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

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities.

**TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED****TCL 多媒體科技控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

- (1) AMENDMENTS TO THE RESTRICTED SHARE AWARD SCHEME INVOLVING
SEEKING RESTRICTED SHARES SPECIFIC MANDATE
(2) GRANT OF NEW SHARES AS RESTRICTED SHARES BEYOND 3% ANNUAL LIMIT
(3) CONNECTED NEW SHARES GRANT
AND
(4) ELECTION OF A DIRECTOR**

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



REORIENT Financial Markets Limited

A letter from the Board is set out on pages 7 to 22 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 23 of this circular. A letter from REORIENT Financial Markets Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 35 of this circular.

A notice convening the EGM of the Company to be held at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on 11 August 2015, Tuesday at 4:00 p.m. is set out on pages 48 to 49 of this circular.

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 11 August 2015 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 11 August 2015 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 issued 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 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, Hong Kong.

Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be) in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Hong Kong branch share registrar of the Company, Tricor Tengis 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

27 July 2015

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DEFINITIONS

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

“3% Annual Limit”	3% of the total number of issued Shares of the Company as at the Amendment Date as annual limit;
“Adoption Date”	6 February 2008, being the date on which the Board adopted the Scheme;
“Amended Scheme Rules”	the rules relating to the amended Scheme;
“Amendment Date”	the date on which the Shareholders approve the proposed amendments to the Scheme;
“Announcement”	the announcement of the Company dated 25 June 2015;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Affiliated Companies”	means TCL Corporation, the ultimate controlling Shareholder of the Company, 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), and the term “Affiliated Company” shall be construed accordingly;
“Board”	the board of Directors;
“Business Day”	means a day on which banks in Hong Kong are open to conduct business generally throughout their normal business hours, excluding Saturday, Sunday, public holidays and days on which a tropical cyclone warning signal number 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 09:00 and 17:00 on weekdays;
“Company”	TCL Multimedia Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 01070);
“Connected Grantee(s)”	Grantee(s) who are connected persons of the Company;
“Connected New Shares Grant”	grant of Restricted Shares being new Shares to Connected Grantees;

DEFINITIONS

“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“CPT Display”	CPT Display Technology (Shenzhen) Limited (深圳華映顯示科技有限公司), a sino-foreign equity joint venture enterprise established in the PRC and an indirect non-wholly owned Subsidiary of TCL Corporation;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong, on 11 August 2015, Tuesday at 4:00 p.m. for the purposes of considering and, if thought fit, approving among other things, (i) the amendments to the Scheme involving seeking Restricted Shares Specific Mandate; (ii) the grant of new Shares as Restricted Shares beyond the 3% Annual Limit; (iii) the Connected New Shares Grant; and (iv) the election of Ms. Xu as an executive Director;
“Employee(s)”	any employee (whether full-time or part-time) of any member of the Group (including but without limitation to any executive and non-executive director of any member of the Group);
“Excluded Person(s)”	any Participant who is resident in a place where the settlement of the reference amount and/or the award of the Restricted Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the Scheme is not permitted under the laws and regulations of such place or where in the view of the Board compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant;
“Existing Shares Grant”	the conditional Share Awards with existing Shares to the Grantees;
“Further Shares”	Shares purchased or subscribed by the Trustee out of cash income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust;
“Group”	the Company and its Subsidiaries;
“Grant Date”	the date specified on the grant letter sent by the Company to the Selected Person(s) as the date of grant of Share Award, or such other date as determined by the Board;
“Grantees”	Selected Persons who are grantees of the Grants;

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“Grants”	the grant of Restricted Shares to the Grantees under the paragraphs headed “Grant of Restricted Shares being new Shares” and “Grant of Restricted Shares being existing Shares” in the section headed “GRANT OF RESTRICTED SHARES” of the Announcement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huizhou TCL Mobile”	Huizhou TCL Mobile Communication Co., Ltd. (惠州TCL移動通信有限公司), a limited liability company incorporated in the PRC and an associate of TCL Corporation, where 100% interest in its registered capital is indirectly owned by TCL Communication;
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. TANG Guliang, Mr. Robert Maarten WESTERHOF, Ms. WU Shihong and Dr. TSENG Shieng-chang Carter;
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolutions in respect of the making of the Connected New Shares Grant;
“Kuyu”	Huizhou Kuyu Network Technology Co., Ltd. (惠州酷友網絡科技有限公司), a limited company incorporated in the PRC and an associate of TCL Corporation;
“Latest Practicable Date”	21 July 2015, 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;
“Ms. Xu”	Ms. XU Fang, an executive Director, a member of the Strategy Executive Committee and a member of the remuneration committee of the Company;
“New Shares Grant”	the conditional Share Awards with new Shares to the Grantees;
“Non-Employee Grantees”	has the meaning ascribed to it under the paragraph headed “Eligible Participants” in the section headed “AMENDMENTS TO THE SCHEME”;

DEFINITIONS

“Participant(s)”	any Employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any Affiliated Company whom the Board 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;
“Qianhai Huiyintong”	深圳市前海滙銀通支付科技有限公司, a company established in the PRC with limited liability, a non-wholly owned Subsidiary of TCL Communication which is in turn a Subsidiary of TCL Corporation;
“Related Distribution(s)”	certain distribution derived from a Restricted Share referable to the Selected Person the record date for entitlement of which falls within the period from the Grant Date to the Vesting Date (both days inclusive) of such Restricted Share, which shall include only distributions in cash form such as dividends, cash form of scrip dividend, and in case of bonus shares, the proceeds from sale of the bonus shares, but exclude all other form of distributions such as nil paid rights, bonus warrants, non-cash distributions or proceeds of sale of the same or other residual cash remaining in the trust account;
“Restricted Shares”	in respect of a Selected Person, Shares awarded under the Scheme, which can be (i) new Shares issued by the Company at par for the relevant Selected Person; (ii) existing Shares purchased by the Trustee on the market; (iii) Returned Shares; or (iv) Further Shares;
“Restricted Shares Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM for the Restricted Shares being new Shares to be allotted and issued pursuant to the amended Scheme;
“Returned Shares”	Restricted Shares which are referable to a Selected Person and which are not accepted or vested, or forfeited in accordance with the terms of the Scheme;
“Scheme”	the share award incentive scheme of the Company constituted by the rules adopted by the Board on 6 February 2008 or as amended from time to time in accordance with the provisions of them, certain amendments to the rules constituting the Scheme will be proposed to be considered at the EGM;

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 Scheme;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Share Award(s)”	the grant of Restricted Shares pursuant to the terms of the Scheme;
“Shareholder(s)”	holder(s) of Share(s);
“Shenzhen Huiyintong”	深圳市滙銀通電子商務有限公司, a company established in the PRC with limited liability, a non-wholly owned subsidiary of TCL Communication which is in turn a Subsidiary of TCL Corporation;
“SMC”	Sanyo Manufacturing Corporation, an independent third party;
“SMSA”	Sanyo Manufacturing, S.A. de C.V., a non wholly-owned subsidiary of SMC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Strategy Executive Committee”	the strategy executive committee of the Company;
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly;
“Subscription Agreement”	share subscription agreement dated 24 June 2015 entered into among the Company and 96 subscribers;
“Termination Deed”	the termination deed dated 11 July 2015 entered into among the Company and 96 subscribers for termination of the Subscription Agreement;
“Trustee”	the trustee for the Scheme which will hold Shares for the benefit of the Selected Persons and others subject to the terms and conditions of the trust deed, currently BOCI-Prudential Trustee Limited;
“TCL Communication”	TCL Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 02618);

DEFINITIONS

“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);
“TCL Corporation Group”	TCL Corporation and its Subsidiaries and any entity that may become Subsidiary of TCL Corporation from time to time but does not include the Group for the purpose of this circular;
“Tonly Electronics Holdings”	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: 01249);
“TOT”	TCL Optoelectronics Technology (Huizhou) Co., Ltd. (TCL光電科技(惠州)有限公司), a wholly foreign-owned enterprise established in the PRC and a direct Subsidiary of the Company;
“US Moka”	US Moka Limited, a corporation duly organised and validly existing under the laws of the State of Delaware, the United States of America and is a wholly-owned Subsidiary of the Company; and
“Vesting Date”	in respect of a Selected Person, the date on which his entitlement to the Restricted Shares has vested or deemed to have vested.

LETTER FROM THE BOARD



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

Executive Directors:

LI Dongsheng
BO Lianming
HAO Yi
YAN Xiaolin
XU Fang

Registered Office:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Non-executive Directors:

Albert Thomas DA ROSA, Junior
HUANG Xubin

Principal Place of Business in Hong Kong:

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

Independent Non-executive Directors:

TANG Guliang
Robert Maarten WESTERHOF
WU Shihong
TSENG Shieng-chang Carter

27 July 2015

To the Shareholders

Dear Sir or Madam,

- (1) AMENDMENTS TO THE RESTRICTED SHARE AWARD SCHEME INVOLVING
SEEKING RESTRICTED SHARES SPECIFIC MANDATE
(2) GRANT OF NEW SHARES AS RESTRICTED SHARES BEYOND 3% ANNUAL LIMIT
(3) CONNECTED NEW SHARES GRANT
AND
(4) ELECTION OF A DIRECTOR**

INTRODUCTION

Reference is made to the Announcement. As stated in the Announcement, on 25 June 2015 the Board has resolved to make certain amendments to the Scheme and conditionally make New Shares Grant on terms of the amended Scheme.

LETTER FROM THE BOARD

The purposes of this circular are to provide you with further details of the following:

1. the amendments to the Scheme involving seeking Restricted Shares Specific Mandate;
2. the grant of new Shares as Restricted Shares beyond the 3% Annual Limit;
3. the Connected New Shares Grant;
4. the election of Ms. Xu as an executive Director;
5. the recommendation from the Independent Board Committee regarding the Connected New Shares Grant;
6. the advice from REORIENT Financial Markets Limited, the independent financial adviser regarding the Connected New Shares Grant; and
7. other information in accordance with the requirements of the Listing Rules.

The notice of EGM is enclosed herein as part of this circular.

Set out below are the summaries of the major amendments to the Scheme and details of the New Shares Grant and the election of a Director.

(1) AMENDMENTS TO THE RESTRICTED SHARE AWARD SCHEME INVOLVING SEEKING RESTRICTED SHARES SPECIFIC MANDATE

Reference is made to the announcement of the Company dated 6 February 2008 and the circular of the Company dated 19 March 2008, both with respect to, among other things, adoption of the Scheme. The purpose of the Scheme is to recognise and motivate the contribution of the Participants of the Scheme and provide them with incentive rewards by allocating to them existing Shares purchased from the market by the Trustee to be vested in them upon fulfilment of certain vesting conditions.

AMENDMENTS TO THE SCHEME

As disclosed in the Announcement, the Board has resolved to make certain amendments to the Scheme. For the purpose of transparency and good corporate governance, the Board proposed to put to the Shareholders for approval at the EGM a resolution for the amendments to the Scheme.

The major amendments to the Scheme are as follows:

Eligible Participants

The eligible participants of the Scheme before the proposed amendments cover Employees only. However, over the years since the adoption of the Scheme, the Board has recognised that there are individuals and/or companies which may have an important role in contributing to the success of the Group and the Company would also like to recognise and motivate their contribution. It is therefore proposed that the scope of eligible participants of the Scheme shall be broadened from only Employees to include not only Employees but also (i) advisers, consultants, agents, contractors, clients or suppliers of any member of the Group; and (ii) employees or officers of the Affiliated Companies whom the Board in its sole discretion considers may contribute or have

LETTER FROM THE BOARD

contributed to the Group. The Company considers that, other than its Employees, those Participants under limb (i) have or may have made contribution to the Group by way of their work done and services provided to the Group, and similarly those Participants under limb (ii) have or may have also indirectly contributed to the Group by way of their position held and role played in the Affiliated Companies (such as research and development and planning of sales strategy); however, without amending the Schemes in this respect, the Company will not be able to recognise such contribution of those Participants.

As disclosed in the Announcement, the Group is currently at a critical stage of transforming its business by proactively implementing “double +” strategy, encompassing “intelligence + internet” and “products + services” which strives towards enhancing its product competitiveness as well as its fundamental capabilities (the “Transformation”) and that the Board considers the progress of the Transformation is vital to the survival and further development of the Group. Whilst the success of the Transformation depends very much on the contribution of the Participants, the Board considers that the expansion of the scope of the eligible participants of the Scheme from Employees to Participants could give the Company the flexibility to motivate such Participants and to facilitate the Transformation.

Before granting any Restricted Shares to persons who are not Employees, such grantees who are not Employees (“Non-Employee Grantees”) shall be confirmed by the Board that they may contribute or have contributed to the Group. The premise for the grant of Restricted Shares to the Non-Employee Grantees shall be the Company’s own interest. The Board and the management of the Company shall uphold this principle when considering such matters. The management of the Company shall provide the Board with sufficient information to enable the Directors to make an informed decision as to whether the Non-Employee Grantees may contribute or have contributed to the Group. Such information includes, among others, the name of the Non-Employee Grantee, his/her relationship with the Group, whether he/she is a connected person, and details of the contribution he/she may make or have made to the Group.

Allotment and issuance of new Shares as Restricted Shares

Given the strain on the cash flow of the Group in connection with purchasing existing Shares on the market for making Share Award to the Participants and sometimes the practical difficulties related to it, it would be more flexible for implementation of the Scheme if the Group is able to use new Shares for the grant of the Share Award. It is therefore proposed that as an alternative to purchase of existing Shares on the market for any awards made under the Scheme, the Board may allot and issue new Shares as Restricted Shares and has the discretion to decide whether the Restricted Shares are the existing Shares to be purchased by the Trustee or new Shares to be allotted and issued to the Trustee.

Share Awards with new Shares will only be made to Selected Persons who are Employees and all Share Awards to be made to Non-Employee Grantees will be made with existing Shares. No new Shares will be allotted and issued to Non-Employee Grantees under the amended Scheme.

LETTER FROM THE BOARD

Entitlement to Distributions

As noted above, the purpose of the Scheme is to provide incentives to the Participants to recognise and motivate their contribution to the Group. In order to maximize the incentive effect of the Scheme, it is proposed that in addition to the Restricted Shares, the Selected Persons shall also be entitled to the Related Distribution derived from the relevant Restricted Shares, which mainly covers dividend paid by the Company in respect of the Restricted Shares concerned distributed during the period from the Grant Date to the Vesting Date of the Restricted Shares, which shall however only be vested on the relevant Selected Persons on the Vesting Date subject to fulfilment of the vesting conditions.

The Trustee has been using the cash remaining at the trust fund (including the income derived from any Returned Shares) from time to time for settlement of its charges and fees. In case such cash remaining at the trust fund is insufficient to settle the Trustee's charges and fees, the Company will settle such charges and fees with the Trustee directly in cash.

Deduction of Restricted Shares for Payment of Taxes

It is the obligation of the Selected Persons to bear the liability for any tax and levies ("Taxes") in respect of the grant and vesting of the Restricted Shares. In some cases (particularly in case where the Selected Persons are residents of the PRC), the Company may be obliged to pay the Taxes for and on behalf of the Selected Persons at the time when the liabilities arise (as regards Selected Persons who are residents of the PRC, the liabilities to pay Taxes arise when the Restricted Shares are vested to the Selected Persons according to the prevalent law and regulations of the PRC). The proposed amendment will allow the Company to have the power at its discretion to deduct from such number of Restricted Shares entitled by the relevant Selected Persons certain number of the Restricted Shares which is sufficient to cover the relevant liabilities of such Taxes as reimbursement.

Under the Amended Scheme Rules, in the event that the Company is obliged to pay for and on behalf of the relevant Selected Person any Taxes according to the relevant rules and regulation, instead of asking the Selected Person to indemnify or reimburse the Company in cash for such amount of Taxes, the Company is entitled under the amended Scheme, at its sole discretion, to forfeit by way of deducting from the total number of Restricted Shares entitled to be vested in the Selected Person (i.e. to be transferred to the Selected Person) on the Vesting Date such number of the Restricted Shares representing the relevant amount of Taxes (i.e. the amount sufficient to settle the Taxes incurred). The value of the Restricted Shares so deducted and forfeited shall be conclusively determined by the Company at its sole discretion with reference to the closing price of the Shares as quoted on the Stock Exchange on the Vesting Date and the deduction and the forfeiture will be done on the date immediately after the Vesting Date and before the Restricted Shares are transferred to the relevant Selected Persons. Such number of Restricted Shares so deducted and forfeited will become Returned Shares. The Trustee shall hold Returned Shares and all income derived therefrom upon trust exclusively for the benefit of all or one or more of the Participants (other than any Excluded Person). Such Returned Shares may be awarded as Restricted Shares pursuant to the Scheme. The beneficial interests of the Returned Shares are with the Participants as a whole prior to the grant of Share Award and will only go to a particular Selected Person after the making of the relevant Share Awards.

LETTER FROM THE BOARD

Scheme Limit

To allow the Board more flexibility to grant Restricted Shares, it is proposed that the maximum aggregate number of Shares awarded by the Board under the Scheme be amended from ten per cent (10%) of the issued share capital of the Company as at the Adoption Date to ten per cent (10%) of the issued share capital of the Company as at the Amendment Date, excluding all the Shares awarded under the rules of the pre-amended Scheme up to the Amendment Date. To have a new start for calculating the number of Restricted Shares to be granted under the Scheme would help simplify the operation and increase the operational efficiency of the Scheme.

The maximum number of Restricted Shares (whether new Shares or not) which may be awarded to a Selected Person under the amended Scheme shall not exceed one per cent (1%) of the issued share capital of the Company as at the Amendment Date.

It is further proposed that the aggregate number of new Shares to be granted as Restricted Shares in each financial year shall not exceed 3% Annual Limit unless specifically approved by the Shareholders, with a view to minimize the dilution effect that may be caused by the issue of new Shares for grant of Share Awards and to improve transparency of information for grant of Share Awards with new Shares.

Duration and Termination

The Scheme was effective from the Adoption Date and would continue in full force for 10 years unless in the event of early termination by the Board and upon termination, all Restricted Shares shall become vested in the Selected Persons. In order to allow the Company to continue the use of the Scheme for its purpose, it is proposed that the duration of the Scheme be amended to 15 years from the Adoption Date and the Restricted Shares shall not become vested on the date of termination of the amended Scheme but shall continue to be in full force and effect in accordance with the Amended Scheme Rules and their terms of issue. After the proposed amendment becoming effective, the Scheme would continue in full force until 2023.

Save as aforesaid, other provisions of the Scheme shall substantially remain unchanged and valid. Under the amended Scheme, allocation of Restricted Shares to connected persons of the Group will require compliance with Chapter 14A of the Listing Rules. In any event, the aggregate interests of the connected persons in the Scheme shall at all time be less than 30%.

FURTHER INFORMATION ABOUT THE SCHEME

No Director has any interest in the Trustee and the Trustee is a party independent from the Company and its connected persons.

According to the Scheme, no Share Award shall be made by the Board and no instructions to acquire Shares shall be given to the Trustee and no new Shares shall be allotted and issued under the Scheme where any Director is in possession of unpublished inside information in relation to the Group or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time.

LETTER FROM THE BOARD

The Company will make further announcement as soon as practicable after the grant of Share Award under the Scheme in respect of (i) any grant which involves the allotment and issue of new Shares (whether to connected persons or non-connected persons) and (ii) any grant of Restricted Shares using existing Shares to connected persons.

The Company will disclose in its annual report and interim report the information in relation to the Scheme, which includes the following:–

- (a) the number of Restricted Shares granted under the Scheme during the period covered by the annual report or the interim report (as the case may be);
- (b) the number of Restricted Shares vested or lapsed during the period covered by the annual report or the interim report (as the case may be);
- (c) the amount of expense in relation to the Scheme recorded during the period covered by the annual report or the interim report (as the case may be);
- (d) the opening and closing balance of Restricted Shares to be vested; and
- (e) the total number of Restricted Shares granted under the amended Scheme and the total number of Restricted Shares available for grant in the future.

The market capitalisation of all the new Restricted Shares which can be allotted and issued under the Scheme was approximately HK\$588 million based on the (i) closing price of HK\$4.44 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and (ii) the maximum number of 132,519,805 new Shares that could be allotted and issued under the amended Scheme.

For the purpose of transparency and good corporate governance, the Board proposed to put to the Shareholders for approval at the EGM a resolution for the amendments to the Scheme. Thus, the amendments to the Scheme are subject to Shareholders' approval. As at the Latest Practicable Date, no Shareholders are required to abstain from voting regarding the resolution to be put forward at the EGM for approving the proposed amendments to the Scheme and the transaction contemplated thereunder.

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

REASONS FOR THE AMENDMENTS TO THE SCHEME

As mentioned above, the purpose of the Scheme is to recognise and motivate the contribution of certain Participants. The Board also considers that the making of Share Awards is an effective tool for motivating the Participants to contribute to the Group since it allows the Participants to have a direct economic interest in the Company. However, under the current Scheme, Restricted Shares can only be purchased on the market which, to certain extent, restricts the implementation of the Scheme.

LETTER FROM THE BOARD

The Group is currently at a critical stage of transforming its business by proactively implementing “double +” strategy, encompassing “intelligence + internet” and “products + services” which strives towards enhancing its product competitiveness as well as its fundamental capabilities (the “**Transformation**”). The Board considers the progress of the Transformation is vital to the survival and further development of the Group. The success of the Transformation depends very much on the contribution of the Participants including the Employees. In the circumstances, the Board considers that the expansion of the scope of the eligible participants of the Scheme from Employees to Participants could give the Company the flexibility to motivate such Participants. Against the same backdrop, the Board also considers that the giving of entitlement to Related Distributions to the Selected Persons could further increase the incentive effect of the Scheme. In the event that the Company decides to grant Restricted Shares to those who have made contributions to the Group but who are not an Employee, the Company will require them to pay a consideration in order to recover its costs incurred in relation to the grant. In case the grantee is an Employee, but the grant of Restricted Shares to him/her is not made on the basis of his/her position with the Group, the Company will also require him/her to pay the relevant consideration.

Prior to the proposed amendments to the Scheme, the Company may only instruct the Trustee to purchase existing Shares from the market for grant. However, it is not always easy to purchase sufficient number of Shares for making of Share Award and if the Company is to provide funding for the award, it would constitute a strain on the cash flow position of the Company. Thus, in order to give the Company more flexibility in implementing the Scheme and increase its incentivising features, the Board proposed to amend the Scheme in the way as suggested above. It is believed that such amendments are beneficial to the Company and its Shareholders as a whole since the Company will be able to grant more Restricted Shares to motivate the Participants. Given the Scheme limit, the Directors are of the view that the Share dilution effect that could be bought about from such allotment and issuance of new Shares is limited.

RESTRICTED SHARES SPECIFIC MANDATE

As the new Shares may be allotted and issued for making of Share Awards under the amended Scheme, the Company will seek its Shareholders’ approval at the EGM for the Restricted Shares Specific Mandate for the Restricted Shares being new Shares to be allotted and issued pursuant to the amended Scheme.

As at the Latest Practicable Date, the issued share capital of the Company was 1,341,786,780 fully paid-up Shares. On the basis that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date and up to the date of the EGM, and subject to the passing of the resolutions approving the amendments to the Scheme and the granting of the Restricted Shares Specific Mandate, 132,519,805 new Shares (inclusive of 43,673,434 new Shares to be issued under the New Shares Grant as described below and after deduction of the 1,658,873 existing Shares awarded pursuant to the Existing Shares Grant) may be allotted and issued as Restricted Shares under the amended Scheme.

LETTER FROM THE BOARD

The issue of the new Shares under the New Shares Grant will also be included in the Restricted Shares Specific Mandate to be sought in the EGM. Therefore, for avoidance of doubt, if all the resolutions proposed to be considered by the Shareholders in the EGM are approved and assuming no further Shares will be allotted and issued or repurchased from the Latest Practicable Date and up to the date of the EGM, the available limit for future grants under the amended Scheme will only be 88,846,371 Shares (being 10% of 1,341,786,780 Shares, i.e. 134,178,678 Shares, less (i) 1,658,873 existing Shares awarded pursuant to the Existing Shares Grant and (ii) 43,673,434 new Shares awarded pursuant to the New Shares Grant).

(2) GRANT OF NEW SHARES AS RESTRICTED SHARES BEYOND 3% ANNUAL LIMIT

On 25 June 2015, the Board resolved to conditionally make (a) Existing Shares Grant and (b) New Shares Grant on terms of the amended Scheme. Both Existing Shares Grant and New Shares Grant are subject to the approval of the amendments of the Scheme by the Shareholders at the EGM as mentioned above. Details of the Existing Shares Grant have been set out in the Announcement. As disclosed in the Announcement, all of the grants to the Connected Grantees of Existing Shares Grant are de minimis transactions and are fully exempt from Shareholders' approval, annual review and all disclosure requirements.

The New Shares Grant involves granting awards for a total of 43,673,434 Restricted Shares being new Shares, representing approximately 3.25% of the total number of issued Shares of the Company as at the Latest Practicable Date, to 146 Grantees of New Shares Grant, who are all Employees. Assuming that there is no change to the issued share capital of the Company from the Latest Practicable Date up to the Amendment Date, the aforesaid New Shares Grant will also exceed 3% of the total number of issued Shares of the Company as at the Amendment Date, i.e. the 3% Annual Limit.

The New Shares Grant is subject to (i) the approval by the Shareholders for the amendments to the Scheme; (ii) the approval by the Shareholders for the Restricted Shares Specific Mandate as mentioned above; (iii) the approval by the Shareholders for grant of new Shares as Restricted Shares beyond 3% Annual Limit; and (iv) the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares.

The number of Restricted Shares conditionally granted to each of the Grantees of New Shares Grant is determined with reference to the amount of bonus the relevant Grantee is entitled to and the fair value of the Restricted Shares as at the Grant Date. The fair value is determined based on the market price of the Shares at the Grant Date, taking into account the terms and conditions of the Grants.

The said 43,673,434 new Shares shall be allotted and issued under the Restricted Shares Specific Mandate mentioned above and at par value to the Trustee who will hold such new Shares for the benefits of the relevant Grantees of New Shares Grant. The Company will bear the cost of such issue and no new funds will be raised.

LETTER FROM THE BOARD

All the new Shares to be issued pursuant to the grant to Grantees of New Shares Grant, when issued and fully paid, will rank pari passu in all respects with all existing Shares presently in issue and at the time of allotment and issue of the said new Shares.

Vesting Conditions

The Restricted Shares pursuant to the New Shares Grant will be vested to the Grantees in tranches in 2016, 2017, 2018 and 2019, subject to the Amended Scheme Rules and fulfilment of the following vesting conditions:

- (i) for the one-sixth to be vested on 18 May 2016 and another one-sixth to be vested on 18 May 2017, achievement of the performance targets for 2015;
- (ii) for the other one-sixth to be vested on 18 May 2017 and another one-sixth to be vested on 18 May 2018, achievement of the performance targets for 2016; and
- (iii) for the other one-sixth to be vested on 18 May 2018 and another one-sixth to be vested on 18 May 2019, achievement of the performance targets for 2017.

The abovementioned performance targets vary among the Grantees. Generally, such performance targets include performance targets for the business of the Group as a whole, the performance targets for the departments/business units the Grantees belong to, and individual targets specific to the Grantees determined in accordance with the departments/business units the Grantees belong to, the positions held by the Grantees and the specific duties of the Grantees.

In respect of the year 2015, the performance targets in relation to the Group as a whole are determined by an overall assessment of various indicators which in principle include:-

- (a) Revenue of the Group, which shall generally in steady growth when compared to the previous year;
- (b) Net profit of the Group, which shall generally be better when compared to the previous year;
- (c) Product combinations of the Group (e.g. assisting the Group to meet the target percentage of high end products with reference to the Group's business strategy);
- (d) Market ranking of the Group which shall generally involve an improvement;
- (e) Market share of the Group's products in overseas market;
- (f) Number of active users of the Group's new internet business;
- (g) Operating efficiency of the Group; and
- (h) Other factors relevant to the overall business performance of the Group.

LETTER FROM THE BOARD

The Company will set the performance targets every year with reference to the above factors after taking into accounts the overall circumstances of the market and industry and the business strategy and positioning of the Group. If the vesting conditions in respect of a particular portion of the Restricted Shares cannot be achieved in full, the particular portion of the Restricted Shares shall not be vested in the relevant Grantee in full. Since Mr. Bo Lianming, Mr. Hao Yi and Ms. Xu are members of the Strategy Executive Committee which is the core of the management team of the Company, their performance targets are more closely tied to the performance targets in relation to the Group as a whole.

The proportion of Restricted Shares to be vested in 2016, 2017, 2018 and 2019 to the Grantees of the New Shares Grant who joined the Group during 2015 may vary slightly depending on the exact dates of joining of the relevant Grantees. However, the vesting conditions for the Restricted Shares to be vested in 2016, 2017, 2018 and 2019 are the same as set out above.

(3) CONNECTED NEW SHARES GRANT

Out of the 146 Grantees of New Shares Grant, 28 are Connected Grantees who are conditionally granted a total of 17,940,918 Restricted Shares being new Shares, and they are connected persons of the Company by virtue of being a director and/or a chief executive of member(s) of the Group. Thus, the grants of new Shares to such Connected Grantees constitute connected transactions and therefore such grants are also subject to the approval by the Independent Shareholders at the EGM.

LETTER FROM THE BOARD

Details of the Grantees of New Shares Grant who are Connected Grantees and the number of Restricted Shares being new Shares to be granted to them are set out as follows:

Name of Connected Grantee	Relationship with the Group	Number of Restricted Shares to be granted	Approximate percentage of the total issued Shares as at the Latest Practicable Date (%)
BO Lianming	Executive Director	1,841,297	0.14
HAO Yi	Executive Director	1,691,182	0.13
Ms. Xu	Executive Director	1,161,278	0.09
LI Lu	General manager of a Subsidiary and director of certain Subsidiaries of the Company	901,964	0.07
LIANG Tiehang	General manager of a Subsidiary of the Company	676,473	0.05
ZHOU Jieqi	General manager and director of a Subsidiary of the Company	573,914	0.04
YUAN Ying	General manager and director of a Subsidiary of the Company	385,364	0.03
LI Xiaoyong	General manager and director of a Subsidiary of the Company	383,335	0.03
SUN Xiuhong	General manager of certain Subsidiaries and director of a Subsidiary of the Company	179,367	0.01
PANG Dong	General manager of a Subsidiary and director of certain Subsidiaries of the Company	158,971	0.01
WANG Yi, Michael	Director of certain Subsidiaries of the Company	1,352,945	0.10
XIANG Zheng	Director of a Subsidiary of the Company	1,240,200	0.09
CAI Jinrui	Director of certain Subsidiaries of the Company	1,071,082	0.08
YANG Bin	Director of certain Subsidiaries of the Company	1,033,140	0.08
WANG Cheng	Director of certain Subsidiaries of the Company	901,964	0.07
LIANG Tiemin	Director of certain Subsidiaries of the Company	845,591	0.06
CHEN Rui	Director of a Subsidiary of the Company	450,982	0.03
HOU Daowen	Director of a Subsidiary of the Company	385,364	0.03
CHENG Yu	Director of certain Subsidiaries of the Company	365,295	0.03
SONG Yu	Director of certain Subsidiaries of the Company	342,746	0.03
WANG Hui	Director of certain Subsidiaries of the Company	342,746	0.03
SIN Manlung	Director of certain Subsidiaries of the Company	338,236	0.03
ZHONG Yunquang	Director of certain Subsidiaries of the Company	303,601	0.02
ZHONG Xiehe	Director of a Subsidiary of the Company	264,005	0.02
WANG Hao	Director of a Subsidiary of the Company	264,005	0.02
SU Demou	Director of a Subsidiary of the Company	179,367	0.01
YANG Lan	Director of certain Subsidiaries of the Company	155,961	0.01
WU Jiyu	Director of a Subsidiary of the Company	150,543	0.01
	Total:	<u>17,940,918</u>	<u>1.34</u>

LETTER FROM THE BOARD

The Directors are of the view that the terms of the Connected New Shares Grant are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Directors who are the Grantees have abstained from voting on the board resolutions to approve the grant of Restricted Shares to themselves.

The Connected New Shares Grant is subject to (i) the approval by the Shareholders for the amendments to the Scheme; (ii) the approval by the Shareholders for the Restricted Shares Specific Mandate as mentioned above; (iii) the approval by the Shareholders for grant of new Shares as Restricted Shares beyond 3% Annual Limit; and (iv) the approval by the Shareholders for the Connected New Shares Grant; and (v) the approval by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, such new Shares.

FINANCIAL EFFECT OF THE CONNECTED NEW SHARES GRANT

Save for the expenses relating to the allotment and issue of the new Restricted Shares pursuant to the Connected New Shares Grant, the Connected New Shares Grant will not have any impact on the Group's cash position and net current assets.

Under the accounting policies of the Company, the fair value of the new Restricted Shares under the Connected New Shares Grant will be amortised to the Group's consolidated statement of profit or loss throughout the vesting period (i.e. from the Grant Date to the Vesting Date (both dates inclusive)). Assuming all the vesting conditions of the Connected New Shares Grant will be fulfilled so that all the new Restricted Shares under the Connected New Shares Grant will be vested, the Group's earnings would be decreased by approximately HK\$72.6 million over five years up to the year ending 31 December 2019.

REASONS FOR AND BENEFITS OF THE GRANTS

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

LISTING RULES IMPLICATIONS

(1) Amendments to the Restricted Share Award Scheme involving seeking Restricted Shares Specific Mandate

The Company will seek its Shareholders' approval at the EGM for the Restricted Shares Specific Mandate for the Restricted Shares being new Shares to be allotted and issued pursuant to the amended Scheme. So far as the Company is aware, none of the Shareholders is materially interested in the amendments to the Scheme and the grant of the Restricted Shares Specific Mandate, no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

(2) Grant of New Shares as Restricted Shares beyond 3% Annual Limit

As stated above, there is a requirement under the amended Scheme that the aggregate number of new Shares to be granted as Restricted Shares in each financial year shall not exceed 3% Annual Limit unless specifically approved by the Shareholders. As the New Shares Grant exceeds the 3% Annual Limit, the Company will seek its Shareholders' approval at the EGM for the grant of new Shares as Restricted Shares beyond the 3% Annual Limit under the New Share Grant. So far as the Company is aware, none of the Shareholders, other than the Grantees of the New Share Grant, is materially interested in the making of the New Shares Grant beyond the 3% Annual Limit, thus only the Grantees of the New Shares Grant, but not other Shareholders, are required to abstain from voting on the resolution in respect to the making of New Shares Grant beyond the 3% Annual Limit at the EGM.

(3) Connected New Shares Grant

As stated above, the Connected New Shares Grant constitutes connected transactions of the Company which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. So far as the Company is aware, none of the Shareholders, other than the Connected Grantees, is materially interested in the making of the Connected New Shares Grant, thus only the Connected Grantees, but not other Shareholders, are required to abstain from voting at the resolution in respect to the Connected New Shares Grant at the EGM.

An Independent Board Committee has been established to give recommendations to the Independent Shareholders in relation to the Connected New Shares Grant. The Company has appointed the independent financial adviser, REORIENT Financial Markets Limited, to advise the Independent Board Committee and the Independent Shareholders in this regard.

(4) ELECTION OF A DIRECTOR

Reference is made to the announcement of the Company dated 21 May 2015 in relation to, amongst others, the appointment of Ms. Xu as an executive director of the Company. Pursuant to A.4.2 of Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules, directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Accordingly, Ms. Xu is subject to election by Shareholders at the EGM.

Set out below are details of Ms. Xu who is proposed to be elected at the EGM.

Ms. Xu, aged 52, is the vice president of TCL Corporation. Ms. Xu joined TCL Institute of Training of TCL Corporation as the dean in February 2004. Ms. Xu became the deputy dean of TCL Institute of Leadership Development of TCL Corporation in February 2006 and the dean in April 2007. From September 2007 to June 2015, Ms. Xu was the human resources director of TCL Corporation. From September 2007 to May 2010, Ms. Xu also held the position of general manager of the Human Resources Management Centre of TCL Corporation. Ms. Xu has been the vice president of TCL Corporation since October 2010.

LETTER FROM THE BOARD

During the period from 15 July 2009 to 21 May 2015, Ms. Xu was a non-executive director of TCL Communication. She was also a member of the remuneration committee and a member of the nomination committee of TCL Communication for the periods from 24 October 2011 to 21 May 2015 and from 24 February 2012 to 21 May 2015 respectively.

From September 2010 to June 2011, she concurrently held the position of chief human resources officer of the Company. From July 2009 to April 2013, Ms. Xu was also an executive director and a member of the remuneration committee of the Company. Since October 2014, Ms. Xu has been the chief human resources officer of the Company.

Ms. Xu graduated from Nanjing Normal University in English Linguistics, and obtained a Master's degree in Business Administration from New York Institute of Technology.

Save as disclosed above, Ms. Xu does not at present, and did not in the past three years, hold any directorship in any other listed public companies or any other position with the Company or any other members of the Group.

A service contract has been entered into between Ms. Xu and the Company. According to the terms thereof, Ms. Xu is not entitled to director's fee since 1 July 2015.

As at the Latest Practicable Date, Ms. Xu holds:

1. 1,322,175 Shares, which include 1,161,278 and 52,137 Restricted Shares conditionally granted under the New Shares Grant and the Existing Shares Grant respectively;
2. options to subscribe for 1,447,158 Shares;
3. options to subscribe for 1,565,188 shares of TCL Communication, an associated corporation of the Company;
4. 33,919 unvested award shares of TCL Communication; and
5. 7,768 shares of Tonly Electronics Holdings, an associated corporation of the Company.

Save as disclosed above, Ms. Xu has no interest in the shares of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") and do not have any relationship with any other Directors, senior management or any substantial or controlling Shareholders of the Company.

There is no information which is discloseable nor is/was Ms. Xu involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(w) of the Listing Rules. The Board is not aware of any other matters which need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

GENERAL INFORMATION ON THE PARTIES

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. The Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally. For more information on the Group, please visit its official website at <http://multimedia.tcl.com> (the information that appears in this website does not form part of this circular).

EGM

The Company will convene the EGM at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong on 11 August 2015, Tuesday at 4:00 p.m., at which resolutions will be proposed for the purposes of considering and, if thought fit, approving (i) the amendments to the Scheme involving seeking Restricted Shares Specific Mandate; (ii) the grant of new Shares as Restricted Shares beyond the 3% Annual Limit; (iii) the Connected New Shares Grant; and (iv) the election of Ms. Xu as an executive Director. The notice of the EGM is set out on pages 48 and 49 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM or any adjournment thereof (as the case may be) in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Tengis 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 EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 11 August 2015, for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares may be registered on that day. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 10 August 2015.

RECOMMENDATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 23 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution in respect of the Connected New Shares Grant to be proposed at the EGM; (b) the letter from REORIENT Financial Markets Limited, the independent financial adviser, set out on pages 24 to 35 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Connected New Shares Grant; and (c) additional information set out in the appendix to this circular.

LETTER FROM THE BOARD

The Independent Board Committee, having taken into account the advice of REORIENT Financial Markets Limited, the independent financial adviser, considers that the terms of the Connected New Shares Grant are fair and reasonable, on normal or better commercial terms in the ordinary and usual course of business of the Group, and they are in the interests 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 resolutions to be proposed at the EGM in respect of the Connected New Shares Grant.

The Board considers that the terms of the Connected New Shares Grant are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

Yours faithfully,
By order of the Board
LI Dongsheng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

Date: 27 July 2015

To: the Independent Shareholders

Dear Sirs or Madam,

CONNECTED NEW SHARES GRANT

We refer to the circular of the Company dated 27 July 2015 of the Company (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings when used 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 New Shares Grant, 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 22 and pages 24 to 35 of the Circular respectively.

Having taken into account of the advice of REORIENT Financial Markets Limited, the independent financial adviser, we consider that the Connected New Shares Grant is on normal commercial terms, in the interests of the Company and the Independent Shareholders as a whole and the terms thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in respect of the Connected New Shares Grant.

Yours faithfully,

**Tang Guliang, Robert Maarten Westerhof,
Wu Shihong and Tseng Shieng-chang Carter**
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from REORIENT Financial Markets Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders, for the purpose of incorporation into this circular.



11/F, Far East Finance Centre
16 Harcourt Road, Admiralty, Hong Kong

27 July 2015

The Independent Board Committee and Independent Shareholders
TCL Multimedia Technology Holdings Limited

Dear Sirs,

CONNECTED TRANSACTION – CONNECTED NEW SHARES GRANT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and Independent Shareholders in connection with the Connected New Shares Grant, details of which are set out in the circular of the Company dated 27 July 2015 (the “Circular”) of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context requires otherwise.

On 25 June 2015, the Board resolved to conditionally make the Connected New Shares Grant for a total of 17,940,918 new Restricted Shares to the 28 Connected Grantees. The Connected Grantees are connected persons of the Company under the Listing Rules. The Connected New Shares Grant constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Wu Shihong, Mr. Tang Guliang, Mr. Robert Maarten Westerhof and Dr. Tseng Shieng-chang Carter, has been established to give advice and recommendation to the Independent Shareholders in respect of the Connected New Shares Grant.

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 New Shares Grant are fair and reasonable and whether the Connected New Shares Grant 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In formulating our opinion, we have relied upon the information, facts and representations contained in the announcement of the Company dated 25 June 2015, the Circular and those supplied or made available by the management of the Company to us. We have assumed that all such information, facts and representations were true and accurate in all respects at the time they were supplied or made and continue to be true and accurate 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 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, Mr. Bo Lianming (“Mr. Bo”), Mr. Hao Yi (“Mr. Hao”) and Ms. Xu Fang (“Ms. Xu”), the other 25 Connected Grantees and their respective associates.

During the past two years, we acted as the independent financial adviser of a fellow subsidiary of the Company (the “Fellow Subsidiary”), the issued shares of which are listed on the Main Board of the Stock Exchange, in respect of another transaction providing our independent view to the Fellow Subsidiary’s independent board committee and the independent shareholders. Apart from normal professional fees for our services to the Company in connection with the engagement described above, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. As at the Latest Practicable Date, we are not aware of any relationships or interests between us and the Company or its substantial shareholders, directors or chief executive, 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 New Shares Grant.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the Connected New Shares Grant, we have taken into consideration the following principal factors:

Information on the Group

Business of the Group

The Group is principally engaged in the manufacture and sale of a wide range of electronic consumer products including television sets. The Group has factories in the PRC, Poland, Mexico and Vietnam and distributes its products in all major markets globally.

Financial performance of the Group

As set out the results announcement for the three months ended 31 March 2015 (the “2015 Q1 Results Announcement”), the Group was involved in the manufacture and sale of television sets. During the year ended 31 December 2013, the Group spun off and thus discontinued the business in relation to the manufacture and sale of audio-visual products.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Selected information of the Group's consolidated financial results for the three months ended 31 March 2015 and 2014, and for the years ended 31 December 2014, 2013 and 2012 (as extracted from the 2015 Q1 Results Announcement and the annual reports of the Company) are set out below.

	Three months ended 31 March		Year ended 31 December		
	2015	2014	2014	2013	2012
	<i>HK\$ million</i> (Unaudited)	<i>HK\$ million</i> (Unaudited)	<i>HK\$ million</i> (Audited)	<i>HK\$ million</i> (Audited)	<i>HK\$ million</i> (Audited)
Turnover	8,285	7,889	33,526	39,495	36,025
Gross profit	1,189	1,026	5,503	5,414	6,145
Gross profit margin	14.35%	13.01%	16.41%	13.71%	17.06%
Non-recurring items:					
– Gain/(loss) on disposal of property, plant and equipment	–	–	9	237	(2)
– Gain/(loss) on liquidation of subsidiaries	–	–	159	(8)	(3)
– Restructuring cost provision	–	–	–	(11)	–
– Gain on bargain purchase of subsidiaries	–	–	1	–	144
Profit/(loss) attributable to owners of the parent	46	15	234	(48)	911
Net profit/(loss) margin (excluding non-recurring items)	0.56%	0.19%	0.20%	(0.67%)	2.14%

The Group's turnover increased by approximately 5.1% from approximately HK\$7,889 million for the three months ended 31 March 2014 to approximately HK\$8,285 million for the three months ended 31 March 2015. As set out in the 2015 Q1 Results Announcement, the Group sold approximately 4.18 million sets of televisions ("TVs") (including approximately 4.16 million sets of liquid-crystal display televisions ("LCD TVs")) for the three months ended 31 March 2015, increased by approximately 8.1% year-on-year (LCD TVs: increased by approximately 8.8% year-on-year). The profit attributable to the owners of the parent increased by approximately 200.1% from approximately HK\$15 million for the three months ended 31 March 2014 to approximately HK\$46 million for the three months ended 31 March 2015. The increase was mainly attributable to the increase in average selling price of LCD TVs.

The Group's turnover decreased by approximately 15.1% from approximately HK\$39,495 million for the year ended 31 December 2013 to approximately HK\$33,526 million for the year ended 31 December 2014. As set out in the annual report for the year ended 31 December 2014, the Group sold approximately 16.74 million sets of TVs (including approximately 16.57 million sets of LCD TVs) for the year ended 31 December 2014, declined by approximately 8.2% year-on-year (LCD TVs: declined by approximately 3.5% year-on-year), mainly due to the unsatisfactory results of the PRC market. Average selling price and profit were under pressure while both sale volume and revenue decreased year-on-year due to the weak market demand, the cross-industry competition from internet enterprises and the inadequacies of the Group's selling capabilities. The profit attributable to the owners of the parent increased by approximately 587.5% from loss of approximately HK\$48 million for the year ended 31 December 2013 to profit of approximately HK\$234 million for the year ended 31 December 2014. The substantial increase was mainly attributable to the combined effect of (i) one-off gain on closure of certain subsidiaries in 2014; (ii) one-off gain on disposal of property, plant and equipment and the associated prepaid land lease payments in 2013; and (iii) increase in gross profit margin as a result of optimising the Group's product mix and implementing cost control measures.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

If the non-recurring items were excluded, the Company would have record a profit attributable to the owners of the parent of approximately HK\$65 million in 2014 and a loss attributable to the owners of the parent of approximately HK\$266 million in 2013, showing a significant improvement.

The Group's turnover increased by approximately 9.6% from approximately HK\$36,025 million for the year ended 31 December 2012 to approximately HK\$39,495 million for the year ended 31 December 2013. As set out in the annual report for the year ended 31 December 2013, the Group sold approximately 18.24 million sets of TVs (including approximately 17.18 million sets of LCD TVs) for the year ended 31 December 2013, increased by approximately 3.9% year-on-year (LCD TVs: increased by approximately 10.7% year-on-year), mainly due to enhancement of the Group's competitiveness and brand influence by, among others, launching new smart products. The profit attributable to the owners of the parent decreased by approximately 105.3% from profit of approximately HK\$911 million for the year ended 31 December 2012 to loss of approximately HK\$48 million for the year ended 31 December 2013. The substantial decrease was mainly attributable to the combined effect of (i) one-off gain on disposal of property, plant and equipment and the associated prepaid land lease payments in 2013; (ii) one-off gain on bargain purchase of subsidiaries in 2012; and (iii) decrease in gross profit margin as a result of intensifying competition and ongoing enormous transformation.

Background of the Connected Grantees

The Connected New Shares Grant involves a total of 28 connected persons of the Company, comprising Mr. Bo, Mr. Hao, Ms. Xu and 25 directors/chief executives of certain subsidiaries of the Company.

Mr. Bo, Mr. Hao and Ms. Xu are executive Directors. The other 25 Connected Grantees are directors and/or general managers of certain subsidiaries of the Company. Further information about the Connected Grantees and the number of the new Restricted Shares to be granted to each of them are set out in the section headed "Reasons for and benefits of the Connected New Shares Grant" below.

Reasons for and benefits of the Connected New Shares Grant

As set out in the letter from the Board in the Circular, the Directors believe that the future success of the Company is closely tied to the commitment and efforts of the Grantees (including the Connected Grantees). As such, the granting of performance-linked award to them can effectively motivate them to provide contributions to the Group. We understand from the Company that the Connected New Shares Grant in respect of the Directors and the senior management of the Company has been reviewed and approved by the remuneration committee of the Company (the "Remuneration Committee") in accordance with its terms of reference.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below summaries the information about the Connected Grantees and the number of the new Restricted Shares to be granted to each of them:

Name of Connected Grantees	Relationship with the Group	Number of new Restricted Shares	Market value of the new Restricted Shares HK\$ million (Note 1)	Percentage of the total issued Shares
Mr. Bo	Executive Director	1,841,297	10.31	0.14%
Mr. Hao	Executive Director	1,691,182	9.47	0.13%
Ms. Xu	Executive Director	1,161,278	6.50	0.09%
	<i>Subsidiaries which he/she is a director and/ or a general manager, i.e. chief executive</i>			
Mr. Wang Yi, Michael	TCL Electrical Appliance Sales Co., Ltd. TCL King Electrical Appliances (Huizhou) Company Limited TCL Optoelectronics Technology (Huizhou) Co., Ltd.	1,352,945	7.58	0.10%
Mr. Xiang Zheng	TCL King Electrical Appliances (Nanchang) Company Limited	1,240,200	6.95	0.09%
Mr. Cai Jinrui	Huizhou TCL Coretronic Co., Ltd. TCL King Electrical Appliances (Huizhou) Company Limited TCL Optoelectronics Technology (Huizhou) Co., Ltd.	1,071,082	6.00	0.08%
Mr. Yang Bin	TCL Electrical Appliance Sales Co., Ltd. Guangzhou Digital Rowa Technology Co., Ltd.	1,033,140	5.79	0.08%
Mr. Li Lu	Henan Melody-Huana Electronics Co., Ltd. Guangzhou Digital Rowa Technology Co., Ltd. Toshiba Visual Products (China) Co., Ltd.	901,964	5.05	0.07%
Mr. Wang Cheng	TCL Electrical Appliance Sales Co., Ltd. TCL Overseas Marketing (Macao Commercial Offshore) Limited TCL Overseas Holdings Limited TCL Overseas Marketing Limited	901,964	5.05	0.07%
Mr. Liang Tiemin	TCL King Electrical Appliances (Wuxi) Company Limited TCL Overseas Electronics (Huizhou) Limited TCL Moka International Limited	845,591	4.74	0.06%
Mr. Liang Tiehang	Shenzhen Qivi Technology Development Co., Ltd.	676,473	3.79	0.05%
Mr. Zhou Jieqi	Shenzhen ASIC Micro-Electronics Co., Ltd.	573,914	3.21	0.04%
Ms. Chen Rui	Henan Melody-Huana Electronics Co., Ltd.	450,982	2.53	0.03%
Mr. Hou Daowen	TCL (Vietnam) Corporation Ltd.	385,364	2.16	0.03%
Mr. Yuan Ying	Toshiba Visual Products (China) Co., Ltd.	385,364	2.16	0.03%
Mr. Li Xiaoyong	Guangzhou Digital Rowa Technology Co., Ltd.	383,335	2.15	0.03%
Mr. Cheng Yu	TCL Electronics Australia Pty Ltd TCL Overseas Marketing (Macao Commercial Offshore) Limited TCL Electronics Pakistan (Private) Limited	365,295	2.05	0.03%
Mr. Song Yu	Inner Mongolia TCL Optoelectronics Technology Co. Ltd.	342,746	1.92	0.03%
Mr. Wang Hui	Huizhou TCL Coretronic Co., Ltd. Shenzhen ASIC Micro-Electronics Co., Ltd.	342,746	1.92	0.03%
Mr. Sin Manlung	TCL King Electrical Appliances (Chengdu) Company Limited TCL Overseas Marketing (Macao Commercial Offshore) Limited TCL Holdings (BVI) Limited	338,236	1.89	0.03%
Mr. Zhong Yunquang	TCL India Holdings Pvt. Ltd.	303,601	1.70	0.02%
Mr. Wang Hao	TCL King Electrical Appliances (Chengdu) Company Limited	264,005	1.48	0.02%
Mr. Zhong Xiehe	Huizhou TCL Coretronic Co., Ltd.	264,005	1.48	0.02%
Mr. Su Demou	TCL Online Services Incorporated	179,367	1.00	0.01%
Ms. Sun Xiuhong	TCL King Electrical Appliances (Chengdu) Company Limited TCL King Electrical Appliances (Wuxi) Company Limited	179,367	1.00	0.01%
Mr. Pang Dong	Wuxi TCL Trade Co., Ltd. Lekun Warehousing (Wuxi) Co., Ltd.	158,971	0.89	0.01%
Ms. Yang Lan	TCL King Electrical Appliances (Chengdu) Company Limited Shenzhen Qianhai Moka Software Technology Co., Ltd.	155,961	0.87	0.01%
Mr. Wu Jiyu	TCL Electronics (Thailand) Co., Ltd.	150,543	0.84	0.01%
Total		<u>17,940,918</u>	<u>100.47</u>	<u>1.34%</u>

Note 1: The market value of the new Restricted Shares is calculated based on the closing market price per Share of HK\$5.6 as at 25 June 2015.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Connected Grantees comprise three executive Directors, Mr. Bo, Mr. Hao and Ms. Xu, and 25 key employees of the Group. In addition to their positions as Directors or directors and/or general managers of certain subsidiaries of the Company, the Connected Grantees have responsibilities over the Group's business development and/or operation as detailed below.

Mr. Bo, who joined the Group in May 2010, is the chief executive officer and the chairman of the strategy executive committee of the Company (the "Strategy Executive Committee"), and is responsible for the overall operation and management of the Group. The Strategy Executive Committee is responsible for the operation and management of the Group, making decisions on major business issues, leading the development of the Group in relation to exploring new directions and modes of business, improving management flow and enhancing the operation and management efficiency. The Strategy Executive Committee currently comprises four executive Directors, namely Mr. Bo, Mr. Hao, Ms. Xu and Mr. Yan Xiaolin. Mr. Hao, who joined the Group in August 2013, is the president of the Company and a member of the Strategy Executive Committee, and is responsible for the development of the Group's emerging and internet related-business. Ms. Xu, who joined the Group in July 2009, is an executive Director, a member of the Strategy Executive Committee and a member of the Remuneration Committee and is the Group's in-charge of human resource matters.

Mr. Wang Yi, Michael is the chief financial officer of the Company and is the Group's in-charge of financial matters. Mr. Xiang Zheng is the chief operating officer of the Company (the "COO") and is the Group's in-charge of manufacturing and supply chain segment. Mr. Cai Jinrui is the vice president of the Company and is responsible to assist the COO in managing the Group's manufacturing segment. Mr. Yang Bin is the vice president of the Company and is the Group's in-charge of online to offline (O2O) business. Mr. Li Lu is the vice president of the Company and is the Group's in-charge of PRC sales and distribution business. Mr. Wang Cheng is the vice president of the Company and is the Group's in-charge of overseas sales and distribution business. Mr. Liang Tiemin is the vice president of the Company and is in-charge of the Group's sub-contracting business. Mr. Liang Tiehang is the vice president of the Company and the Group's in-charge of internet related-business. The other 17 Connected Grantees are principally responsible for the operation and/or the management of certain individual business segments of the Group.

We understand from the Company that the higher the overall responsibilities in the Group's business operation and development, the larger the number of new Restricted Shares will be granted to the relevant Connected Grantees under the Connected New Shares Grant. The expected future contribution of the Connected Grantees to the Group's business operation and development is also one of the principal factors considered by the Company in determining the number of the new Restricted Shares to be granted. The length of services of each of the Connected Grantees in the Group is not a principal factor considered by the Company in determining the Connected Grantees or the number of the new Restricted Shares to be granted. The Company is of the view that each of the Connected Grantees plays a significant role in leading and/or managing the Group. We consider that the Connected New Shares Grant will further align their interests as key management members and Shareholders, and would further motivate them to devote their efforts to the Group's development, which the Directors consider crucial and beneficial to the long-term development of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company is of the view that the Connected New Shares Grant provides incentives to the Connected Grantees, as well as other Grantees who are not connected persons, and will allow the Group to attract and retain talents for the continual operation and development of the Group. We understand from the Company that the individual performance of each of the Connected Grantees in the past is above average under the Group's performance management system. The Connected New Shares Grant recognises their continual support to the Group and their effort will promote the Group's future development. Furthermore, the Group used to purchase existing Shares on the market for the awards to the connected persons of the Company under the Scheme in the past. For the purposes of the Scheme, the Trustee purchased (i) 1,500,000 Restricted Shares during the year ended 31 December 2013 at a total cost of approximately HK\$9.3 million; and (ii) 6,682,000 Restricted Shares during the year ended 31 December 2014 at a total cost of approximately HK\$19.5 million for the benefit of the Participants (including connected persons of the Company). This led to the Group's actual cash outflow. There will not be any actual cash outflow by the Group under the Connected New Shares Grant.

We understand from the Company that the Company has considered several methods of providing incentives to the Group's staff members, including the Connected Grantees, including increasing lump sum cash bonuses, increasing remuneration increment, granting share options, as well as the Connected New Shares Grant. After careful consideration of the various alternatives, the Directors consider the New Shares Grant (including the Connected New Shares Grant) to be appropriate given the New Shares Grant will enable the Company to provide incentives to the Grantees to make contribution to the Group without cash outflow by the Group.

In addition, the economic benefits of the Connected New Shares Grant are dependent on the improvement in the performances of the Group. As set out in the section headed 'Principal terms of the Connected New Shares Grant' below, the Connected New Shares Grant is subject to certain conditions, including vesting period of up to approximately four years and achievement of performance target by each of the Connected Grantees. We understand from the Company that the performance targets are determined by reference to (i) the overall achievement of the Group's business plan; (ii) the overall achievement of the business plan of the departments/business units the relevant Connected Grantee belong to; and (iii) the annual appraisal performance level of the individual Connected Grantee. As such, the Connected Grantees can only benefit when they are still eligible Grantees and have achieved their respective pre-determined performance targets, including achievement and improvement in the performances of the Group and the relevant Connected Grantee, which in turn should be beneficial to all the Shareholders as a whole. We concur with the Directors' view that it is reasonable to include performance target as one of the vesting conditions under the Connected New Shares Grant and that the Connected New Shares Grant will further align the interests of the Connected Grantees with the Company together with the Shareholders.

Having considered the information from the Company and our review and analysis above, we agree with the Directors' view that the Connected New Shares Grant may effectively help motivate the Connected Grantees as well as the other Grantees to further contribute to the Group and we consider that the Connected New Shares Grant is in the interests of the Company and its Shareholders. The Group's business is manufacture and sale of a wide range of electronic consumer products including television sets. It is not in the Group's ordinary and usual course of business to conduct the Connected New Shares Grant but the Connected New Shares Grant is incidental to the Group's development of its ordinary and usual course of business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Connected New Shares Grant

On 25 June 2015, the Board resolved to conditionally make the Connected New Shares Grant on terms of the amended Scheme, which involves granting awards for a total of 17,940,918 new Restricted Shares to the 28 Connected Grantees, who are all key employees of the Group. The 17,940,918 new Restricted Shares to be granted under the Connected New Shares Grant represent approximately 1.34% of the existing issued share capital of the Company and approximately 1.32% of the issued share capital of the Company as enlarged by the issue of the 17,940,918 new Restricted Shares under the Connected New Shares Grant as at the Latest Practicable Date.

We understand from the Company that, in determining the Connected Grantees, the Company has taken into consideration, including but not limited to, the roles and responsibilities of the Connected Grantees in the Group's business operation and development, and the expected future contribution of the Connected Grantees to the Group's business operation and development. The number of the new Restricted Shares conditionally granted to each of the Connected Grantees is determined by reference to the bonus amount the relevant Connected Grantee is entitled to and the fair value of the Restricted Shares as at the Grant Date, i.e. 25 June 2015. We understand from the Company that the bonus amount of the relevant Connected Grantees is based on their roles and responsibilities in the Group's business operation and development as well as the prevailing market salary packages. The fair value of the grant of the new Restricted Shares under the Connected New Shares Grant is estimated to be approximately HK\$72.6 million as determined by an independent valuer using binomial model.

We understand from the Company that the Company has engaged an independent human resource consulting firm (the "Independent Consulting Firm") to advise on the salary packages of the Group's senior and middle management, including a review of the prevailing market salary packages of comparable companies (the "Market Salary Review"). The Independent Consulting Firm conducted the Market Salary Review on the comparable companies with the following major criteria (i) large home appliance enterprises in the PRC; and (ii) listed companies on the Stock Exchange. The Market Salary Review primarily involves the review and analysis on (i) the total salary package of senior management of these comparable companies; and (ii) the salary packages database maintained by the Independent Consulting Firm. Such data was then applied as a benchmark and basis to the New Shares Grant (including the Connected New Shares Grant) and was one of the principal factors for the determination of the number of the new Restricted Shares.

Having considered the benefits of the Connected New Shares Grant as set out in the section headed "Reasons for and benefits of the Connected New Shares Grant", the work and analysis performed by the Independent Consulting Firm in respect of the Market Salary Review and determination of the number of the new Restricted Shares and the factors taking into account by the Company as set out in the preceding paragraph are directly linked to the Group's future development and success, we concur with the Directors' view that the bases of determination of the Connected Grantees and the number of the new Restricted Shares are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Vesting conditions and period

Subject to the Amended Scheme Rules and satisfaction of the vesting conditions of the Connected New Shares Grant, the new Restricted Shares under the Connected New Shares Grant will be vested to the Connected Grantees in tranches in the year ending 31 December 2016, 2017, 2018 and 2019 as follows:

- (i) one-sixth of the new Restricted Shares to be vested on 18 May 2016 and another one-sixth of the new Restricted Shares to be vested on 18 May 2017, subject to achievement of the performance targets for the year ending 31 December 2015;
- (ii) one-sixth of the new Restricted Shares to be vested on 18 May 2017 and another one-sixth of the new Restricted Shares to be vested on 18 May 2018, subject to achievement of the performance targets for the year ending 31 December 2016; and
- (iii) one-sixth of the new Restricted Shares to be vested on 18 May 2018 and another one-sixth of the new Restricted Shares to be vested on 18 May 2019, subject to achievement of the performance targets for the year ending 31 December 2017.

As set out in the section headed “Reasons for and benefits of the Connected New Shares Grant”, the performance targets are determined by reference to (i) the overall achievement of the Group’s business plan (the “Group Performance”); (ii) the overall achievement of the business plan of the departments/business units the relevant Connected Grantee belong to (the “Departments/Business Units Performance”); and (iii) the annual appraisal performance level of the individual Connected Grantee (the “Individual Performance”). The Group Performance comprises (i) financial performance, which is evaluated through the key performance measures and targets (the “KPIs”) as the Board from time to time approves such as revenue and net profit of the Group; and (ii) strategic growth, which is evaluated against the KPIs such as market share of the Group’s products in overseas market and number of active users of the Group’s new internet business. The Departments/Business Units Performance is similar to the Group Performance but the assessment is on the individual departments/business units level. The Individual Performance is measured against the criteria set out under the Group’s performance management system with the performance levels classified into four grades. The criteria set out under the Group’s performance management system focuses on their achievement on pre-set key performance objectives during the relevant period.

Having considered that the vesting of the new Restricted Shares under the Connected New Shares Grant is subject to the Group Performance, the Departments/Business Units Performance and the Individual Performance, the achievement of which would in turn be beneficial to the Group and the Shareholders as a whole, we consider that these performance targets are meaningful to the Company and will align the interests of the Connected Grantees with the Company together with the Shareholders.

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Under the Amended Scheme Rules, any Restricted Shares and the related income derived from such Restricted Shares shall not be vested under the following circumstances (among others):

- (i) in the event of any failure of the Connected Grantee to remain as an employee of a member of the Group on the relevant vesting date; and
- (ii) in the event that the Connected Grantee fails to achieve vesting conditions such as the key performance indicator or such other condition(s) as specified in the Grant Letter.

We understand from the Company that the vesting period of the Connected New Shares Grant is materially the same as the vesting period of the non-connected Grantees under the New Shares Grant.

Value of the new Restricted Shares under the Connected New Shares Grant

Based on the closing price of HK\$5.6 per Share as quoted on the Stock Exchange as at 25 June 2015, the date of the Connected New Shares Grant, the aggregate market value of the new Restricted Shares is approximately HK\$100.47 million. No fund will be raised by the Company as a result of the allotment and issue of the new Restricted Shares.

We understand that from the Company that the Board has given due consideration to various factors, including the importance of work position, contribution level and individual performance of each Connected Grantee in determining the number of the new Restricted Shares to be granted. Based on the information provided by the Company, including the background, working experience and the past contribution of the Connected Grantees towards the Group, we note that the Connected Grantees (i) have extensive involvements/contributions in the Group's operations and/or business development; (ii) have been performing satisfactorily in the past; and/or (iii) are currently in charge of executive functions in the Company or its subsidiaries. We understand from the Company that the Connected Grantees are key personnel providing support for business development and/or daily operations of the Group. The Connected Grantees had made significant contributions to the Group in the past and are expected to continue to contribute to the Group's success in the future. We consider that the expertise and experience of the Connected Grantees will be valuable and essential to the future development of the Group.

Having considered (i) the benefit of the Connected New Shares Grant in motivating the Connected Grantees (being key management) to promote and enhance the Company's prospect and value; (ii) the number of the new Restricted Shares to be granted to the Connected Grantees were determined based on their roles and responsibilities, performance and contributions to the Group; (iii) the important roles of the Connected Grantees in the daily operation of the Group; and (iv) the vesting of the new Restricted Shares would provide incentives for the Connected Grantees to retain them for the continual operation and development of the Group, we are of the view that the terms of the Connected New Shares Grant are on normal commercial terms and fair and reasonable and the Connected New Shares Grant is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial effects of the Connected New Shares Grant

Cash flow

Save for the expenses relating to the allotment and issue of the new Restricted Shares under the Connected New Shares Grant, the Connected New Shares Grant 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 new Restricted Shares under the Connected New Shares Grant will be amortised to the Group's consolidated statement of profit or loss throughout the vesting period (i.e. from the Grant Date to the vesting dates). Assuming all the vesting conditions of the Connected New Shares Grant are being fulfilled, the Group's earnings would be decreased by approximately HK\$72.6 million over five years up to the year ending 31 December 2019, i.e. approximately HK\$20.4 million, approximately HK\$29.9 million, approximately HK\$15.6 million, approximately HK\$5.7 million and approximately HK\$1.0 million for the year ending 31 December 2015, 2016, 2017, 2018 and 2019 respectively.

Net asset value

According to the 2015 Q1 Results Announcement, as at 31 March 2015, the Group's net asset value was approximately HK\$4,710.2 million and the Group's net asset value per Share was approximately HK\$3.52. Upon the allotment and issue of the new Restricted Shares under the Connected New Shares Grant, the share capital and the reserves of the Group would increase by the amount equivalent to the amortised fair value in respect of the Connected New Shares Grant, and the same amount will be recognised in the Group's consolidated statement of profit or loss as expenses. The total assets of the Company would remain unchanged. Based on the number of the new Restricted Shares under the Connected New Shares Grant of 17,940,918 and the Group's net asset value as at 31 March 2015, the Group's net asset value per Share would decrease to approximately HK\$3.46 subject to all other things remaining unchanged.

Gearing

Upon the allotment and issue of the new Restricted Shares under the Connected New Shares Grant, the Group's net borrowings and the equity attributable to owners of the parent would remain unchanged. Thus, the Connected New Shares Grant will not have any material impact on the Group's gearing level.

Notwithstanding that the Connected New Shares Grant would decrease the Group's earnings and the net asset value per Share, the Connected New Shares Grant would retain and motivate the Connected Grantees who are all key employees of the Group to provide contributions to the Group and the amortisation of the fair value of the new Restricted Shares is part of the Group's recurring wages and salaries expenses. On such basis, we are of the view that the Connected New Shares Grant is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Effect on the shareholding structure of the Company

Upon the allotment and issue of all the Restricted Shares under the New Shares Grant (including the Connected New Shares Grant), the shareholding of the existing public Shareholders will be diluted from approximately 32.38% to approximately 31.36%.

Having considered (i) the benefit of the Connected New Shares Grant in motivating the Connected Grantees (being key management) to promote and enhance the Company's prospect and value; (ii) the number of the new Restricted Shares to be granted to the Connected Grantees were determined based on their roles and responsibilities, performance and contributions to the Group; (iii) the important roles of the Connected Grantees in the daily operation of the Group; and (iv) the vesting of the new Restricted Shares would provide incentives for the Connected Grantees to retain them for the continual operation and development of the Group, we consider that the dilution effects on the shareholding of the existing public Shareholders upon allotment and issue of the new Restricted Shares under the Connected New Shares Grant is acceptable, and fair and reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the terms of the Connected New Shares Grant are fair and reasonable and the Connected New Shares Grant is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and the Independent Shareholders, to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Connected New Shares Grant and the transactions contemplated thereunder.

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 17 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 Company. 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 for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) 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
Li Dongsheng	Beneficial owner/ interest of spouse	40,980,731	3.05%
Bo Lianming	Beneficial owner	610,727	0.05%
Hao Yi	Beneficial owner	323,939	0.02%
Yan Xiaolin	Beneficial owner	390,600	0.03%
Xu Fang	Beneficial owner	108,760	0.008%
Albert T. da Rosa, Jr.	Beneficial owner	63,333	0.005%
Huang Xubin	Beneficial owner	1,060,560	0.08%
Tang Guliang	Beneficial owner	63,333	0.005%
Robert Maarten Westerhof	Beneficial owner	30,000	0.002%
Wu Shihong	Beneficial owner	63,333	0.005%

(b) Other interest in the Company – Restricted Shares

Name of Directors	Type of Interest	Other interests (Note)	Approximate percentage of issued share capital of the Company
Li Dongsheng	Beneficial owner/ interest of spouse	127,924	0.01%
Bo Lianming	Beneficial owner	1,841,297	0.14%
Hao Yi	Beneficial owner	1,691,182	0.13%
Yan Xiaolin	Beneficial owner	78,409	0.006%
Xu Fang	Beneficial owner	1,213,415	0.09%
Huang Xubin	Beneficial owner	81,991	0.006%

Note: These interests are restricted shares granted to the relevant directors under a restricted 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 share capital of the Company
Li Dongsheng	Beneficial owner	4,326,367	0.32%
Bo Lianming	Beneficial owner	6,448,245	0.48%
Hao Yi	Beneficial owner	4,293,337	0.32%
Yan Xiaolin	Beneficial owner	1,086,212	0.08%
Xu Fang	Beneficial owner	1,447,158	0.11%
Albert T. da Rosa, Jr.	Beneficial owner	294,410	0.02%
Huang Xubin	Beneficial owner	460,177	0.03%
Tang Guliang	Beneficial owner	194,410	0.01%
Robert Maarten Westerhof	Beneficial owner	327,743	0.02%
Wu Shihong	Beneficial owner	294,410	0.02%

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

Name of Directors	Name of associated corporations	Type of Interest	Number of shares held	Approximate percentage of the relevant associated corporations' issued share capital
Li Dongsheng	TCL Corporation	Beneficial owner/ Interest of controlled corporation	1,047,173,209	8.57%
Bo Lianming	TCL Corporation	Beneficial owner	4,058,801	0.03%
Yan Xiaolin	TCL Corporation	Beneficial owner	597,100	0.005%
Huang Xubin	TCL Corporation	Beneficial owner	3,383,380	0.03%
Li Dongsheng	TCL Communication	Beneficial owner/ interest of spouse	50,825,553	4.04%
Bo Lianming	TCL Communication	Beneficial owner	65,700	0.005%
Hao Yi	TCL Communication	Beneficial owner	133	0.00001%
Wu Shihong	Huizhou Techne Corporation	Beneficial owner	802,700	0.35%
Li Dongsheng	Tonly Electronics Holdings	Beneficial owner/ Interest of spouse	5,687,668	2.28%
Bo Lianming	Tonly Electronics Holdings	Beneficial owner	28,653	0.01%
Hao Yi	Tonly Electronics Holdings	Beneficial owner	116	0.00005%
Xu Fang	Tonly Electronics Holdings	Beneficial owner	7,768	0.003%
Albert T. da Rosa, Jr.	Tonly Electronics Holdings	Beneficial owner	5,476	0.002%
Huang Xubin	Tonly Electronics Holdings	Beneficial owner	4,325	0.002%
Tang Guliang	Tonly Electronics Holdings	Beneficial owner	5,476	0.002%
Robert Maarten Westerhof	Tonly Electronics Holdings	Beneficial owner	2,142	0.0009%
Wu Shihong	Tonly Electronics Holdings	Beneficial owner	5,476	0.002%

(e) Other interest in associated corporation of the Company

Name of Directors	Name of associated corporation	Type of Interest	Other interests <i>(Note)</i>	Approximate percentage of issued share capital of TCL Communication
Li Dongsheng	TCL Communication	Beneficial owner/ interest of spouse	234,319	0.02%
Yan Xiaolin	TCL Communication	Beneficial owner	51,011	0.004%
Xu Fang	TCL Communication	Beneficial owner	33,919	0.003%
Huang Xubin	TCL Communication	Beneficial owner	53,341	0.004%

Note: These interests are restricted shares granted to the relevant directors under a restricted share award scheme of TCL Communication and were not vested as at the Latest Practicable Date.

(f) Interest in shares of Shenzhen China Star Optoelectronics Technology Co., Ltd. (“China Star”), an associated corporation of the Company

Name of Director	Registered Capital <i>(Note)</i>	Approximate percentage of registered capital of China Star
Bo Lianming	RMB34,912,000	0.21%

Note: Mr. Bo Lianming was deemed to be interested in China Star since he owned Tibet Shannan Star Ripple Venture Capital Partnership (Limited Partnership) (“Star Ripple”) as to approximately 57.58% and Star Ripple in turn held 0.21% of the registered capital of China Star.

(g) 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
Yan Xiaolin	TCL Corporation	Beneficial owner	1,522,400	0.01%
Li Dongsheng	TCL Communication	Beneficial owner/ Interest of spouse	2,919,913	0.23%
Bo Lianming	TCL Communication	Beneficial owner	70,000	0.006%
Yan Xiaolin	TCL Communication	Beneficial owner	186,133	0.01%
Xu Fang	TCL Communication	Beneficial owner	1,565,188	0.12%
Huang Xubin	TCL Communication	Beneficial owner	1,137,265	0.09%

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

3. SUBSTANTIAL SHAREHOLDERS' INTEREST

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

(a) Long Positions in shares of the Company

Name of Shareholder	Type of Interest	Number of shares held	Approximate percentage of issued share capital of the Company
TCL Corporation	Interest of controlled corporation	863,064,475 (Note 1)	64.32% (Note 2)

Notes:

- Under the SFO, as at the Latest Practicable Date, TCL Corporation was deemed to be interested in 863,064,475 shares of the Company held by T.C.L. Industries Holdings (H.K.) Limited ("TCL Industries"), a direct wholly-owned subsidiary of TCL Corporation.
- Such percentage was calculated based on the issued share capital of the Company as at the Latest Practicable Date, being 1,341,786,780 shares in issue.
- The following Directors are directors/employees of TCL Corporation who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO:
 - Mr. LI Dongsheng is the chairman and chief executive officer of TCL Corporation;
 - Mr. BO Lianming is an executive director, president and chief operating officer of TCL Corporation;
 - Mr. HAO Yi is a vice president of TCL Corporation;
 - Mr. YAN Xiaolin is a senior vice president and the chief technology officer of TCL Corporation and the president of TCL Corporate Research of TCL Corporation;
 - Ms. XU is the vice president of TCL Corporation; and
 - Mr. HUANG Xubin is an executive director and the chief financial officer of TCL Corporation.

(b) Interests in subsidiaries of the Company

As at the Latest Practicable Date, so far as was known to any Directors or chief executive of the Company, the following persons (not being a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a subsidiary of the Company:

Name of subsidiary of the Company	Name of substantial shareholders	Approximate Percentage of shareholding
Guangzhou Digital Rowa Technology Co., Ltd. (廣州數碼樂華科技有限公司)	Science City Development Public Co., Ltd. (南方科學城發展股份有限公司)	30%
TCL King Electrical Appliances (Wuxi) Co., Ltd. (TCL王牌電器(無錫)有限公司)	無錫產業發展集團有限公司	30%
Henan Melody-Huana Electronics Co., Ltd. (河南美樂華納電子有限責任公司)	惠州市仁仁巨實業有限公司	60%
Toshiba Visual Products (China) Co., Ltd. (“Toshiba Visual”) (東芝視頻產品(中國)有限公司)	Toshiba Corporation (株式會社東芝)	30%

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

4. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, 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 2014 of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. 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 2014 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to 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.

7. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them had interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

8. 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.

9. 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 27 July 2015 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 have, since 31 December 2014 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, of 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.

10. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its Subsidiaries which are or may be material:

- (a) the Termination Deed;
- (b) the Subscription Agreement;
- (c) the master payment services agreement dated 2 March 2015 entered into between (i) the Company; (ii) Qianhai Huiyintong; and (iii) Shenzhen Huiyintong, pursuant to which Qianhai Huiyintong and Shenzhen Huiyintong agreed to provide with the Group payment services by consumers through the point of sale terminal system, online payment system, mobile payment system and/or digital television payment system;
- (d) the master financial services agreement dated 11 November 2014 entered into among (i) the Company; (ii) TCL Corporation; and (iii) TCL Finance Co., Ltd. (“Finance Company”), pursuant to which the Finance Company agreed to provide (a) certain deposit services; (b) certain financing services such as the provision of loan and credit facilities; and (c) other financial services to certain qualified members of the Group, including (a) any subsidiary of which TCL Corporation owns an equity interest of 51% or more; (b) any company in which TCL Corporation or any of its subsidiaries own, individually or collectively, an equity interest of over 20%; and (c) any company in which TCL Corporation or any of its subsidiaries are, individually or collectively, the largest shareholder;
- (e) the joint venture agreement dated 11 November 2014 entered into among Sino Leader (Hong Kong) Limited (“Sino Leader”), a wholly-owned subsidiary of the Company, Prosper Fortune Enterprises Limited, Crown Capital Enterprises Limited and the joint venture company (named as TCL Smart Home Technologies Co., Ltd), pursuant to which the parties to the joint venture agreement agreed to jointly develop the relevant business comprising the provision of (i) the smart home appliances and integrated systems to end users; (ii) the smart home related applications and services to end users; (iii) the advertisement and consultancy services to smart appliance manufacturers; and (iv) the total solution of smart appliances and services provided to smart communities and smart cities. The initial capital requirement and further financing commitment on the part of the Company amounted to approximately RMB27,000,000;

- (f) the Kuyu capital increase agreement dated 24 April 2014 entered into among TCL King Electrical Appliances (Huizhou) Company Limited, a limited liability company incorporated in the PRC and 100% interest in its registered capital being indirectly held by the Company, TCL Corporation, Huizhou TCL Mobile, TCL Air-conditioner (Zhongshan) Co., Ltd., TCL Home Appliance (Hefei) Co., Ltd., Foshan TCL Household Appliances (Nanhai) Co., Ltd. and Huizhou TCL Light Electrical Appliances Co., Ltd., Huizhou Pengpeng Keji Investment Partnership (Limited Partnership), Huizhou Wuheshen Keji Investment Partnership (Limited Partnership) and Kuyu, pursuant to which the Company agreed to inject RMB80 million in cash to Kuyu as its registered capital;
- (g) the third variation deed (2014) dated 24 April 2014 entered into among the Company, TCL Corporation and TCL Industries in relation to certain non-competition arrangement, and entered into for the purpose of modifying the scope of restricted activity undertaken by TCL Corporation and TCL Industries (“Restricted Activity”), so that the scope of Restricted Activity shall only cover the manufacture and assembly of TV sets;
- (h) the acquisition agreement dated 24 April 2014 entered into between TOT and CPT Display pursuant to which TOT agreed to purchase certain CPT aging production line at a consideration of approximately RMB45.0 million;
- (i) the disposal agreement dated 24 April 2014 entered into between TOT and CPT Display pursuant to which TOT agreed to sell certain TOT bonding production line at a consideration of approximately RMB116.5 million;
- (j) the asset purchase agreement dated 31 March 2014 entered into between US Moka as purchaser and SMC as vendor pursuant to which SMC agreed to sell and US Moka agreed to acquire (i) certain pieces of land located at the industrial development zone known as Ciudad Industrial Nueva Tijuana in Baja California Mexico (“Land”); (ii) all the buildings erected on the Land; and (iii) the machinery and any other supplementary tools operated in SMSA at a consideration of US\$13.27 million (subject to certain consideration adjustments);
- (k) the stock purchase agreement dated 31 March 2014 entered into between US Moka and SMC pursuant to which SMC agreed to sell and US Moka agreed to acquire 45,000 shares in SMSA at a consideration of US\$1.95 million (subject to certain consideration adjustments);
- (l) the strategic cooperation (2014) framework agreement dated 24 February 2014 entered into between the Company and TCL Corporation, pursuant to which comprehensive and extensive research and development services in a number of technological areas which may bring innovative ideas in developing high-end TV products, would be provided to the Group by TCL Corporation and its Subsidiaries;
- (m) the equity transfer agreement dated 2 December 2013 entered into between TCL Electrical Appliance Sales Co., Ltd. (“Sales Co”, a wholly-owned subsidiary of the Company) and Toshiba Corporation, an independent third party, pursuant to which Sales Co agreed to acquire an additional 21% equity interest in Toshiba Visual, a former 49% owned associate of Sales Co, at nil consideration;

- (n) the capital injection agreement dated 15 November 2013 entered into among TCL King Electrical Appliances (Chengdu) Company Limited (“TCL King (Chengdu)”), a wholly owned Subsidiary of the Company, TCL Corporation, JRD Communication (Shenzhen) Ltd (“JRD Shenzhen”) and Finance Company pursuant to which TCL King (Chengdu), TCL Corporation and JRD Shenzhen, all being shareholders of Finance Company, agreed to inject a total of RMB1,000 million into Finance Company on a pro rata basis. TCL King Chengdu would inject a total of RMB140 million into the Finance Company;
- (o) the joint venture agreement dated 29 October 2013 entered into between Sino Leader and IMAX (Hong Kong) Holdings, Limited (“IMAX (Hong Kong)”) pursuant to which the Group and IMAX (Hong Kong) agreed to form TCL-IMAX Entertainment Co., Limited, a joint venture in Hong Kong and certain other joint ventures in the PRC (the “Joint Venture”), which would be engaged in the development, manufacture and distribution, for worldwide customers, of premium high-end private theatre systems, and providing both high quality day-and-date and library content for Chinese and foreign films, and standard television content and various other content, including music and gaming. The Joint Venture would integrate the new strategic ideas of “hardware, software, service and content” to provide global high-end customers with comprehensive solutions to ultra-advanced audio visual demonstration technology;
- (p) the tripartite agreement dated 11 September 2013 entered into among Inner Mongolia TCL King Electrical Appliance Company Limited (“Inner Mongolia TCL King”), a wholly-owned subsidiary of the Company, Hohhot Land Purchase and Reserve Auction Centre (“Hohhot Auction Centre”) and Management Committee of Wishful Zone of Hohhot Economic and Technological Development Zone (“Management Committee of Wishful Zone of Hohhot”) pursuant to which Inner Mongolia TCL King agreed to sell and Hohhot Auction Centre agreed to acquire (i) all the land use rights held by Inner Mongolia TCL King in respect of two pieces of adjacent land located at East of East Second Ring Road, South of Xin Hua Street, Wishful Development Zone, Hohhot (“Land”) for industrial use (“Land Use Rights”); and (ii) all the buildings erected on the Land (“Buildings”) at a total consideration of RMB235,923,436. In addition, Inner Mongolia TCL King would be entitled to (i) a compensation and reward for its relocation from the Land in a sum of RMB61,244,000; and (ii) refund of RMB9,730,000 payable by Management Committee of Wishful Zone of Hohhot; and
- (q) the 3-year term loan facility agreement dated 16 August 2013 entered into among the Company as borrower with, amongst others, three banks, pursuant to which a term loan facility of up to US\$150 million was granted to the Company (“Facility Agreement”). The Facility Agreement provided that it would be an event of default if TCL Corporation ceased to remain the single largest shareholder of the Company or ceased to maintain at least 40% beneficial ownership of the issued share capital of the Company.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business in Hong Kong at 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong.
- (b) The Company's Hong Kong branch share registrar is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Pang Siu Yin, a practising solicitor of Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the section headed "MATERIAL CONTRACTS" in this appendix;
- (c) this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (e) the letter from REORIENT Financial Markets Limited, the independent financial adviser, the text of which is set out in this circular; and
- (f) the written consent from REORIENT Financial Markets Limited referred to in the section headed "EXPERT AND CONSENT" in this appendix.

NOTICE OF EGM



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of TCL Multimedia Technology Holdings Limited (the “**Company**”) will be held at United Conference Centre, 10/F., United Centre, 95 Queensway, Admiralty, Hong Kong, on 11 August 2015, Tuesday, at 4:00 p.m., to consider and, if thought fit, pass the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the amended share award incentive scheme, being the share award incentive scheme adopted by the board of the Company (the “**Board**”) on 6 February 2008 as further amended (the “**Amended Scheme**”) (a copy of which is marked as “A” and initialed by the Chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) subject to fulfillment of the conditions set out in the Amended Scheme, the allotment and issuance of new shares of the Company up to the maximum number which may be required to be issued under the Amended Scheme in accordance with all applicable laws and regulations be and is hereby approved; and
- (c) any one or more of the directors of the Company be and are hereby authorised to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary or desirable for the purpose of giving effect to implementation of the Amended Scheme.”

2. “**THAT**

- (a) conditional upon the ordinary resolution no. 1 contained in this notice of the EGM of which this resolution forms part being approved and becoming unconditional and effective, the grant of 43,673,434 new Shares as Restricted Shares (i.e. New Shares Grant as defined in the circular of the Company dated 27 July 2015 (“**Circular**”)) which exceeds 3% of the total number of issued Shares as at the date of which the Amended Scheme is approved by the Shareholders be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the New Shares Grant or the transactions contemplated thereunder.”

NOTICE OF EGM

3. **“THAT**

- (a) conditional upon the ordinary resolutions no. 1 and no. 2 contained in this notice of the EGM of which this resolution forms part being approved and becoming unconditional and effective, the Connected New Shares Grant (as defined in the Circular) be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Connected New Shares Grant or the transactions contemplated thereby.”

4. **“THAT** Ms. XU Fang be and is elected as an executive director of the Company.”

By order of the Board
LI Dongsheng
Chairman

Hong Kong, 27 July 2015

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed to the notice of the EGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged at the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed on 11 August 2015 for the purposes of determining the entitlements of the members of the Company to attend and vote at the meeting. No transfer of the shares of the Company may be registered during the said period. In order to qualify for the aforesaid entitlements, all transfers must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 10 August 2015.
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 11 August 2015 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 11 August 2015 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 13/F., TCL Tower, 8 Tai Chung Road, Tsuen Wan, New Territories, 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.

As at the date of this notice, the Board comprises LI Dongsheng, BO Lianming, HAO Yi, YAN Xiaolin and XU Fang as executive directors, Albert Thomas DA ROSA, Junior and HUANG Xubin as non-executive directors, TANG Guliang, Robert Maarten WESTERHOF, WU Shihong and TSENG Shieng-chang Carter as independent non-executive directors.