

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.

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TCL

TCL INTERNATIONAL HOLDINGS LIMITED

TCL 國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

**PROPOSED CHANGE OF COMPANY NAME
AND
CONTINUING CONNECTED TRANSACTION**

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



G.K. Goh Securities (H.K.) Limited

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from G.K. Goh Securities (H.K.) Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 17 of this circular.

A notice convening the extraordinary general meeting of TCL International Holdings Limited to be held at 3.30 p.m. on 22 February 2005 at The Small Connaught Room, 1/F, Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong is set out on pages 24 and 25 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 appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at such meeting or any adjournment thereof should you so wish.

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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
“Combination Agreement”	the combination agreement dated 28 January 2004 (together with subsequent amendments) entered into by the Company, Thomson S.A. and the Supplier in respect of the establishment of TTE Corporation as a major global player in the business of television research and development, manufacture, sales and distribution
“Company” or “Purchaser”	TCL International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Condition”	the condition precedent for the Supply Agreement becoming effective as set out under the paragraph headed “Condition Precedent” of the section headed “Letter from the Board” in this circular
“Continuing Connected Transaction”	the continuing connected transaction which will be entered into between the Purchaser Group and the Supplier Group pursuant to the Supply Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company, including non-executive and independent non-executive directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 3:30 p.m. on 22 February 2005 at The Small Connaught Room, 1/ F Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong, 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 24 and 25 of this circular
“Effective Date”	the date on which the Condition having been satisfied
“Existing Agreement”	the overseas distribution agreement entered into between the Supplier, TCL Overseas Holdings Limited, TCL Air Conditioner (Zhongshan) Co., Ltd (TCL 空調器(中山)有限公司) and TCL Electric Appliances (Shaanxi) Co., Ltd. (TCL 電器(陝西)有限公司) on 9 May 2002
“Global Note”	global note representing up to HK\$350,000,000, 3% convertible notes due 2005 issued by the Company on 22 August 2003

DEFINITIONS

“Group” or “Purchaser Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“IFA” or “G.K. Goh”	G.K. Goh Securities (H.K.) Limited, a deemed licensed corporation for types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO, being appointed as independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transaction
“Independent Board Committee”	a committee of the Board comprising Messrs. Tang Guliang, Wang Bing and Hon Fong Ming, the independent non-executive Directors, appointed to advise the Independent Shareholders in respect of the Continuing Connected Transaction
“Independent Shareholders”	Shareholders that are not required under the Listing Rules to abstain from voting to approve the Continuing Connected Transaction at the EGM
“Independent Third Parties”	third parties that are not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them
“Latest Practicable Date”	14 January 2005, 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
“Noteholder”	holder of the Global Note
“Offer”	the offer made by a Relevant Purchaser for purchase of TCL Products
“Proposed Cap”	the proposed cap of the Continuing Connected Transaction for the three years ended 31 December 2007 as set out under the paragraph headed “Proposed Cap” of the section headed “Letter from the Board” in this circular
“PRC” or “China”	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
“Relevant Purchaser”	a member of the Purchaser Group which has made an Offer to a member of the Supplier Group for the purchase of TCL Products

DEFINITIONS

“Relevant Supplier”	a member of the Supplier Group which has accepted an Offer from a Relevant Purchaser for purchase of TCL Products
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“Supplier”	TCL Corporation (TCL 集團股份有限公司), a joint stock company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange and the ultimate controlling shareholder of the Company
“Supplier Group”	The Supplier and its subsidiaries from time to time (excluding members comprising the Group)
“Supply Agreement”	the Master Overseas Supply Agreement entered into between the Supplier and the Purchaser on 29 December 2004
“TCL Preferred Supplier Agreement”	TCL Preferred Supplier Agreement entered into between the Supplier and TTE Corporation on 30 May 2004
“TCL Products”	any goods including electronic or electrical goods or appliances (including but not limited to White Goods, communication equipment, electrical accessories and their components) manufactured, produced or otherwise sold or supplied by any member of the Supplier Group
“Territory”	any territory or geographical area in the world other than the PRC
“TTE Corporation”	a company incorporated in the British Virgin Islands with limited liability, a non-wholly owned Subsidiary of the Company and is owned as to 67% and 33% by the Company and Thomson S.A. respectively
“White Goods”	home electrical appliances traditionally designed in light colour, including but not limited to refrigerators, washing machines and air conditioners



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 (*Chairman*)

Lu Zhong Li

Hu Qiu Sheng

Yan Yong

Zhao Zhong Yao

Suen Hay Wai

Registered Office:

Ugland House

South Church Street

P.O. Box 309

George Town

Grand Cayman

Cayman Islands

British West Indies

Non-executive Director:

Albert Thomas da Rosa, Junior

Independent non-executive Directors:

Tang Guliang

Wang Bing

Hon Fong Ming

19 January 2005

To the Shareholders and for information only, to the Noteholder

Dear Sirs or Madams,

**PROPOSED CHANGE OF COMPANY NAME
AND
CONTINUING CONNECTED TRANSACTION**

INTRODUCTION

Reference is made to the announcement of the Company dated 29 December 2004 regarding the proposed change of company name and the Continuing Connected Transaction.

The purpose of this circular is to provide you with further information on and to seek your approval for the proposed change of company name and the terms and the Proposed Cap of the Continuing Connected Transaction. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Continuing Connected Transaction are set out on page 12 of this circular. A copy of the letter from the IFA to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the Continuing Connected Transaction is set out on pages 13 to 17 of this circular.

LETTER FROM THE BOARD

PROPOSED CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from TCL International Holdings Limited to TCL Multimedia Technology Holdings Limited in English and from TCL 國際控股有限公司 to TCL 多媒體科技控股有限公司 in Chinese. The English and Chinese stock short names of the Company will also be changed.

Conditions

The proposed change of company name is subject to:

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

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

Reasons for the proposed change of company Name

The Company strived to restructure its portfolio of businesses to focus primarily on multi-media electronic products (including televisions and computers) and to significantly expand its business overseas. Accordingly, the Company formed a joint-venture with Thomson S.A. to establish a new global TV leader, TTE Corporation, which has commenced operation in August 2004. In addition, the Company also divested its mobile handset business which has been separately listed as TCL Communication Technology Holdings Limited on the Hong Kong Stock Exchange on 27 September 2004. After completion of the restructuring as aforesaid, the Board considers that the present name of the Company does not reflect the line of business in which the Group is engaged. The proposed new name will reflect the Company's business more accurately. Further, the proposed new name will also better distinguish the Group from TCL Communication Technology Holdings Limited, the Company's Hong Kong listed sister company which is engaged in mobile and communication business.

Effects on change of company name

The change of name of the Company will not affect any of the rights of the Shareholders. All existing share certificates in issue bearing the present name of the Company will, after the change of name, continue to be evidence of title to the Shares and will be valid for trading, settlement and delivery for the same number of Shares in the new name of the Company on the Stock Exchange. Accordingly, there will not be any arrangements for free exchange of existing share certificates for new share certificates under the proposed new name. However, upon request by the Shareholders, exchange of certificates for new share certificates will be effected on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate issued or cancelled.

LETTER FROM THE BOARD

CONTINUING CONNECTED TRANSACTION

Background

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

On 29 December 2004, the Company entered into the Supply Agreement with the Supplier for a term of 3 years from the Effective Date. The Supply Agreement when becoming effective will replace the Existing Agreement. For details of the Existing Agreement, please refer to the Company's announcement dated 9 May 2002. The major terms of the Supply Agreement as described below are substantially the same as those of the Existing Agreement. A comparison between the two agreements is also set out under the paragraph headed "Comparison with the Existing Agreement" hereunder.

Supply Agreement

Date: 29 December 2004

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

Major Terms

1. *Supply of Goods*

Pursuant to the Supply Agreement, the Relevant Purchaser will enter into transactions with the Relevant Supplier for purchase of any TCL Products for supply or sale to a place in the Territory. The agreement provides that where the Relevant Purchaser makes an Offer to the Relevant Supplier for such purchase, the Relevant Supplier shall accept such Offer if and only if the terms of the Offer are not less favourable to the Purchaser Group than those on which the relevant member of the Supplier Group has sold or supplied such TCL Products to any Independent Third Parties in the Territory. The Purchaser Group has the right to sell the TCL Products which it has acquired from the Supplier Group to such parties and at such price as it may in its absolute discretion determine.

All the transactions made pursuant to the Supply Agreement will be supported by written contracts between the Relevant Purchaser and the Relevant Supplier, and the terms of which will be made in accordance with the provisions of the Supply Agreement and negotiated on an arm's length basis and on normal commercial terms between the Purchaser Group and the Supplier Group or on terms no less favourable to the Purchaser Group than terms available from Independent Third Parties.

2. *Consideration*

The consideration payable under the transactions pursuant to the Supply Agreement will be determined at arm's length negotiations between the relevant parties with reference to prevalent market price. In any event, the price of the TCL Products sold or supplied to the

LETTER FROM THE BOARD

Relevant Purchaser shall not be more than the price of the TCL Products on which such TCL Products are sold or supplied by the Relevant Supplier to any Independent Third Parties in the Territory.

3. *Condition Precedent*

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

Comparison with the Existing Agreement

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

Proposed Cap

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

The Proposed Cap have been determined with reference to:

- (i) the historical transaction amounts of approximately HK\$3.6 million, HK\$26.0 million and HK\$39.5 million for each of the two years ending 31 December 2003 and the nine months ending 30 September 2004 respectively (representing approximately 0.03%, 0.17% and 0.27% of the Group's turnover for the relevant periods);
- (ii) the increase of variety of TCL Products involved from White Goods initially covered under the Existing Agreement to new goods such as washing machines, refrigerators, communication equipment and electrical accessories under the Supply Agreement which can be summarised as follows:
 - (a) in relation to the products already covered under the Existing Agreement (i.e. air-conditioners), it is expected that the sales of air-conditioners will increase about 322% (for reasons as described in paragraph (iv) below), 30% and 20% in years 2005, 2006 and 2007 respectively which will contribute about 39% of the total sales for each of the years 2005, 2006 and 2007;

LETTER FROM THE BOARD

- (b) in relation to new products to be covered by the Supply Agreement, it is expected that:
 - (1) the washing machines and refrigerators will contribute about 44% of the total sales for each of the years 2005, 2006 and 2007;
 - (2) the communication equipment will contribute about 9% of the total sales for each of the years 2005, 2006 and 2007;
 - (3) the electrical accessories will contribute about 8% of the total sales for each of the years 2005, 2006 and 2007;
- (iii) the expansion of the sales network for distribution of TCL Products in Europe and the world as a result of the establishment of TTE Corporation in August 2004 in which the respective TV businesses and assets of the Group and Thomson S.A. were injected following the completion of the Combination Agreement;
- (iv) expected increase in sales volume of the TCL Products resulting from (a) the Group's plan to sell through its extended sales network arising from its internal growth and its joint venture with Thomson S.A. including its newly established subsidiaries in India, Australia, Mexico and the proposed new subsidiaries to be set up in the Middle East (in the past the geographical coverage covered only the Philippines, Singapore, Indonesia and Hong Kong); and (b) the Group's plan to increase its product variety to cover new products such as washing machines refrigerators, communication equipment and electrical accessories etc; and
- (v) in relation to the expected increase in sales volume of the TCL Products resulting from increase of geographical coverage:
 - (a) it is expected that the sales of the existing markets such as Philippines, Singapore, Indonesia and Hong Kong will increase about 221% (for reasons as described in paragraph (ii) above), 28% and 20% for the years 2005, 2006 and 2007 respectively which will contribute about 37% of the total sales for each of the years 2005, 2006 and 2007;
 - (b) it is expected that the sales of the new markets such as India, Australia, Mexico, and the Middle East will contribute about 63% of the total sales for each of the years 2005, 2006 and 2007.

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

Reasons for the Continuing Connected Transaction

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

LETTER FROM THE BOARD

The Supply Agreement will provide the Group an additional source of revenue for distribution in the Territory of the TCL Products manufactured by the Supplier Group. The Directors consider that it is in the interests of the Company and Shareholders (including the Independent Shareholders) for the Company to enter into the Supply Agreement which will enable the Group to generate steady revenue from the trading of TCL Products involving purchases from the Supplier Group of the TCL Products for onward sale or distribution by the Group which would utilise the Group's existing distribution network without incurring significant additional overheads. It is noted that the Group is the party who makes the Offer for purchases and accordingly it has the control over the purchases. In any event, the purchases will be conducted in the ordinary course of business of the Group and on normal commercial terms and the price for the purchases will be made in accordance with the parameters as stipulated in the Supply Agreement which are considered to be fair and reasonable for the Shareholders. Therefore, the Directors do not expect any adverse impact on the Group as a result of the Supply Agreement.

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

Listing Rules implications of the Continuing Connected Transaction

As at the Latest Practicable Date, the Supplier holds through T.C.L. Industries Holdings (H.K.) Ltd., its wholly owned subsidiary, approximately 54.8% of the entire issued share capital of the Company. Accordingly, the transactions pursuant to the Supply Agreement will constitute continuing connected transaction for the Company under the Listing Rules and will be subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the EGM as set out in Chapter 14A of the Listing Rules since the Continuing Connected Transaction on annual basis are expected to be over 2.5% threshold in Rule 14A.34 of the Listing Rules.

The Company will seek the approval of the Independent Shareholders of the terms and the Proposed Cap of the Continuing Connected Transaction. In view of the interests of the Supplier in the Supply Agreement, the Supplier and its associates will abstain from voting in respect of the resolution(s) in relation to the Continuing Connected Transaction and voting on such resolution(s) will be conducted by way of poll.

An Independent Board Committee, comprising Messrs. Tang Guliang, Wang Bing and Hon Fong Ming, has been established to advise the Independent Shareholders regarding the fairness and reasonableness of the terms and the Proposed Cap of the Continuing Connected Transaction. G.K. Goh has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

EGM

The Company will convene the EGM at 3.30 p.m. on 22 February 2005 at The Small Connaught Room, 1/F Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong at which resolutions will be proposed for the purpose of considering and if thought fit, approving the proposed change of company name and the terms and the Proposed Cap of the Continuing Connected Transaction. The notice of the EGM is set out on pages 24 and 25 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, New Territories, Hong Kong and in any event no later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 February 2005 to 22 February 2005, for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered during this period. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:00 p.m. on 18 February 2005.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 12 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution(s) to approve the terms and the Proposed Cap of the Continuing Connected Transaction; and (ii) the letter from the IFA set out on pages 13 to 17 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms and the Proposed Cap of the Continuing Connected Transaction.

The Independent Board Committee, having taken into account the advice of the IFA, considers that the terms and the Proposed Cap of the Continuing Connected Transaction to be fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Continuing Connected Transaction.

You are also recommended to vote in favour of the special resolution to be proposed at the EGM to approve the proposed change of company name.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

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

INFORMATION ON THE SUPPLIER

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

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



TCL INTERNATIONAL HOLDINGS LIMITED

TCL 國際 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

19 January 2005

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 19 January 2005 (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.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the terms and the Proposed Cap of the Continuing Connected Transaction, details of which are set out in the letter from the Board in the Circular.

Having taken into account of the advice of the IFA, we consider that the terms and the Proposed Cap of the Continuing Connected Transaction to be fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM in respect of the Continuing Connected Transaction.

Yours faithfully,

Tang Guliang Wang Bing Hon Fong Ming
Independent Board Committee

LETTER FROM THE IFA

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from the IFA regarding the Continuing Connected Transaction prepared for the purpose of incorporation in this circular.



G.K. Goh Securities (H.K.) Limited

Suite 1808
Alexandra House
16–20 Chater Road
Central
Hong Kong

19 January 2005

*To the Independent Board Committee and the Independent Shareholders of
TCL International Holdings Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transaction and the Proposed Cap, details of which are contained in a circular (the “Circular”) to the Shareholders dated 19 January 2005, of which this letter forms part. Expressions used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

An independent board committee comprising Messrs. Hon Fong Ming, Wang Bing and Tang Guliang, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Supply Agreement. Any vote of the Independent Shareholders at the EGM shall be taken by poll. TCL Corporation and its associates will abstain from voting in relation to the resolution(s) approving the Continuing Connected Transaction and the Proposed Cap.

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular. The Directors have declared in a responsibility statement set out in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained 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 TCL Corporation or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the Continuing Connected Transaction and the Proposed Cap, we have considered the following principal factors and reasons:

Background and reasons

The Group is a leading multimedia consumer electronics product manufacturer in the PRC and Asia. We note that it is the Group's business objective to continue expanding its business to the global market and that the Company with its headquarter in the PRC operates highly efficient manufacturing bases across major markets in the world.

The Supplier is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of electronic, telecommunications, information technology and electrical products. We note that the Group has been and will continue to purchase White Goods from the Supplier Group for supply or sale in the Territory under the Existing Agreement on normal commercial terms. In view of the expiry of waiver for the continuing connected transactions contemplated under the Existing Agreement on 31 December 2004, the Supply Agreement was entered into between the Supplier and the Purchaser whereby the Relevant Purchaser agreed to enter into transactions with the Relevant Supplier for purchase of any TCL Products (including White Goods) for supply or sale to a place in the Territory. We note that the Supply Agreement covers goods which are principally not in the product lines of the Group. The Directors consider that it is in the interests of the Company and the Shareholders for the Company to enter into the Supply Agreement as it will provide the Group with an additional source of revenue and income from the trading of TCL Products for onward sale or distribution by the Group.

Given the above and the fact that (i) the nature of the Continuing Connected Transaction is within the Group's principal business operations; (ii) the Continuing Connected Transaction will be based on normal commercial terms or on no less favourable terms than those offered to independent third parties; and (iii) the Group has full rights and discretion to sell the TCL Products to any parties and at any price under the terms of the Supply Agreement, we concur with the views of the Directors that the Continuing Connected Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Basis of determination

Pursuant to the Supply Agreement, the Continuing Connection Transaction will be effected on the conditions that the purchase prices of the TCL Products sold or supplied to the Relevant Purchaser will be determined at arm's length between the Relevant Purchaser and the Relevant Supplier with reference to the prevalent market price of the relevant TCL Products and shall not be more than the price of the TCL Products on which such TCL Products are sold or supplied by the Relevant Supplier to any Independent Third Parties in the Territory.

Based on the above, we consider that the basis of determination of the terms of the Continuing Connected Transaction is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM THE IFA

Proposed Cap

The Directors are of the view that the Proposed Cap for each of the three financial years ending 31 December 2007 shall not exceed HK\$435 million, HK\$567 million and HK\$682 million respectively. We understand that the Directors have taken into account the following principal factors in determining the Proposed Cap:

- (a) the historical transaction amounts of the continuing connected transactions effected under the Existing Agreement of approximately HK\$3.6 million, HK\$26.0 million and HK\$39.5 million for each of the two years ended 31 December 2003 and the nine months ended 30 September 2004 respectively;
- (b) the increase of variety of the TCL Products involved from air-conditioners, initially covered under the Existing Agreement to other goods such as washing machines, refrigerators, communication equipment and electrical accessories covered under the Supply Agreement, details of which are summarised as follows:
 - in relation to the TCL Products already covered under the Existing Agreement, the expected increase in the sales of air-conditioners amounted to approximately 322%, 30% and 20% for the three years ending 31 December 2007, respectively, representing approximately 39% of the Group's total sales for each of the three years ending 31 December 2007; and
 - the expected sales contribution of the new variety of other TCL Products including washing machines together with refrigerators, communication equipment and electrical accessories of approximately 44%, 9% and 8% of the Group's total sales for each of the three years ending 31 December 2007, respectively;
- (c) the expansion of the sales network for distribution of the TCL Products in Europe and the world as a result of the establishment of TTE Corporation in August 2004 in which the respective TV businesses and assets of the Group and Thomson S.A. were injected following the completion of the Combination Agreement;
- (d) the expected increase in the sales volume of the TCL Products resulting from
 - (i) the Group's plan to sell through its extended sales network arising from its internal growth and the expanded geographical network coverage resulted from its joint venture with Thomson S.A. including its newly established subsidiaries in India, Australia, Mexico and the proposed new subsidiaries to be set up in the Middle East (in the past the geographical coverage covered only the Philippines, Singapore, Indonesia and Hong Kong); and
 - (ii) the Group's plan to increase its product variety to cover new products such as washing machines, refrigerators, communication equipment and electrical accessories; and

LETTER FROM THE IFA

- (e) the expected increase in the sales volume of the TCL Products resulting from the increase of geographical coverage for each of the three years ending 31 December 2007, details of which are summarised as follows:
- the expected increase in the sales from the existing markets (such as Philippines, Singapore, Indonesia and Hong Kong) of approximately 221%, 28% and 20% for the three years ending 31 December 2007 respectively, representing approximately 37% of the Group's total sales for each of the three years ending 31 December 2007; and
 - the expected sales contribution of the new markets (such as India, Australia, Mexico and the Middle East) of approximately 63% of the Group's total sales for each of the three years ending 31 December 2007.

We note the significant increase in the Proposed Cap as compared to the historical transaction amounts of the continuing connected transaction effected under the Existing Agreement. In this regard, we have reviewed the projected transaction amount of the Continuing Connected Transaction for the three years ending 31 December 2007 provided by the Company and reviewed the underlying bases (including the extended overseas sales network resulting from the Group's internal growth and joint venture with Thomson S.A., the increase in the number of the suppliers and the purchasers to be involved under the Supply Agreement as well as the overall market volume and the Group's expected market share in the target territories) for the increase in the variety and volume of the TCL Products covered under the Supply Agreement with those covered under the Existing Agreement. We note that under the Supply Agreement, the suppliers' network have been expanded to include every member of the Supplier Group and we also understand from the Directors that as a result thereof, the variety of the TCL Products have also been expanded to include washing machines, refrigerators, communication equipment and electrical accessories. Furthermore, we have been advised by the Directors that the purchasers' network under the Supply Agreement has also been expanded to include the Purchaser and its subsidiaries (including TCL Overseas Holdings Limited and all the entities related to Thomson S.A. in Russia, Thailand, India, Australia, Mexico and the Middle East, respectively). We also note that following the Group's joint venture with Thomson S.A., the Group's sales network has been extended, which is expected to result in an increase in the sales volume (and thus the purchase volume) of the TCL Products.

We have also discussed with the management of the Company on the principal bases underlying the above factors considered in the determination of the Proposed Cap and we regard that those factors and bases as well as the Proposed Cap to be fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the Proposed Cap for each of the three financial years ending 31 December 2007 relates to future events and is based on assumptions which may not remain valid for the entire period up to 31 December 2007, consequently, we express no opinion as to how closely the actual purchase volume of the Continuing Connected Transaction corresponds with the Proposed Cap.

LETTER FROM THE IFA

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the Continuing Connected Transaction is in the interests of the Company and the Shareholders as a whole and that the terms thereof as well as the Proposed Cap are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Continuing Connected Transaction and the Proposed Cap.

Yours faithfully,

For and on behalf of

G.K. Goh Securities (H.K.) Limited

Alex Lau

Flavia Hung

Executive Vice President Senior Vice President

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. DIRECTORS' 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	Capacity	No. of Shares held	Percentage of issued share capital of the Company
Li Dong Sheng	Beneficial owner	28,232,000	1.02
Zhao Zhong Yao	Beneficial owner	232,000	0.008

(b) Long positions in underlying shares of the Company — share options

Directors	Capacity	No. of underlying shares held	Percentage of issued share capital of the Company
Yan Yong	Beneficial owner	68,000	0.002
Zhao Zhong Yao	Beneficial owner	68,000	0.002
Suen Hay Wai	Beneficial owner	234,000	0.008

GENERAL INFORMATION

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

Directors	Name of associated corporation	Capacity	No. of shares held	Approximate percentage of issued share capital in associated corporation
Li Dong Sheng	TCL Corporation	Beneficial owner	144,521,730	5.59
Li Dong Sheng	TCL Communication Technology Holdings Limited	Beneficial owner	18,080,800	0.64
Lu Zhong Li	TCL Corporation	Beneficial owner	23,569,661	0.91
Hu Qiu Sheng	TCL Corporation	Beneficial owner	19,012,888	0.74
Zhao Zhong Yao	TCL Corporation	Beneficial owner	6,434,031	0.25
Zhao Zhong Yao	TCL Communication Technology Holdings Limited	Beneficial owner	92,800	0.003
Suen Hay Wai	TCL Communication Technology Holdings Limited	Beneficial owner	113,600	0.004

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.

GENERAL INFORMATION

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
T.C.L. Industries Holdings (H.K.) Ltd.	Beneficial owner	1,512,121,289 (Note)	54.83
TCL Corporation	Interest of controlled corporation	1,512,121,289 (Note)	54.83

Note: TCL Corporation is deemed to be interested in 1,512,121,289 Shares held by T.C.L. Industries Holdings (H.K.) Ltd., its direct wholly owned subsidiary, for the purpose of the SFO.

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

Name of subsidiary	Name of substantial shareholder	Percentage of holding
1. TTE Corporation	Thomson S.A.	33
2. 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
3. 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
4. PT. TCL Indonesia	Junaide Sungkono	20
5. Shenzhen TCL Industrial Institute Limited (深圳市 TCL 工業研究院有限公司)	TCL Corporation TCL Communication Equipment Co., Ltd.	10 25

GENERAL INFORMATION

Name of subsidiary	Name of substantial shareholder	Percentage of holding
6. TCL Electrical Appliance Sales Co., Ltd. (惠州 TCL 電器銷售有限公司)	TCL Corporation	49
7. TCL Electronics (Singapore) Pte Ltd.	Dragoncom Shenzhen Investment Ltd. (深圳市浩龍投資有限公司)	15
8. 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
9. TCL Digital Technology (Beijing) Co., Ltd. (TCL 數碼科技(北京)有限公司)	Liu Dong Yuan Cheng Fei	29.8 10.2

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.

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 2003, 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. COMPETING INTERESTS

As at the Latest Practicable Date, the directors were not aware that any of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which falls to be disclosed under the Listing Rules.

GENERAL INFORMATION

7. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. 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:

Name	Qualification
G.K. Goh	a deemed licensed corporation for types 1 (dealing in securities), 4 (advising on securities), 6 (advising on corporate finance) and 9 (asset management) regulated activities under the SFO

G.K. Goh has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 19 January 2005 and reference to its name, in the form and context in which they appear. As at the Latest Practicable Date, G.K. Goh did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

9. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 80 of the articles of association of the Company, at any general meeting a poll may be demanded in respect of a resolution put to the vote at the meeting by:

- (a) the chairman of meeting;
- (b) at least five members present in person or by proxy and entitled to vote;
- (c) any member or members present in person (or in the case of a member being a corporation, by its authorized representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or in the case of a member being a corporation, by its authorized representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums on the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

10. MISCELLANEOUS

- (a) Mr. Albert Thomas da Rosa, Junior, a 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 entering into of the Supply Agreement and the transactions contemplated thereunder.

GENERAL INFORMATION

- (b) Save as disclosed herein, 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, the IFA 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 the IFA was interested, directly or indirectly, in any assets which had since 31 December 2003 (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.

11. 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 19 January 2005 to 1 February 2005 (both days inclusive):

- (a) the Existing Agreement dated 9 May 2002;
- (b) the Supply Agreement dated 29 December 2004;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 12 of this circular;
- (d) the letter from the IFA, the text of which is set out on pages 13 to 17 of this circular; and
- (e) the written consent of the IFA as referred to in paragraph 8 above.

NOTICE OF EGM



TCL INTERNATIONAL HOLDINGS LIMITED

TCL 國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of TCL International Holdings Limited (“Company”) will be held at 3.30 p.m. on 22 February 2005 at The Small Connaught Room, 1/F Mandarin Oriental Hotel, 5 Connaught Road, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions (with or without modification):

SPECIAL RESOLUTION

“**THAT** the name of the Company be and is hereby changed from “TCL International Holdings Limited” to “TCL Multimedia Technology Holdings Limited” and the Chinese translation of its name be accordingly changed from “TCL 國際控股有限公司” to “TCL 多媒體科技控股有限公司”.”

ORDINARY RESOLUTION

“**THAT**

- (a) the master overseas supply agreement (“Supply Agreement”) dated 29 December 2004 entered into between TCL Corporation and the Company (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) and the terms of and the transactions contemplated thereunder (“Continuing Connected Transaction”) and the implementation thereof be and are hereby approved, ratified and confirmed;
- (b) the Proposed Cap (as defined in the Circular of the Company dated 19 January 2005) in relation to the Continuing Connected Transaction be and is hereby approved, ratified and confirmed; and
- (c) any one director of the Company, or any two directors of the Company if the affixation of the common seal of the Company is necessary, be and is/are hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him/them to be incidental to, ancillary to or in connection with the matters contemplated in the Supply Agreement and/or the Continuing Connected Transaction.”

By order of the Board
Li Dong Sheng
Chairman

Hong Kong, 19 January 2005

NOTICE OF EGM

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

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 use at the meeting is enclosed.
- (4) In accordance with Chapter 14A 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 and voting on such resolution will be conducted by way of poll.
- (5) The register of members of the Company will be closed from 21 February 2005 to 22 February 2005, for the purpose of determining the entitlements of the Shareholders to attend and vote at the meeting. No transfer of the Shares may be registered during this period. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, by no later than 4:00 p.m. on 18 February 2005.