

# 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 (the "Company") wished to announce that on 12 May 2000, TCL Information Technology Industrial (Group) Company Limited (TCL 信息產業集團有限公司) an indirect wholly-owned subsidiary of the Company, entered into a sino-foreign equity joint venture agreement with TCL Holdings Corporation Ltd. (TCL 集團有限公司) to form a sino-foreign equity joint venture in the PRC for the purposes of, among other things, development and manufacture of computer software and hardware products and products relating to internet and information technology and provision of services in relation to internet services and e-commerce etc.

The total investment amount and the registered capital of JV is RMB5,000,000. The term of the joint venture is 30 years from 25 May 2000.

TCL Holdings Corporation Ltd. is the ultimate controlling shareholder of the Company and therefore a connected person of the Company for the purposes of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited. Accordingly, the entering into of the joint venture agreement constitutes a connected transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Given the total investment amount and the registered capital of JV 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.

The Stock Exchange has indicated that it reserves its right to take action as appropriate under the Listing Rules in relation to the delay in reporting and disclosure requirement under the Listing

Rules.

## Particulars of the Joint Venture Agreement (the ``JV Agreement'')

Date : 12 May 2000  
Parties : TCL Information Technology Industrial (Group) Company Limited (TCL 信息產業集團有限公司) (``TCL Information"), an indirect wholly-owned subsidiary of the Company

TCL Holdings Corporation Ltd. (TCL 集團有限公司) (``TCL Holdings"), the ultimate controlling shareholder of the Company

## Establishment of the Joint Venture

Pursuant to the JV Agreement a sino-foreign equity joint venture (the ``JV") will be established in Beijing, the PRC and the purposes and business scope of which is development and manufacture of computer software and hardware products and products relating to internet and information technology and provision of services in relation to internet services and e-commerce etc.

The disclosure requirement of the investment as a connected transaction was overlooked by the Board of Directors (the ``Board"). The investment constitutes only a small amount representing about 0.1% of the net asset value of the Group. Once it is aware of the disclosure obligation under the Rules Governing the Listing of Securities (the ``Listing Rules") on The Stock Exchange of Hong Kong Limited, the Board immediately takes necessary action by publishing this announcement in compliance with the relevant requirement. The Stock Exchange has indicated that it reserves its rights to take action as appropriate under the Listing Rules in relation to the delay in reporting and disclosure requirement under the Listing Rules.

## Principal Features of JV Agreement

(a) The total investment amount and the registered capital of JV is RMB5,000,000 (equivalent to approximately HK\$4,672,897). TCL Information shall contribute RMB2,450,000 (equivalent to approximately HK\$2,289,720), being 49% of the registered capital of JV, in the form of cash which will be funded by internal resources and TCL Holdings shall contribute RMB2,550,000, being 51% of the registered capital of JV, in the form of cash. Apart from the said capital injection, there is no further capital commitment from the Group under the JV Agreement in relation to the JV.

(b) The respective capital contributions by the parties to the JV Agreement shall be paid in full

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within six months after the date of issuance of the business licence.

(c) The board of director of JV shall consist of 3 directors. TCL Information and TCL Holdings shall be entitled to nominate 2 directors and 1 director to the board of directors of JV respectively.

(d) The term of JV is 30 years from the date of the issuance of the business licence on 25 May 2000.

(e) The profits, risks and losses of the JV during the term of JV will be shared by the parties in proportion to their contributions of the registered capital.

(f) Upon the expiration of the duration or termination before the date of expiration of the JV, liquidation shall be carried out according to the relevant law and the liquidated assets shall be distributed in proportion to the investment contributed by TCL Information and TCL Holdings.

All the requisite approval from the relevant regulatory authority for the establishment of the JV and the issuance of business licence has been obtained. The JV will be treated as a subsidiary of the Company as TCL Information controls the board of the JV for the purpose of Companies Ordinance (Cap. 32 laws of Hong Kong).

### **Reasons for Entering into of the JV Agreement**

The Board of Directors (including independent non-executive directors) of the Company considers that the investment in JV will provide further opportunity for the Group to venture into business relating to development and manufacture of computer software and hardware products and products relating to internet and information technology and provision of services in relation to internet services and e-commerce etc. The JV will help facilitating the Group to implement its business strategy of expanding in the internet related information technology product market. Therefore the entering of the JV Agreement is in the best interest of the Company and its shareholders as a whole.

The terms of the JV Agreement were arrived at after arm's length negotiations and on normal commercial terms between the parties thereto.

TCL Holdings does not engage in any business which competes or likely to compete the business of the JV.

It is presently envisaged that no further transaction would be entered into between the Group and a connected person (other than the JV itself) in connection with the JV, should any such transaction be carried out in future, the Company will comply with the relevant disclosure requirements under the

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Listing Rules.

## Connected Transaction

TCL Holdings is the ultimate controlling shareholder of the Company and therefore a connected person of the Company for the purposes of the Listing Rules. Accordingly, the entering into of the JV Agreement constitutes a connected transaction for the Company under Chapter 14 of the Listing Rules. Given the total investment amount and the registered capital of JV 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.

## 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.

On Behalf of the Board  
**Tse On Kin**  
*Managing Director*

Hong Kong, 15 June 2000

*\* For identification only*

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