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If you have sold or transferred all your shares in TCL Multimedia Technology 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 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
CONTINUING CONNECTED TRANSACTIONS
RE-ELECTION OF DIRECTORS**

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

CIMB

CIMB-GK Securities (HK) Limited

A letter from the Board is set out on pages 4 to 16 of this circular. A letter from the Independent Board Committee is set out on page 17 of this circular. A letter from CIMB-GK, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 26 of this circular.

A notice convening the EGM of TCL Multimedia Technology Holdings Limited to be held at Hennessy Room, 7th Floor, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 February 2006, Monday at 10:00 a.m. is set out on pages 35 to 37 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
“Associates”	the associates of TCL Corporation
“Board”	the board of Directors
“Capital Increase”	the proposed increase in the authorized share capital of the Company from HK\$500,000,000 to HK\$800,000,000
“CIMB-GK”	CIMB-GK Securities (HK) Limited, a corporation licensed to carry out types 1, 4 and 6 of the regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Company”	TCL Multimedia Technology Holdings Limited (previously known as 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
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to consider the proposed Capital Increase and the Master Sourcing Agreement and the Master Supply Agreement and the transactions contemplated thereunder, the notice of which is set out on pages 35 to 37 of this circular
“Goods”	the Multimedia Products or the Parent Products (as the case may be) and the raw materials required for manufacture or production of such products
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board established for the purpose of reviewing the continuing connected transactions which will be voted upon at the EGM
“Independent Shareholders”	Shareholders other than TCL Corporation and its associates

DEFINITIONS

“Latest Practicable Date”	7 February 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Sourcing Agreement”	the agreement to be entered into between the Company and TCL Corporation in respect of the Overseas Materials Sourcing Service
“Master Supply Agreement”	the agreement to be entered into between the Company and TCL Corporation in respect of the Sourcing of Goods and the Sale of Goods
“Multimedia Products”	electronic products including televisions, personal computers and audio-visual products manufactured, produced or otherwise sold or distributed by the Group
“Overseas Materials”	those articles, things, components or raw materials manufactured or produced in areas other than the PRC which are required for the manufacture or production of the Multimedia Products
“Overseas Materials Sourcing Service”	the sale and purchase by the Group to and from TCL Corporation of the Overseas Materials for the manufacture of the Multimedia Products pursuant to the Master Sourcing Agreement
“Parent Products”	electronic, telecommunications, information technology and electrical products designed, developed, manufactured or otherwise marketed by the TCL Corporation Group
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
“Sale of Goods”	the sale of the Goods by the Group to the TCL Corporation Group and the Associates pursuant to the Master Supply Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Shareholders”	holders of Share(s)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Sourcing of Goods”	the purchase by the Group from the TCL Corporation Group and the Associates of the Goods produced or manufactured in the PRC (excluding those required for the manufacture or production of televisions as provided in the TCL Preferred Supplier Agreement) pursuant to the Master Supply Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“TCL Corporation”	TCL Corporation (TCL 集團股份有限公司), 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 (excluding members comprising the Group for the purpose of this circular)
“TCL Preferred Supplier Agreement”	TCL Preferred Supplier Agreement dated 30 July 2004 entered into between the TCL Corporation and TTE
“TTE”	TTE Corporation, a wholly owned subsidiary of the Company
“TTE Group”	TTE and its subsidiaries



TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

Executive Directors:

Li Dong Sheng (*Chairman*)
Lu Zhong Li
Hu Qiu Sheng
Yan Yong
Zhao Zhong Yao
Alastair Kenneth Ruskin Campbell
Didier Trutt

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

10 February 2006

To the Shareholders

Dear Sirs,

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL
CONTINUING CONNECTED TRANSACTIONS
RE-ELECTION OF DIRECTORS**

INTRODUCTION

The Board intends to put forward a proposal to the Shareholders to increase the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Shares to HK\$800,000,000 divided into 8,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares.

Reference is made to the announcement of the Company dated 17 January 2006 regarding certain continuing connected transactions of the Company.

The Group has been conducting certain transactions with the TCL Corporation Group in its ordinary and usual course of business. Certain waivers obtained under the old Listing Rules, as set out in the Company's announcements dated 11 December 2002 and 23 September 2003, expired on 31 December 2005.

LETTER FROM THE BOARD

The Company proposes to enter into the following master agreements with TCL Corporation: (i) the Master Sourcing Agreement in respect of the Overseas Materials Sourcing Service; and (ii) the Master Supply Agreement in respect of the Sourcing of Goods and the Sale of Goods, shortly after obtaining Independent Shareholders' approval in respect thereof at the EGM, which will be held on 27 February 2006.

The Company is an approximately 38.74% owned subsidiary of TCL Corporation. TCL Corporation is the controlling Shareholder and therefore a connected person of the Company for the purposes of the Listing Rules. Accordingly, the transactions under the above master agreements will constitute continuing connected transactions for the Company pursuant to the Listing Rules.

All of the above master agreements will have to comply with the requirements set out in Rule 14A.35(1) of the Listing Rules and annual caps will have to be set out for the transactions under the respective master agreements pursuant to Rule 14A.35(2) of the Listing Rules. In respect of the annual amounts of the transactions under the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods, the respective applicable percentage ratios under the Listing Rules will not be less than 2.5%. As such, the transactions under the Master Sourcing Agreement and the Master Supply Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising the independent non-executive Directors namely Mr. Tang Guliang, Mr. Wang Bing and Dr. Hon Fong Ming, has been established to advise the Independent Shareholders on the terms of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Board also proposes to nominate Mr. Alastair Kenneth Ruskin Campbell and Mr. Didier Trutt who were appointed as executive Directors by the Board on 31 August 2005, to be re-elected as executive Directors at the forthcoming EGM.

The purpose of this circular is to provide you with further information on the Capital Increase, the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps, and the re-election of Directors and to seek your approval of the ordinary resolutions set out in the notice of EGM on pages 35 to 37 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps is set out on page 17 of this circular. The letter from CIMB-GK to the Independent Board Committee and the Independent Shareholders containing its advice in relation to the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps is set out on pages 18 to 26 of this circular.

INCREASE IN AUTHORISED SHARE CAPITAL

At the EGM, a resolution will be proposed to increase the authorized share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Shares to HK\$800,000,000 divided into 8,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$500,000,000 divided into 5,000,000,000 Shares, of which 3,902,951,727 Shares have already been issued, representing approximately 78% of its existing authorised share capital. Accordingly, as at the Latest Practicable Date, only 1,097,048,273 Shares are left unissued and available for further allotment and issue by the Company.

The Directors currently are considering various schemes for raising funds for the general working capital of the Group which may involve the issue of part of the authorised share capital as increased by the Capital Increase. The Directors consider the Capital Increase will provide the Company with greater flexibility to raise funds by allotting and issuing Shares in the future as and when necessary and it will be in the interests of the Company and the Shareholders as a whole. However, the Directors do not have any present intention of issuing any part of increased authorized share capital.

MASTER SOURCING AGREEMENT

The Company proposes to enter into the Master Sourcing Agreement with TCL Corporation in respect of the Overseas Materials Sourcing Service for a term of three years from 1 January 2006 to 31 December 2008. Pursuant to the Master Sourcing Agreement, upon expiry of the initial term, both parties may extend the agreement for one or more successive periods of three years by giving the other not less than one month's prior written notice. The Company will comply with the then applicable Listing Rules before entering into any written agreement to extend the Master Sourcing Agreement.

Overseas Materials Sourcing Service

The business licences of certain members of the Group require that only products with raw materials purchased in the PRC can be sold in the PRC. The Group has been applying certain Overseas Materials in the production process of the Multimedia Products. In view of the above and the fact that members of the TCL Corporation Group have the required import licences, the relevant member of the TCL Corporation Group (i) acts as the intermediary for the Group to purchase and import the required Overseas Materials from the Company's subsidiaries in places other than the PRC and/or from the independent third parties (designated by the Group) in places other than the PRC and (ii) sells such Overseas Materials to the Company's nominated subsidiaries in the PRC as a local supplier. It should be noted that the second part of the Overseas Materials Sourcing Service mentioned above is different from and does not form part of the transactions under the Sourcing of Goods described below.

In respect of the purchase of the Overseas Materials by the TCL Corporation Group from the Company's subsidiaries in places other than the PRC, the relevant member of the Group charges the TCL Corporation Group the costs of the Overseas Materials which is the price paid by such member of the Group to independent third parties for the purchase of such Overseas Materials. In the event that the TCL Corporation Group imports the Overseas Materials into the PRC directly from independent third parties designated by the relevant member of the Group outside the PRC, the TCL Corporation Group will pay the price charged by such independent third party. In respect of the sale of the Overseas Materials by the TCL Corporation Group to the Company's nominated subsidiaries in the PRC, the TCL Corporation Group charges the relevant member of the Group for the acquisition cost of the Overseas Materials (i.e. the cost charged by the Group to the TCL Corporation Group as mentioned above) plus all import duties payable by the TCL Corporation Group and an administrative

charge covering import administrative expenses and insurance fee and all out-of-pocket expenses incurred by the TCL Corporation Group relating to the importation and delivery of the relevant Overseas Materials into the PRC. The charges by the TCL Corporation Group are no less favourable than those by independent third parties for the purpose of importing overseas materials for the Group. The TCL Corporation Group will pay the cost of the Overseas Materials to the relevant member of the Group in places other than the PRC after the receipt of payment (cost of the Overseas Materials plus import duties and administrative charge) from the relevant member of the Group in the PRC. The payment terms largely correspond to the payment terms allowed by the PRC governmental authorities and independent third parties to which import duties and other expenses are paid.

If the Overseas Materials are physically received by the relevant member of the Group outside the PRC first (instead of direct shipment from the independent third party suppliers to the TCL Corporation Group in the PRC), such member of the Group will incur certain expenses such as custom clearance (other than general and administrative charges) in bringing such Overseas Materials to its possession. These expenses will be charged by such member of the Group outside the PRC to the relevant members of the Group in the PRC which eventually receive the Overseas Materials through intra-Group accounts. As the essence of the transactions under the Overseas Material Sourcing Service is to make use of the import licence of the TCL Corporation Group as an intermediary for the import of the Overseas Materials by the Group for the manufacture of products for domestic sale, the Company has assessed the terms of the sale and purchase transactions under the Overseas Material Sourcing Service as back-to-back transactions and the Group has to bear all costs relating to the importation and delivery of the Overseas Materials.

MASTER SUPPLY AGREEMENT

The Company proposes to enter into the Master Supply Agreement with TCL Corporation in respect of the Sourcing of Goods and the Sale of Goods for a term of three years from 1 January 2006 to 31 December 2008. Pursuant to the Master Supply Agreement, upon expiry of the initial term, both parties may extend the agreement for one or more successive periods of three years by giving the other not less than one month's prior written notice. The Company will comply with the then applicable Listing Rules before entering into any written agreement to extend the Master Supply Agreement.

Sourcing of Goods

The Company shall procure that its subsidiaries will favourably consider purchasing part of the Group's requirement of the Goods produced or manufactured in the PRC (excluding those required for the manufacture or production of televisions as provided in the TCL Preferred Supplier Agreement) from the TCL Corporation Group and the Associates provided that they can offer terms (including price and payment terms) no less favourable than terms available from independent third parties and are capable of meeting the timeline, quality and quantity of the relevant order placed. TCL Corporation shall procure the relevant members of the TCL Corporation Group and the Associates to sell to the relevant members of the Group the requested Goods. The TCL Corporation Group normally offers a credit term of 30 to 90 days to the Group.

The Sourcing of Goods excludes the transactions stipulated in the TCL Preferred Supplier Agreement which covers raw materials provided by the TCL Corporation Group to the TTE Group for the production of the Group's television products. The TCL Preferred Supplier

Agreement was entered into in July 2004 when the TTE Group was set up as the manufacturer of television products within the Group. The transactions under the TCL Preferred Supplier Agreement and the annual caps for such transactions for the three years ending 31 December 2006 have been approved by the Shareholders on 2 July 2004. Details of the TCL Preferred Supplier Agreement and related annual caps are disclosed in the Company's announcement and circular dated 31 May 2004.

Sale of Goods

If the relevant member of the TCL Corporation Group and the Associates (as the case may be) so requests or makes a written offer to any member of the Group to purchase from the Group any Goods for its business including distribution resale or otherwise, the Company shall procure that its subsidiaries will favourably consider to offer to supply or to accept such offer to supply the Goods to the relevant member of the TCL Corporation Group and the Associates (as the case may be) provided that the terms (including price and payment terms) of the offer by the TCL Corporation Group and the Associates (as the case may be) are not less favourable than terms available to the Group from independent third parties. The Group normally allows a credit term of 30 to 90 days in this regard.

Each of the relevant member of the TCL Corporation Group and the Associates is only entitled to sell the Multimedia Products acquired from the Group through its distribution channels or otherwise and at such price as they may determine if it complies with the pricing or distribution policy as determined by the Group from time to time.

LETTER FROM THE BOARD

HISTORICAL VALUES AND ANNUAL CAPS

The following table sets out the respective historical amounts of the continuing connected transactions as described above for the two years ended 31 December 2004 and the 11 months ended 30 November 2005 together with the respective annual caps for the three years ended 31 December 2005:

Type of continuing connected transactions		For the year ended 31 December 2003	For the year ended 31 December 2004	For the 11 months ended 30 November 2005
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>(Note 1)</i> <i>HK\$'000</i>
Overseas Materials Sourcing Service (purchases of Overseas Materials by TCL Corporation from the Group)	Actual amount	979,440	1,104,869	1,255,400
	Annual cap	3,656,265 <i>(Note 2)</i>	4,544,596 <i>(Note 2)</i>	7,679,952 <i>(Note 2)</i>
Overseas Materials Sourcing Service (sale of Overseas Materials by TCL Corporation to the Group)	Actual amount	1,060,910	1,146,323	1,306,443
	Annual cap	4,875,020 <i>(Note 2)</i>	6,059,461 <i>(Note 2)</i>	10,239,936 <i>(Note 2)</i>
Sourcing of PRC materials (including the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group's television products) <i>(Note 3)</i>	Actual amount	179,763	514,659	554,238
	Annual cap	670,315 <i>(Note 2)</i>	833,176 <i>(Note 2)</i>	1,407,991 <i>(Note 2)</i>
Sourcing of PRC materials (excluding the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group's television products) <i>(Notes 3 and 4)</i>	Actual amount	4,129	15,617	35,221
	Annual cap	N/A	N/A	N/A
Sale of raw materials <i>(Note 5)</i>	Actual amount	6,315	11,792	4,997
	Annual cap	243,751 <i>(Note 2)</i>	302,973 <i>(Note 2)</i>	511,997 <i>(Note 2)</i>

LETTER FROM THE BOARD

The following table sets out the respective annual caps of the continuing connected transactions under the proposed master agreements as described above for the three financial years ending 31 December 2008:

Type of continuing connected transactions	For the year ending 31 December		
	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Overseas Materials Sourcing Service (purchases of overseas raw materials by the TCL Corporation Group from the Group)	5,873,279 <i>(Note 6)</i>	6,259,609	6,929,924
Overseas Materials Sourcing Service (sale of overseas raw materials by the TCL Corporation Group to the Group) <i>(Note 7)</i>	6,519,340	6,948,166	7,692,216
Sourcing of Goods (excluding the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group's TV products) <i>(Note 3)</i>	59,487	101,877	145,457
Sale of Goods <i>(Note 5)</i>	346,010	576,294	921,706

Notes:

- The actual amounts for the 11 months ended 30 November 2005 were extracted from the Group's unaudited management accounts made up to 30 November 2005.
- The previous annual caps in respect of the transactions for the years ended 31 December 2003, 2004 and 2005 as set out in the Company's announcements dated 11 December 2002 and 23 September 2003 were as follows:

Transactions	Previous caps (as percentage to the audited consolidated turnover of the Group for each relevant preceding year)
Overseas Materials Sourcing Service (purchases of Overseas Materials by TCL Corporation from the Group)	30%
Overseas Materials Sourcing Service (sale of Overseas Materials by TCL Corporation to the Group)	40%
Sourcing of PRC materials (including the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group's television products)	5.5%
Sale of raw materials	2.0%

LETTER FROM THE BOARD

The values of the annual caps of such transactions for the three years ended 31 December 2005 are calculated as a percentage of the Group's turnover for the relevant preceding year. The caps would change correspondingly with any difference between the actual published turnover of the Group for the relevant preceding year and the turnover estimated by the Company when setting the percentages of the previous caps. In particular, the audited turnover of the Group for the year ended 31 December 2004 (approximately HK\$26 billion) almost doubled the estimated turnover figures used in December 2002 and September 2003 when the Company set the previous caps. Such increase was mainly a result of the expansion of customer base and revenue base of the Group in light of the establishment of TTE in 2004.

Furthermore, the actual values of the Overseas Materials Sourcing Service and the sale of raw materials for the two years ended 31 December 2004 and the 11 months ended 30 November 2005 dropped as compared to the respective forecast figures used when setting the caps, primarily as a result of (i) the increase in the use of third party import service in light of the previous strain on the Group's sourcing capacity in Hong Kong (thus reducing the back-to-back import transactions with the TCL Corporation Group); (ii) the decrease in import duties of certain overseas materials (thus resulting in the corresponding decrease in the import duties reimbursed by the Group to the TCL Corporation Group); and (iii) the significant decrease in the demand of raw materials by the TCL Corporation Group because of the change in certain of its production plans. The actual amounts of the sourcing of PRC materials for the year ended 31 December 2004 and the 11 months ended 30 November 2005 did not deviate substantially from the forecast figures used when the Company revised the relevant caps in September 2003.

3. The Group used to purchase raw materials only from the TCL Corporation Group and therefore the historical amounts (as well as the historical caps) shown in the first table only covered the sourcing of raw materials manufactured in the PRC. Apart from the purchase of raw materials, it is expected that the Group will commence purchasing finished goods (i.e. the Parent Products) from the TCL Corporation Group in 2006 for resale or as free gifts to the Group's customers for promotional purpose. As such, the scope of such sourcing transactions has been expanded and the relevant annual caps for the three years ending 31 December 2008 have been estimated with reference to such expanded scope. It is expected that the level of raw materials to be purchased will exhibit a steady growth rate. The significant increases in the annual caps for the years ending 31 December 2007 and 2008 are mainly due to the expected increases in the abovementioned purchases of the Parent Products, which increases are in turn mainly due to the introduction of new customers of the Group and thus the expected increases in the sales volume of certain of the Group's products.
4. As set out in the section headed "Master Supply Agreement" above, the Company obtained separate annual caps in July 2004 in respect of the purchase of materials from the TCL Corporation Group for the production of the Group's television products for the three years ending 31 December 2006. For information purpose, the above table also sets out the actual historical amounts of the purchases of materials manufactured in the PRC from the TCL Corporation Group excluding those relating to production of the Group's television products which have been covered by the TCL Preferred Supplier Agreement.
5. The Group used to sell raw materials only to the TCL Corporation Group and therefore the historical amounts (as well as the historical caps) shown in the first table only covered the sale of raw materials. It is expected that the Group will commence selling raw materials as well as finished goods (i.e. the Multimedia Products) to the TCL Corporation Group in 2006. As such, the scope of such sale transactions has been expanded and the relevant annual caps for the three years ending 31 December 2008 have been estimated with reference to such expanded scope. The Company understands that the TCL Corporation Group will distribute the Multimedia Products through its retail channels and will start bulk purchasing such products from the Group in 2006. The caps for the three years ending 31 December 2008 are estimated largely on the basis of the TCL Corporation Group's projected requirement of the Multimedia Products for its retail operations which, as the Company understands, are estimated by the TCL Corporation Group with reference to (among other things) the target number of retail locations and the target average sales of the Multimedia Products per retail location. This largely explains the substantial increase in the annual cap in respect of the Sale of Goods for 2006 as compared to the actual historical amounts of the sale of materials by the Group to the TCL Corporation Group in the past.

LETTER FROM THE BOARD

6. The significant increase in the cap for the year ending 31 December 2006 as compared to the unaudited actual amount of the purchases of Overseas Materials by the TCL Corporation Group from the Group under the Overseas Materials Sourcing Service for the 11 months ended 30 November 2005 is mainly due to (i) the expected substantial increase in material costs as a result of the shift of the Group's emphasis from the production of low-end products (namely cathode ray tube televisions, with much lower material costs) to the production of high-end products (namely liquid crystal display televisions and plasma televisions) to stay in line with market trend; and (ii) the expected corresponding increase in the utilization of the Overseas Materials Sourcing Service as a result of the expected improvement in the efficiency in the Group's sourcing capacity in Hong Kong.
7. The proposed caps for the three years ending 31 December 2008 in respect of the sale of Overseas Materials by the TCL Corporation Group to the Group under the Overseas Materials Sourcing Service are calculated with reference to the corresponding purchases of Overseas Materials by the TCL Corporation Group from the Group plus the estimated average import duties and administrative charge payable to the TCL Corporation Group. Such average import duties and administrative charge payable to the TCL Corporation Group are estimated by the Company on the basis of past transactions of the Group.

The proposed annual caps for the three years ending 31 December 2008 in respect of the continuing connected transactions described above are determined by reference to, among other things, (a) the historical amounts of the continuing connected transactions between the Group and the TCL Corporation Group, (b) the possible requirement of raw materials and finished goods with respect to the projected business volumes and the estimated growth rates of the relevant business lines of the Group (which in turn are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group) and (c) the TCL Corporation Group's projected requirement of finished goods for its operations.

As in prior years, the Company compiled budgets and business plans for its business lines and analysed variances between past budgets and historical performance of the Group. The growth rates of the business lines of the Group used in the Company's budgets are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group. The estimated industry demand was based on third party research materials prepared by a global research firm for the electronics industry which was used by the Group for the purpose of performing internal analysis.

The transactions under the Overseas Materials Sourcing Service mainly relate to the Group's television manufacturing and distribution business in the PRC. As explained in note 6 to the tables above and in the Company's previous financial reports, the Group has been shifting its emphasis from the production of low-end cathode ray tube televisions to the production of high-end flat panel televisions (namely liquid crystal display televisions and plasma televisions) in order to stay in line with market trend. The costs of Overseas Materials used for the production of high-end televisions are substantially higher than those for low-end televisions. The projected amounts of Overseas Materials required by the Group for the three years ending 31 December 2008 were estimated mainly by reference to the Company's internal budget for the Group's PRC television business and the estimated requirement of Overseas Materials, in particular the expected increase in the sales of high-end televisions. Such expected increase in the sales of high-end televisions was mainly based on third party research materials prepared by a global research firm for the electronics industry which provide information on the trends of the television markets (in particular, the expected increasing demand for high-end televisions), the expected market share of the Group in the PRC television market (which was estimated based on the Group's existing market share) and

the Group's capacity to meet such increasing demand. As at the Latest Practicable Date, the Company was not aware of any unusual matters in relation to the Company's internal budget that would need to be brought to the attention of the Shareholders.

As explained in notes 3 and 4 to the tables above, the Sourcing of Goods comprises the sourcing of raw materials (excluding those required for the production of televisions) and finished products (i.e. the Parent Products) manufactured in the PRC. The amounts of PRC raw materials to be sourced from the TCL Corporation Group for the Group's production of products other than televisions for the three years ending 31 December 2008 were estimated mainly by reference to the historical volumes and growth of past purchases of similar materials and the expected steady growth in the coming years. As explained in note 3 to the tables above, the sourcing of Parent Products for resale or as free gifts will only commence in 2006. The amounts of Parent Products required for the three years ending 31 December 2008 were estimated mainly by reference to the Company's internal projections as well as informal indications received from potential customers of the Group.

As explained in note 5 to the tables above, the Sale of Goods comprises the sale of raw materials and finished products (i.e. the Multimedia Products). The amounts of raw materials to be sold to the TCL Corporation Group for the three years ending 31 December 2008 were estimated mainly by reference to the historical volumes of similar sales in the past. As explained in note 5 to the tables above, the sale of Multimedia Products will only commence in 2006 based on the indications received from the TCL Corporation Group. The amounts of Multimedia Products to be sold to the TCL Corporation Group for the three years ending 31 December 2008 were estimated mainly by reference to the TCL Corporation Group's projected growing requirement of such products for distribution through its retail channels. The Company understands that the TCL Corporation Group's projections/indications were estimated mainly by reference to the growing number of retail locations and the target average sales of the Multimedia Products per retail location.

REASONS FOR AND BENEFITS OF THE CONTINUING 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 manufacture and sale of a wide range of electronic consumer products including television sets, audio-visual products and personal computers. The TCL Corporation Group is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For further information on the TCL Corporation Group, please visit www.tcl.com.

The Directors consider that the arrangement under the Overseas Materials Sourcing Service is the best alternative for the Group to source Overseas Materials for the Group's production in view of the requirements of the business licences of certain members of the Group. Furthermore, the Directors are of the view that it is in the interests of the Company and the Shareholders to carry out the transactions under the Sourcing of Goods which will facilitate the smooth operation of the Group's business by providing a stable and reliable source of supply of the necessary materials manufactured in the PRC for the Group's manufacture of the Multimedia Products (except those relating to television products which are covered under the TTE Preferred Supplier Agreement) and the necessary finished goods for the Group's operations. The Directors are also of the view that the transactions under the

Sale of Goods will allow the Group to better manage its level of raw materials by providing additional flexibility to the Group for managing its surplus materials (if any) and will allow the Group to widen its revenue base by supplying finished goods to the TCL Corporation Group.

The Directors (excluding the independent non-executive Directors who will express their opinion after receiving advice from the independent financial adviser) consider that the transactions under the Master Sourcing Agreement and the Master Supply Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions under the Master Sourcing Agreement and the Master Supply Agreement will be required to be subject to the following annual review requirements:

- (1) the independent non-executive Directors shall review annually the continuing connected transactions and confirm in the Company's corresponding annual report that the continuing connected transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms, or if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those available from the independent third parties; and
 - (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and
- (2) the auditors of the Company shall review annually the continuing connected transactions and confirm in a letter to the Board (a copy of which shall be provided to the Stock Exchange) that such continuing connected transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the relevant agreement governing the transactions; and
 - (iv) have not exceeded the relevant annual caps.

The Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (1) and/or (2) respectively.

LETTER FROM THE BOARD

The Company shall allow, and shall procure that the relevant counterparties to the continuing connected transactions shall allow the Company's auditors access to the relevant records for the purpose of the auditors' review of the continuing connected transactions referred to in paragraph (2) above.

EGM

The Company will convene the EGM at Hennessy Room, 7th Floor, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 February 2006, Monday at 10:00 a.m. at which resolutions will be proposed for the purpose of considering and, if thought fit, approving the Capital Increase, the terms of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods, and the re-election of Directors. The notice of the EGM is set out on pages 35 to 37 of this circular. In view of the interests of TCL Corporation in and the size of the continuing connected transactions described above, the continuing connected transactions under the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods are subject to the approval of the Independent Shareholders. TCL Corporation and its associates, which together were interested in approximately 38.74% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting for the resolutions in respect of the continuing connected transactions to be put forward at the EGM in this regard. The voting on the resolutions in respect of the continuing connected transactions will be conducted by way of poll in accordance with the requirements of the Listing Rules.

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 on 27 February 2006, 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 on that day. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 24 February 2006.

Re-election of Directors

Mr. Alastair Kenneth Ruskin Campbell and Mr. Didier Trutt who were appointed as executive Directors by the Board on 31 August 2005 and being eligible for re-election at the EGM, have offered themselves for re-election at the EGM. Their particulars required to be disclosed under the Listing Rules are set out on pages 27 and 28 to this circular.

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.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 17 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolutions to approve the terms of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods; (ii) the letter from CIMB-GK set out on pages 18 to 26 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 of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods; (iii) the particulars of Directors proposed to be re-elected; and (iv) the notice of the EGM set out on pages 35 to 37 of this circular.

The Independent Board Committee, having taken into account the advice of CIMB-GK, the independent financial adviser, considers that the Master Sourcing Agreement and the Master Supply Agreement are in the interests of the Company and the Shareholders as a whole and that the terms thereof and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods 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 resolutions to be proposed at the EGM in respect of the terms of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods.

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



TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

10 February 2006

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 10 February 2006 (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 of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods, details of which are set out in the letter from the Board in the Circular. Capitalised terms used herein have the same meanings as defined in the Circular unless otherwise requires.

Having taken into account of the advice of CIMB-GK, the independent financial adviser, we consider that the Master Sourcing Agreement and the Master Supply Agreement are in the interests of the Company and the Shareholders as a whole and that the terms thereof and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods 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 resolutions to be proposed at the EGM in respect of the terms of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods.

Yours faithfully,

Tang Guliang Wang Bing Hon Fong Ming
Independent Board Committee

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from CIMB-GK, the independent financial adviser, regarding the terms of the Master Sourcing Agreement and the Master Supply Agreement and the respective estimated annual caps of the Overseas Materials Sourcing Service and the Sourcing of Goods and the Sale of Goods prepared for the purpose of incorporation in this circular.

CIMB

CIMB-GK Securities (HK) Limited

25/F Central Tower
28 Queen's Road Central
Hong Kong

10 February 2006

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

We refer to our engagement as the independent financial adviser to the Independent Board Committee in relation to the continuing connected transactions to be entered into between the Group and the TCL Corporation Group under the Master Sourcing Agreement and the Master Supply Agreement (the "Continuing Connected Transactions"), details of which are contained in a circular (the "Circular") to the Shareholders dated 10 February 2006, 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 and documents to satisfy ourselves that we have a reasonable basis to assess the fairness and reasonableness of the terms of the Continuing Connected Transactions in order 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 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 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 Group or any of its respective subsidiaries or associates.

PRINCIPAL FACTORS CONSIDERED

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

Background and rationale

The Company, through its subsidiaries, associated companies and jointly controlled entities, is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets, audio-visual products and personal computers. The TCL Corporation Group is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products.

The Continuing Connected Transactions are principally related to the sale and purchase of Overseas Materials (the Master Sourcing Agreement) and the sale and purchase of Goods (the Master Supply Agreement). We note that the Group has been conducting the Overseas Materials Sourcing Service, the sourcing of raw materials manufactured in the PRC from the TCL Corporation Group required for production of the Group's Multimedia Products and the sale of raw materials to the TCL Corporation Group in its ordinary and usual course of business. Certain waivers obtained under the old Listing Rules, as set out in the Company's announcements dated 11 December 2002 and 23 September 2003, expired on 31 December 2005.

Under the Master Sourcing Agreement, the Group will appoint members of the TCL Corporation Group (which holds the import license) as the intermediary for the Group to (i) purchase and import the required Overseas Materials from the members of the Group in places other than the PRC and/or from the independent third parties (as designated by the Group) in places other than the PRC; and (ii) sells such Overseas Materials to the nominated members of the Group in the PRC as a local supplier. As stated in the Letter from the Board, during the production process of the Group's Multimedia Products, the Group required certain Overseas Materials. The business licences of certain members of the Group require that only products with raw materials purchased in the PRC can be sold in the PRC. Given that currently the Group does not hold any import license and members of the TCL Corporation Group have had the required import licences, the TCL Corporation Group acts as a local supplier for selling the Overseas Materials to the nominated members of the Group in the PRC. We concur with the views of the Directors that i) importing the required Overseas Materials falls within the usual and ordinary course of business of the Group as such Overseas Materials are required for the production of the Group's Multimedia Products and the Group would need to import such Overseas Materials from other independent local suppliers if not from the TCL Corporation Group; and ii) the appointment of the TCL Corporation Group as an intermediary for importing the required Overseas Materials are in the interests of the Company and the Shareholders as a whole as such transactions will be based on market and normal commercial terms or no less favourable terms than those quoted by independent third parties (for details, please refer to the paragraph headed "Basis for determination").

Under the Master Supply Agreement, we note that the Company shall i) procure that its subsidiaries will favourably consider purchasing part of the Group's requirement of the Goods produced or manufactured in the PRC from the TCL Corporation Group and the

Associates provided that they can offer no less favourable terms than terms available from independent third parties; and ii) if the relevant member of the TCL Corporation Group and the Associates (as the case may be) so requests or makes a written offer to any member of the Group to purchase from the Group any Goods, members of the Group will favourably consider to offer to supply or to accept such offer to supply the Goods to the relevant member of the TCL Corporation Group and the Associates (as the case may be) on no less favourable terms than available to the Group from independent third parties.

As the Sourcing of Goods would 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 the Multimedia Products and the necessary finished goods for the Group's operations, given the nature of the Continuing Connected Transactions, we concur with the views of the Directors that the Sourcing of Goods from the TCL Corporation Group will allow the Group to better manage its level of Goods as it provides an additional source of supply for the Goods whilst the Sale of Goods to the TCL Corporation Group will provide a stable demand for the Goods. Notwithstanding this, as noted from the Master Supply Agreement, the Group is only required to favourably consider purchasing or supplying the Goods from/to the TCL Corporation Group. In addition, the Directors also confirm that the Group has no obligation to supply Goods to or to purchase from the TCL Corporation Group under the Master Supply Agreement.

Given the above and the fact that (i) the nature of the Continuing Connected Transactions relates to the Group's principal business and operations; (ii) the Continuing Connected Transactions will be based on market and normal commercial terms or no less favourable terms than those quoted by independent third parties; and (iii) the Group is not obliged to purchase or sell Goods from/to the TCL Corporation Group, we consider the continuation of the Continuing Connected Transactions is in the interests of the Company and the Shareholders as a whole.

Basis of determination

In assessing the fairness of the bases of the Master Sourcing Agreement and the Master Supply Agreement, we have reviewed i) the terms of the Continuing Connected Transactions contemplated under the Master Sourcing Agreement and the Master Supply Agreement; ii) the confirmations from the auditors of the Company to the Board (as disclosed in the annual reports of the Company for the two years ended 31 December 2004) that the historical continuing connected transactions have been entered into in accordance with the terms of the relevant agreements; iii) samples of invoices/purchase orders issued by the TCL Corporation Group to the Group; by the Group to the TCL Corporation Group; and by independent third parties to the Group, and we note that the terms as set out in the samples of invoices are in line with the terms of the Master Sourcing Agreement and the Master Supply Agreement. We have also discussed the bases of the Continuing Connected Transactions to be conducted under the Master Sourcing Agreement and the Master Supply Agreement with the senior management of the Company.

Master Sourcing Agreement

In respect of the purchase of the Overseas Materials by the TCL Corporation Group from the Group, the Group charges the TCL Corporation Group the costs of the Overseas Materials which is the price paid by such member of the Group to independent third parties for the purchase of such Overseas Materials. In the event that the TCL Corporation Group imports the Overseas Materials into the PRC directly from independent third parties designated by the relevant member of the Group outside the PRC, the TCL Corporation Group will pay the price charged by such independent third party.

In respect of the sale of the Overseas Materials by the TCL Corporation Group to the Group, the TCL Corporation Group charges the Group for the acquisition cost of the Overseas Materials plus all import duties and an administrative charge covering import administrative expenses and insurance fee and all out-of-pocket expenses incurred by the TCL Corporation Group relating to the importation and delivery of the relevant Overseas Materials. We understand that the charges by the TCL Corporation Group are no less favourable than those charged by independent third parties for the purpose of importing overseas materials for the Group. We note that as the essence of the transactions under the Overseas Material Sourcing Service is to make use of the import licence of the TCL Corporation Group as an intermediary for the import of the Overseas Materials by the Group for the manufacture of products for domestic sale it would be reasonable for the Group to bear all costs relating to the importation and delivery of the Overseas Materials. We also note that the sale and purchase transactions under the Overseas Material Sourcing Service are back-to-back transactions whereby the Group (overseas members) sells the Overseas Materials to the TCL Corporation Group in the PRC which will onward sell to members of the Group in the PRC. Given this arrangement, we regard it commercially reasonable to consider the terms as a whole as all costs will be ultimately borne by the Group if it were to source from other independent third parties.

Master Supply Agreement

i) Sourcing of Goods

We note that the Company will procure its subsidiaries to favourably consider purchasing part of the Group's requirement of the Goods produced or manufactured in the PRC (excluding those required for the manufacture or production of televisions as provided in the TCL Preferred Supplier Agreement) from the TCL Corporation Group and the Associates on the condition that the terms offered by them (including pricing and payment terms) are no less favourable than terms available from other independent suppliers and are capable of meeting the timeline, quality and quantity of the relevant order placed.

ii) Sale of Goods

If the relevant member of the TCL Corporation Group and the Associates (as the case may be) so requests or makes a written offer to any member of the Group to purchase from the Group any Goods for its business including distribution resale or otherwise, the Company will procure that its subsidiaries will favourably consider to offer to supply or to accept such offer to supply the Goods to the relevant member of the TCL

LETTER FROM CIMB-GK

Corporation Group and the Associates (as the case may be) provided that the terms offered by them (including pricing and payment terms) are no less favourable than terms available to the Group from other independent suppliers.

Views

Based on the above, we consider that the bases of the Master Sourcing Agreement and the Master Supply Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Annual Caps

The following table summarized the respective historical amount of the Continuing Connected Transactions for the two years ended 31 December 2004 and the 11 months ended 30 November 2005 as extracted from the "Letter from the Board" of the Circular:

Type of continuing connected transactions	For the year ended 31 December 2003 <i>HK\$'000</i>	For the year ended 31 December 2004 <i>HK\$'000</i>	For the 11 months ended 30 November 2005 <i>HK\$'000</i>
Overseas Materials Sourcing Service (purchases of Overseas Materials by TCL Corporation from the Group)	979,440	1,104,869	1,255,400
Overseas Materials Sourcing Service (sale of Overseas Materials by TCL Corporation to the Group)	1,060,910	1,146,323	1,306,443
Sourcing of PRC materials (including the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group's television products)	179,763	514,659	554,238
Sourcing of PRC materials (excluding the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group's television products)	4,129	15,617	35,221
Sale of raw materials	6,315	11,792	4,997

LETTER FROM CIMB-GK

The following table sets out the respective annual caps of the Continuing Connected Transactions under the proposed master agreements as described above for the three financial years ending 31 December 2008 (“New Caps”):

Type of continuing connected transactions	For the year ending 31 December 2006 <i>HK\$’000</i>	For the year ending 31 December 2007 <i>HK\$’000</i>	For the year ending 31 December 2008 <i>HK\$’000</i>
Overseas Materials Sourcing Service (purchases of overseas raw materials by TCL Corporation from the Group)	5,873,279	6,259,609	6,929,924
Overseas Materials Sourcing Service (sale of overseas raw materials by TCL Corporation to the Group)	6,519,340	6,948,166	7,692,216
Sourcing of Goods (excluding the materials sourcing service provided by the TCL Corporation Group to TTE Group for production of the Group’s TV products)	59,487	101,877	145,457
Sale of Goods	346,010	576,294	921,706

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

- (a) the historical amounts of the continuing connected transactions between the Group and the TCL Corporation Group;
- (b) the possible requirement of raw materials and finished goods with respect to the projected business volumes and the estimated growth rates of the relevant business lines of the Group; and
- (c) the TCL Corporation Group’s projected requirement of finished goods for its operations.

Master Sourcing Agreement

We have discussed with the management of the Company on the principal bases underlying the above factors considered in the determination of the New Caps under the Master Sourcing Agreement. We understand from the Directors that the substantial increase in the New Caps as compared to the historical amounts of the Continuing Connected Transactions can be attributable to the expected change in product mix from production of cathode ray tube televisions (“Low-end Products”) to liquid crystal display televisions and plasma televisions (“High-end Products”); the expected substantial increase in the related material costs arising under the change in product mix; the expected improvement of the Group’s sourcing capacity and efficiency in Hong Kong

which will lead to increased utilization of the Overseas Materials Sourcing Service and the Group's internal budget estimated with reference to the relevant industry demand and the target market share of the Group.

We have reviewed the projected transaction amount of the Continuing Connected Transactions under the Master Sourcing Agreement for the three years ending 31 December 2008 provided by the Company as well as the underlying bases. We note that the Group will change its product mix from Low-end Products to High-end products and with such a change, the related material costs will also increase as we note from the information provided by the Company that there is a significant difference between the material costs for Low-end Products and High-end Products which attributable to the substantial increase in the New Caps as compared to the historical amounts. Although no other independent source regarding the costs of the raw materials for Low-end Products and High-end Products can be identified in the public domain, we note from other relevant independent research materials prepared by a global research firm for the electronics industry, which provide information on the product trends of the television market ("Independent Research Materials") that there is a significant difference between the average selling prices for Low-end Products and High-end Products (with a global average pricing difference of more than 5 times for 2005). Furthermore, we have been advised by the Directors that the historical amount of the Continuing Connected Transactions under the Master Sourcing Agreement for the two years ended 31 December 2004 and the 11 months ended 30 November 2005 was relatively lower because of i) the limitations of the Group's sourcing efficiency and capacity with the TCL Corporation Group in recent years; due to the decentralization of the Group's business units hence prolonged the relevant sourcing process by the Group's sourcing subsidiary in Hong Kong which also limited the overall sourcing volume from the TCL Corporation Group; and ii) the Group's utilization of third party import services. As advised by the Company, the Group has recently centralized its funds management and will make available more funds to the Group's sourcing subsidiary in Hong Kong which will enhance the utilization of the Overseas Material Sourcing Services. We have also i) reviewed the Independent Research Materials; and ii) reviewed and discussed with the Company's management the internal budgets provided by the Company in estimating the industry demand of the television market and note that the trend of the TV market has shifted from the Low-end Products to high-end flat panel televisions and that the Group's projected change in product mix is in line with the global and the PRC's market trends whilst the growth rates of the High-end Products as estimated by the Group are in line with the estimation, taking into account the average growth rate of the TV market and the Directors' determination in increasing its market share. We have been advised by the Company that the internal budgets were estimated by reference to, among other things, the Independent Research Materials and the target market share of the Group and the Company was not aware of any unusual matters in relation to the Company's internal budget that would need to be brought to the attention of the Shareholders. However, as the internal budgets and target market share prepared by the Company relate to future events and are based on assumptions which may or may not remain valid for the entire period up to 31 December 2008, consequently, we express no opinion as to how closely the actual sale corresponds with the internal budgets and the target market share.

Master Supply Agreement

We have discussed with the management of the Company on the principal bases underlying the above factors considered in the determination of the New Caps under the Master Supply Agreement. We understand from the Directors that the substantial increase in such New Caps as compared to the historical amounts of the Continuing Connected Transactions can be attributable to the expansion in the scope of Goods (from raw materials to also include finished goods such as cathode ray tube televisions, liquid crystal display televisions, plasma televisions and other audio visual products) salable to and purchase from the TCL Corporation Group and the Associates.

We have reviewed the projected transaction amount and the bases of the Continuing Connected Transactions under the Master Supply Agreement for the three years ending 31 December 2008 provided by the Company. We note that in the past the Group used to purchase and sell raw materials from the TCL Corporation Group. However, it is expected that the Group will also commence purchasing finished goods (i.e. the Parent Products) from the TCL Corporation Group in 2006 for resale or as free gifts to the Group's customers for promotional purpose. We also note that the Group aims to commence selling finished goods (i.e. the Multimedia Products) to the TCL Corporation Group in 2006. As stated in the "Letter from the Board" of the Circular, we note that the Company has discussed with the TCL Corporation Group as to their estimated demand for the Multimedia Products. The New Caps for the three years ending 31 December 2008 are estimated largely on the basis of the TCL Corporation Group's projected requirement of the Multimedia Products for its retail operations which, as the Company understands, are estimated by the TCL Corporation Group with reference to (among other things) the target number of retail locations and the target average sales of the Multimedia Products per retail location. We note that given this increase in the distribution outlets and the expansion of scope of Goods to also include finished goods (salable to and purchase from the TCL Corporation Group and the Associates) which have a higher cost than cost of raw materials, the New Caps in respect of the projections made in the Master Supply Agreement has also correspondingly increased as compared to the historical amounts. As the scope of the Continuing Connected Transactions under the Master Supply Agreement has also been expanded as aforesaid, we note that this has also attributed to the increase in the relevant New Caps for the three years ending 31 December 2008.

Views

Based on various factors described above, we regard those factors and bases as well as the New Caps in relation to the Master Sourcing Agreement and Master Supply Agreement to be fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the New Caps relate to future events and are based on assumptions which may or may not remain valid for the entire period up to 31 December 2008, consequently, we express no opinion as to how closely the actual sale or purchase volume of the Continuing Connected Transaction corresponds with the New Caps.

RECOMMENDATION

Having considered the principal factors and reasons referred to the above, we consider that the Continuing 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 EGM to approve the Master Sourcing Agreement, the Master Supply Agreement and the New Caps.

Yours faithfully,

For and on behalf of

CIMB-GK Securities (HK) LIMITED

Alex Lau

Executive Vice President

Flavia Hung

Senior Vice President

PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Set out below are the particulars of the Directors who will be proposed to be re-elected at the EGM.

Mr. Campbell, aged 53, is the president of China business for Thomson S.A. (“Thomson”) based in Beijing, and is responsible for Thomson’s government relations and country strategy. He was also a director of TTE Corporation, a subsidiary of the Company from October 2004 to August 2005, and is currently a director of Beijing Thomson CITIC Digital Technology Co., Ltd.. Mr. Campbell has over thirty years experience in China trade and has been providing consultancy service for investments in China. He previously headed the corporate advisory practice in Crosby Financial Holdings focusing on merger and acquisition in China, and was the head of corporate finance at Bank of China International (UK) Limited from January 2000 to July 2004. Mr. Campbell has participated in negotiation of major deals with the Chinese industry for western clients and has been the chairman of the China-WTO committee under the auspices of Chatham House, an Executive Director of the China program at the Royal Institute of International Affairs and a council member of the China Britain Business Council. He is the vice chairman of the 48 Group, formed in 1953 to promote bilateral relations with China and the China advisor to the D-Group, a UK based forum dedicated to advancing the interests of its members comprising more than 70 international companies. He has graduated from Oxford University with honours in oriental studies and earned a diploma in modern Chinese language and history from Beijing University.

Mr. Didier Trutt, aged 45, is a senior executive vice president of Thomson appointed in October 2004 and in charge of the “Process Transformation Initiative” program for Thomson. He is also a director of certain subsidiaries of Thomson. From 1999 to 2003, he held general management positions as the vice president in the displays business of Thomson, firstly in charge of operations for tubes for Europe and Asia and then in charge of tubes worldwide operations. From 1996 to 1999, as the vice president of manufacturing operations of Thomson for television and video in Europe, he was in charge of all manufacturing for the Thomson television and video European branch. In 1994, as the general manager of digital video broadcasting system of Thomson, he launched the digital operations business in Europe for Thomson. From 1987 to 1994, based in Asia, he was responsible for Thomson television in Thailand, and was the general manager of television and video activities of Thomson for all industrial sites in South East Asia. From 1984 to 1987, he was in charge of implementing production processes and coordinating manufacturing activities for Thomson Television Components France. Mr. Trutt is also the vice-chairman of the Guangdong Association of Foreign Invested Enterprises. Since 1992, he has been a member of the National Committee of Foreign Trade Advisers of France.

Each of Mr. Campbell and Mr. Trutt is not interested or deemed to be interested in any shares or underlying shares in the Company pursuant to Part XV of the SFO.

Each of Mr. Campbell and Mr. Trutt have not entered into any service contract with the Company. Their emoluments will be determined by the Board pursuant to the authority granted by the Shareholders at the annual general meetings of the Company, with reference to their qualifications and experiences, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration of similar position. Each of Mr. Campbell and Mr. Trutt

PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

has no fixed term of director's service with the Company but is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company.

Each of Mr. Campbell and Mr. Trutt has not hold any directorships in public listed companies in the past three years, and save for aforesaid, does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. Save as disclosed herein, each of Mr. Campbell and Mr. Trutt does not hold any position with the Company and other members of the Group.

As at the Latest Practicable Date, save as disclosed herein, the Company was not aware of any other matters needed to be brought to the attention of the Shareholders in relation to the re-election of Mr. Campbell and Mr. Trutt.

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	17,232,000	0.44%
Zhao Zhong Yao	Beneficial owner	232,000	0.006%

(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
Li Dong Sheng	Beneficial owner	5,000,000	0.13%
Hu Qiu Sheng	Beneficial owner	2,500,000	0.06%
Lu Zhong Li	Beneficial owner	2,500,000	0.06%
Yan Yong	Beneficial owner	3,518,000	0.09%
Zhao Zhong Yao	Beneficial owner	3,268,000	0.08%
Albert T. da Rosa, Jr.	Beneficial owner	300,000	0.008%
Tang Guliang	Beneficial owner	300,000	0.008%
Wang Bing	Beneficial owner	300,000	0.008%
Hon Fong Ming	Beneficial owner	300,000	0.008%

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(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	36,614,400	1.23%
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	6,444,954	0.25%
Zhao Zhong Yao	TCL Communication Technology Holdings Limited	Beneficial owner	92,800	0.003%

(d) Long positions in underlying shares of associated corporations of the Company — share options

Directors	Name of associated corporation	Capacity	No. of underlying shares held	Percentage of issued share capital in associated corporation
Li Dong Sheng	TCL Communication Technology Holdings Limited	Beneficial owner	8,000,000	0.27%
Hu Qiu Sheng	TCL Communication Technology Holdings Limited	Beneficial owner	2,500,000	0.08%
Lu Zhong Li	TCL Communication Technology Holdings Limited	Beneficial owner	2,500,000	0.08%
Yan Yong	TCL Communication Technology Holdings Limited	Beneficial owner	4,050,000	0.14%
Zhao Zhong Yao	TCL Communication Technology Holdings Limited	Beneficial owner	800,000	0.027%

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

GENERAL INFORMATION

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 Corporation	Interest of controlled corporation	1,512,121,289 (Note 1)	38.74%
Thomson S.A.	Interest of controlled corporation	1,144,182,095 (Note 2)	29.32%

Notes:

1. 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.
2. Thomson S.A. is deemed to be interested in 67,610,864 Shares owned by Thomson Asia Pacific Investments Pte. Ltd., its wholly owned subsidiary, for the purpose of the SFO.
3. The following Directors are directors/employees of the corporation which 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:

Mr. Li Dong Sheng is the chairman and president of TCL Corporation. Ms. Lu Zhong Li is a director and senior vice president of TCL Corporation. Mr. Hu Qiu Sheng is a director, senior vice president and president of accessories product division of TCL Corporation. Mr. Yan Yong is a director and vice president of TCL Corporation. Mr. Zhao Zhong Yao is the vice president of TCL Corporation. Mr. Alastair Kenneth Ruskin Campbell is the president of China business for Thomson S.A. based in Beijing. Mr. Didier Trutt is a senior executive vice president of Thomson S.A.

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

Name of subsidiary	Name of substantial shareholder	Percentage of holding
1. Guangzhou Digital Rowa Technology Co., Ltd. (廣州數碼樂華科技有限公司)	● Guangzhou Science City Development Public Co., Ltd. (廣州南方科學城發展科學有限公司)	30%
2. 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)	47.86%
3. PT. TCL Indonesia	● Junaide Sungkono	20%
4. Shenzhen TCL Industrial Institute Limited (深圳市 TCL 工業研究院有限公司)	● TCL Corporation	35%
5. TCL Electrical Appliance Sales Co., Ltd (<i>Note</i>) (惠州 TCL 電器銷售有限公司)	● TCL Corporation	49%
6. TCL Electronics (Singapore) Pte Ltd.	● Dragoncom Shenzhen Investment Ltd. (深圳市浩龍投資有限公司)	15%
7. TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL 王牌電器(無錫)有限公司)	● 無錫電儀資產經營有限公司	30%

Note: As disclosed in the announcement of the Company dated 5 July 2005, on 4 July 2005, the Company and TCL International Electronics (BVI) Limited, its direct wholly-owned subsidiary, entered into an acquisition agreement with TCL Corporation for the acquisition of 49% equity interest in TCL Electrical Appliance Sales Co., Ltd (“Acquisition”). Due to the delay in obtaining the relevant PRC governmental approvals for the Acquisition which is the only outstanding conditions precedent for completion of the Acquisition, as at the Latest Practicable Date, the Acquisition was not yet completed and the parties have agreed to extend the deadline of having all conditions precedent fulfilled from 30 September 2005 to 31 March 2006.

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 2004, 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.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. QUALIFICATIONS AND CONSENT

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

Name	Qualifications
CIMB-GK	a corporation licensed to carry out types 1, 4 and 6 of the regulated activities under the SFO

CIMB-GK has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name, in the form and context in which they appear. As at the Latest Practicable Date, CIMB-GK 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. 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 master agreements with the continuing connected 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, none of the Directors nor CIMB-GK was interested, directly or indirectly, in any assets which had since 31 December 2004 (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.

10. 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 for a period of 14 days from the date of this circular:

- (a) the advanced draft of the Master Sourcing Agreement;
- (b) the advanced draft of the Master Supply Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 17 of this circular;
- (d) the letter from CIMB-GK, the text of which is set out on pages 18 to 26 of this circular; and
- (e) the written consent of CIMB-GK as referred to in the section headed “Qualifications and Consent” above.



TCL 多媒體科技控股有限公司

TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of TCL Multimedia Technology Holdings Limited (“Company”) will be held at Hennessy Room, 7th Floor, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 27 February 2006, Monday at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions (with or without modification):

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the authorized share capital of the Company be increased from HK\$500,000,000 divided into 5,000,000,000 shares of HK\$0.10 each (“Shares”) to HK\$800,000,000 divided into 8,000,000,000 Shares by the creation of an additional 3,000,000,000 Shares (“Capital Increase”); and
- (b) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such documents, instruments and agreements and to do all such acts or things as he may deem necessary or desirable for or in connection with the completion of the Capital Increase and the matters contemplated thereunder.”

2. **“THAT**

- (a) the Master Sourcing Agreement (as defined in the circular of TCL Multimedia Technology Holdings Limited (“Company”) dated 10 February 2006 (“Circular”)) (a copy of the advanced draft of which has been produced to the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification), the terms of and the transactions contemplated thereunder and the proposed annual caps in relation to such transactions for each of the three financial years ending 31 December 2006, 2007 and 2008 as set out in the Circular (a copy of which has been produced to the meeting and marked “B” and initialed by the chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) 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 the Master Sourcing Agreement and/or transactions contemplated thereunder.”

NOTICE OF EGM

3. **“THAT**

- (a) the Master Supply Agreement (as defined in the circular of TCL Multimedia Technology Holdings Limited (“Company”) dated 10 February 2006 (“Circular”)) (a copy of the advanced draft of which has been produced to the meeting and marked “C” and initialed by the chairman of the meeting for the purpose of identification), the terms of and the transactions contemplated thereunder and the proposed annual caps in relation to such transactions for each of the three financial years ending 31 December 2006, 2007 and 2008 as set out in the Circular (a copy of which has been produced to the meeting and marked “B” and initialed by the chairman of the meeting for the purpose of identification) be and are hereby approved, ratified and confirmed; and
- (b) 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 Master Supply Agreement and/or transactions contemplated thereunder.”

4. **“THAT**

Mr. Alastair Kenneth Ruskin Campbell be and is hereby re-elected as an executive director of TCL Multimedia Technology Holdings (“Company”) to hold office on terms in accordance with the articles of association of the Company.”

5. **“THAT**

Mr. Didier Trutt be and is hereby re-elected as an executive director of TCL Multimedia Technology Holdings (“Company”) to hold office on terms in accordance with the articles of association of the Company.”

By order of the Board
Li Dong Sheng
Chairman

Hong Kong, 10 February 2006

As at the date of this notice, the Board comprises Li Dong Sheng, Zhao Zhong Yao, Lu Zhong Li, Hu Qiu Sheng, Yan Yong, Alastair Kenneth Ruskin Campbell and Didier Trutt as executive directors, Albert Thomas da Rosa, Junior as non-executive director and Hon Fong Ming, Wang Bing and Tang Guliang as independent non-executive directors.

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.

NOTICE OF EGM

- (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 with the circular of the Company dated 10 February 2006.
- (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) are required to abstain from voting on the ordinary resolutions Nos. 2 and 3 and voting on such resolutions will be conducted by way of poll.
- (5) The register of members of the Company will be closed on 27 February 2006, 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 on that day. 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 24 February 2006.