

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 proxy form enclosed herein to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



TCL

TCL INTERNATIONAL HOLDINGS LIMITED

TCL 國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

**CIRCULAR ON
ADOPTION OF CHINESE NAME AND NEW SHARE OPTION SCHEME
TERMINATION OF EXISTING SHARE OPTION SCHEME
AND
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

This circular explains, among other things, the adoption of Chinese name of the Company to be passed as special resolution and adoption of new share option scheme and the repurchase mandate etc. to be passed as ordinary resolutions at the Annual General Meeting of the Company to be held on 12 May 2003.

A notice convening the Annual General Meeting and a form of proxy for use at the Annual General Meeting is enclosed therein. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Branch Share Registrar in Hong Kong at Tengis Limited, G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof.

* For identification purpose only

CONTENTS

	<i>Page No.</i>
DEFINITIONS	1
LETTER FROM THE CHAIRMAN	4
APPENDIX I — SUMMARY OF THE PRINCIPAL TERMS OF THE NEW OPTION SCHEME	10
APPENDIX II — EXPLANATORY STATEMENT ON REPURCHASE OF THE COMPANY'S SHARES	16
NOTICE OF ANNUAL GENERAL MEETING	19

DEFINITIONS

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

“Adoption Date”	the date on which the New Option Scheme is adopted by passing a resolution of the Company in general meeting
“AGM”	the annual general meeting of the Company to be held at Granville Room, Lower Lobby, Conrad International, Pacific Place, 88 Queensway, Hong Kong, on 12 May 2003, at 2:30 p.m. for the purpose of considering, and if thought fit, approving the resolutions recommended in this circular
“AGM Notice”	the notice convening the AGM set out on pages 19 to 22 in this circular
“Associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than Saturday, on which banks in Hong Kong are generally open for business
“Chinese Name”	the Chinese name “TCL 國際控股有限公司” proposed to be adopted as the official Chinese name of the Company under Special Resolution No. 5(c) as set out in the AGM Notice
“Company”	TCL International Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Connected Person”	a directors, chief executive or substantial shareholder of the Company or any of its subsidiaries or an Associate of any of them
“Current Option Scheme”	the share option scheme of the Company adopted on 30 August 2002
“Director(s)”	the director(s) of the Company
“General Issue Mandate”	a general mandate to allot and issue the Shares with an aggregate nominal value not exceeding 20 per cent. of the aggregate nominal value of the share capital of the Company in issue at the date of approval of the mandate
“Grantee”	any Participant (as defined in Appendix I to this circular) who accepts an offer in accordance with the terms of the New Option Scheme, or where the context so permits (in the case of any individual) any person who is entitled to any Option in consequence of the death of the original Grantee (including without limitation his/her legal personal representative(s))
“Group”	the Company and its Subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	4 April 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to herein
“Memorandum”	the memorandum of association of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Option Scheme”	the new share option scheme of the Company proposed to be adopted under Ordinary Resolution No. 6 as set out in the AGM Notice
“Old Option Scheme”	the share option scheme of the Company adopted on 15 November 1999
“Option(s)”	a right to subscribe for Shares to be granted under the New Option Scheme and “Options” shall be construed accordingly
“Participant(s)”	as defined in Appendix I to this circular
“PRC”	the People’s Republic of China which for the purposes of this circular, excludes Hong Kong, Macau and Taiwan
“Registrar”	Tengis Limited, branch share registrar and transfer office of the Company in Hong Kong at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Repurchase Mandate”	a general mandate to the Directors to exercise all the powers of the Company to repurchase Shares with an aggregate nominal value not exceeding 10 per cent. of the aggregate nominal value of the share capital of the Company in issue at the date of approval of the mandate
“Scheme Mandate Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the New Option Scheme and all other share option scheme(s) of the Company
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of section 2 of the Companies Ordinance) of the Company
“Substantial Shareholder(s)”	a person who is entitled to exercise, or control the exercise of, 10 per cent. or more of the voting power at any general meeting of the Company

DEFINITIONS

“Takeover Code”

Hong Kong Code on Takeovers and Mergers

“\$” and “cents”

Hong Kong dollars and cents respectively, the lawful currency of Hong Kong



TCL

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
Yan Yong
Suen Hay Wai

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*

13/F., TCL Tower
8 Tai Chung Road
Tsuen Wan
New Territories

9 April 2003

independent non-executive directors

To: the Shareholders

Dear Sir or Madam,

**ADOPTION OF CHINESE NAME AND NEW SHARE OPTION SCHEME
TERMINATION OF EXISTING SHARE OPTION SCHEME
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the following resolutions to be proposed at the AGM to be held on 12 May 2003 relating to:

- (a) adoption of the Chinese Name as official Chinese name of the Company for registration in Hong Kong;
- (b) adoption of the New Option Scheme;
- (c) termination of the Current Option Scheme;

* *For identification purpose only*

LETTER FROM THE CHAIRMAN

- (d) General Issue Mandate;
- (e) Repurchase Mandate; and
- (f) a general extension mandate to extend the General Issue Mandate to include Shares repurchased under the Repurchase Mandate.

2. ADOPTION OF THE CHINESE NAME

In the past, the law of Cayman Islands did not allow registration of any Chinese company name. Therefore, the Chinese Name has, since the listing of its Shares on the Stock Exchange in November 1999, been used by the Company for identification purpose only. In 2002, the law of Cayman Islands has been amended to allow the adoption of a Chinese translation of a registered English company name and the certificate of incorporation on change of name to be issued by the registrar of companies of the Cayman Islands will bear both the English and Chinese company name. As such the Chinese Name will form part of the name of the Company for the purpose of registration under Part XI of the Companies Ordinance in Hong Kong. The change is significant to the Company since its main operation is located in the PRC. The Directors therefore propose to formally adopt the Chinese Name “TCL 國際控股有限公司” as the Chinese name of the Company.

To comply with the relevant requirements under the law of the Cayman Islands, the Directors propose the passing of the Special Resolution No. 5(a) and 5(b) as set out in the AGM Notice by the Shareholders at the AGM, which involves procedurally (a) changing the initial English name to a new name; and (b) reversing such name to the initial name with the inclusion of the Chinese translation. Special Resolution No. 5(c) is also proposed for adoption of the Chinese Name for the purpose of registration under Part XI of the Companies Ordinance in Hong Kong.

Subject to the passing of the said resolution at the forthcoming AGM to adopt the Chinese Name and the approval of registration of the new name by the registrar of companies of the Cayman Islands, the Company will apply for the registration of the new name under Part XI of the Companies Ordinance in Hong Kong.

Currently both the company name and the stock short name of the Company used in the trading system of the Stock Exchange are in English only, namely “TCL International Holdings Limited” and “TCL Int'l” respectively. Upon registration of the new name under Part XI of the Companies Ordinance in Hong Kong, the English name of the Company remains unchanged but “TCL 國際控股有限公司” will become the Chinese name of the Company for the purpose of registration in Hong Kong and the Company will apply for the use of the Chinese stock short name “TCL 國際” in the trading system of the Stock Exchange. Thereafter the English short name “TCL Int'l” and the Chinese stock short name “TCL 國際” will be used concurrently.

The adoption of Chinese 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 adoption of the Chinese Name, continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery and no share certificate of the Company will be issued as a result of the adoption of the Chinese Name.

3. ADOPTION OF NEW SHARE SCHEME

Background as to the adoption of the New Share Scheme

The Company adopted the Old Option Scheme on 15 November 1999 which was terminated on 30 August 2001. As at the Latest Practicable Date, there are outstanding options for 34,567,000 Shares granted under the Old Option Scheme.

The Company adopted the Current Option Scheme on 30 August 2001 in place of the Old Option Scheme. The Current Option Scheme is the only outstanding share option scheme of the Company. As at the Latest Practicable Date, there are outstanding options for 83,906,437 Shares granted under the Current Option Scheme.

The latest amendments by the Stock Exchange of the requirements for share option schemes under Chapter 17 of the Listing Rules came into effect on 1 September 2001, a date after the Current Option Scheme had been proposed to the Shareholders for adoption. In compliance with the new rules, the Directors propose to terminate the Current Option Scheme and adopt the New Option Scheme with terms to conform to the new rules.

The Directors believe that the New Option Scheme will provide the Company with a more flexible and effective means of rewarding, remunerating and compensating those who may contribute or have contributed to the Group, therefore the Directors propose that subject to and conditional on the Stock Exchange granting approval of the listing of and permission to deal in, the Shares to be issued pursuant to the exercise of the Options, the New Option Scheme be approved and adopted at the forthcoming AGM.

The terms of the New Option Scheme

A summary of the principal terms of the New Option Scheme is set out in the Appendix I headed "Summary of the Principal Terms of the New Option Scheme" to this circular.

Conditions

The New Option Scheme is conditional on:

- (a) the passing of the Ordinary Resolution No. 6 as set out in the AGM Notice by the Shareholders at the AGM to approve and adopt the New Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options which may be granted under the New Option Scheme, being ten per cent. of the Shares in issue on the Adoption Date.

Maximum number of Shares subject to the New Option Scheme

Subject to the approval of the Shareholders of the adoption of the New Option Scheme at the AGM and conditional upon the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options, the Board will have the right to grant Options to the Participants to subscribe for Shares such that the Scheme Mandate Limit shall not exceed 10 per cent. of the Shares in issue as at the date on which the New Option Scheme is adopted, unless the Company obtains an approval from the

LETTER FROM THE CHAIRMAN

Shareholders to refresh the Scheme Mandate Limit such that the total number of Shares which may be issued upon exercise of all Options and any other share option schemes of the Company shall not exceed 10 per cent. of the issued share capital of the Company as at the date of such Shareholders' approval, but provided always that the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 30 per cent. of the Shares in issue from time to time.

As at the Latest Practicable Date, there were 2,637,553,852 Shares in issue. Assuming that no further Shares will be issued prior to the date of approving the adoption of the New Option Scheme, the maximum number of Shares which may be issued upon exercise of all options to be granted under the New Option Scheme and any other share option schemes of the Company is 263,755,385 Shares, being 10% of the Shares in issue on the Adoption Date.

As at the Latest Practicable Date, particulars of the options granted under the Old Option Scheme and the Current Option Scheme are set forth below:

	Share Option Schemes adopted on	
	15 November 1999	30 August 2001
	(Old Option Scheme)	(Current Option Scheme)
Options outstanding	34,567,000	83,906,437
Options lapsed/cancelled	120,698,000	25,000
Options exercised	101,631,000	30,303,563
Options granted (including exercised, outstanding, lapsed or cancelled)	256,896,000	114,235,000

Assuming that there is no change in the issued share capital between the period from the Latest Practicable Date and the Adoption Date, the number of Shares issuable pursuant to the New Option Scheme on the Adoption Date will be 263,755,385 Shares, being ten per cent. of the Shares in issue on the Adoption Date.

Application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, any Shares falling to be issued upon exercise of the Options.

As at the date hereof, no Options have been granted or agreed to be granted under the New Option Scheme.

Purpose & value of Option

Although the terms of the New Option Scheme do not impose strict requirements on the Grantee for particular achievement of any performance targets or holding Options for a certain period before exercise, the Board believes that the requirements of a minimum subscription price as well as the selection criteria prescribed in the terms of the New Option Scheme will serve to achieve the purpose of the New Option Scheme as set out on page 10 of this circular.

LETTER FROM THE CHAIRMAN

The Directors consider that it is inappropriate to state the value of all Options on the assumption that they had been granted on the Latest Practicable Date as a number of factors crucial for the valuation cannot be determined. Such factors include the exercise period and the conditions that the Options are subject to. Accordingly, any valuation of the Options based on various speculative assumptions would not be meaningful but would be misleading to the Shareholders.

Document available for inspection

A copy of the draft New Option Scheme is available for inspection during normal business hours at the head office and principal place of business of the Company at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, Hong Kong from the date of this circular up to and including the date of the AGM and at the AGM.

The Company will publish an announcement in the newspapers on the outcome of the AGM for the adoption of the New Option Scheme on the Business Day following the date of the AGM.

4. TERMINATION OF THE CURRENT OPTION SCHEME

Under the Current Option Scheme, the Company may by ordinary resolution in general meeting at any time terminate the operation of such scheme. The Ordinary Resolution No. 7 as set out in the AGM Notice will therefore be proposed for the approval of the Shareholders at the AGM that, subject to the passing of Ordinary Resolution No. 6 as set out in the AGM Notice approving and adopting the New Option Scheme. Upon termination of the Current Option Scheme, the New Option Scheme will become the only outstanding share option scheme of the Company.

5. GENERAL ISSUE MANDATE

It is proposed that General Issue 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.

6. GENERAL MANDATE TO REPURCHASE SHARES

On 10 May 2002, 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 the Repurchase Mandate to the Directors to repurchase on 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 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 concerning the regulation of repurchases by companies of their own securities on the Stock Exchange is set out in the Appendix II to this circular.

LETTER FROM THE CHAIRMAN

7. GENERAL EXTENSION MANDATE

It is recommended that 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 Issue 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 Issue 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.

8. ANNUAL GENERAL MEETING

A notice convening the AGM to be held on 12 May 2003 is set out on pages 19 to 22 of this circular and a form of proxy for use at the AGM is herein 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 G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, 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.

9. 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

The following is a summary of the principal terms of the New Option Scheme to be adopted at the AGM. For the purpose of this section, references to “Board” shall mean the Board or a duly authorised committee thereof, references to “Employee” shall mean any full time or part time employee (including any executive and non-executive Director or proposed executive and non-executive Director) of the Group, references to “Participant” shall mean any Employee, adviser, consultant, agent, contractor, client, or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group. Unless the context otherwise requires, references to “Shares” in this section shall include shares in the Company of any other nominal amount which shall result from a sub-division, consolidation or reduction of the share capital of the Company from time to time.

1. PARTICIPANTS OF THE NEW OPTION SCHEME

The Participants of the New Option Scheme to whom Options may be granted by the Board shall include any Employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group.

2. PURPOSE OF THE NEW OPTION SCHEME

The purpose of the New Option Scheme is to recognise and motivate the contribution of Participants and to provide incentives and help the Company in retaining its existing Employees and recruiting additional Employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

3. LIFE OF THE NEW OPTION SCHEME

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Option Scheme and in such event no further Options will be offered but the provisions of the New Option Scheme shall remain in full force and effect in all other respects. In other words Options granted but not exercised before the termination of the New Option Scheme will still be exercisable. The terms and conditions of the New Option Scheme including those governing the mode of exercise of an Option will continue in full force and effect with the exception that no further Option will be granted. Subject to the aforesaid, the New Option Scheme shall be valid and effective for a period of three and half years commencing from the Adoption Date, after which period no further Options will be granted but the provisions of the New Option Scheme shall remain in full force and effect in all other respects.

4. SUBSCRIPTION PRICE

The subscription price for Shares under the New Option Scheme will be a price determined by the Board and notified to each Grantee but in any case will not be less than the higher of (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant, which must be a trading day; (b) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of a Share, provided that for the purpose of calculating the subscription price. Upon acceptance of the Option, the Grantee shall pay HK\$1.00 to the Company by way of consideration for the grant.

5. RESTRICTION ON THE TIME OF GRANT OF OPTION

No offer of Options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the board meeting for approval of the Company's interim or annual results and (b) the deadline for the Company to publish its interim or annual results announcement under the Listing Rules and ending on the date of the results announcement, no Option shall be granted until such information has been announced pursuant to the requirements of the Listing Rules.

6. MAXIMUM NUMBER OF SHARES

- 6.1. The Scheme Mandate Limit shall not exceed 10 per cent. of the total number of Shares in issue as at the Adoption Date unless the Company obtains a refresh approval from the Shareholders pursuant to paragraph 6.2 below. Options lapsed in accordance with the terms of the New Option Scheme or any other share option schemes of the Company under which such options are granted, as the case may be, shall not be counted for the purpose of calculating whether the Scheme Mandate Limit has been exceeded.
- 6.2. The Company may seek approval of the Shareholders in general meetings to renew the Scheme Mandate Limit provided that the Scheme Mandate Limit so renewed must not exceed 10 per cent. of the Shares in issue at the date of the approval of the renewal by the Shareholders. Upon any such renewal, all options granted under the New Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with the New Option Scheme and any other share option schemes of the Company and exercised options) prior to the approval of such renewal shall not be counted for the purpose of calculating whether the renewed Scheme Mandate Limited has been exceeded. In seeking the approval, the Company shall send a circular to the Shareholders.
- 6.3. The Company may grant Options to Participant(s) beyond the Scheme Mandate Limit if the grant of such Options is specifically approved by the Shareholders in general meeting. In seeking such approval, a circular must be sent to the Shareholders containing a generic description of the identified Participant(s), the number and terms of the Options to be granted, the purpose of granting Options to the identified Participant(s), and how these Options serve such purpose.

Notwithstanding the above, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted under the New Option Scheme and options which may be granted under any other share option schemes of the Company shall not exceed 30 per cent. of the total number of Shares in issue from time to time.

7. OPTION SHARES ENTITLED BY EACH GRANTEE

No Participant shall be granted an Option if the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted (including exercised, cancelled and outstanding Options) in 12 month period up to and including the date of grant to such Participant would exceed 1 per cent. of the Shares for the time being in issue unless the proposed grant has been approved by the Shareholders in general meeting with the proposed Grantee and his

Associates abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the proposed Grantee, the number and terms of the Options granted and to be granted. The number and terms of Options to be granted to such proposed Grantee must be fixed before the Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

8. REQUIREMENTS ON GRANTING OPTIONS TO CONNECTED PERSONS

- 8.1. Any grant of Option to a Connected Person must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option).
- 8.2. Where a grant of Option is to a Substantial Shareholder of the Company or an independent non-executive Director or any of their respective Associates and the proposed grant of Option, when aggregated will result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including both exercised, cancelled and outstanding Options) to such person(s) in the past 12 month period up to and including the date of such grant, would entitle such person(s) to subscribe for over 0.1 per cent. of the total Shares in issue for the time being and an aggregate value of HK\$5 million based on the closing price of the Shares at the date of grant, then the proposed grant of Option must be subject to approval by Shareholders on a poll in a general meeting where all Connected Persons of the Company must abstain from voting (except where such Connected Person(s) intend(s) to vote against the proposed grant of Option and his/their intention to do so has/have been stated in the circular). A Shareholders' circular must be prepared by the Company explaining the proposed grant of Option, disclosing the number and terms of the Option proposed to be granted and the recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the Grantee of the Option) as to voting. The Shareholders' approval as described above will also be required for any change in the terms of any Options granted to a Substantial Shareholder of the Company or an independent non-executive Director or any of their respective Associates.
- 8.3. Additional disclosures will be made in the annual and interim reports of the Company including details of the Options granted to the following persons: (i) each Connected Person; (ii) each Participant with Options granted in excess of the limit referred to in paragraph 7 above; (iii) aggregate figures for the Employees; (iv) aggregate figures for suppliers of goods or services; and (v) other Participants in aggregate.

The requirements for the granting of Options to a Director set out in paragraphs 8.1 and 8.2 above shall not apply where the Participant is only a proposed executive or non-executive Director.

9. TIME OF EXERCISE OF OPTION

An Option may be exercised in accordance with the terms of the New Option Scheme at any time during a period as the Board may determine which shall not be more than three and half years from the date of grant of the Option subject to the provisions of early termination thereof and the Board may provide restrictions on the exercise of an Option during the period an Option may be exercised.

10. RIGHTS ARE PERSONAL TO GRANTEE

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option.

11. RIGHTS ON CEASING EMPLOYMENT

In the event of the Grantee, being an Employee at the date of grant, ceasing to be an Employee for any reasons, other than death or the termination of employment on any of the grounds referred to in paragraph 13 below, the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of three months following the date of such cessation, which date shall be the last actual working day with the Company or the relevant members of the Group whether salary is paid in lieu of notice or not (provided that the retirement of director(s) of the Group by rotation pursuant to the articles of association of the relevant members of the Group at annual general meeting of such member who is/ are re-elected at the same annual general meeting shall not be regarded as ceasing employment for the purpose of this paragraph);

12. RIGHTS ON DEATH

In the event of the death of the Grantee (provided that none of the events which would be a ground for termination of employment referred to in paragraph 13 below arises prior to the death, in the case the Grantee is an Employee at the date of grant), the legal personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death (to the extent which has become exercisable and not already exercised);

13. RIGHTS ON DISMISSAL

In the event the Grantee, being an Employee at the date of grant, ceases to be an Employee by reason of termination of employment on the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the Grantee's service contract, his Option shall lapse automatically (to the extent not already exercised) on the date on which the Grantee ceases to be an Employee.

14. EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alterations in the capital structure of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party) pursuant to a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital whilst any Option remains exercisable, such corresponding alterations (if any) certified by an independent financial adviser or the auditors of the Company for the time being as fair and reasonable and in accordance with the requirements set out in this paragraph shall be made in the number of Shares subject to the Option so far as unexercised; and/or the subscription price; provided that no alteration

shall be made so that a Share would be issued at less than its nominal value or which would give a Grantee a different proportion of the issued share capital of the Company as that to which he was previously entitled.

15. RIGHTS ON A GENERAL OFFER

If a general offer (whether by takeover offer or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

16. RIGHTS ON WINDING UP

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or, as the case may be, his legal personal representatives) shall be entitled to exercise all or any of his Options at any time not later than 2 Business Days prior to the proposed general meeting of the Company (to the extent which has become exercisable and not already exercised) whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting allot the relevant Shares to the Grantee credited as fully paid.

17. RIGHTS ON A COMPROMISE OR ARRANGEMENT

If an application is made to the court (otherwise than where the Company is being voluntarily wound up) in connection with a proposed compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and its members (or any class of them), the Grantee may by notice in writing to the Company within 21 days after the date of such application, exercise the Option in full (to the extent which has become exercisable and not already exercised) or to the extent specified in such notice.

18. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- 18.1. the expiry of the Option period;
- 18.2. the expiry of any of the periods referred to in paragraphs 11, 12, 15 or 16 above;
- 18.3. subject to paragraph 16 above, the date of the commencement of the winding-up of the Company;
- 18.4. the date on which the Grantee ceases to be an Employee by reason of paragraph 13 above;

18.5. subject to the proposed compromise or arrangement becoming effective, the expiry of the period referred to in paragraph 17 above; or

18.6. the date on which the Grantee commits a breach of paragraph 10 above.

19. RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the bye-laws of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders of Options to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

20. ALTERATIONS TO SHARE OPTION SCHEME

The New Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the New Option Scheme relating to (i) matters set out in Rule 17.03 of the Listing Rules to the advantage of Participants; (ii) any change to the authority of the Board in relation to any alterations to the terms of the New Option Scheme; or (iii) the terms and conditions of the New Option Scheme which are of a material nature (except where such alterations take effect automatically under the existing terms of the New Option Scheme) shall not be made except with the prior sanction of a resolution by the Shareholders, provided that no such alterations shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alterations except with the consent or sanction in writing of such number of Grantees who shall together hold Options in respect of not less than three-fourths in nominal value of all Shares that to be issued on exercise of the Options granted under the New Option Scheme.

The amended terms of the scheme or the options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

21. CANCELLATION OF OPTIONS GRANTED

Any cancellation of Options granted but not exercised must be approved by the Board. Any Options cancelled cannot be re-granted.

22. PERFORMANCE TARGET

There is no performance target that must be achieved before the Options can be exercised.

23. CONDITIONS OF SHARE OPTION SCHEME

The New Option Scheme is conditional upon (i) the passing of the necessary resolutions by the Shareholders in general meeting to approve and adopt the New Option Scheme; (ii) the Listing Committee of the Stock Exchange granting approval of the New Option Scheme and the granting of Options thereunder, and listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of Options under the New Option Scheme.

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 2,637,553,852 existing Shares of the Company in issue as at 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 263,755,385 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 2002, 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 Takeover 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 Takeover Code.

As at the Latest Practicable Date, T.C.L. Industries Holdings (H.K.) Limited holds 1,441,185,289 Shares representing 54.64% 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 60.7%.

The Directors are not aware of any consequences which the exercise in full of Repurchase Mandate will have under the Takeover 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 Takeover 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 Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2002	2.350	1.580
May 2002	2.425	2.075
June 2002	2.550	2.150
July 2002	2.450	2.075
August 2002	2.275	1.790
September 2002	2.225	2.050
October 2002	2.550	2.100
November 2002	2.500	2.100
December 2002	2.525	2.225
January 2003	2.575	1.970
February 2003	2.200	2.025
March 2003	2.075	1.730



TCL INTERNATIONAL HOLDINGS LIMITED

TCL 國際控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(the “Company”)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company (“Annual General Meeting”) shall be held at Granville Room, Lower Lobby, Conrad International, Pacific Place, 88 Queensway, Hong Kong, on Monday, 12 May 2003 at 2:30 p.m. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive and consider the consolidated audited financial statements and the reports of the directors of the Company (“Directors”) and the auditors of the Company (“Auditors”) for the year ended 31 December 2002.
2. To declare a final dividend for the year ended 31 December 2002.
3. To re-elect the retiring Directors and authorise the board of Directors to fix their remuneration.
4. To re-appoint Messrs. Ernst & Young as the Auditors and authorise the board of Directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without amendments the following resolutions:

As Special Resolution

5. **“THAT**
 - a. the name of the Company be and is hereby changed to “TCL International Holdings Ltd.” with immediate effect;
 - b. the name of the Company be and is hereby changed to “TCL International Holdings Limited” the Chinese translation of which is “TCL 國際控股有限公司” with immediate effect;
 - c. “TCL 國際控股有限公司” be adopted as the Chinese name of the Company for the purpose of registration under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) in Hong Kong.”

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

As Ordinary Resolutions

6. “**THAT** subject to and conditional on the Listing Committee of The Stock Exchange of Hong Kong Limited (“Listing Committee”) granting approval of the listing of and permission to deal in, the Shares to be issued pursuant to the exercise of options granted under the new share option scheme (“New Option Scheme”), a copy of which has been produced to this meeting marked “A” for the purpose of identification, the terms of the New Option Scheme be and are hereby approved and adopted and that the Directors be and are hereby authorized to grant options thereunder to subscribe for the shares in the Company (“Shares”) and to allot, issue, distribute and deal with the Shares pursuant to the exercise of options granted under the New Option Scheme and to execute such documents and take all such steps as may be necessary or desirable to implement the New Option Scheme and the Directors may vote in respect of any resolution under or affecting the New Option Scheme notwithstanding any interest of any of the Directors thereunder.”
7. “**THAT** conditional on the passing of Ordinary Resolution No. (6) set out in the notice of the annual general meeting of the Company dated 9 April 2003 (“AGM Notice”) of which this resolution forms part, the share option scheme adopted by the Company on 30 August 2001 be and is hereby terminated with immediate effect without prejudice to the accrued rights of any participants or grantees in such scheme.”
8. “**THAT**
 - a. a general mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue and deal with unissued 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 from time to time 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 of Shares or rights to acquire Shares or any scrip dividend pursuant to the articles of association of the Company, 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 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 revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting;

NOTICE OF ANNUAL GENERAL MEETING

and “Rights Issue” means an offer of Shares open for a period fixed by the Directors to holders of Shares on the register of members of the Company 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).”

9. **“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 this resolution; and
 - 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 revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
10. **“THAT**, subject to the availability of unissued share capital and conditional upon the resolutions nos. (8) and (9) set out in the AGM Notice 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. (9) set out in the AGM Notice 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. (8) set out in the AGM Notice.”

By Order of the Board
LI DONG SHENG, TOMSON
Chairman

Hong Kong, 9 April 2003

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The Hong Kong Branch Register of Members of the Company will be closed from Tuesday, 6 May 2003 to Monday, 12 May 2003 (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 to be held on 12 May 2003, 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 Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5 May 2003.
2. A member of the Company 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 of the Company 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 Ground Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the Annual General Meeting or any adjournment.
4. With regard to resolutions nos. (8) and (10) above, the Directors wish to state that they have no immediate plans to issue any new Shares of the Company.