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If you are in doubt as to any aspect about this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED (the "Company"), you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

**CONTINUING CONNECTED TRANSACTIONS –
FRAMEWORK AGREEMENT FOR MANUFACTURE AND
SUPPLY OF MOBILE PHONES AND
ELECTION OF DIRECTORS**

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



A letter from the Board is set out on pages 5 to 12 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 13 of this circular. A letter from Taifook Capital Limited, 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 JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 October 2007, Monday at 10:00 a.m. is set out on pages 29 to 30 of this circular.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrars of the Company, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding 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.

27 September 2007

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 10 September 2007 relating to continuing connected transactions
“Articles”	the existing articles of association of the Company adopted by the Shareholders by special resolutions from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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 the which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on 15 October 2007, Monday at 10:00 a.m. for the purposes of considering and, if thought fit, approving inter alia, Transactions together with the relevant proposed caps
“Forecast”	Products or Generic Products order which is issued by T&A and sent to TTE Group from time to time to be agreed between the parties covering delivery of the Products over a specific period
“Framework Agreement”	the General Framework Agreement for Manufacture and Supply of Mobile Phones entered into between T&A and TTE on 10 September 2007
“Generic Products”	a handset which does not include customization end-user parts without the end-user customization software
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Company comprising three independent non-executive Directors formed to give advice to the Independent Shareholders in respect of the Framework Agreement
“Independent Shareholders”	Shareholders who are not required under the Listing Rules to abstain from voting to approve the Transactions and the relevant proposed caps at the EGM
“Independent Third Party”	a third party that is not connected to any Director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them as defined in the Listing Rules
“IP Rights”	T&A’s information, know-how, trade secrets, patents, copyrights and other industrial and intellectual property rights relating to the Products and the manufacturing of the Products, including, without limitation, the concept, architecture, software, performance and use of the Products and test procedures
“Latest Practicable Date”	24 September 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange from time to time
“Materials”	components, materials and supplies that are used in the manufacturing, testing, packaging, and distribution of the Products
“PO(s)”	the formalization of Product(s) or Generic Product(s) order on the basis of a certain mutually agreed period in accordance with the Framework Agreement
“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
“Price”	the price of the Products determined at the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group on normal commercial terms

DEFINITIONS

“Product(s)”	the mobile terminals manufactured or to be manufactured (for new mobile terminals to be developed by T&A) by TTE Group in accordance with the Framework Agreement and spare parts of such Products and as the case may be completed units (i.e. including mobile terminals, mobile terminals’ accessories, customization and packaging for shipment), unless the context requires otherwise, Products shall include Generic Products
“Relevant Ratio”	any ratio applicable to the Transactions set out in Rule 14.07 of the Listing Rules
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	a company which is for the time being and from time to time a subsidiary of a party (within the meaning of section 2 of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) as modified from time to time), whether incorporated in Hong Kong, or elsewhere and “Subsidiaries” means all of them
“T&A”	T&A Mobile Phones International Limited, a wholly owned subsidiary of TCL Communication and a limited company incorporated under the laws of Hong Kong, unless the context otherwise requires, should also include its Subsidiaries
“Taifook”	Taifook Capital Limited, a licensed corporation under the SFO to carry on Type 6 regulated activity (advising on corporate finance) appointed by the Company as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions
“TCL Communication”	TCL Communication Technology Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 2618)

DEFINITIONS

“TCL Communication Group”	TCL Communication and its Subsidiaries
“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 shares of which are listed on the Shenzhen Stock Exchange, and the ultimate controlling shareholder of the Company
“Transactions”	the transactions contemplated under the Framework Agreement
“TTE Group”	TTE and its Subsidiaries
“TTE”	TTE Corporation, a wholly owned subsidiary of the Company and a company incorporated under the laws of British Virgin Islands
“US\$”	U.S. dollar(s), the lawful currency of the United States
“%”	per cent

For the purpose of this circular, unless otherwise indicated, the exchange rate of US\$1 = HK\$7.8 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

LETTER FROM THE BOARD



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

Executive Directors:

Li Dongsheng
Lu Zhongli
Wang Kangping
Shi Wanwen
Yuan Bing

Registered Office:

Ugland House
South Church Street
P.O. Box 309
George Town
Grand Cayman

Non-executive Directors:

Albert Thomas da Rosa, Junior

Independent Non-executive Directors:

Tang Guliang
Robert Maarten Westerhof
Wu Shihong

Principal Place of Business in

Hong Kong:

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

27 September 2007

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – FRAMEWORK AGREEMENT FOR MANUFACTURE AND SUPPLY OF MOBILE PHONES AND ELECTION OF DIRECTORS

INTRODUCTION

Reference is made to the Company's Announcement dated 10 September 2007 in relation to the continuing connected transactions under the Framework Agreement between T&A and TTE and the relevant proposed caps.

The Independent Board Committee, comprising three independent non-executive Directors namely Mr. Tang Guliang, Mr. Robert Maarten Westerhof and Ms. Wu Shihong, has been established to advise the Independent Shareholders as to whether the terms under the Framework Agreement and the proposed annual caps of the Transactions for the three years ending 31 December 2009 are fair and reasonable and whether the Transactions are in the interests of

LETTER FROM THE BOARD

the Company and the Independent Shareholders as a whole and to advise and make recommendation to the Independent Shareholders as to how to vote at the EGM on the ordinary resolution regarding the Transactions. Taifook has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

In addition, the Board has appointed Ms. Wu Shihong as an independent non-executive Director and Mr. Leong Yue Wing as an executive Director with effect from 30 June 2007 and 1 October 2007 respectively. The Board proposes to elect Ms. Wu Shihong and Mr. Leong Yue Wing at the EGM.

The purpose of this circular is (i) to provide the Shareholders with further information regarding the details of the Transactions and the relevant proposed caps; (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) to provide details of the Directors to be elected; and (iv) to give the Shareholders the notice of the EGM and other information in accordance with the requirements of the Listing Rules.

FRAMEWORK AGREEMENT

As set out in the Announcement, the major terms of the Framework Agreement are as follows:

Date: 10 September 2007

Parties:

- (i) TTE
- (ii) T&A

Effective Date & Term:

The Framework Agreement is deemed to be effective on 1 September 2007 and shall remain valid for an initial period of two (2) calendar months and subject to several conditions, including inter alia, obtaining relevant approvals from the respective independent shareholders of the Company and TCL Communication on or before the end of the said initial period, the term be automatically renewed for a further period of twenty-six (26) calendar months up to 31 December 2009.

Major Terms

Pursuant to the Framework Agreement, TTE Group agrees (i) to procure the Materials from T&A, (ii) to manufacture, assemble and/or test the Products, as well as provide services for pre-production and production ramp-up pursuant to T&A's written specifications to be agreed with TTE Group from time to time and to deliver the Products to T&A or to T&A customers on

LETTER FROM THE BOARD

T&A's behalf and (iii) to sell the Products to T&A at the Price, whereas T&A agrees (i) to supply the Materials to TTE Group at cost and (ii) to purchase the Products from TTE Group at the Price.

In accordance with the Framework Agreement, T&A will supply the Materials necessary for the manufacturing and delivery of the Products to TTE Group at cost and issue POs related to the numbers of Materials delivered by T&A (including information within the parameters of the Forecast previously provided by T&A and agreed by TTE Group) to TTE Group.

TTE Group shall manufacture the Products at the plants owned and managed by TTE Group which are located in Ciudad Juarez, Chihuahua, Mexico unless T&A agrees otherwise.

The Price charged by TTE Group against T&A will be at the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group on normal commercial terms.

The IP Rights shall remain T&A's or T&A's licensors' property. To the extent necessary for the sole purpose of manufacturing the Products, T&A shall grant to TTE Group a non-exclusive license for the term of the Framework Agreement for the use of IP Rights owned by T&A free of royalty charge to TTE Group when TTE Group uses such IP Rights on the Products for the performance of obligations under the Framework Agreement.

The payment terms are as follows:

- 1) T&A shall invoice TTE Group for the costs of Materials shipped to TTE Group which are necessary to build the Products within a commercially reasonable time but no later than the date TTE Group ships Products against PO using the Materials to build the Products.
- 2) The payments by TTE Group to T&A for the Materials are due by mutual agreement dates but definitely no later than within three (3) days when TTE Group ships the Products to T&A and the parties directed by T&A.
- 3) TTE Group shall invoice T&A for the Products shipment immediately upon the delivery of such Products against T&A. The invoices shall contain at least two separate parts, costs of the Materials and others. The payment for the cost of the Materials part of the invoice is due within three (3) days of the receipt of such invoice by T&A, whereas the remaining part of the invoice is due 30 days upon the receipts of such invoice by T&A.

PRICE DETERMINATION

As mentioned above, the Price charged by TTE Group against T&A will be at the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group on normal commercial terms. TTE Group will determine whether the value added rate is acceptable after calculation of the amount of gross profit to be achieved and taking into factors

LETTER FROM THE BOARD

such as the prevailing market price, manufacturing capacity, labour and overhead costs to be involved in the Mexico plants and in no circumstances TTE Group will accept any order with overall terms which are less favourable than those terms offered to it by third parties.

ANNUAL CAPS

The respective annual caps of the Transactions for each of the three financial years ending 31 December 2009 are set out as follows:

Transactions under the Framework Agreement	Annual amount for the financial year ending 31 December		
	2007	2008	2009
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
(i) Purchase of Materials from T&A	50	430	516
(ii) Sale of Products to T&A	58	506	607

The major bases and assumption for determining the caps for the Transactions are set out below:

The proposed caps for transactions (i) above are based on the expected POs to be received from T&A and the relevant caps proposed for the Transactions by TCL Communication for the financial years ending 31 December 2007, 2008 and 2009 taking into account of the types and quantities of raw materials the Group will require to satisfy the obligations arising under the POs.

TCL Communication has indicated to TTE Group that the relevant caps as shown above would be the maximum Transaction amounts to be incurred based on its projection of sales during the relevant financial years. TTE Group has been informed by TCL Communication that the relevant proposed caps for the corresponding transactions (i) above of TCL Communication for a) the financial year ending 2007 are based on the units of products orders received by TCL Communication Group for the last four months of the year 2007 covering only low-end products and those b) for the financial years ending 2008 and 2009 are based on the Group's assumptions of increase of sales units of 25% and 20% for the years 2008 and 2009 respectively covering a mix of low-end and high-end products, taking into account of the types and quantities of raw materials TCL Communication Group will require with reference to, among others, historical figures regarding the types and quantities of raw materials to produce similar types and quantities of products.

The proposed caps for transactions (ii) are based on same assumptions laid down for transactions (i) above together with the Price.

REASONS FOR ENTERING INTO THE AGREEMENTS

The Group has factories, plants and facilities in various places in the world including in Mexico and has been engaged in manufacturing of a wide range of electronic products.

LETTER FROM THE BOARD

Given the basis of deriving the Price as aforesaid and to further utilize the capacities of the plants and facilities in Mexico, the Directors consider that the terms of the Framework Agreement have been negotiated and entered into on an arm's length basis and the Transactions pursuant thereto will be on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors consider that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, in particular, the Framework Agreement has built a foundation for good and long term business relationship with T&A.

LISTING RULES REQUIREMENTS

T&A is a wholly owned subsidiary of TCL Communication and TCL Corporation held approximately 38.92% and 45.17% of the issued share capital of the Company and TCL Communication respectively as at the Latest Practicable Date. T&A is therefore a connected person of the Company within the meaning of the Listing Rules. Further, the annual amount to be involved under the Transactions is expected to be higher than 2.5% of the Relevant Ratio. The Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules. Accordingly, the Company has to seek approval from its independent shareholders for the Transactions and the relevant proposed caps.

TCL Corporation and its associates, will abstain from voting for the resolution in respect of the Transactions and the relevant caps to be put forward at the EGM. The voting on the ordinary resolution in respect of the Transactions will be conducted by way of poll in accordance with the requirements of the Listing Rules.

ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

The transactions under the Framework Agreement will be required to be subject to the following annual review requirements:

- (1) the independent non-executive Directors shall review annually the Transactions and confirm in the Company's corresponding annual report that the Transactions have been conducted:
 - (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 Framework Agreement and on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

LETTER FROM THE BOARD

- (2) the auditors of the Company shall review annually the Transactions and confirm in a letter to the Board (a copy of which shall be provided to the Stock Exchange) that such transactions:
- (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group;
 - (iii) have been entered into in accordance with the Framework Agreement; and
 - (iv) have not exceeded the caps disclosed.

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.

INFORMATION ON THE PARTIES

The Group, including TTE, are principally engaged in the manufacture and sale of wide range of electronic consumer products including television set and audio-visual products. The Group also has factories in various places in the world including in PRC and Mexico. For more information on the Group, please visit its official website at www.tclhk.com (the information that appears in this website does not form part of this circular).

TCL Communication Group, including T&A, are engaged in the design, manufacture and marketing of a wide range of mobile handsets for the global market. The TCL Communication Group's handsets sold in the PRC, Europe, Middle East, Africa, Asia Pacific and Latin America are mainly marketed under two key brands – "TCL" and "Alcatel". TCL Communication Group operates its efficient manufacturing and research and development facilities in various provinces of the PRC. For more information on the Group, please visit its official website at www.tclcom.com (the information that appears in this website does not form part of this circular).

ELECTION OF DIRECTORS

The Board appointed Ms. Wu Shihong as an independent non-executive Director and Mr. Leong Yue Wing as an executive Director with effect from 30 June 2007 and 1 October 2007 respectively. Pursuant to code provision A.4.2 of the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, all Directors appointed to fill a casual vacancy or as an addition to the Board shall be subject to election by the Shareholders at the first general meeting after their appointment. Thus, Ms. Wu and Mr. Leong should have been subject to election at the EGM. Accordingly, the Company proposes the election of Ms. Wu and Mr. Leong as an independent non-executive Director and Mr. Leong as an executive Director by Shareholders at the EGM.

LETTER FROM THE BOARD

EGM

The Company will convene the EGM at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 October 2007, Monday at 10:00 a.m., at which resolutions will be proposed for the purpose of considering and if thought fit, approving (i) the Transactions and the relevant caps and (ii) the election of Directors. The notice of the EGM is set out on pages 29 and 30 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so desire.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 15 October 2007, 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, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 12 October 2007.

PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

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

- (a) the chairman of the meeting; or
- (b) at least five members present in person or by proxy and entitled to vote; or
- (c) any member or members present in person (or in the case of a member being a corporation, by its duly 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 duly 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.

LETTER FROM THE BOARD

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 Transactions and the proposed annual caps of the Transactions for the three years ending 31 December 2009; (ii) the letter from Taifook 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 Transactions and the proposed annual caps of the Transactions for the three years ending 31 December 2009; (iii) particulars of those Directors subject to election set out in Appendix II to this circular; and (iv) the notice of the EGM set out on pages 29 to 30 of this circular.

The Independent Board Committee, having taken into account the advice of Taifook, the independent financial adviser, considers that the Transactions are in the interests of the Company and the Independent Shareholders as a whole and that the terms thereof and the proposed annual caps of the Transactions for the three years ending 31 December 2009 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 Framework Agreement and the proposed annual caps of the Transactions for the three years ending 31 December 2009.

The Board considers that the resolutions proposed in the notice of EGM are in the best interests of the Company and the Shareholders and therefore recommend you to vote in favour of all the relevant resolutions to be proposed at the EGM.

Yours faithfully,
Li Dongsheng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

27 September 2007

To: the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS – FRAMEWORK AGREEMENT FOR MANUFACTURE AND SUPPLY OF MOBILE PHONES

We refer to the circular of the Company dated 27 September 2007 of the Company (the "Circular") to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the terms under the Framework Agreement and the proposed annual caps of the Transactions for the three years ending 31 December 2009, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from Taifook set out on pages 5 to 12 and pages 14 to 19 of the Circular respectively.

Having taken into account of the advice of Taifook, the independent financial adviser, we consider that the Transactions are in the interests of the Company and the Independent Shareholders as a whole and the terms thereof and the proposed annual caps of the Transactions for the three years ending 31 December 2009 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 Transactions and the relevant proposed caps.

Yours faithfully,
**Tang Guliang, Robert Maarten Westerhof and
Wu Shihong**
Independent Board Committee

LETTER FROM TAIFOOK

The following is the text of a letter from Taifook to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular in connection with its advice in relation to the Transactions.



25th Floor
New World Tower
16-18 Queen's Road Central
Hong Kong

27 September 2007

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS – FRAMEWORK AGREEMENT FOR MANUFACTURE AND SUPPLY OF MOBILE PHONES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the terms of certain continuing connected transactions to be entered into between TTE Group and T&A and the proposed maximum annual values of such transactions for the three years ending 31 December 2009 ("Proposed Annual Caps") pursuant to the Framework Agreement, details of which are set out in the "Letter from the Board" ("Letter") of the circular of the Company dated 27 September 2007 ("Circular"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As referred to in the Letter, T&A is a wholly-owned subsidiary of TCL Communication and TCL Corporation held approximately 38.92% and 45.17% of the issued share capital of the Company and TCL Communication respectively as at the Latest Practicable Date. As such, T&A is a connected person of the Company under the Listing Rules and the Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules, which together with the Proposed Annual Caps, are subject to the approval of the Independent Shareholders at the EGM. TCL Corporation and its associates will abstain from voting on the ordinary resolution at the EGM relating to the Transactions and the Proposed Annual Caps.

The Independent Board Committee comprising three independent non-executive Directors, namely Mr. Tang Guliang, Mr. Robert Maarten Westerhof and Ms. Wu Shihong, has been established to advise the Independent Shareholders on the Transactions and the Proposed Annual Caps. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether (i) the entering into of the Transactions is in the interests of the Company and the

LETTER FROM TAIFOOK

Independent Shareholders as a whole and in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms and fair and reasonable; and (ii) the Proposed Annual Caps are fair and reasonable.

BASES AND ASSUMPTIONS

In formulating our recommendation, we have relied on the financial and other information and facts supplied to us and representations expressed by the Directors and/or management of the Group and have assumed that all such financial and other information and facts provided and any representations made to us or contained in the Circular were true, accurate and complete at the time they were made and continue to be so at the date of despatch of the Circular and during the period up to the date of the EGM, and have been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful enquiry by the Company, the Directors and management of the Group. We have been advised by the Directors and/or management of the Group that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Company as set out below:

- (i) a copy of the Framework Agreement; and
- (ii) the Circular.

We understand from the Directors and/or management of the Group with respect to the terms of and reasons for the entering into of the Framework Agreement, and consider we have reviewed sufficient information to reach an informed view and have no reason to doubt the completeness, truth or accuracy of the information and facts provided and representations made to us. We have not, however, conducted an independent verification of the information nor have we conducted any form of investigation into the businesses, affairs, financial positions or prospects of the Group and TCL Communication Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Transactions and the Proposed Annual Caps, we have considered the following principal factors:

I. Background of and reasons for entering into the Framework Agreement

The Group, including TTE Group, is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television set and audio-visual products. The Group also has factories in various places in the world including the PRC and Mexico.

LETTER FROM TAIFOOK

As referred to in the Letter, TCL Communication Group, including T&A, is principally engaged in the design, manufacture and marketing of a wide range of mobile handsets for the global market. TCL Communication Group's handsets sold in the PRC, Europe, Middle East, Africa, Asia Pacific and Latin America are mainly marketed under two key brands, namely "TCL" and "Alcatel". TCL Communication Group operates its manufacturing and research and development facilities in various provinces of the PRC.

On 10 September 2007, TTE and T&A, which are wholly-owned subsidiaries of the Company and TCL Communication respectively, entered into the Framework Agreement pursuant to which TTE Group agrees (i) to procure the Materials from T&A and to manufacture, assemble and/or test the Products, as well as provide services for pre-production and production ramp-up pursuant to T&A's written specifications to be agreed with TTE Group from time to time; (ii) to deliver the Products to T&A or to T&A customers on T&A's behalf; and (iii) to sell the Products to T&A at the Price, whereas T&A agrees (i) to supply the Materials to TTE Group at cost and (ii) to purchase the Products from TTE Group at the Price. The Framework Agreement is deemed to be effective on 1 September 2007 and shall remain valid for an initial period of two calendar months and subject to several conditions including, inter alia, obtaining relevant approvals from the respective independent shareholders of the Company and TCL Communication on or before the end of the said initial period, the term be automatically renewed for a further 26 calendar months up to 31 December 2009.

As referred to in the Letter, the Directors consider that the Framework Agreement can build a foundation for good and long-term business relationship with T&A and enables the Group to further utilise the capacities of the plants and facilities of the Group in Mexico. Notwithstanding the Group has not provided similar manufacturing services to customers before the entering into of the Framework Agreement, the Directors confirm that TTE Group possesses the relevant technologies and resources to undertake the manufacturing of the Products in its plants located in Mexico. In addition, as advised by the Directors, the Transactions can provide the Group with another new source of revenue. Based on the aforesaid and the fact that the nature of the Transactions is within the Group's existing business activities, we concur with the view of the Directors that the entering into of the Transactions will be in the ordinary and usual course of business of the Group and will be in the interests of the Company and the Independent Shareholders as a whole.

II. Major terms of the Framework Agreement

1. Price determination

Pursuant to the Framework Agreement, T&A will supply the Materials necessary for the manufacturing and delivery of the Products to TTE Group at cost while TTE Group will sell to T&A the Products at the Price which will be the cost of the Materials plus a value added rate to be negotiated and agreed between T&A and TTE Group.

As advised by the Directors, the value added rate will be negotiated and agreed between T&A and TTE Group on normal commercial terms, and TTE Group will determine whether the value added rate is acceptable after calculation of the amount of gross profit

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to be achieved and taking into factors such as the prevailing market price, manufacturing capacity, labour and overhead costs to be involved in the Mexico plants and in no circumstances TTE Group will accept any order with overall terms which are less favourable than those terms offered to it by third parties.

2. *Payment terms*

Pursuant to the Framework Agreement,

- (i) T&A shall invoice TTE Group for the costs of Materials shipped to TTE Group which are necessary to build the Products within a commercially reasonable time but no later than the date TTE Group ships the Products against a PO issued by T&A using these components to build such Products. The payments by TTE Group to T&A for the Materials are due by mutual agreement dates but definitely no later than within three (3) days when TTE Group ships the completed Products to T&A and the parties directed by T&A but TTE Group shall immediately pay for the Materials to T&A when the payment for the component cost part of the Products from T&A is received by TTE Group; and
- (ii) TTE Group shall invoice T&A for the Products shipment immediately upon the delivery of such Products against T&A PO. The invoices shall contain at least two separate parts, costs of the Materials and others. The payment for the cost of the Materials part of the invoice is due within three (3) days of the receipt of such invoice by T&A, whereas the remaining part of the invoice is due 30 days upon the receipt of such invoice by T&A.

Based on the above payment terms, as advised by the Directors, TTE Group will ensure that the payment of Materials costs by TTE Group to T&A will be made only after TTE Group has received from T&A the payment for the cost of the Materials part of the invoice in order to ensure that the Transactions will not have any adverse impact on the working capital of TTE Group. In addition, as advised by the Directors, the credit period granted by TTE Group to T&A for the remaining part of the invoice as mentioned above is no more favourable than that granted to other independent customers of the electronic consumer products of the Group. As disclosed in the interim report of the Company for the six months ended 30 June 2007, the credit periods granted by the Group for overseas sales generally range from 90 to 180 days, which is in line with the Directors' representation as aforesaid.

After taking into account the terms of the Framework Agreement and the Directors' representations, in particular the price determination and payment terms as mentioned above, we concur with the views of the Directors that the terms of the Framework Agreement are normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned.

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III. The Proposed Annual Caps

The Proposed Annual Caps are set out as follows:

	For the year ending 31 December		
	2007	2008	2009
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
(i) Purchase of Materials from T&A	50	430	516
(ii) Sale of Products to T&A	58	506	607

As advised by the Directors, the Proposed Annual Caps are arrived at after taking into account the information as provided by TCL Communication including:

- (i) the expected POs to be received from T&A for the years ending 31 December 2007, 2008 and 2009;
- (ii) the types and quantities of raw materials the Group will require to satisfy the obligations arising under such POs with reference to, among others, historical figures regarding the types and quantities of raw materials to produce similar types and quantities of products;
- (iii) the indication from TCL Communication that the relevant caps as shown above would be the maximum amounts of the Transactions based on its projection of sales for the years ending 31 December 2007, 2008 and 2009; and
- (iv) the estimated Price.

In addition, TTE Group has been informed by TCL Communication that the Proposed Annual Caps for the year ending 31 December 2007 are estimated based on the units of products orders received by TCL Communication Group for the last four months in 2007 covering only low-end products and the Proposed Annual Caps for the years ending 31 December 2008 and 2009 are based on the assumptions of increases of sales units of 25% and 20% for the years ending 31 December 2008 and 2009 respectively covering a mix of low-end and high-end products.

Having considered the above and the following factors:

- (i) the Proposed Annual Caps are based on the TCL Communication Group's projection of maximum amounts of sales of the Products and purchase of Materials required to produce such Products for the years ending 31 December 2007, 2008 and 2009;

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- (ii) the Proposed Annual Caps for the year ending 31 December 2007 are significantly lower than those for the years ending 31 December 2008 and 2009 given that, among others, they only cover the Transactions for the four months ending 31 December 2007 and only low-end products;
- (iii) as disclosed in the interim report of TCL Communication for the six months ended 30 June 2007, TCL Communication Group planned to launch seven new Alcatel brand models and 24 TCL brand models in the second half of 2007 and TCL Communication Group remains confident in achieving its annual unit sales target in 2007 and production capacity has already been fully booked for the second half of 2007. In addition, as advised by the Directors, the management of TCL Communication Group is planning to enrich its product varieties by launching new models and high-end products for the years ending 31 December 2008 and 2009. Accordingly, the projected growth of the sale units of Products to T&A is in line with TCL Communication Group's outlook for the handset market and the strategy of actively introducing new and high-end handset models into the market; and
- (iv) the Directors consider that the estimated Price used in the calculation of the Proposed Annual Caps are acceptable after calculation of the amount of gross profit to be achieved and taking into factors such as the prevailing market price, manufacturing capacity, labour and overhead costs to be involved in the Mexico plants,

we concur with the view of the Directors that the Proposed Annual Caps for the years ending 31 December 2007, 2008 and 2009 are fair and reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the entering into of the Transactions in accordance with the Framework Agreement is in the interests of the Company and the Independent Shareholders as a whole and in the ordinary and usual course of business of the Group and the terms thereof are normal commercial terms and fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Transactions and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Taifook Capital Limited
Derek C.O. Chan **Kenneth Ng**
Managing Director *Director*

1. RESPONSIBILITY OF THE DIRECTORS

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 enquiries, 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 or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in the Shares

Name of Directors	Capacity	No. of Shares held	Approximate percentage of issued share capital of the Company
Li Dongsheng	Beneficial owner	90,000,579	1.54%
Wang Kangping	Beneficial owner	150,000	0.003%

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

Name of Directors	Type of Interest	No. of Shares held	Percentage of issued share capital of the Company
Li Dongsheng	Beneficial owner	23,990,028	0.41%
Lu Zhongli	Beneficial owner	4,300,033	0.07%
Wang Kangping	Beneficial owner	1,680,000	0.03%
Shi Wanwen	Beneficial owner	11,978,955	0.20%
Yuan Bing	Beneficial owner	2,216,033	0.04%
Albert Thomas da Rosa, Junior	Beneficial owner	360,000	0.006%
Tang Guliang	Beneficial owner	360,000	0.006%

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

Name of Directors	Name of associated corporation	Type of Interest	No. of shares held	Approximate percentage of the relevant associated corporation's issued share capital
Li Dongsheng	TCL Corporation	Beneficial owner	97,562,400	3.77%
Li Dongsheng	TCL Communication	Beneficial owner	90,500,800	1.26%
Lu Zhongli	TCL Corporation	Beneficial owner	14,916,740	0.58%
Wang Kangping	TCL Communication	Beneficial owner	80,000	0.001%
Shi Wanwen	TCL Corporation	Beneficial owner	1,712,599	0.07%
Yuan Bing	TCL Communication	Beneficial owner	2,116,000	0.03%

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

Name of Directors	Name of associated corporation	Type of Interest	No. of shares held	Approximate percentage of the relevant associated corporation's issued share capital
Li Dongsheng	TCL Communication	Beneficial owner	26,512,050	0.37%
Lu Zhongli	TCL Communication	Beneficial owner	7,748,225	0.11%
Wang Kangping	TCL Communication	Beneficial owner	3,027,274	0.04%
Shi Wanwen	TCL Communication	Beneficial owner	654,546	0.009%
Yuan Bing	TCL Communication	Beneficial owner	4,525,664	0.06%

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and 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 corporation (within the meaning of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

(a) Long Positions in shares of the Company

Name of Shareholders	Nature of Interest	No. of shares held	Percentage of issued share capital of the Company
TCL Corporation	Interest of controlled corporation	2,278,565,933 (Note 1)	38.92%
Deutsche Bank Akliengesellschaft	Beneficial owner	4,500,000	0.08%

Notes:

1. TCL Corporation was deemed to be interested in the 2,278,565,933 Shares held by T.C.L. Industries Holdings (H.K.) Limited, a direct wholly owned subsidiary of TCL Corporation, for the purpose of SFO.
2. The following Directors are directors/employees of TCL Corporation which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:
 - a) Mr. Li Dongsheng is the chairman and president of TCL Corporation;
 - b) Mr. Shi Wanwen is a vice president of TCL Corporation;
 - c) Mr. Yuan Bing is the chief financial officer and a vice president of TCL Corporation.

(b) Long positions in underlying shares of the Company – Derivatives

Name of Shareholder	Nature of Interest	No. of Shares held
Deutsche Bank Akliengesellschaft	Beneficial owner	2,052,750,000 (Note 3)

Note:

3. The Company has received from Stark Investments (Hong Kong) Limited, Stark Master Fund, Ltd and Centar Investments (Asia) Ltd notices pursuant to s.324 of Part XV of the SFO notifying that they have long position of derivatives interest in 977,500,000 Shares, 578,680,000 Shares and 254,150,000 Shares respectively.

Save as disclosed in this paragraph 3(a) and 3(b), there is no person (not being a Director or chief executive of the Company) known to the Directors or chief executive of the Company, who, as at the Latest Practicable Date, had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(c) Interests in subsidiaries of the Company

Name of subsidiary of the Company	Nature 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)	Science City Development Public Co., Ltd. (南方科學城發展股份有限公司)	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責任公司)	47.86%
3. P.T. TCL Indonesia	Junaide Sungkono	20%
4. TCL Electronics (Singapore) Pte Ltd.	Dragoncom Shenzhen Investment Ltd. (深圳市浩龍投資有限公司)	15%
5. TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL 王牌電器(無錫)有限公司)	無錫市電儀資產經營有限公司	30%
6. TCL Digital Science and Technology (Wuxi) Company Limited (TCL數碼科技(無錫)有限公司)	無錫市電儀資產經營有限公司	30%
7. Sizzon Pte Ltd.	Junaide Sungkono	20%

Save as disclosed in this paragraph 3(c), there is no person (not being a Director or chief executive of the Company) known to the Directors or chief executive of the Company, who, as at the Latest Practicable Date, were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company.

4. MATERIAL ADVERSE CHANGES

Save for the information regarding the results and performance of the Group as set out in (i) the Company's announcement dated 31 May 2007 in respect of the Group's unaudited consolidated results for the three months ended 31 March 2007, and (ii) the Company's interim report for the six month ended 30 June 2007, 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 the date to which the latest published audited accounts for the financial year ended 31 December 2006 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 would fall to be discloseable under the Listing Rules.

7. LITIGATION

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

8. EXPERT AND CONSENT

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

Name	Qualifications
Taifook	A licensed corporation under the SFO to carry on Type 6 (advising on corporate finance) regulated activity

Taifook has given and has not withdrawn their written consent to issue of this circular with the inclusion of its letter dated 27 September 2007 and references to its name in the form and context in which it appears. As at the Latest Practicable Date, Taifook 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 to the Company.
- (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 Taifook was interested, directly or indirectly, in any assets which had since 31 December 2006 (being the date to which the latest published audited consolidated 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) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

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 Framework Agreement;
- (b) the letter from Taifook, the text of which is set out in this circular.

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

1. Ms. Wu Shihong, aged 50, has extensive experience in the information technology industry. Ms. Wu joined IBM China in 1985 and she was General Manager, Channel Management of IBM China from May 1997 to February 1998. She then became General Manager of Microsoft China Co. Ltd. until August 1999. From 1999 to 2002, Ms. Wu was the Vice President of TCL Corporation, the ultimate controlling Shareholder, and General Manager of TCL Information Technology Industrial (Group) Co. Ltd., a wholly-owned subsidiary of the Company. Since January 2002, she has been studying in the area of philanthropy. Ms. Wu was elected by the Fortune magazine as # 24 of the “Most Powerful Business Women in the World, Year 2002”. She is the author of the book “Up Against The Wind – Microsoft, IBM and I” (published by Guangming Daily Publisher, October 1999), and translator of the books “How to Change the World: Social Entrepreneurs and the Power of New Ideas” (by David Bornstein, published by Xinxing Publishing House, May 2006) and “Banker to the Poor: Microlending and the Battle Against World Poverty” (by Prof. Muhammad Yunus, founder of the Grameen Bank, published by Sanlian Daily Publisher, May, 2006).

Ms. Wu will hold office until the conclusion of the annual general meeting of the Company to be held in 2008.

The amount of Ms. Wu’s emoluments will be determined by the Board based on the adopted remuneration policy reviewed by the Remuneration Committee, with reference to Ms. Wu’s qualification and experience, responsibilities undertaken, contribution to the Group, and the prevailing market level of remuneration of similar position.

2. Mr. Leong Yue Wing, aged 55, has worked at Royal Philips Electronics continuously for 28 years since 1978, and was most recently Executive Vice President – Philips Consumer Electronics before retiring in April 2007. He has extensive business management experience and has thoroughly involved in the production and sales process flow of audio-visual and consumer electronics products. He also has exposure in the PRC, regional (Asia Pacific) as well as global (Asia Pacific, Europe, Latin America and North America) business management. Mr. Leong obtained a Bachelor’s degree in Mechanical Engineering and a MBA from the University of Singapore (currently National University of Singapore).

Mr. Leong has also been appointed as the chief executive officer of the Company (“CEO”) and executive Director with effect from 1 October 2007. The Company has entered into a service contract with Mr. Leong for a term of 2 years, which can be extended for one additional year by mutual agreement. Mr. Leong will be subject to election/re-election or retirement by rotation in accordance with the Articles and/or the relevant rules applicable to the Company. Upon Mr. Leong’s appointment becoming effective, Mr. Li Dongsheng, the chairman of the Company, will no longer be the managing director of the Company, but will remain as the chairman of the Board.

It is believed that with Mr. Leong's extensive experience and global exposure in the electronics industry, he will bring valuable contributions and is well placed to lead the Group to success in developing the international market. Additionally, with the appointment of Mr. Leong as CEO, the roles of chairman and CEO of the Company will be assumed by different individuals, which is in line with corporate governance practices stipulated in the Listing Rules and conducive to more effective management and operation of the Group.

Pursuant to the service contract entered into between the Company and Mr. Leong, the emolument of Mr. Leong is US\$1,000,025 (equivalent to approximately HK\$7,800,195) per annum. Mr. Leong is entitled to receive a variable bonus which will be determined by reference to the performance bonus guidelines determined from time to time by the Company and approved by the Board. He is also entitled to participate in the Company's share option scheme. The amount of Mr. Leong's emoluments has been determined by the Board based on the adopted remuneration policy of the Company, with reference to Mr. Leong's qualifications and experience, responsibilities, contribution to the Group, and the prevailing market conditions.

Save as disclosed herein, both Ms. Wu and Mr. Leong do not at present, and in the past three years did not, hold any directorship in any listed public company, does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance, does not have any relationships with any other directors, senior management or any substantial or controlling Shareholders, and there is no information which is discloseable nor is/was Ms. Wu or Mr. Leong involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"), and the Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

NOTICE OF EGM



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1070)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company (the "EGM") will be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 15 October 2007, Monday at 10:00 a.m., to consider and, if thought fit, pass the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. **"THAT**
 - a) the Framework Agreement (as defined in the circular of TCL Multimedia Technology Holdings Limited (the "Company") dated 27 September 2007 (the "Circular")), the terms and the transactions thereunder (a copy of the agreement has been produced to the meeting and marked "A" and initialed by the chairman of the meeting for the purposes of identification), together with the proposed annual caps in relation to such transactions for the three financial years ending 31 December 2009 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, confirmed and ratified; and
 - (b) any director of the Company be and is hereby authorized to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Framework Agreement or the transactions contemplated thereby."
2. **"THAT** Ms. Wu Shihong be and is hereby elected as an independent non-executive director of the Company and to serve until the conclusion of the annual general meeting of the Company to be held in 2008 and the board of directors of the Company (the "Board") be and is hereby authorized to fix her remuneration.
3. **"THAT** Mr. Leong Yue Wing be and is hereby elected as an executive director of the Company and the Board be and is hereby authorized to fix his remuneration."

By order of the Board
Li Dongsheng
Chairman

Hong Kong, 27 September 2007

NOTICE OF EGM

Notes:

1. A member of the Company 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. A form of proxy for the EGM is enclosed to the notice of the EGM. 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 Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed on 15 October 2007, 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, Tricor Tengis Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 12 October 2007.
4. In accordance with 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 in respect of the aforesaid ordinary resolution no. 1 above.

As at the date of this notice, the board of Directors comprises Li Dongsheng, Lu Zhongli, Wang Kangping, Shi Wanwen and Yuan Bing as executive Director, Albert Thomas da Rosa, Junior as non-executive Director, and Tang Guliang, Robert Maarten Westerhof and Wu Shihong, being the independent non-executive Directors.