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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: 02618)

CONTINUING CONNECTED TRANSACTIONS
MASTER LEASE (2015) AGREEMENT

Reference is made to the Company's announcement dated 22 October 2013 regarding the entering into of the Master Lease (2013 Renewal) Agreement. The Board is pleased to announce that the Master Lease (2015) Agreement was entered into between the Company and TCL Corporation, upon which the Master Lease (2013 Renewal) Agreement would be terminated.

The Group has been leasing certain Premises owned by TCL Corp Group from TCL Corp Group under the Master Lease (2013 Renewal) Agreement. Under the Master Lease (2013 Renewal) Agreement, the Group may only lease Premises from TCL Corp Group. According to the Master Lease (2015) Agreement, in addition to leasing Premises from TCL Corp Group, the Group may also lease Premises to TCL Corp Group.

TCL Corporation, being the ultimate controlling shareholder of the Company, is a connected person of the Company under the Listing Rules. As at the date of this announcement, TCL Corporation is holding approximately 60.74% of the issued share capital of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the annual caps of the Master Lease (2015) Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Master Lease (2015) Agreement are continuing connected transactions of the Company exempt from circular (including independent financial advice) and Shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Reference is made to the Company's announcement dated 22 October 2013 regarding the entering into of the Master Lease (2013 Renewal) Agreement. The Board is pleased to announce that the Master Lease (2015) Agreement was entered into between the Company and TCL Corporation, upon which the Master Lease (2013 Renewal)

Agreement would be terminated.

The Group has been leasing certain Premises owned by TCL Corp Group from TCL Corp Group under the Master Lease (2013 Renewal) Agreement. Under the Master Lease (2013 Renewal) Agreement, the Group may only lease Premises from TCL Corp Group. According to the Master Lease (2015) Agreement, in addition to leasing Premises from TCL Corp Group, the Group may also lease Premises to TCL Corp Group.

MASTER LEASE (2015) AGREEMENT

Major terms of the Master Lease (2015) Agreement are set out as below:

Date:	21 May 2015
Parties:	(1) TCL Corporation (for itself and on behalf of its subsidiaries) (2) the Company (for itself and on behalf of its subsidiaries)
Duration:	21 May 2015 to 31 December 2017
Leasing of Premises:	The members of the Group may, as Lessors or Lessees (as the case may be), enter into the Leases with the members of TCL Corp Group, as Lessees or Lessors (as the case may be), to lease the Premises to or from such members of TCL Corp Group (as the case may be) in accordance with the Master Lease (2015) Agreement.
Price determination:	<p>In respect of the Leases of which the Lessor is a member of TCL Corp Group, the rentals, management fee and maintenance fee shall be determined with reference to the prevailing market prices and such rentals and fees shall not exceed the rentals, management fee and maintenance fee charged by independent third parties for comparable tenancies. Before entering into such Leases, the Group would compare the rentals, management fee and maintenance fee proposed to be charged by the relevant members of TCL Corp Group with the market data on rentals and fees charged by independent third parties for comparable tenancies so as to confirm that the terms of the Leases would comply with the Master Lease (2015) Agreement.</p> <p>In respect of the Leases of which the Lessee is a member of TCL Corp Group, the rentals, management fee and maintenance fee shall be determined with reference to the prevailing market prices and such rentals and fees shall not exceed the rentals, management fee and maintenance fee charged by independent third parties for comparable tenancies.</p>

Tenancy period: Unless otherwise agreed, the expiry date of each of the Leases contemplated under the Master Lease (2015) Agreement shall not be later than 31 December 2017.

Termination of Master Lease (2013 Renewal) Agreement: Upon execution of the Master Lease (2015) Agreement, the Master Lease (2013 Renewal) Agreement would be terminated and the Existing Leases would continue to be valid, given no conflict or contrary with Master Lease (2015) Agreement until the respective expiry date as stated in the Existing Leases; otherwise need to be re-negotiated by Lessors and Lessees under Master Lease (2015) Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER LEASE (2015) AGREEMENT

The Group has been leasing certain Premises from the TCL Corp Group under the Existing Leases entered into pursuant to the Master Lease (2013 Renewal) Agreement. In addition to leasing Premises from the TCL Corp Group, the Group also wishes to lease out certain Premises to TCL Corp Group. In order to redefine the relationship and rights and obligations of the parties in respect of the leasing of the Premises, the Company and TCL Corporation entered into the Master Lease (2015) Agreement to replace the Master Lease (2013 Renewal) Agreement. Under the Master Lease (2015) Agreement, the Group would continue the Existing Leases and may renew them when they expire. It also anticipates that it will further enter into new Leases, both as Lessor and Lessee, to satisfy future business needs of the Group from time to time. Accordingly, the Company and TCL Corporation have entered into the Master Lease (2015) Agreement to set out a framework of terms on which they may continue or renew the Existing Leases, amend the terms of the Existing Leases, and enter into new Leases in respect of the Premises.

HISTORICAL FIGURES

According to the audited consolidated accounts of the Group for the three financial years ended 31 December 2014, the aggregate approximate amounts of the rentals paid under the Existing Leases are as follows:

For financial years ended 31 December

	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Rentals paid	24,142	24,179	34,267

ANNUAL CAPS AND BASIS FOR THE LEASES ANNUAL CAPS

It is expected that the annual caps for the Master Lease (2015) Agreement for the three financial years ending 31 December 2017 will not exceed the amounts set out below:

For the financial years ending 31 December

	2015* <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
- Rental Payment and Expenses <i>(for lease of Premises from TCL Corp Group)</i>	126,000	277,200	378,000
- Rental Income and Expenses <i>(for lease of Premises to TCL Corp Group)</i>	113,400	239,400	352,800

**The cap for the period from 21 May 2015 to 31 December 2015*

The annual caps for the Rental Payment and Expenses have been calculated with reference to the estimated aggregate annual rents payable by the Group to the TCL Corp Group under the Existing Leases. Factors including the possible increase in the area of the Premises to be leased by the Group from the TCL Corp Group and the potential increase in market rentals during the term of the Master Lease (2015) Agreement have also been taken into account when determining the Leases Annual Caps.

The annual caps for the Rental Income and Expenses have been determined by reference to the expected area of Premises to be leased by the Group to the TCL Corp Group and the potential increase in market rentals during the term of the Master Lease (2015) Agreement.

LISTING RULES IMPLICATIONS

TCL Corporation, being the ultimate controlling shareholder of the Company, is a connected person of the Company under the Listing Rules. As at the date of this announcement, TCL Corporation is holding approximately 60.74% of the issued share capital of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) calculated with reference to the annual caps of the Master Lease (2015) Agreement exceed 0.1% but are less than 5%, the continuing connected transactions contemplated under the Master Lease (2015) Agreement are continuing connected transactions of the Company exempt from circular (including independent financial advice) and Shareholders' approval requirement under Rule 14A.76(2)(a) but are subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) consider that the Leases contemplated under the Master Lease (2015) Agreement are entered into or expected to be entered into in the ordinary and usual course of business of the Group, and the terms of the Master Lease (2015) Agreement entered into (i) are fair and reasonable; (ii) on normal/better commercial terms and in the ordinary and usual course of business of the Group; and (iii) are in the interests of the Company and its Shareholders as a whole.

Mr. LI Dongsheng, Mr. WANG Jiyang, Mr. YAN Xiaolin and Mr. HUANG Xubin, being Directors, have certain interests in TCL Corporation, the percentage of which ranges from approximately 0.004% to approximately 8.57% of the issued share capital of TCL Corporation. Notwithstanding their respective interests in TCL Corporation, as each of their shareholdings is not substantial, none of them is considered as having a material interest in the transactions contemplated under the Master Lease (2015) Agreement. Accordingly, all Directors are entitled to vote at the Board meeting pursuant to the Company's memorandum and articles of association.

GENERAL INFORMATION OF THE PARTIES

The Group, designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands –"TCL" and "ALCATEL ONE TOUCH". The Group's portfolio of products is currently sold in the PRC and over 160 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific. The Group operates its highly efficient manufacturing plants and research and development centres in various provinces of the PRC with its headquarters in Shenzhen, the PRC. For more information, please visit the Group's official website at <http://tclcom.tcl.com> (the information that appears in this website does not form part of this announcement).

TCL Corporation and its Subsidiaries (including the Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit TCL Corporation's official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

DEFINITIONS

Unless the context otherwise required, the following terms shall have the meaning set opposite to them in this announcement:

"Board"	the board of Directors
"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 : 02618)
"Director(s)"	the director(s) of the Company
"Existing Lease(s)"	the subsisting leases entered into between the Group and the TCL Corp Group under the Master Lease (2013 Renewal) Agreement
"Group"	the Company and its Subsidiaries and any entity that may become Subsidiary of the Company from time to time during the term of the Master Lease (2015) Agreement

"HK\$"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Leases"	the leases entered into or to be entered into between the Group and the TCL Corp Group as contemplated under the Master Lease (2015) Agreement
"Lessor(s)"	member(s) of the Group or the TCL Corp Group which leases the Premises to the Lessee(s)
"Lessee(s)"	member(s) of the Group or the TCL Corp Group which leases the Premises from the Lessor(s)
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Master Lease (2013 Renewal) Agreement"	the Master Lease (2013 Renewal) Agreement entered into between the Company as lessee and the TCL Corp as lessor on 22 October 2013
"Master Lease (2015) Agreement"	The Master Lease (2015) Agreement entered into between the Company and the TCL Corp on 21 May 2015
"PRC"	the People's Republic of China excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
"Premises"	the land and the buildings thereon which the Lessor leases to the Lessee pursuant to the Master Lease (2015) Agreement and the sub-agreements to be entered into
"Rental Income and Expenses"	the income received by the Group from leasing the Premises to the Lessees, which includes rentals, management fee, maintenance fee and reimbursements from the Lessees for fees paid by the Group in respect of the relevant Premises (including but not limited to property management fee, water fee, electricity fee, internet fee, fire charge and other miscellaneous charges) and expenses which the relevant members of the TCL Corp Group may incur in decoration and/or renovation of such Premises which increases the value of the Premises

"Rental Payment and Expenses"	the payment made by the Group for leasing the Premises from the Lessors, which include rentals, management fee, maintenance fee, reimbursements for fees paid by the Lessors in respect of the relevant Premises (including but not limited to property management fee, water fee, electricity fee, internet fee, fire charge and other miscellaneous charges) and expenses which the relevant members of the Group may incur in decoration and/or renovation of such Premises which increases the value of the Premises
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	any entity within the meaning of the term "Subsidiary" as defined in the Listing Rules and the term "Subsidiaries" shall be construed accordingly
"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 Shenzhen stock exchange (stock code: 000100)
"TCL Corp Group"	TCL Corporation and its Subsidiaries and any entity that may become Subsidiary of TCL Corporation from time to time during the term of the Master Lease (2015) Agreement but does not include the Group for the purpose of this announcement

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 21 May 2015

As at the date of this announcement, the Board comprises Mr. LI Dongsheng, Mr. GUO Aiping and Mr. WANG Jiyang, being the executive Directors; Mr. HUANG Xubin, Mr. YAN Xiaolin and Mr. LIAO Qian, being the non-executive Directors; and Mr. LAU Siu Ki, Mr. LOOK Andrew and Mr. KWOK Hoi Sing, being the independent non-executive Directors.