
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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**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) CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION –
MASTER QIANHAI SAILING COOPERATION AGREEMENT
AND
(2) 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 6 to 18 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 19 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 20 to 30 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 25 September 2015, Friday at 4:00 p.m. is set out on pages 46 to 47 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 25 September 2015 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 25 September 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, New Territories, 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.

2 September 2015

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DEFINITIONS

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

“Acquisition Price”	the actual price paid by Qianhai Sailing Group for the acquisition of the Goods from the supplier(s);
“Adjustment Date”	a day on which the Premium is adjusted in accordance with the Master Qianhai Sailing Cooperation Agreement;
“Announcement”	the announcement of the Company dated 12 August 2015, with the title “CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION – MASTER QIANHAI SAILING COOPERATION AGREEMENT”;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day on which banks in Hong Kong are open to conduct business generally throughout their normal business hours and the Stock Exchange is open for trading, excluding a Saturday, Sunday, public holidays and days on which a tropical cyclone warning 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 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;
“Delivery”	the taking of physical possession of the Goods by member(s) of the Group from Qianhai Sailing Group in accordance with the provisions of the Master Qianhai Sailing Cooperation Agreement;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“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 25 September 2015, Friday at 4:00 p.m for the purposes of considering and, if thought fit, (1) approving the Master Qianhai Sailing Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps and (2) the election of Professor So as an independent non-executive Director;
“Feima”	Shenzhen Feima International Supply Chain Co., Ltd. (深圳市飛馬國際供應鏈股份有限公司), a joint stock company established under the laws of the PRC, the shares of which are listed on Shenzhen Stock Exchange (stock code: 002210), an independent third party to the Group;
“GoLive”	GoLive TV Technology (Beijing) Co., Ltd (全球播科技(北京)有限公司), a company established in the PRC with limited liability, an indirect non-wholly owned Subsidiary of TCL Corporation;
“Goods”	those articles, things, components or raw materials which are required for the manufacturing or production of the Products;
“Guanlian”	惠州市冠聯實業投資有限公司, a company established in the PRC with limited liability, an independent third party to the Group;
“Group”	the Company and its Subsidiaries;
“Group’s Storage House”	the storage house of any member of the Group as may be specified by the Company from time to time pursuant to the Master Qianhai Sailing Cooperation Agreement;
“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 company established in the PRC with limited liability 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, Dr. TSENG Shieng-chang Carter and Professor So;

DEFINITIONS

“Independent Shareholders”	Shareholders other than TCL Corporation and TCL Associates and those who are required to abstain from voting on the resolution at the EGM approving the Master Qianhai Sailing Cooperation Agreement and the proposed annual caps for the transactions contemplated thereunder;
“Kuyu”	Huizhou Kuyu Network Technology Co., Ltd. (惠州酷友網絡科技有限公司), a company established in the PRC with limited liability and an associate of TCL Corporation;
“Latest Practicable Date”	24 August 2015, being the latest practicable date prior to the bulk 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;
“Master Qianhai Sailing Cooperation Agreement”	the master Qianhai Sailing cooperation agreement entered into between the Company and Qianhai Sailing on 12 August 2015;
“Maximum Price”	the maximum Purchase Price to be paid by the relevant member of the Group to the relevant member of Qianhai Sailing Group for acquiring the Goods as stated on the Plan;
“Parties”	the Company and Qianhai Sailing and their respective successors and permitted assigns, and each a “Party”;
“PBOC Rate”	the RMB benchmark loan interest rate of financial institutions for one-year loan (金融機構人民幣一年期貸款基準利率) as promulgated by PBOC from time to time;
“PBOC”	the People’s Bank of China, the central bank of the PRC;
“Plan”	a production prediction plan of the Group for the three months following the date of such Plan as may be provided by the Group to the Qianhai Sailing Group pursuant to the Master Qianhai Sailing Cooperation Agreement;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“Premium”	a premium of 0.3% of the Acquisition Price of the Goods;

DEFINITIONS

“Products”	electronic products including televisions, audio-visual products and commercial use display products manufactured, produced or otherwise sold or distributed by the Group;
“Professor So”	Professor SO Wai-man Raymond;
“Purchase Order”	the purchase order given by a member of the Group to a member of Qianhai Sailing Group instructing it to sell the Goods;
“Purchase Price”	the consideration for the sale of the Goods by member(s) of Qianhai Sailing Group to member(s) of the Group;
“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;
“Qianhai Sailing”	Shenzhen Qianhai Sailing Supply Chain Management Co. Ltd. (深圳前海啟航供應鏈管理有限公司), a company established in the PRC with limited liability, and a TCL Associate;
“Qianhai Sailing Group”	Qianhai Sailing and its Subsidiaries;
“Share(s)”	ordinary share(s) of HK\$1.00 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shareholders’ Approval Day”	the day on which Independent Shareholders’ approval for the Master Qianhai Sailing Cooperation Agreement, the transactions contemplated thereunder and the relevant proposed annual cap(s) therefor, as required under the Listing Rules, are obtained;
“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;

DEFINITIONS

“Storage Location”	the premises where the Goods are stored after the acquisition of the Goods by Qianhai Sailing;
“Subscription Agreement”	share subscription agreement dated 24 June 2015 entered into among the Company and 96 subscribers for subscription of the Shares;
“Subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly;
“TCL Associate(s)”	the associate(s) of TCL Corporation;
“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);
“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 purposes of this circular;
“Termination Deed”	the termination deed dated 11 July 2015 entered into among the Company and 96 subscribers for termination of the Subscription Agreement;
“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
“WACC”	the weighted average cost of capital of the Group.

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
TSENG Shieng-chang Carter
SO Wai-man Raymond

2 September 2015

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION –
MASTER QIANHAI SAILING COOPERATION AGREEMENT
AND
(2) ELECTION OF A DIRECTOR**

INTRODUCTION

Reference is made to the Announcement. As stated in the Announcement, on 12 August 2015, the Company entered into the Master Qianhai Sailing Cooperation Agreement with Qianhai Sailing, pursuant to which Qianhai Sailing Group will source the Goods for the Group in accordance with the Group's production need.

LETTER FROM THE BOARD

The purposes of this circular are:

- (i) to provide the Shareholders with further details of (a) the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder (including particulars thereof in compliance with the disclosure requirements of major transactions) and their relevant proposed annual caps as mentioned in the Announcement and (b) the election of Professor So as an independent non-executive Director;
- (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement; and
- (iii) to give the Shareholders the notice of the EGM and other information in accordance with the requirements of the Listing Rules.

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

(1) MASTER QIANHAI SAILING COOPERATION AGREEMENT

Major terms of the Master Qianhai Sailing Cooperation Agreement are set out below:

- Date:** 12 August 2015
- Parties:**
- (i) The Company (for itself and on behalf of the Group)
 - (ii) Qianhai Sailing (for itself and on behalf of the Qianhai Sailing Group)
- Duration:** From the Shareholders' Approval Day to 31 December 2017 (both dates inclusive)
- Major terms:** **Sourcing of Goods**
- (1) Member(s) of the Group may from time to time give member(s) of the Qianhai Sailing Group the Plan indicating the production need of the Group with particulars of the Goods (including the quantity, models, technical specifications, preferred manufacturers and Maximum Price of the Goods) to satisfy such need.

LETTER FROM THE BOARD

- (2) Qianhai Sailing Group shall use its best endeavour to prepare itself to meet the need of the Group as set out in the Plan as soon as possible after the receipt of the Plan by (i) arranging procurement of the Goods on its own account and at its own expense in accordance with the need of the Group as stated on the Plan and pursuant to the terms and conditions of the Master Qianhai Sailing Cooperation Agreement; and (ii) arranging the Goods so acquired to be stored at the Storage Location(s) at the own risk of and with the title vested in Qianhai Sailing Group.
- (3) The relevant member(s) of the Group may at any time within a period of three (3) months from the date of the relevant Plan give the relevant member(s) of the Qianhai Sailing Group the Purchase Order(s) for the Goods (or any part thereof) with particulars and on terms within the scope of the Plan.
- (4) Within five (5) Business Days from the date of the Purchase Order(s), the relevant member(s) of the Qianhai Sailing Group shall sell the Goods to the relevant member(s) of the Group at the Purchase Price in accordance with the Purchase Order(s) and the relevant member(s) of the Group shall take physically possession of the Goods as specified on the Purchase Order (i.e. Delivery). Upon the Group acknowledging receipt of any Goods under Delivery, the title of and the risk in such Goods shall pass to such member(s) of the Group. Whilst the relevant member(s) of the Qianhai Sailing Group is obliged to sell the Goods (which shall conform with the specifications as set out in the Plan) to the Group pursuant to the Purchase Order(s), the Group is not obliged to issue a Purchase Order to member(s) of the Qianhai Sailing Group to purchase the Goods.
- (5) The relevant member(s) of the Group shall pay to the relevant member(s) of the Qianhai Sailing Group the Purchase Price for the Goods within seventy five (75) days from the date of the Delivery.
- (6) The Purchase Price shall be the Acquisition Price plus the Premium, which shall not exceed the Maximum Price in any event.

LETTER FROM THE BOARD

Adjustment of The Premium

- (1) If the PBOC Rate or the WACC differs from the respective values on the date of the Master Qianhai Sailing Cooperation Agreement or the last Adjustment Date (whichever is later) by 10%, either Party may serve a written notice (the “Adjustment Notice”) on the other Party proposing an adjustment to the Premium.
- (2) The Parties shall agree in writing on a new percentage for the Premium within ten (10) Business Days after the day on which the Adjustment Notice is issued (the “Stipulated Period”), provided always that (i) the adjustment to the Premium shall be proportional to the variation of the PBOC Rate or the WACC; and (ii) the annualised percentage rate of the Premium shall be no higher than the lower of PBOC Rate or the WACC on the day of the Adjustment Notice. If no agreement is reached on or before the expiry of the Stipulated Period, the Premium shall remain unchanged.

Qianhai Sailing’s Obligation

Qianhai Sailing Group shall:

- (1) acquire the Goods on terms and with particulars which conform to the specifications stated on the Plan;
- (2) ensure sufficient Goods to be in stock at the Storage Location which can satisfy the Group’s need as specified in the Plan from time to time;
- (3) bear and assume all risks in respect of the Goods before the Delivery and shall keep the Group indemnified and harmless on a full indemnity basis against all and any losses, claims, damages, demands, costs, expenses (including but not limited to legal costs) that may be incurred and/or suffered by the Group arising from and/or in connection with any damage, loss, defect and malfunction to the Goods at the time when they are stored at the Storage Location; and
- (4) obtain all export licences, clearances and other consents/ approvals that are necessary for transportation the Goods to the Storage Location and sale of the Goods to the Group.

LETTER FROM THE BOARD

Qianhai Sailing's Warranties and Undertaking

Qianhai Sailing warrants, represents, undertakes and guarantees that at Delivery:

- (1) the Goods sold to the Group by any member of the Qianhai Sailing Group under the Master Qianhai Sailing Cooperation Agreement shall:
 - (a) be free from defects, manifest or latent, in materials and workmanship;
 - (b) conform with the specifications, drawings, and descriptions set out in the Plan; and
 - (c) be suitable and fit, in every aspect, for the purposes intended by the Group;
- (2) Qianhai Sailing Group will have full, clear and unencumbered title to the Goods, and the clear and unencumbered right, power and authority to sell, transfer and deliver all of the Goods to the Group; and
- (3) the Group will acquire a valid, unqualified and unencumbered title to the Goods and shall enjoy quiet possession of the Goods upon Delivery.

Disposal of Goods by Qianhai Sailing Group

Subject to Qianhai Sailing Group's duty to ensure sufficient Goods to meet the Group's need, Qianhai Sailing Group may freely dispose of any of the Goods stored at the Storage Location.

Risk In The Goods

For the period after acquisition of the Goods by Qianhai Sailing Group but before the Delivery, the Goods shall at all times be at Qianhai Sailing Group's risk and the Group shall in no circumstances be held liable or account for any breakage of, loss of and/or damage to the Goods when the same are stored at the Storage Location(s).

Use of the Group's Premises as Storage Location(s)

The Company shall procure the provision of sufficient space in the Group's Storage House to Qianhai Sailing Group as a Storage Location free of charge, for the purpose of storing the Goods.

LETTER FROM THE BOARD

The Group may Serve as Agent for Procurement of Goods

For the purpose of facilitating the Qianhai Sailing Group to fulfill its obligations under the Master Qianhai Sailing Cooperation Agreement, the Group may (but under no obligation to) upon reasonable request by the Qianhai Sailing Group act as agent to assist member(s) of the Qianhai Sailing Group to purchase Goods from the relevant suppliers, and in such case:

- (1) the Group shall not charge Qianhai Sailing Group any fee for so acting; and
- (2) Qianhai Sailing Group shall indemnify the Group and keep the Group indemnified and harmless on a full indemnity basis against all and any losses, claims, damages, demands, costs, expenses (including but not limited to legal costs) that may be incurred and/or suffered by the Group as a result of or in connection with the Group acting as an agent to or otherwise procure the Goods for the Qianhai Sailing Group.

Further information about the Premium and its adjustment:

The Premium was determined after arm's length negotiation between the Company and Qianhai Sailing and the figure of 0.3% represents the sum of (i) all import duties payable by Qianhai Sailing Group, import administrative expenses, insurance fee, all out-of-pocket expenses incurred by Qianhai Sailing Group relating to the importation and delivery of the Goods of approximately 0.1%; and (ii) a margin/financing charge to be charged by Qianhai Sailing Group of approximately 0.2%.

As at the Latest Practicable Date, the PBOC Rate and WACC were 4.85% and 2% respectively. The Company will monitor the PBOC Rate and the WACC regularly at three months interval to determine whether the adjustment mechanism may be triggered. If the change in PBOC Rate and/or the WACC gives rise to a potential downward adjustment, the Company would follow the procedure for adjustment as set out above and negotiate with Qianhai Sailing for a lower Premium on arm's length basis having in mind the interest of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

On the other hand, if Qianhai Sailing requests adjustment to the Premium pursuant to the Master Qianhai Sailing Cooperation Agreement, the Company would, with reference to the information obtained during the monitoring process, consider if the request is reasonable and negotiate with Qianhai Sailing on arm's length basis having in mind the interest of the Company and its Shareholders as a whole.

In either scenario, if no agreement could be reached between the Company and Qianhai Sailing on or before the expiry of the Stipulated Period, the Premium will remain unchanged. The Company will consider whether it is still in the interest of the Company and its Shareholders as a whole to continue to use Qianhai Sailing's service at the unadjusted Premium.

INTERNAL PROCEDURES FOR CONDUCTING TRANSACTIONS WITH QIANHAI SAILING GROUP

The Group will follow the following internal procedures when conducting transactions with Qianhai Sailing Group:

- (1) Before engaging Qianhai Sailing Group, the Group will:
 - (a) internally formulate a production schedule for every three months with reference to its business plan and orders from customers;
 - (b) identify its needs for Goods based on the production schedule;
 - (c) obtain market information regarding the Goods to determine the models, technical specifications, preferred manufacturers and Maximum Price of the Goods;
 - (d) determine the portion of such Goods that are to be sourced from Qianhai Sailing Group having considered the cashflow position of the Group and the costs which will be incurred if the Group directly sources the Goods on its own;
 - (e) prepare the Plan which will be passed to a supervisor responsible for supply chain management for review and approval; and
 - (f) send the Plan to Qianhai Sailing Group after the aforesaid approval;

LETTER FROM THE BOARD

- (2) When determining the Maximum Price, the Group will take into account the aggregate costs which will be incurred by the Group if the Group is to source the Goods and arrange for importation and/or delivery on its own and will make sure that the Maximum Price does not exceed the sum of (i) the lowest price at which the Group can obtain the Goods directly from the market and (ii) the Premium to be paid to Qianhai Sailing Group if such Goods are to be obtained through Qianhai Sailing Group's services, so as to ensure that the Group would purchase the Goods through Qianhai Sailing Group only when it is better off for the Group to do so; and
- (3) After the Plan is sent to Qianhai Sailing Group, the Group will regularly review its production need and the price of the Goods available on the open market so as to facilitate the Group to decide whether it is in the interest of the Group to issue a Purchase Order to Qianhai Sailing Group to acquire the Goods.

The adoption of these procedures could facilitate the Group to decide whether to source the Goods from Qianhai Sailing Group and the Group will only do so when (i) the total costs of the Group to acquire the Goods through Qianhai Sailing Group, in which case is the Purchase Price to be paid to Qianhai Sailing Group, is lower than the costs of the Group directly purchasing the Goods from the suppliers, which includes the acquisition costs, importation and delivery costs and other financial costs; and (ii) it is in the best interest of the Company and its Shareholders to do so. In view of the above, the Directors consider that such procedures can ensure that the transactions with Qianhai Sailing Group under the Master Qianhai Sailing Cooperation Agreement are conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

HISTORICAL FIGURES

Before the cooperation with Qianhai Sailing Group, the Company has been purchasing the Goods from the suppliers directly. The historical amounts of such direct purchases in each of the two years ended 31 December 2013 and 2014 and the 7 months ended 31 July 2015 are as follows:

	For the year ended		For the
	31 December		7 months ended
	2013	2014	31 July 2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase of Goods by way of direct purchases from the suppliers	18,330,000	17,934,000	9,438,000

The Group will only purchase part of its required Goods through Qianhai Sailing Group and therefore the historical figures as shown above are much larger than the proposed annual caps.

LETTER FROM THE BOARD

PROPOSED ANNUAL CAPS

The following table sets out the respective proposed annual caps of the continuing connected transactions under the Master Qianhai Sailing Cooperation Agreement:

	For the year ending 31 December		
	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase of Goods from Qianhai Sailing Group	1,179,490	3,113,854	3,425,239

REASONS FOR THE PROPOSED ANNUAL CAPS

The proposed annual caps for the aggregated transactions under the Master Qianhai Sailing Cooperation Agreement are determined by reference to, among other things:

- (i) the historical amounts of the Goods purchased by the Group through other channels as shown above;
- (ii) the possible requirement of raw materials, semi-finished materials and finished goods with respect to the projected business volumes. As at the Latest Practicable Date, the Company only contemplates to make use of Qianhai Sailing Group's services for sourcing of primarily display panel, but not other raw materials, semi-finished materials and finished goods, although the Company does not rule out the possibility to source such other materials, semi-finished materials and finished goods using Qianhai Sailing Group's services in the future. It is internally estimated that the Group will require 17,500,000, 20,000,000 and 25,000,000 units of display panel for the remaining period in 2015 and each of the two years ending 31 December 2016 and 2017 respectively, of which approximately 60% would be sourced through Qianhai Sailing Group's services; and
- (iii) the estimated growth of the relevant business line of the Group, being the Group's liquid crystal display ("LCD") TV business (which in turn are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group). As an illustration, the sales volume of LCD TVs made by the Group was 10,860,000 sets in 2011, 15,527,000 sets in 2012, 17,184,000 sets in 2013, 16,574,000 in 2014 and the Group's target in 2015 would be 17,500,000 sets.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Using Qianhai Sailing Group as an intermediary to purchase the Goods for supply to the Group, the Group has no obligation to pay for the Goods acquired by Qianhai Sailing Group before Delivery. The Group would issue the Purchase Order only when it requires the Goods in its manufacturing process and the Group is only required to settle the Purchase Price within seventy five days after the date of the Delivery. This arrangement could significantly speed up the Group's inventory turnover and relief the strain on the Group's cash flow position.

LETTER FROM THE BOARD

The suppliers of the Goods from time to time offer discount on their products. In the past, the Group may not be able to fully capitalise on such opportunity because of its tight cashflow position. However, with the Master Qianhai Sailing Cooperation Agreement, the Group would be able to seize the opportunity by giving Qianhai Sailing Group the Plan and specify the particulars of the Goods and the Maximum Price so that Qianhai Sailing Group could acquire the Goods at discounted price at its own costs first. When the Group is in need of the Goods and its cashflow position allows, it could then purchase the Goods from Qianhai Sailing Group at the Acquisition Price plus the Premium. Since the Premium when fixed and adjusted would be lower than the PBOC Rate and the WACC, the Group is better off with this arrangement instead of obtaining other financing for acquiring the Goods. This arrangement also gives the Group much more flexibility in managing its inventory and cashflow.

The Directors (including the independent non-executive Directors, whose views are set out in the letter from the Independent Board Committee as set out on page 19 of this circular) consider that the terms of the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the Master Qianhai Sailing Cooperation Agreement.

FINANCIAL EFFECT OF THE MASTER QIANHAI SAILING COOPERATION AGREEMENT

The Company anticipates that the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement will not have any material impact on its corresponding earnings, assets and liabilities.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, holds approximately 64.32% of the issued share capital of the Company as at the Latest Practicable Date, and is a connected person of the Company under the Listing Rules. Since Qianhai Sailing is owned as to 40% by TCL Corporation, it is a TCL Associate and is thus a connected person of the Company. The transactions contemplated under the Master Qianhai Sailing Cooperation Agreement therefore constitute continuing connected transactions of the Company under the Listing Rules.

Notwithstanding the respective interest of certain Directors in TCL Corporation (a substantial shareholder of Qianhai Sailing), none of them is considered as having a material interest in the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement. Therefore, all Directors are entitled to vote pursuant to the Company's articles of association.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the annual caps of the Master Qianhai Sailing Cooperation Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios with reference to the annual caps of Master Qianhai Sailing Cooperation Agreement exceed 25%, in addition to being continuing connected transactions, the transactions contemplated thereunder also constitute major transactions of the Company and are subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

An Independent Board Committee has been established to advise the Independent Shareholders on the terms and the proposed annual caps of the Master Qianhai Sailing Cooperation Agreement. The Company has appointed REORIENT Financial Markets Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

TCL Corporation and TCL Associates will abstain from voting on the resolution in respect of the Master Qianhai Sailing Cooperation Agreement required to be put forward at the EGM.

(2) ELECTION OF A DIRECTOR

Reference is made to the announcement of the Company dated 12 August 2015 in relation to, amongst others, the appointment of Professor So as an independent non-executive Director of the Company. Pursuant to code provision A.4.2 of Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Accordingly, Professor So is subject to election by Shareholders at the EGM.

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

Professor So, aged 50, Justice of the Peace (JP), is currently a Professor of Finance and the Dean of School of Business at Hang Seng Management College. Professor So was formerly an Associate Dean (Undergraduate Studies) of the Faculty of Business Administration at the Chinese University of Hong Kong from 1997 to 2010.

Professor So graduated from the Chinese University of Hong Kong with a Bachelor of Business Administration and a Master of Business Administration. He then pursued further studies at Louisiana State University where he received his Doctoral degree in Finance. Professor So also obtained a Bachelor of Laws at Tsinghua University.

Professor So's research findings and views have been widely quoted or reported in local and international journals and media. Apart from his academic endeavors, Professor So also holds various positions in public services in energy and housing.

Professor So has been an independent non-executive director in Bolina Holding Co., Ltd. (stock code: 1190) since 15 December 2014.

Save as disclosed above, Professor So 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 will be entered into between Professor So and the Company. Professor So is entitled to a proportional director's fee calculated on the basis of HK\$300,000 per annum, which was determined by the Board based on the recommendation by the remuneration committee of the Company, with reference to his duties and responsibilities with the Company and the market rate for the position.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Professor So does not hold any 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 does 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 Professor So involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(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 of the Company.

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).

Qianhai Sailing is owned as to 40% by TCL Corporation, 40% by Feima and 20% by Guanlian and is principally engaged in the business of logistics and supply chain management. It currently has one wholly-owned Subsidiary incorporated in Hong Kong with limited liability, i.e. Qihang Import & Export Limited, which carries out the business of trading, storage and logistics.

EGM

The Company will convene the EGM at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong, on 25 September 2015, Friday at 4:00 p.m, at which resolutions will be proposed for the purposes of considering and, if thought fit, (1) approving the Master Qianhai Sailing Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps and (2) the election of Professor So as an independent non-executive Director. The notice of the EGM is set out on pages 46 to 47 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.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed on 25 September 2015, for the purpose of determining the entitlements of the Shareholders to attend and vote at the EGM. No transfer of the Shares will 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 24 September 2015.

RECOMMENDATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 19 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder and the proposed annual caps; (b) the letter from REORIENT Financial Markets Limited, the independent financial adviser, set out on pages 20 to 30 of this circular which contains its advice (together with the principal factors and reasons considered in arriving at such advice) to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder and the proposed annual caps; and (c) additional information set out in the appendixes to this circular.

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 Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder and the proposed annual caps 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 resolution to be proposed at the EGM in respect of the the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder and the proposed annual caps.

The Board considers that the terms of the the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder and the proposed annual caps 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,
On behalf of the Board
LI Dongsheng
Chairman



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)

2 September 2015

To: the Independent Shareholders

Dear Sirs or Madam,

**CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION –
MASTER QIANHAI SAILING COOPERATION AGREEMENT**

We refer to the circular of the Company dated 2 September 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 Master Qianhai Sailing Cooperation Agreement, the transactions contemplated thereunder and the proposed annual caps, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice (together with the principal factors and reasons considered in arriving at such advice) from REORIENT Financial Markets Limited set out on pages 6 to 18 and pages 20 to 30 of the Circular respectively.

Having taken into account of the advice of REORIENT Financial Markets Limited (together with the principal factors and reasons considered in arriving at such advice), the independent financial adviser, we consider that the Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole and the terms thereof and the proposed annual caps 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 Master Qianhai Sailing Cooperation Agreement and the transactions contemplated thereunder and the proposed annual caps.

Yours faithfully,

**TANG Guliang, Robert Maarten WESTERHOF,
TSENG Shieng-chang Carter and SO Wai-man Raymond**
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



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

2 September 2015

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTION – MASTER QIANHAI SAILING COOPERATION AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Master Qianhai Sailing Cooperation Agreement and the proposed annual caps for the three years ending 31 December 2017 (the “Proposed Annual Caps”), details of which are set out in the circular of the Company dated 2 September 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.

As at the Latest Practicable Date, TCL Corporation owned approximately 64.32% of the issued share capital of the Company and was the controlling Shareholder of the Company and thus a connected person of the Company under the Listing Rules. Qianhai Sailing was owned as to 40% by TCL Corporation and was an associate of TCL Corporation and thus a connected person of the Company. The transactions contemplated under the Master Qianhai Sailing Cooperation Agreement therefore constitute continuing connected transactions under Chapter 14A of the Listing Rules. The Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps are subject to approval by the Independent Shareholders at the EGM by way of poll. TCL Corporation is materially interested in these transactions. TCL Corporation and TCL Associates shall abstain from voting at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tang Guliang, Mr. Robert Maarten Westerhof, Dr. Tseng Shieng-chang Carter and Professor So Wai-man Raymond, has been established to give advice and recommendation to the Independent Shareholders in relation to the Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps are fair and reasonable and whether the Master Qianhai Sailing Cooperation Agreement are 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.

In formulating our opinion, we have relied upon the information, facts and representations contained in the Announcement, 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 as at the Latest Practicable Date and can be relied upon. We have no reason to doubt the truth, accuracy and completeness of such information and representations and have confirmed with the 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, Qianhai Sailing Group and their respective associates.

During the past two years, we acted as (i) the independent financial adviser of the Company in respect of another transaction providing our independent view to the Company's independent board committee and independent shareholders; and (ii) 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 a transaction providing our independent view to the Fellow Subsidiary's independent board committee and independent shareholders. Apart from normal professional fees for our services to the Company in connection with the engagements 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 were 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 Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps.

PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps, we have taken into consideration the following principal factors:

Information on 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's revenue and results by business segments for the three years ended 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2014 and 2015 are summarised below, which are extracted from the respective annual reports and results announcement.

	For the six months		For the year ended 31 December		
	ended 30 June		2014	2013	2012
	2015	2014	2014	2013	2012
	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue					
Television – PRC market	9,733,731	8,586,643	20,709,470	25,665,747	23,146,374
Television – Overseas markets	5,594,263	6,003,586	12,126,223	11,884,234	11,939,494
Audio-visual products (<i>note 1</i>)	–	–	–	2,256,667	3,659,851
Others	69,063	612,589	690,572	1,944,722	939,136
	<u>15,397,057</u>	<u>15,202,818</u>	<u>33,526,265</u>	<u>41,751,370</u>	<u>39,684,855</u>
Segment results					
Television – PRC market	497,061	198,420	582,107	60,954	902,571
Television – Overseas markets	(194,967)	41,121	(11,062)	(96,731)	158,710
Audio-visual products (<i>note 1</i>)	–	–	–	91,737	83,330
Others	(29,232)	(23,876)	(28,394)	(27,084)	76,773
	<u>272,862</u>	<u>215,665</u>	<u>542,651</u>	<u>28,876</u>	<u>1,221,384</u>

Note 1: Audio-visual products segment was discontinued during the year ended 31 December 2013.

We set out below information in respect of the consolidated statements of cash flows of the Group for the three years ended 31 December 2014 with reference to the Company's annual reports:

	For the year ended 31 December		
	2014	2013	2012
	HK\$'000	HK\$'000	HK\$'000
Net cash flows from/(used in) operating activities	(740,026)	1,134,697	1,781,234
Net cash flows used in investing activities	(532,623)	(196,981)	(835,751)
Net cash flows from/(used in) financing activities	1,612,337	(1,400,358)	(1,967,264)
Net increase/(decrease) in cash and cash equivalents	339,688	(462,642)	(1,021,781)
Cash and cash equivalents at the end of the year	3,379,369	3,047,524	3,431,337

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table sets forth the certain financial information for the three years ended 31 December 2014 and for the six months ended 30 June 2015 with reference to the Company's annual reports and results announcement:

	For the six months ended 30 June 2015	For the year ended 31 December		
		2014	2013	2012
Trade receivables turnover (days)	48	42	34	32
Trade payables turnover (days)	68	65	62	67
Gearing ratio (%)	26.2	10.0	–	–

Information on Qianhai Sailing and reasons for and benefits of the Master Qianhai Sailing Cooperation Agreement

Qianhai Sailing was established in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (前海深港現代服務業合作區), Shenzhen, the PRC in October 2014 by TCL Corporation (owned as to 40%), Feima (owned as to 40%) and Guanlian (owned as to 20%), and is principally engaged in the logistics and supply chain management business.

TCL Corporation is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, audio-visual products, telecommunications, information technology and electrical products. Feima, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002210.SZ), is established in 1998 and is principally engaged in supply chain management services, including integrated supply chain services, coal supply chain services, plastics supply chain services and non-ferrous metals supply chain services. Guanlian is principally engaged in industrial investment and management business, including environmental resources, cultural and creative industries, supply chain and other sectors.

As set out in the section headed "Information on the Group", the Group's account payables turnover days and account receivables turnover days are 65 days and 42 days respectively for the year ended 31 December 2014. The Group's account payables turnover days and account receivables turnover days are 68 days and 48 days respectively for the six months ended 30 June 2015. We understand from the Company that it is difficult to shorten the account receivables turnover days because of the competition in the business environment. As such, the Company would like to improve the Group's liquidity by extend the account payables turnover days through the arrangements under the Master Qianhai Sailing Cooperation Agreement. In addition, the Group's net gearing ratio increased from approximately 10.0% as at 31 December 2014 to approximately 26.2% as at 30 June 2015. We understand from the Company that such increase in the Group's gearing ratio was primarily due to the Group's requirement of more interest-bearing borrowings to finance its seasonal peak sales in the second half of 2015. As a result, the Group's interest-bearing borrowings increased from approximately HK\$4,028.9 million (including the amount due to the TCL Corporation Group by the Group) as at 31 December 2014 to approximately HK\$4,683.4 million (including the amount due to the TCL Corporation Group by the Group) as at 30 June 2015, representing an increase of approximately 16.3%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the letter from the Board in the Circular (the “Letter from the Board”), under the Master Qianhai Sailing Cooperation Agreement, the Group shall use Qianhai Sailing Group as its intermediary to purchase the Goods at the own expense of Qianhai Sailing Group for supply to the Group. The credit period provided by Qianhai Sailing Group to the Group is 75 days after Delivery. The Company considers that the arrangements under the Master Qianhai Sailing Cooperation Agreement could significantly shorten the Group’s inventory turnover day and lengthen the trade payables turnover day, and thus partly relieve the strain on the Group’s cash flow position. In addition, we understand from the Company that suppliers of the Goods from time to time may offer special discount on the Goods. There were cases where the Group was not able to take those special discount offers in view of a relatively tight cash flow position. The Group would have a better ability to capture such opportunities to enjoy the discounted price through the arrangements under the Master Qianhai Sailing Cooperation Agreement when the Group’s cash flow position is tight. Furthermore, the Purchase Price payable by the Group shall be, subject to the Maximum Price, the aggregate of (i) the actual acquisition price paid by Qianhai Sailing Group for acquisition of the Goods from the suppliers; and (ii) the Premium. Under the terms of the Master Qianhai Sailing Cooperation Agreement, the annualised percentage rate of the Premium would be no higher than the lower of the PBOC Rate and the WACC. The Company considers that the arrangements under the Master Qianhai Sailing Cooperation Agreement give the Group an alternative way to finance its operation so as not to lose any business opportunity and more flexibility in managing its inventory and cashflow.

For the avoidance of doubt, the Master Qianhai Sailing Cooperation Agreement does not preclude the Group from using services of other supply chain management providers. It is at the Group’s discretion to choose any other independent supply chain management providers as its supply chain management providers as it thinks fit and appropriate for the benefit of the Group.

Having considered the above, we agree with the Directors’ view that the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

Major terms of the Master Qianhai Sailing Cooperation Agreement

Sourcing of Goods

- (1) The Group may from time to time give Qianhai Sailing Group the Plan indicating the production need of the Group with particulars of the Goods (including the quantity, models, technical specifications, preferred manufacturers and Maximum Price of the Goods) to satisfy such need.
- (2) Qianhai Sailing Group shall use its best endeavours to meet the need of the Group as set out in the Plan as soon as possible after the receipt of the Plan by (i) arranging procurement of the Goods on its own account and at its own expense in accordance with the need of the Group as stated on the Plan and pursuant to the terms of the Master Qianhai Sailing Cooperation Agreement; and (ii) arranging the Goods so acquired to be stored at the Storage Location at the own risk of and with the title vested in Qianhai Sailing Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (3) The Group may at any time within three months from the date of the relevant Plan give Qianhai Sailing Group the Purchase Order for the Goods (or any part thereof) with particulars and on terms within the scope of the Plan.
- (4) Within five Business Days from the date of the Purchase Order, Qianhai Sailing Group shall sell the Goods to the Group at the Purchase Price in accordance with the Purchase Order and the Group shall take physically possession of the Goods as specified on the Purchase Order (i.e. Delivery). Upon the Group acknowledging receipt of any Goods under Delivery, the title of and the risk in such Goods shall pass to the Group. Whilst the the Qianhai Sailing Group is obliged to sell the Goods (which shall conform with the specifications as set out in the Plan) to the Group pursuant to the Purchase Order(s), the Group is not obliged to issue a Purchase Order to the Qianhai Sailing Group to purchase the Goods.
- (5) The Group shall pay to Qianhai Sailing Group the Purchase Price for the Goods within 75 days from the date of the Delivery.
- (6) The Purchase Price shall be the Acquisition Price plus the Premium, which shall not exceed the Maximum Price in any event.

In order to assess the fairness and reasonableness of the terms of the Master Qianhai Sailing Cooperation Agreement, we have considered the following major points.

Credit period provided by Qianhai Sailing Group to the Group

We understand from the Company that through the sourcing services to be provided by Qianhai Sailing, the Group could be able to obtain a longer credit period for its acquisition of the Goods from Qianhai Sailing Group. The credit period on the purchases of the Goods by the Group from third party suppliers independent of the Company and its connected persons is usually around 45 days whilst the credit period on the acquisition of the Goods by the Group available from Qianhai Sailing Group under the Master Qianhai Sailing Cooperation Agreement would be much longer as:

- the Group may from time to time give Qianhai Sailing Group the Plan indicating the production need of the Group with particulars of the Goods;
- the Group may at any time within three months from the date of the relevant Plan give Qianhai Sailing Group the Purchase Orders for the Goods (or any part thereof) with particulars and on terms within the scope of the Plan; and
- the Group shall pay to Qianhai Sailing Group the Purchase Price for the Goods within 75 days from the date of the Delivery.

Therefore, for the period from (i) the date of submitting the Plan to Qianhai Sailing Group by the Group to (ii) the date of the settlement of the purchases by the Group would be at a maximum of around 165 days (i.e. maximum of three months between the date of the Plan to the date of the Purchase Order; plus credit period of 75 days commencing from the date of the Delivery), representing a maximum of approximately 2.7 times more to the credit period on the acquisition by the Group from such third party suppliers of around 45 days, which is more favourable to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Purchase Price

Under the Master Qianhai Sailing Cooperation Agreement, the Purchase Price is the consideration for acquisition of the Goods payable by the Group to Qianhai Sailing Group which shall be, subject to the Maximum Price, the Acquisition Price plus the Premium. The Acquisition Price represents the actual acquisition price paid by Qianhai Sailing Group for the Goods acquired from the suppliers. The Premium, which is 0.3% of the Acquisition Price, represents the fee charge by Qianhai Sailing Group for provision of services to the Group under the Master Qianhai Sailing Cooperation Agreement. The Maximum Price is the maximum acquisition price which is willing to be payable by the Group for the Goods and is determined at the sole discretion of the Group. Qianhai Sailing Group shall use its best endeavours to meet the need of the Group as set out in the Plan including arranging procurement of the Goods on its own account and at its own expense under the terms of the Master Qianhai Sailing Cooperation Agreement.

Adjustment of the Premium

We understand from the Company that the Premium of 0.3% represents the sum of (i) the costs for arranging the import and delivery of the Goods, comprising all import duties payable by Qianhai Sailing Group, import administrative expenses, insurance fee, all out-of-pocket expenses incurred by Qianhai Sailing Group relating to the importation and delivery of the Goods of approximately 0.1%; and (ii) a margin/financing charge to be charged by Qianhai Sailing Group of approximately 0.2%.

Under the Master Qianhai Sailing Cooperation Agreement, if the PBOC Rate or the WACC differs from the respective values on the date of the Master Qianhai Sailing Cooperation Agreement or the last Adjustment Date (whichever is later) by 10%, either parties may serve a written notice (the “Adjustment Notice”) on the other party proposing an adjustment to the Premium. The adjustment to the Premium shall be proportional to the variation of the PBOC Rate or the WACC; and the annualised percentage rate of the Premium shall be no higher than the lower of the PBOC Rate or the WACC on the day of the Adjustment Notice.

We understand from the Company that the Company considers the Master Qianhai Sailing Cooperation Agreement is effectively an arrangement to finance the acquisition of the Goods by the Group and to enable the Group to obtain a longer payable period. We understand from the Company that, as at the Latest Practicable Date, the PBOC Rate is higher than, and the WACC (i.e. weighted average cost of capital of the Group) is comparable to, the annualised percentage rate of the Premium.

Based on the information provided by the Company, the Company has recently obtained a quotation from a third party service provider independent of the Company and its connected persons for providing similar services as those under the Master Qianhai Sailing Cooperation Agreement. We have reviewed such quotation and note that the rate of service fee, i.e. the Premium, charged by such independent service provider is higher than the Premium.

Based on the information provided by the Company and upon review of the relevant documents provided by Qianhai Sailing Group, Qianhai Sailing Group charges its customers for similar services as those under the Master Qianhai Sailing Cooperation Agreement at a rate of service fee higher than the Premium. In other word, the rate of service fee payable by the Group under the Master Qianhai Sailing Cooperation Agreement, i.e. the Premium, is favourable than that payable by the other customers

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

of Qianhai Sailing Group. Further, Qianhai Sailing Group would only pay on behalf of its customers the import duties (but not the acquisition price of the goods) with credit period of one month and the customers shall pay for the acquisition prices of the goods on its own expenses, whilst Qianhai Sailing Group would pay on behalf of the Group for the full amount of the actual acquisition price (including the import duties) of the Goods. We understand from the Company that such relatively preferential terms offered by Qianhai Sailing Group to the Group are solely due to the fact that the Company is a subsidiary of TCL Corporation, the substantial shareholder of Qianhai Sailing Group.

The Company considers that using Qianhai Sailing Group as an intermediary to purchase the Goods for supply to the Group, the Group has no obligation to pay for the Goods acquired by Qianhai Sailing Group before issuing the Purchase Order to Qianhai Sailing Group and delivery of the Goods by Qianhai Sailing Group to the Group. The Group would issue the Purchase Order only when it requires the Goods in its manufacturing process and the Group is only required to settle the Purchase Price within 75 days after the date of the Delivery. The Company considers that this arrangement could significantly speed up the Group's inventory turnover and relief the strain on the Group's cash flow position.

Having considered the information from the Company and our review and analysis above, we consider that the terms of the Master Qianhai Sailing Cooperation Agreement are on normal commercial terms or better and fair and reasonable and the Master Qianhai Sailing Cooperation Agreement is in the interests of the Company and the Shareholders as a whole.

The Proposed Annual Caps

The following table sets out the respective Proposed Annual Caps of the continuing connected transactions under the Master Qianhai Sailing Cooperation Agreement for the three years ending 31 December 2017:

	For the year ending 31 December		
	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000
Purchase of Goods from Qianhai Sailing Group	1,179,490	3,113,854	3,425,239

As set out in the Letter from the Board, the Proposed Annual Caps were determined with reference to, among other things, (i) the historical amounts of the Goods purchased by the Group through other channels; (ii) the possible requirement of raw materials, semi-finished materials and finished goods with respect to the projected business volumes and the estimated growth rates of the relevant business lines of the Group (which in turn are estimated by reference to, among other things, the relevant industry demand and the target market share of the Group); and (iii) the growth in the Group's liquid crystal display ("LCD") television business. We understand from the Company that most of the Goods to be acquired under the Master Qianhai Sailing Cooperation Agreement are principally LCD display.

In order to assess the fairness and reasonableness of the Proposed Annual Caps, we have taken into consideration the following aspects.

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Set out below is a summary of the sales volumes of the Group's televisions for the six months ended 30 June 2015 and 2014 and for the year ended 31 December 2014 and 2013:

	For the six months ended 30 June		For the year ended 31 December	
	2015	2014	2014	2013
	('000 sets)	('000 sets)	('000 sets)	('000 sets)
LCD televisions	7,716	7,557	16,574	17,184
Of which: LED backlight LCD televisions	7,699	7,558	16,517	16,661
Smart televisions	2,286	1,412	3,755	2,800
CRT televisions	26	112	165	1,055
Total sales volume of televisions	7,742	7,669	16,739	18,239

As set out in the results announcement for the six months ended 30 June 2015 (the "2015 Interim Results"), the Group sold a total of 7.72 million sets of LCD televisions for the six months ended 30 June 2015, up by 2.1% year-on-year. According to the latest DisplaySearch figures, the Group ranked no. 3 in the first quarter of 2015 in both the global LCD television market with a market share of approximately 6.0% and the PRC LCD television market with a market share of approximately 15.8%.

As set out in the 2015 Interim Results, based on the latest statistics from DisplaySearch, the future growth of the global television industry is expected to slow down. According to the latest statistics from China Market Monitor Company Limited, capacity in the PRC market is expected to reverse from a growth pattern to a decline trend in the second half of the year. Industry competition is intensifying, along with the industrial transformations in the conventional television industry, with new entrants bringing new business model challenges, and a shift in the television industry from product-based competition to "products + services" battle. All these have resulted in increasing competitive pressure in the future.

As set out in the 2015 Interim Results Presentation prepared by the Company in August 2015, the Group's overall target of LCD television sales volume is approximately 17.5 million sets for the year ending 31 December 2015, representing an increase of approximately 5.6% year-on-year. We understand from the Company that the Group targets a further growth in sales volume of its LCD televisions for the year ending 31 December 2016 and 2017. For the purposes of projecting the Proposed Annual Cap for the year ending 31 December 2015, the Company has taken into account the historical transaction value of the acquisition of LCD display from overseas suppliers for the year ended 31 December 2014. We understand from the Company that the Group expects that approximately 60% of the Goods will be acquired through Qianhai Sailing Group under the Master Qianhai Sailing Cooperation Agreement for each of the three years ending 31 December 2017. In addition, the Proposed Annual Caps have taken into consideration the exchange rate of US\$ to HK\$ (the consideration for the LCD display acquired from overseas suppliers is usually settled in US\$), custom duties, value-added tax and the Premium. We note that the rates of the custom duties and the value-added tax adopted in projecting the Proposed Annual Caps are comparable to the rates currently charged by the relevant authorities.

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Besides, for the purposes of projecting the Proposed Annual Caps, the Company has also translated the target growth in LCD television sales volume for the year ending 31 December 2015, 2016 and 2017 into a potential increase in the acquisition of raw materials for the manufacturing of LCD televisions. As set out in the 2015 Interim Results Presentation, the Group's overall turnover target is approximately HK\$40.5 billion for the year ending 31 December 2015, representing an increase of approximately 20.8% on the actual overall turnover for the year ended 31 December 2014. In respect of the Proposed Annual Cap for the year ending 31 December 2016, the Group expects that there will be a growth of approximately 10% on the acquisition value of LCD display from overseas suppliers. The Proposed Annual Cap for the year ending 31 December 2017 represents an approximately 10% increment on the Proposed Annual Cap for the year ending 31 December 2016.

As set out in the preceding paragraphs, the Group expects that approximately 60% of the Goods (the "Allocation"), principally LCD display, will be acquired through Qianhai Sailing Group and the Allocation was adopted in projecting the Proposed Annual Caps. Independent Shareholders should note that, if approved by Independent Shareholders at the EGM, the Proposed Annual Caps (including the Allocation) represent the upper limit of the value of the continuing connected transactions that may be transacted under the Master Qianhai Sailing Cooperation Agreement without the need for further approval from Independent Shareholders in compliance with the relevant requirements under the Listing Rules. The Proposed Annual Caps (including the Allocation) should not be interpreted as the committed purchase amount from Qianhai Sailing Group by the Group for the three years ending 31 December 2017. Besides, the Master Qianhai Sailing Cooperation Agreement does not preclude the Group from using services of other supply chain management providers, as it is at the Group's discretion to choose any other major and independent supply chain management providers as its supply chain management providers as it thinks fit and appropriate for the benefit of the Group. Further, we understand from the Company that Qianhai Sailing is a logistics and supply chain management company to provide services to the Group and it is not a supplier of the Goods but an agent/service provider to facilitate the sourcing of the Goods and provide services in relation to import, custom clearance and delivery of the Goods. Lastly, the Master Qianhai Sailing Cooperation Agreement is also effectively an arrangement to finance the acquisition of the Goods by the Group and to enable the Group to obtain a longer payable period. Given the above, we consider that the Group would not rely on Qianhai Sailing Group in sourcing the Goods under the Master Qianhai Sailing Cooperation Agreement.

Having considered the information from the Company, our review and analysis above and that the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms or better, we consider that the Proposed Annual Caps based on the principal factors and bases as summarised above are fairly and reasonably determined.

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CONCLUSION

Having considered the principal reasons and factors discussed above, we are of the view that the terms of the Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps are fair and reasonable and that the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement are 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. Accordingly, we advise the Independent Board Committee to recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Master Qianhai Sailing Cooperation Agreement and the Proposed Annual Caps.

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. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year of the Group.

The audited consolidated financial statements of the Company for the years ended 31 December 2014, 2013 and 2012 together with the relevant notes to the financial statements of the Company can be found on pages 100 to 219 of the annual report of the Company for the year ended 31 December 2014, pages 98 to 215 of the annual report of the Company for the year ended 31 December 2013, and pages 92 to 203 of the annual report of the Company for the year ended 31 December 2012. Please also see below the hyperlinks to the said annual reports.

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0325/LTN20150325276.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0321/LTN20140321282.pdf>

<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0319/LTN20130319226.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 31 July 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group's total interest-bearing borrowings of approximately HK\$4,457,749,000, comprising:

- (i) unsecured bank loans in the amount of approximately HK\$4,163,821,000;
- (ii) unsecured trust receipt loans in the amount of approximately HK\$241,176,000;
- (iii) a loan from an associate in the amount of approximately HK\$45,000,000; and
- (iv) a loan from T.C.L. Industries Holdings (H.K.) Limited ("TCL Industries") in the amount of approximately HK\$7,752,000.

Capital commitments and contingent liabilities

As at 31 July 2015, the Group had capital commitment of approximately HK\$22,848,000 and HK\$304,491,000 which were contracted but not provided for and authorised but not contracted for respectively.

As at 31 July 2015, guarantees given to banks by the Company in connection with banking facilities granted to its Subsidiaries amounted to HK\$2,643,716,000 and guarantees given to suppliers by the Company in connection with the payment of purchases by its Subsidiaries amounted to HK\$326,363,000.

In addition, the Company provided guarantees to banks in connection with foreign exchange contracts entered into by certain Subsidiaries of the Group. As at 31 July 2015, the aggregate notional amount of unsettled foreign exchange contracts amounted to approximately HK\$615,545,000.

There was also a provision in the amount of HK\$379,723,000 for restructuring and warranties as at 31 July 2015.

Pledge of assets

As at 31 July 2015, the Group's deposits in the amount of approximately HK\$179,071,000 were being pledged for certain bills payables in the amount of approximately HK\$166,381,000.

Save as aforesaid, the Group did not have any outstanding indebtedness in respect of any debentures, loan capital, bank loans and overdrafts, term loans and other borrowings, debt securities or other similar indebtedness, or hire purchase commitments, finance lease commitments, whether guaranteed, unguaranteed, secured or unsecured, mortgages, charges, guarantees or other contingent liabilities as at the close of business on 31 July 2015.

The Directors have confirmed that there has not been any material change in the indebtedness or the contingent liabilities of the Group since 31 July 2015.

3. WORKING CAPITAL

As at the Latest Practicable Date, after due enquiry and taking into account the internal resources of the Group, the borrowing facilities available to the Group and the transactions contemplated under the Master Qianhai Sailing Cooperation Agreement, the Directors are of the opinion that the Group will have sufficient working capital for its present requirement, that is for at least the next 12 months from the date of publication of this circular.

4. FINANCIAL AND TRADING PROSPECTS

According to the latest data from DisplaySearch, a market researcher specializing in display supply chain and display-related industries, the future growth of the global TV industry is expected to slow down. According to the latest statistics from China Market Monitor Company Limited, capacity in the PRC market is expected to reverse from a growth pattern to a decline trend in the second half of the year. Industry competition is intensifying, along with the industrial transformations in the conventional TV industry, with new entrants bringing new business model challenges, and a shift in the TV industry from product-based competition to "products + services" battle. All these have resulted in increasing competitive pressure in the future.

The Group will continue to pursue the following strategies to actively promote its business transformation, consolidate and improve its TV market share, and enhance operational efficiency:

1. The Group will continue to implement the “double +” strategic transformation and strengthen its capabilities in product technology innovation, various applications and content services, thereby establishing a competitive O2O business model to further promote the integration of its online and offline operations and strengthen its user management capability.
2. The Group will continue to pursue the internationalisation strategy and gradually expand the share of paid content users through the TV+ strategy of integrating TV sales with content operations in the Overseas Markets. Besides, it is expected that its overall competitiveness and operational quality can also be improved in the key markets through enhancing marketing and industrial capacity and optimising supply chain management.
3. The Group will strive to enhance its efficiency. 2015 is a year of “Efficiency” + “Structure”. In the first half of the year, improvement in the product mix has started to yield results. The Group will continue to improve its product mix and sales channels, and adjust its organisational structure to help optimise its decision-making mechanism and further improve its operational efficiency and core competitiveness.

The Group is committed to achieving its operational targets in 2015. Meanwhile, it will continue to take full advantage of the resources and market position of TCL Corporation to establish the Group as a “global entertainment technology enterprise”, delivering improved results to reward the support of Shareholders.

5. ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

On 11 November 2014, Sino Leader (Hong Kong) Limited (“Sino Leader”, a wholly-owned Subsidiary of the Company) entered into a joint venture agreement with Crown Capital Enterprises Limited (a wholly-owned Subsidiary of TCL Corporation) and Prosper Fortune Enterprises Limited (a wholly-owned Subsidiary of TCL Communication) to invest in a joint venture, TCL Smart Home Technologies Co., Limited (“TCL Smart Home”, a company established in the PRC with limited liability). Pursuant to the joint venture agreement, Sino Leader will contribute RMB9,000,000 (equivalent to approximately HK\$11,369,000) as initial capital contribution to TCL Smart Home, representing 30% of the enlarged capital of TCL Smart Home. As the business develops, Sino Leader will contribute up to a maximum of further RMB18,000,000 (equivalent to approximately HK\$22,680,000) to TCL Smart Home by way of subscription of new shares and/or advancing shareholders’ loan. The initial capital contribution was completed on 16 February 2015.

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 ("Model Code") contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in shares of the Company

Name of Directors	Type of Interest	Number of Shares held	Approximate percentage of issued share capital of the Company
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%

(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 and/or their spouses 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%

(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%
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%

(e) Other interest in associated corporation of the Company

Name of Directors	Name of associated corporation	Type of Interest	Other interests (Note)	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 and/or their spouses 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. (“CSOT”), an associated corporation of the Company

Name of Director	Registered Capital (Note)	Approximate percentage of registered capital of CSOT
Bo Lianming	RMB34,912,000	0.21%

Note: Mr. Bo Lianming was deemed to be interested in CSOT 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 CSOT.

(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 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 held by 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, the chief technology officer of TCL Corporation and the president of TCL Corporate Research of TCL Corporation;
 - Ms. Xu Fang is a 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 competed or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

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 2 September 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 had, 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, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

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 Master Qianhai Sailing Cooperation Agreement;
- (b) the master internet TV cooperation agreement entered into between the Company and GoLive on 12 August 2015;
- (c) the Termination Deed;
- (d) the Subscription Agreement;
- (e) 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 Group payment services by consumers through the point of sale terminal system, online payment system, mobile payment system and/or digital television payment system;
- (f) 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;
- (g) the joint venture agreement dated 11 November 2014 entered into among 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;

- (h) the Kuyu capital increase agreement dated 24 April 2014 entered into among TCL King Electrical Appliances (Huizhou) Compny 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;
- (i) 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;
- (j) the acquisition agreement dated 24 April 2014 entered into between TOT, a wholly foreign owned enterprise established in the PRC and a direct Subsidiary of the Company, and CPT Display pursuant to which TOT agreed to purchase certain CPT aging production line at a consideration of approximately RMB45.0 million;
- (k) 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;
- (l) the asset purchase agreement dated 31 March 2014 entered into between US Moka as purchaser, a wholly-owned Subsidiary of the Company 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, a non-wholly owned Subsidiary of SMC, at a consideration of US\$13.27 million (subject to certain consideration adjustments);
- (m) 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);
- (n) 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;

- (o) 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 the Sales Co agreed to acquire an additional 21% equity interest in Toshiba Visual, a former 49% owned associate of Sales Co, at nil consideration;
- (p) 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;
- (q) 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; and
- (r) 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.

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 25 September 2015, Friday, 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 Master Qianhai Sailing Cooperation Agreement (as defined in the circular of the Company dated 2 September 2015 (the “**Circular**”), a copy of which is marked “A” and initialled by the Chairman of the meeting for the purpose of identification, the terms and the transactions thereunder together with the relevant proposed annual caps in relation to such transactions for the three financial years ending 31 December 2017 as set out in the Circular be and are hereby approved, confirmed and ratified; and
 - (b) any one or more of the directors of the Company be and is hereby authorised to sign and execute such other documents or supplemental agreements or deeds for and on behalf of the Company and to do all such things and take all such actions as he or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the Master Qianhai Sailing Cooperation Agreement or the transactions contemplated thereby.”
2. “**THAT** Professor So Wai-man Raymond be and is elected as an independent non-executive director of the Company until the conclusion of the annual general meeting of the Company of 2018 subject to the articles of association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”

On behalf the Board

LI Dongsheng

Chairman

Hong Kong, 2 September 2015

NOTICE OF EGM

Notes:

1. A member of the Company who is holder of two or more shares, and who is entitled to attend and vote at the meeting, is entitled to appoint more than one proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed to the notice of the EGM. In order to be valid, the form of proxy together with the power of attorney, if any, under which it is signed, or a notarially certified copy of such power or authority must be 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 25 September 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 will be registered on that day. 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 24 September 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 25 September 2015 and/or the Hong Kong Observatory has announced at or before 7:30 a.m. on 25 September 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, and TANG Guliang, Robert Maarten WESTERHOF, TSENG Shieng-chang Carter and SO Wai-man Raymond as independent non-executive directors.