

**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in TCL International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or other transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 content 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)*

**ONGOING CONNECTED TRANSACTIONS  
NEW WAIVER APPLICATION  
AND**

**ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

**Financial adviser to the Company in relation to the  
Ongoing Connected Transactions and the New Waiver Application**



**Ernst & Young Corporate Finance Limited**

**Independent financial adviser to the Independent Board Committee**



**DBS Asia Capital**

---

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on page 14 of this circular. A letter from DBS Asia Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee is set out on pages 15 to 19 of this circular.

A notice convening the extraordinary general meeting of TCL International Holdings Limited to be held at 3:00 p.m. on 4 November 2003 at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out on pages 27 and 28 of this circular. Whether or not you are able to attend, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not later than 48 hours before the time of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from the Independent Board Committee</b> .....	14
<b>Letter from DBS Asia</b> .....	15
<b>Appendix — Summary of proposed major changes to the Existing M&amp;A</b> .....	20
<b>General information</b> .....	22
<b>Notice of EGM</b> .....	27

---

## DEFINITIONS

---

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	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
“Completion”	completion of the Shenghua Reorganisation
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Communication Documents”	<p>any document issued or to be issued by the Company for the information or actions of its Shareholders, including but not limited to:</p> <ol style="list-style-type: none"><li>(1) the directors’ report, its annual audited accounts together with a copy of the auditors’ report and, where applicable, its summary financial report;</li><li>(2) the interim report;</li><li>(3) a notice of meeting;</li><li>(4) a listing document; and</li><li>(5) a circular</li></ol>
“DBS Asia”	DBS Asia Capital Limited, a deemed licensed corporation under the SFO permitted to engage in types 1, 4, 6, and 9 of the regulated activities (as defined in the SFO)
“Director(s)”	the directors(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 3:00 p.m. on 4 November 2003, for the purpose of considering and if thought fit, approving the resolutions proposed in this circular
“EGM Notice”	the notice convening the EGM set out on pages 27 and 28 of this circular
“Existing M&A”	the existing memorandum and articles of association of the Company adopted by a special resolution dated 15 November 1999 (as amended by a subsequent special resolution dated 10 May 2002)
“Existing Waiver”	the existing waiver granted by the Stock Exchange to the Company on 3 January 2003 in respect of the ongoing connected transactions under the Master Supply Agreement, the details of which have been set out in the announcement of the Company dated 11 December 2002 and the circular of the Company dated 12 December 2002
“Group”	the Company and its subsidiaries

---

## DEFINITIONS

---

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Board Committee”	an independent board committee of the Board established for the purpose of reviewing the Ongoing Connected Transactions and the New Waiver Application
“Independent Shareholders”	Shareholders other than TCL Corporation and its associates
“Latest Practicable Date”	10 October 2003, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Supply Agreement”	the master supply agreement dated 15 November 1999 (as amended by a deed of variation dated 11 December 2002) entered into between the Company and TCL Corporation pursuant to which the Group and the TCL Corporation Group entered into transactions which are categorized into (i) the Overseas Materials Sourcing Service, (ii) the PRC Materials Sourcing Service, and (iii) the Sale of Raw Materials, details of which have been set out in the Company’s circular dated 12 December 2002
“Materials Arrangement”	the PRC Materials Sourcing Service and the Sale of Raw Materials
“New Caps”	the proposed revised respective annual limits for the values of the Ongoing Connected Transactions immediately after Completion
“New M&A”	the new memorandum and articles of association of the Company proposed to be adopted under the special resolution as set out in the EGM Notice
“New Waiver Application”	the application for a new waiver from strict compliance with the disclosure and shareholders’ approval requirements under Rule 14.26 of the Listing Rules to the Stock Exchange in respect of the Ongoing Connected Transactions for the three years ending 31 December 2005
“Ongoing Connected Transactions”	the ongoing connected transactions which have been and will continue to be carried out between the Group and the TCL Corporation Group (including the Shenghua Group) under the Materials Arrangement pursuant to the Master Supply Agreement
“Overseas Materials Sourcing Service”	the sale and purchase by the Group to and from TCL Corporation of raw materials manufactured overseas for the manufacture of the Group’s products pursuant to the Master Supply Agreement
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative region of the People’s Republic of China and Taiwan for the purpose of this circular

---

## DEFINITIONS

---

“PRC Materials Sourcing Service”	the purchase by the Group from the subsidiaries and associates of TCL Corporation of raw materials manufactured in the PRC for the manufacture of the Group’s products pursuant to the Master Supply Agreement
“Reorganisation Agreements”	the agreements entered into by, among other parties, TCL Corporation and TCL Industries on 22 September 2003 in relation to the Shenghua Reorganisation
“Sale of Raw Materials”	the sale of raw materials by the Group to the TCL Corporation Group pursuant to the Master Supply Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (as amended from time to time))
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenghua”	惠州市升華工業有限公司 (Huizhou Shenghua Industry Co. Ltd.), a company established under the laws of the PRC, which is principally engaged in the manufacture of electrical and electronic products
“Shenghua Group”	Shenghua and other companies which Shenghua currently controls and will control 30% or more of their voting rights upon Completion, the principal business activities of which are described in the section headed “Reasons for and benefits of the Ongoing Connected Transactions” in the letter from the Board in this circular
“Shenghua Reorganisation”	the reorganisation to be effected by the Reorganisation Agreements which will result in, among other things, the acquisition by TCL Corporation of an additional interest of approximately 62.86% in Shenghua and the acquisition by Shenghua of interests in entities which will become members of the Shenghua Group
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL Corporation”	TCL Corporation (TCL 集團股份有限公司), which is principally engaged in investment holding and is a joint stock company established under the laws of the PRC, the ultimate controlling shareholder of the Company
“TCL Corporation Group”	TCL Corporation and its subsidiaries and associates (excluding members comprising the Group)
“TCL Industries”	T.C.L. Industries Holdings (H.K.) Ltd., which is principally engaged in investment holding and is a wholly-owned subsidiary of TCL Corporation
“TTK”	惠州 TTK 家庭電器有限公司 (Huizhou TTK Household Electrical Appliances Company Limited), a company established under the laws of the PRC



**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 (*Vice Chairman*)

Lu Zhong Li

Hu Qiu Sheng

Yan Yong

Suen Hay Wai

*Registered Office:*

Ugland House

South Church Street

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

British West Indies

*Independent non-executive Directors:*

Hon Fong Ming

Albert Thomas da Rosa, Junior

13 October 2003

*To the Shareholders*

Dear Sirs or Madams,

**ONGOING CONNECTED TRANSACTIONS  
NEW WAIVER APPLICATION  
AND**

**ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

**INTRODUCTION**

The Directors refer to the announcement of the Company dated 23 September 2003 regarding, among other things, the Ongoing Connected Transactions and the New Waiver Application.

An Independent Board Committee, comprising Mr. Hon Fong Ming and Mr. Albert Thomas da Rosa, Junior, has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms of the Ongoing Connected Transactions and the New Waiver Application. DBS Asia has been appointed as the independent financial adviser to advise the Independent Board Committee in this regard.

The Directors also propose to adopt the New M&A in order to give more flexibility to the Company to have a more efficient means of communications with the Shareholders and to accommodate the enactment of the SFO with effect from 1 April 2003. Shareholders are advised to refer to the Appendix to this circular for the summary of the proposed major changes to the Existing M&A.

---

## LETTER FROM THE BOARD

---

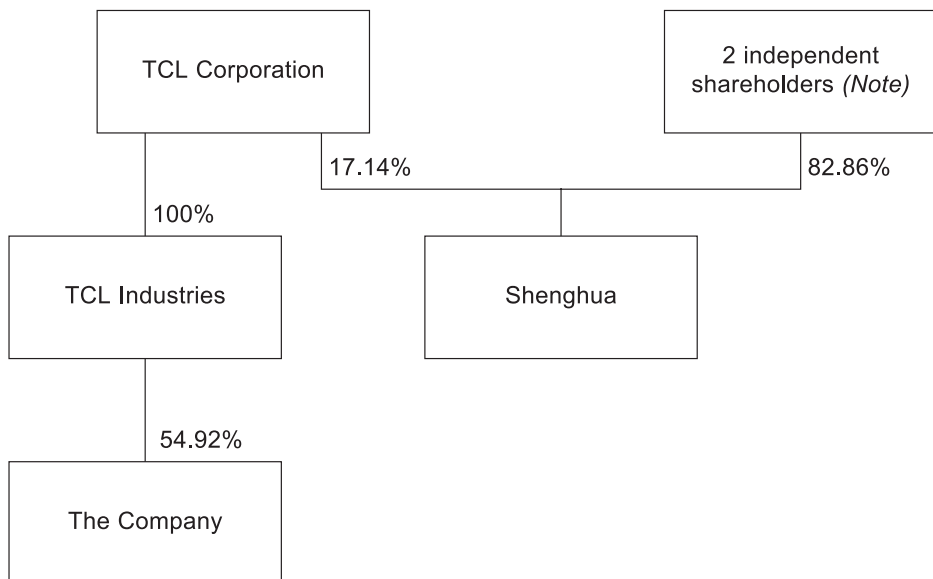
The purpose of this circular is to provide you with further information on and to seek your approval for the Ongoing Connected Transactions, the New Waiver Application and the proposed adoption of the New M&A. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Ongoing Connected Transactions and the New Waiver Application are set out on page 14 of this circular. A copy of the letter from DBS Asia to the Independent Board Committee containing its advice in relation to the Ongoing Connected Transactions and the New Waiver Application is set out on pages 15 to 19 of this circular.

### RELATIONSHIP BETWEEN THE GROUP AND THE SHENGHUA GROUP

On 22 September 2003, TCL Corporation, the ultimate controlling shareholder of the Company, and TCL Industries entered into the Reorganisation Agreements to effect the Shenghua Reorganisation. Completion of the Shenghua Reorganisation will result in, among other things, the acquisition by TCL Corporation of an aggregate additional, direct and indirect, interest of approximately 62.86% in Shenghua and the acquisition by Shenghua of interests in entities which will become members of the Shenghua Group. Upon Completion, Shenghua will become an 80% owned subsidiary and thus an associate of TCL Corporation and a connected person of the Company. Accordingly, any transactions between the Group and the Shenghua Group will constitute connected transactions for the Company.

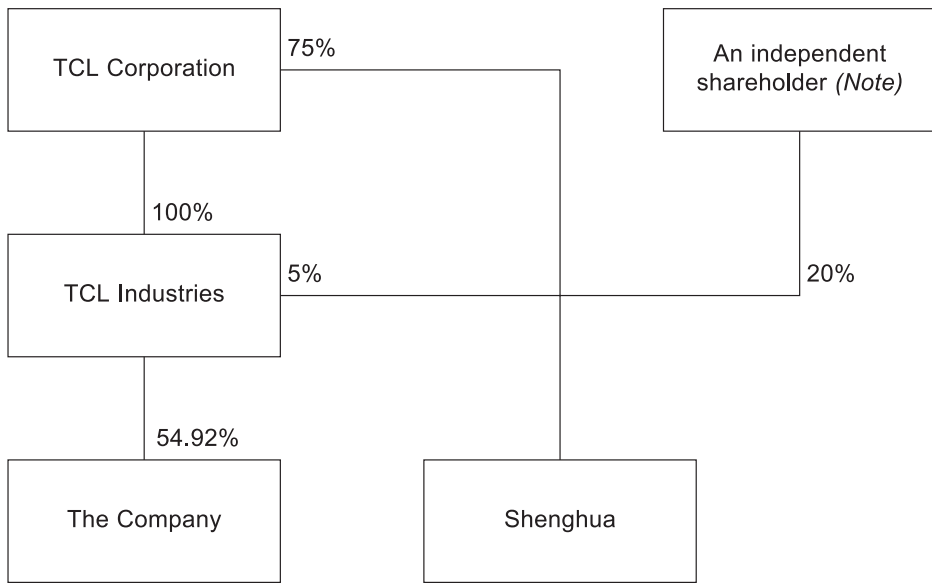
The following diagrams illustrate the relationship between the Group and the Shenghua Group as at the Latest Practicable Date and that immediately after Completion.

#### As at the Latest Practicable Date



# LETTER FROM THE BOARD

## Immediately after Completion



*Note:* The Directors confirm that the other shareholders of Shenghua (both before and after Completion) are independent of and not connected with the Company, the directors, chief executive and substantial shareholders of the Company or its subsidiaries or any of their respective associates.

## THE ONGOING CONNECTED TRANSACTIONS

### Background

The Group has, in its ordinary course of business, been sourcing raw materials from and selling raw materials to the TCL Corporation Group as well as other entities which are currently not regarded as associates of TCL Corporation, such as certain members of the Shenghua Group.

In the past the Group sourced certain raw materials in the PRC from the Shenghua Group. The purchase prices of such raw materials supplied by the Shenghua Group were and will continue to be determined by reference to the market price of the relevant materials and the purchases were made only if the terms were not less favourable than those available from suppliers who were independent third parties. The Group also sold certain other raw materials to the Shenghua Group. The sale prices of such raw materials were and will continue to be determined by reference to the costs the Group paid to its suppliers for procuring such raw materials and other overhead expenses incurred by the Group, such as, among others, warehousing and transportation expenses, for effecting the transactions under the Sale of Raw Materials.

The raw materials sourced by the Group from the Shenghua Group were mainly used for the Group's production of television sets and other audio-visual products. Such raw materials mainly include tuners, coils, printed circuit boards and carton boxes and other packaging materials. Those raw materials sold by the Group to the Shenghua Group were mainly used by the Shenghua Group for its manufacture of tuners and certain consumer electronic products. Such raw materials are mainly electronic parts such as transistors.



---

## LETTER FROM THE BOARD

---

In the past, transactions between the Group and certain members of the Shenghua Group, who are not regarded as connected persons of the Company, did not constitute connected transactions for the Company and such transactions did not form part of the Materials Arrangement. Such transactions will continue not to be regarded as connected transactions of the Company prior to Completion.

The Group will continue to source from and sell to the Shenghua Group raw materials as usual after Completion.

### **Summary of the terms of the Materials Arrangement under the Master Supply Agreement**

After Completion, all members of the Shenghua Group will become members of the TCL Corporation Group and the sale and purchase of raw materials between the Group and the Shenghua Group will form part of the Materials Arrangement and be governed by the terms of the Master Supply Agreement. A summary of the principal provisions of the Master Supply Agreement in relation to the Materials Arrangement is set out below.

#### *PRC Materials Sourcing Service*

The Company is required to procure its PRC subsidiaries to favourably consider purchasing and receiving part of the Group's requirement of raw materials manufactured in the PRC from members of the TCL Corporation Group if the terms offered by the TCL Corporation Group are the same as or more favourable than terms available from suppliers who are independent third parties and are capable of meeting the orders placed. TCL Corporation is also required to procure members of the TCL Corporation Group to sell to the Company's subsidiaries the requested raw materials which are necessary for the Group's production of audio-visual and computer related products.

#### *Sale of Raw Materials*

In the event that any member of the Group offers to sell raw materials to any member of the TCL Corporation Group in response to the latter's requests, TCL Corporation is required to procure its members to purchase the raw materials concerned if the terms of the offer from the Group are not less favourable than terms available from suppliers who are independent third parties. However, there is no obligation on the part of the Group to supply raw materials to the TCL Corporation Group and the above arrangement enables the Group, if necessary, to deal in raw materials which are not required by the Group.

The Master Supply Agreement will expire on 31 December 2005 with an option to renew the agreement on substantially the same terms for one or more successive periods of 3 years. No amendment has been made to the Master Supply Agreement as a result of the Shenghua Reorganisation.

## LETTER FROM THE BOARD

### Historical amounts of the Ongoing Connected Transactions

The following table sets out the respective aggregate amounts of the transactions under the Materials Arrangement between the Group and the TCL Corporation Group for the three years ended 31 December 2002 and the six months ended 30 June 2003:

	Year ended 31 December			Six months ended
	2000	2001	2002	30 June 2003
	<i>HK'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>PRC Materials Sourcing Service</i>				
Purchases of PRC raw materials by the Group from entities within the TCL Corporation Group before Completion	66,503	74,618	84,217	45,867
Percentage to the preceding year's audited consolidated turnover of the Group*	1.15%	1.01%	0.97%	0.40%
Purchases of PRC raw materials by the Group from entities within the TCL Corporation Group (including the Shenghua Group) after Completion	340,643	374,494	418,250	199,076
Percentage to the preceding year's audited consolidated turnover of the Group*	5.88%	5.05%	4.82%	1.75%
<i>Sale of Raw Materials</i>				
Sale of raw materials by the Group to entities within the TCL Corporation Group before Completion	888	627	Nil	Nil
Percentage to the preceding year's audited consolidated turnover of the Group*	0.015%	0.008%	N/A	N/A
Sale of raw materials by the Group to entities within the TCL Corporation Group (including the Shenghua Group) after Completion	888	627	64,249	39,712
Percentage to the preceding year's audited consolidated turnover of the Group*	0.015%	0.008%	0.74%	0.35%

\* excluding the Group's turnover derived from the white goods operation which was disposed of in December 2002

---

## LETTER FROM THE BOARD

---

### THE NEW CAPS

The Company has previously obtained from the Stock Exchange a waiver from strict compliance with the disclosure and independent shareholders' approval requirements under the Listing Rules for the three financial years ending 31 December 2005 in respect of, among other things, the ongoing connected transactions between the Company and the TCL Corporation Group under the Materials Arrangement pursuant to the Master Supply Agreement, details of which have been set out in the circular of the Company dated 12 December 2002.

As all members of the Shenghua Group will become members of the TCL Corporation Group upon Completion, any sale or purchase of raw materials between the Group and the Shenghua Group will fall under the Materials Arrangement pursuant to the Master Supply Agreement and will constitute ongoing connected transactions for the Company. Accordingly, these transactions will be counted as part of the Materials Arrangement after Completion.

As illustrated in the table above, as a result of the Shenghua Reorganisation, the relevant caps under the Existing Waiver (as stated below) regarding the Materials Arrangement will not be sufficient to accommodate all the transactions between the Group and the TCL Corporation Group (including the Shenghua Group). Accordingly, the Company has applied to the Stock Exchange for a new waiver with the New Caps for the three financial years ending 31 December 2005 in respect of the Ongoing Connected Transactions.

Set out below are the existing caps and the proposed New Caps (following Completion) for the Ongoing Connected Transactions:

<b>Transactions</b>	<b>Existing caps (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)</b>	<b>New Caps (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)</b>
PRC Materials Sourcing Service	1.5%	5.5%
Sale of Raw Materials	0.02%	2.0%

The New Caps for the transactions under the Materials Arrangement pursuant to the Master Supply Agreement are determined by reference to, among other things, (a) the historical amounts of the transactions under the Materials Arrangement between the Group and the TCL Corporation Group (including the Shenghua Group), (b) the estimated requirement of raw materials in the PRC with respect to the estimated growth of the Group's audio-visual product business, and (c) the Shenghua Group's requirement of raw materials for its operations (including the new consumer electronic product business commenced by the Shenghua Group earlier this year) as advised by the management of the Shenghua Group. Taking into account the various factors mentioned above, the Directors consider that the New Caps are fair and reasonable.

### NEW WAIVER APPLICATION

It is expected that after Completion the annual aggregate amount of the transactions under the Materials Arrangement pursuant to the Master Supply Agreement will exceed the higher of HK\$10 million or 3% of book value of the net tangible assets of the Group (as disclosed in the latest

---

## LETTER FROM THE BOARD

---

published audited consolidated accounts of the Group) adjusted to take into account of any subsequent transaction in the manner described in Rule 14.04(6) of the Listing Rules and will therefore be subject to disclosure and independent shareholders' approval requirements under Rule 14.26 of the Listing Rules. Given the recurring nature of the transactions, the Directors consider it unduly burdensome and impracticable for the Company to make disclosure and seek independent shareholders' approval on each occasion the transactions arise. Accordingly, the Company has applied to the Stock Exchange for a new waiver with the New Caps for the three financial years ending 31 December 2005 in respect of the Ongoing Connected Transactions on the following conditions:

1. the Ongoing Connected Transactions shall be:
  - (a) entered into by the Group in the ordinary and usual course of its business;
  - (b) entered into either (i) on normal commercial terms; or (ii) (where there is no available comparison) on terms that are fair and reasonable so far as the Shareholders are concerned;
  - (c) carried out in accordance with the terms of the Master Supply Agreement; and
  - (d) carried out in accordance with the pricing policy of the Group (as the case which may be applicable);
2. the annual aggregate amount of the transactions under the Materials Arrangement pursuant to the Master Supply Agreement shall not exceed the New Caps;
3. the independent non-executive Directors shall review annually the Ongoing Connected Transactions and confirm in the Company's next annual report that such transactions have been conducted in the manner as stated in paragraphs 1 and 2 above;
4. the auditors of the Company shall review annually the Ongoing Connected Transactions and confirm in a letter (the "Letter") to the board of Directors (a copy of which shall be provided to the Stock Exchange) stating whether:
  - (a) the transactions have received the approval of the Directors;
  - (b) the transactions have been carried out in accordance with the terms of the Master Supply Agreement;
  - (c) the transactions have been carried out in accordance with the pricing policies of the Group (as the case which may be applicable); and
  - (d) the New Caps have been exceeded;

where, for whatever reason, the auditors of the Company decline to accept the engagement or are unable to provide the Letter, the Directors shall contact the Stock Exchange immediately;

---

## LETTER FROM THE BOARD

---

5. details of the transactions in each financial year as required under Rule 14.25(1) (A) to (D) of the Listing Rules shall be disclosed in the Company's annual report for that financial year together with a statement of opinion of the independent non-executive Directors of the Company referred to in paragraph 3 above; and
6. the Company and TCL Corporation (for itself and those members of the TCL Corporation Group (including the Shenghua Group) with whom the Company has entered into the Ongoing Connected Transactions) shall provide undertakings to the Stock Exchange that for so long as the Shares are listed on the Stock Exchange, they will provide the auditors of the Company with full access to their relevant records to carry out the review of the Ongoing Connected Transactions.

Should the annual aggregate amount of the Ongoing Connected Transactions exceeds the New Caps, the Company will comply with the relevant disclosure and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

In the event that the terms of the above transactions be altered, extended or renewed or the Company enters into any new agreements in respect of any of the Ongoing Connected Transactions in the future, the Company must comply with the relevant requirements of the Listing Rules governing connected transactions unless the Company applies for and obtains a separate waiver from the Stock Exchange.

If the Stock Exchange grants the new waiver to the Company in respect of the transactions under the Materials Arrangement, such waiver will supersede the Existing Waiver in relation to the transactions under the PRC Materials Sourcing Service and the Sale of Raw Materials pursuant to the Master Supply Agreement only. The Existing Waiver also covers the transactions under the Overseas Materials Sourcing Service. Such transactions under the Overseas Materials Sourcing Service will not be affected by the Shenghua Reorganisation and will continue to be covered by the Existing Waiver (subject to the caps of 30% and 40% to the audited consolidated turnover of the Group for each relevant preceding financial year for purchases and sale of overseas raw materials by the TCL Corporation Group from and to the Group respectively).

### **REASONS FOR AND BENEFITS OF THE ONGOING CONNECTED TRANSACTIONS**

The Company is an investment holding company. The Company, through its subsidiaries, associated companies and jointly controlled entities, is principally engaged in the design, manufacture, assembly and sale of a wide range of electronic consumer products including colour television sets and other audio-visual products, personal computers and mobile handsets.

The Shenghua Group is principally engaged in the manufacture and sale of electronic products and electronic and electrical components, such as printed circuit boards, tuners, light emitting diode displays and related plastic accessories.

The Directors consider that the Ongoing Connected Transactions with the Shenghua Group after Completion are and will continue to be conducted in the ordinary and usual course of business of the Group and on normal commercial terms or terms that are fair and reasonable so far as the Shareholders are concerned. The Directors are of the view that it is in the interests of the Company and the Shareholders to continue the Ongoing Connected Transactions with the Shenghua Group as the transactions under the PRC Materials Sourcing Service have facilitated and will continue to facilitate the smooth operation of the Group's business by providing a stable and reliable source of supply of the necessary raw materials for the Group's manufacture of television sets and other

---

## LETTER FROM THE BOARD

---

audio-visual products and the transactions under the Sale of Raw Materials have allowed and will continue to allow the Group to better manage its level of raw materials by providing additional flexibility to the Group for managing its surplus raw materials (if any).

### **ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION**

On 15 February 2002, amendments to the Listing Rules have been effected to allow listed issuers to send or otherwise make available Corporate Communication Documents to their shareholders using electronic means and in either English or Chinese only, subject to certain conditions being met and with prior approval from shareholders. In order to give more flexibility to the Company to have a more efficient means of communications with its Shareholders, the Board proposes to adopt the New M&A to permit the distribution of Corporate Communication Documents to the Shareholders using electronic means and in either English or Chinese only subject to the Shareholders' prior approval and fulfillment of certain conditions as set out therein.

With the SFO coming into force on 1 April 2003, the New M&A also updates the definition of "Recognized Clearing House" and certain provisions in relation to recognized clearing house in accordance with the SFO and the requirements of the Hong Kong Securities Clearing Company Limited.

Details of the above amendments and other proposed amendments to the Existing M&A to be adopted in the New M&A are set out in the Appendix to this circular.

In view of the amount of amendments involved, the Board considers that it is in the interest of the Shareholders to have the New M&A adopted in substitution for the Existing M&A instead of making piecemeal amendments to the Existing M&A.

A copy of the draft New M&A 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, New Territories, Hong Kong from the date of this circular up to and including the date of EGM and at the EGM.

### **EXTRAORDINARY GENERAL MEETING**

TCL Corporation indirectly owned approximately 54.92% of the issued share capital of the Company as at the Latest Practicable Date. In view of the interests of TCL Corporation in and the size of the Ongoing Connected Transactions, the transactions and the New Waiver Application are subject to the approval of the Independent Shareholders. TCL Corporation and its associates will abstain from voting in relation to the resolution to be put forward at the EGM in this regard.

The Company will convene the EGM at 3:00 p.m. on 4 November 2003 at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong at which resolutions will be proposed for the purpose of considering and if thought fit, approving the Ongoing Connected Transactions, the New Waiver Application and the proposed adoption of the New M&A. The notice of the EGM is set out on pages 27 and 28 of this circular.

A form of proxy for use in connection with the EGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible to the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan,

---

## LETTER FROM THE BOARD

---

New Territories, Hong Kong and in any event by no later than 48 hours before the time appointed for the holding of the EGM (or any adjourned meeting thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Ongoing Connected Transactions and the New Waiver Application and (ii) the letter from DBS Asia set out on pages 15 to 19 of this circular which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the terms of the Ongoing Connected Transactions and the New Waiver Application.

The Independent Board Committee, having taken into account the advice of DBS Asia, considers that the Ongoing Connected Transactions and the New Waiver Application are in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the New Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the Ongoing Connected Transactions and the New Waiver Application.

You are also recommended to vote in favour of the special resolution which will be proposed at the EGM to adopt the New M&A as it provides more flexibility to the Company to have a more efficient means of communications with the Shareholders and accommodates the enactment of the SFO on 1 April 2003.

Yours faithfully,  
By order of the Board  
**Li Dong Sheng, Tomson**  
*Chairman*



**TCL**

**TCL INTERNATIONAL HOLDINGS LIMITED**

**TCL 國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

13 October 2003

*To the Independent Shareholders*

Dear Sir or Madam,

**ONGOING CONNECTED TRANSACTIONS  
AND NEW WAIVER APPLICATION**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Ongoing Connected Transactions and the New Waiver Application, details of which are set out in the letter from the Board in the circular of the Company dated 13 October 2003 (the "Circular") to the Shareholders, of which this letter forms part. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise requires.

Having taken into account of the advice of DBS Asia, we consider that the Ongoing Connected Transactions are in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the New Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Ongoing Connected Transactions and the New Waiver Application.

Yours faithfully,

**Hon Fong Ming Albert Thomas da Rosa, Junior**  
*Independent Board Committee*





16th Floor  
Man Yee Building  
68 Des Voeux Road Central  
Hong Kong

13 October 2003

*The Independent Board Committee  
TCL International Holdings Limited*

Dear Sirs,

## **ONGOING CONNECTED TRANSACTIONS AND NEW WAIVER APPLICATION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee in relation to the Ongoing Connected Transactions and the New Waiver Application, details of which are contained in a circular (the "Circular") to the Shareholders dated 13 October 2003, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were made and continue to be so at the date of the dispatch of the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company or Shenghua Group or TCL Corporation or any of its respective subsidiaries or associates.

### **PRINCIPAL FACTORS CONSIDERED**

In arriving at our opinion in respect of the Ongoing Connected Transactions and the New Waiver Application, we have considered the following principal factors and reasons:

#### **Background and rationale**

The Group is principally engaged in the design, manufacture, assembly and sale of a wide range of electronic consumer products in the PRC. We understand that prior to Completion, the Group has been purchasing and selling raw materials in the PRC from Shenghua Group which were necessary for the Group's production and which falls within the Group's usual and ordinary course of business.

Given that Shenghua Group will become a connected person of the Group following Completion, the existing sale or purchase of raw materials between the Group and the Shenghua Group will become ongoing connected transactions of the Group to be fallen under the Materials Arrangement pursuant to the Master Supply Agreement entered into between the Company and TCL Corporation in December 2002.

The Materials Arrangement involve the PRC Materials Sourcing Service and the Sale of Raw Materials. For the PRC Materials Sourcing Service, the Group is required to favourably consider purchasing the Group's requirement of PRC-manufactured raw materials from TCL Corporation Group if the terms offered by the TCL Corporation Group are the same as or more favourable than terms available from other independent suppliers who are capable of meeting the orders placed. Whilst TCL Corporation Group is then required to sell to the Group the requested raw materials which are necessary for the Group's production of audio-visual and computer related products. For the Sale of Raw Materials, TCL Corporation Group is required to purchase raw materials manufactured by members of the Group if the terms of such offers made by the Group are no less favourable than terms available from independent suppliers in the event that any member of the Group offers to sell raw materials to TCL Corporation Group in response to their requests.

Given that (i) the nature of the Ongoing Connected Transactions relates to the Group's principal business and operations and will be based on market and normal commercial terms or no less favourable terms; (ii) the Group is not obliged to purchase or sell raw materials from/to the TCL Corporation Group; and (iii) the Group could take advantage of the geographical convenience in its sourcing of required production materials from TCL Corporation Group, we concur with the views of the Directors that the continuation of the Ongoing Connected Transactions would facilitate the business operations of the Group and minimize chances of disruptions to operations.

Having considered the above and that the Ongoing Connected Transactions have been conducted between the parties involved prior to Completion, we consider that the Ongoing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

### **Basis of determination**

With regard to PRC Materials Sourcing Service, this will only be effected under the conditions that the latter can offer terms comparable to or no less favourable than terms available from independent third parties and can meet the particulars of the specific orders placed by members of the Group. We note that the purchase prices of such raw materials supplied by the Shenghua Group were and will continue to be determined by reference to the market price of the relevant materials and the purchases were and will continue to be made only if the terms were not less favourable than those available from suppliers who are independent third parties.

With regard to Sale of Raw Materials, those raw materials sold by the Group to the Shenghua Group were mainly electronic parts used by the Shenghua Group for its manufacture of tuners and certain consumer electronic products. We understand that there is no obligation on the part of the Group to supply raw materials to TCL Corporation Group, however on the contrary, if the terms of the offer to sell raw materials made by the Group to members of TCL Corporation Group are not less favourable than those available from independent third parties, TCL Corporation Group is required to purchase the relevant raw materials from the Group. The sale prices of such raw materials were and will continue to be determined by reference to the costs the Group paid to its suppliers for procuring such raw materials and other overhead expenses incurred by the Group, such as, among others, warehousing and transportation expenses, for effecting the transactions under the Sale of Raw Materials.

Given the above, we consider the basis of determination of the Ongoing Connected Transactions to be fair and reasonable so far as the Company and the Independent Shareholders are concerned.

## LETTER FROM DBS ASIA

### New Caps

As a condition for the waiver granted by the Stock Exchange, details of which are set out on pages 10 to 11 of the Circular, the Ongoing Connected Transactions will be subject to, among other things, an annual cap for each of the financial year up to 31 December 2005. Based on the historic transaction volume of the Materials Arrangement, the Directors note that the relevant caps under the Existing Waiver will not be sufficient to accommodate all the transactions to be entered into between the Group and the TCL Corporation Group (including the Shenghua Group) with respect to the Materials Arrangement under the Master Supply Agreement immediately after Completion. Thus New Caps have to be sought.

We summarise below the historic transaction volume of the Materials Arrangement before and after Completion:

	Year ended 31 December			Six months ended
	2000 HK\$'000	2001 HK\$'000	2002 HK\$'000	30 June 2003 HK\$'000
<i>PRC Materials Sourcing Service</i>				
Purchases of PRC raw materials by the Group from entities within the TCL Corporation Group before Completion	66,503	74,618	84,217	45,867
Percentage to the preceding year's audited consolidated turnover of the Group*	1.15%	1.01%	0.97%	0.40%
Purchases of PRC raw materials by the Group from entities within the TCL Corporation Group (including the Shenghua Group) after Completion	340,643	374,494	418,250	199,076
Percentage to the preceding year's audited consolidated turnover of the Group*	5.88%	5.05%	4.82%	1.75%
<i>Sale of Raw Materials</i>				
Sale of raw materials by the Group to entities within the TCL Corporation Group before Completion	888	627	Nil	Nil
Percentage to the preceding year's audited consolidated turnover of the Group*	0.015%	0.008%	N/A	N/A

## LETTER FROM DBS ASIA

	Year ended 31 December			Six months ended
	2000	2001	2002	30 June 2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of raw materials by the Group to entities within the TCL Corporation Group (including the Shenghua Group) after Completion	888	627	64,249	39,712
Percentage to the preceding year's audited consolidated turnover of the Group*	0.015%	0.008%	0.74%	0.35%

\* This excludes the Group's turnover derived from the white goods operation which was disposed of in December 2002

We also set out below the existing caps and the New Caps to cover the Ongoing Connected Transactions under the Materials Arrangement:

Type of transactions	Existing caps (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)	New Caps (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)
PRC Materials Sourcing Service	1.5%	5.5%
Sale of Raw Materials	0.02%	2.0%

We note that the New Caps are principally determined by reference to the following factors:

- (i) the historical amounts of the transactions under the Materials Arrangement between the Group and the TCL Corporation Group (including the Shenghua Group);
- (ii) the estimated requirement of raw materials in the PRC with respect to the estimated growth of the Group's visual and audio product business; and
- (iii) Shenghua Group's requirement of raw materials for its existing operations (including the new consumer electronic product business commenced by the Shenghua Group earlier this year) as advised by the management of the Shenghua Group and which have been assessed by the Directors based on publicly available information.

For (i) and (iii) above, we note that after including the amount of purchase of PRC raw materials by the Group from Shenghua Group, the total amount of such purchases from the TCL Corporation Group would have increased significantly from a range of approximately

---

## LETTER FROM DBS ASIA

---

HK\$66.5 million–HK\$84.2 million to a range of approximately HK\$340.6 million–HK\$418.3 million during the last three years ended 31 December 2002, and the total amount of purchase of PRC raw materials by the Group under the PRC Materials Sourcing Service, including those purchased from the Shenghua Group, accounted for approximately 4.82% to 5.88% of the Group's preceding year's turnover during the same period. Similarly, after including the amount of Sale of Raw Materials by the Group to Shenghua Group, the total amount of such sales to the TCL Corporation Group (including the Shenghua Group) would have increased significantly from approximately HK\$0.63 million in 2001 to approximately HK\$64.3 million for the year ended 31 December 2002, representing an increase from approximately 0.008% to approximately 0.74% of the preceding year's total turnover of the Group. We note that the Directors have reviewed relevant public information in light of the increase in the Sales of Raw Materials in determining the cap amount.

As for (ii) above, we understand that as most of the PRC Materials Sourcing Service are for use in the Group's visual and audio product business, thus it is reasonable for the Directors to have taken into account the estimated growth of this business in considering the estimated requirement for raw materials in the PRC.

Having considered of the above, we regard it reasonable for the Directors to have determined the New Caps based on the above factors, and thus we consider the New Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Save for the New Caps, we note that all the other conditions under the Existing Waiver remain substantially unchanged and their application to the Ongoing Connected Transactions present no material financial impact on the Group. Further, the New Waiver Application (as well as the Shenghua Reorganisation) will not affect the Overseas Materials Sourcing Service and the relevant Existing Waiver. Our views and analysis on the other ongoing connected transactions under the Master Supply Agreement also remain unchanged, details of which are set out in the circular of the Company dated 12 December 2002.

### RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the Ongoing Connected Transactions are in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the New Caps are fair and reasonable so far as the Company and Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the Special General Meeting to approve the Ongoing Connected Transactions and the New Waiver Application in relation to the Materials Arrangement.

Yours faithfully,  
For and on behalf of  
**DBS ASIA CAPITAL LIMITED**  
**Alex Lau**                      **Flavia Hung**  
*Managing Director*              *Director*

**DEFINITIONS OF TERMS**

1. References to “Companies Law (2002 Revision) (Cap. 22)” of the Cayman Islands are amended to “Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised)”.
2. New definitions of “the Company’s Website”, “electronic”, “Electronic Signature” are added.
3. The definition of “recognised clearing house” is amended to have the meaning ascribed thereto in schedule 1 of the SFO and any amendments thereto or re-enactments thereof for the time being in force.
4. The definition of “writing/printing” is amended to include a record maintained in an electronic medium which is assessable in visible form so as to be useable for subsequent reference where writing/printing is used in connection with a notice served by the Company on its Shareholders.

**NEW PROVISIONS IN RELATION TO ELECTRONIC MEANS**

1. The Company may, to the extent permitted by the Listing Rules and all applicable laws and regulations, serve any notice or document by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company’s Website (as defined in the new articles of association of the Company) provided that the Company has obtained the member’s prior express positive confirmation in writing to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means.
2. The Company shall, upon request by any member who for any reason has not received or gained access to any notice or documents served on him by electronic means, send such notice or document to him in printed form, free of charge.
3. Any notice given by electronic means shall be deemed to have been served and delivered on the day following the day on which it is successfully transmitted or at such later time as may be prescribed by the Listing Rules or any applicable laws or regulations.
4. The Company may subject to the provisions in the articles of association of the Company send by electronic means to its Shareholders copies of those documents to be laid at an annual general meeting.
5. The Company may subject to the Listing Rules serve by electronic means to its Shareholders notices in respect of closure of register, call on Shares and sale of shares of untraceable shareholders.
6. Any member who has not given an express positive confirmation in writing to the Company to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address.

**NEW PROVISION IN RELATION TO CHOICE OF LANGUAGE**

1. The Company may serve any notice or document either in English or Chinese only provided that the Company has obtained the member's prior express positive confirmation in writing to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company either in English or Chinese only.

**NEW PROVISIONS IN RELATION TO RECOGNIZED CLEARING HOUSE**

1. Where more than one proxy is appointed by a member which is a recognized clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.
2. The proxies or representatives of a recognized clearing house (or its nominee(s)) authorized to attend and vote at the general meetings pursuant to the articles of association of the Company shall be deemed to have been duly authorized without further evidence of the fact.

**OTHER NEW PROVISIONS**

1. The Directors may, if permitted by applicable law, authorize the destruction of any Registrable Documents (as defined in Article 158 of the articles of association of the Company) and any other documents in relation to share registration which have been microfilmed or electronically stored by the Company provided that they are acting in good faith and without express notice to the Company that the preservation of such document might be relevant to a claim.
2. The signature to any notice to be given by the Company may be written or printed by Electronic Signature (as defined in the new articles of association of the Company) where relevant.

## GENERAL INFORMATION

### 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

### 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules were as follows:

#### (a) Long positions in the shares of the Company

Directors	No. of Shares	Capacity	Percentage of shareholding
Li Dong Sheng, Tomson	21,206,000	Beneficial owner	0.797
Yuan Xin Cheng	5,300,000	Beneficial owner	0.199
Lu Zhong Li	10,000,000	Beneficial owner	0.376
Suen Hay Wai	176,000	Beneficial owner	0.007

#### (b) Long positions in underlying shares of the Company

Directors	No. of options granted	No. of Shares falls to be issued upon exercise of the options	Exercise price HK\$	Exercise period
Li Dong Sheng, Tomson	6,950,000	6,950,000	1.550	15/05/2003 – 14/11/2006
Lu Zhong Li	4,600,000	4,600,000	1.550	15/05/2003 – 14/11/2006
Yan Yong	200,000	200,000	2.114	30/01/2003 – 29/07/2006
	1,550,000	1,550,000	1.550	15/05/2003 – 14/11/2006
Suen Hay Wai	700,000	700,000	2.114	30/01/2003 – 29/07/2006



## GENERAL INFORMATION

### (c) Long positions in shares of associated corporations of the Company

Directors	Name of associated corporation	Capacity	Percentage of interest in associated corporation
Li Dong Sheng, Tomson	TCL Corporation	Beneficial owner	9.08
Yuan Xin Cheng	TCL Corporation	Beneficial owner	1.56
Lu Zhong Li	TCL Corporation	Beneficial owner	1.48
Hu Qiu Sheng	TCL Corporation	Beneficial owner	1.19

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or were directly or indirectly interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the following subsidiaries of the Company:

#### (a) Long Positions in shares of the Company

Shareholders	Capacity	No. of shares held	Percentage of issued share capital of the Company
TCL Industries	Beneficial owner	1,461,685,289 <i>(Note 1)</i>	54.92
TCL Corporation	Interest of controlled corporation	1,461,685,289 <i>(Note 2)</i>	54.92
Huizhou Investment Holdings Limited	Interest of controlled corporation	1,461,685,289 <i>(Note 3)</i>	54.92
Templeton Asset Management Limited	Investment manager	160,446,000	6.03

## GENERAL INFORMATION

*Notes:*

- 1 1,461,685,289 Shares are held by TCL Industries in the capacity of beneficial owner.
- 2 TCL Corporation is deemed to be interested in 1,461,685,289 Shares through its 100% interest in TCL Industries. These interests are duplicated in the interests described in Note 1 above.
- 3 Huizhou Investment Holdings Limited is deemed to be interested in 1,461,685,289 Shares through its 40.97% interest in TCL Corporation. These interests are duplicated in the interests described in Notes 1 and 2 above.

**(b) Long positions in shares of subsidiaries of the Company**

Name of subsidiary	Name of substantial shareholder	Percentage of holding
Guangzhou Digital Rowa Technology Co., Ltd. (廣州數碼樂華科技有限公司)	Science City Development Public Co., Ltd. (南方科學城發展股份有限公司)	30%
Henan TCL — Melody Electronics Co., Ltd. (河南 TCL — 美樂電子有限公司)	Henan Ancai Melody Electronic Co., Ltd. (河南安彩集團美樂電子有限公司)	48%
Shenzhen TCL Industrial Institute Limited (深圳市 TCL 工業研究院有限公司)	TCL Corporation	10%
	TCL Communication Equipment Co., Ltd.	25%
TCL Electrical Appliance Sales Co., Ltd. (惠州 TCL 電器銷售有限公司)	TCL Corporation	49%
TCL Electronics (Singapore) Pte Ltd.	Dragoncom Shenzhen Investment Ltd. (深圳市浩龍投資有限公司)	15%
TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL 王牌電器(無錫)有限公司)	無錫市電儀資產經營有限公司	30%

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meeting of subsidiaries of the Company or any options in respect of such capital.

---

## GENERAL INFORMATION

---

### 4. MATERIAL ADVERSE CHANGES

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2002, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### 5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### 6. QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
DBS Asia	A deemed licensed corporation under the SFO for type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO

DBS Asia has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 13 October 2003 and reference to its name, in the form and context in which they appear.

### 7. MISCELLANEOUS

- (a) Mr. Albert Thomas da Rosa, Junior, an independent non-executive Director, is a partner of Cheung Tong & Rosa, legal advisers to the Company as to Hong Kong law. Cheung, Tong & Rosa will receive usual professional fees in connection with their services provided in relation to the New Waiver Application.
- (b) None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.
- (c) As at the Latest Practicable Date, DBS Asia had no shareholding in any members of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (d) As at the Latest Practicable Date, none of the Directors nor DBS Asia was interested, directly or indirectly, in any assets which had since 31 December 2002 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

---

## GENERAL INFORMATION

---

### 8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong from 13 October 2003 to 4 November 2003 (both days inclusive):

- a. the Master Supply Agreement dated 15 November 1999 and the deed of variation dated 11 December 2002;
- b. the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- c. the letter from DBS Asia, the text of which is set out on pages 15 to 19 of this circular;
- d. the written consent of DBS Asia as referred to in paragraph 6 above; and
- e. the New M&A.

---

## NOTICE OF EGM

---



**TCL**

### **TCL INTERNATIONAL HOLDINGS LIMITED**

**TCL 國際控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of the Company will be held at 3:00 p.m. on 4 November 2003 at Caine Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions (with or without modification):

#### **ORDINARY RESOLUTION**

**“THAT** subject to the approval by The Stock Exchange of Hong Kong Limited of the New Caps (as defined in the circular to the independent shareholders of the Company dated 13 October 2003 (the “Circular”)) and the New Waiver Application (as defined in the Circular),

- (a) the Ongoing Connected Transactions (as defined in the Circular) be and are hereby approved;
- (b) the New Waiver Application be and is hereby approved; and
- (c) any director of the Company be and is hereby authorized to do all such acts and take all necessary actions in connection with the Ongoing Connected Transactions and the New Waiver Application.”

#### **SPECIAL RESOLUTION**

**“THAT** the new memorandum and articles of association (“New M&A”), a copy of which has been submitted to the meeting marked “A” signed for identification by the chairman thereof, be and is hereby approved and adopted in substitution for the memorandum and articles of association adopted by the Company by a special resolution dated 15 November 1999, as amended by special resolution dated 10 May 2002 and that the directors of the Company be and are hereby authorized to do all things to implement the adoption of the New M&A.”

By order of the Board  
**Li Dong Sheng, Tomson**  
*Chairman*

Hong Kong, 13 October 2003

---

## NOTICE OF EGM

---

### Notes:

- (1) A member who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. 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 meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
- (2) In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (3) A form of proxy for the meeting will be sent to shareholders together with the circular to be issued by the Company in connection with the aforesaid resolutions as soon as possible.
- (4) In accordance with Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), TCL Corporation and its associates (as defined in the Listing Rules) will abstain from voting on the above ordinary resolution.