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If you have sold or transferred all your Shares in TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED, you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

**REFRESHMENT OF THE SCHEME LIMIT OF THE SHARE AWARD SCHEME
SEEKING OF SCHEME MANDATE TO ISSUE SHARES
UNDER THE SHARE AWARD SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of TCL Multimedia Technology Holdings Limited to be held at 8/F, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 23 May 2018, Wednesday at 11:00 a.m., or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, is set out on pages 29 to 31 of this circular.

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 extraordinary general meeting, 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.

Whether or not you are able to attend the extraordinary general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor 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 extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

7 May 2018

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DEFINITIONS

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

“2015 Amendment Date”	11 August 2015
“2018 Amendments”	the amendments to the Scheme Rules as approved by the Board on 4 May 2018
“Adoption Date”	6 February 2008, being the date on which the Board first adopted the Scheme Rules
“Affiliated Company(ies)”	TCL Corporation, its subsidiaries and companies which, in accordance with the generally accepted accounting principles in the PRC, is recorded as an affiliated companies in the financial statements of TCL Corporation, which shall include any company in which TCL Corporation is directly or indirectly interested in not less than 20% of its issued share capital (or in case such company has no share capital, having a power to exercise or control the exercise of not less than 20% of voting right in its members’ meeting) and for the purpose of the Share Award Scheme shall exclude the Group
“Allocation Date”	in respect of each of the Trusts, the date on which the relevant Trustee is informed of the allocation basis for the purpose of allocating the Shares purchased and/or subscribed by the relevant Trustee in accordance with the Scheme Rules
“Announcement”	the announcement of the Company dated 4 May 2018 in relation to, among others, the 2018 Amendments
“Annual Limit”	shall have the meaning ascribed thereto under the paragraph headed “ Scheme Limit, Annual Limit and Individual Limit ” under the section “ 2018 AMENDMENTS OF RESTRICTED SHARE AWARD SCHEME ” of the “Letter from the Board” in this circular
“Articles”	the articles of association of the Company as amended from time to time
“Award(s)”	award(s) of Restricted Shares to a Selected Person pursuant to the relevant sub-scheme under the Share Award Scheme
“Board”	the board of Directors, and for the purpose of the Share Award Scheme include such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer the Share Award Scheme

DEFINITIONS

“Business Day(s)”	any day(s) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong, other than a Saturday, Sunday, or a day on which a back rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Cash Income”	cash income of any Restricted Share(s) including any deemed Cash Income as prescribed by the Scheme Rules
“Company”	TCL Multimedia Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 01070)
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at 8/F, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong on 23 May 2018, Wednesday at 11:00 a.m., or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, for the purpose of considering and, if thought fit, approving the resolutions proposed in the EGM Notice
“EGM Notice”	the notice dated 7 May 2018 for convening the EGM and included in this circular
“Employee(s)”	employee(s) (whether full-time or part-time) of any member of the Group (including without limitation any executive and non-executive director of any member of the Group)
“Employee Award Scheme”	the “RESTRICTED SHARE AWARD SCHEME FOR EMPLOYEES AND OTHERS”, a sub-scheme under the Share Award Scheme of the Company, administrated by the Employee Award Scheme Trustee exclusively for the Employee Award Scheme Participants
“Employee Award Scheme Participant(s)”	<p>(i) any Employee who has no managerial role in the Group (primarily but not limited to mid-level and junior key Employees);</p> <p>(ii) adviser, consultant, agent, contractor, client or supplier of any member of the Group,</p> <p>whom the Board in its sole discretion considers may contribute or have contributed to the Group but excluding any connected person of the Group</p>

DEFINITIONS

“Employee Award Scheme Trust Deed”	a trust deed to be entered into between the Company and the Employee Award Scheme Trustee in respect of the administration of the Employee Award Scheme
“Employee Award Scheme Trustee”	the trustee(s) appointed by the Company for the purpose of the Employee Award Trust, which will hold Shares for the benefit of the Selected Persons under the Employee Award Scheme and others subject to the terms and conditions of the Employee Award Scheme Trust Deed, and initially BOCI-Prudential Trustee Limited
“Employee Award Trust”	the trust constituted by the Employee Award Scheme Trust Deed
“Excluded Person(s)”	any Participant(s) who is/are resident in a place where the settlement of the Reference Amount and/or the award of the Restricted Shares and/or the award of the Returned Shares and/or the vesting and transfer of Shares pursuant to the terms of the relevant sub-scheme is not permitted under the laws and regulations of such place or where in the view of the Board compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such Participant
“Further Shares”	in respect of each of the Trusts, Shares purchased or subscribed by the relevant Trustee out of Cash Income or net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the relevant Trust
“Grant Date”	the date specified in the Grant Letter sent by the Company to the Selected Person(s) as the date of grant of the Restricted Shares, or such other date as determined by the Board
“Grant Letter”	the letter to be sent by the Company to the Selected Person(s) whereby the Selected Person(s) are informed of the number of Restricted Shares to be granted to him and the vesting conditions attached therewith
“Group”	the Company and its Subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Individual Limit”	shall have the meaning ascribed thereto under the paragraph headed “ Scheme Limit, Annual Limit and Individual Limit ” under the section “ 2018 AMENDMENTS OF RESTRICTED SHARE AWARD SCHEME ” of the “Letter from the Board” in this circular
“inside information”	shall have the meaning defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) as amended from time to time
“Latest Practicable Date”	4 May 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 as amended from time to time
“Management Award Scheme”	the “RESTRICTED SHARE AWARD SCHEME FOR MANAGEMENT”, a sub-scheme under the Share Award Scheme of the Company, administered by the Management Award Scheme Trustee exclusively for the Management Award Scheme Participants
“Management Award Scheme Participant(s)”	<p>(i) any Employee who has a managerial role in the Group (including but not limited a director, chief executive, legal representative, supervisor of any member of the Group, management of the Group, and chief manager of any branch of the Group); and</p> <p>(ii) any employee or officer of any Affiliated Company who has a managerial role in the Affiliated Company,</p> <p>whom the Board in its sole discretion considers may contribute or have contributed to the Group</p>
“Management Award Scheme Trust Deed”	a trust deed to be entered into between the Company and the Management Award Scheme Trustee (as restated, supplemented and amended from time to time) in respect of the administration of the Management Award Scheme
“Management Award Scheme Trustee”	the trustee(s) appointed by the Company for the purpose of the Management Award Trust, which will hold Shares for the benefit of the Selected Persons under the Management Award Scheme and others subject to the terms and conditions of the Management Award Scheme Trust Deed, and initially BOCI-Prudential Trustee Limited

DEFINITIONS

“Management Award Trust”	the trust constituted by the Management Award Scheme Trust Deed
“New Approval Date”	shall have the meaning ascribed thereto under the paragraph headed “ Scheme Limit, Annual Limit and Individual Limit ” under the section “ 2018 AMENDMENTS OF RESTRICTED SHARE AWARD SCHEME ” of the “Letter from the Board” in this circular
“Participant(s)”	collectively the Management Award Scheme Participants and the Employee Award Scheme Participants, and “Participant” means any of them (for the avoidance of doubt, “Participant(s)” shall respectively be construed as the Management Award Scheme Participant(s) or the Employee Award Scheme Participant(s) when reading in the context of the operation of the Management Award Scheme and the Employee Award Scheme respectively)
“person(s)”	for the purpose of the Share Award Scheme, includes individual, firm, body corporate, corporations, unincorporated body of persons, government, state or agency of a state, joint venture, association or partnerships, sole proprietorships, organizations, associations, enterprises, branches and entities of any other kind (whether or not having separate legal personality)
“PRC”	the People’s Republic of China, which for the purpose of the Share Award Scheme shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reference Amount”	for each of the sub-schemes under the Share Award Scheme and in respect of a Selected Person, the sum of the closing price of the Shares as quoted on the Stock Exchange or par value (as the case may be) as at the Grant Date and the related purchase and/or subscription (as the case may be) expenses (including for the time being, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee, if any) and such other necessary expenses required for the completion of the purchase and/or subscription (as the case may be) of all the Restricted Shares
“Reference Date”	for each of the sub-schemes under the Share Award Scheme and in respect of a Selected Person, the date of final approval by the Board of the total number of Shares to be awarded to the relevant Selected Person on a single occasion pursuant to the relevant sub-scheme under the Share Award Scheme
“Remuneration Committee”	the remuneration committee of the Board

DEFINITIONS

“Related Distribution(s)”	in respect of each of the sub-schemes under the Share Award Scheme, certain distributions derived from a Restricted Share referable to a Selected Person the record date for entitlement of which falls within the period from the Grant Date to the Vesting Date (both days inclusive) of such Restricted Share, which shall include only distributions in cash form such as dividends, cash form of scrip dividend, and in case of bonus Shares, the proceeds from sale of the bonus Shares in accordance with Scheme Rules, but exclude all other forms of distributions such as nil paid rights, bonus warrants, non-cash distributions or proceeds of sale of the same or Residual Cash
“Residual Cash”	for each of the sub-schemes under the Share Award Scheme and in respect of a Selected Person, being cash remaining in any trust fund set up by the relevant Trustee in respect of the Award (including interest income derived from deposits maintained with licensed banks in Hong Kong, which has not been applied in the acquisition or subscription of the Restricted Shares or Further Shares) which does not include the Related Distributions
“Restricted Share(s)”	in respect of a Selected Person, such number of Shares determined by the Board for grant of an Award and such Shares can be (i) new Shares issued by the Company at par for the relevant Selected Person, (ii) existing Shares purchased by the relevant Trustee on the market, in either case out of cash paid by the Company by way of settlement to the relevant Trustee pursuant to the Scheme Rules or (iii) Returned Shares or Further Shares awarded under the Share Award Scheme
“Returned Shares”	for each of the sub-schemes under the Share Award Scheme, such Restricted Shares (out of the relevant Restricted Shares which are referable to a Selected Person) which are not accepted or vested in accordance with the terms of the relevant sub-scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or such Shares being deemed to be Returned Shares in accordance with the terms of the relevant sub-scheme, or forfeited in accordance with the terms of the relevant sub-scheme
“Scheme(s)”	the two sub-schemes under the Share Award Scheme, namely the Management Award Scheme and the Employee Award Scheme (as the case may be) (for the avoidance of doubt, “Scheme” shall respectively be construed as the Management Award Scheme or the Employee Award Scheme when reading in the context of the operation of the Management Award Scheme and the Employee Award Scheme respectively)

DEFINITIONS

“Scheme Limit”	shall have the meaning ascribed thereto under the paragraph headed “ Scheme Limit, Annual Limit and Individual Limit ” under the section “ 2018 AMENDMENTS OF RESTRICTED SHARE AWARD SCHEME ” of the “Letter from the Board” in this circular
“Scheme Mandate”	a specific mandate, Shareholders’ approval of which is to be obtained at a general meeting for such purposes, for the issue and allotment of new Shares pursuant to the Share Award Scheme (subject to adjustment in case of any share consolidated or subdivision after such mandate has been approved, provided that the maximum number of new Shares of the Company that may be allotted and issued as a percentage of the total number of issued Shares of the Company at the date immediately before and after such consolidation or subdivision shall be the same)
“Scheme Rules”	the rules related to the Share Award Scheme in its present or any amended form
“Selected Person(s)”	in respect of each of the sub-schemes under the Share Award Scheme, Participant(s) (other than any Excluded Person) of that particular sub-scheme whom the Board may, from time to time, at its absolute discretion select for participation in that particular sub-scheme
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Share Award Scheme”	the restricted share award scheme adopted by Company on 6 February 2008 which currently comprises two sub-schemes under the Share Award Scheme, namely the Management Award Scheme and the Employee Award Scheme, constituted by the Scheme Rules, in its present form or as amended from time to time in accordance with the provisions of the Scheme Rules
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	any entity which the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly

DEFINITIONS

“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder of the Company, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100)
“Trusts”	collectively the Management Award Trust and the Employee Award Trust (for the avoidance of doubt, “Trust” shall respectively be construed as the Management Award Trust or the Employee Award Trust when reading in the context of the operation of the Management Award Scheme and the Employee Award Scheme respectively)
“Trust Deeds”	collectively the Management Award Scheme Trust Deed and the Employee Award Scheme Trust Deed (for the avoidance of doubt, “Trust Deed” shall respectively be construed as the Management Award Scheme Trust Deed or the Employee Award Scheme Trust Deed when reading in the context of the operation of the Management Award Scheme and the Employee Award Scheme respectively)
“Trustees”	collectively the Management Award Scheme Trustee and the Employee Award Scheme Trustee (for the avoidance of doubt, “Trustee” shall respectively be construed as the Management Award Scheme Trustee or the Employee Award Scheme Trustee when reading in the context of the operation of the Management Award Scheme and the Employee Award Scheme respectively)
“Vesting Date”	in respect of a Selected Person, the date on which his entitlement to the Restricted Shares (and the Related Distributions) is vested in accordance with the conditions as imposed by the Board under the Scheme Rules or the date on which accelerated vesting occurs pursuant to the Scheme Rules or is deemed to have vested under the Scheme Rules
“%”	per cent

LETTER FROM THE BOARD



TCL MULTIMEDIA TECHNOLOGY HOLDINGS LIMITED

TCL 多媒體科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

Executive Directors:

Mr. LI Dongsheng (*Chairman*)
Mr. WANG Cheng Kevin
Mr. YAN Xiaolin
Mr. WANG Yi Michael

Registered office:

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

Non-executive Directors:

Mr. Albert Thomas DA ROSA, Junior
Mr. HUANG Xubin
Mr. ZHANG Zhiwei
Mr. LIU Hong

Principal Place of Business in Hong Kong:

7th Floor, Building 22E
22 Science Park East Avenue
Hong Kong Science Park
Shatin, N.T.
Hong Kong

Independent Non-executive Directors:

Mr. Robert Maarten WESTERHOF
Dr. TSENG Shieng-chang Carter
Professor WANG Yijiang
Mr. LAU Siu Ki

7 May 2018

To the Shareholders,

Dear Sir or Madam,

**REFRESHMENT OF THE SCHEME LIMIT OF THE SHARE AWARD SCHEME
SEEKING OF SCHEME MANDATE TO ISSUE SHARES
UNDER THE SHARE AWARD SCHEME
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement. As stated in the Announcement, on 4 May 2018 the Board has resolved to make the 2018 Amendments to the Share Award Scheme.

LETTER FROM THE BOARD

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

1. summary of the 2018 Amendments including, among others, mechanism that enables refreshment of Scheme Limit;
2. refreshment of the Scheme Limit;
3. seeking of the Scheme Mandate to issue new Shares pursuant to the Share Award Scheme;
4. other information in accordance with the requirements of the Listing Rules.

EGM will be held for the Shareholders to consider and (if thought fit) approve the amended Share Award Scheme with the 2018 Amendments incorporated and the Scheme Mandate to issue and allot new Shares as Restricted Shares under the Share Award Scheme. The notice of EGM is enclosed herein as part of this circular.

Set out below are the summaries of the 2018 Amendments and the Scheme Mandate.

2018 AMENDMENTS OF RESTRICTED SHARE AWARD SCHEME

Existing Share Award Scheme prior to 2018 Amendments

Reference is made to the Company's announcements dated 6 February 2008 and 20 March 2008 regarding adoption of the Share Award Scheme and the Company's announcements dated 25 June 2015 and 11 August 2015 and the Company's circular dated 27 July 2015 regarding amendments to the Share Award Scheme.

The Share Award Scheme was adopted by Company on 6 February 2008 (as amended on 11 August 2015, 13 June 2016 and 24 November 2017), pursuant to which existing Shares may be purchased by the Trustee from the market or new Shares may be subscribed for out of cash contributed by the Company and be held on trust by the Trustee of Share Award Scheme for the relevant Selected Persons until such Shares are vested with the relevant Selected Persons in accordance with the rules of the Share Award Scheme. As at the Latest Practicable Date, the Share Award Scheme comprises (i) the Management Award Trust which corresponds to the sub-scheme Management Award Scheme administrated by the Management Award Scheme Trustee exclusively for the Management Award Scheme Participants; and (ii) the Employee Award Trust which corresponds to the sub-scheme Employee Award Scheme administrated by the Employee Award Scheme Trustee exclusively for the Employee Award Scheme Participants.

LETTER FROM THE BOARD

For better management and administration, on 24 November 2017, the Board resolved to further amend the said Share Award Scheme, salient terms of the amendments concerned and the reasons for such amendments are as follows:

- (A) To divide the Participants into two groups and divide the said Share Award Scheme into two separate sub-schemes, namely (i) the “RESTRICTED SHARE AWARD SCHEME FOR MANAGEMENT” (i.e. the Management Award Scheme) and (ii) “RESTRICTED SHARE AWARD SCHEME FOR EMPLOYEES AND OTHERS” (i.e. the Employee Award Scheme) respectively for said two groups of Participants (namely the Management Award Scheme Participants and the Employee Award Scheme Participants respectively) administered under separate Trusts (namely the Management Award Trust and the Employee Award Trust respectively). The purpose of so doing was to put the management of the Group (including directors and senior management of the Group) and management of the Affiliated Companies in one trust, whereas other employees who have no managerial role in the Group and others in another trust. As a long term incentive scheme, the incentives models (whether in terms of appraisal criteria, KPIs and vesting conditions, etc.) for persons in managerial role are different from those for the ground-level and middle-level staff and others; further, such persons with managerial role involve connected persons of the Company and any grant and vesting etc. of Restricted Shares by the Company to such connected persons will constitute connected transactions of the Company under the Listing Rules and depending on the circumstance may be subject to additional compliance requirements prescribed by the Listing Rules. In view of the aforesaid, it is more appropriate and costs effective from the perspectives of operation and administration of the Share Award Scheme as a long term incentive scheme to have the two groups of Participants separately managed under separate Trusts;
- (B) To include condition precedents for issue and allotment of new Shares as Restricted Shares (as more specifically set out under the heading “Conditions to issue and allotment of new Shares” in Appendix I to this circular);
- (C) To include specific provisions as more particularly set out in paragraphs (2) and (4) under the heading of “Award to Connected Persons” in Appendix I to this circular, to incorporate relevant situation of the foregoing as an event of Total Lapse (see event (iv) of Total Lapse under the heading “Lapse of Awards” in Appendix I to this circular) and to include clause to protect the Company and the Trustee against claim or recourse in case of Total Lapse and/or Partial Lapse (see the last paragraph under the heading “Lapse of Awards” in Appendix I to this circular), which are to facilitate the Company to comply with the Listing Rules in cases where a Selected Person who is not a connected person of the Company on the Grant Date subsequently becomes a connected person of the Company prior to the vesting of the Restricted Share(s) (and the Related Distributions) and where the proposed vesting may result in the aggregate interests of the connected persons of the Company each of the sub-schemes under the Share Award Scheme immediately following such vesting reaching 30% or more; and
- (D) To make consequential amendments in view of the aforesaid amendments, and to update certain definitions and terminology with reference to the Listing Rules and other applicable laws and rules and to set out the implications of, albeit unlikely, privatisation offer on the Share Award Scheme in light of the relevant requirements under the Codes on Takeovers and Mergers and Share Buy-back.

LETTER FROM THE BOARD

The purpose and objectives of the Share Award Scheme are to recognise and motivate the contribution of certain Participants and to provide incentives and help the Group in retaining its existing Employees and recruiting suitable personnel as additional Employees to further the operation and development of the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

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

2018 Amendments

On 4 May 2018, the Board resolved to introduce the 2018 Amendments to the Share Award Scheme which primarily introduces a refreshment mechanism that allows for refreshment of the Scheme Limit subject to fulfilment of certain conditions and other consequential amendments.

Whilst no shareholders' approval is required to be obtained for alteration of the Share Award Scheme pursuant to the terms of the Share Award Scheme, for the purpose of transparency and good corporate governance, the Board proposed to put to the Shareholders for approval at the EGM, among others, a resolution for the amended Share Award Scheme with the 2018 Amendments incorporated and the transactions contemplated.

Set out below are summaries of the 2018 Amendments whilst a summary of the principal terms and conditions of the amended Share Award Scheme is set out in Appendix I to this circular.

Scheme Limit, Annual Limit and Individual Limit – the amendments and reason for amendments

Under the pre-amended Share Award Scheme prior to the introduction of the 2018 Amendments, the Board shall not make any further Award of Restricted Shares under the Share Award Scheme (i.e. the two sub-schemes in aggregate) which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the 2015 Amendment Date, excluding all the Shares awarded under the rules of the pre-amended Share Award Scheme up to the 2015 Amendment Date (for the avoidance of doubt, Shares awarded but cancelled, lapsed and/or not yet vested are all excluded). There is no provision that allows for the refreshment of the Scheme Limit and/or adjustments to the Scheme Limit, Annual Limit and Individual Limit in case of share consolidation or share subdivision of the Company.

With a view to allowing the Company to restore the number of Shares available for grant to a sufficient level and the flexibility to grant Awards under the Share Award Scheme to reward and incentivise its eligible Participants such that the Share Award Scheme will better serve its underlying purposes and objectives of providing incentives or rewards to eligible Participants for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group against the atmosphere of keen competition for labour force in the industry, the Board resolved to introduce a mechanism that allows for refreshment of the Scheme Limit subject to fulfilment of certain conditions as well as the consequential updating of Annual Limit and Individual Limit in case of such refreshment, and an adjustment mechanism to the Scheme Limit, Annual Limit and Individual Limit.

LETTER FROM THE BOARD

Details of the Scheme Limit, Annual Limit and Individual Limit after the 2018 Amendments are set out below:

Scheme Limit

- (1) Subject to the refreshment as mentioned below and the adjustment in the event of consolidation or subdivision of Shares, the Board shall not make any further Award of Restricted Shares under any of the sub-schemes of the Share Award Scheme which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) exceeding 10% of the number of issued Shares of the Company as at the 2015 Amendment Date, excluding all the Shares awarded under the rules of the pre-amended Share Award Scheme (including those cancelled, lapsed and/or not yet vested) up to the 2015 Amendment Date (the “**Scheme Limit**”). For the avoidance of doubt, Shares awarded but cancelled or lapsed will not be counted for the purpose of calculating the Scheme Limit or the refreshed Scheme Limit (as the case may be).
- (2) The Scheme Limit may be refreshed from time to time subject to the obtaining of prior approval by the Board of the Company, but in any event the aggregate number of the Shares awarded by the Board under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) following the date of Board’s approval of the refreshed limit (the “**New Approval Date**”) shall, subject to the adjustment in the event of consolidation or subdivision of Shares, not exceed 10% of the number of issued Shares of the Company as of the New Approval Date until the Scheme Limit is further refreshed pursuant to the Scheme Rules, and for the purpose of determining and calculating the maximum aggregate number of Shares that may be awarded under the refreshed Scheme Limit following the latest New Approval Date, Shares awarded prior to the relevant latest New Approval Date (including those cancelled, lapsed and/or not yet vested) will not be counted.

Annual Limit

- (3) Unless specifically approved by the Shareholders of the Company and subject to the adjustment in the event of consolidation or subdivision of Shares, the aggregate number of new Shares to be granted as Restricted Shares during the lifetime of the Scheme Mandate to be sought annually under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) (“**Annual Limit**”) shall not exceed 3% of the total number of issued Shares of the Company as at the 2015 Amendment Date or the date on which the relevant Scheme Mandate is approved, as the case may be.

LETTER FROM THE BOARD

Individual Limit

- (4) Unless specifically approved by the Shareholders of the Company and subject to the adjustment in the event of consolidation or subdivision of Shares, the maximum number of Shares which may be awarded to a Selected Person in any 12-month period under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) (“**Individual Limit**”) shall not exceed 1% of the number of issued Shares of the Company as at the 2015 Amendment Date or the latest New Approval Date (as the case may be), excluding all the Shares awarded under the Share Award Scheme up to the 2015 Amendment Date or the latest New Approval Date (as the case may be).

Consolidation or Subdivision of Shares

- (5) In the event the Company conducts any consolidation or subdivision of Shares during the term of the Share Award Scheme (as the case may be), the aggregate or maximum number of Shares under the Scheme Limit, the refreshed Scheme Limit, the Annual Limit or the Individual Limit (as the case may be) shall be adjusted accordingly such that such limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision (as the case may be) shall remain the same.

The Board considers that the success of the Group depends very much on the contribution of the Participants and hence the inclusion of the employees and officers of the Affiliated Companies as Participants under the Share Award Scheme could give the Company flexibility to motivate such Participants and to facilitate the development of the Group. The Company believes that with the 2018 Amendments, the Share Award Scheme would better serve its underlying purposes and objectives and the Company would have a higher degree of flexibility in its operation and administration.

The aforesaid arrangement of refreshment of Scheme Limit under the Share Award Scheme is devised by drawing analogy with the arrangement of refreshment of scheme limit of a share option scheme as provided for under Chapter 17 of the Listing Rules. Notwithstanding that the Share Award Scheme does not constitute a share option scheme under Chapter 17 of the Listing Rules, the Company is of the view that as both the Share Award Scheme and the share option scheme are long term incentive schemes with similar underlying purposes and objectives, their operation should be consistent to the extent possible.

LETTER FROM THE BOARD

REFRESHMENT OF THE SCHEME LIMIT

As at the 2015 Amendment Date, the number of issued Shares of the Company was 1,341,786,780 Shares and hence the existing Scheme Limit was therefore 134,178,678 Shares. The existing Scheme Mandate for issue and allotment of new Shares up to the Scheme Limit was obtained at the extraordinary general meeting of the Company held at the 2015 Amendment Date.

Up to the Latest Practicable Date,

- (i) 95,115,869 Restricted Shares have been granted under the existing Scheme Limit (note: 43,673,434 new Shares and 1,658,873 existing Shares awarded that the Board resolved on 25 June 2015 to conditionally make respectively under the new shares grant and the existing shares grant on terms of the then Share Award Scheme were calculated towards the existing Scheme Limit), out of which save for the aforesaid 43,673,434 Restricted Shares conditionally granted on 25 June 2015 were granted in the form of new Shares, the remaining 51,442,435 Restricted Shares were granted in the form of existing Shares;
- (ii) 17,167,081 Restricted Shares have been cancelled and/or lapsed; and
- (iii) the remaining balance of Shares which could be granted under the existing Scheme Limit as of the Latest Practicable Date is 56,229,890 Shares, representing approximately 2.41% of the total number of issued Shares as at the Latest Practicable Date.

The purpose of the Share Award Scheme is to recognise and motivate the contribution of eligible Participants of the Share Award Scheme, to provide incentives rewards by allocating to them Restricted Shares to be vested in them upon fulfilment of certain vesting conditions. Given that the existing Scheme Limit is nearly depleted, the Share Award Scheme cannot continue to serve its intended purpose for the benefits of the Group and the Shareholders unless the Scheme Limit is “refreshed” in accordance with the rules of the Share Award Scheme. The Directors consider that refreshment of the Scheme Limit is in the interests of the Company and the Shareholders as a whole that Selected Persons of the Share Award Scheme are granted rights to obtain equity holdings of the Company through the grant of Restricted Shares under the Share Award Scheme. This will provide further incentive to the Selected Persons to contribute to the success of the Group.

According to the amended Share Award Scheme with the 2018 Amendments incorporated, the Scheme Limit may be refreshed subject to approval by the Board of the Company.

LETTER FROM THE BOARD

As mentioned above, for the purpose of transparency and good corporate governance, the Board proposed to put to the Shareholders for approval at the EGM a resolution for the amended Share Award Scheme with the 2018 Amendments incorporated and the transactions contemplated notwithstanding that it was not required under the Share Award Scheme. Accordingly, the Board has on 4 May 2018 (i.e. the latest New Approval Date as of the Latest Practicable Date) conditionally approved to refresh the Scheme Limit to not exceeding ten (10) percent of the number of issued Shares of the Company as of the date of such Board's approval, subject to the passing of the resolutions approving the amended Share Award Scheme with the 2018 Amendments incorporated by the Shareholders at the EGM. The aforesaid refreshment will become effective upon the passing of the resolutions approving the amended Share Award Scheme with the 2018 Amendments incorporated by the Shareholders at the EGM. For the purpose of determining the maximum aggregate number of Shares that may be awarded under the refreshed Scheme Limit following the date of the EGM, Shares awarded prior to the date of the Board's conditional approval (including those cancelled, lapsed and/or not yet vested) will not be counted.

As at the aforesaid date of Board's conditional approval of the refreshed Scheme Limited (i.e. New Approval Date), the number of issued Shares of the Company was 2,332,299,307 fully paid-up Shares. Subject to the passing of the resolutions approving the amended Share Award Scheme with the 2018 Amendments incorporated, a total maximum of 233,229,930 Shares may be granted as Restricted Shares under the Share Award Scheme after the refreshment of the Scheme Limit coming into effect.

Whilst as at the Latest Practicable Date the Board has no present intention to grant any further Restricted Shares under the existing Scheme Limit before the refreshment of the Scheme Limit coming into effect, the management will from time to time identify appropriate persons including but not limited to its Employees and other persons which have or may have contribution to the Group and proposes to the Board to grant Restricted Shares to reward and motivate them under the Share Award Scheme. In case the Board later resolves to grant Restricted Shares before the upcoming EGM, the Company will make appropriate announcement and will in that announcement also set out the then balance of the existing Scheme Limit after such grant subject to acceptance by the relevant grantees.

SCHEME MANDATE TO ISSUE SHARES UNDER SHARE AWARD SCHEME

As stated above, pursuant to the Share Award Scheme, existing Shares may be purchased by the Trustee from the market or new Shares may be subscribed for out of cash contributed by the Group.

According to the Scheme Rules, in determining whether to purchase existing Shares or to issue new Shares, the Board shall take into account, inter alia, the financial position and the cash position of the Company and the market price of the Shares at the relevant time.

As new Shares may be issued and allotted for marking of Awards under the Share Award Scheme, Shareholder's approval is required pursuant to Rule 13.36(1) of the Listing Rules prior to issuing and allotting of new Shares as Restricted Shares pursuant to the Share Award Scheme.

According to the Scheme Rules, any issue and allotment of new Shares as Restricted Shares pursuant to Share Award Scheme shall be subject to the following conditions: (i) the passing of an ordinary resolution by the Shareholders of the Company in general meeting approving the Scheme Mandate; and (ii) the listing committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any such Shares to be issued and allotted pursuant to the Scheme Mandate and all applicable laws and regulations.

LETTER FROM THE BOARD

Whilst the existing Scheme Mandate represents the maximum number of new Shares which might be awarded as Restricted Shares under the Share Award Scheme and hence would be the same as the existing Scheme Limit, to increase transparency of the operation and administration of the Share Award Scheme, the Board considers that it is a good practice to follow the same requirements under the Listing Rules in respect of the general mandate for issue and allotment of new Shares to obtain Shareholders' approval for the Scheme Mandate annually rather than to obtain the Scheme Mandate in advance once and for all up to the Scheme Limit.

Accordingly, an ordinary resolution for the Scheme Mandate to be granted to the Directors to allot and issue new Shares under the Share Award Scheme not exceeding 3% of the number of Shares in issue as of the EGM (which is determined with reference to the Annual Limit) will be proposed at the EGM and such Scheme Mandate shall lapse at the earlier of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws to be held; and (iii) the revocation or variation of the approval given by such ordinary resolution by a resolution of the Shareholders in general meeting. Application will be made to the Stock Exchange for the listing of and permission to deal in new Shares that may be issued and allotted as Restricted Shares under the Scheme Mandate.

As at the Latest Practicable Date, the number of issued Shares of the Company was 2,332,299,307 fully paid-up Shares. On the basis that no further Shares will be allotted and issued or repurchased from the Latest Practicable Date and up to the date of the EGM, and subject to, among others, the passing of the resolutions approving the amended Share Award Scheme with the 2018 Amendments incorporated, the granting of the Scheme Mandate and the listing committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such Shares to be allotted and issued pursuant to the Share Award Scheme and the Scheme Mandate and all applicable laws and regulations, a maximum of 69,968,979 new Shares may be issued and allotted as Restricted Shares under refreshed Scheme Mandate pursuant to the terms of the Share Award Scheme.

As at the Latest Practicable Date, the Company has no present intention to issue and allot any new Shares under the refreshed Scheme Mandate should such refreshment be approved. As stated in the Company's circular dated 27 July 2015, the Company will make further announcements as soon as practicable after the grant of Restricted Shares under the Share Award Scheme in respect of, among others, any grant which involves the allotment and issue of new Shares under the Scheme Mandate (whether to connected persons or non-connected persons of the Company) and will comply with such provisions of the Listing Rules as may be applicable, including any reporting, announcement and/or independent shareholders' approval requirements under Chapter 14A of the Listing Rules, unless otherwise exempted under the Listing Rules.

EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM for the purpose of considering and, if thought fit, approving (i) the amended Share Award Scheme with the 2018 Amendments incorporated and the transactions contemplated, and (ii) the granting of the Scheme Mandate. As at the Latest Practicable Date, no Shareholders are required to abstain from voting regarding any of the aforesaid proposed resolutions to be put forward at the EGM.

LETTER FROM THE BOARD

The EGM Notice is set out on pages 29 to 31 of this circular and a form of proxy for use at the EGM is herein enclosed.

Whether or not you are able to attend the EGM, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, 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 adjournment thereof should you so desire.

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 16 May 2018, Wednesday for registration. Members of the Company whose names are recorded in the register of members of the Company on 16 May 2018 are entitled to attend and vote at the EGM.

VOTING BY POLL

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

RECOMMENDATION

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

RESPONSIBILITY OF THE DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
On behalf of the Board
LI Dongsheng
Chairman

THE SHARE AWARD SCHEME

The material terms of the amended Share Award Scheme (with the 2018 Amendments incorporated) are summarised as follows:

Purposes

The purposes of the Share Award Scheme are to recognise and motivate the contribution of certain Participants and to provide incentives and help the Group in retaining its existing Employees and recruiting suitable personnel as additional Employees to further the operation and development of the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

Participants

For better management and administration, on 24 November 2017, the Board resolved to further amend the said Share Award Scheme, involving, among others, dividing the said Share Award Scheme into two separate sub-schemes, namely (i) the “RESTRICTED SHARE AWARD SCHEME FOR MANAGEMENT” (i.e. the Management Award Scheme) and (ii) “RESTRICTED SHARE AWARD SCHEME FOR EMPLOYEES AND OTHERS” (i.e. the Employee Award Scheme) respectively for different scope of Participants (namely the Management Award Scheme Participants and the Employee Award Scheme Participants respectively) administrated under separate Trusts (namely the Management Award Trust and the Employee Award Trust respectively).

The eligible Management Award Scheme Participants under the Management Award Scheme cover (i) any Employee who has a managerial role in the Group (including but not limited a director, chief executive, legal representative, supervisor of any member of the Group, management of the Group, and chief manager of any branch of the Group); and (ii) any employee or officer of any Affiliated Company who has a managerial role in the Affiliated Company, whom the Board in its sole discretion considers may contribute or have contributed to the Group.

The eligible Employee Award Scheme Participants under the Employee Award Scheme cover (i) any Employee who has no managerial role in the Group (primarily but not limited to mid-level and junior key Employees); and (ii) any adviser, consultant, agent, contractor, client or supplier of any member of the Group, whom the Board in its sole discretion considers may contribute or have contributed to the Group but excluding any connected person of the Company.

The Management Award Scheme and the Employee Award Scheme shall at all times be operated and administered independently and separately from each other.

Administration

Each of the sub-schemes shall be subject to the administration of the Board in accordance with the Scheme Rules. In respect of each of the sub-schemes, the relevant Trustee will hold the Shares and the income derived therefrom in accordance with the terms of the relevant Trust Deed.

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

In respect of the administration of each of the sub-schemes, the Company shall comply with all applicable laws, regulations and rules including without limitation the Listing Rules from time to time.

In respect of each of the sub-schemes, Cash Income of a Restricted Share, other than the Related Distributions, shall be applied towards (i) defraying the fees, costs and expenses of the Trust and (ii) the remainder, if any and specified by the Board, for the purchase or subscription of Further Shares to be held upon trust.

Operation

In respect of each of the sub-schemes, the Board may, from time to time, at its absolute discretion select any Participant (other than any Excluded Person) for participation in the relevant sub-scheme. Participation in the Management Award Scheme is limited to the Management Award Scheme Participants only whereas participation in the Employee Award Scheme is limited to the Employee Award Scheme Participants only.

In respect of each of the sub-schemes, subject to the Scheme Rules, the Board may select Selected Person(s) and determine the number of Restricted Shares for each of them and notify the Trustee of its decision. In determining the number of Restricted Shares for a Selected Person, the Board may take into consideration matters relevant to the grant, including without limitation, the general financial condition and business development of the Group and the rank, position and contributions of the relevant Selected Person. In respect of each of the sub-schemes, the Board shall have the discretion to decide which form of Restricted Shares (whether new Shares, existing Shares or Returned Shares) to be used for the Award and in exercising its discretion, it shall take into account, inter alia, the financial position and the cash position of the Company and the market price of the Shares at the relevant time.

In respect of each of the sub-schemes, the Board is entitled to impose any conditions (including a period of continued service within the Group after the Grant Date), as it deems appropriate with respect to the entitlement of the Selected Person to the Restricted Shares and the Related Distributions and the Trustee of the relevant sub-scheme shall be informed of the relevant conditions and the number of Restricted Shares for such Selected Person. A Grant Letter setting out, among other things, the number of Restricted Shares, the terms and conditions and the vesting schedule of such Restricted Shares, shall be given to the Selected Person for each grant of Award as soon as possible and in any event no later than the Allocation Date.

In respect of the administration of each of the sub-schemes, the Company shall comply with all applicable laws, regulations and rules including without limitation the Listing Rules from time to time.

Conditions to issue and allotment of new Shares

Any issue and allotment of new Shares as Restricted Shares pursuant to each of the sub-schemes shall be subject to the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders of the Company in general meeting approving the Scheme Mandate; and
- (ii) the listing committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such Shares to be allotted and issued pursuant to the Scheme Mandate and all applicable laws and regulations.

Making of Awards

In respect of each of the sub-schemes, the Board shall, in respect of each Selected Person and after having regard to the requirements under the Scheme Rules, as soon as practicable after the Reference Date cause to be paid the Reference Amount from the Company's resources to the Trustee of the relevant sub-scheme to be held on trust for the relevant Selected Person for the purchase and/or subscription of the Restricted Shares.

In respect of each of the sub-schemes, in case existing Shares are used for grant of the Restricted Shares to a Selected Person, within twenty (20) Business Days on which the trading of Shares has not been suspended or dealings by Directors are not prohibited under any code or requirement of the Listing Rules and all applicable laws from time to time after the Reference Date (or such longer period as the Trustee of the relevant sub-scheme and the Board may agree from time to time having regard to the circumstances of the purchase concerned) the Trustee of the relevant sub-scheme shall apply the Reference Amount towards the acquisition of Restricted Shares at the prevailing market price. In respect of each of the sub-schemes, in the event that the Board decides that all the Restricted Shares shall be purchased on the market and where the Reference Amount paid or caused to be paid to the Trustee of the relevant sub-scheme is not sufficient to purchase all the Restricted Shares at the prevailing market price, the Trustee of that relevant sub-scheme shall acquire the maximum number of board lots of Shares that can be acquired with that Reference Amount and seek further funds from the Board until all the Restricted Shares are purchased.

In respect of each of the sub-schemes, in case of allotting and issuing new Shares as the Restricted Shares, the Company shall comply with the relevant applicable provision of the Listing Rules. Notwithstanding any other provisions set out herein, no new Shares may be allotted and issued to Participants who are not Employees as the Restricted Shares.

Lapse of Awards

In respect of each of the sub-schemes, in the event that prior to or on the Vesting Date in respect of a Selected Person

- (i) where the relevant Selected Person is an Employee as at the Grant Date and either (a) the Selected Person fails to remain to be an Employee or (b) the Subsidiary by which a Selected Person is employed as at the Grant Date ceases to be a Subsidiary of the Company, or
- (ii) the relevant Selected Person fails to satisfy any condition as set out in the Grant Letter, or
- (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), or
- (iv) where exists circumstances where a Selected Person who is not a connected person of the Company on the Grant Date subsequently becomes a connected person of the Company prior to the vesting of the Restricted Share(s) (and the Related Distribution) granted or conditionally granted to him, and the Board cancels or terminates an Award to such Selected Person where the Board is at its absolute discretion in the opinion that it is burdensome on the Company to comply with the requirements under the Listing Rules and other provisions of these Scheme Rules applicable to the granting of Restricted Shares to a connected person of the Company regarding vesting of Restricted Shares (and the Related Distributions) granted to such Selected Person

(each of these, an event of “**Total Lapse**”),

the Award shall automatically lapse forthwith and all the Restricted Shares of such Award and Related Distributions shall not vest on the relevant Vesting Date and such Restricted Shares shall become Returned Shares whereas the Related Distributions shall be treated as Cash Income for the purposes of the relevant sub-scheme.

In respect of each of the sub-schemes, in the event that prior to or on the Vesting Date, (i) a Selected Person is found to be an Excluded Person or (ii) a Selected Person fails to return duly executed transfer documents prescribed by the Trustee of the relevant sub-scheme for the relevant Restricted Shares within the stipulated period or (iii) where exists circumstances set out in the third paragraph under the heading “Taxes and Expenses” below and the Company forfeits certain number of the Restricted Shares and the Related Distributions in accordance with the Scheme Rules (each of these, an event of “**Partial Lapse**”), the relevant part of the Award made to such Selected Person shall automatically lapse forthwith and the relevant Restricted Shares and Related Distributions shall not vest on the relevant Vesting Date and such Restricted Shares shall become Returned Shares whereas the Related Distributions shall be treated as Cash Income for the purposes of the relevant sub-scheme.

In respect of each of the sub-schemes, for the avoidance of doubt, upon occurrence of any or more of an event of Total Lapse or Partial Lapse:

- (a) other than in the circumstances where an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the Board shall have the sole and absolute discretion to determine whether the Award shall vest and if so in what manner and at what time subject to the Scheme Rules and all applicable laws and regulations; and
- (b) the Selected Person shall have no claim or recourse against the Company or the Trustee of the relevant sub-scheme in respect of the non-vesting of Restricted Shares arising from such an event of Total Lapse or Partial Lapse.

Vesting of Awards

In respect of each of the sub-schemes, subject to fulfilment of the conditions as specified in the Grant Letter and other provisions of the relevant sub-scheme, on the Vesting Date the Selected Person shall be entitled to be vested with the Restricted Shares referable to him and the Related Distributions.

Subject to the Scheme Rules, the Trustee shall transfer the relevant Restricted Shares and the Related Distributions to the relevant Selected Person as soon as practicable after the Vesting Date and in any event no later than 10 Business Days after the Vesting Date provided that the Trustee receives:

- (a) transfer documents prescribed by the Trustee and duly signed by the Selected Person within the period stipulated in the vesting notice referred to in the Scheme Rules; and
- (b) a confirmation from the Company that all of the vesting conditions having been fulfilled.

In respect of each of the sub-schemes, subject to the Scheme Rules, the Restricted Shares and the Related Distributions to be awarded to the Selected Person shall be transferred to the Selected Person, subject to the receipt by the Trustee of the properly executed transfer documents as prescribed by the Trustee of the relevant sub-scheme and a confirmation from the Company that all vesting conditions have been fulfilled.

Award to Connected Persons of the Company

The following specific provisions apply to grant of Restricted Shares to and vesting of Restricted Shares on connected persons of the Company:

- (1) In respect of the Management Award Scheme, any grant of the Restricted Shares to the directors or senior management of the Company must first be approved by the Remuneration Committee and any grant of the Restricted Shares to any connected person of the Company shall comply with all applicable rules and regulations, including the Listing Rules.

- (2) In respect of each of the sub-schemes, where a Selected Person who is not a connected person of the Company on the Grant Date subsequently becomes a connected person of the Company prior to the vesting of the Restricted Share(s) (and the Related Distribution) granted or conditionally granted to him, vesting of such Restricted Share(s) (and the Related Distribution) shall be subject to compliance by the Company of requirements under the Listing Rules and other provisions of these Scheme Rules applicable to the granting of Restricted Shares to a connected person of the Company, and where applicable, the Board shall have the sole and absolute discretion to alter the vesting of, cancel or terminate the Award(s) of such Restricted Share(s) (and the Related Distribution) where such requirements would, in the opinion of the Board, be burdensome on the Company. The Board shall inform the Trustee of the relevant sub-scheme in writing as soon practicable after such alteration, cancellation or termination.
- (3) In any event, the aggregate interests of the connected persons of the Company in each of the sub-schemes shall at all time be less than thirty (30) percent.
- (4) In respect of any of the sub-schemes, if the vesting of any Restricted Shares (and the Related Distribution) will result in the aggregate interests of the connected persons of the Company in the relevant sub-scheme immediately following such vesting reaching thirty (30) percent or more at any time during the life of the relevant sub-scheme, such portion of the Restricted Shares (and the Related Distribution) shall not vest on the Vesting Date as scheduled, but shall remain to be held by the Trustee of the relevant sub-scheme and shall only vest onto the relevant Selected Person only when the Board is satisfied that the aggregate interests of the connected persons of the Company in the relevant sub-scheme immediately following such vesting shall remain less than thirty percent (30%). For the avoidance of doubt, the Board shall have the sole and absolute discretion to determine in what manner and at what time such time such Restricted Shares (and the Related Distribution) shall vest in the foregoing circumstances.
- (5) In the event that the Board has decided to grant the Restricted Shares to any Selected Person who is connected person of the Company as at the Grant Date, such Award(s) of Restricted Shares shall be made under the Management Award Scheme and (i) if the Restricted Shares are Shares purchased by the Management Award Scheme Trustee under the relevant sub-scheme, the Management Award Scheme Trustee shall transfer such Restricted Shares to such connected persons in accordance with the written instructions of the Board to the Management Award Scheme Trustee and (ii) if the Restricted Shares are new Shares to be issued by the Company, the Company shall cause such Restricted Shares be allotted and issued to the Management Award Scheme Trustee, the Management Award Scheme Trustee shall transfer the Restricted Shares to such connected persons directly, in both cases as soon as possible after all relevant vesting conditions as set out in the Scheme Rules or Grant Letter are fulfilled subject to these Scheme Rules, provided that if Shareholders' approval or independent Shareholders' approval is required for such grant, as soon as possible after such shareholders' approval has been obtained. No Award of Restricted Shares shall be granted to any connected person of the Company as at the Grant Date under the Employee Award Scheme.

Nature of the Award

In respect of each of the sub-schemes, any Award made hereunder shall be personal to the Selected Person to whom it is made and shall not be assignable and no Selected Person shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to either the Reference Amount or the Restricted Shares (and/or the Related Distributions) referable to him pursuant to such Award or any of the Returned Shares and/or Further Shares.

In respect of each of the sub-schemes, for the avoidance of doubt,

- (1) a Selected Person shall only have a contingent interest in the Restricted Shares (and the Related Distributions, if any) which are referable to him subject to the vesting of such Shares in accordance with the terms and conditions as set out in the Grant Letter but in no circumstance that a Selected Person shall have any contingent interest in any Cash Income derived from the Restricted Shares referable to him other than the Related Distributions;
- (2) a Selected Person shall have no rights in the Residual Cash, any of the Returned Shares or the interest, if any, accrued on the Related Distributions;
- (3) no instructions may be given by a Selected Person to the Trustee of the relevant sub-scheme in respect of the Restricted Shares that have not vested, the Related Distributions and such other properties of the trust fund managed by the Trustee of the relevant sub-scheme; and
- (4) the Trustee of the relevant sub-scheme shall not exercise the voting rights in respect of any Shares held by it as nominee or under the Trust (if any) (including but not limited to the Restricted Shares, the Returned Shares and any bonus Shares and scrip Shares derived therefrom).

Taxes and Expenses

In respect of each of the sub-schemes, save for the stamp duty or transaction levies payable in respect of the transfer by the Trustee of the relevant sub-scheme to the Selected Person of the relevant Restricted Shares and the Related Distributions, the Selected Person shall be fully responsible for any tax arising from the receipt by him of the Restricted Shares and the Related Distributions including but not limited to salaries tax and capital gain tax.

In respect of each of the sub-schemes, any tax due on the granting or vesting of the Restricted Shares and the Related Distributions and expenses incurred in connection with the relevant sub-scheme are to be borne by the Selected Person alone absolutely. Any social security contributions legally due, if any, on the granting or vesting of the Restricted Shares and the vesting of the Related Distributions shall be borne in such proportion as is required by the relevant law between the Selected Person and the relevant member of the Group.

In respect of each of the sub-schemes, in the event that the Company is obliged to pay for and on behalf of the relevant Selected Person any tax and levies referred to in the Scheme Rules (“**Taxes**”) which are to be borne by him, the Company shall be entitled, at its sole discretion, to elect on the Vesting Date either one or a combination of the following to recover such amount of Taxes paid by the Company for the Selected Person (“**Amount Paid**”) as reimbursement:

- (1) the Company can deduct the Amount Paid from any salary or any other cash payment to be paid to the Selected Person by the Company; or
- (2) the Company can forfeit by way of deducting from the total number of Restricted Shares to be transferred to the Selected Person on the date immediately after the Vesting Date certain number of the Restricted Shares entitled to be vested in Selected Person which value equals to or not greater than the Amount Paid, provided that:
 - (a) the value of the Restricted Shares shall be conclusively determined by the Company at its sole discretion with reference to the closing price of the Shares on the Vesting Date as quoted on the Stock Exchange;
 - (b) the Selected Person shall not be entitled to challenge any decision made by the Company pursuant to the Scheme Rules; and
 - (c) the Selected Person and the Trustee of the relevant sub-scheme shall be notified of the number of Restricted Shares and amount of Related Distributions so forfeited in accordance with the Scheme Rules and the Amount Paid in the vesting notice referred to in the Scheme Rules.

In respect of each of the sub-schemes, the Restricted Shares so forfeited in accordance with the Scheme Rules as aforesaid shall become Returned Shares and the Related Distributions shall be treated as Cash Income for the purposes of the relevant sub-scheme.

Returned Shares and Further Shares

In respect of each of the sub-schemes, the Trustee of the relevant sub-scheme shall hold Returned Shares and Further Shares (if any) exclusively for the benefit of all or one or more of the Participants of the relevant sub-schemes (excluding any Excluded Person).

Scheme Limit, Individual Limit and Annual Limit

Subject to the refreshment as mentioned below and the adjustment in the event of consolidation or subdivision of Shares, the Board shall not make any further award of Restricted Shares under any of the sub-schemes of the Share Award Scheme which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) exceeding 10% of the number of issued Shares of the Company as at the 2015 Amendment Date, excluding all the Shares awarded under the rules of the pre-amended Share Award Scheme (including those cancelled, lapsed and/or not yet vested) up to the 2015 Amendment Date (i.e. the Scheme Limit). For the avoidance of doubt, Shares awarded but cancelled or lapsed will not be counted for the purpose of calculating the Scheme Limit or the refreshed Scheme Limit (as the case may be).

The Scheme Limit may be refreshed from time to time subject to the obtaining of prior approval by the Board of the Company, but in any event the aggregate number of the Shares awarded by the Board under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) following the New Approval Date shall, subject to the adjustment in the event of consolidation or subdivision of Shares, not exceed 10% of the number of issued shares of the Company as of the New Approval Date until the Scheme Limit is further refreshed pursuant to the Scheme Rules, and for the purpose of determining and calculating the maximum aggregate number of Shares that may be awarded under the refreshed Scheme Limit following the latest New Approval Date, Shares awarded prior to the relevant latest New Approval Date (including those cancelled, lapsed and/or not yet vested) will not be counted.

Unless specifically approved by the Shareholders of the Company and subject to the adjustment in the event of consolidation or subdivision of Shares, the aggregate number of new Shares to be granted as Restricted Shares during the lifetime of the Scheme Mandate to be sought annually under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) (i.e. the Annual Limit) shall not exceed 3% of the total number of issued Shares of the Company as at the 2015 Amendment Date or the date on which the relevant Scheme Mandate is approved, as the case may be.

Unless specifically approved by the Shareholders of the Company and subject to the adjustment in the event of consolidation or subdivision of Shares, the maximum number of Shares which may be awarded to a Selected Person in any 12-month period under the Share Award Scheme (i.e. both of the sub-schemes in aggregate) (i.e. the Individual Limit) shall not exceed 1% of the number of issued Shares of the Company as at the 2015 Amendment Date or the latest New Approval Date (as the case may be), excluding all the Shares awarded under the Share Award Scheme up to the 2015 Amendment Date or the latest New Approval Date (as the case may be).

In the event the Company conducts any consolidation or subdivision of Shares during the term of the Shares Award Scheme (as the case may be), the aggregate or maximum number of Shares under the Scheme Limit, the refreshed Scheme Limit, the Annual Limit or the Individual Limit (as the case may be) shall be adjusted accordingly such that such limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision (as the case may be) shall remain the same.

Alteration

Each of the sub-schemes may be altered in any respect by a resolution of the Board provided that no such alteration shall operate to affect adversely any subsisting rights of any Selected Person under the relevant sub-scheme hereunder except with:

- (a) the consent in writing of Selected Persons of that relevant sub-scheme is obtained amounting to three-fourths in nominal value of all Shares so held by the Trustee of that relevant sub-scheme on that date; or
- (b) the sanction of a special resolution passed at a meeting of the Selected Persons of that relevant sub-scheme pursuant to the terms of the Scheme Rules.

Termination

Each of the two sub-schemes shall be effective from the Adoption Date and shall continue in full force and effect for a term of fifteen (15) years unless sooner terminated as determined by the Board of Directors by a not less than three (3) months' prior notice or upon an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company) and the termination shall not affect any subsisting rights of any Selected Person of the relevant sub-scheme hereunder.

In respect of each of the sub-schemes, upon termination, subject to the Scheme Rules, no further Award shall be granted under that relevant sub-scheme but in all other respects the provisions of these Scheme Rules applicable to that relevant sub-scheme shall remain in full force and effect to the extent necessary to give effect to the vesting of any Restricted Shares granted under that relevant sub-scheme prior thereto or otherwise as may be required in accordance with the provisions of that relevant sub-scheme, and the Restricted Shares which are granted and subsisting under that relevant sub-scheme prior to such termination shall continue to be in full force and effect in accordance with that sub-scheme and their terms of issue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

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 the extraordinary general meeting of the Company (the “EGM”) will be held at 11:00 a.m. or immediately after the conclusion of the annual general meeting of the Company to be held on the same day, on 23 May 2018, Wednesday at 8/F, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong to consider and, if thought fit pass the following ordinary resolutions (with or without modifications):

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the “RESTRICTED SHARE AWARD SCHEME” of the Company constituted by the rules adopted by the board of directors of the Company (the “**Board**”) on 6 February 2008 as amended on 11 August 2015, 13 June 2016, 24 November 2017 and 4 May 2018 (“**Share Award Scheme**”) (a copy of which is marked as “A” and initialed by the Chairman of the meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors of the Company (“**Director(s)**”) be and are hereby authorised to sign, execute and deliver all such documents, instruments and agreements (including the affixation of the common seal of the Company when required), and to do all such acts or things (including the grant of any Awards as defined under the Share Award Scheme), as it may consider necessary, appropriate, desirable or expedient to implement, give effect to and/or in connection with paragraph (a) of this resolution and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company. ”

2. **“THAT**

- (a) subject to and conditional upon the ordinary resolution no. 1 contained in this notice of the EGM (of which this resolution forms part) being approved and becoming unconditional and effective and the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the new shares of the Company (“**Shares**”) falling to be issued under the Share Award Scheme, and subject to fulfilment of the conditions set out in the Share Award Scheme, the allotment and issuance of new Shares of the Company up to the maximum number which may be required to be issued under the Share Award Scheme in accordance with all applicable laws and regulations be and is hereby approved;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) a specific mandate be and is hereby unconditionally given to the Directors to exercise during the Relevant Period (as hereinafter defined) all the powers of the Company to allot, issue new Shares and/or otherwise deal with unissued Shares in the Company which may be required to be allotted and issued under the Share Award Scheme pursuant to the terms of the Share Award Scheme (excluding Shares granted that have lapsed and/or cancelled in accordance with the Share Award Scheme) not exceeding three (3) per cent of the number of issued Shares of the Company as at the date of this resolution is passed (subject to adjustment in case of any share consolidation or subdivision after this mandate has been approved, provided that the maximum number of new Shares of the Company that may be allotted and issued as a percentage of the total number of issued Shares of the Company at the date immediately before and after such consolidation or subdivision shall be the same); and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- i. the conclusion of the next annual general meeting of the Company;
 - ii. the expiration of the period within which the next annual general meeting of the Company is required by law or the articles of association of the Company to be held; and
 - iii. the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in a general meeting; and
- (d) any one or more of the Directors be and are hereby authorised to sign, execute and deliver all such documents, instruments and agreements (including the affixation of the common seal of the Company when required), and to do all such acts or things (including the grant of any Awards as defined under the Share Award Scheme), as it may consider necessary, appropriate, desirable or expedient to implement, give effect to and/or in connection with paragraphs (a) and (b) of this resolution and to agree to such variation, amendment or waiver as are, in the opinion of the Board, in the interests of the Company.”

On behalf of the Board

LI Dongsheng

Chairman

Hong Kong, 7 May 2018

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member of the Company who is a holder of two or more Shares, and who is entitled to attend and vote at the EGM is entitled to appoint more than one proxy or a duly authorized corporate representative to attend and vote in his stead. A proxy needs not be a member of the Company. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the EGM and any adjournment thereof should he so wish. In such event, his form of proxy will be deemed to have been revoked.
2. A form of proxy for the EGM is enclosed with the Company's circular dated 7 May 2018. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with a valid power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. 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 16 May 2018, Wednesday for registration. Members of the Company whose names are recorded in the register of members of the Company on 16 May 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.