
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 advisor.

If you have sold or transferred all your Shares in TCL ELECTRONICS HOLDINGS LIMITED (formerly known as 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 ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(formerly known as 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)

CONNECTED TRANSACTION – ACQUISITION OF 100% EQUITY INTEREST IN CI TECH AND NOTICE OF EGM

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 5 to 25 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 26 of this circular. A letter from Pelican Financial, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 27 to 50 of this circular.

A notice convening the EGM of the Company to be held at 8/F., Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 11 July 2018, Wednesday at 4:30 p.m. is set out on pages 58 to 59 of this circular.

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.

25 June 2018

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DEFINITIONS

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

“Acquisition”	the acquisition of CI Tech as contemplated under the Equity Transfer Agreement
“Announcement”	the announcement of the Company dated 1 June 2018 relating to the connected and discloseable transaction about acquisition of 100% equity interest in CI Tech
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Associated Companies”	TCL Zhiyi Technology (Huizhou) Co., Ltd. (TCL智驛科技(惠州)有限公司) and Shenzhen Huake Electric Power Sales Co., Ltd. (深圳華科電能售電有限公司)
“Board”	the board of Directors of the Company
“CI Tech”	TCL Commercial Information Technology (Huizhou) Co., Ltd. (TCL商用信息科技(惠州)股份有限公司), a joint stock company with limited liability established under the laws of the PRC
“CI Tech Members”	CI Tech and its subsidiaries
“Company”	TCL Electronics Holdings Limited (formerly known as 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)
“Completion Date”	the third working day after all the conditions precedent under the Equity Transfer Agreement are fully satisfied (or waived) or such other date as determined by the parties to the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Consideration”	the consideration payable by the Purchasers to the Vendors for the Acquisition pursuant to the Equity Transfer Agreement
“CSOT”	Shenzhen China Star Optoelectronic Technology Co. Ltd. (深圳市華星光電技術有限公司), a company established in the PRC with limited liability and a subsidiary of TCL Corporation
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at 8/F., Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 11 July 2018, Wednesday at 4:30 p.m. to consider and, if thought fit, approve the Equity Transfer Agreement and the Acquisition
“Equity Transfer Agreement”	the equity transfer agreement dated 1 June 2018 between the Vendors and the Purchasers in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Guanlian”	Huizhou Guanlian Industrial Investment Co., Ltd. (惠州市冠聯實業投資有限公司), a company established under the laws of the PRC with limited liability
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely LAU Siu Ki, Robert Maarten WESTERHOF, TSENG Shieng-chang Carter and WANG Yijiang
“Independent Financial Adviser” or “Pelican Financial”	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser appointed by the Board to advise the independent board committee and the independent Shareholders in respect of the terms of the Equity Transfer Agreement and the Acquisition
“Independent Shareholders”	Shareholders who are not required to abstain from voting on the resolution in respect of the Equity Transfer Agreement and the Acquisition

DEFINITIONS

“Latest Practicable Date”	20 June 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ningbo Juyuan”	Ningbo Yuanheng Juyuan Investment Partnership (Limited Partnership) (寧波元亨聚源投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“Purchaser(s)”	purchaser(s) under the Equity Transfer Agreement, namely TCL King and Shenzhen TCL New Technology
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong)
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shenzhen TCL New Technology”	Shenzhen TCL New Technology Company Limited (深圳TCL新技術有限公司), a company established under the laws of PRC with limited liability and an indirect subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to in the Listing Rules
“Target Equity Interests”	65%, 20%, and 15% of equity interest in CI Tech held by TCL Corporation, Ningbo Juyuan and Huizhou Guanlian respectively, together representing 100% equity interest in CI Tech
“TCL Associates”	the associates of TCL Corporation
“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 the Shenzhen Stock Exchange (Stock code: 000100)

DEFINITIONS

“TCL King”	TCL King Electrical Appliances (Huizhou) Company Limited (TCL 王牌電器(惠州)有限公司), a company established under the laws of PRC with limited liability and an indirect subsidiary of the Company
“Vendor(s)”	vendor(s) under the Equity Transfer Agreement, namely TCL Corporation, Ningbo Juyuan and Huizhou Guanlian
“%”	percent.

LETTER FROM THE BOARD



TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(formerly known as 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 (*Chairman*)

WANG Cheng Kevin

YAN Xiaolin

WANG Yi Michael

Registered Office:

P.O. Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

Non-executive Directors:

Albert Thomas DA ROSA, Junior

HUANG Xubin

ZHANG Zhiwei

LIU Hong

Principal Place of Business in Hong Kong:

7th Floor, Building 22E

22 Science Park East Avenue

Hong Kong Science Park

Shatin

New Territories

Hong Kong

Independent Non-executive Directors:

Robert Maarten WESTERHOF

TSENG Shieng-chang Carter

WANG Yijiang

LAU Siu Ki

25 June 2018

To the Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION – ACQUISITION OF 100% EQUITY INTEREST IN CI TECH AND NOTICE OF EGM

INTRODUCTION

Reference is made to the Announcement. As stated in the Announcement, on 1 June 2018, the Purchasers (both are subsidiaries of the Company) and the Vendors entered into the Equity Transfer Agreement, pursuant to which the Purchasers conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to transfer to the Purchasers the Target Equity Interests at a consideration of RMB793,020,340.79 which shall be settled in cash. Upon completion of the Acquisition, CI Tech will become a subsidiary of the Company. The Acquisition constitutes a connected transaction which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements.

LETTER FROM THE BOARD

The purposes of this circular are:

- (i) to provide the Shareholders with further information regarding the details of the Equity Transfer Agreement and the Acquisition;
- (ii) to set out the recommendation of the Independent Board Committee to the Independent Shareholders and the advice of the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in relation to the the Equity Transfer Agreement and the Acquisition; and
- (iii) to give the Shareholders the notice of the EGM and other information in accordance with the requirements of the Listing Rules.

EQUITY TRANSFER AGREEMENT

On 1 June 2018, the Purchasers (both are subsidiaries of the Company) and the Vendors entered into the Equity Transfer Agreement, pursuant to which the Purchasers conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to transfer to the Purchasers the Target Equity Interests at a consideration of RMB793,020,340.79 which shall be settled in cash. Upon completion of the Acquisition, CI Tech will become a subsidiary of the Company.

The principal terms of the Equity Transfer Agreement are summarized as follows:

Date: 1 June 2018

Parties: the Vendors: TCL Corporation;
Ningbo Juyuan; and
Huizhou Guanlian

the Purchasers: TCL King; and
Shenzhen TCL New Technology

The Acquisition: Pursuant to the terms and conditions of the Equity Transfer Agreement, the Purchasers conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to transfer to the Purchasers the Target Equity Interests, of which:

- (1) 65% of the equity interest in CI Tech shall be transferred from TCL Corporation to TCL King;
- (2) 20% of the equity interest in CI Tech shall be transferred from Ningbo Juyuan to TCL King; and
- (3) 15% of the equity interest in CI Tech shall be transferred from Huizhou Guanlian to Shenzhen TCL New Technology.

LETTER FROM THE BOARD

The completions of the three transactions mentioned above are inter-conditional.

Consideration:

The Consideration is RMB793,020,340.79 and shall be settled in cash, of which:

- (1) RMB515,463,221.51 shall be payable by TCL King to TCL Corporation;
- (2) RMB158,604,068.16 shall be payable by TCL King to Ningbo Juyuan; and
- (3) RMB118,953,051.12 shall be payable by Shenzhen TCL New Technology to Huizhou Guanlian.

The Consideration was determined after arm's length negotiation between the parties concerned based on the principle of fairness and with reference to various factors, including the audited profit of CI Tech Members for 2017 (excluding the impact of one-off gains), future development prospects of the commercial information technology industry, the financial position of CI Tech and the synergies resulting from its consolidation with the Group after the Acquisition. Based on the above, the Directors are of the view that the Consideration (which reflects a historical price-to-earnings (the "P/E") ratio in 2017 of 9.5 times) is fair and reasonable.

The "one-off gains" mentioned above are mainly related to one-off reversals of unutilised warranty provisions provided in previous years. The exclusion of such one-off gains was made only for the purpose of determining the consideration as the Directors consider such gains are not recurrent in nature and not appropriate to be included in the calculation of the Consideration.

LETTER FROM THE BOARD

In respect of the historical P/E ratio mentioned above, the profit of CI Tech, which was used with respect to the historical P/E ratio, is the net profit after tax and extraordinary items of RMB83.5 million for the year ended 31 December 2017, which is calculated based on the net profit after tax of approximately RMB109.4 million and adjusted for the exclusions of one-off gain from reversals of warranty provisions of approximately RMB26.2 million and the relevant impact on income tax expense of approximately RMB0.3 million. In addition, to determine whether the P/E ratio mentioned above is fair and reasonable, the Directors have considered a list of comparable companies to CI Tech (the “**Comparable Companies**”). The selection of the Comparable Companies was largely based on following criteria: the companies (i) are publicly listed companies in Hong Kong; (ii) with a profit (according to the latest published account) between the range of HK\$50 million to HK\$350 million; and (iii) are primarily engaged in similar business to CI Tech, being in the provision of information technology products and industry solutions in the B2B industry. The source of the data is from the website of the Stock Exchange.

After the assessment, the P/E ratio for the Consideration of the Acquisition (i.e. 9.5 times) is within the range (ranging from 5.2 times to 19.3 times) but lower than the average P/E ratio of the Comparable Companies. The Directors is therefore of the view that the historical P/E ratio of 9.5 times for the Consideration of the Acquisition is fair and reasonable.

Conditions precedent:

Completion of the transactions as contemplated by the Equity Transfer Agreement shall be subject to the following conditions precedent to be fulfilled to the satisfaction of the Purchasers (unless waived by the Purchasers in writing (other than conditions (iii) and (iv) set out below)):

- (i) the completion of legal, financial and business due diligence by the Purchasers and the settlement and resolution of the issues identified in legal, financial and business due diligence exercises to the satisfaction of the Purchasers;
- (ii) the Vendors not being in breach of any representations, warranties and undertakings on their part under the Equity Transfer Agreement from the signing date of the Equity Transfer Agreement to the Completion Date;

LETTER FROM THE BOARD

- (iii) the Acquisition being considered and approved by the Board and at the general meeting of the Company in accordance with the requirements of the Listing Rules;
- (iv) approval for the Acquisition from their respective decision making body being obtained by the Purchasers and the Vendors; and
- (v) the Equity Transfer Agreement being legally and effectively executed by all parties.

As at the Latest Practicable Date, the conditions precedent set out in (i), (iv) and (v) above have been fulfilled.

Completion and
payment
of the Consideration:

All necessary documents, including but not limited to the updated shareholders' register of CI Tech, written confirmation of fulfillment of all the conditions precedent, and all documents as reasonably required by the Purchasers for the Completion, etc., shall be delivered by the Vendors to the Purchasers on the Completion Date.

50% of the Consideration shall be payable by the Purchasers to the Vendors within 10 days after the Completion Date or on such other date as determined by the parties to the Equity Transfer Agreement, of which:

- (i) RMB257,731,610.76 shall be payable by TCL King to TCL Corporation;
- (ii) RMB79,302,034.08 shall be payable by TCL King to Ningbo Juyuan; and
- (iii) RMB59,476,525.56 shall be payable by Shenzhen TCL New Technology to Huizhou Guanlian.

The remaining 50% of the Consideration shall be payable by the Purchasers to the Vendors within 30 days after the completion of registration/filing of change of particulars for the Acquisition with the competent industrial and commercial authority or on such other date as determined by the parties to the Equity Transfer Agreement, of which:

LETTER FROM THE BOARD

- (i) RMB257,731,610.76 shall be payable by TCL King to TCL Corporation;
- (ii) RMB79,302,034.08 shall be payable by TCL King to Ningbo Juyuan; and
- (iii) RMB59,476,525.56 shall be payable by Shenzhen TCL New Technology to Huizhou Guanlian.

INFORMATION ON CI TECH

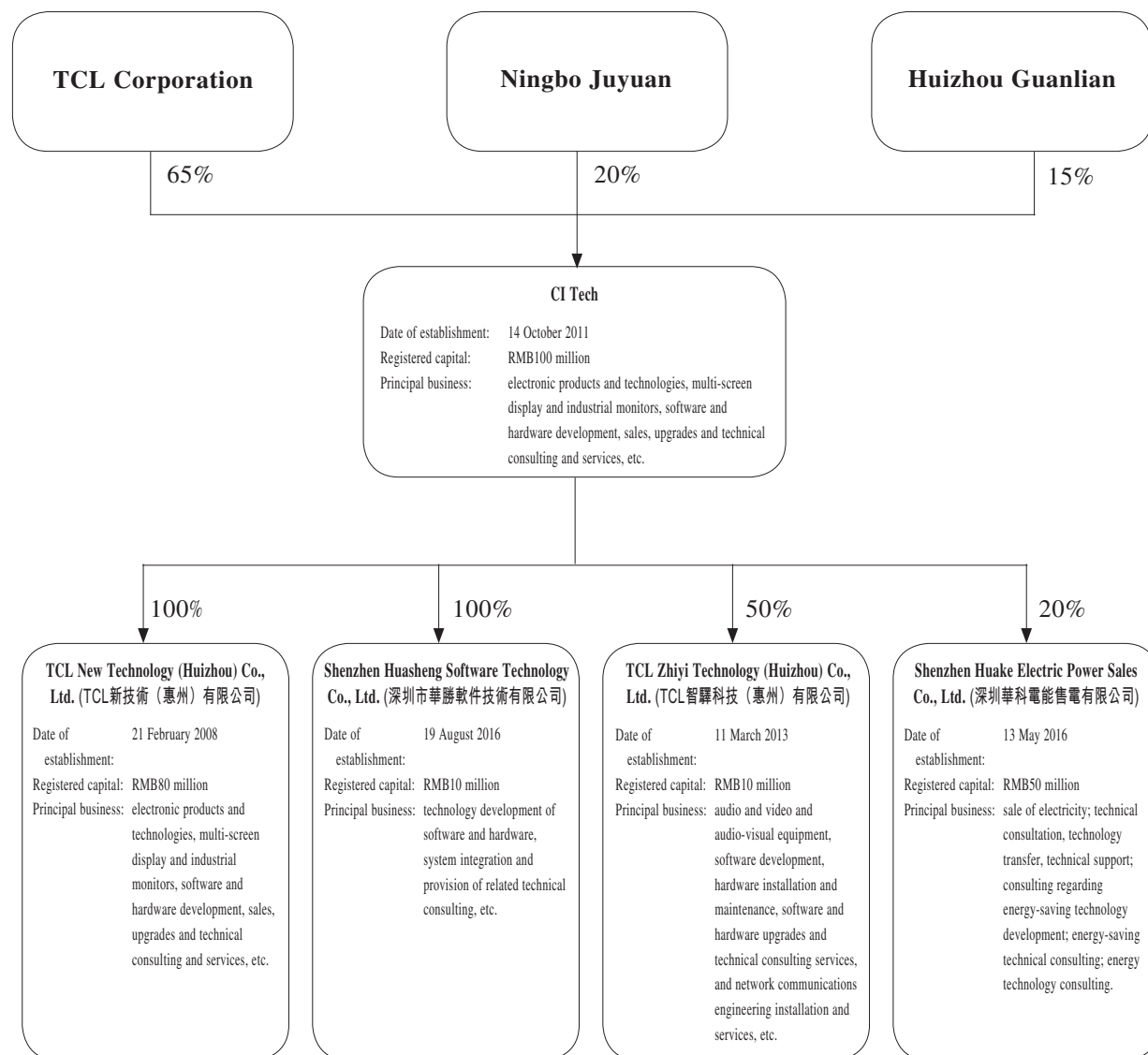
(1) General Corporate Information

TCL Corporation and Ningbo Juyuan contributed RMB80 million and RMB20 million as capital contribution to CI Tech on its establishment in 2011 respectively for their then respective 80% and 20% equity interest in CI Tech.

On 8 August 2014, TCL Corporation and Huizhou Guanlian entered into an equity transfer agreement, pursuant to which TCL Corporation transferred its 15% equity interest in CI Tech to Huizhou Guanlian. TCL Corporation received the first tranche of consideration for the equity transfer from Huizhou Guanlian on 3 December 2014 and the remaining consideration for the equity transfer from Huizhou Guanlian on 31 March 2017 with the completion of such equity transfer taken place on the same date. After completion of the aforesaid equity transfer and as at the Latest Practicable Date, 65%, 20% and 15% of equity interest in CI Tech are held by TCL Corporation, Ningbo Juyuan and Huizhou Guanlian respectively.

LETTER FROM THE BOARD

As at the Latest Practicable Date, CI Tech has two wholly-owned subsidiaries and two associated companies. The chart below sets out the corporate structure and certain particulars of the shareholders of CI Tech, CI Tech Members together with the Associated Companies:

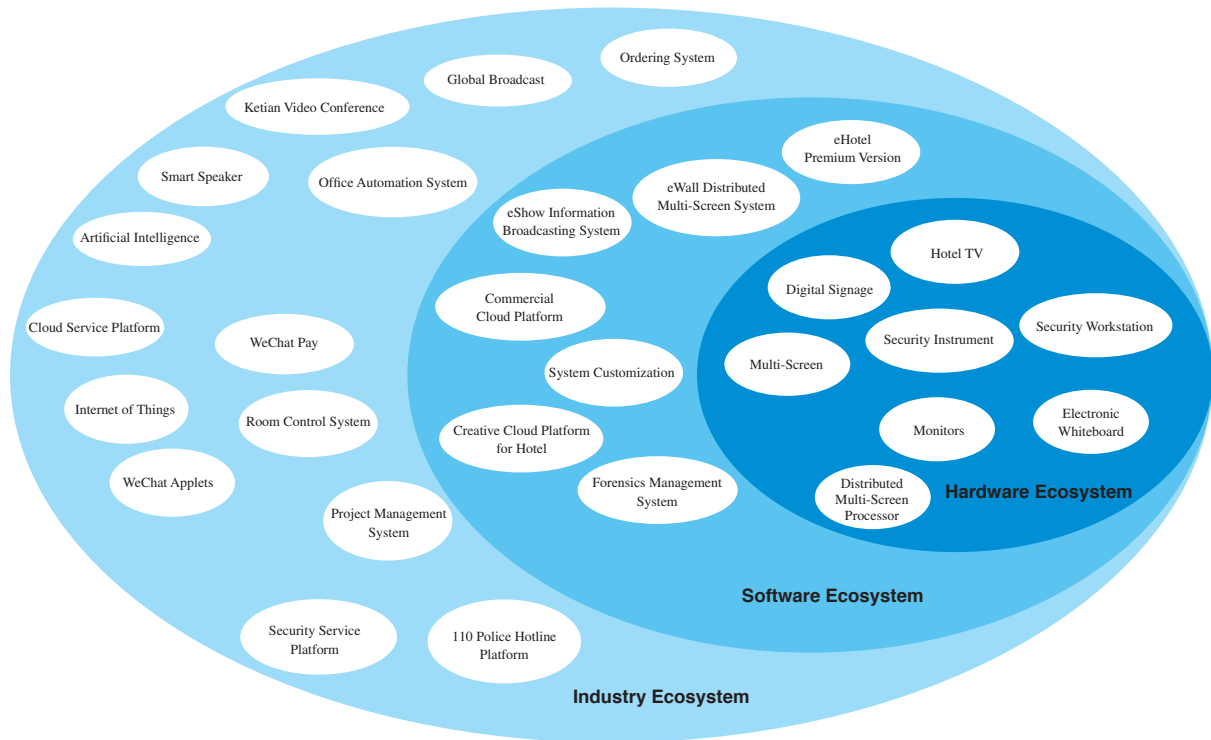


(2) Business Information

CI Tech is a leading provider of smart commercial information technology products and industry solutions in the PRC. Its business includes provision of one-stop services covering software, content, integral solutions and intelligent products for public sector and commercial customers.

LETTER FROM THE BOARD

The construction of industry product ecosystem mainly applies leading software system solutions to aggregate different platform ecosystems in the industry, including internet of things (IoT), artificial intelligence (AI), cloud applications, and big data, etc., and facilitates the transformation into end products tailored for customers. CI Tech has been devoted to the development of the commercial information industry for many years. Its eHotel, eWall, eShow and other software system solutions are widely adopted in different scenarios, such as hotels, hospitals, schools, shopping malls, airports, cafes, security, cinemas, etc.



LETTER FROM THE BOARD

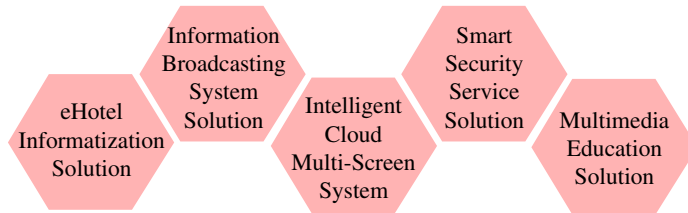
Set out below are CI Tech's key business areas with prominent advantages and the related feature solutions:

BUSINESS AREAS WITH PROMINENT ADVANTAGES



An industry-leading intelligent commercial information technology products and industry solution provider

SOLUTIONS



(i) *eHotel (Smart Hotel) Information Technology Solution*

The eHotel (Smart Hotel) Information Technology Solution employs network information and communication technology as its core. The entire system consists of a number of systems, including the “Project Management System”, “TV signal transmission system”, “Room Control System”, “wireless network coverage equipment”, etc. “Smart TV terminals”, “smart phones”, “digital signage”, “self-service check in/out terminals” and “interactive voice control robots” are used as user interfaces to enable hotel information broadcasting, information enquiry, lighting and other equipment control, and self-help services and mobile payment and other personalized services, so as to provide customers with comprehensive smart hotel experience.

For example, below is the digital lobby solution used in hotel (for illustration purpose only):



LETTER FROM THE BOARD

(ii) eShow (Information Broadcasting) System Solution

eShow (Information Broadcasting) System Solution can efficiently and conveniently push all kinds of multimedia information (video, pictures, text, etc.) from the back-end to information broadcasting terminals located in various public places, including digital signage (ceiling suspension model), interactive digital signage, floor stand signage, etc. It is widely used in finance, shopping malls, lottery, rail transportation and other industries.

For example, below is the digital lobby solution for a financial institution (for illustration purpose only):



(iii) eWall Intelligent Cloud Multi-Screen System

eWall Intelligent Cloud Multi-screen System is composed of multi-screen LCD wall, LED bar display, high-definition camera and touch screen integrated machine. It can manage the signal source through the cloud and achieve multi-screen switching on at will, roaming, overlay, scene and plan management, etc. It could be used in occasions such as control/command centers, conference centers/rooms, exhibition halls, lobbies and other occasions and is widely used in finance, public sector, convention and exhibition, transportation, energy, and radio and television industries, etc.

LETTER FROM THE BOARD

For example, below is the conference center solution (for illustration purpose only):



(iv) ***Security Service Solution***

The security service system solution provides customers with uninterrupted services by professionally developed monitors, video and audio recorders, management terminals and platforms, and is mainly used in airports, hospitals, subways, financial companies, public institutions, energy companies and other organizations and departments.

For example, below is the security monitoring room solution (for illustration purpose only):



(v) ***Intelligent Education Solution***

The multimedia education solution uses the TCL intelligent interactive tablet integrated display set as its hardware carrier and the TCL teaching whiteboard software as its interactive platform. It is equipped with a local teaching resources library, an online teaching resources database, and TCL campus teaching system for centralized management and remote operation, which can effectively improve teaching results.

LETTER FROM THE BOARD

For example, below is the intelligent education solution (for illustration purpose only):



(3) Financial Information

Set out below is certain financial information of CI Tech (on consolidated basis) for the years ended 31 December 2016 and 31 December 2017, as extracted from CI Tech's audited financial statements (on consolidated basis) prepared in accordance with PRC Accounting Standards for Business Enterprises:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2016 RMB'000
Revenue	1,481,999	1,098,871
Net profit before tax	137,410	45,619
Net profit after tax	109,405	37,405
Net profit before tax and extraordinary items	111,198	N/A
Net profit after tax and extraordinary items	83,476	N/A
	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Total assets	1,006,823	844,408
Net assets	272,625	163,219

Note: As approved by the shareholders of CI Tech, CI Tech will distribute a final dividend for 2017 of RMB149 million. Such dividends will be distributed to the shareholders of CI Tech as at the date of the Announcement (i.e. 1 June 2018) before the completion of the Acquisition.

LETTER FROM THE BOARD

CI Tech has been profit-making over the last four years. In 2017, the overall gross profit margin of CI Tech was 16.82% and its net profit margin (based on net profit after tax and extraordinary items) was 5.63%. The increase of profit of CI Tech for the year of 2017 was mainly attributable to the fact that the market price of panel, which is an important component for the business of CI Tech, had been rising in 2016 and reached the peak around May 2017. The decrease of the panel price after May 2017 enabled CI Tech to cut down its cost in the second half of 2017 and therefore to seize more businesses opportunities.

As at 31 December 2017, CI Tech's major assets consisted of cash and bank balances (RMB284 million), trade and bills receivables (RMB200 million), other receivables due to related parties and third parties (RMB307 million), inventories (RMB159 million) and deferred tax assets (RMB30 million), while its major liabilities consisted of trade and bills payables (RMB582 million), accruals, tax payables and other current payables (RMB101 million) and warranty provision (RMB30 million).

REASONS FOR AND BENEFITS OF ACQUISITION OF CI TECH

According to the relevant data from All View Cloud (www.avc-mr.com), the commercial information technology industry maintained its continuous high growth momentum in 2017. The size of the commercial LCD (including commercial TV, interactive tablet, multi-screen tablet and digital signage) market in the PRC has reached RMB29.3 billion, and the market is expected to continue its significant growth and reach RMB36.4 billion in 2018. The overall market size of the commercial display industry in the PRC is expected to reach RMB58.9 billion in 2018. Accordingly, with the continuous advancement in technology such as the IoT and AI, it is expected that the development opportunities in the areas of education, new retail, and security for commercial information technology industry will continue to increase in 2018. CI Tech will continue to strengthen its position as the leading provider of intelligent commercial information technology products and industry solutions in the PRC, and will gradually develop and expand into new market segments.

LETTER FROM THE BOARD

CI Tech has its distinctive characteristics in the following aspects when compared with the Company:

Business Areas/Aspects	The Company	CI Tech
Business Model	B2C (Business to Customer)	B2B (Business to Business)
Business Position	Engaged in the research and development, production and sales of consumer electronics products, and is one of the leading brands amongst its global peers	Industry solution provider
Products + Services	<ul style="list-style-type: none"> • <i>Products:</i> Consumer electronics, mainly TV set products • <i>Ancillary Services:</i> Smart TVs; Smart AV Products; Audio and Video Content Services 	<ul style="list-style-type: none"> • <i>Solutions:</i> eHotel (smart hotel); eShow (information broadcasting); eWall (intelligent cloud multi-screen); security service; intelligent education • <i>Intelligent Products:</i> security displays, touch screen displays, digital signage, recorders, monitors, etc.
Sales channels	<ul style="list-style-type: none"> • Online retail (such as online shopping malls) • Offline retail (such as physical franchise stores) 	<ul style="list-style-type: none"> • Direct sales • Distributors • System integrators
Pricing Mechanism	<ul style="list-style-type: none"> • Based on production costs • Brand premium 	<ul style="list-style-type: none"> • Based on costs • Pricing through bidding for certain projects • Service quotation is included in relevant solution quotations
Target Customers	Family or individual users	Mainly commercial users; high customer loyalty

LETTER FROM THE BOARD

The Board is of the view that, specifically, the Acquisition will bring the following benefits to the Group:

(1) Providing the Group with an additional stream of revenue from software and services

CI Tech is an industry-leading intelligent commercial information technology products and industry solutions provider:

- **Users:** CI Tech's users are mainly public sector and commercial users, including hotels, hospitals, schools, shopping malls, airports, conference centers, etc.;
- **Scenario:** CI Tech's industry solutions can be applied in various scenarios. For example, home is considered as a scenario, from which it can create tremendous synergies with the Group's business;
- **Products:** CI Tech provides displayer products for different uses and different scenarios to its customers so as to satisfy the needs of diversified customer base. Products other than displayer, such as recorders, can be applied to related particular areas; and
- **Ecosystem:** By integrating the advantages in the areas of users, scenario, and products as mentioned above, CI Tech applies leading software systems and solution technologies to aggregate the ecosystems of different platforms in the industry and provide customized end products for its users. Through a collaborative strategic ecosystem, its technologies are applied to different scenarios to provide customers with products and services.

The software and service capabilities of CI Tech will help optimize the overall pricing model, thereby further creating favorable conditions for the revenue and profitability of the Group's business.

(2) Facilitating the Group to enter into the B2B industry rapidly, which is of promising growth potential

Details of benefits of the Group's entering into the B2B industry upon completion of the Acquisition are as follows:

- The business model of CI Tech is B2B with provision of software and industry solution services for enterprise users, which is different from the Group's B2C business model;
- CI Tech has been devoted to the development of its business and products in commercial sector for years. It enjoys an industry leading position and has achieved outstanding accomplishments in various areas such as IoT, cloud computing and AI;

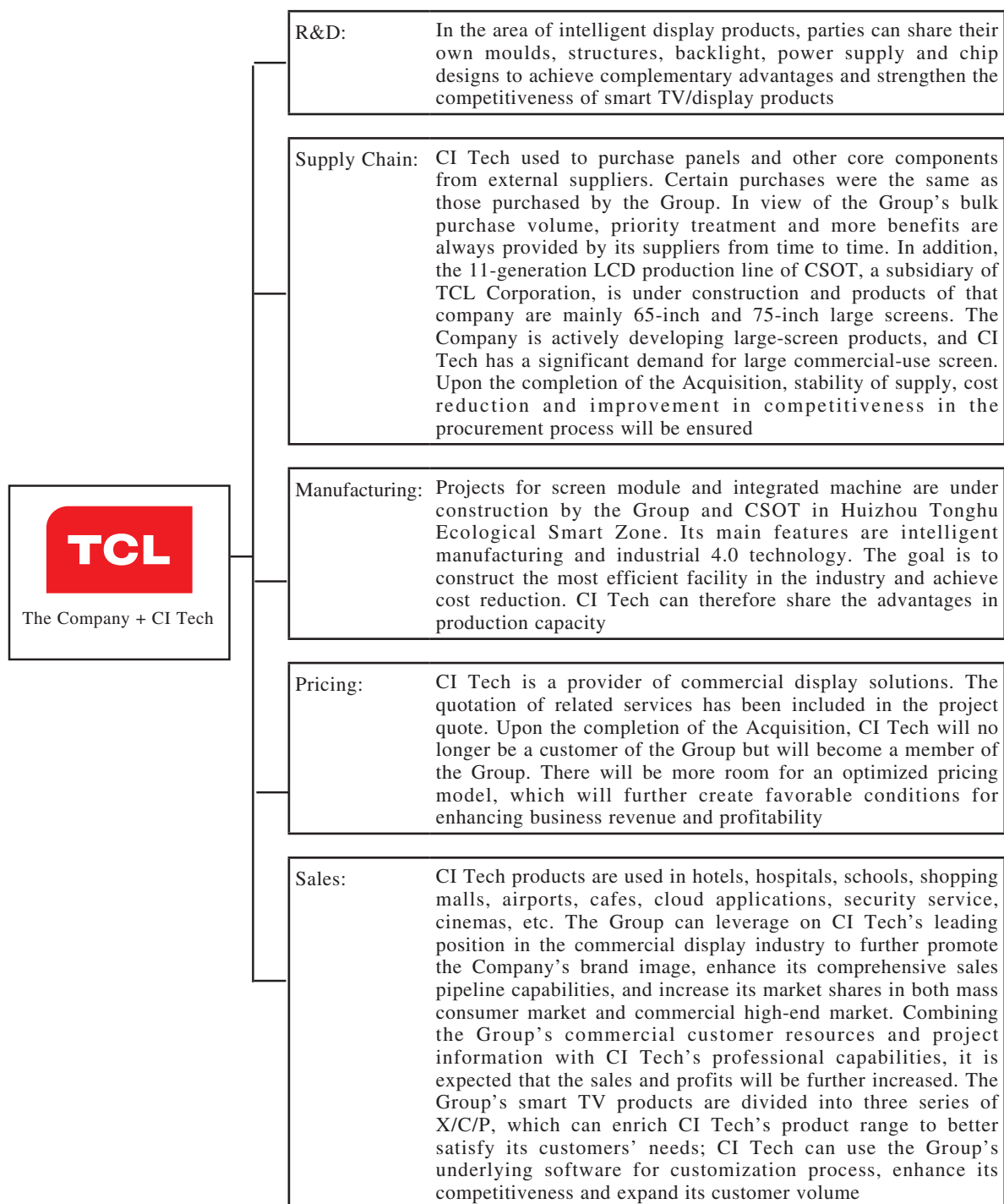
LETTER FROM THE BOARD

- The B2B business model is relatively stable and less affected by changes in the distribution model brought about by the Internet. CI Tech's B2B business is mainly based on customer demands for customized professional solutions and thus the product differentiation is greater, the average unit price per customer is higher than that of the general consumer market, and customer loyalty in B2B market is higher. Rather than affecting the original B2B business, the incorporation of the Internet element will actually enhance CI Tech's products and services by the scientific and technological achievements in the areas of IoT, cloud applications and AI; and
- The Group can further expand its business scope to the B2B industry through the Acquisition and broaden its future growth potential.

LETTER FROM THE BOARD

(3) Creating additional values for Shareholders contributed by the significant synergies arising from the Acquisition

Upon the completion of the Acquisition, synergies will be created for CI Tech and the Company in various key aspects of business operation, details of which are as follows:



LETTER FROM THE BOARD

Apart from the above-mentioned significant synergies, the Company will settle the consideration of the Acquisition in cash and CI Tech will be consolidated into the Group's results and further enhancement in the Group's profitability is expected.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.47% of the issued Shares of the Company and hence TCL Corporation is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in relation to the Acquisition is/are more than 5%, the Acquisition is subject to the reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Notwithstanding the respective interest(s) and/or role(s) of certain Directors in TCL Corporation, none of them is considered as having a material interest in the transactions contemplated under the Equity Transfer Agreement, therefore all Directors are entitled to vote at the relevant proposed board resolution pursuant to the Company's articles of association. The Equity Transfer Agreement and the Acquisition were approved by the Board on 1 June 2018.

An Independent Board Committee comprising LAU Siu Ki, Robert Maarten WESTERHOF, TSENG Shieng-chang Carter and WANG Yijiang has been established to advise the Independent Shareholders on the terms of the Equity Transfer Agreement and the Acquisition. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

TCL Corporation and TCL Associates will abstain from voting in respect of the Acquisition required to be put forward at the EGM.

The Directors including independent non-executive Directors (whose views are set out in the letter from the Independent Board Committee of this circular) consider the Equity Transfer Agreement and the Acquisition were negotiated between the parties on arm's length basis and were on normal commercial terms, and the terms thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

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://electronics.tcl.com> (the information that appears in this website does not form part of this circular).

TCL King is an indirect subsidiary of the Company and is a company established under the laws of the PRC with limited liability. It is principally engaged in research, development, production and sales of digital electronic products, communications equipment and related ancillary injection-moulded parts and components, etc.

LETTER FROM THE BOARD

Shenzhen TCL New Technology is an indirect subsidiary of the Company and is a company established under the laws of the PRC with limited liability. It is principally engaged in development of TV software and sales of self-developed software, and provision of technical consulting and services, etc.

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

Ningbo Juyuan is a limited partnership established under the laws of the PRC and is principally engaged in industrial investment, investment management and related information consulting services. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, as at the Latest Practicable Date, Ningbo Juyuan and its ultimate beneficial owners are independent of the Group and its connected persons.

Huizhou Guanlian is a company established under the laws of the PRC with limited liability and is principally engaged in industrial investment. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, as at the Latest Practicable Date, Huizhou Guanlian and its ultimate beneficial owners are independent of the Group and its connected persons.

EGM

The Company will convene the EGM at 8/F., Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 11 July 2018, Wednesday at 4:30 p.m., at which resolutions will be proposed for the purposes of considering and, if thought fit, approving the Equity Transfer Agreement and the Acquisition. The notice of the EGM is set out on pages 58 to 59 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the 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.

RECORD DATE FOR EGM

To ascertain the entitlements to attend and vote at the EGM, members of the Company must lodge the relevant transfer document(s) and share certificate(s) at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 10 July 2018, Tuesday for registration. Members of the Company whose names are recorded in the register of members of the Company on 11 July 2018 are entitled to attend and vote at the EGM.

LETTER FROM THE BOARD

VOTING BY POLL

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

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 26 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the resolution to approve the Equity Transfer Agreement and the Acquisition; (ii) the letter from Pelican Financial, the Independent Financial Adviser, set out on pages 27 to 50 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 Equity Transfer Agreement and the Acquisition; and (iii) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice (together with the principal factors and reasons considered in arriving at such advice) of Pelican Financial, the Independent Financial Adviser, considers that the Equity Transfer Agreement and the Acquisition 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 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 Equity Transfer Agreement and the Acquisition.

The Board considers that the Equity Transfer Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board also considers that the resolution 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 resolution to be proposed at the EGM.

Yours faithfully,
On behalf of the Board
LI Dongsheng
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(formerly known as 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)

25 June 2018

To: the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION –
ACQUISITION OF 100% EQUITY INTEREST IN CI TECH**

We refer to the circular of the Company dated 25 June 2018 of the Company (the “Circular”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreement and the Acquisition, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter of advice from Pelican Financial set out on pages 5 to 25 and pages 27 to 50 of the Circular respectively.

Having taken into account of the advice (together with the principal factors and reasons considered in arriving at such advice) of Pelican Financial, the Independent Financial Adviser, we consider that the Equity Transfer Agreement and the Acquisition 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 Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM in respect of the Equity Transfer Agreement and the Acquisition.

Yours faithfully,

**LAU Siu Ki, Robert Maarten WESTERHOF,
TSENG Shieng-chang Carter and WANG Yijiang**
Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Pelican Financial to the Independent Board Committee and the Independent Shareholders for incorporation in this circular.



PELICAN FINANCIAL LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

25 June 2018

*To the Independent Board Committee and the Independent Shareholders of
TCL Electronics Holdings Limited (formerly known as TCL Multimedia Technology Holdings Limited)*

Dear Sirs,

CONNECTED AND DISCLOSEABLE TRANSACTION – ACQUISITION OF 100% EQUITY INTEREST IN CI TECH

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, details of which are set out in the letter from the Board contained in the circular of the Company dated 25 June 2018 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 1 June 2018, the Purchasers (both are subsidiaries of the Company) and the Vendors entered into the Equity Transfer Agreement, pursuant to which the Purchasers conditionally agreed to acquire from the Vendors and the Vendors conditionally agreed to transfer to the Purchasers the Target Equity Interests at a consideration of RMB793,020,340.79 which shall be settled in cash. Upon completion of the Acquisition, CI Tech will become a subsidiary of the Company.

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 52.47% of the issued Shares of the Company and hence TCL Corporation is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios in relation to the Acquisition is/are more than 5%, the Acquisition is subject to the reporting, announcement, independent shareholders’ approval and annual review requirements under Chapter 14A of the Listing Rules. Furthermore, as one or more of the applicable percentage ratios in relation to the Acquisition is/are more than 5% but all are less than 25%, the Acquisition also constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Board currently comprises four executive Directors, four non-executive Directors and four independent non-executive Directors. The Independent Board Committee, which is currently comprising of all the independent non-executive Directors, namely Mr. LAU Siu Ki, Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter and Professor WANG Yijiang, has been established to advise the Independent Shareholders in respect of the Acquisition. We have been appointed by the as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

We are not connected with the directors, chief executive or substantial shareholders of the Company or any of their respective associates and there is also no relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence to act as independent financial adviser to the Company and therefore we are suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. In the last two years, there was no engagement between the Company and us. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive or substantial shareholders of the Company or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to whether the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms and whether the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole and how the the Independent Board Committee should advise the Independent Shareholders to vote in respect of the relevant resolution to approve the Equity Transfer Agreement and the transactions contemplated thereunder at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have performed relevant procedures and those steps which we deemed necessary in forming our opinions. Our procedures include, among others, review of relevant agreements, documents and information provided by the Company and validated them, to a reasonable extent, with the relevant public or third-party information, market statistics and data and/or with those information, facts and representations provided, and the opinions expressed, by the Company, the Directors and/or the management of the Group (including those related to the the Vendors and CI Tech). The documents reviewed include, among others, the Equity Transfer Agreement, the annual report of the Company for the financial year ended 31 December 2017 (the “**Annual Report**”), the financial statements of CI Tech for the two financial years ended 31 December 2017 and the Circular. We have assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Acquisition, we have considered the following principal factors and reasons:

1. Background, reasons and benefits of the Acquisition

1.1 Background information of the Group

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

Set out below is the summary financial information of the Group for the two years ended 31 December 2017 as extracted from the Annual Report:

	For the year ended 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Audited)	(Restated) (Audited)
Turnover	40,822,357	33,361,250
Gross Profit	6,301,244	5,815,783
Profit attributable to owners of the parent	814,639	182,764

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December	
	2017	2016
	HK\$'000	HK\$'000
	(Audited)	(Audited)
Total assets	26,063,346	20,309,390
Total liabilities	18,366,829	13,753,045
Net assets	7,696,517	6,556,345

As set out in the Annual Report, the Group was ranked third in the global liquid-crystal-display (“LCD”) television market with a market share of approximately 10.9% in 2017 according to the IHS Technology figures and the Company’s data, and ranked third in the PRC LCD television market with a market share of approximately 11.9% in 2017 according to China Market Monitor Co., Limited’s omni-channel data.

The Group’s turnover was approximately HK\$40,822.4 million for the year ended 31 December 2017, representing an increase of approximately 22.4% from approximately HK\$33,361.3 million for the year ended 31 December 2016. The increase in the turnover of the Group was mainly due to sales volume of LCD televisions reaching approximately 23.2 million sets in 2017, representing an increase of approximately 16.4% from the prior year. In particular, in 2017, sales volume of LCD televisions in the overseas markets increased by approximately 33.5% from the prior year to approximately 14.1 million sets. In addition, sales of mid-to-high-end products such as smart televisions and 4K televisions in 2017 increased by approximately 42.5% and 46.0% respectively from the prior year to approximately 15.1 million sets and 5.8 million sets respectively.

The Group’s gross profit was approximately HK\$6,301.2 million for the year ended 31 December 2017, representing an increase of approximately 8.3% from approximately HK\$5,815.8 million for the year ended 31 December 2016. Profit attributable to owner of parent also amounted to approximately HK\$814.6 million for the year ended 31 December 2017, representing an increase from approximately HK\$182.8 million for the year ended 31 December 2016. The increase in the profit attributable to owner of parent for the year ended 31 December 2017 was mainly due to, among others, increase in the turnover of the Group as well as a one-off gain of approximately HK\$220.0 million from the completion of the capital increase of Shenzhen Thunderbird Network Technology Company Limited.

As at 31 December 2017, the Company had total assets, total liabilities and net assets of approximately HK\$26,063.3 million, HK\$18,366.8 million and HK\$7,696.5 million respectively.

Looking forward, the Group has set a growth target for its LCD television sales volume at approximately 10% to 25.6 million sets. The Group will also continue to pursue synergies across multiple industries within TCL Corporation and will strengthen its business competitiveness in the PRC market, actively expand key overseas markets, establish intelligent manufacturing and industrial internet capabilities, and improve its supply chain management.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2 Background information of the Purchasers

The Purchasers are TCL King and Shenzhen TCL New Technology, both are indirect subsidiary of the Company established under the laws of the PRC with limited liability.

TCL King is principally engaged in research, development, production and sales of digital electronic products, communications equipment and related ancillary injection-moulded parts and components, etc.

Shenzhen TCL New Technology is principally engaged in development of TV software and sales of self-developed software, and provision of technical consulting and services, etc.

1.3 Background information of the Vendors

The Vendors are TCL Corporation, Ningbo Juyuan and Huizhou Guanlian.

TCL Corporation is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, audio-visual, telecommunications, information technology and electrical products. TCL Corporation is the ultimate controlling Shareholder of the Company and holds approximately 52.47% of the issued Shares of the Company as at the Latest Practicable Date.

Ningbo Juyuan is a limited partnership established under the laws of the PRC and is principally engaged in industrial investment, investment management and related information consulting services. To the best knowledge, information and belief of the Directors after making all reasonable enquiries, as at the Latest Practicable Date, Ningbo Juyuan and its ultimate beneficial owners are independent of the Group and its connected persons.

Huizhou Guanlian is a company established under the laws of the PRC with limited liability and is principally engaged in industrial investment. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, as at the Latest Practicable Date, Huizhou Guanlian and its ultimate beneficial owners are independent of the Group and its connected persons.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.4 Background information of CI Tech

As at the Latest Practicable Date, 65%, 20% and 15% of equity interests in CI Tech are held by TCL Corporation, Ningbo Juyuan and Huizhou Guanlian respectively. CI Tech has two wholly-owned subsidiaries and two associated companies.

CI Tech is a leading provider of smart commercial information technology products and industry solutions in the PRC. CI Tech business model focuses on B2B (business to business) where it provides one-stop services covering software, content, total solutions and smart products for public sector and commercial customers. Further, CI Tech has been devoted to the development of the commercial information industry for many years. Its eHotel, eWall, eShow and other software system solutions are widely adopted in different scenarios, such as hotels, hospitals, schools, shopping malls, airports, cafes, security, cinemas, etc.

Set out below is a summary of the financial information of CI (on consolidated basis) for the two years ended 31 December 2017.

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2016 RMB'000
Revenue	1,481,999	1,098,871
Net profit before tax	137,410	45,619
Net profit after tax	109,405	37,405
Net profit before tax and extraordinary items	111,198	N/A
Net profit after tax and extraordinary items	83,476	N/A
	As at 31 December 2017 RMB'000	As at 31 December 2016 RMB'000
Total assets	1,006,823	844,408
Net assets	272,625	163,219

Shareholders are advised to refer to the Letter from the Board for further details of the corporate structure, business and financials of CI Tech.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.5 Reasons for and benefits of the Acquisition

As discussed with the Company, the Acquisition is expected to bring the following benefits to the Group: (i) providing the Group with an additional stream of revenue from software and services; (ii) facilitating the Group to enter into the B2B industry; and (iii) creating values for Shareholders contributed by the synergies arising from the Acquisition.

Additional stream of revenue

In our review of the financials of CI Tech, we noted that CI Tech has been profitable. For the year ended 31 December 2017, CI Tech has generated a revenue and net profit after tax and extraordinary items of approximately RMB1,482.0 million and RMB83.5 million respectively, which represented an increase of approximately 34.9% and 123.2% respectively from the prior year. In view of the above, we occurred with the Company that the Acquisition is expected to bring an additional stream of revenue to the Company.

Facilitate the Group to enter into the B2B industry

The business model of CI Tech is the provision of software and industry solution services for enterprise users as its focus. As such, we have reviewed market information and statistics in relation to the information technology sector in the PRC. According to International Data Corporation (“IDC”), a global provider of market intelligence, advisory services and events for information technology, telecommunications and consumer technology markets, the PRC is currently the world’s second largest market in information technology. The spending in information technology in the PRC was estimated to be approximately RMB245.9 billion in 2017, representing an increase of approximately 8.6% as compared with the prior year spending in information technology of approximately RMB226.5 billion. Further, IDC also estimated that the spending in information technology in the PRC will continue to grow and is expected to reach RMB270 billion by the year 2020. In view of the above, we occurred with the Company that the Acquisition represents a good opportunity for the Company to enter into a promising sector.

Synergies arising from the Acquisition

We have discussed with the Company and also having reviewed the business of the Group and CI Tech, we noted that the Acquisition is able to bring synergies for CI Tech and the Company in five key business areas, namely, research and development, supply chain, manufacturing, pricing and sales.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Research and development

As discussed with the Company, the Group will continue to maintain and expand its market position in the electronic consumer market by satisfying consumers' need such as by providing smart televisions to its customers. As set out in the sub-section "Background information of the Group" of this letter above, the Group's sales of smart televisions have continued to grow and reached 15.1 million sets in 2017, which represented an increase of approximately 42.5% as compared with the prior year. CI Tech, being a leading provider of smart commercial information technology products and industry solutions in the PRC, also has a need to continue to provide smart products (including smart display products) to its customers for its businesses in eHotel, eWall, eShow, etc. Therefore, both the Group and CI Tech through the Acquisition, in the area of smart display products, are able to share moulds, structures, backlight, power supply and chip designs and to enhance their smart television/display products.

Supply chain

We understand that CI Tech has been purchasing panels and other core components from external suppliers and certain purchases were the same as those purchased by the Group. Given that the Group's standing in the industry (i.e., ranked third in the global LCD television market) and its bulk purchase volume, the Group is able to enjoy priority treatment in procurement of supplies. Therefore, upon completion of the Acquisition, CI Tech, being a subsidiary of the Group, will be able to enjoy stability of supply, cost reduction and improvement in competitiveness in the procurement process which is expected to enhance the profitability of CI Tech as well as the Group as a whole.

Manufacturing

As set out in the Letter from the Board, projects for screen module and integrated machine are under construction by the Group and CSOT in Huizhou Tonghu Ecological Smart Zone. The goal is to construct one of the most efficient facilities in the industry and achieve cost reduction. Upon the completion of the Acquisition, CI Tech, being a subsidiary of the Group, shall be able to enjoy the advantages in production capacity which is expected to enhance the profitability of CI Tech as well as the Group as a whole.

Pricing

CI Tech is a provider of commercial display solutions and given that the Group is one of the largest providers of LCD television in the market, the Acquisition will allow CI Tech to source display products at a favourable pricing which is expected to improve the competitiveness of CI Tech in the market.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Sales

As set out in the Letter from the Board, the commercial displays of CI Tech are widely used in hotels, hospitals, schools, shopping malls, airports, cafes, security, cinemas, etc. With the Acquisition, the Company can ensure that the commercial displays of the Group are being used and featured by CI Tech which will enable further promotion of the Company's brand image and to increase its market shares in both mass consumer market and commercial high-end market. Further, the Acquisition is also expected to better satisfy the need of CI Tech's customers as well as to increase its competitiveness in the market given that the Group is able to deliver smart television products with different specifications and to allow CI Tech to access the Group's underlying software for customization process.

In view of the above and in particular that (i) the Acquisition is expected to bring in an additional stream of revenue and profit to the Group given that CI Tech has been profitable; (ii) the promising outlook in the industry that CI Tech operates in; and (iii) the synergies that Acquisition is expected bring as set out above, we are of the view that the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

2. The Equity Transfer Agreement

2.1 Principal terms of the Equity Transfer Agreement

Date: 1 June 2018

Parties: the Vendors: TCL Corporation;
Ningbo Juyuan; and
Huizhou Guanlian

the Purchasers: TCL King; and
Shenzhen TCL New Technology

The Acquisition: Pursuant to the terms and conditions of the Equity Transfer Agreement, the Purchasers have conditionally agreed to acquire from the Vendors and the Vendors have conditionally agreed to transfer the Target Equity Interests to the Purchasers, of which:

- (1) 65% of the equity interest in CI Tech shall be transferred from TCL Corporation to TCL King;
- (2) 20% of the equity interest in CI Tech shall be transferred from Ningbo Juyuan to TCL King; and
- (3) 15% of the equity interest in CI Tech shall be transferred from Huizhou Guanlian to Shenzhen TCL New Technology.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The completions of the three transactions mentioned above are inter-conditional.

Consideration:

The Consideration is RMB793,020,340.79 and shall be settled in cash, of which:

- (1) RMB515,463,221.51 shall be payable by TCL King to TCL Corporation;
- (2) RMB158,604,068.16 shall be payable by TCL King to Ningbo Juyuan; and
- (3) RMB118,953,051.12 shall be payable by Shenzhen TCL New Technology to Huizhou Guanlian.

Completion and
payment of the
Consideration:

The completions of the three transactions under the section headed "The Acquisition" above shall be inter-conditional.

All necessary documents, including but not limited to the updated shareholder register of CI Tech, written confirmation of fulfillment of all the conditions precedent, and all documents as reasonably required by the Purchasers for the completion, etc., shall be delivered by the Vendors to the Purchasers on the Completion Date.

50% of the Consideration for the Acquisition shall be payable by the Purchasers to the Vendors within 10 days after the Completion Date or at such other date as determined by the parties to the Equity Transfer Agreement, of which:

- (i) RMB257,731,610.76 shall be payable by TCL King to TCL Corporation;
- (ii) RMB79,302,034.08 shall be payable by TCL King to Ningbo Juyuan; and
- (iii) RMB59,476,525.56 shall be payable by Shenzhen TCL New Technology to Huizhou Guanlian.

The remaining 50% of the Consideration for the Acquisition shall be payable by the Purchasers to the Vendors within 30 days after the completion of registration/filing of change for the Acquisition with the competent industrial and commercial authority or at such other date as determined by the parties to the Equity Transfer Agreement, of which:

- (i) RMB257,731,610.76 shall be payable by TCL King to TCL Corporation;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) RMB79,302,034.08 shall be payable by TCL King to Ningbo Juyuan; and
- (iii) RMB59,476,525.56 shall be payable by Shenzhen TCL New Technology to Huizhou Guanlian.

Further details of the terms of the Equity Transfer Agreement are also set out in the Letter from the Board.

2.2 Analysis of the Consideration

The terms of the Equity Transfer Agreement (including the Consideration) was determined after arm's length negotiation between the parties based on the principle of fairness and with reference to various factors, including but not limited to, the audited profit of CI Tech Members for 2017 (excluding the impact of one-off gains), future development prospects of the commercial information technology industry, the financial position of CI Tech and the synergies resulting from its consolidation with the Group after the Acquisition.

To assess the fairness and reasonableness of the Consideration, we have considered using price-to-earnings (the “P/E”) ratio analysis and price-to-book (the “P/B”) ratio analysis, the most commonly used benchmarks for valuation of companies, to compare the Consideration against the market valuation of other comparable companies. However, given that the principal business of CI Tech, being the provision of software and industry solution services for enterprise users, is in general skill-intensive and asset-light, P/B ratio is not applicable for assessing the Acquisition. In our review of the financial information of CI Tech as at 31 December 2017, whilst CI Tech has total assets of approximately RMB1,006.8 million, we noted that CI Tech does not have any substantial properties, manufacturing facilities or other non-moveable assets and a substantial portion of its total assets is classified as current assets (i.e., approximately RMB950 million). Out of CI Tech's current assets of RMB950 million, approximately 30% is in cash (i.e., approximately RMB284 million) and the remaining current assets mainly comprises of trade and bill receivables, other receivables due to related parties and third parties and inventories of approximately RMB200 million, RMB307 million and RMB159 million respectively. In view of the above, we considered that the P/B ratio is not applicable for assessing the Acquisition given that the business of CI Tech is mainly skill-intensive and its assets mainly comprises of current assets without any substantial properties, manufacturing facilities or other non-moveable assets. In determining the comparable companies, the following criteria is set: companies listed on the Main Board Stock Exchange which have generated a revenue and profit in its latest financial year end of not more than HK\$5,000 million and HK\$500 million respectively and are engaged in similar business to CI Tech, being in the provision of information technology products and industry solutions in the B2B industry. As set out in the section headed “Background information of CI Tech” of this letter above, the revenue and net profit after tax and extraordinary items of CI Tech for the year ended 31 December 2017 was approximately RMB1,482 million and RMB83.5 million respectively (equivalent to approximately HK\$1,853 million and HK\$105 million respectively (See Note 2 below)). By setting the selection criteria with revenue and profit of not more than HK\$5,000 million and HK\$500 million respectively, we are able to identify and select companies with

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revenue and profitability which we considered to be similar as compared with CI Tech. Further, by setting such selection criteria, we considered that only companies with similar business, revenue and profitability would be included in our comparable analysis which, if otherwise, would render the comparable analysis less meaningful as including companies with revenue and profitability above our selection criteria may distort the valuation of the comparable companies given that those companies with revenue and profit of more than HK\$5,000 million and HK\$500 million respectively may command a different valuation due to their larger size as well as higher revenue and profitability. In view of the above, we are of the view that the selection criteria being revenue and profit of not more than HK\$5,000 million and HK\$500 million respectively will generate a list of comparable companies which is a fair and representative sample. Based on our selection criteria, we have identified 9 companies which meet the above criteria (the “**Comparable Companies**”). Although the scale of operations, financial position, and future prospects of the Comparable Companies are not exactly the same as CI Tech, the list of Comparable Companies provides a reference to assess the P/E ratio of the Consideration relative to the P/E ratio of the Comparable Companies. The list of Comparable Companies is an exhaustive list and we are of the view that the Comparable Companies are fair, sufficient and representative samples.

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
China All Access (Holdings) Limited (633)	Engaged in the provision of information and communication technology solution	1,559.8	3,360.5	286.0	5.5	Based on the Comparable Company's segment reporting in its annual report, the revenue and segment operating profits derived from the provision of information and communication technology (being similar to the business of CI Tech) is approximately RMB2,376 million and RMB202 million respectively (representing approximately 88% and 51% of its total revenue and total segment operating profits respectively)

In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits

Given that the Comparable Company is mainly engaged in the provision of information and communication technology, which we considered to be similar to the business of CI Tech, and the majority of its revenue and segment operating profits is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
Automated Systems Holdings Limited (771)	Engaged in the information technology related businesses including information technology products business (i.e., provision of information and technology and related products) and information technology services business (i.e., provision of systems integration, software and consulting service)	1,086.5	1,917.5	52.8	20.7	Based on the Comparable Company's segment reporting in its annual report, all of its revenue and segment profits is derived from the provision of information and technology related products and services (being similar to the business of CI Tech) and such revenue and segment profits is approximately HK\$1,918 million and HK\$244 million respectively
						In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits
						Given that the Comparable Company is mainly engaged in the provision of information technology related products and services, which we considered to be similar to the business of CI Tech, and all of its revenue and segment profits is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
Hi Sun Technology (China) Limited (818)	Engaged in the information technology sector and in particular in the following segments: payment processing solutions; financial solutions; electronic power meters and solutions; telecommunication solutions; and payment platform solutions	3,998.6	2,910.0	346.1	11.6	Based on the Comparable Company's segment reporting in its annual report, all of its revenue and segment profits is derived from the provision of information and technology related products and services (being similar to the business of CI Tech) and such revenue and segment profits is approximately HK\$2,910 million and HK\$303 million respectively
						In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits
						Given that the Comparable Company is mainly engaged in the provision of information and technology related products and services, which we considered to be similar to the business of CI Tech, and all of its revenue and segment profits is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
Maxnerva Technology Services Limited (1037)	Engaged in the provision of information technology integration and solutions services, and electronic products manufacturing	940.4	430.7	82.2	11.4	Based on the Comparable Company's segment reporting in its annual report, the revenue derived from information technology projects and maintenance and consulting services (being similar to business of CI Tech) is approximately RMB314 million (representing approximately 91% of its total revenue). However, no segment profits is disclosed in its annual report

In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits

Given that the Comparable Company is mainly engaged in the provision of information technology integration and solutions services, which we considered to be similar to the business of CI Tech, and substantially all of its revenue is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
Capinfo Company Limited (1075) (H-share)	Engaged in the provision of information technology services including system integration, software development, information technology planning and consultancy, information technology operation and maintenance	2,123.6	1,260.4	101.4	13.6	Based on the Comparable Company's segment reporting in its annual report, the revenue derived from the provision of information technology services (being similar to business of CI Tech) is approximately RMB990 million (representing approximately 98% of its total revenue). However, no segment profits is disclosed in its annual report
						In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits
						Given that the Comparable Company is mainly engaged in the provision of information technology services, which we considered to be similar to the business of CI Tech, and substantially all of its revenue is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
Technovator International Limited (1206)	Engaged in the information technology sector and in particular in the following three segments: (i) smart transportation business which is the provision of proprietary software and hardware products and systems for rail transit; (ii) smart building complex business which is the provision of solutions and technology to reduce energy consumption and operating costs of building; and (iii) smart energy business which is the provision of technology in the energy sector	1,612.7	2,475.0	312.0	5.2	Based on the Comparable Company's segment reporting in its annual report, all of its revenue and segment profits is derived from the provision of information and technology related products and services (being similar to the business of CI Tech) and such revenue and segment profits is approximately RMB1,980 million and RMB429 million respectively In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits Given that the Comparable Company is engaged in the provision of information and technology related products and services, which we considered to be similar to the business of CI Tech, and all of its revenue and segment profits is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
CO Group Limited (1460)	Engaged in the information technology related businesses including the provision of information technology and solution development and information infrastructure solutions	586.3	487.5	30.4	19.3	Based on the Comparable Company's segment reporting in its annual report, the revenue and segment gross profits derived from the provision of information technology and solution development and information infrastructure solutions (being similar to the business of CI Tech) is approximately HK\$412 million and HK\$72 million respectively (representing approximately 85% and 84% of its total revenue and segment gross profits respectively)

In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits

Given that the Comparable Company is mainly engaged in the provision of information technology and solution development and information infrastructure solutions, which we considered to be similar to the business of CI Tech, and substantial portion of its revenue and segment gross profits is derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
BII Railway Transportation Technology Holdings Company Limited (1522)	Engaged in the information technology sector and in the provision of design, implementation, sale and maintenance of application solutions for the networking and controlling systems	1,347.1	564.6	38.6	34.9	Based on the Comparable Company's segment reporting in its annual report, the revenue and segment gross profits derived from the implementation, sale and maintenance of application solutions (being similar to the business of CI Tech) is approximately HK\$565 million and HK\$125 million respectively (representing approximately 100% and 91% of its total revenue and segment gross profit respectively)

In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits

Given that the Comparable Company is mainly engaged in the provision of implementation, sale and maintenance of application solutions, which we considered to be similar to the business of CI Tech, and all of its revenue and substantially all of its segment gross profits are derived from such business, we are of the view that the Comparable Company is a fair and representative sample

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Company (stock code)	Business	Market capitalisation (in HK\$'million) (Note 1)	Revenue (in HK\$'million) (Note 2)	Profit (in HK\$'million) (Note 2)	P/E ratio (Note 3)	Our Comments
Nanjing Sample Technology Company Limited (1708) (H-share)	Engaged in the information technology sector and in the provision of visual identification and radio frequency identification device technologies-based full solutions to intelligent transportation, customs logistics, health safety and other application areas and the provision of internet of things technology, consultation and investment	7,318.6	2,091.2	261.2	28.0	Based on the Comparable Company's segment reporting in its annual report, the revenue derived from the provision of information technology services such as system integration (being similar to business of CI Tech) is approximately RMB1,012 million (representing approximately 61% of its total revenue). However, no segment profits is disclosed in its annual report In our review of the financial information of the Comparable Company, we are not aware of any extraordinary or one-off items that would require us to make adjustments to its profits Given that the Comparable Company is mainly engaged in the provision of information technology services such as system integration and the provision of internet of things technology, consultation and investment, which we considered to be similar to the business of CI Tech, and majority of its revenue is derived from such business, we are of the view that the Comparable Company is a fair and representative sample
CI Tech		RMB793.0 million (Note 4)	RMB1,482.0 million	RMB83.5 million (Note 5)	9.5	
				Average: Max: Min:	16.7 34.9 5.2	

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Notes:

- (1) The market capitalisation of the Comparable Companies is based on the closing share price on 1 June 2018 multiplied by the number of shares in issued. For H-share companies, the number of shares in issued also includes their domestic shares in issued.
- (2) The revenue and profit of the Comparable Companies is based on their latest full year revenue and profit attributable to the equity shareholders as disclosed in their latest full year financial statements. For those Comparable Companies which recorded their financial statements in RMB, the revenue and profit attributable to the equity shareholders are translated from RMB1 to HK\$1.25. The revenue and net profit after tax and extraordinary items of CI Tech are also translated from RMB1 to HK\$1.25.
- (3) P/E ratio of the Comparable Companies and CI Tech is based on the market capitalisation (or the Consideration for CI Tech) divided by the profit.
- (4) The market capitalisation of CI Tech is the Consideration of RMB793,020,340.79.
- (5) The profit of CI Tech is the net profit after tax and extraordinary items of RMB83.5 million for the year ended 31 December 2017 which is calculated based on the net profit after tax of approximately RMB109.4 million and adjusted for the exclusions of the one-off gain from reversals of warranty provisions of approximately RMB26.2 million and the relevant impact on income tax expense of approximately RMB0.3 million. Given that the extraordinary item is non-recurring in nature and its exclusion will better reflect the profitability of CI Tech for the year ended 31 December 2017, we consider that it is appropriate to exclude the extraordinary item and use the net profit after tax and extraordinary items for the purpose of calculating the P/E ratio of CI Tech (based on the Consideration).

As set out in the table above, the P/E ratio of the Comparable Companies range from approximately 5.2 times to 34.9 times with an average of approximately 16.7 times. The P/E ratio of CI Tech (based on the Consideration) is approximately 9.5 times and is therefore within the P/E ratio range of the Comparables Companies and is also below the average of the P/E ratio of the Comparable Companies. As such, the valuation of CI Tech (based on the Consideration) is favourable as compared with the average valuation of the Comparable Companies and therefore we are of the view that the Consideration is fair and reasonable.

2.3 Analysis on the other terms of the Equity Transfer Agreement

We have also reviewed the other terms (i.e., payment terms, conditions precedent, completion, etc) of the Equity Transfer Agreement and we are not aware of any terms that are unusual or less favourable to the Group.

In light of the above, we are of the view that the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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3. Financial effects of the Acquisition

Upon completion of the Acquisition, CI Tech will become a subsidiary of the Company.

Earnings

It is expected that the financial results of CI Tech will be consolidated into the consolidated financial statements of the Company after the Acquisition. Given that CI Tech has been profitable and has recorded net profit after tax and extraordinary items of approximately RMB83.5 million for the year ended 31 December 2017, we are of the view that the Acquisition is expected to bring positive financial effects on the earnings of the Group.

Assets, liabilities and net asset value

It is expected that the assets and liabilities of CI Tech will be consolidated into the consolidated financial statements of the Company. However, given that the payment of the Consideration is in cash and which will be offset by the consolidation of the assets and liabilities of CI Tech into the financial statements of the Group, we expect that the Acquisition will not create significant impact to the Group's net asset value.

Recommendation

Having considered the principal factors discussed above and in particular the following:

- (i) the Acquisition is expected to bring in an additional stream of income and profit to the Group given that CI Tech is profitable;
- (ii) the promising outlook in the industry that CI Tech operates in;
- (iii) the synergies arising from the Acquisition;
- (iv) the terms of the Equity Transfer Agreement (including the Consideration) was determined after arm's length negotiation between the parties; and
- (v) the P/E ratio of CI Tech (based on the Consideration) is within the P/E ratio range of the Comparables Companies and is also below the average of the P/E ratio of the Comparable Companies,

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we are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favor of the resolution to be proposed at the EGM to approve the Equity Transfer Agreement.

Yours faithfully,
For and on behalf of
Pelican Financial Limited
Charles Li[^]
Director

[^] *Mr. Charles Li is a responsible person registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for Pelican Financial Limited and he has over 25 years of corporate finance experience. He has been licensed to carry out Type 6 regulated activity since the SFO became effective in 2003.*

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 document 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 document 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); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions, by Directors of Listed Issuers contained in the Listing Rules ("Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in the Company – Long Positions

Name of Directors	Number of ordinary Shares interested or deemed to be interested			Number of underlying Shares interested or deemed to be interested under equity derivatives			Approximate percentage of issued share capital of the Company (Note 2)
	Personal interests	Spouse		Personal interests	Spouse		
		personal interests	Other interests (Note 1)		interests	interests	
LI Dongsheng	52,074,853	5,413,133	1,231,878	7,312,235	504,895	66,536,994	2.85%
WANG Cheng	589,439	–	1,809,803	7,262,284	–	9,661,526	0.41%
WANG Yi	1,831,792	–	1,050,785	5,509,395	–	8,391,972	0.36%
YAN Xiaolin	128,278	–	169,172	1,970,324	–	2,267,774	0.10%
HUANG Xubin	1,200,353	–	170,143	1,260,138	–	2,630,634	0.11%
ZHANG Zhiwei	–	–	44,778	236,301	–	281,079	0.01%
LIU Hong	–	–	44,778	198,688	–	243,466	0.01%
Albert Thomas DA ROSA, Junior	63,333	–	44,778	315,907	–	424,018	0.02%
Robert Maarten WESTERHOF	30,000	–	44,778	315,907	–	390,685	0.02%
WANG Yijiang	–	–	44,778	242,260	–	287,038	0.01%
LAU Siu Ki	–	–	44,778	236,301	–	281,079	0.01%

(b) Interest in Associated Corporation of the Company – Long Positions

(i) TCL Corporation (Note 3)

Name of Directors	Number of ordinary shares held		Number of underlying shares held under equity derivatives	Total	Approximate percentage of issued share capital of TCL Corporation (Note 4)
	Personal interests	Corporate interests			
LI Dongsheng	638,273,688	408,899,521	–	1,047,173,209	7.73%
YAN Xiaolin	599,500	–	–	599,500	0.004%
HUANG Xubin	3,383,380	–	–	3,383,380	0.02%

(ii) Tonly Electronics Holdings Limited (“Tonly Electronics”) (Note 5)

Name of Directors	Number of ordinary Shares interested or deemed to be interested			Number of underlying shares interested or deemed to be interested under equity derivatives		Total	Approximate percentage of issued share capital of Tonly Electronics (Note 7)
	Personal interests	Spouse		Personal interests	Spouse interests		
		personal interests	Other interests				
LI Dongsheng	633,691	22,775	107,736	1,214,852	178,868	2,157,922	0.80%
WANG Cheng	6,964	–	3,023	33,463	–	43,450	0.02%
YAN Xiaolin	18,638	–	35,438	226,098	–	280,174	0.10%
HUANG Xubin	18,987	–	35,976	230,068	–	285,031	0.11%

(iii) China Display Optoelectronics Technology Holdings Limited (“China Display”) (Note 8)

Name of Directors	Number of ordinary Shares interested or deemed to be interested		Number of underlying shares interested or deemed to be interested under equity derivatives	Total	Approximate percentage of issued share capital of China Display (Note 9)
	Personal interests	Other interests			
LI Dongsheng	5,164,499	–	–	5,164,499	0.25%

Notes:

1. These interests are restricted shares that have been granted to the relevant Directors under the share award scheme of the Company and were not vested as at the Latest Practicable Date. Further, the restricted shares that have been granted to the spouse of the relevant Directors under the share award scheme of the Company are included.
2. The percentages are calculated based on the issued share capital of the Company as at the Latest Practicable Date, i.e. 2,333,173,561 Shares.
3. TCL Corporation, a joint stock company established under the laws of the PRC, is the ultimate controlling shareholder of the Company.
4. The percentages are calculated based on its issued share capital as at the Latest Practicable Date provided by TCL Corporation.
5. Tonly Electronics is a subsidiary of TCL Corporation.
6. These interests are awarded shares that have been granted to the relevant directors under the award scheme of Tonly Electronics and were not vested as at the Latest Practicable Date. Further, the awarded shares that have been granted to the spouse of the relevant Director(s) under the share award scheme of Tonly Electronics are included.
7. The percentages are calculated based on the number of its issued shares (i.e. 268,357,390 shares) as at the Latest Practicable Date provided by Tonly Electronics.
8. China Display is a subsidiary of TCL Corporation.
9. The percentages are calculated based on the number of its issued shares (i.e. 2,086,718,219 shares) as at the Latest Practicable Date provided by China Display.

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); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code 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	Capacity	No. of Shares held	Approximate percentage of issued share capital of the Company (Note 2)
TCL Corporation	Interest of controlled corporation	1,224,181,639 (Note 1)	52.47%
Leshi Internet Information and Technology Corp., Beijing (樂視網信息技術(北京)股份有限公司)	Interest of controlled corporation	348,850,000	14.95%
Lerong Zhixin Electronic Technology (Tianjin) Co., Ltd. (樂融致新電子科技(天津)有限公司)	Interest of controlled corporation	348,850,000	14.95%
Letv Zhixin Investment (HK) Ltd. 樂視致新投資(香港)有限公司	Beneficial owner	348,850,000	14.95%
Sun Hongbin	Interest of controlled corporation	348,850,000	14.95%
Sunac China Holdings Limited	Interest of controlled corporation	348,850,000	14.95%
Sunac International Investment Holdings Ltd	Interest of controlled corporation	348,850,000	14.95%
Tianjin Yingrui Huixin Corporate Management Co., Ltd. 天津盈瑞匯鑫企業管理有限公司	Interest of controlled corporation	348,850,000	14.95%
Wang Peng	Interest of controlled corporation	348,850,000	14.95%
Zheng Fu	Interest of controlled corporation	348,850,000	14.95%

Notes:

1. TCL Corporation was deemed to be interested in 1,224,181,639 Shares held by T.C.L. Industries Holdings (H.K.) Limited (“T.C.L. Industries”), a direct wholly-owned subsidiary of TCL Corporation.
2. The percentages are calculated based on the issued share capital of the Company as at the Latest Practicable Date, i.e. 2,333,173,561 Shares.
3. 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:
 - (a) Mr. LI Dongsheng is the Executive Director and Chairman of TCL Corporation;
 - (b) Mr. WANG Cheng Kevin is the Senior Vice President of TCL Corporation;
 - (c) Mr. YAN Xiaolin is a member of the executive committee, a senior vice president and the chief technology officer, and the president of TCL Corporate Research of TCL Corporation;
 - (d) Mr. HUANG Xubin is an executive director a member of the executive committee and the chief financial officer of TCL Corporation; and
 - (e) Mr. WANG Yi Michael is the Vice President of TCL Corporation.

Save as disclosed above, as at the Latest Practicable Date, no person, other than the directors and chief executive of the Company whose interests are set out in the section “**Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures**” above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

(b) Interests in subsidiaries of the Company

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 2017 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 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

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

7. COMPETING INTERESTS

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

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance was pending or threatened against any member of the Group.

9. EXPERT AND CONSENT

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

Name	Qualification
Pelican Financial	A licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for the purpose of the SFO

Pelican Financial has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 25 June 2018 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Pelican Financial did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which have, since 31 December 2017 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, of leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

10. 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 7th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. Choy Fung Yee, 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.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 7th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, 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 Equity Transfer Agreement;
- (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 Pelican Financial, the text of which is set out in this circular; and
- (f) the written consent from Pelican Financial referred to in the section headed "EXPERT AND CONSENT" in this appendix.

NOTICE OF EGM

The logo consists of the letters "TCL" in white, bold, sans-serif font, centered within a red square.

TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(formerly known as 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 Electronics Holdings Limited (formerly known as TCL Multimedia Technology Holdings Limited) (the “**Company**”) will be held at 8/F., Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong, on 11 July 2018, Wednesday at 4:30 p.m., to consider and, if thought fit, pass the following ordinary resolution (with or without modifications):

ORDINARY RESOLUTION

1. “**THAT**

- (a) the Equity Transfer Agreement (as defined in the circular of the Company dated 25 June 2018 (the “**Circular**”)) (a copy of which is marked “A” and initiated by the Chairman of the EGM for the purpose of identification), the terms and the transactions thereunder be and are hereby approved, confirmed and ratified; and
- (b) any director of the Company be and is hereby authorised to take any step and execute such other documents as they consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Equity Transfer Agreement or the transactions contemplated thereby.”

On behalf of the Board

LI Dongsheng

Chairman

Hong Kong, 25 June 2018

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. To ascertain the entitlements to attend and vote at the EGM, members of the Company must lodge the relevant transfer document(s) and share certificate(s) at the Hong Kong branch share registrar of the Company, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on 10 July 2018, Tuesday for registration. Members of the Company whose names are recorded in the register of members of the Company on 11 July 2018 are entitled to attend and vote at the EGM.
4. Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders, stand on the register in respect of the relevant joint holding.
5. Shareholders of the Company should note that the meeting will be held as scheduled when amber or red rainstorm warning signal is in force. In the event that typhoon signal no. 8 (or above) or black rainstorm warning is hoisted on the day and before the time of the EGM, shareholders of the Company should make their own decision as to whether they would attend the meeting under bad weather conditions bearing in mind their own situations and if they should choose to do so, they are advised to exercise care and caution.

As at the date of this notice, the Board comprises Mr. LI Dongsheng, Mr. WANG Cheng Kevin, Mr. YAN Xiaolin and Mr. WANG Yi Michael as executive directors, Mr. Albert Thomas DA ROSA, Junior, Mr. HUANG Xubin, Mr. ZHANG Zhiwei and Mr. LIU Hong as non-executive directors and Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive directors.