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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**

#### **Amendment to the Subscription Agreement for issuance of 3% convertible notes due 2005 in aggregate principal amount of HK\$350,000,000**

Reference is made to the announcement and circular dated 26 September 2002 and 16 October 2002 respectively of the Company in relation to the 3% convertible notes due 2005 in aggregate principal amount of HK\$350,000,000 issued by, and convertible into Shares of, the Company pursuant to the Subscription Agreement dated 26 September 2002 entered into by the Company and the subscribers to the Notes.

The parties to the Subscription Agreement have entered into an Amendment Agreement to amend the Subscription Agreement and adopt revised terms and conditions of the Notes which has resulted in the creation of a Global Note representing such Notes. Notes represented by a Global Note are more freely tradable since they can be admitted to the global electronic clearing and settlement systems of Clearstream and Euroclear and as a result, will allow for a more orderly diversification of TCL's convertible note investor base. Although the amendment is made at the initiative of the Subscribers, the Board considers that the amendment of the Notes is in the interest of the Company and its shareholders and therefore has agreed to the Subscribers' request.

The Amendment Agreement constitutes a connected transaction. However, the basic economic terms of the Notes, including interest, maturity and currency of payment as well as the conversion features of the Notes will be unaffected by the Amendment Agreement. Since no cash consideration for the Amendment Agreement is involved, the transaction is not subject to any disclosure or shareholders approval requirement under Rule 14.24(5) of the Listing Rules.

This announcement is made pursuant to paragraph 2 of the Listing Agreement for information purpose only.

# **THE AMENDMENT AGREEMENT FOR MAKING AMENDMENT TO THE SUBSCRIPTION AGREEMENT**

**Dated 22 August 2003**

## **Parties:**

1. The Company
2. United Asset, a company 100% owned by Mr. Wong Toe Yeung, who was a non-executive director of the Company and resigned on 19 July 2003
3. Go-Win, a company 100% owned by Mr. Wong Toe Yeung
4. Nam Tai, an independent third party not connected with any director, chief executive or substantial shareholder of the Company and its subsidiary or their respective associates as defined in the Listing Rule save that (i) Nam Tai and Mr. Wong Toe Yeung own as to about 72% and 28% respectively in Mate Fair Group Limited which has a 4.2% interest in Huizhou TCL Mobile Communication Co., Ltd, a company which the Company has a 40.8% interest, (ii) Nam Tai owns indirectly a 6% equity interest of the TCL Corporation, the ultimate controlling shareholder of the Company, and (iii) Mr. Ming Kown Koo, a major shareholder and a director of Nam Tai, is a director of TCL Corporation.

## **Background**

Reference is made to the announcement and circular dated 26 September 2002 and 16 October 2002 respectively of the Company in relation to the issue of the Notes pursuant to the Subscription Agreement. The Notes carry the right to convert into Shares at the option of Notes holders at any time before 7 November 2005 at a conversion price of HK\$2.556 per share, subject to adjustment.

## **The Amendment Agreement**

The parties to the Subscription Agreement have entered into the Amendment Agreement to amend the Subscription Agreement and adopt revised terms and conditions of the Notes in order to create a Global Note representing such Notes which will then be eligible for global clearing and settlement through Clearstream and Euroclear. As confirmed by the Company's legal adviser, the Amendment Agreement does not make any material economic change to the terms and conditions of the Notes. The basic economic terms of the Notes, including maturity, payment of principal and interest, redemption, and the conversion features of the Notes remain the same. The Notes are not and will not be listed on any stock exchange. To facilitate the trading of the Notes, the minimum denomination and minimum conversion amount of the Notes was changed from HK\$10,000,000 to HK\$10,000.

Subsequent to the entering into of the Amendment Agreement, the Notes have been accepted into Euroclear and Clearstream and are freely tradable within the Euroclear and Clearstream settlement system. The Notes are now represented by a permanent Global Note in fully registered book-entry form, registered in the name of Citivic Nominees Limited, a nominee of Citibank N.A., a common depositary for Euroclear and Clearstream. Clearstream and Euroclear each hold securities for participating organizations and facilitate clearance and settlement of securities transactions between their respective participants through electronic book-entry changes.

Under the Subscription Agreement, there was a lock-up period of 6 months during which the Subscribers were not permitted to sell, transfer, or otherwise dispose of any of the Notes or Shares to be issued on the exercise of the conversion rights under the Notes and such lock-up period expired on 12 May 2003.

Assuming full conversion of the Notes at the initial conversion price, the number of shares to be issued in respect of the Notes will be 136,932,707, representing approximately 5.17% of the existing issued share capital of the Company and approximately 4.91% of the issued share capital of the Company as enlarged by the issue of such Shares. The listing approval for the new Shares falling to be issued upon conversion of the Notes was granted on 5 November 2002. The Shares to be issued upon the exercise of the conversion right under the Global Notes remain the same as those to be issued under the Notes, which will rank *pari passu* in all respects with the Shares in issue as at the relevant conversion date.

## **Connected Transaction**

Mr. Wong Toe Yeung, who was a non-executive director of the Company and resigned on 19 July 2003, owns 100% interest in each of United Asset and Go-Win, which in aggregate own Notes to the extent of HK\$310,000,000. Pursuant to Rule 14.03(2)(c) of the Listing Rules, Mr. Wong Toe Yeung is deemed to be a director of the Company despite his resignation. Therefore the Amendment Agreement constitutes a connected transaction under the Listing Rules. The amendments do not make any material change to the economic terms of the Notes.

The terms and conditions of the Amendment Agreement have been negotiated on an arm's length basis. Although the amendment is made at the initiative of the Subscribers, the Board considers that the amendment of the Notes is in the interest of the Company and its shareholders and therefore has agreed to the Subscribers' request. The Board (including the independent non-executive Directors) considers the transaction is on normal commercial terms and the terms thereof are fair and reasonable, and beneficial to the Company and its shareholders as a whole. Notes represented by a Global Note are more freely tradable since they can be admitted to the global electronic clearing and settlement systems of Clearstream and Euroclear, which allows for a more orderly diversification of TCL's convertible securities. The exposure of TCL convertible securities to a wider investor base may likewise enhance the interest of such investors in the shares of the Company and may lead to an enhancement of the value of the shares of the Company and benefit the shareholders accordingly.

Since no cash consideration for the Amendment Agreement is involved, the transaction is not subject to any disclosure or shareholders approval requirement under Rule 14.24(5) of the Listing Rules. It is expected that the expenses incurred by the Company in relation to the entering into of the Amendment Agreement will not exceed HK\$200,000.

This announcement is made pursuant to paragraph 2 of the Listing Agreement for information purpose only.

## **Definition**

“Amendment Agreement”	the agreement dated 22 August 2003 entered into by the Subscribers and the Company for making amendment to the Subscription Agreement
“Board”	the board of Directors

“Clearstream”	Clearstream Banking, société anonyme, operator of Clearstream, a global clearing and settlement system for securities
“Company”	TCL International Holdings Limited, the shares of which are listed and traded on the Stock Exchange
“Euroclear”	Euroclear Bank, S.A./N.V., operator of the Euroclear System, a global clearing and settlement system for securities
“Global Notes”	Permanent global Note in fully registered book-entry form in minimum denomination of HK\$10,000 and registered in the nominee name of a common depository for Euroclear and Clearstream
“Go-Win”	a company incorporated in the British Virgin Islands with limited liability
“Group”	the Company together with its subsidiaries from time to time
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Nam Tai”	a company incorporated in the British Virgin Islands and its shares are listed on Nasdaq National Market in the United States
“Notes”	the 3% convertible notes due 2005 with an aggregate principal amount of HK\$350,000,000 issued by, and convertible into Shares of the Company pursuant to a resolution of the Board dated 26 September 2002
“Shares”	ordinary share(s) of HK\$0.10 par value each of the Company
“Subscribers”	Go-Win, United Asset and Nam Tai
“Subscription Agreement”	the conditional subscription agreement dated 26 September 2002 entered into between the Company, United Asset, Go-Win and Nam Tai in connection with the Notes Issue
“subsidiary”	has the meaning ascribed thereto in section 2 of the Companies Ordinance, (Cap 32, laws of Hong Kong)
“United Asset”	a company incorporated in the British Virgin Islands

On behalf of the Board  
**Li Dong Sheng, Tomson**  
*Chairman*

Hong Kong, 22 August 2003

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