
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, 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

- (1) PROPOSED AMENDMENTS TO THE
(I) PRE-IPO SHARE OPTION SCHEME
AND
(II) SHARE OPTION SCHEME
AND
(2) PROPOSED AMENDMENT TO THE SHARE AWARD SCHEME
AND
(3) PROPOSED AMENDMENTS OF TERMS OF
CONNECTED GRANTS OF AWARDED SHARES
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



REORIENT Financial Markets Limited

A notice convening the extraordinary general meeting of TCL Communication Technology Holdings Limited to be held at Rooms 1910-12A, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong on 9 August 2016, Tuesday, at 2:30 p.m. is set out on pages 38 to 40 of this circular.

Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

25 July 2016

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	7
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	20
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	21
APPENDIX I – GENERAL INFORMATION	32
NOTICE OF EGM	38

DEFINITIONS

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

“Affiliated Company(ies)”	TCL Corporation, its subsidiaries and companies which, in accordance with the generally accepted accounting principles in the PRC, is recorded as an affiliated companies in the financial statements of TCL Corporation, which shall include any company in which TCL Corporation is directly or indirectly interested in not less than 20% of its issued share capital (or in case such company has no share capital, having a power to exercise or control the exercise of not less than 20% of voting right in its members’ meeting)
“announcement”	has the meaning ascribed to it under the Listing Rules
“Associated Company”	means any company in which the Company directly or indirectly owns 20% or more attributable equity interests and in calculating the percentage interest so attributed, the percentage interest held in the Associated Company shall be multiplied by the percentage interest in each level of entity through which such interest is held by the Group
“Awarded Share(s)”	the awarded share(s) granted pursuant to the Share Award Scheme
“Board”	the board of Directors and, for the purpose of the Share Award Scheme only, such committee or such sub-committee or person(s) delegated with the power and authority by the Board to administer the Share Award Scheme
“Business Day”	means: for the purpose of the Share Award Scheme, a day (other than Saturday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong; and for all other purpose in this circular, a day (other than a Saturday, Sunday, public holidays and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time before 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Companies Law”	the Companies Law (2013 Revision) of the Cayman Islands

DEFINITIONS

“Company”	TCL Communication Technology Holdings Limited, an exempted 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 Grantees”	the Connected May Grantees and Connected November Grantees who are still connected persons of the Company and whose Awarded Shares have not entirely vested or lapsed as at the Latest Practicable Date, Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin
“Connected Grants”	the grants of Awarded Shares to the Connected Grantees on 21 May 2015 and/or 3 November 2015 (as the case may be)
“Connected Grants Amendment”	the amendment of the terms of the Connected Grants as a result of the implementation of the Share Award Scheme Amendment
“Connected May Grantees”	the 11 grantees of Awarded Shares under the Connected May Grant who were connected persons of the Company as at 21 May 2015
“Connected May Grants”	the grants of 826,232 Awarded Shares on 21 May 2015 to the Connected May Grantees
“Connected November Grantees”	the 29 grantees of Awarded Shares under the Connected November Grant who were connected persons of the Company as at 3 November 2015
“Connected November Grants”	the grants of 1,980,753 Awarded Shares on 3 November 2015 to the Connected November Grantees
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Rooms 1910-12A, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong, on 9 August 2016, Tuesday, at 2:30 p.m. for the purpose of considering and, if thought fit, approving the resolutions proposed in the EGM Notice
“EGM Notice”	the notice dated 25 July 2016 for convening the EGM and included in this circular

DEFINITIONS

“Employee”	<p>means:</p> <p>for the purpose of the Pre-IPO Share Option Scheme, any (full-time or part-time) employee of the Company, any Subsidiary including any executive and non-executive director or proposed executive and non-executive director of the Company or any Subsidiary;</p> <p>for the purpose of the Share Option Scheme, any (full-time or part-time) employee of the Company, any Subsidiary and any Associated Company including any executive and non-executive director or proposed executive and non-executive director of the Company or any Subsidiary and any Associated Company; and</p> <p>for the purpose of the Share Award Scheme, any employee (whether full-time or part-time) of any member of the Group (including without limitation any executive and non-executive director of any member of the Group)</p>
“Grantee(s)”	<p>means any Participant who accepts the offer of the grant of any Option in accordance with the terms of the Pre-IPO Share Option Scheme or the Share Option Scheme (as the case may be) or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee</p>
“Group”	<p>the Company and its Subsidiaries</p>
“HK\$”	<p>Hong Kong dollars, the lawful currency of Hong Kong</p>
“Hong Kong”	<p>the Hong Kong Special Administrative Region of the PRC</p>
“Independent Board Committee”	<p>the independent board committee consisting of all independent non-executive Directors</p>
“Independent Financial Adviser”	<p>REORIENT Financial Markets Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities</p>
“Independent Shareholders”	<p>Shareholders who are not required to abstain from voting on the ordinary resolutions to be proposed at the EGM in relation to the issue and allotment of New Shares under the Share Award Scheme as amended by the Share Award Scheme Amendment and the Connected Grants Amendment</p>

DEFINITIONS

“Latest Practicable Date”	18 July 2016, 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 as amended from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“New Shares”	new Shares to be issued and allotted by the Company under the New Specific Mandate
“New Specific Mandate”	the specific mandate, the Shareholders’ approval of which was obtained at the extraordinary general meeting of the Company held on 24 December 2015, for the Awarded Shares being New Shares that could be issued and allotted pursuant to the Share Award Scheme
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the Pre-IPO Share Option Scheme or the Share Option Scheme (as the case may be)
“Participant(s)”	means: for the purpose of the Pre-IPO Share Option Scheme, any Employee, adviser, consultant, agent, contractor, client and supplier who in the sole discretion of the Board have contributed or may contribute to the Group; for the purpose of the Share Option Scheme, any Employee, adviser, consultant, agent, contractor, client, supplier, customer and/or such other person, who in the sole discretion of the Board has contributed or may contribute to the Group and the Associated Company; and for the purpose of the Share Award Scheme, any Employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and employees or officers of any Affiliated Company whom the Boards in its sole discretion considers may contribute or have contributed to the Group
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
“Pre-IPO Share Option Scheme”	the share option scheme adopted by the Company on 13 September 2004

DEFINITIONS

“Selected Person(s)”	any Participant (other than any excluded person) whom the Board may, from time to time, at its absolute discretion select for participation in the Share Award Scheme
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Company on 11 March 2008 as amended from time to time
“Share Award Scheme Amendment”	the proposed amendment of the Share Award Scheme as set out in the section headed “ <i>Proposed Amendments of the Terms of the Connected Grants of Awarded Shares</i> ” in the circular
“Share Option Scheme”	the share option scheme adopted by the Company on 28 April 2014
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary” or “Subsidiaries”	any entity which 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 ultimate controlling Shareholder of the Company, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100)
“T.C.L. Industries”	T.C.L. INDUSTRIES HOLDINGS (H.K.) LIMITED (T.C.L. 實業控股 (香港) 有限公司), a limited company incorporated in Hong Kong and directly wholly owned by TCL Corporation
“TCL Multimedia”	TCL Multimedia Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 1070)
“Tonly Electronics”	Tonly Electronics 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: 1249)

DEFINITIONS

“Trustee”	the trustee appointed for the purpose of the administration of the Share Award Scheme pursuant to the rules thereof
“Vesting Date(s)”	the date(s) on which a Selected Person’s entitlement to the Awarded Shares is vested in accordance with the conditions as imposed by the Board under the Share Award Scheme or is deemed to have vested under the Share Award Scheme
“%”	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:

Mr. LI Dongsheng (*Chairman*)
Mr. GUO Aiping (*Chief Executive Officer*)
Mr. Nicolas Daniel Bernard ZIBELL

Non-executive Directors:

Mr. HUANG Xubin
Mr. LIAO Qian

Independent non-executive Directors:

Mr. LAU Siu Ki
Mr. LOOK Andrew
Mr. KWOK Hoi Sing

Registered Office:

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

Principal Place of Business

in Hong Kong:
Rooms 1910-12A, 19/F, Tower 3
China Hong Kong City
33 Canton Road
Tsimshatsui, Kowloon
Hong Kong

25 July 2016

To the Shareholders,

Dear Sir or Madam,

**(1) PROPOSED AMENDMENTS TO THE
(I) PRE-IPO SHARE OPTION SCHEME
AND
(II) SHARE OPTION SCHEME
AND
(2) PROPOSED AMENDMENT TO THE SHARE AWARD SCHEME
AND
(3) PROPOSED AMENDMENTS OF TERMS OF
CONNECTED GRANTS OF AWARDED SHARES
AND
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information regarding the following proposals to be put forward at the EGM for shareholders' consideration and, if thought fit, approval of:

- (a) the proposed amendments to the Pre-IPO Share Option Scheme;

LETTER FROM THE BOARD

- (b) the proposed amendments to the Share Option Scheme;
- (c) the proposed amendment to the Share Award Scheme (i.e. the Share Award Scheme Amendment); and
- (d) the Connected Grants Amendment.

2. PROPOSED AMENDMENTS TO THE PRE-IPO SHARE OPTION SCHEME

The Pre-IPO Share Option Scheme, the terms of which are in compliance with Chapter 17 of the Listing Rules was adopted by the Company on 13 September 2004, details of which were set out in the listing document of the Company dated 20 September 2004. At the annual general meeting of the Company held on 28 April 2014, the operation of the Pre-IPO Share Option Scheme was terminated according to its terms such that no further Options could be offered under the Pre-IPO Share Option Scheme after its termination but the provisions of the Pre-IPO Share Option Scheme shall in all other respects remain in full force and effect, i.e. Options granted thereunder prior to such termination would continue to be valid and exercisable in accordance with the rules of the Pre-IPO Share Option Scheme. Details of the termination of the Pre-IPO Share Option Scheme were set out in the circular of the Company dated 25 March 2014.

Pursuant to the rules of the Pre-IPO Share Option Scheme, if a general offer whether by way of a takeover offer or scheme of arrangement is made to Shareholders and such general offer becomes or is declared unconditional prior to the expiry of the Options, the Grantee shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

The Pre-IPO Share Option Scheme was drafted without contemplating the situation of privatisation by way of a scheme of arrangement. In case of a privatisation by way of a scheme of arrangement, an undesirable situation may arise if the Grantees exercises their Options during the 14 days after the scheme becomes unconditional, being also the record date for determining entitlement to participate in such scheme for privatisation, they will not be able to participate in such scheme and become holders of Shares in the Company as an unlisted company. However, if the Options are to lapse immediately upon the scheme becoming unconditional, the Grantees would not be entitled to accept the offer made by or on behalf of the offeror to the Grantees for the outstanding Options (“Option Offer”) during the option offer period after the lapse of the Options.

To avoid the undesirable result that the Grantees may become holders of Shares in the Company as an unlisted company while at the same time allowing them to remain entitled to accept the Option Offer, the Board proposes to amend Rule 24.3 of the Pre-IPO Share Option Scheme as follows (proposed amendments underlined):

LETTER FROM THE BOARD

“24.3 whereby if a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of the Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and (i) in case of a scheme of arrangement, if the arrangement is formally proposed to the holders of the Shares or (ii) in any other case, if such offer becomes or is declared unconditional prior to the expiry of the Option, the Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee’s notice to the Company in exercise of his Option at any time thereafter and up to (i) in case of a scheme of arrangement, 3:00 p.m. (Hong Kong time) of the record date for entitlements under such scheme of arrangement or (ii) in any other case, the close of such offer (or any revised offer). For the avoidance of doubt, the Grantee may not exercise any of his Option thereafter. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which (i) in case of a scheme of arrangement, the offer extended to all Grantees in relation to the Options arising from such scheme of arrangement becoming effective closed or (ii) in any other case, such offer (or any revised offer) closed (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already lapsed or exercised) at any time within fourteen (14) days after the date on which the offer becomes or is declared unconditional;”

Apart from the abovementioned proposed amendments, all other existing terms of the Pre-IPO Share Option Scheme will remain unchanged.

The Board proposes that such amendments shall apply to all outstanding Options granted under the Pre-IPO Share Option Scheme. As at the Latest Practicable Date, there were 24,895,580 outstanding Options granted under the Pre-IPO Share Option Scheme.

Pursuant to Rule 38 of the Pre-IPO Share Option Scheme, the amendment of the terms and conditions of the Pre-IPO Share Option Scheme which are of a material nature or any change to the terms of Options granted shall be made only with the prior sanction of a resolution by the Shareholders, and if such alteration shall operate to affect adversely the terms of issue of any Option granted prior to such alteration, the consent or sanction in writing of such number of Grantees who shall together hold Options in respect of not less than three-fourths in nominal value of all Shares to be issued on exercise of the Options granted under the Pre-IPO Share Option Scheme shall be obtained. Therefore, the Board put forward the proposed amendments to the Pre-IPO Share Option Scheme as set out above for consideration and approval by the Shareholders at the EGM. According to Rule 39 of the Pre-IPO Share Option Scheme, the amended terms of the Pre-IPO Share Option Scheme must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

In the meantime, the Company will also obtain the required writing consent of the Grantees for application of the amendments to the Pre-IPO Share Option Scheme proposed in this circular to the outstanding Options granted under the Pre-IPO Share Option Scheme. As at the Latest Practicable Date, written consent of the Grantees holding Options in respect of approximately 79% in nominal value of the shares to be issued on exercise of the Options granted under the Pre-IPO Share Option Scheme has been obtained.

LETTER FROM THE BOARD

3. PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

The Share Option Scheme, the terms of which are in compliance with Chapter 17 of the Listing Rules was adopted on 28 April 2014 at the annual general meeting of the Company held on the same day, details of which were set out in the circular of the Company dated 25 March 2014.

The Share Option Scheme contains similar provisions as the Pre-IPO Share Option Scheme regarding the situation when a general offer is made, and in particular, it provides that if a general offer whether by way of a takeover offer or scheme of arrangement is made to Shareholders and such general offer becomes or is declared unconditional prior to the expiry of the Options, the Grantee shall be entitled to exercise the Share Option in full (to the extent which has become exercisable and not already exercised) at any time within 21 Business Days after the date on which such general offer becomes or is declared unconditional.

Therefore, under the Share Option Scheme, a similar undesirable result may arise if the Grantees exercises their Options during the 21 Business Days after the scheme becomes unconditional, being also the record date for determining entitlement to participate in such scheme for privatisation, they will not be able to participate in the scheme and become holders of Shares in the Company as an unlisted company.

To avoid the undesirable result that the Grantees may become holders of Shares in the Company as an unlisted company while at the same time allowing them to remain entitled to accept the Option Offer, the Board proposes to amend Rule 28.4 of the Share Option Scheme as follows (proposed amendments underlined):

“28.4 *whereby* if a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the holders of the Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and (i) in case of a scheme of arrangement, if the arrangement is formally proposed to the holders of the Shares or (ii) in any other case, if such offer becomes or is declared unconditional prior to the expiry of the Option, the Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee’s notice to the Company in exercise of his Option at any time thereafter and up to (i) in case of a scheme of arrangement, 3:00 p.m. (Hong Kong time) of the record date for entitlements under such scheme of arrangement or (ii) in any other case, the close of such offer (or any revised offer). For the avoidance of doubt, the Grantee may not exercise any of his Option thereafter. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which (i) in case of a scheme of arrangement, the offer extended to all Grantees in relation to the Options arising from such scheme of arrangement becoming effective closed or (ii) in any other case, such offer (or any revised offer) closed (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the Option in full (to the extent which has become exercisable and not already lapsed or exercised) at any time within twenty one (21) Business Days after the date on which the offer becomes or is declared unconditional.”

LETTER FROM THE BOARD

Besides, the Share Option Scheme provides for certain situations in which Options granted thereunder would lapse. For details, please refer to the section headed “10. LAPSE OF OPTION” as contained in Appendix II to the circular of the Company dated 25 March 2014 (“Lapse of Option Section”). In the current rules of the Share Option Scheme, it was provided in Rule 31 that an Option shall lapse automatically “*to the extent which has become exercisable and not already exercised*” in certain events as set out in the Lapse of Option Section.

The Share Option Scheme, however, did not expressly provide for lapse of Options which has not become exercisable. Given that the only sensible interpretation is to deem the provision for lapse of Option as set out in the Lapse of Option Section applicable to all Options not already exercised (whether or not they have become exercisable), the Board has exercised its power of interpretation under the Share Option Scheme to read the phrase “to the extent which has become exercisable and not already exercised” contained in Rule 31 as “to the extent not already exercised”. However, for the sake of certainty, the Board would also like to put forward the amendment to Rule 31 as follows (proposed amendments underlined):

“31. An Option shall lapse automatically (to the extent which has become exercisable and not already exercised) on the earliest of...”

Apart from the abovementioned proposed amendments, all other existing terms of the Share Option Scheme will remain unchanged.

The Board proposes that such amendments shall apply to all outstanding Options granted under the Share Option Scheme. As at the Latest Practicable Date, there were 10,642,470 outstanding Options granted under the Share Option Scheme and 3,373,034 Options have become exercisable.

Pursuant to Rule 45 of the Share Option Scheme, the amendment of the terms and conditions of the Share Option Scheme which are of a material nature shall be made only with the prior sanction of a resolution by the Shareholders, and if such alteration shall operate to affect adversely the terms of issue of any Option granted prior to such alteration, the consent or sanction in writing of such number of Grantees who shall together hold Options in respect of not less than three-fourths in nominal value of all Shares to be issued on exercise of the Options granted under the Share Option Scheme shall be obtained. Therefore, the Board put forward the proposed amendments to the Share Option Scheme as set out above for consideration and approval by the Shareholders at the EGM. According to Rule 46 of the Share Option Scheme, the amended terms of the Share Option Scheme must still comply with the relevant requirements of Chapter 17 of the Listing Rules.

In the meantime, the Company will also obtain the required writing consent of the Grantees for application of the amendments to the Share Option Scheme proposed in this circular to the outstanding Options granted under the Share Option Scheme. As at the Latest Practicable Date, written consent of the Grantees holding Options in respect of approximately 79% in nominal value of the shares to be issued on exercise of the Options granted under the Share Option Scheme has been obtained.

LETTER FROM THE BOARD

4. PROPOSED AMENDMENTS TO THE SHARE AWARD SCHEME

Amendment of the Share Award Scheme

In the current Share Award Scheme, it is provided that if there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the vesting date. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within five (5) Business Days from the deemed vesting date, the Trustee shall transfer the Awarded Shares to the Selected Person, and for this purpose, “control” shall have the meaning as specified in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases (now known as “The Codes on Takeovers and Mergers and Share Buy-backs”) from time to time.

On 5 June 2016, the Board resolved that, subject to compliance with the rules of the Share Award Scheme and the Listing Rules, the Share Award Scheme should be amended so that the Vesting Date of the Awarded Shares would be accelerated to the date on which a general or partial offer made to all the holders of the Shares became unconditional and that the Trustee would be able to hold on trust the cash for the offer to acquire or cancel all Awarded Shares for the Selected Persons and pay the Selected Persons such amount of cash by reference to the number of Awarded Shares attributable to them, and approved to set up a committee of the Board and authorised such committee to, among others, to take all steps to finalise and give effect to the amendment. On 16 July 2016, the committee consisting of Mr. LIAO Qian and Mr. LAU Siu Ki agreed that the amendment shall be finalised to the effect that if a general or partial offer (“Offer”), whether by way of takeover-offer, share-repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror of the Offer and/or any person controlled by such offeror and/or any person acting in association or concert with such offeror, all the Awarded Shares shall immediately vest upon such Offer becomes or is declared unconditional and the date of which shall be deemed to be the Vesting Date, and the Trustee shall accept any offer by such offeror to acquire and/or cancel the Awarded Shares (or any revised offer) and, notwithstanding any other provisions in the rules of the Share Award Scheme, all proceeds in respect of the Awarded Shares paid or payable to or receivable by the Trustee by reason of such acceptance or by reason of the Offer becoming effective shall be applied by the Trustee for the sole purpose of paying to or transferring to such Selected Persons by reference to the number of Awarded Share(s) attributable to such Selected Persons.

At the extraordinary general meeting of the Company held on 24 December 2015, Shareholders’ approval of the New Specific Mandate for issue and allotment of Awarded Shares being New Shares under the current Share Award Scheme was obtained. Since the terms of the Share Award Scheme would be changed by the Share Award Scheme Amendment (should it be approved), the Company would seek its Shareholders’ approval at the EGM for the Company to continue to issue and allot New Shares as Awarded Shares pursuant to the Share Award Scheme as amended by the Share Award Scheme Amendment under the New Specific Mandate. T.C.L. Industries and its associates are considered to have a material interest in the Share Award Scheme Amendment and are required to abstain from voting at the resolution for the approving the Company to continue to issue and allot New Shares as Awarded Shares pursuant to the Share Award Scheme as amended by the Share Award Scheme Amendment under the New Specific Mandate.

LETTER FROM THE BOARD

For the purpose of compliance with the rules of the Share Award Scheme, the coming into effect of the Share Award Scheme Amendment would be treated as if it affects adversely the subsisting rights of any Selected Person and, therefore, would be subject to the necessary approval of the Selected Persons pursuant to the Share Award Scheme. Since the Connected Grants are governed by the Share Award Scheme as amended from time to time, the coming into effect of the Share Award Scheme Amendment would constitute a material change to the terms of the Connected Grants which requires re-compliance with the requirements under Chapter 14A of the Listing Rules as disclosed in more details below, including among others, Shareholders' approval therefor. In the circumstances, the Share Award Scheme Amendment would take effect only when all of the conditions below are satisfied:

- (1) Shareholders' conditional approval of the Company to continue to issue and allot New Shares as Awarded Shares pursuant to the Share Award Scheme as amended by the Share Award Scheme Amendment under the New Specific Mandate;
- (2) Shareholders' conditional approval of the Connected Grants Amendment (as disclosed in more detail below); and
- (3) the necessary approval of the Selected Persons as required by the Share Award Scheme.

5. PROPOSED AMENDMENTS OF TERMS OF THE CONNECTED GRANTS OF AWARDED SHARES

On 21 May 2015 and 3 November 2015, the Company has made the Connected May Grants and the Connected November Grants, pursuant to which 826,232 Awarded Shares and 1,980,753 Awarded Shares were granted to 11 Connected May Grantees and 29 Connected November Grantees respectively. All of the Connected May Grantees are also Connected November Grantees. At the extraordinary general meeting of the Company held on 24 December 2015, it was approved by the then Shareholders that both the Connected May Grants and Connected November Grants shall be satisfied by use of New Shares. Some of the Awarded Shares so granted have been vested on 31 December 2015.

Please refer to the announcements of the Company dated 21 May 2015, 3 November 2015 and 17 July 2016 respectively, and the circular of the Company dated 9 December 2015 for details of the Connected May Grants and the Connected November Grants.

Subsequent to the extraordinary general meeting of the Company held on 24 December 2015, the unvested Awarded Shares held by Mr. WANG Jiyang were lapsed due to his retirement, each of Ms. XU Fang, Ms. SHAO Guangjie and Mr. YAN Xiaolin ceased to be a connected person of the Company, while Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin who were not connected persons of the Company when being granted 43,939 Awarded Shares, 14,647 Awarded Shares and 12,306 Awarded Shares to be satisfied with New Shares on 3 November 2015 subsequently became connected persons of the Company. Out of the Awarded Shares granted to Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin, 29,293, 9,765 and 8,204 Awarded Shares remained unvested as at the Latest Practicable Date. The Connected May Grantees and Connected November Grantees who were still connected persons of the Company as at the Latest Practicable Date and Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin are collectively referred to as the Connected Grantees in this circular.

LETTER FROM THE BOARD

As mentioned above, since the Connected Grants are governed by the Share Award Scheme as amended from time to time, the coming into effect of the Share Award Scheme Amendment would constitute a material change the terms of the Connected Grants.

As at the Latest Practicable Date, 1,716,321 Awarded Shares granted to the 28 Connected Grantees remained unvested, the breakdown of which are as follows:

Name of the Connected Grantees	Relationship with the Group	Number of outstanding Awarded Shares as at the Latest Practicable Date	
		Granted on 21 May 2015	Granted on 3 November 2015
LI Dongsheng	Executive Director/Chairman	140,978	53,617
GUO Aiping	Executive Director/Chief Executive Officer	201,461	90,511
HUANG Xubin	Non-executive Director	35,561	7,387
LIAO Qian	Non-executive Director	9,563	1,987
LAU Siu Ki	Independent non-executive Director	5,000	2,247
LOOK Andrew	Independent non-executive Director	5,000	2,247
KWOK Hoi Sing	Independent non-executive Director	5,000	2,247
ICHIKAWA Yuki	Spouse of Mr. LI Dongsheng	15,235	3,165
YE Jiansheng	General manager of certain Subsidiaries of the Company	-	5,475
ZHANG Dengke	Legal representative, chairman and director of certain Subsidiaries of the Company	-	17,392

LETTER FROM THE BOARD

Name of the Connected Grantees	Relationship with the Group	Number of outstanding Awarded Shares as at the Latest Practicable Date	
		Granted on 21 May 2015	Granted on 3 November 2015
HUANG Wanquan	Legal representative, chairman, director and general manager of certain Subsidiaries of the Company	-	4,229
SUN Wubin	Legal representative, chairman, director and general manager of certain Subsidiaries of the Company	-	16,917
WONG Toe Yeung	Director of a Subsidiary of the Company	-	291,973
LYU Xiaobin <i>Note</i>	Legal representative, chairman, director and general manager of certain Subsidiary of the Company	-	95,324
WANG Pui, Janus	Director of certain Subsidiaries of the Company	-	241,546
CHENG Kei Yan	Director of certain Subsidiaries of the Company	-	161,031
CAI Liru	Director of certain Subsidiaries of the Company	-	2,850
ZHOU Xiaoyang	Legal representative, director and general manager of certain Subsidiaries of the Company	-	19,738
ZHONG Xiaoping	Director of certain Subsidiaries of the Company	-	10,070

LETTER FROM THE BOARD

Name of the Connected Grantees	Relationship with the Group	Number of outstanding Awarded Shares as at the Latest Practicable Date	
		Granted on 21 May 2015	Granted on 3 November 2015
LI Lingyun	Director of certain Subsidiaries of the Company	-	6,656
CHAN Siu Tak	Director of certain Subsidiaries of the Company	-	14,493
Melanie Monaliza Estrada WOODS	Former director of a Subsidiary of the Company	-	6,667
Alexander ARSHINOV	Director of a Subsidiary of the Company	-	133,334
YANG Jin	Legal representative and chairman of a Subsidiary of the Company	-	33,886
DU Juan	Legal representative, director and general manager of Subsidiaries of the Company	-	26,272
SONG Bo	Legal representative, director and general manager of certain Subsidiaries of the Company	-	29,293
FENG Juanjuan	Director of certain Subsidiaries of the Company	-	9,765
TANG Stanley Wing Yin	Director of a Subsidiary of the Company	-	8,204
	Subtotal:	417,798	1,298,523
	Total:	1,716,321	

Note: Mr. LYU Xiaobin's English name was disclosed as LV Xiaobin in the circular of the Company dated 9 December 2015, while the English name appearing on his current passport is LYU Xiaobin, which adopts the latest translation mandated by the government of the PRC.

LETTER FROM THE BOARD

Reasons for and benefits of the Share Award Scheme Amendment and Connected Grants Amendment

The Directors believe that the future success of the Company is closely tied to the commitment and efforts of the Connected Grantees. As such, the granting of performance-linked award to them can effectively motivate them to provide contributions to the Group.

Although the Share Award Scheme expressly provides for the situation in case of an event of change in control of the Company, it does not contain any express provision to deal with the situation where there is a general or partial offer, whether by way of takeover offer, share repurchase offer, or scheme of arrangement or otherwise in like manner made to all the holders of the Shares which does not involve a change in control of the Company.

In order to accelerate the Vesting Date of the Awarded Shares to the date on which general or partial offer made to all holders of the Shares becoming unconditional and to enable the Trustee to hold on trust the cash for the offer to acquire or cancel all Awarded Shares for the Selected Persons and pay the Selected Persons such amount of cash by reference to the number of Awarded Shares attributable to them, the Company proposes to implement the Share Award Scheme Amendment to cater for the situations where it does not involve a change in control and, where in connection with the Offer, a Share Award Offer is made, to facilitate the Trustee to pay the cash received for acquisition and/or cancellation of the Awarded Shares to the Selected Persons.

Reference is also made to the joint announcement of the Company and T.C.L. Industries dated 12 June 2016, in which it was disclosed that T.C.L. Industries, as the offeror, requested the Board to put forward a proposal to the scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law. As stated in the said announcement, the Share Award Scheme Amendment is one of the conditions precedent to the scheme of arrangement and the proposal to privatise the Company by way of the scheme of arrangement.

Listing Rules Implications

Since each of the Connected Grantees are connected persons of the Company by virtue of being or having been, currently or in the past 12 months, a director and/or a chief executive of member(s) of the Group, the Connected Grants constitute connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Independent Shareholders' approval for the Connected Grants, except for the grants to Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin, were obtained at the extraordinary general meeting of the Company held on 24 December 2015.

Since the Connected Grants Amendment would constitute a material change to the terms of the Connected Grants, the Company would re-comply with the announcement and Shareholders' approval requirements pursuant to Rule 14A.54 of the Listing Rules for the Connected Grants Amendment.

LETTER FROM THE BOARD

Since any Shareholder with a material interest in the Connected Grants Amendment shall abstain from voting at the EGM, T.C.L. Industries and the Connected Grantees and their respective associates are required to abstain from voting at the resolution for the Connected Grants Amendment.

6. GENERAL INFORMATION OF THE PARTIES

The Group, designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands – “alcatel” and “TCL”. The Group’s portfolio of products is currently sold in the PRC and over 170 countries throughout the North America, Latin America, Europe, the Middle East and 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 of the Company, please visit the Company’s official website at <http://tclcom.tcl.com> (the information that appears in this website does not form part of this circular).

7. EGM

The EGM Notice is set out on pages 38 to 40 of this circular and a form of proxy for use at the EGM is herein enclosed.

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 Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, 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 adjournment thereof should you so desire.

To the best of the Directors’ knowledge, information and belief, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on the resolutions proposed at the EGM except that:

- (1) T.C.L. Industries and its associates are required to abstain from voting at the resolution for the approving the Company to continue to issue and allot New Shares as Awarded Shares pursuant to the Share Award Scheme as amended by the Share Award Scheme Amendment under the New Specific Mandate; and
- (2) T.C.L. Industries and the Connected Grantees are required to abstain from voting at the resolution for the Connected Grants Amendment.

8. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 8 August 2016, Monday to 9 August 2016, Tuesday (both dates inclusive), for the purposes of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered on those dates. In order to qualify to attend and vote at the EGM, all transfers accompanied by the relevant share

LETTER FROM THE BOARD

certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 5 August 2016, Friday.

9. VOTING BY POLL

In accordance with Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the voting on all resolutions at the EGM will be conducted by way of poll.

10. RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 20 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the Connected Grants Amendment; (ii) the letter from REORIENT Financial Markets Limited, the independent financial adviser, set out on pages 21 to 31 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the same matter; and (iii) the notice of the EGM set out on pages 38 to 40 of this circular.

The Independent Board Committee, having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of REORIENT Financial Markets Limited, the independent financial adviser, considers that the Connected Grants Amendment is fair and reasonable, on normal or better commercial terms. Whilst it is not in the ordinary and usual course of business of the Group to implement the Connected Grants Amendment, the Connected Grants Amendment is incidental to the Group's development of its ordinary and usual course of business, and it is in the interest of the Company and its Shareholders as a whole. 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 Connected Grants Amendment.

The Board believes that the resolutions proposed in the EGM Notice are in the best interest of the Company and the Shareholders as a whole. The Board recommends that the Shareholders vote in favour of all resolutions to be proposed at the EGM.

Yours faithfully,
On behalf of the Board
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)

25 July 2016

To: the Independent Shareholders

Dear Sir or Madam,

PROPOSED AMENDMENTS OF TERMS OF CONNECTED GRANTS OF AWARDED SHARES

We refer to the circular of the Company dated 25 July 2016 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 Connected Grants Amendment, 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 REORIENT Financial Markets Limited set out on pages 7 to 19 and pages 21 to 31 of the Circular respectively. Having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of REORIENT Financial Markets Limited, the independent financial adviser, we consider that the Connected Grants Amendment is fair and reasonable, on normal or better commercial terms. Whilst it is not in the ordinary and usual course of business of the Group to implement the Connected Grants Amendment, the Connected Grants Amendment is incidental to the Group’s development of its ordinary and usual course of business, and it is in the interest of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in relation to the Connected Grants Amendment.

Yours faithfully,

LAU Siu Ki, LOOK Andrew and KWOK Hoi Sing
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from REORIENT Financial Markets Limited which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in the Circular.



Suites 3201-3204, One Exchange Square
8 Connaught Place, Hong Kong

25 July 2016

To: *The Independent Board Committee and
the Independent Shareholders*
TCL Communication Technology Holdings Limited

Dear Sirs

CONNECTED TRANSACTION – PROPOSED AMENDMENTS OF THE TERMS OF THE CONNECTED GRANTS OF AWARDED SHARES

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Connected Grants Amendment, details of which are set out in the circular of the Company dated 25 July 2016 (the “**Circular**”) of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular, unless the context otherwise requires.

On 12 June 2016, T.C.L. Industries, being the controlling shareholder of the Company, and the Company jointly announced that on 5 June 2016, T.C.L. Industries requested the Board to put forward a proposal (the “**Proposal**”) to the Shareholders other than T.C.L. Industries (the “**Scheme Shareholders**”) for the privatisation of the Company by way of a scheme of arrangement under Section 86 of the Companies Law (the “**Scheme**”). Upon the Scheme having become effective and the withdrawal of the listing of the Shares on the Stock Exchange having taken place, T.C.L. Industries will hold the entire issued share capital of the Company. In relation to the Scheme, T.C.L. Industries will make an offer (the “**Share Award Offer**”) to cancel those outstanding Awarded Shares which upon vesting to the grantees shall be satisfied by allotment and issue of new Shares (the “**Unallotted Awarded Shares**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

On 5 June 2016, in connection with the Scheme and the Share Award Offer, the Board resolved to implement the Share Award Scheme Amendment, and approved to set up a committee to, among others, take all steps to finalise and give effect to the Share Award Scheme Amendment. On 16 July 2016, the committee agreed that the Share Award Scheme Amendment shall be finalised. The Share Award Scheme Amendment in respect of the Connected Grants, i.e. the Connected Grants Amendment, constitutes a material change to the terms of such grants and thus is subject to, among others, the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. LAU Siu Ki, Mr. LOOK Andrew and Mr. KWOK Hoi Sing, has been formed to advise and recommend the Independent Shareholders in respect of the Connected Grants Amendment.

REORIENT Financial Markets Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Connected Grants Amendment are fair and reasonable and whether the Connected Grants Amendment is on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

We have also been appointed as the independent financial adviser to advise the independent board committee of the Company on the terms of the Proposal, the Scheme, the Option Offer and the Share Award Offer. In the last two years, we acted as (i) the independent financial adviser of a fellow subsidiary of the Company, the issued shares of which are listed on the Main Board of the Stock Exchange, in respect of certain continuing connected transactions providing our independent view to such fellow subsidiary's independent board committee and independent shareholders under the Listing Rules; (ii) the independent financial adviser of the Company in respect of certain connected/continuing connected transactions providing our independent view to the Company's independent board committee and independent shareholders under the Listing Rules; and (iii) the independent financial adviser of an associated company of the Company's controlling shareholder in respect of a connected transaction providing our independent view to such associated company's independent board committee and independent shareholders under the Listing Rules.

Apart from normal professional fees paid or payable to us in connection with the engagements described above, no arrangement exists whereby we will receive any fees or benefits from the Company. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company, Directors, chief executive or substantial shareholders of the Company, or any of their respective associates. We are independent under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Connected Grants Amendment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, facts and representations contained in the circular of the Company dated 9 December 2015 (the “**Connected Grants Circular**”), the announcement dated 12 June 2016 issued jointly by T.C.L. Industries and the Company (the “**Announcement**”), the Circular and those supplied or made available to us by the Directors and the management of the Company. We have assumed that all such statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the Directors and the management of the Company that no material facts have been withheld or omitted from such information and representations.

We have taken all reasonable and necessary steps to comply with the requirements set out in Rule 13.80 of the Listing Rules. We consider that we have been provided with sufficient information to enable us to reach an informed view. We have not, however, conducted any independent verification of such information or any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor have we carried out any in-depth research on the Group, the Connected Grantees or any of their respective associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the Connected Grants Amendment, we have taken into consideration the following principal factors:

Information of the Group

The Group designs, manufactures and markets mobile and internet products worldwide under two key brands “alcatel” and “TCL”. Headquartered in Shenzhen, the PRC, the Group operates its manufacturing plant and research and development centres in various provinces and cities of the PRC.

The Proposal, the Scheme and the Share Award Offer

As set out in the Announcement, on 5 June 2016, T.C.L. Industries requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of the Scheme. The Scheme provides that the Shares other than those held by T.C.L. Industries (the “**Scheme Share**”) will be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive the cancellation price of HK\$7.50 (the “**Cancellation Price**”) in cash for each Scheme Share. The Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Scheme becoming effective.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In relation to the Scheme, among other things, T.C.L. Industries makes the Share Award Offer to cancel the Unallotted Awarded Shares, to the extent they have not otherwise lapsed or been cancelled, in return for providing the share award offer price (representing the Cancellation Price) for each Unallotted Awarded Share. In accordance with the Share Award Scheme (as amended by the Share Award Scheme Amendment), the Trustee shall accept the Share Award Offer upon the Scheme and the Share Award Offer becoming unconditional. T.C.L. Industries shall pay to the Trustee the cash which shall be held on trust by the Trustee for the grantees of the Unallotted Awarded Shares and shall be paid by the Trustee to such grantees as soon as practicable after the Trustee receives such amount from T.C.L. Industries under the Share Award Offer.

The Share Award Scheme Amendment

The amendments

In the current Share Award Scheme, it is provided that if there occurs an event of change in control of the Company, whether by way of offer, merger, scheme of arrangement or otherwise, all the Awarded Shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the Vesting Date. Subject to the receipt by the Trustee of duly executed prescribed transfer documents within five Business Days from the deemed vesting date, the Trustee shall transfer the Awarded Shares to the Selected Person, and for this purpose, “control” shall have the meaning as specified in the Code on Takeovers and Mergers from time to time.

On 5 June 2016, the Board resolved to implement the Share Award Scheme Amendment, and approved to set up a committee to, among others, take all steps to finalise and give effect to the Share Award Scheme Amendment. On 16 July 2016, the committee consisting of Mr. LIAO Qian and Mr. LAU Siu Ki agreed that the Share Award Scheme Amendment shall be finalised to the effect that if a general or partial offer (“Offer”), whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of the Shares, or all such holders other than the offeror of the Offer and/or any person controlled by such offeror and/or any person acting in association or concert with such offeror, all the Awarded Shares shall immediately vest upon such Offer becomes or is declared unconditional and the date of which shall be deemed to be the Vesting Date, and the Trustee shall accept any offer by such offeror to acquire and/or cancel the Awarded Shares (or any revised offer) and, notwithstanding any other provisions in the rules of the Share Award Scheme, all proceeds in respect of the Awarded Shares paid or payable to or receivable by the Trustee by reason of such acceptance or by reason of the Offer becoming effective shall be applied by the Trustee for the sole purpose of paying to or transferring to such Selected Persons by reference to the number of Awarded Share(s) attributable to such Selected Persons.

The Share Award Scheme Amendment is one of the conditions precedent to the Proposal and the Scheme, and cannot be waived. We have discussed with the management of the Company and understand that this is to facilitate T.C.L. Industries to wholly own the Company following the Proposal and the Scheme.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The required approvals

For the purpose of compliance with the rules of the Share Award Scheme, the coming into effect of the Share Award Scheme Amendment would be treated as if it affects adversely the subsisting rights of any Selected Person and therefore would be subject to the necessary approval of the Selected Persons pursuant to the Share Award Scheme.

At the extraordinary general meeting of the Company held on 24 December 2015, Shareholders' approval of the New Specific Mandate for issuance and allotment of Awarded Shares being New Shares under the current Share Award Scheme was obtained. Since the terms of the Share Award Scheme would be changed by the Share Award Scheme Amendment (should it be approved), the Company would seek its Shareholders' approval at the EGM for the Company to continue to issue and allot New Shares as Awarded Shares pursuant to the Share Award Scheme as amended by the Share Award Scheme Amendment under the New Specific Mandate.

Since the Connected Grants (as further set out below) are governed by the Share Award Scheme as amended from time to time, the coming into effect of the Share Award Scheme Amendment would constitute a material change to the terms of the Connected Grants which requires re-compliance with the requirements under Chapter 14A of the Listing Rules, including among others, Shareholders' approval therefor. In the circumstances, the Share Award Scheme Amendment would take effect only when all of the conditions below are satisfied:

- (1) Shareholders' conditional approval of the Company to continue to issue and allot New Shares as Awarded Shares pursuant to the Share Award Scheme as amended by the Share Award Scheme Amendment under the New Specific Mandate;
- (2) Shareholders' conditional approval of the Connected Grants Amendment; and
- (3) the necessary approval of the Selected Persons as required by the Share Award Scheme.

Reasons for the Share Award Scheme Amendment

The Share Award Scheme was adopted on 11 March 2008. It expressly provides for the situation in case of an event of change in control of the Company where all the Awarded Shares shall immediately vest on the date when such change of control event becomes or is declared unconditional and such date shall be deemed to be the vesting date. We have discussed with the management of the Company and understand that in view of possible substantial change to the business and prospects of the Company as a result of a change in control of the Company, all the unvested Awarded Shares will vest when such change of control event becomes or is declared unconditional to allow the grantees to deal with such Awarded Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

However, the Company did not anticipate and the current Share Award Scheme does not contain any express provision to deal with the situation where there is a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner made to all the holders of the Shares which does not involve a change in control of the Company. Given that such situation may also result in significant change affecting the Company where the Company will be privatised in the case of the Scheme, the Company considers it reasonable and appropriate to extend the above treatment of unvested Awarded Shares to a general or partial offer which does not involve a change in control of the Company.

Pursuant to the Share Award Scheme Amendment, the Trustee will be able to hold on trust the cash for the offer to acquire or cancel all Awarded Shares for the Selected Persons and pay the Selected Persons such amount of cash by reference to the number of Awarded Shares attributable to them. The Share Award Scheme Amendment caters for the situations where it does not involve a change in control and, where in connection with the Offer, a Share Award Offer is made, facilitates the Trustee to pay the cash received for acquisition and/or cancellation of the Awarded Shares to the Selected Persons.

The Connected Grants and the Connected Grants Amendment

As set out in the Connected Grants Circular, on 21 May 2015, the Board resolved to grant certain Awarded Shares to a number of Selected Persons, including 826,232 Awarded Shares to the 11 Connected May Grantees. On 3 November 2015, the Board resolved to grant certain Awarded Shares to a number of Selected Persons, including 1,980,753 Awarded Shares to the 29 Connected November Grantees. The grants of such Awarded Shares (including both the Connected Grants and the grant of Awarded Shares to other grantees who were not connected persons of the Company) were to be satisfied by issue and allotment of new Shares and were approved by the then Shareholders or the then independent Shareholders (as the case may be) at the extraordinary general meeting of the Company held on 24 December 2015.

Subsequent to the aforesaid extraordinary general meeting of the Company, some of the Connected Grantees ceased to be connected persons of the Company, and certain grantees who were not connected persons at the time of grants became connected persons of the Company. In May 2016, Mr. WANG Jiyang retired from all positions in the Group (including as an executive Director) and all unvested Awarded Shares granted to him lapsed. Mr. YAN Xiaolin, Ms. XU Fang and Ms. SHAO Guangjie, grantees under the Connected Grants, ceased to be connected persons of the Company but remain to be staffs of the Group or TCL Corporation group. Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin, grantees of the Awarded Shares, became connected persons of the Company as a result of their appointment as directors and/or chief executive of the Company's subsidiaries.

As at the Latest Practicable Date, 1,716,321 Awarded Shares granted to the 28 Connected Grantees remained unvested. The table below summaries the information about these Connected Grantees and other grantees hold unvested Awarded Shares:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of Connected Grantees	Relationship with the Group	Number of unvested Awarded Shares held as at the Latest Practicable Date	Percentage of the total issued Shares as at the Latest Practicable Date	Vesting period during the year ending 31 December		
				2016	2017	2018
Mr. LI Dongsheng	Executive Director/Chairman	194,595	0.0152%	97,297	97,298	–
Mr. GUO Aiping	Executive Director/Chief executive officer	291,972	0.0229%	145,987	145,985	–
Mr. HUANG Xubin	Non-executive Director	42,948	0.0034%	21,474	21,474	–
Mr. LIAO Qian	Non-executive Director	11,550	0.0009%	5,774	5,776	–
Mr. LAU Siu Ki	Independent non-executive Director	7,247	0.0006%	3,623	3,624	–
Mr. LOOK Andrew	Independent non-executive Director	7,247	0.0006%	3,623	3,624	–
Mr. KWOK Hoi Sing	Independent non-executive Director	7,247	0.0006%	3,623	3,624	–
Ms. ICHIKAWA Yuki	Spouse of Mr. LI Dongsheng	18,400	0.0014%	9,200	9,200	–
Mr. WONG Toe Yeung	Director of a subsidiary	291,973	0.0229%	145,986	145,987	–
Mr. WANG Pui, Janus	Director of certain subsidiaries	241,546	0.0189%	120,773	120,773	–
Ms. CHENG Kei Yan	Director of certain subsidiaries	161,031	0.0126%	80,515	80,516	–
Mr. Alexander ARSHINOV	Director of a subsidiary	133,334	0.0104%	66,666	66,668	–
Mr. LYU Xiaobin	Legal representative, chairman, director and general manager of certain subsidiaries	95,324	0.0075%	47,662	47,662	–
Mr. YANG Jin	Legal representative and chairman of a subsidiary	33,886	0.0027%	16,942	16,944	–
Mr. SONG Bo	Legal representative, director and general manager of certain subsidiaries	29,293	0.0023%	14,646	14,647	–
Ms. DU Juan	Legal representative, director and general manager of certain subsidiaries	26,272	0.0021%	13,136	13,136	–
Mr. ZHOU Xiaoyang	Legal representative, director and general manager of certain subsidiaries	19,738	0.0015%	9,869	9,869	–
Mr. ZHANG Dengke	Legal representative, chairman and director of certain subsidiaries	17,392	0.0014%	8,695	8,697	–

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Name of Connected Grantees	Relationship with the Group	Number of unvested Awarded Shares held as at the Latest Practicable Date	Percentage of the total issued Shares as at the Latest Practicable Date	Vesting period during the year ending 31 December		
				2016	2017	2018
Mr. SUN Wubin	Legal representative, chairman, director and general manager of certain subsidiaries	16,917	0.0013%	8,458	8,459	–
Mr. CHAN Siu Tak	Director of certain subsidiaries	14,493	0.0011%	7,246	7,247	–
Ms. ZHONG Xiaoping	Director of certain subsidiaries	10,070	0.0008%	5,034	5,036	–
Ms. FENG Juanjuan	Director of certain subsidiaries	9,765	0.0008%	4,882	4,883	–
Mr. TANG Stanley Wing Yin	Director of a subsidiary	8,204	0.0006%	4,102	4,102	–
Ms. Melanie Monaliza Estrada WOODS	Former director of a subsidiary	6,667	0.0005%	3,333	3,334	–
Mr. LI Lingyun	Director of certain subsidiaries	6,656	0.0005%	3,327	3,329	–
Mr. YE Jiansheng	General manager of certain subsidiaries	5,475	0.0004%	2,737	2,738	–
Mr. HUANG Wanquan	Legal representative, chairman, director and general manager of certain subsidiaries	4,229	0.0003%	2,114	2,115	–
Ms. CAI Liru	Director of certain subsidiaries	2,850	0.0002%	1,424	1,426	–
Sub-total		1,716,321	0.1344%	858,148	858,173	–
Other grantees (Note)		6,344,220	0.4966%	2,988,726	3,155,494	200,000
Total		8,060,541	0.6310%	3,846,874	4,013,667	200,000

Note: Other grantees include Alain, Robert Pakiry and Aki Kotakorpi, directors of subsidiaries of the Company, who hold 566,668 unvested Awarded Shares in total to be satisfied by existing Awarded Shares held by the Trustee and are not Connected Grantees (whose Awarded Shares will be satisfied by issue of new Shares).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Connected Grantees comprise seven Directors, the spouse of Mr. LI Dongsheng and 20 key employees of the Group or the TCL Corporation group. Mr. SONG Bo, Ms. FENG Juanjuan and Mr. TANG Stanley Wing Yin are legal representative, director and/or general manager of the subsidiaries of the Company principally responsible for the operation and/or the management of certain individual business segments of the Group. Save for the aforesaid, details of the Connected Grantees including responsibilities over the Group's business development and/or operation and our view on the principal terms of the Connected Grants were set out in the Connected Grants Circular. The management of the Company has confirmed to us that there is no change to the principal terms of the Connected Grants since the dates of grant of such Connected Grants.

The Share Award Scheme Amendment in respect of the Connected Grants, i.e. the Connected Grants Amendment, constitutes a constitute a material change to the terms of the Connected Grants and is therefore subject to, among others, the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the Share Award Scheme Amendment, all the Awarded Shares shall immediately vest upon such Offer becomes or is declared unconditional. The Share Award Scheme Amendment is equally applicable to the Connected Grantees and other grantees. As indicated above, the unvested Award Shares to Connected Grantees represent approximately 21.3% of total unvested Award Shares. We agree with the Company that the Share Award Scheme Amendment is not proposed to benefit the Connected Grantees but to facilitate the Proposal, the Scheme and the Share Award Offer.

Consequences of the Connected Grants Amendment being approved or disapproved

Following obtaining the required approvals for the Share Award Scheme Amendment (including the independent Shareholders' approval for the Connected Grants Amendment) and the Connected Grants Amendment becoming effective, all the Awarded Shares shall immediately vest upon such Offer becomes or is declared unconditional and the date of which shall be deemed to be the Vesting Date. As such, following obtaining independent Shareholders' approval and other approvals for the Connected Grants Amendment, the unvested Awarded Shares will only be vested on the date of the Proposal and the Scheme becoming unconditional pursuant to which T.C.L. Industries will acquire the Shares held by the Scheme Shareholders, including those Shares held by the independent Shareholders, in accordance with the terms of the Scheme. In such case, the Scheme Shareholders will no longer hold any Shares and their interests would not be affected by the vesting of the unvested Awarded Shares on the date of the Proposal and the Scheme becoming unconditional. If the Proposal and the Scheme does not become unconditional, even though the Connected Grants Amendment is approved by the independent Shareholders, the vesting period of the unvested Awarded Shares will remain unchanged.

However, if the independent Shareholders do not approve the Connected Grants Amendment, the Share Award Amendment will not be implemented, and the Proposal and the Scheme will not become unconditional and will not proceed. Details of the Proposal and the Scheme including the opinions of the independent board committee and the independent financial adviser will be set out in a scheme document to be despatched by T.C.L. Industries and the Company (the "**Scheme Document**"). After reviewing the Scheme Document, even the independent Shareholders consider the terms of the Proposal and the Scheme fair and reasonable, the Proposal and the Scheme will not proceed as a result of the disapproval of the Connected Grants Amendment by the independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We consider that independent Shareholders' approval for the Connected Grants Amendment would not affect their interests but if the Connected Grants Amendment is not approved by the independent Shareholders, the Proposal and the Scheme will not proceed even they find the Proposal and the Scheme fair and reasonable at a later stage after reviewing the Scheme Document to be despatched.

Financial effects of the Connected Grants Amendment

Cash flow

Save for the expenses relating to the Connected Grants Amendment, the Connected Grants Amendment will not have any impact on the Group's cash position and net current assets.

Earnings

Under the accounting policies of the Company, the fair value of the Awarded Shares under the Connected Grants will be amortised to the Group's consolidated statement of profit or loss throughout the vesting period (i.e. from the grant dates to the vesting dates). The vesting of the unvested Awarded Shares under the Connected Grants upon the Proposal and the Scheme becoming unconditional, would result in the Group recording an expense of approximately HK\$3.6 million which is estimated based on the unamortised fair value of the Connected Grants as at 30 June 2016.

Net asset value

According to the results announcement of the Company for the three months ended 31 March 2016, as at 31 March 2016, the Group's net asset value was approximately HK\$4,222.8 million. Upon the Connected Grants Amendment becoming effective, the reserves of the Group would increase by the amount equivalent to the unamortised fair value in respect of the Connected Grants, and the same amount will be recognised in the Group's consolidated statement of profit or loss as expenses. The total assets and the total net assets of the Company would remain unchanged.

Gearing

Upon the Connected Grants Amendment becoming effective, the Group's total borrowings and the equity attributable to owners of the parent would remain unchanged. Thus, the Connected Grants Amendment will not have any material impact on the Group's gearing level.

While the Connected Grants Amendment would reduce the Group's earnings, the Group's cash flows, total net assets and gearing will not be affected.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the above principal factors and reasons discussed above, we consider that the terms of the Connected Grants Amendment are fair and reasonable and the Connected Grants Amendment is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. We agree that whilst the Connected Grants Amendment is not in the ordinary and usual course of the Group's business of design, manufacturing and marketing of mobile and internet products, the Connected Grants Amendment is incidental to the Group's development of its ordinary and usual course of business. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Connected Grants Amendment.

Yours faithfully,
For and on behalf of
REORIENT Financial Markets Limited
Allen Tze
Managing Director

Mr. Allen Tze is a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and has over 18 years of experience in corporate finance industry.

1. RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular 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); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in shares of the Company

Name of Directors	Type of Interest	Number of Shares held	Approximate percentage of issued share capital of the Company (Note 1)
LI Dongsheng	Beneficial owner/ interest of spouse	50,932,052	3.99%
GUO Aiping	Beneficial owner	2,359,280	0.18%
Nicolas Daniel Bernard ZIBELL	Beneficial owner	629,535	0.05%
HUANG Xubin	Beneficial owner	21,474	0.002%
LIAO Qian	Beneficial owner	5,774	0.0005%
LAU Siu Ki	Beneficial owner	447,800	0.04%
LOOK Andrew	Beneficial owner	3,623	0.0003%
KWOK Hoi Sing	Beneficial owner	3,623	0.0003%

(b) Long position in other interest in the Company – Awarded Shares

Name of Directors	Type of Interest	Number of Other interests (Note 2)	Approximate percentage of issued share capital of the Company (Note 1)
LI Dongsheng	Beneficial owner/ interest of spouse	212,995	0.02%
GUO Aiping	Beneficial owner	291,972	0.02%
HUANG Xubin	Beneficial owner	42,948	0.003%
LIAO Qian	Beneficial owner	11,550	0.001%
LAU Siu Ki	Beneficial owner	7,247	0.001%
LOOK Andrew	Beneficial owner	7,247	0.001%
KWOK Hoi Sing	Beneficial owner	7,247	0.001%

Notes:

- (1) The percentages are calculated based on the issued shares of the Company as at the Latest Practicable Date, i.e. 1,277,419,892 Shares.
- (2) These interests are awarded shares granted to the relevant Directors and/or their spouses under a share award scheme of the Company and were not vested as at the Latest Practicable Date.

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

Name of Directors	Type of Interest	Number of share options	Approximate percentage of issued shares of the Company (Note 1)
LI Dongsheng	Beneficial owner/ interest of spouse	3,131,500	0.25%
GUO Aiping	Beneficial owner	9,764,885	0.76%
Nicolas Daniel Bernard ZIBELL	Beneficial owner	441,000	0.03%
HUANG Xubin	Beneficial owner	1,166,081	0.09%
LIAO Qian	Beneficial owner	40,350	0.003%
LAU Siu Ki	Beneficial owner	225,316	0.02%
LOOK Andrew	Beneficial owner	25,316	0.002%
KWOK Hoi Sing	Beneficial owner	510,316	0.04%

(d) Interest in shares of associated corporations of the Company

Name of Directors	Name of associated corporations	Type of Interest	Number of shares held <i>(Note 3)</i>	Approximate percentage of the relevant associated corporations' issued shares
LI Dongsheng	TCL Corporation	Beneficial owner/ interest of controlled corporation	1,047,173,209	8.57%
	TCL Multimedia	Beneficial owner/ interest of spouse	41,522,430	2.39%
HUANG Xubin	Tonly Electronics	Beneficial owner	5,687,668	2.28%
	TCL Corporation	Beneficial owner	3,383,380	0.03%
	TCL Multimedia	Beneficial owner	1,083,555	0.06%
LIAO Qian	Tonly Electronics	Beneficial owner	4,325	0.002%
	TCL Multimedia	Beneficial owner	6,874	0.0004%

Notes:

- (3) The percentages are calculated based on the issued share capital of the relevant associated corporations as at the Latest Practicable Date provided by the relevant associated corporations.

(e) Other interest in associated corporation of the Company

Name of Directors	Name of associated corporation	Type of Interest	Number of Other interests <i>(Note 4)</i>	Approximate percentage of the relevant associated corporations' issued shares <i>(Note 3)</i>
LI Dongsheng	TCL Multimedia	Beneficial owner/ interest of spouse	223,040	0.01%
HUANG Xubin	TCL Multimedia	Beneficial owner	121,134	0.01%
LIAO Qian	TCL Multimedia	Beneficial owner	37,829	0.002%

Notes:

- (4) These interests are restricted shares granted to the relevant Directors and/or their spouses under a restricted share award scheme of TCL Multimedia and were not vested as at the Latest Practicable Date.

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

Name of Directors	Name of associated corporation	Type of Interest	Number of share options	Approximate percentage of the relevant associated corporations' issued share capital (Note 3)
LI Dongsheng	TCL Multimedia	Beneficial owner/ interest of spouse	5,023,646	0.29%
HUANG Xubin	TCL Multimedia	Beneficial owner	855,732	0.05%
LIAO Qian	TCL Multimedia	Beneficial owner	118,739	0.01%

Save as disclosed above, 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); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, save and except that the net profit of the Group for the three months ended 31 March 2016 dropped by approximately 95% from approximately HK\$185,427,000 to HK\$9,276,000 when compared to that for the three months ended 31 March 2015, details of which have been disclosed in the announcement of the Company dated 20 April 2016, the Directors were not aware of any 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 2015 of the Group were made up.

4. 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).

5. DIRECTORS' INTEREST IN THE GROUP'S ASSETS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up), 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.

As at the Latest Practicable Date, none of the Directors had any material interest in any contract or arrangement which was subsisting and significant in relation to the business of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competed 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, no member of the Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

8. EXPERT AND CONSENT

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

Name	Qualification
REORIENT Financial Markets Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities.

REORIENT Financial Markets Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 25 July 2016 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, REORIENT Financial Markets Limited did not have (i) 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 and (ii) any direct or indirect interest in any assets which had, since 31 December 2015 (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.

9. MISCELLANEOUS

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 Rooms 1910-12A, 19/F., Tower 3, 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 memorandum and articles of association of the Company;
- (b) this circular;
- (c) the Pre-IPO Share Option Scheme and the revised Pre-IPO Share Option Scheme;
- (d) the Share Option Scheme and the revised Share Option Scheme;
- (e) the rules of the Share Award Scheme and the revised rules of the Share Award Scheme;
- (f) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (g) the letter from REORIENT Financial Markets Limited, the independent financial adviser, the text of which is set out in this circular; and
- (h) the written consent from REORIENT Financial Markets Limited referred to in the section headed “EXPERT AND CONSENT” in this appendix.

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 (the “EGM”) of TCL Communication Technology Holdings Limited (the “Company”) will be held at 2:30 p.m. on 9 August 2016, Tuesday at Rooms 1910-12A, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong, to consider and, if thought fit, pass (with or without modifications) the following resolution(s) as ordinary resolution(s):

ORDINARY RESOLUTIONS

1. “(a) **THAT** the proposed amendments to the Pre-IPO Share Option Scheme (as defined in the circular of the Company dated 25 July 2016 (the “Circular”)) as set out in the letter from the board in the Circular and contained in the revised Pre-IPO Share Option Scheme, a copy of which is available for inspection as produced to this meeting marked “A” and for the purposes of identification initialled by the chairman of this meeting be and are hereby approved; and

(b) **THAT** any one Director (as defined in the Circular), or a Director and a secretary of the Company or a second Director or some other person appointed by the Board (as defined in the Circular) for the purpose if the affixation of the common seal is necessary, be and is/are hereby authorised to exercise all rights and powers available to him/her/them as he/she/they may in his/her/their sole discretion consider necessary or expedient to give full effect to the amendments to the Pre-IPO Share Option Scheme.”
2. “(a) **THAT** the proposed amendments to the Share Option Scheme (as defined in the Circular) as set out in the letter from the board in the Circular and contained in the revised Share Option Scheme, a copy of which is available for inspection as produced to this meeting marked “B” and for the purposes of identification initialled by the chairman of this meeting be and are hereby approved; and

(b) **THAT** any one Director, or a Director and a secretary of the Company or a second Director or some other person appointed by the board of Directors for the purpose if the affixation of the common seal is necessary, be and is/are hereby authorised to exercise all rights and powers available to him/her/them as he/she/they may in his/her/their sole discretion consider necessary or expedient to give full effect to the amendments to the Share Option Scheme.”
3. “(a) **THAT** conditional upon the coming into effect of the Share Award Scheme Amendment (as defined in the Circular), the Company be and is hereby approved to continue to issue and allot the New Shares (as defined in the Circular) under the Share Award Scheme (as defined in the Circular), as amended by the Share Award Scheme Amendment, under the New Specific Mandate (as defined in the Circular) in accordance with all applicable laws and regulations; and

NOTICE OF EGM

- (b) any director of the Company be and is hereby authorised to take any step and sign, execute and deliver all such other documents as he considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the New Specific Mandate, and to agree to such variation, amendment or waiver as are in his opinion in the interest of the Company.”
4. “(a) **THAT** conditional upon the coming into effect of the Share Award Scheme Amendment, the Connected Grants Amendment (as defined in the Circular) be and is hereby approved; and
- (b) **THAT** any director of the Company be and is hereby authorised to take any step and sign, execute and deliver all such other documents as he considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Connected Grants Amendment, and to agree to such variation, amendment or waiver as are in his opinion in the interest of the Company.”

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 25 July 2016

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 with the Company’s circular dated 25 July 2016. 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 Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. The register of members of the Company will be closed from 8 August 2016 (Monday) to 9 August 2016 (Tuesday), for the purposes of determining the entitlements of the members of the Company to attend and vote at the EGM. No transfers of Shares may be registered on that day. In order to qualify for the aforesaid entitlements, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on 5 August 2016 (Friday).
4. If there is a black rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force at or after 7:30 a.m. on 9 August 2016 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 9 August 2016 that either of the above mentioned warnings is to be issued within the next two hours, the EGM shall automatically be postponed to the next Business Day on which no black rainstorm warning signal or tropical cyclone warning signal number 8 or above is hoisted between the hours from 7:30 a.m. to 9:30 a.m. and in such case the EGM shall be held at 4:00 p.m. on that Business Day at Rooms 1910-12A, 19/F, Tower 3, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong. “Business Day”, in this context, shall mean a day (not being Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are open for general banking business.
5. In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the above resolutions will be voted on by way of poll.

NOTICE OF EGM

6. As at the date of this notice, the Board comprises Mr. LI Dongsheng, Mr. GUO Aiping and Mr. Nicolas Daniel Bernard ZIBELL, being the executive Directors; Mr. HUANG Xubin and Mr. LIAO Qian, being the non-executive Directors; Mr. LAU Siu Ki, Mr. LOOK Andrew and Mr. KWOK Hoi Sing, being the independent non-executive Directors