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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)

(Stock Code: 1070)

PROPOSED CHANGE OF COMPANY NAME CONTINUING CONNECTED TRANSACTION

Proposed Change of Company Name

The Board announces that it intends to put forward a proposal to the Shareholders to approve the change of name of the Company from TCL International Holdings Limited to TCL Multimedia Technology Holdings Limited in English and from TCL 國際控股有限公司 to TCL 多媒體科技控股有限公司 in Chinese. The proposed change of name is subject to the passing of a special resolution by the Shareholders on change of name at the EGM and the approval by the Registrar of Companies of the Cayman Islands.

Continuing Connected Transaction

The Board is pleased to announce that on 29 December 2004, the Company entered into the Supply Agreement with the Supplier for a term of 3 years from the Effective Date. The agreement when becoming effective will replace the Existing Agreement. As TCL Corporation is the ultimate controlling shareholder of the Company, the transactions under the Supply Agreement will constitute continuing connected transaction for the Company under the Listing Rules and will be subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the EGM as set out in Chapter 14A of the Listing Rules.

CHANGE OF COMPANY NAME

The Proposal

The Board announces that it intends to put forward a proposal to the Shareholders to approve the change of name of the Company from TCL International Holdings Limited to TCL Multimedia Technology Holdings Limited in English and from TCL 國際控股有限公司 to TCL 多媒體科技控股有限公司 in Chinese. The English and Chinese stock short names of the Company will also be changed.

Conditions

The proposed change of name is subject to:

- (a) the passing of a special resolution on the change of name by the Shareholders at the EGM; and
- (b) the approval by the Registrar of Companies of the Cayman Islands.

Subject to the above conditions being fulfilled, the new name of the Company will take effect by the time a certificate of incorporation on change of name of the Company is issued by the Registrar of Companies in the Cayman Islands. The Company will carry out all necessary filing procedures with the Registrars of Companies in the Cayman Islands and Hong Kong after the Shareholders have passed the special resolution on the change of name. A further announcement will be made when the proposed change of name of the Company has become effective.

Reasons for the Proposed Change of Name

The Company strived to restructure its portfolio of businesses to focus primarily on multi-media electronic products (including televisions and computers) and to significantly expand its business overseas. Accordingly, the Company formed a joint-venture with Thomson S.A. to establish a new global TV leader, TTE Corporation, which has commenced operation in August 2004. In addition, the Company also divested its mobile handset business which has been separately listed as TCL Communication Technology Holdings Limited on the Hong Kong Stock Exchange in September 2004. As the restructuring has been completed, the Board considers that the present name of the Company does not reflect the line of business in which the Group is engaged. The proposed new name will reflect the Company's business more accurately. Further, the proposed new name will also better distinguish the Group from TCL Communication Technology Holdings Limited, the Company's Hong Kong listed sister company which is engaged in mobile and communication business.

Effects on Change of Name

The change of name of the Company will not affect any of the rights of the Shareholders. All existing share certificates in issue bearing the present name of the Company will, after the change of name, continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares in the new name of the Company on the Stock Exchange. Accordingly, there will not be any arrangements for free exchange of existing share certificates for new share certificates under the new name.

CONTINUING CONNECTED TRANSACTION

Background

The Group has been purchasing White Goods from the Supplier Group for supply or sale in the Territory under the Existing Agreement. The Existing Agreement will expire on 8 May 2005 but the waiver from strict compliance with announcement requirements in the Listing Rules for the Existing Agreement will expire on 31 December 2004.

On 29 December 2004, the Company entered into the Supply Agreement with the Supplier for a term of 3 years from the Effective Date. The agreement when becoming effective will replace the Existing Agreement. It is intended that the sales and purchases under the Existing Agreement will continue prior to the Effective Date and it is expected that the aggregate amount to be involved in

such sales and purchases for the period from 1 January 2005 (the date after expiry of the existing waiver as aforesaid) to the Effective Date will exceed the 0.1% threshold in Rule 14A.33 but will not exceed HK\$60 million, or the 2.5% threshold in Rule 14A.34 of the Listing Rules and therefore will be subject to the announcement and reporting requirements only and Independent Shareholders' approval will not be required before the Effective Date. The Directors (including independent non-executive Directors) are of the opinion that the above transactions will be entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms (or on terms no less favourable to the Group than terms available to or from independent third parties); and (iii) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For details of the Existing Agreement, please refer to the Company's announcement dated 9 May 2002. The major terms of the Supply Agreement as described below are substantially the same as those of the Existing Agreement. A comparison between the two agreements is also set out under the paragraph headed "Comparison with the Existing Agreement" hereunder.

Supply Agreement

Date: 29 December 2004

Parties: (i) TCL Corporation; and
(ii) The Company

Major Terms

1. Supply of Goods

Pursuant to the Supply Agreement, the Relevant Purchaser will enter into transactions with the Relevant Supplier for purchase of any TCL Products for supply or sale to a place in the Territory. The agreement provides that where the Relevant Purchaser makes an Offer to the Relevant Supplier for such purchase, the Relevant Supplier shall accept such Offer if and only if the terms of the Offer are not less favourable to the Purchaser Group than those on which the relevant member of the Supplier Group has sold or supplied such TCL Products to any independent third parties in the Territory.

The Purchaser Group has the right to sell the TCL Products which it has acquired from the Supplier Group to such parties and at such price as it may in its absolute discretion determine.

2. Consideration

The consideration payable under the transactions pursuant to the Supply Agreement will be determined at arm's length negotiations between the relevant parties with reference to prevalent market price. The price of the TCL Products sold or supplied to the Relevant Purchaser shall not be more than the price of the TCL Products on which such TCL Products are sold or supplied by the Relevant Supplier to any independent third parties in the Territory.

3. Condition Precedent

The Supply Agreement shall be conditional upon the resolution(s) in respect of the Supply Agreement having been passed by the Independent Shareholders by poll at the EGM in accordance with the requirements of the Listing Rules, and which in any event shall not be later than 7 May 2005. The Supply Agreement will take effect on the Effective Date.

Comparison with the Existing Agreement

The major terms of the Supply Agreement are substantially the same as the Existing Agreement except that: (1) the suppliers under the Existing Agreement are confined to certain entities within the Supplier Group which produce White Goods whereas the suppliers under the Supply Agreement have been expanded to every member of the Supplier Group including entities producing household telephones and electrical accessories; and (2) the purchasers under the Existing Agreement are confined to TCL Overseas Holdings Limited and its subsidiaries whereas the purchasers under the Supply Agreement have been expanded to the Purchaser and its subsidiaries (including TCL Overseas Holdings Limited, TTE Corporation and all the entities injected by Thomson S.A. as its contribution to the establishment of TTE Corporation following the completion of the Combination Agreement). Due to the said changes, the variety and volume of goods to be covered under the Supply Agreement is expected to be much more than that of the Existing Agreement.

Proposed Cap

The Directors expect that the aggregate amount of the transactions pursuant thereto will not exceed HK\$435 million, HK\$567 million and HK\$682 million for the three years ending 31 December 2007 respectively.

The above caps have been determined with reference to

- (i) the historical transaction amounts of approximately HK\$3.6 million, HK\$26.0 million and HK\$39.5 million for each of the two years ending 31 December 2003 and the nine months ending 30 September 2004 respectively (representing approximately 0.03%, 0.17% and 0.27% of the Group's turnover for the relevant periods);
- (ii) the increase of variety and volume of goods to be covered under the Supply Agreement due to the increased number of the suppliers and the purchasers to be involved and accordingly the geographical coverage as more particularly described in the paragraph headed "Comparison with the Existing Agreement" hereunder;
- (iii) expected increase in sales volume of the TCL Products resulting from (a) the Group's plan to sell through its extended sales network arising from its internal growth and its joint venture with Thomson S.A. including its newly established subsidiaries in India, Australia, Mexico and the proposed new subsidiaries to be set up in the Middle East and Panama (in the past the geographical coverage covered only the Philippines, Singapore, Indonesia and Hong Kong); and (b) the Group's plan to increase its product variety to cover new products such as washing machines, household telephones and electrical accessories etc..

The terms of the Supply Agreement have been determined on an arm's length basis and the transactions pursuant thereto will be conducted in the ordinary course of business of the parties concerned and on normal commercial terms. The Directors believe that the terms of the Supply Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

Reasons for Entering into the Agreement

The Group has already established a well-developed distribution network in the Territory for marketing and sales of products manufactured by the Group.

The Supply Agreement will provide the Group an additional source of revenue for distribution in the Territory of the TCL Products manufactured by the Supplier Group. The Directors consider that it is in the interests of the Company and Shareholders (including the Independent Shareholders) for the Company to enter into the Supply Agreement which will enable the Group to generate steady revenue from the trading of TCL Products involving purchases from the Supplier Group of the TCL Products for onward sale or distribution by the Group which would utilise the Group's existing distribution network without incurring significant additional overheads.

The Supply Agreement is distinct and separate from the TCL Preferred Supplier Agreement dated 30 July 2004 entered into between TTE Corporation, a non-wholly owned subsidiary of the Company and the Supplier pursuant to the Combination Agreement. The TCL Preferred Supplier Agreement covers raw materials provided by the Supplier Group to TTE Corporation and its subsidiaries for production of the Group's TV products, the principal business of the Group. Details of the TCL Preferred Supplier Agreement are disclosed in the Company's announcement and circular both dated 31 May 2004. The Supply Agreement however covers any goods or components which are in essence not in the product lines of the Group.

Continuing Connected Transaction

As the Supplier is the ultimate controlling shareholder of the Company, the transactions under the Supply Agreement will constitute continuing connected transaction for the Company under the Listing Rules and will be subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the EGM as set out in Chapter 14A of the Listing Rules since the transactions contemplated under the Supply Agreement on annual basis are expected to be over 2.5% threshold in Rule 14A.34 of the Listing Rules.

EGM

An EGM will be convened at which ordinary resolutions will be proposed to approve the proposed change of company name and the Supply Agreement. A notice convening the EGM will be given as soon as practicable. In view of the interests of TCL Corporation in the Supply Agreement, the Supplier and its respective associates will abstain from voting at the EGM in respect of the resolution(s) in relation to the Supply Agreement.

GENERAL

In view of the interests of TCL Corporation in the Supply Agreement, the Independent Board Committee has been formed to advise the Independent Shareholders regarding the fairness and reasonableness of the Supply Agreement and G. K. Goh Securities (H.K.) Limited has been appointed to advise the Independent Board Committee in this regard.

A circular containing, among other things, further information on the proposed change of company name and the Supply Agreement, the recommendation of the Independent Board Committee, the advice letter from an independent financial adviser and the notice of EGM will be despatched to Shareholders as soon as possible.

Information on the Group

The Group is a leading multimedia consumer electronics product manufacturer in the PRC and Asia. It is principally engaged in the production of TVs and PCs and is one of the largest TV manufacturers in the PRC. Aiming at further extending its business to the global market, the Company formed a joint-venture with Thomson S.A. to establish a new global TV leader, TTE Corporation, which has commenced operation in August 2004. Headquartered in China, the Company operates highly efficient manufacturing bases across major markets in the world. For further information on the Company, please visit www.tclhk.com.

Information on the Supplier

The Supplier is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. The brand name “TCL” is among the most widely recognized in China. According to recent survey by Beijing Famous-Brand Evaluation Co. Ltd., “TCL” was the sixth most valuable brand name in China in 2004. For further information on the Supplier, please visit www.tcl.com.

Definition

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Combination Agreement”	the combination agreement dated 28 January 2004 (together with subsequent amendments) entered into by the Company, Thomson S.A. and the Supplier in respect of the establishment of TTE Corporation as a major global player in the business of television research and development, manufacture, sales and distribution
“Company” or “Purchaser”	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
“Condition”	the condition precedent for the Supply Agreement becoming effective as set out under the paragraph headed “Condition Precedent” in this announcement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, including non- executive and independent non-executive directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened to approve the change of company name and the Supply Agreement
“Effective Date”	the date on which the Condition having been satisfied which is expected to be at the beginning of February 2005

“Existing Agreement”	the overseas distribution agreement entered into between the Supplier, TCL Overseas Holdings Limited, TCL Air Conditioner (Zhongshan) Co., Ltd (TCL 空調器(中山)有限公司) and TCL Electric Appliances (Shaanxi) Co., Ltd. (TCL 電器(陝西)有限公司) on 9 May 2002
“Group” or “Purchaser Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Messrs. Hon Fong Ming, Wang Bing and Tang Guliang, the independent non-executive Directors, appointed to advise the Independent Shareholders in respect of the Supply Agreement
“Independent Shareholders”	shareholders that are not required under the Listing Rules to abstain from voting to approve the Supply Agreement at general meeting
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange from time to time
“Offer”	the offer made by a Relevant Purchaser for purchase of TCL Products
“PRC” or “China”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Relevant Purchaser”	a member of the Purchaser Group which has made an Offer to a member of the Supplier Group for the purchase of TCL Products
“Relevant Supplier”	A member of the Supplier Group which has accepted an Offer from a Relevant Purchaser for purchase of TCL Products
“Shares”	Share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“Supplier”	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 the ultimate controlling shareholder of the Company
“Supplier Group”	TCL Corporation and its subsidiaries from time to time (excluding members comprising the Group)

“Supply Agreement”	the Master Overseas Supply Agreement entered into between the Supplier and the Purchaser on 29 December 2004
“TCL Preferred Supplier Agreement”	TCL Preferred Supplier Agreement entered into between the Supplier and TTE Corporation on 30 May 2004
“TCL Products”	any goods including electronic or electrical goods or appliances (including but not limited to White Goods, household telephones, electrical accessories and their components) manufactured, produced or otherwise sold or supplied by any member of the Supplier Group
“Territory”	means any territory or geographical area in the world other than the PRC
“White Goods”	means home electrical appliances traditionally designed in light colour, including but not limited to refrigerators, washing machines and air conditioners

As at the date of this announcement, the Board comprises Li Dong Sheng, Zhao Zhong Yao, Lu Zhong Li, Hu Qiu Sheng, Yan Yong and Suen Hay Wai as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Hon Fong Ming, Wang Bing and Tang Guliang as independent non-executive directors.

On behalf of the Board
Li Dong Sheng
Chairman

Hong Kong, 29 December 2004

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