

If you are in doubt about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold all your Shares in TCL INTERNATIONAL HOLDINGS LIMITED (the “Company”), you should at once hand this circular and the proxy form to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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TCL

TCL INTERNATIONAL HOLDINGS LIMITED

(TCL 國際 控 股 有 限 公 司)*

(Incorporated in the Cayman Islands with limited liability)

**CIRCULAR ON
AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
GENERAL MANDATES FOR ISSUE AND REPURCHASE
BY THE COMPANY OF ITS OWN SHARES**

This circular explains, among other things, the amendment to the articles of association of the Company to be passed as special resolution and the repurchase mandate to be passed as ordinary resolution at the Annual General Meeting of the Company to be held on 10 May 2002.

A notice convening the Annual General Meeting and a form of proxy for use at the Annual General Meeting is enclosed herein.

* For identification purpose only



TCL INTERNATIONAL HOLDINGS LIMITED

(TCL 國際 控 股 有 限 公 司)*

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Li Dong Sheng, Tomson (*Chairman*)
Yuan Xin Cheng
Lu Zhong Li
Hu Qiu Sheng
Wu Shi Hong
Yan Yong

Registered office:

P.O. Box 309
George Town
Grand Cayman
Cayman Islands
British West Indies

Non-executive Directors:

Wong Toe Yeung
Hon Fong Ming*
Albert Thomas da Rosa, Junior*

*Head Office and Principal Place
of Business in Hong Kong*

13th Floor, TCL Tower
8 Tai Chung Road
Tsuen Wan
New Territories

* *independent non-executive directors*

3 April 2002

To: *the shareholders of the Company (the "Shareholders")*

Dear Sir or Madam,

**AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY
GENERAL MANDATES FOR ISSUE AND REPURCHASE
BY THE COMPANY OF ITS OWN SHARES**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following resolutions to be proposed at the annual general meeting ("AGM") of the Company to be held on 10 May 2002 relating to:

- (a) amendment to the articles of association of the Company;
- (b) general allotment mandate to issue shares (the "Shares") of the Company of HK\$0.10 each;
- (c) a general mandate for repurchase by the Company of its own Shares; and
- (d) a general extension mandate to extend the General Allotment Mandate (as defined below) to include Shares repurchased under the Repurchase Mandate (as defined below).

* *For identification purpose only*

2. AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Until recently change to the Companies Ordinance (Cap 32), it was necessary for the Company to send each Shareholder a copy of the complete annual report and accounts (each, a “Long Form Report”). On 4 January 2002, Companies (Amendment) Ordinance 2001 came into force in Hong Kong which permits the Company to offer Shareholders the chance to elect to receive, in place of the Long Form Report, a summary financial report (“Financial Summary”) which is derived from and summarises the Long Form Report. The new law also allows the Company to offer Shareholders the opportunity to choose not to receive a printed copy of either the Long Form Report or the Financial Summary and to rely instead on the versions of those documents that will be published on the Company’s website.

The Financial Summary is a document that contains all the information and particulars contained on the face of the Company’s balance sheet and profit and loss account, together with key information from the Long Form Report. The Financial Summary only gives a summary of the information and particulars contained in the Long Form Report, from which it is derived.

The directors of the Company (the “Directors”) therefore propose to amend the Company’s Articles of Association to permit the Company to take advantage of new legislation which enables the Company to offer the Shareholders the choice to receive and the choice to forego receipt of a printed copy of either the Long Form Report or the Financial Summary in favour of relying on the versions of those documents published on the Company’s website. Even if Shareholders vote in favour of the special resolution, they will still be able to choose to receive printed copies of the Long Form Report. Subsequent to the passing of the special resolution, it is intended that the Company will send the Shareholders a circular to invite them to elect (i) to receive the Financial Summary in place of the Long Form Report or (ii) to rely on the copies posted on the Company’s website in place of being sent a printed copy of either document.

To further make use of the current change of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) which permit all corporate communications of a listed company to be sent in either English or Chinese only, in case the Shareholders indicate to receive a printed copy of either document, the Company will also in the said circular ask the Shareholders to elect to receive the English language version only or the Chinese language version only thereof. When sending the circular to ascertain the wishes of Shareholders the Company will take appropriate steps to comply with relevant legislation or regulation including Company (Amendment) Ordinance 2001 and Company (Summary of Financial Reports of Listed Company) Regulation.

Last year’s annual report and accounts of the Company (the “Annual Report”) (both English and Chinese versions) ran to about 200 pages and the costs to the Company of printing, despatching and posting the Annual Report to Shareholders and others have previously been high. The Company wishes both to save costs for the benefit of the Shareholders and to reinforce its commitment to environmentally friendly methods of carrying out its business. Significant costs savings could be enjoyed by the Company by virtue of the new legislation.

In its present form, Article No. 163(b) of the Articles of Association of the Company does not permit the Company to distribute the Financial Summary to Shareholders who would prefer to receive that document in place of the Long Form Report. Article No. 163(b) also prevents any Shareholder from relying on the Company’s website in preference to receiving a printed copy of either the Long Form Report or the Financial Summary. Consequently, a special resolution to amend Article No. 163(b) will be proposed at the AGM. If this special resolution is passed and in compliance with the Listing Rules, the Company will be able to offer Shareholders the chance to receive the Financial Summary in place of the Long Form Report as well as the opportunity to rely on the versions of the Financial Summary and the Long Form Report that will be published on the Company’s website rather than receiving a printed copy of either document.

LETTER FROM THE CHAIRMAN

The special resolution will be passed if it is passed by not less than 75 per cent. of the votes cast by such members as, being entitled so to do, vote in person or by proxy at the AGM.

3. GENERAL ALLOTMENT MANDATE

It is proposed that a new general mandate (the “General Allotment Mandate”) be granted to the Directors to issue further Shares prevailing up to 20 per cent. of the aggregate nominal amount of Shares in issue as at the date of passing the relevant resolution. There is however no present intention for any issuance of Shares.

4. GENERAL MANDATE TO REPURCHASE SHARES

On 30 May 2001, a general mandate was given to the Directors to exercise all the powers of the Company to repurchase its own Shares which will lapse at the conclusion of the forthcoming AGM. An ordinary resolution will therefore be proposed at the AGM to approve the grant of a general mandate to the Directors to repurchase on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) Shares up to a maximum of 10% of the issued share capital of the Company at the date of passing the resolution (the “Repurchase Mandate”).

An explanatory statement to provide Shareholders with all the information reasonably necessary for them to make an informed decision in relation to this proposed resolution as required by the Listing Rules on the Stock Exchange concerning the regulation of repurchases by companies of their own securities on the Stock Exchange is set out in the Appendix to this circular.

5. GENERAL EXTENSION MANDATE

It is recommended that a new mandate (the “General Extension Mandate”) be granted to the Directors permitting them, after the grant of the Repurchase Mandate referred to above, to add to the General Allotment Mandate any Shares representing the aggregate nominal value of the Shares repurchased pursuant to the Repurchase Mandate.

The authority conferred on the Directors by the General Allotment Mandate, the Repurchase Mandate and the General Extension Mandate would continue in force until the conclusion of the next annual general meeting of the Company or the expiry date for the holding of the next annual general meeting unless it is renewed at such meeting or until revoked or varied by ordinary resolution of the Shareholders in general meeting prior to the next annual general meeting.

6. ANNUAL GENERAL MEETING

A notice (the “Notice”) convening the AGM to be held on 10 May 2002 and a form of proxy for use at the AGM is therein enclosed.

Whether or not you intend to be present at the AGM, you are requested to complete the form of proxy and return it to the Company’s Registrars, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Hong Kong in accordance with the instructions printed thereon not later than 48 hours before the time for holding the AGM. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the AGM if they so wish.

7. RECOMMENDATION

The Directors consider that resolutions as proposed in this circular are in the best interests of the Company and Shareholders and accordingly recommend that you should vote in favour of the resolutions referred to above to be proposed at the AGM.

Yours faithfully,
LI DONG SHENG, TOMSON
Chairman

This explanatory statement contains all the information required pursuant to rule 10.06(1)(b) and other relevant provisions of the Listing Rules.

1. THE SHARE REPURCHASE RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their fully-paid up Shares on the Stock Exchange subject to certain restrictions. In this regard, the definition of “Shares” in the Listing Rules would, and where used below in this explanatory statement (including the use of the word “Share”) shall (unless the context otherwise requires) include shares of all classes and securities which carry a right to subscribe or purchase shares of the Company. The most important restrictions contained in the Listing Rules are summarised below:

1.1. Source of Funds

Repurchases must be funded entirely from the Company’s available cash flow or working capital facilities, which will be funds legally available for the purchase in accordance with the Articles of Association of the Company and the applicable laws of Hong Kong and Cayman Islands.

1.2. Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 2,516,379,289 existing Shares of the Company in issue as at 28 March 2002, the latest practicable date (being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein) (the “Latest Practicable Date”), and on the basis that no new Shares are issued or repurchased prior to the date of the resolution approving the Repurchase Mandate could accordingly result in up to 251,637,929 Shares being repurchased by the Company during the course of the period from the date of resolution granting the Repurchase Mandate until the earlier of the conclusion of the first annual general meeting of the Company following the passing of the said resolution or the revocation or variation of the existing repurchase mandate by Shareholders in general meeting.

1.3. Reasons for Repurchases

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from Shareholders to enable the Directors to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders.

1.4. Funding of Repurchases

In repurchasing its Shares, the Company may only apply funds legally available for such purpose in accordance with its Memorandum and Articles of Association and the laws of Cayman Island. It is envisaged that the Company would derive the funds from its distributable profits for the repurchases.

As compared with the position as disclosed in the Company’s most recent published audited accounts for the year ended 31 December 2001, and taking into account the current working capital position of the Company, the Directors consider that no material adverse effect on the working capital and gearing position of the Company may result in the event that the Repurchase Mandate was to be exercised in full in the period before the Repurchase Mandate expires. The Directors however do not

propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

2. GENERAL

None of the Directors, and to the best of their knowledge having made all reasonable enquiries, any associates (as defined in the Listing Rules) of any Director, have any present intention in the event that the Repurchase Mandate is approved by Shareholders to sell any of the Shares to the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Cayman Island.

If, as a result of a Share repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers ("Takeovers Code"). In certain circumstances, a Shareholder or a group of Shareholders acting in concert could as a result of increase of its or their interest, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, T.C.L. Industries Holdings (H.K.) Limited holds 1,384,995,289 Shares representing 55.15% of the issued Share capital of the Company. Apart from T.C.L. Industries Holdings (H.K.) Limited, the Directors are not aware of any single Shareholder who holds more than 10% of the issued Share capital of the Company. If, which is not presently contemplated, the Company was to exercise the Repurchase Mandate in full, the percentage shareholding of T.C.L. Industries Holdings (H.K.) Limited would increase to 61%.

The Directors are not aware of any consequences which the exercise in full of Repurchase Mandate will have under the Takeovers Code. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that the Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate was approved by Shareholders.

The Company has not repurchased any of its Shares, whether on the Stock Exchange or otherwise, during the previous six months.

The highest and lowest prices at which the Shares have traded on the Stock Exchange for the various months during the period from the first dealing of the Shares on the Stock Exchange to the date of this circular were as follows:

	Per Shares	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2001	1.30	1.05
May 2001	1.59	1.12
June 2001	1.72	1.47
July 2001	1.48	1.16
August 2001	1.21	0.93
September 2001	0.95	0.68
October 2001	1.03	0.77
November 2001	1.24	1.06
December 2001	1.43	1.18
January 2002	1.54	1.35
February 2002	1.45	1.37
March 2002	1.59	1.41



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NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company shall be held at Caine Room, Level 7, Conrad International, Pacific Place, 88 Quessway, Hong Kong at 2:30 p.m. on 10 May 2002 to transact the following ordinary business:

1. To receive and consider the consolidated audited financial statements and the reports of the directors and auditors for the year ended 31 December 2001.
2. To declare a final dividend in respect of the year ended 31 December 2001.
3. To re-elect the retiring directors and authorise the board of directors to fix their remuneration.
4. To appoint auditors and authorise the board of directors to fix their remuneration.

and by way of special business to consider, and if thought fit, pass with or without amendments the following resolutions:

As Special Resolution

5. **THAT** “Articles of Association 163(b) of the Company’s Articles of Association be deleted and replaced with the following Article:
 - (b) (i) Subject to paragraph (ii), the Company will, in accordance with legislation, deliver or send to each shareholder a printed copy of the relevant financial documents or the summary financial report (each as defined in the Companies Ordinance) at least 21 days before the date of the general meeting.
 - (ii) Where a shareholder (a “Consenting Shareholder”) has, in accordance with legislation and the Listing Rules, consented to treat the publication of the relevant financial documents and/or the summary financial report (each as defined in the Companies Ordinance) on the Company’s computer network as discharging the Company’s obligation under the Companies Ordinance to send a copy of the relevant financial documents and/or the summary financial report (each as defined in the Companies Ordinance), then publication by the Company, in accordance with legislation, on the Company’s computer network of the relevant financial documents and the summary financial report (each as defined in the Companies Ordinance) at least 21 days before the date of the general meeting shall, in relation to each Consenting Shareholder, be deemed to discharge the Company’s obligations under paragraph (i).”

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NOTICE OF ANNUAL GENERAL MEETING

As Ordinary Resolutions

6. **“THAT:**
- (a) a general mandate be and is hereby unconditionally given to the directors of the Company (“Directors”) to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued shares of the Company (“Shares”) or securities convertible into Shares or options, warrants or similar rights to subscribe for any Shares and to make or grant offers, agreements or options which would or might require the exercise of such powers either during or after the Relevant Period, in addition to any Shares which may be issued on a Rights Issue (as hereinafter defined) or under any option scheme or similar arrangement for the time being adopted for the grant or issue to the employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares or any scrip dividend pursuant to the Articles of Association of the Company from time to time, not exceeding twenty per cent. of the aggregate nominal value of the share capital of the Company in issue as at the date of this resolution; and
 - (b) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and
- “Right Issue” means an offer of shares open for a period fixed by the directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or of the requirements of any recognised regulatory body or any stock exchange applicable to the Company).”
7. **“THAT** there be granted to the Directors an unconditional general mandate to repurchase Shares, and that the exercise by the Directors of all powers of the Company to purchase Shares subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved, subject to the following conditions:
- (a) such mandate shall not extend beyond the Relevant Period;
 - (b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such price as the Directors may at their discretion determine;
 - (c) the Shares to be repurchased by the Company pursuant to paragraph (a) of this resolution during the Relevant Period shall be no more than ten per cent. of the Shares in issue at the date of passing of this resolution; and

NOTICE OF ANNUAL GENERAL MEETING

- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next Annual General Meeting of the Company;
 - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by law or the Articles of Association of the Company to be held; and
 - (iii) the date on which the authority set out in this resolution is revoked or varied by way of ordinary resolution of the shareholders of the Company in general meeting.”
8. “**THAT**, subject to the availability of unissued share capital and conditional upon the resolutions nos. 6 and 7 set out in the notice of the Annual General Meeting of the Company dated 3 April 2002 of which this resolution forms part, being passed, the aggregate nominal amount of the Shares which are repurchased by the Company pursuant to and in accordance with resolution no. 7 set out in the notice of Annual General Meeting of which this resolution forms part shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to and in accordance with resolution no. 6 set out in the notice of Annual General Meeting of which this resolution forms part.”

By Order of the Board
Pang Siu Yin
Company Secretary

Hong Kong, 3 April 2002

Notes:

1. The Hong Kong Branch Register of Members will be closed from Saturday, 4 May 2002 to Friday, 10 May 2002 (both days inclusive), during which period no transfers of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting of the Company to be held on 10 May 2002, all transfers accompanied by the relevant share certificates must be lodged with the Branch Share Registrar of the Company in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not later than 4:00 p.m. on Friday, 3 May 2002.
2. A member who is a holder of two or more Shares, and who is entitled to attend and vote at the Annual General Meeting is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the Annual General Meeting and voting in person. In such event, his form of proxy will be deemed to have been revoked.
3. A form of proxy for the Annual General Meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Branch Share Registrar of the Company in Hong Kong, Tengis Limited, at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than 48 hours before the time for holding the Annual General Meeting or any adjournment.
4. With regard to items 6 and 8 above, the Directors wish to state that they have no immediate plans to issue any new Shares of the Company.