the most valuable assets of the Group. Today, the Group employs approximately 21,000 employees who possess the initiative, competence and talent in their respective areas.

"Establishing an Internationally Competitive World-Class Enterprise" is our mission, the Group has a competitive remuneration and welfare system in place, aiming to recruit and retain world-class talent with expertise in management and technology. Based on our philosophy of "Creating Opportunities for Employees", the Group is committed to offering personal career development opportunities to employees. We cultivate a learning culture and promote life-long learning through the organization of training courses

together with the provision of educational subsidies to encourage employees to take part in programmes that enhance their professional skills. The Group has also established a Post-Doctorate Research Center, attracting post-doctorate candidates to contribute their research findings, integrating them with the Group's practical research results. Raising our R&D capabilities and enhancing our competitiveness on the one hand, we aim to attract highly competent and talented individuals to work for the Group on the other.

With "Trust" and "Teamwork" as two major principles, we promote teamwork across the entire organisation, establishing trust and sense of belonging among our employees. The Group is committed to developing excellent relationships with all employees. The management places

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strong emphasis on mutual communication and encourages employees to express their views.

As the management fully appreciates the importance of human resources in the development of the Group, employees' health, safety, welfare, and career planning are major considerations in the formulation of staff-related policies.

SOCIAL AND COMMUNITY COMMITMENT

We adhere to the principle of "Contributing to Society with the Wealth Gained Therein". Running in parallel with our business development is our enthusiasm to reward the community. TCL International joins hands with TCL Corporation, its parent company, to actively participate in a range of social welfare activities. Education and poverty relief were the two areas of focus last year.

The Group is particularly keen to nurture the next generation in China. As such we are fully supportive of the groundwork development for a quality education. So far, TCL Group has contributed towards the construction of 15 primary schools in the "Schools of Hope" project throughout the nation.

At the same time, to avoid talented students being deprived of the right to receive education due to poverty, the Group provides financial assistance to high school students who demonstrate brilliant academic results, offering them the opportunity to receive good tertiary education. This serves as motivation for the students and contributes to the accelerated development of the Chinese community.

Following our corporate philosophy of "Creating Benefits to Society", we will continue to shoulder our responsibilities. In addition to improving people's quality of life with our premier consumer electronics products, we are also paying attention to community development and participating actively in social and community services to contribute a valid part in the building of a harmonious community.