
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 COMMUNICATION 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 COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

TCL通訊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2618)

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

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

COMMERZBANK 
Commerzbank AG Hong Kong Branch

A letter from the Board is set out on pages 5 to 11 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 12 of this circular. A letter from Commerzbank AG, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 20 of this circular.

A notice convening the EGM of TCL Communication Technology Holdings Limited to be held at Room 1502, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong on 17 October 2007, Wednesday at 10 a.m. is set out on pages 28 to 29 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 Investor Services 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
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commerzbank”	Commerzbank AG, through its Hong Kong Branch, a licensed bank under the Banking Ordinance and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO, and appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company in respect of the Framework Agreement
“Company”	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 (stock code: 2618)
“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 Room 1502, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on 17 October 2007, Wednesday at 10 a.m. for the purposes of considering and, if though fit, approving 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

DEFINITIONS

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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 announcement

DEFINITIONS

“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
“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 (ii) 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 the Company and a limited company incorporated under the laws of Hong Kong, unless the context otherwise requires, should also include its Subsidiaries
“TCL Corporation”	TCL集團股份有限公司 (TCL Corporation), 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

DEFINITIONS

“TCL Multimedia”	TCL Multimedia 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: 1070)
“Transactions”	the transactions contemplated under the Framework Agreement
“TTE”	TTE Corporation, a wholly owned subsidiary of TCL Multimedia and a company incorporated under the laws of British Virgin Islands
“TTE Group”	TTE and its Subsidiaries
“%”	per cent

LETTER FROM THE BOARD



TCL COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

TCL通訊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2618)

Executive Directors:

Li Dongsheng
Liu Fei
Wong Toe Yeung
Yan Yong

Registered Office:

Crickets Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Non-executive Directors:

Bo Lianming

*Principal Place of Business in
Hong Kong*

Independent Non-executive Directors:

Lau Siu Ki
Liu Chung Laung
Shi Cuiming

Room 1502, 15/F, Tower 6
China Hong Kong City
33 Canton Road
Tsimshatsui, Kowloon
Hong Kong

27 September 2007

To the Shareholders, and for information only, the holders of the Share Options

Dear Sir or Madam,

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

INTRODUCTION

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

The purpose of this circular is (i) to provide the Shareholders with further information regarding on 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 advisor to the Independent Board Committee and the Independent Shareholders; and (iii) to give the Shareholders the notice of the EGM and other information in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

The Independent Board Committee, comprising three independent non-executive Directors namely Mr. Lau Siu Ki, Mr. Shi Cuiming and Mr. Liu Chung Laung, has been established to advise the Independent Shareholders as to whether the terms under the Framework Agreement and the relevant proposed caps are fair and reasonable and whether such transactions are in the interests of the Company and the 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 resolutions regarding the Transactions. Commerzbank has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

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 Multimedia 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 and (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 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 from TTE Group the Products 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 corresponding 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.

LETTER FROM THE BOARD

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 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 three (3) days from the date 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 deliver 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.

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 <i>HK\$'000,000</i>	2008 <i>HK\$'000,000</i>	2009 <i>HK\$'000,000</i>
(i) Supply of raw materials to TTE Group	50	430	516
(ii) Purchase of Products from TTE Group	58	506	607

LETTER FROM THE BOARD

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

The proposed caps for transactions (i) above for the financial year ending 2007 are based on the units of products orders received by the Group for the last four months of the financial year 2007 covering only low-end products and those 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 the 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 transaction (i) above together with the Price.

REASONS FOR ENTERING INTO THE AGREEMENTS

The Group has been seeking an alternative supplier and requesting for quotation from the market for producing the products in accordance with the specifications proposed by the Group. As a result of this request for quotation process, the Group has considered that TTE Group was the best positioned to offer the service required at the market price.

Given the Price offered by TTE Group are comparable with the markets, 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 also consider that maintaining long term relationship with an associated company would enhance the efficiency in communication and service quality in connection with the supply of the Products. The Directors consider that the terms of the Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES REQUIREMENTS

TTE is a wholly owned subsidiary of TCL Multimedia and TCL Corporation held approximately 45.17% and 38.92% of the issued share capital of the Company and TCL Multimedia respectively as at the Latest Practicable Date. TTE 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 resolutions in respect of the Transactions the relevant caps to be put forward at the EGM. The voting on the ordinary resolutions in respect of the Transactions will be conducted by way of poll in accordance with the requirements of the Listing Rules.

LETTER FROM THE BOARD

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
- (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 T&A, are engaged in the design, manufacture and marketing of a wide range of mobile handsets for the global market. The 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". The 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).

LETTER FROM THE BOARD

TCL Multimedia and its subsidiaries, including TTE, are principally engaged in the manufacture and sale of wide range of electronic consumer products including television set and audio-visual products. They also have factories in various places in the world including in PRC and Mexico. For more information on TCL Multimedia, please visit its official website at www.tclhk.com.

EGM

The Company will convene the EGM at Room 1502, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon,, Hong Kong on 17 October 2007, Wednesday at 10 a.m., at which resolutions will be proposed for the purpose of considering and if thought fit, approving the Transactions and the relevant caps. The notice of the EGM is set out on pages 28 and 29 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 Investor Services 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 17 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 Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 15 October 2007.

PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 66 of the articles of association of the Company, at any general meeting of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of the meeting; or
- (b) the least three Shareholders present in person or in the case of Shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (c) a Shareholder or Shareholders present in person or in the case of Shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person or in the case of Shareholder being a corporation by its duly authorized representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 12 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolutions to approve the Transactions and the relevant proposed caps for the three years ending 31 December 2009 in respect of the Transactions; (ii) the letter from Commerzbank set out on pages 13 to 20 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 Framework Agreement and the relevant proposed caps; and (iii) the notice of the EGM set out on pages 28 to 29 of this circular.

The Independent Board Committee, having taken into account the advice of Commerzbank, the independent financial adviser, considers that the Transactions are in the interests of the Company and the Shareholders as a whole and that the terms thereof and the relevant proposed caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM in respect of the Framework Agreement and the relevant proposed caps.

Yours faithfully,
Li Dongsheng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TCL COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

TCL通訊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2618)

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 relevant proposed caps, 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 Commerzbank set out on pages 5 to 11 and pages 13 to 20 of the Circular respectively.

Having taken into account of the advice of Commerzbank, the independent financial adviser, we consider that the Transactions 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 Transactions and the relevant proposed caps.

Yours faithfully,

Lau Siu Ki, Liu Chung Laung and Shi Cuiming

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter received from Commerzbank AG setting out its opinion to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions for inclusion in this Circular.

德 國 商 業 銀 行

COMMERZBANK 

(Public Limited Company Incorporated in the Federal Republic of Germany)

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27 September 2007

The Independent Board Committee and
the Independent Shareholders of
TCL Communication Technology Holdings Limited

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 advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions relating to the Framework Agreement, details of which are set out in the circular to the Shareholders dated 27 September 2007 (the “**Circular**”), which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

On 10 September 2007, T&A, a wholly owned subsidiary of the Company, and TTE, a wholly owned subsidiary of TCL Multimedia, entered into the Framework Agreement pursuant to which, among other things, T&A agrees (i) to supply the Materials to TTE at cost; and (ii) to purchase from TTE the Products at the Price.

Since TCL Corporation held approximately 45.17% and 38.92% of the issued share capital of the Company and TCL Multimedia respectively as at the Latest Practicable Date, TTE is a connected person of the Company pursuant to the Listing Rules. As the Relevant Ratios under the Transactions are expected to be more than 2.5%, the Transactions constitute non-exempt continuing connected transactions for the Company under the Listing Rules, which will require, together with the annual caps, approval from the Independent Shareholders. TCL Corporation and its associates will abstain from voting in respect of the resolutions to approve the Transactions and the relevant proposed caps at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board currently comprises 8 Directors, with Mr. Li Dongsheng, Mr. Liu Fei, Mr. Wong ToeYeung, and Mr. Yan Yong as the executive Directors; Mr. Bo Lianming as the non-executive Director; and Mr. Lau Siu Ki, Mr. Liu Chung Laung and Mr. Shi Cuiming as the independent non-executive Directors. Since the Framework Agreement and the relevant annual caps are subject to the approval of the Independent Shareholders, the Independent Board Committee of the Company comprising all of the independent non-executive Directors has been formed for the purpose of making recommendation to the Independent Shareholders as to how they should vote on the relevant resolutions. We, Commerzbank AG Hong Kong Branch, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Framework Agreement, including the terms contemplated therein, and the annual caps of the Transactions as to whether they are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and whether the Transactions are on normal commercial terms and in ordinary course of business of the Group.

In formulating our advice, we have relied on the information and facts supplied to us by the Company. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate and we have relied on the same. We have also relied on the representations of the Company that having made all due enquiries and careful decisions, and to the best of its knowledge and belief, there are no other facts or representations, the omission of which would make any statement contained in the Circular, including this letter, misleading. We have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, and for which they are wholly responsible, are true, complete and accurate at the time they were made at the date of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Framework Agreement and the annual caps for the continuing connected transactions and to provide us with a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances which would render the information and representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company, nor have we conducted any independent in-depth investigation into the business and affairs of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS CONSIDERED

In assessing the Framework Agreement and the terms contemplated therein, as well as the annual caps of the Transactions, we have taken into account the following principal factors and reasons:

1. Background and reasons

The Group is principally engaged in the design, manufacture and marketing of a wide range of mobile handsets globally. Currently, the Group's handsets sold in the PRC, Europe, Middle East, Africa, Asia Pacific and Latin America are marketed under two key brands, namely "TCL" and "Alcatel".

TCL Multimedia and its subsidiaries, including TTE Group, are principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets and audio-visual products. TCL Multimedia and its subsidiaries have factories in a number of locations in the world, including the PRC and United Mexican States.

As stated in the section headed "Letter from the Board" in the Circular, the Group has been seeking an alternative supplier and requesting for quotation from the market for producing the Products in accordance with the specifications proposed by the Group. The Directors have confirmed that the Group has adopted a selection process in identifying and procuring potential suppliers for its new models of mobile terminal. During the selection process, the Group evaluated the potential suppliers with reference to a number of factors, including, but not limited to, their reputation in the industry, production capabilities, product quality, relationship and communication effectiveness with the Group, estimated priority of the Group's orders at the supplier's production list, proximity of their manufacturing plants to the Group's customers, the quotes of the Products, credit and warranty terms, industrial expertise and product technology level. After careful evaluation of the proposals of the potential suppliers, the Directors consider that TTE Group is in a better position to produce the Products in accordance with the specifications proposed by the Group. TTE Group has also confirmed that the quotation terms offered by it to T&A are no less favourable than its offers to other third parties for similar types of manufacturing services.

Based on the above, we are of the view that entering into of the Framework Agreement with TTE Group is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. The Framework Agreement

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 shall be automatically be renewed for a period of twenty-six (26) calendar months up to 31 December 2009 upon fulfillment of certain conditions. Pursuant to the Framework Agreement,

TTE agrees:

- to procure the Materials from T&A;
- to manufacture, assemble and/or test the Products, as well as to provide services for pre-production and production ramp-up which are services pursuant to T&A's written specifications (may vary and be agreed from time to time between TTE and T&A);
- to sell to T&A the Products at the Price;

whereas T&A agrees:

- to supply the Materials necessary for the manufacturing and delivery of the Products to TTE Group at cost; and
- to purchase from TTE Group the Products at the Price.

The Directors have confirmed that the terms of the Framework Agreement were negotiated and entered into on arm's length basis between T&A and TTE. The Directors have also confirmed the entering into of the Framework Agreement is in the ordinary course of the business of the Group.

The principal terms of the Framework Agreement are summarized below:

The Materials

In accordance with the Framework Agreement, T&A will supply the Materials necessary for its manufacturing and delivery of the Products at cost to TTE Group. We understand from the management of the Group that supply of the Materials to TTE Group is a normal practice of the Group and such practice is also adopted by the Group for manufacturers of its other mobile products. The Directors have confirmed that procurement of the Materials by T&A Group is necessary for the purpose of monitoring and controlling the quality of the Products. In regard to the prices of the Materials charged by T&A, the Directors have confirmed that the Materials were charged to TTE Group at costs because the purpose is to ensure the quality of Materials and the resulting quality of the Products manufactured. As such, we consider that the supply of the Materials by T&A and the prices charged by T&A on the Materials at costs are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Price

The Price charged by TTE Group against T&A will be cost of the Materials plus a margin to be negotiated and agreed between T&A and TTE Group with reference to the market rate and on normal commercial terms (the "Cost-plus Basis"). We have discussed with the Directors and understand that the Cost-plus Basis is a normal practice of the Group and such practice is applicable to subcontracting arrangements of the Group relating to the manufacture of mobile products. We have also obtained the sample sales invoices of other manufacturers for the Group's mobile products of other models and noted that the sample sales invoices from such manufacturers are calculated based on the Cost-plus Basis. Given the above, we consider the Price to be paid for purchase of the Products from TTE Group is on normal commercial terms and fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The IP Rights

Pursuant to the Framework Agreement, the IP Rights shall remain as the licensors' property of T&A. To the extent necessary for the sole purpose of manufacturing the Products, T&A has granted to TTE and its subsidiaries a non-transferable and non-exclusive license for the use of the IP Rights free of royalty charge to TTE when TTE uses the IP Rights on the Products or performs tasks within the scope of the Framework Agreement. In any event, TTE shall not use the IP Rights to manufacture or sell the Products or products similar to the Products for itself or for the benefit of any third party. We noted that the IP Rights granted pursuant to the Framework Agreement mainly involves information, technical know-how and other industrial and intellectual property rights relating to the manufacture of mobile terminals. We also understand that TTE Group is necessary to obtain and use such information so as to manufacture the mobile terminals under the specifications required by T&A. Hence, we consider it is reasonable to grant the IP Rights to TTE Group solely for the purpose of manufacturing the Products.

The payment terms

The payment terms for the Transactions are as follows:

- T&A shall invoice TTE Group for the cost of the Materials shipped to TTE Group within a commercially reasonable time but no later than the date TTE Group ships Products.
- The payments by TTE Group to T&A for the Materials are due on mutually agreed dates but no later than three (3) days from the respective dates that TTE Group ships the Products to T&A and/or the parties designated by T&A.
- TTE Group will invoice T&A for the Products immediately upon the delivery of such Products. The invoices will contain at least two separate parts, namely cost of the Materials and the margin. Payment for the cost of the Materials is due within three (3) days from receipt of such invoices by T&A, whereas the remaining part of the invoices is due 30 days upon the receipts of such invoices by T&A.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have confirmed that the timing of issuing invoices and credit terms offered to TTE Group are in line with the Company's sales and credit policy. We have also reviewed sample invoices issued by T&A to other independent customers and note that timing of such invoices and the corresponding credit terms are no less favorable than those with TTE Group. As for the invoicing and credit terms of TTE Group, we have reviewed the relevant purchase invoices issued by the Group's other suppliers and confirmed with the Directors that the terms offered by TTE Group are no less favourable than those offered by other suppliers. Hence, it is reasonable for the Transactions pursuant to the Framework Agreement to include the above payment terms.

Having considered the above principal factors and reasons, and given that:

- (i) the terms of the Framework Agreement are negotiated and entered into by T&A and TTE Group on arm's length basis;
- (ii) TTE Group is selected as a supplier of the Products after careful consideration of a number of major factors by the Group;
- (iii) the terms offered by TTE Group are no less favorable than those offered by an independent third party;
- (iv) TTE Group has the necessary technical expertise, manpower and equipment to manufacture the Products and its manufacturing base in Mexico is in close proximity to the Group's targeted customers in Latin America;
- (v) T&A is able to ensure better quality assurance management by supplying the Materials to TTE at costs; and
- (vi) the granting of IP Rights license to TTE Group for the manufacture of the Products is solely for the benefit of T&A,

we are of the view that the terms of the Framework Agreement and the Transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The annual caps

As set out in the section headed “Letter from the Board” in the Circular, the annual caps of the Transactions for each of the three financial years ending 31 December 2009 are as follows:

	For the financial year ending 31 December		
	2007*	2008	2009
Supply of the Materials to TTE Group (the “Supply Transactions”)	50	430	516
Purchase of the Products from TTE Group (the “Purchase Transactions”)	58	506	607

* For the last four months ending 31 December 2007

In determining the above annual caps for the Supply Transactions contemplated pursuant to the Framework Agreement, the Directors have taken into account the following factors:

- (i) the proposed caps for the financial year ending 31 December 2007 are based on the units of products orders received by the Group for the four months ending 31 December 2007 covering only low-end Products;
- (ii) the proposed caps for the financial years 2008 and 2009 are based on the assumption of increase in sales units of 25% and 20% respectively, in the corresponding periods covering a mix of low-end and high-end Products, taking into account of the types and quantities of the Materials required, with reference to, among others, historical figures regarding the types and quantities of the Materials to produce similar types and quantities of the Products.

In regard to the annual caps for the Purchase Transactions, the Directors have taken into account the above two factors together with the Price.

We have discussed with the Directors and understand that the production plan of the Group is principally based on the product orders received by the Group. Due to the seasonal production pattern of T&A, management of T&A usually uses the product orders received in the second quarter of the year to plan for the production schedule of the last quarter of that year. Accordingly, the Company, based on such seasonal production plan pattern and the orders received for the last four months of 2007, has calculated the respective cap amounts for the Supply Transactions and the Purchase Transactions for the year ending 31 December 2007. Given the above, we consider that the basis of determining the annual increment of the annual cap amounts for the year ending 31 December 2007 is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For each of the two years ending 31 December 2009, we note that increase of sales units of 25% and 20%, respectively, are used to calculate the relevant cap amounts. We note that such annual growth rates have been determined with reference to the anticipated growth rate in the handset market and the global economy and the business plan of the Group to explore and launch high-end Products commencing from the first quarter of 2008. We note from the commentary published in January 2007 on the relevant handset market that the global handset shipment recorded a double-digit growth rate of 10-15% in recent years. Given this trend, and together with the expected global economic growth rate, handset manufacturers expect the handset market will continue to register double-digit annual growth in the coming years. In addition, we note that the management of the Group has plans to enrich its product variety by launching a series of voice phones and multimedia phones in 2008 and 2009. Given the above, we consider that the basis of determining the annual cap amounts for the two years ending 31 December 2009 is fair and reasonable.

OUR RECOMMENDATION

We have reviewed the Framework Agreement and the annual caps with reference to: (i) other publicly available information on the pricing mechanisms and terms on similar contractual arrangements in the market; (ii) the product strategy of the Group; and (iii) the projected growth rate of the mobiles handsets industry. When setting the annual caps for the Transactions, the Group has made projections based on, amongst other factors, the overall macro environment of the mobile phone handset market and the specific product strategy of the Group.

Having considered the above principal factors and reasons, in particular:

- (i) the Directors' view that the Transactions are part of the normal commercial activity of the Company and T&A, are in the ordinary and normal course of their businesses and on terms no less favourable than those offered by independent third parties; and
- (ii) the entering into of the Framework Agreement and the annual caps for the Transactions are in line with the Group's strategy;

we are of the view that the terms of the Framework Agreement, including the terms contemplate therein, and the annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the Transactions are entered into on normal commercial terms and in the ordinary course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) in respect of the Framework Agreement and the relevant annual caps.

Yours faithfully,
For and on behalf of

Commerzbank AG Hong Kong Branch

Kenneth Chan
Head of Corporate Finance – Asia Pacific

Andrew Yu
Corporate Finance – Asia Pacific

GENERAL INFORMATION

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

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) 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:

(a) Long positions in the Shares of the Company

Name of Directors	Type of Interest	No. of Shares held	Percentage of issued share capital of the Company
Mr. Li Dongsheng	Beneficial owner	90,500,800	1.26%
Mr. Liu Fei	Beneficial owner	80,000	0.001%
Mr. Wong Toe Yeung	Family Interest	548,953,000	7.64%
Mr. Bo Lianming	Beneficial owner	438,000	0.006%

Note: Mr. Wong Toe Yeung was deemed to be interested in 548,953,000 shares of the Company which are beneficially owned by his spouse, Ms Leung Lai Bing. The said shares are held by Norrell Overseas Invest Ltd. as the beneficial owner for the benefit of The MAG Foundation and Ms Leung is beneficially interested in the interest owned by the foundation.

GENERAL INFORMATION

(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
Mr. Li Dongsheng	Beneficial owner	26,512,050	0.37%
Mr. Liu Fei	Beneficial owner	47,260,456	0.66%
Mr. Wong Toe Yeung	Beneficial owner	26,512,050	0.37%
Mr. Yan Yong	Beneficial owner	2,145,456	0.03%
Mr. Bo Lianming	Beneficial owner	6,447,483	0.09%
Mr. Shi Cuiming	Beneficial owner	1,127,273	0.02%
Mr. Lau Siu Ki	Beneficial owner	1,127,273	0.02%

(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
Mr. Li Dongsheng	TCL Corporation	Beneficial owner	97,562,400	3.77%
Mr. Li Dongsheng	TCL Multimedia	Beneficial owner	90,000,579	1.54%
Mr. Yan Yong	TCL Corporation	Beneficial owner	1,582,197	0.06%
Mr. Bo Lianming	TCL Corporation	Beneficial owner	713,192	0.03%

GENERAL INFORMATION

(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
Mr. Li Dongsheng	TCL Multimedia	Beneficial owner	23,990,028	0.41%
Mr. Liu Fei	TCL Multimedia	Beneficial owner	480,000	0.008%
Mr. Wong Toe Yeung	TCL Multimedia	Beneficial Owner	3,600,000	0.06%
Mr. Bo Lianming	TCL Multimedia	Beneficial Owner	2,720,033	0.05%
Mr. Yan Yong	TCL Multimedia	Beneficial owner	12,998,955	0.22%

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) 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 subsidiaries of the Company:

Long Positions in shares of the Company

Name of Shareholders	Type of Interest	No. of shares held	Percentage of issued share capital of the Company
TCL Corporation	Interest of controlled corporation	3,245,496,960 <i>(Note 1)</i>	45.17%
Leung Lai Bing	Beneficial Owner	575,465,050 <i>(Note 2)</i>	8.01%
The MAG Foundation	Other	548,953,000 <i>(Note 3)</i>	7.64%
Norell Overseas Invest Ltd.	Beneficial Owner	548,953,000 <i>(Note 3)</i>	7.64%

GENERAL INFORMATION

Notes:

1. TCL Corporation was deemed to be interested in the 3,245,496,960 shares of the Company held by T.C.L. Industries Holdings (H.K.) Limited, a direct wholly owned subsidiary of TCL Corporation.
2. Ms Leung Lai Bing is deemed to be interested in (a) 548,953,000 shares of the Company which are held by Norrell Overseas Invest Ltd. as the beneficial owner for the benefit of The MAG Foundation and Ms Leung is beneficially interested in the interest owned by the foundation; and (b) 26,512,050 share options held by her spouse, Mr. Wong Toe Yeung.
3. Norrell Overseas Invest Ltd. is the beneficial owner of 548,953,000 shares of the Company which are held for the benefit of The MAG Foundation and Ms Leung Lai Bing is beneficially interested in the said interest owned by the foundation.
4. 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. Yan Yong is a senior vice president of TCL Corporation; and
 - c) Mr. Bo Lianming is a director of TCL Corporation

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 27 April 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 31 December 2006, 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 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.

GENERAL INFORMATION

8. EXPERTS AND CONSENTS

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

Name	Qualification
Commerzbank	a licensed bank under the Banking Ordinance and an authorised financial institution under the SFO to conduct type 1 (dealing in securities), type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as set out in Schedule 5 to the SFO

Commerzbank has given and has not withdrawn their written consent to issue of this circular with the inclusion of their letter dated 27 September 2007 and references to their names, in the form and context in which they appear. As at the Latest Practicable Date, Commerzbank 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. CORPORATE INFORMATION

Registered Office:	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
Principal place of business in Hong Kong:	Room 1502, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Company secretary:	Pang Siu Yin
Authorized Representatives:	Liu Fei and Pang Siu Yin
Qualified accountant:	Liu Yuk Tung, Thomas
Principal share registrars and transfer office:	Butterfield Fund Services (Cayman) Limited Butterfield House, 68 Fort Street, P.O. Box 705, George Town, Grand Cayman, Cayman Islands
Hong Kong branch share registrars and transfer office:	Tricor Investor Services Limited 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

GENERAL INFORMATION

10. MISCELLANEOUS

- (a) 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.
- (b) As at the Latest Practicable Date, none of the Directors nor Commerzbank was interested, directly or indirectly, in any assets which had since 31 December 2006 (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.
- (c) The Company Secretary of the Company is Ms. Pang Siu Yin who is a practicing solicitor in Hong Kong and a partner of Messrs Cheung Tong & Rosa, Solicitors, Hong Kong.
- (d) The qualified accountant of the Company is Mr. Liu Yuk Tung, Thomas. He is a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountant in England and Wales.
- (e) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Room 1502, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

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

NOTICE OF EGM



TCL COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

TCL 通訊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2618)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company (the "EGM") will be held at Room 1502, 15/F, Tower 6, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong on 17 October 2007, Wednesday at 10 a.m, to consider and, if thought fit, pass the following ordinary resolution(s) (with or without modifications):

ORDINARY RESOLUTION(S)

"THAT

- (a) the Framework Agreement (as defined in the circular of TCL Communication 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 initiated by the chairman of the meeting for the purposes of identification), together with the relevant proposed 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."

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 a holder of two or more Shares, and who is entitled to attend and vote at the EGM is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM and any adjournment thereof should you so wish. In such event, his form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the branch share registrars of the Company, Tricor Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. 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 resolutions.
4. The register of members of the Company will be closed on 17 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 Investor Services Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on 15 October 2007.

As at the date of this notice, the board of Directors comprises Mr. Li Dongsheng, Mr. Liu Fei, Mr. Wong Toe Yeung and Mr. Yan Yong, being the executive Directors; Mr. Bo Lianming, being the non-executive Director; and Mr. Lau Siu Ki, Mr. Shi Cuiming and Mr. Liu Chung Laung, being the independent non-executive Directors.