

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

If you have sold or transferred all your shares in TCL 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)**

## **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

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

**CIMB**

**CIMB-GK Securities (HK) Limited**

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A letter from the Board is set out on pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on page 13 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 14 to 19 of this circular.

A notice convening the EGM of TCL Multimedia Technology Holdings Limited to be held at Salon 1-2, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 13 April 2006, Thursday at 2:00 p.m. is set out on pages 26 to 27 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

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

“Announcement”	the joint announcement of the Company and TCL Communication dated 9 March 2006
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BEA”	The Bank of East Asia, Limited, the shares of which are listed on the main board of the Stock Exchange
“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 in respect of the Deposit Services
“Company”	TCL Multimedia Technology 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
“Deposit Services”	deposits of money by the TCL Multimedia Qualified Members with the Finance Company pursuant to the Financial Services Framework Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company convened to consider, and if thought fit, approve the Deposit Services and the relevant proposed cap, the notice of which is set out on pages 26 to 27 of this circular
“Finance Company”	the Finance Company to be established by TCL Corp., TCL King Electrical Appliances, TCL Mobile Communication and BEA
“Finance Services”	the services of money lending and other financing (including loans, guarantees, receivable factoring, bill acceptance and bill discounting) which may be provided by the Finance Company to the TCL Multimedia Qualified Members pursuant to the Financial Services Framework Agreement
“Financial Services Framework Agreement”	the agreement proposed to be entered into by the Company, TCL Corp. and the Finance Company with a view to setting out, among other things, the principal terms of the Deposit Services, the Finance Services and the Other Financial Services

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## DEFINITIONS

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“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
“Investment Agreement”	the investment agreement dated 9 March 2006 entered into between TCL Corp. and TCL King Electrical Appliances
“Independent Board Committee”	the independent committee of the Board established for the purposes of reviewing the terms of and cap for the Deposit Services which will be voted upon at the EGM
“Independent Shareholders”	Shareholders other than TCL Corp. and its associates
“Latest Practicable Date”	24 March 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
“Other Financial Services”	all financial services which may be provided by the Finance Company to the TCL Multimedia Qualified Members under the Financial Services Framework Agreement other than the Deposit Services and the Finance Services
“PBOC”	the People’s Bank of China, the central bank of the PRC
“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
“Qualified Members”	all companies which the Finance Company will be allowed to provide services to pursuant to the Administrative Measures on Group Finance Companies (企業集團財務公司管理辦法) promulgated by the China Banking Regulatory Commission, which shall only include TCL Corp., any subsidiary of which TCL Corp. owns an equity interest of 51% or more, any company in which TCL Corp. or any of its subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Corp. or any of its subsidiaries are, individually or collectively, the largest shareholder
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Shareholders”	holders of Share(s)

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## DEFINITIONS

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“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCL Communication”	TCL Communication Technology 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
“TCL Corp.”	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 Corp. Group”	TCL Corporation and its subsidiaries (excluding members comprising the Group for the purpose of this circular)
“TCL King Electrical Appliances”	TCL King Electrical Appliances (Huhehaote) Company Limited (TCL 王牌電器(呼和浩特)有限公司), an indirect wholly-owned subsidiary of the Company
“TCL Mobile Communication”	TCL Mobile Communication (Hohhot) Co., Ltd. (TCL 移動通信(呼和浩特)有限公司), an indirect wholly-owned subsidiary of TCL Communication
“TCL Multimedia Qualified Member(s)”	such member(s) of the Group which is a/are Qualified Member(s)



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**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

*Head office and Principal place  
of Business in Hong Kong:*

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

*Independent non-executive Directors:*

Tang Guliang  
Wang Bing  
Hon Fong Ming

27 March 2006

*To the Shareholders*

Dear Sirs,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

**INTRODUCTION**

Reference is made to the Announcement regarding, among other things, the Deposit Services, under which the Board announced that on 9 March 2006, TCL Corp. entered into the Investment Agreement with TCL King Electrical Appliances (an indirect wholly-owned subsidiary of the Company) in relation to the establishment of the Finance Company. The Finance Company is proposed to provide financial services including corporate finance advisory services, credit worthiness verification and related consultancy and agency services, collection and payment services, approved insurance agency services, guarantee services, agency lending and investment services, discounting bills and design of various schemes for settlement and clearing in respect of group fund transfer, and any other services approved by the China Banking Regulatory Commission to the Qualified Members.

The Finance Company will be owned as to 62% by TCL Corp., 14% by TCL King Electrical Appliances, 4% by TCL Mobile Communication and 20% by BEA. The Finance Company will be a connected person of the Company.

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## LETTER FROM THE BOARD

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The establishment of the Finance Company is subject to the obtaining of the relevant approvals from the appropriate PRC authorities, including but not limited to the China Banking Regulatory Commission. According to the Investment Agreement, if all the necessary approvals for the establishment of the Finance Company are not obtained within 12 months from the date of the Investment Agreement or if the establishment of the Finance Company is prevented by any event of force majeure that happens and continues for more than 12 months from the date of the Investment Agreement, the Investment Agreement will be terminated. The Finance Company is expected to be established in mid 2006.

The Deposit Services which may be provided by the Finance Company to the TCL Multimedia Qualified Members will constitute a discloseable transaction and non-exempt continuing connected transactions for the Company under the Listing Rules. Accordingly, the Company has to seek approval from the Independent Shareholders for the Deposit Services and the relevant proposed cap for the three years ending 31 December 2008.

The purpose of this circular is to provide you with further information on, among other things, details of the Deposit Services and the relevant proposed cap, the letter from the Independent Board Committee, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders and the notice to convene the EGM.

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 Deposit Services and the relevant proposed cap. CIMB-GK has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **THE CONTINUING CONNECTED TRANSACTIONS**

A major reason for the establishment of the Finance Company is to provide a range of financial services to all Qualified Members including the TCL Multimedia Qualified Members. Such financial services include the Deposit Services, the Finance Services and the Other Financial Services.

With a view to setting out the principal terms of the above transactions, the Company proposes to enter into the Financial Services Framework Agreement with the Finance Company and TCL Corp. after, among other things, the establishment of the Finance Company.

### **Principal terms of the Financial Services Framework Agreement in respect of the Deposit Services**

Any TCL Multimedia Qualified Member may from time to time deposit money with the Finance Company. If the Finance Company decides to accept any amount of cash deposits from a TCL Multimedia Qualified Member (including current deposits, fixed deposits or any other form of deposits), the interest rates offered by the Finance Company shall not be lower than the interest rates offered by other independent financial institutions from time to time. Such interests derived from the Deposit Services will be calculated on a daily basis. Other terms and conditions offered by the Finance Company as a whole shall also not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms.

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## LETTER FROM THE BOARD

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The Finance Company and TCL Corp. will jointly and severally undertake to the Company that at any time during the term of the Financial Services Framework Agreement, the total amount of loans lent or other trade financing provided by the Finance Company and/or TCL Corp. to the TCL Multimedia Qualified Members shall not be less than the total cash deposits placed by the TCL Multimedia Qualified Members with the Finance Company under the Deposit Services.

If any TCL Multimedia Qualified Member demands repayment of any money deposited by it with the Finance Company in accordance with the relevant terms and procedure and the Finance Company fails to follow the repayment demand, such TCL Multimedia Qualified Member shall then has the right to:

- (a) offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by it to and/or any trade financing provided to it by the Finance Company and/or TCL Corp.; and/or
- (b) transfer the right mentioned in (a) above to other TCL Multimedia Qualified Members; and/or
- (c) request TCL Corp. to repay the outstanding deposit amount on behalf of the Finance Company in full.

### **Other undertakings of TCL Corp. under the Financial Services Framework Agreement**

TCL Corp. will undertake to the Company that:

- (i) it will procure the Finance Company to perform its obligations under the Financial Services Framework Agreement; and
- (ii) in case the Finance Company experiences any financial difficulties, TCL Corp. will inject capital to the Finance Company based on the needs of the Finance Company.

### **Term of the Financial Services Framework Agreement**

It is proposed that the term of the Financial Services Framework Agreement be from the date of the agreement to 31 December 2008 which may be extended upon written agreement of all parties to the Financial Services Framework Agreement subject to the then requirements of the Listing Rules. The Company will re-comply with the applicable Listing Rules requirements, including the reporting, announcement and/or Independent Shareholders' approval requirements (if necessary) under Chapter 14A of the Listing Rules should the Financial Services Framework Agreement be extended.



# LETTER FROM THE BOARD

## CAP

The table below sets out the proposed cap in respect of the Deposit Services for the three years ending 31 December 2008:

Cap	Year ending 31 December		
	2006	2007	2008
	HK\$'000	HK\$'000	HK\$'000
Maximum outstanding balances of deposits (including interest receivables in respect of these deposits)	1,100,000	1,100,000	1,100,000

The Company expects that only its major subsidiaries in the PRC may utilize the Deposit Services and thus expects that the amounts which may be deposited with the Finance Company shall greatly depend on the available cash balances of such PRC subsidiaries. Accordingly, the proposed cap in respect of the Deposit Services was set by the Company with reference to the cash flow forecasts of its major subsidiaries in the PRC including, among others, TCL King Electrical Appliances (Huizhou) Company Limited (TCL 王牌電器(惠州)有限公司) and TCL Computer Technology Co., Ltd. (惠州市 TCL 電腦科技有限責任公司), for the three years ending 31 December 2008. Such forecasts were prepared by the Group with reference to the track records of the relevant companies (including growth rates and margins) and assuming that (i) there would be no material change in the business environment (including among other things, interest rates, economic conditions, taxation, the relevant regulations and foreign currency exchange rates) and (ii) the sales of the relevant companies will continue to grow (after having taken into account the growth rate in 2005 and the estimated market demands for the Group's products, including television sets and personal computers). In preparing the forecasts, the Group has also considered certain external market research which indicated that there would be a growing market for the products of the relevant subsidiaries in the PRC. The Directors are not aware of any unusual matters in relation to the cash flow forecasts of the relevant subsidiaries that would need to be brought to the attention of the Shareholders. As at 31 December 2005, the aggregate cash balance of TCL King Electrical Appliances (Huizhou) Company Limited and TCL Computer Technology Co., Ltd. was approximately HK\$613 million. In order to balance the flexibility to allow the Group to utilize the Deposit Services and the risk of depositing all money with one service provider, the cap was set to represent about 50% of the estimated maximum available cash balances of the relevant PRC subsidiaries of the Company during the period from 1 January 2006 to 31 December 2008.

## LISTING RULES REQUIREMENTS

As at the Latest Practicable Date, TCL Corp. holds approximately 39% of the issued share capital of the Company. TCL Corp. is the controlling shareholder and a connected person of the Company.

The Company will hold approximately 14% of the registered capital of the Finance Company. TCL Corp. and TCL Communication (an associate of TCL Corp.) will hold approximately 62% and 4% of the registered capital of the Finance Company respectively. The Finance Company will be a non wholly-owned subsidiary of TCL Corp. and a connected person of the Company under the Listing Rules.

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## LETTER FROM THE BOARD

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Accordingly, the Deposit Services which may be provided by the Finance Company to the TCL Multimedia Qualified Members under the Financial Services Framework Arrangement will constitute continuing connected transactions for the Company.

The Deposit Services are subject to approval by the Independent Shareholders by poll at the EGM.

### **ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS**

The Deposit Services which may be utilized by the Group will be required to be subject to the following annual review requirements:

- (1) the independent non-executive Directors shall review annually the Deposit Services utilized and confirm in the Company's corresponding annual report that the Deposit Services have been used:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms and on terms no less favourable to the Group than those available from the independent third parties; and
  - (iii) in accordance with the Financial Services Framework Agreement and 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 Deposit Services and confirm in a letter to the Board (a copy of which shall be provided to the Stock Exchange) that such Deposit Services:
  - (i) have received the approval of the Board;
  - (ii) have been entered into in accordance with the Financial Services Framework Agreement; and
  - (iii) have not exceeded the cap.

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.

The Company shall allow, and shall procure that the Finance Company shall allow the Company's auditors access to the relevant records for the purpose of the auditors' review of the Deposit Service utilized by the Group referred to in paragraph (2) above.

### **REASONS FOR THE DEPOSIT SERVICES**

The principal purpose of setting up the Finance Company is to provide cost efficient finance and treasury services to all Qualified Members, including the TCL Multimedia Qualified Members. It is part of the ordinary and usual treasury activities of the Group to deposit money with financial institutions. The Finance Company will be a financial institution

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## LETTER FROM THE BOARD

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duly established in the PRC and the pricing policies and the operation of which will be subjected to guidelines issued by the China Banking Regulatory Commission. According to the terms of the Financial Services Framework Agreement, the deposit rates which may be obtained from the Finance Company for the Deposit Services will be no less favourable than those which may be obtained from other independent financial institutions from time to time, i.e. the interest rates will be the same as or higher than the interest rates that may be offered by the other independent financial institutions from time to time.

The Directors are of the view that the following arrangements will help safeguard the money deposited with the Finance Company.

- (i) The Finance Company will be a financial institution approved by the China Banking Regulatory Commission and will be operated under the relevant guidelines and requirements issued by the China Banking Regulatory Commission.
- (ii) Through the proposed investment of TCL King Electrical Appliances, the Group will be placed in a position to better understand and monitor the operation and financial position of the Finance Company than those of other independent financial institutions.
- (iii) Under the Investment Agreement, TCL Corp. will procure the Finance Company to execute the Financial Services Framework Agreement which include undertakings from TCL Corp. and the Finance Company that the amount of financing which the TCL Multimedia Qualified Members will obtain from the Finance Company and/or TCL Corp. will not be less than the amount that of the TCL Multimedia Qualified Members may deposit with the Finance Company. According to the terms of the Financial Services Framework Agreement, if the Finance Company fails to return any money deposited by the TCL Multimedia Qualified Members, the TCL Multimedia Qualified Members can then offset the relevant outstanding deposit amount against the same amount of loan owed by them to the Finance Company and/or TCL Corp. and/or request TCL Corp. to repay the outstanding deposit amount on behalf of the Finance Company in full.

It is also believed that the Finance Company, being an affiliated company of the Company controlled by TCL Corp., will be placed in a better position to serve the financial needs of the Group as TCL Corp. has been the ultimate controlling shareholder of the Company since the inception of the Company and has a thorough understanding on the operations and development needs of the Group. Accordingly, it is expected that the Finance Company will be more efficient in terms of processing transactions for the Group than other financial institutions given their close relationships.

Should the Group utilize the Deposit Services, the Group will gain interest income. Save for the interest income, deposits under the Deposit Services are not expected to have any effect on the total assets and total liabilities of the Group.

After having considered the above factors, the Directors believe that the Deposit Services under the Financial Services Framework Agreement will be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors also believe that the Deposit Services under the Financial Services Framework Agreement will be entered into in the ordinary and usual course of businesses of the Group.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE COMPANY AND THE CONNECTED PERSONS

The Company is a leading multimedia consumer electronics manufacturer with a global sales network. Television is the core product of the Group. This business is operated by a wholly-owned subsidiary of the Company, namely TTE Corporation. The Group's televisions sold in Asia, Europe and North America are marketed under three key brands — "TCL", "THOMSON" and "RCA". Currently, the Group is one of the largest worldwide television players. Headquartered in the PRC, the Company operates efficient manufacturing and research and development facilities in all major continents. In addition to televisions, the Group also manufactures personal computers and other audio visual products. TCL King Electrical Appliances is a wholly-owned subsidiary of the Company. For more information on the Group, please visit the official website: [www.tclhk.com](http://www.tclhk.com).

The TCL Corp. Group is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. As the date of this announcement, TCL Corp. owns approximately 39% and 55% of the issued share capital of the Company and TCL Communication respectively. TCL Corp. is the controlling shareholder of the Company. For more information on TCL Corp., please visit the official website of TCL Corp.: [www.tcl.com](http://www.tcl.com).

TCL Communication is engaged in the design, manufacture and marketing of a wide range of mobile handsets for the global market.

### GENERAL

TCL Corp. and its associates are interested in approximately 39% of the issued share capital of the Company, and are required to abstain from voting in respect of the resolution to be put forward at the EGM in respect of the Deposit Services.

The shares of TCL Corp. are listed on the Shenzhen Stock Exchange. TCL Corp. has agreed to undertake that if any TCL Multimedia Qualified Member demands repayment of any money deposited by it with the Finance Company in accordance with the relevant terms and procedure and the Finance Company fails to follow the repayment demand, TCL Corp. will repay the outstanding deposit amount on behalf of the Finance Company in full if the relevant TCL Multimedia Qualified Member so requests. The Company understands from TCL Corp. that the making of such undertaking is subject to the approval of the shareholders of TCL Corp. as required under the Shenzhen Stock Exchange Listing Rules. The Company understands from TCL Corp. that TCL Corp. currently plans to convene a shareholders' meeting in April 2006 with a view to obtaining such shareholders' approval. The Financial Services Framework Agreement will only be entered into, after (i) TCL Corp. has obtained approval from its shareholders for the making of the relevant undertakings under the Financial Services Framework Agreement, (ii) the Company has obtained approval from the Independent Shareholders for the Deposit Services and the relevant proposed cap and (iii) the Finance Company has been duly established. If the undertaking is not approved by the shareholders of TCL Corp., the Financial Services Framework Agreement in respect of the Deposit Services will not be executed. The Group would then not utilize the Deposit Services.

The Company will issue an announcement after the Financial Services Framework Agreement has been entered into.

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## LETTER FROM THE BOARD

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### **EGM**

The Company will convene the EGM at Salon 1–2, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 13 April 2006, Thursday at 2:00 p.m. at which an ordinary resolution will be proposed for the purpose of considering and, if thought fit, approving the Deposit Services and the relevant proposed cap for the three years ending 31 December 2008. The notice of the EGM is set out on pages 26 to 27 of this circular. TCL Corp. and its associates, which together were interested in approximately 39% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting for the resolution in respect of the Deposit Services to be put forward at the EGM. The voting on the resolution in respect of the Deposit Services 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 13 April 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 12 April 2006.

### **PROCEDURE 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.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 13 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Deposit Services and the proposed cap; (ii) the letter from CIMB-GK set out on pages 14 to 19 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 Deposit Services and the proposed cap; and (iii) the notice of the EGM set out on pages 26 to 27 of this circular.

The Independent Board Committee, having taken into account the advice of CIMB-GK, the independent financial adviser, considers that the Deposit Services are in the interests of the Company and the Shareholders as a whole and that the terms thereof and the proposed cap are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the Deposit Services and the proposed cap.

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)**

27 March 2006

*To the Independent Shareholders*

Dear Sirs,

## **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

We refer to the circular of the Company dated 27 March 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 Deposit Services under the Financial Services Framework Agreement and the proposed cap, details of which are set out in the letter from the Board in the Circular.

Having taken into account of the advice of CIMB-GK, the independent financial adviser, we consider that the Deposit Services under the Financial Services Framework Agreement are in the interests of the Company and the Shareholders as a whole and the terms thereof and the proposed cap 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 resolution to be proposed at the EGM in respect of the Deposit Services and the proposed cap.

Yours faithfully,

**Tang Guliang   Wang Bing   Hon Fong Ming**  
*Independent Board Committee*

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## LETTER FROM CIMB-GK

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*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 Deposit Services and the proposed cap prepared for the purposes of incorporation in this circular.*

# CIMB

**CIMB-GK Securities (HK) Limited**

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

27 March 2006

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

Dear Sirs,

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

We refer to our engagement as the independent financial adviser to the Independent Board Committee in relation to the Deposit Services to be entered into between the Group and the Finance Company under the Financial Services Framework Agreement (the "Continuing Connected Transactions"), details of which are contained in a circular (the "Circular") to the Shareholders dated 27 March 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 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 the TCL Corp. Group or the Finance Company or any of their respective subsidiaries or associates.



## PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the Deposit Services, we have considered the following principal factors and reasons:

### Background and rationale for the Deposit Services

The Group 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 Corp. Group is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. As at the Latest Practicable Date, TCL Corp. owns approximately 39% of the issued share capital of the Company and is the controlling shareholder of the Company.

On 9 March 2006, TCL King Electrical Appliances (an indirect wholly-owned subsidiary of the Company) entered into the Investment Agreement with TCL Corp. in relation to the setting up of the Finance Company. Pursuant to the Investment Agreement, the Finance Company will be established pursuant to the Administrative Measures on Group Finance Companies (企業集團財務公司管理辦法) promulgated by the China Banking Regulatory Commission (中國銀行業監督管理委員會) and other applicable laws of the PRC. The registered capital of the Finance Company will be RMB500 million (equivalent to approximately HK\$481 million), TCL King Electrical Appliances will contribute RMB70 million, representing approximately 14% interest in the Finance Company. The percentage interest of TCL King Electrical Appliances in the Finance Company is determined by the amount of capital contribution to be made by it. The proposed formation of the Finance Company constitutes a connected transaction for the Company but is not subject to the Independent Shareholders' approval pursuant to Rule 14A.34 of the Listing Rules.

As noted from the Announcement and the Letter of the Board, the Finance Company is set up to provide cost efficient finance and treasury services to all Qualified Members including the TCL Multimedia Qualified Members. Types of financial services to be rendered by the Finance Company include Deposit Services, Finance Services and Other Financial Services. All the above possible transactions between the Finance Company with the Group will constitute continuing connected transactions for the Company. With a view to setting out the principal terms of the transactions, the Company proposes to enter into a Financial Services Framework Agreement with the Finance Company and TCL Corp. to govern the terms of these continuing connected transactions. The Finance Services will be exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules and the Other Financial Services will be exempted from the independent shareholders' approval requirements pursuant to Rule 14A.33(3) of the Listing Rules. The Deposit Services to be provided by the Finance Company to the TCL Multimedia Qualified Members will constitute a discloseable transaction and non-exempt continuing connected transactions for the Company under the Listing Rules.

According to the terms of the Financial Services Framework Agreement, we note that the deposit rates which may be obtained from the Finance Company for the Deposit Services will be no less favourable than those which may be obtained from other independent financial institutions from time to time, i.e. the interest rates will be the same as or higher than the interest rates that may be offered by the other independent financial institutions; other terms and conditions offered to the TCL Multimedia Qualified Members by the Finance Company as

a whole shall also not be less favourable than those offered by other independent financial institutions from time to time and shall be on normal commercial terms; any Finance Services which may be provided by the Finance Company under the Financial Services Framework Agreement will be at interest rates that are no less favourable than those offered by other independent financial institutions from time to time; and the Other Financial Services will also be provided by the Finance Company to the TCL Multimedia Qualified Members at terms that are no less favourable to them than those offered by other independent financial institutions. The Company proposes to enter into this Financial Services Framework Agreement with the Finance Company and TCL Corp. after, among other things, the establishment of the Finance Company.

The Directors are of the view that the Finance Company, being an affiliated company of the Company, will better serve the financial needs of the Group. The Directors also believe that the Finance Company will be more efficient in terms of processing transactions for the Group than other financial institutions given that the main objective of the Finance Company is to serve the Qualified Members including the TCL Multimedia Qualified Members. As the Finance Company will be a member of the TCL Corp. Group, which has been the ultimate controlling shareholder of the Company since the inception of the Company and has a through understanding on the operations and development needs of the Group; and the Finance Company is set up to provide finance services to the Qualified Members including the TCL Multimedia Qualified Members, we consider the Finance Company will have a better understanding of the needs of the TCL Multimedia Qualified Members. Given the above, we concur with the views of the Directors that Finance Company will be more efficient in terms of processing transactions for the Group than other financial institutions.

We note that the Finance Company will be a financial institution approved by the China Banking Regulatory Commission and will be operated under the relevant guidelines and requirements issued by the China Banking Regulatory Commission. We consider it is part of the ordinary treasury activities of the Company to deposit money with financial institutions. The Directors believe that the Financial Services Framework Agreement is on normal commercial terms, the transactions thereunder are fair and reasonable and in the respective interests of the Company and the Shareholders as a whole and the Financial Services Framework Agreement will be entered into in the ordinary and usual course of businesses of the Group.

Having considered that (i) the nature of the Continuing Connected Transactions relates to the Group's normal business and operations; and (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 from time to time (as further elaborated below), we consider it is in the interest of the Company and the Shareholders as a whole to utilize the Deposit Services to be provided by the Finance Company.

### **Terms of the Financial Services Framework Agreement in respect of the Deposit Services**

Pursuant to the terms of the Financial Services Framework Agreement, we note that the deposit rates which may be obtained from the Finance Company for the Deposit Services will be no less favourable than those which may be obtained from other independent financial institutions from time to time, which we consider are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Other terms and conditions offered to the TCL Multimedia Qualified Members by the Finance Company as a whole shall

also not be less favourable than those offered by other independent financial institutions from time to time and shall be on normal commercial terms. We also note that the TCL Multimedia Qualified Members may at their absolute discretion, decide to deposit money with the Finance Company.

The Finance Company and TCL Corp. will jointly and severally undertake to the Company that at any time during the term of the Financial Services Framework Agreement, the total amount of loans lent or other trade financing provided by the Finance Company and/or TCL Corp. to the TCL Multimedia Qualified Members shall not be less than the total cash deposits placed by the TCL Multimedia Qualified Members with the Finance Company under the Deposit Services.

Moreover, according to the terms of the Financial Services Framework Agreement, we note that if the Finance Company fails to return any money deposited by the TCL Multimedia Qualified Members, the TCL Multimedia Qualified Members can then i) offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by it to and/or any trade financing to it by the Finance Company and/or TCL Corp.; and/or ii) transfer the right mentioned in i) above to other TCL Multimedia Qualified Members and/or; iii) request TCL Corp. to repay the outstanding deposit amount on behalf of the Finance Company in full.

We further note that TCL Corp. will undertake to the Company that (i) it will procure the Finance Company to perform its obligations under the Financial Services Framework Agreement; and (ii) in case the Finance Company experiences any financial difficulties, TCL Corp. will inject capital to the Finance Company based on the needs of the Finance Company.

### *Views*

Given the above and in particular the recourse available to the TCL Multimedia Qualified Members in case of default by the Finance Company, and the additional undertaking given by TCL Corp. under the Financial Services Framework Agreement as mentioned above, which is better than normal commercial terms, we consider the Deposit Services are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### **Cap**

The Directors expect that the maximum outstanding balance to be deposited with the Finance Company under the Deposit Services will not exceed HK\$1,100 million for each of the three financial years starting from 1 January 2006 to 31 December 2008 ("Cap").

We have discussed with the management of the Company on the principal bases underlying the above factors in the determination of the Cap of the Deposit Services. We understand that in determining the Cap, the Directors have considered that as the amount to be deposited with the Finance Company will be denominated in RMB, only the major TCL Multimedia Qualified Members in the PRC may utilize the Deposit Services. Accordingly, the Directors expect that the amounts which may be deposited with the Finance Company shall greatly depend on the available cash balances of the major TCL Multimedia Qualified Members in the PRC, including, among others, TCL King Electrical Appliances (Huizhou) Company Limited (TCL 王牌電器(惠州)有限公司) and TCL Computer Technology Co., Ltd. (惠州市 TCL 電腦科技有限責任公司) generated from their business operations, which we consider

is a reasonable basis. Based on the information provided by the Company, we note that as at 31 December 2005, the aggregate consolidated cash balance of TCL King Electrical Appliances (Huizhou) Company Limited and TCL Computer Technology Co., Ltd. amounted to approximately RMB637 million (equivalent to approximately HK\$613 million). Accordingly, the Cap has been determined with reference to the cash flow projections of the major TCL Multimedia Qualified Members in the PRC for the three years ending 31 December 2008 (“Cash Flow Projection”).

We have reviewed the Cash Flow Projection prepared by the Company as well as the underlying bases and assumptions. As the cash flow of the major TCL Multimedia Qualified Members in the PRC are generated from their business operations, we have been advised by the Company that the Cash Flow Projection was prepared with reference to the historical financial statements for the year ended 31 December 2005 and the projected business performance of these major TCL Multimedia Qualified Members in the PRC, with reference to their financial track records assuming that there will be no material change in their business environment and their business plan would be materialized. We have been advised by the Directors that they are not aware of any unusual matters in relation to the Cash Flow Projection that would need to be brought to the attention of the Shareholders. Given this and based on our review on the Cash Flow Projection prepared by the Company as well as the underlying bases and assumptions, we concur with the Directors’ views that there is no unusual matter in relation to the Cash Flow Projection that would need to be brought to the attention of the Independent Shareholders. We note that the Cap represents about 50% of the estimated maximum available cash balances of the relevant major TCL Multimedia Qualified Members in the PRC of the Company during the Cash Flow Projection period. Taking into account that the major TCL Multimedia Qualified Members in the PRC may at their absolute discretion, decide to deposit money with the Finance Company in RMB, we consider it appropriate to determine the Cap with reference to the estimated available cash balances of the major TCL Multimedia Qualified Members in the PRC during the Cash Flow Projection period. Furthermore, given the Company is not obliged to place deposits with the Finance Company, the Company can exercise full discretion to determine the annual amount of deposits to be placed with the Finance Company and thus is in a position in monitoring the Cap. In this regard, we consider the Cap which represents approximately 50% of the estimated maximum available cash balances of the relevant major TCL Multimedia Qualified Members of the PRC during the Cash Flow Projection period is not unfair or unreasonable.

*Views*

Based on various factors described above, we regard the bases of the Cap and the Cap in relation to the Deposit Services to be fair and reasonable so far as the Company and the Independent Shareholders are concerned. However, as the Cash Flow Projection and the Cap relates 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 amount of cash flow and deposit will correspond with the Cash Flow Projection and the Cap.

**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 Cap 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 resolution to be proposed at the EGM to approve the Continuing Connected Transactions contemplated under the Financial Services Framework Agreement and the Cap.

Yours faithfully,

For and on behalf of

**CIMB-GK Securities (HK) Limited**

**Alex Lau**

**Flavia Hung**

*Executive Vice President*

*Senior Vice President*

# GENERAL INFORMATION

## 1. RESPONSIBILITY STATEMENT

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

## 2. DIRECTORS' INTERESTS

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

### (a) Long positions in the Shares

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%
Yan Yong	Beneficial owner	3,518,000	0.09%
Zhao Zhong Yao	Beneficial owner	3,268,000	0.08%
Hu Qiu Sheng	Beneficial owner	2,500,000	0.06%
Lu Zhong Li	Beneficial owner	2,500,000	0.06%
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%

## GENERAL INFORMATION

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

Directors	Name of associated corporation	Capacity	No. of shares held	Approximate percentage of issued share capital in associated corporation
Li Dong Sheng	TCL Corp.	Beneficial owner	144,521,730	5.59%
Li Dong Sheng	TCL Communication	Beneficial owner	73,228,800	1.23%
Lu Zhong Li	TCL Corp.	Beneficial owner	23,569,661	0.91%
Hu Qiu Sheng	TCL Corp.	Beneficial owner	19,012,888	0.74%
Zhao Zhong Yao	TCL Corp.	Beneficial owner	6,444,954	0.25%
Zhao Zhong Yao	TCL Communication	Beneficial owner	185,600	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	Beneficial owner	8,000,000	0.13%
Yan Yong	TCL Communication	Beneficial owner	4,050,000	0.07%
Hu Qiu Sheng	TCL Communication	Beneficial owner	2,500,000	0.04%
Lu Zhong Li	TCL Communication	Beneficial owner	2,500,000	0.04%
Zhao Zhong Yao	TCL Communication	Beneficial owner	800,000	0.013%

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

## GENERAL INFORMATION

### 3. SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, the following persons (not being a Director or the chief executive of the Company or a member of the Group) 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 the Shares

Shareholder	Capacity	No. of Shares held	Percentage of issued share capital of the Company
TCL Corp.	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 Corp. 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 purposes 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 purposes of the SFO.
3. The following Directors are directors or employees of the corporations 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 Corp. Ms. Lu Zhong Li is a director and senior vice president of TCL Corp. Mr. Hu Qiu Sheng is a director, senior vice president and president of accessories product division of TCL Corp. Mr. Yan Yong is a director and vice president of TCL Corp. Mr. Zhao Zhong Yao is the vice president of TCL Corp. 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.



## GENERAL INFORMATION

### (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 Corp.	35%
5. TCL Electrical Appliance Sales Co., Ltd ( <i>Note</i> ) (惠州 TCL 電器銷售有限公司)	● TCL Corp.	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 Corp. for the acquisition of a 49% equity interest in TCL Electrical Appliance Sales Co., Ltd (the "Acquisition"). Due to delay in obtaining the relevant PRC government approvals for the Acquisition, which was the only outstanding condition precedent for the completion of the Acquisition as at the Latest Practicable Date, the Acquisition had not yet been completed and the parties have agreed to extend the deadline of having all conditions precedent fulfilled from 30 September 2005 to 31 March 2006. It is expected that the Acquisition will be completed by 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 the chief executive of the Company or a member of the Group) 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,

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## GENERAL INFORMATION

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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

Save for the information regarding the results and performance of the Group as set out in (i) the Company's interim report for the six month ended 30 June 2005; (ii) the Company's announcement dated 28 October 2005 in respect of the Group's unaudited consolidated results for the nine months ended 30 September 2005; and (iii) the profit warning statements made by the Company on 16 February 2006, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any other 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 accounts of the Group 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 them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which falls to be discloseable 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. QUALIFICATION AND CONSENT

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

Name	Qualification
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.

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## GENERAL INFORMATION

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### 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 Investment Agreement and the proposal to enter into the Financial Services Framework Agreement.
- (b) Save as disclosed in (a) above, 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.
- (d) The secretary of the Company is Ms. Pang Siu Yin who is a practising solicitor in Hong Kong and a partner of Messrs. Cheung, Tong & Rosa, Solicitors, Hong Kong. She is also a member of the Chartered Institute of Arbitrators, the United Kingdom and the Hong Kong Securities Institute.
- (e) The qualified accountant of the Company is Mr. Chan Oi Nin, Derek who is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (f) The share registrar and transfer office of the Company in the Cayman Islands is Butterfield Fund Services (Cayman) Limited, Butterfield House, 68 Fort Street, PO Box 705, George Town, Grand Cayman, Cayman Islands.
- (g) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

### 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 from the date of this circular to 13 April 2006:

- (a) the Investment Agreement; and
- (b) the advanced draft of the Financial Services Framework Agreement.



**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 Salon 1-2, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 13 April 2006, Thursday at 2:00 p.m. for the purposes of considering and, if thought fit, passing the following resolution (with or without modification):

**ORDINARY RESOLUTION**

"THAT

- (a) the Deposit Services under the Financial Services Framework Agreement (as defined in the circular of TCL Multimedia Technology Holdings Limited ("Company") dated 27 March 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 purposes of identification), the terms of which contemplated and the proposed cap in relation to such transactions for the three financial years ending 31 December 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 purposes of identification) be and are hereby approved; 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 the Financial Services Framework Agreement and 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 Deposit Services and/or the execution of the Financial Services Framework Agreement."

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

Hong Kong, 27 March 2006

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## NOTICE OF EGM

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### Notes:

- (1) A member who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
- (2) In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be deposited at the principal place of business of the Company in Hong Kong at 13th Floor, TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
- (3) A form of proxy for use at the meeting is enclosed with the circular of the Company dated 27 March 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 resolution and voting on the resolution will be conducted by way of poll.
- (5) The register of members of the Company will be closed on 13 April 2006, for the purposes of determining the entitlements of the members of the Company to attend and vote at the meeting. No transfer of the shares of the Company 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 12 April 2006.