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TCL COMMUNICATION TECHNOLOGY HOLDINGS LIMITED

TCL 通訊科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02618)

(1) CONNECTED TRANSACTION – SHAREHOLDERS AGREEMENT (REACHFULL)

(2) CONNECTED AND CONTINUING CONNECTED TRANSACTIONS - STRUCTURE CONTRACTS (VIE (A))

(3) JOINT INVESTMENT WITH CISCO FOR DEVELOPMENT OF PUBLIC ENTERPRISE CLOUD SERVICES PLATFORM

(4) CONNECTED TRANSACTIONS - STRUCTURE CONTRACTS (VIE (B))

BACKGROUND

Reference is made to the Announcement of the Company dated 25 June 2014 in relation to the restructuring in relation to Cellutel. The Board is pleased to announce that two new business initiatives, namely (i) the provision of Transaction Services and (ii) the provision of Public Enterprise Cloud Services Platform, will be developed by the Company to cope with the Group's long term strategic business planning. Accordingly, the Company has taken steps to carry out further restructuring, enter into joint investment and set up two VIE structures to materialize the two business models.

SHAREHOLDERS AGREEMENT IN RESPECT OF REACHFULL

On 9 October 2014, the Company through Best Status entered into the Shareholders Agreement (Reachfull) with TCL Industries, Canaan Capital, Right Dynamic and Reachfull pursuant to which Best Status, a wholly owned subsidiary of the Company, will subscribe for 25% of the issued share capital of Reachfull.

Since Reachfull was a wholly owned subsidiary of TCL Industries, the immediate controlling shareholder of the Company holding approximately 51.14% of the Company's issued shares, the entering into of the Shareholders Agreement (Reachfull) with TCL Industries constitutes the entering into of an agreement to set up a joint venture with connected persons, which constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios are more than 0.1% but less than 5%, the Shareholders Agreement (Reachfull) is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEVELOPMENT OF TRANSACTION SERVICES AND PUBLIC ENTERPRISE CLOUD SERVICES PLATFORM

The Group intends to use VIE (A) and VIE (B) respectively to develop the businesses of provision of Transaction Services and provision of Public Enterprise Cloud Services Platform.

STRUCTURE CONTRACTS (VIE (A))

To facilitate the development of the Transaction Services, Cellutel (a non-wholly owned subsidiary of the Company) and WFOE (A) (which will also be a non-wholly owned subsidiary of the Company after its incorporation), will enter into the Structure Contracts (VIE (A)) with each of SZ Quanhufeng and TCL Corporation to effectively pass the control of Cellutel to WFOE (A) by the end of 2014. In order to cater for development of the business of provision of Public Enterprise Cloud Services Platform under VIE (B), the VIE (A) to be established will exclude the Online Collaboration Business and its related assets. The forms of Structure Contracts (VIE (A)) have been finalized on 9 October 2014.

TCL Corporation, being the ultimate controlling shareholder of the Company (currently holding approximately 51.14% of the issued share capital of the Company), WFOE (A) (after setting up, will be indirectly owned as to 40% by TCL Corporation), and Cellutel, being owned as to 40% by TCL Corporation, are connected persons of the Company under the Listing Rules.

Accordingly, the Structure Contracts (VIE (A)) (except the Exclusive Business Cooperation Agreement (Cellutel)) constitute connected transactions and transactions under the Exclusive Business Cooperation Agreement (Cellutel) constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

By virtue of the entering into of the Structure Contracts (VIE (A)), the entire interest of Cellutel excluding the Online Collaboration Business will be controlled by WFOE (A). The value of the total assets of Cellutel as at 30 June 2014 was in the sum of RMB130.59 million (equivalent approximately to HK\$164.54 million).

As each of the relevant applicable percentage ratios of the Structure Contracts (VIE (A)) (except the Exclusive Business Cooperation Agreement (Cellutel)) is more than 0.1% but less than 5%, the Structure Contracts (VIE (A)) (except the Exclusive Business Cooperation Agreement (Cellutel)) are only subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Insofar as the transactions under the Exclusive Business Cooperation Agreement (Cellutel) are concerned, as each of the relevant applicable percentage ratios of the annual cap of the Exclusive Business Cooperation Agreement (Cellutel) is less than 0.1%, it is exempt from all the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

STRUCTURE CONTRACTS (VIE (B))

To develop the Public Enterprise Cloud Services Platform, the Group needs the expertise and technical support in cloud computing and large scale information processing. Cisco as a provider of cloud computing and information processing solutions has such expertise and techniques. In addition, TCL Corporation has an excellent business partnership with Cisco, an extensive customer network and a diversified products portfolio. Since TCL Corporation Group including the Group and Cisco are able to complement each other in market segments and product diversities, they have decided to cooperate in developing the business of Public Enterprise Cloud Services Platform in the PRC. As a result, a consortium company led by TCL Corporation (i.e. Reachfull) is formed, and a Joint Investment Platform to develop the business of Public Enterprise Cloud Services Platform will be established through Cayman Co (to which Reachfull and Cisco Swiss will respectively inject up to US\$64 million and US\$16 million as capital and respectively hold 80% and 20% of the issued shares). The Joint Investment Platform has identified on-demand collaboration, online meeting, web conferencing, audio conferencing and video conferencing applications as the initial service offerings of the Public Enterprise Cloud Services Platform. To implement the provision of Public Enterprise Cloud Services Platform, OPCO will be authorized by Cellutel to carry on the Online Collaboration Business and after the setting up of WFOE (B), Cellutel, OPCO and/or WFOE (B) (as the case may be) will enter into the Structure Contracts (VIE (B)) with one another. The forms of Structure Contracts (VIE (B)) have been finalized on 9 October 2014.

Cellutel, being owned as to 40% by TCL Corporation, OPCO, being a wholly owned subsidiary of Cellutel, and WFOE (B), being indirectly owned as to 42.4% by TCL Corporation, are all connected persons of the Company under the Listing Rules.

Accordingly, the Structure Contracts (VIE (B)) (except the Exclusive Business Cooperation Agreement (OPCO)) will constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As it is expected that each of the relevant applicable percentage ratios of the Structure Contracts (VIE (B)) (except the Exclusive Business Cooperation Agreement (OPCO)) as a whole will be less than 0.1%, the Structure Contracts (VIE (B)) (except the Exclusive Business Cooperation Agreement (OPCO)) are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

After the entering into of the Structure Contracts (VIE (B)) other than the Exclusive Business Cooperation Agreement (OPCO), OPCO will no longer be considered as Cellutel's subsidiary and the transactions contemplated under the Exclusive Business Cooperation Agreement (OPCO) would not constitute continuing connected transactions of the Company.

INTRODUCTION

Reference is made to the Announcement of the Company dated 25 June 2014 in relation to the restructuring in relation to Cellutel. The Board is pleased to announce that two new business initiatives, namely (i) the provision of Transaction Services and (ii) the provision of Public Enterprise Cloud Services Platform, will be developed by the Company to cope with the Group's long term strategic business planning. Accordingly, the Company has taken steps to carry out further restructuring, enter into joint investment and set up two VIE structures to materialize the two business models.

SHAREHOLDERS AGREEMENT IN RESPECT OF REACHFULL

On 9 October 2014, the Company through Best Status entered into the Shareholders Agreement (Reachfull) with TCL Industries, Canaan Capital, Right Dynamic and Reachfull. Reachfull is a consortium company led by TCL Corporation, set up for the purpose of developing the Public Enterprise Cloud Services Platform with Cisco.

The principal terms of the Shareholders Agreement (Reachfull) are set out below:-

Date: 9 October 2014

Parties: (1) TCL Industries
(2) Best Status
(3) Canaan Capital
(4) Right Dynamic
(5) Reachfull

Total Investment and Shareholding: The parties to the Shareholders Agreement (Reachfull) agree to inject a total amount of US\$64,000,000 to Reachfull by 3 tranches. The accumulative amount of money to be contributed by each of them and the shareholding structure of Reachfull after the completion of each tranche of the subscriptions under the Shareholders Agreement (Reachfull) are set forth as follows:

Shareholders	Accumulative amount of contribution after the first tranche subscription (US\$)	Accumulative number of issued shares held after the first tranche subscription	Accumulative amount of contribution after the second tranche subscription (US\$)	Accumulative number of issued shares after the second tranche subscription	Accumulative amount of contribution after the third tranche subscription (US\$)	Accumulative number of issued shares held after the third tranche subscription	Percentage of issued shares held in Reachfull
TCL Industries	12,720,000	1,272	21,200,000	2,120	33,920,000	3,392	53%
Best Status	6,000,000	600	10,000,000	1,000	16,000,000	1,600	25%
Canaan Capital	2,880,000	288	4,800,000	480	7,680,000	768	12%
Right Dyanmic	2,400,000	240	4,000,000	400	6,400,000	640	10%
				Total:	64,000,000	6,400	100%

Basis of Total Investment: The number of shares held by each of the parties to the Shareholders Agreement (Reachfull) is determined in proportion to their respective contribution. The consideration was arrived at after arm’s length negotiations between the parties on normal commercial terms after taking into account the potential capital need of Reachfull, including but not limited to, the expected costs involved in phase one of the cloud computing business in the PRC and its future prospects.

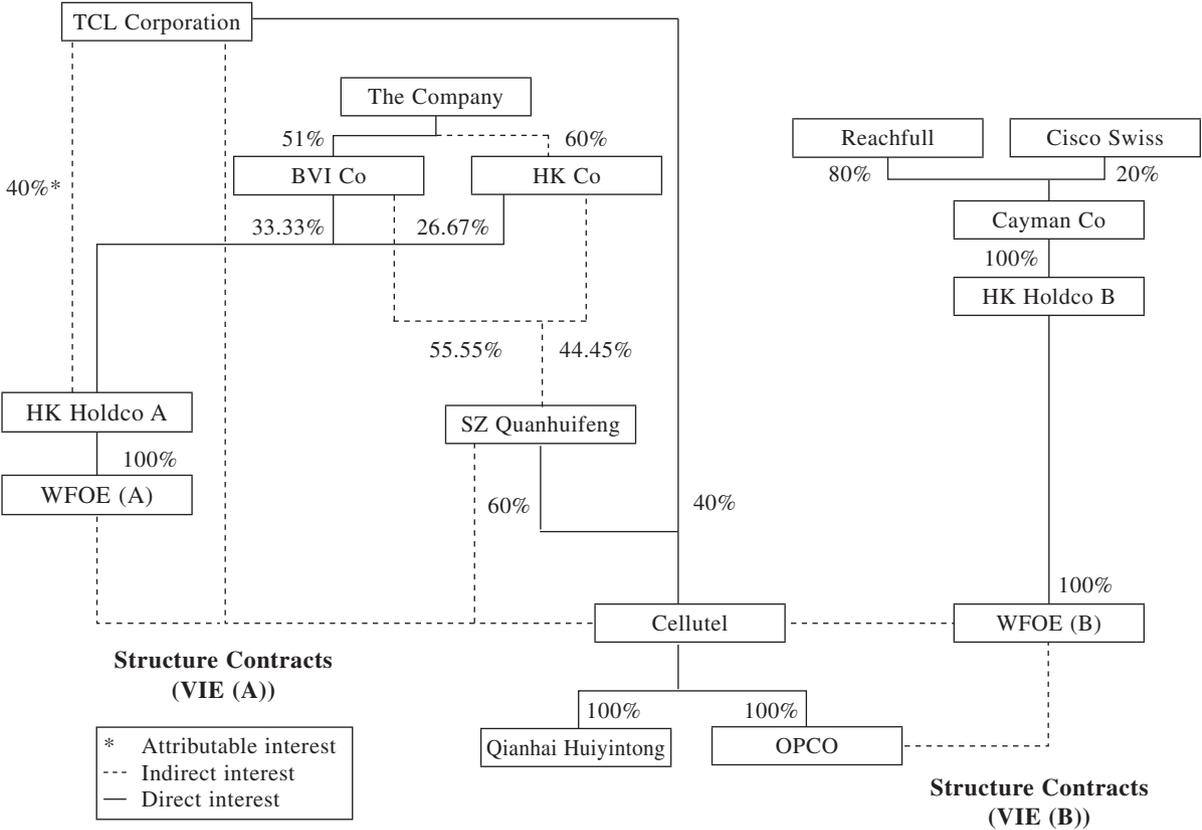
Payment Schedule: Each party’s contribution to the first tranche subscription shall be paid by cash within 14 business days after the signing of the Shareholders Agreement (Reachfull). For the second and third tranches, the contribution shall be paid by cash within 30 days after being requested by the board of directors of Reachfull.

Business of Reachfull: The business of Reachfull and its subsidiaries shall focus on cloud services and internet of things technologies and such other related business as may be approved by the Reachfull’s board of directors from time to time.

Board Composition: The board of directors of Reachfull shall at any time consist of a maximum of 7 directors. Best Status, being a shareholder holding 25% issued shares in Reachfull, is entitled to appoint, remove from office and replace 2 directors to Reachfull.

DEVELOPMENT OF TRANSACTION SERVICES AND PUBLIC ENTERPRISE CLOUD SERVICES PLATFORM

The Group intends to use VIE (A) and VIE (B) respectively to develop the businesses of provision of Transaction Services and provision of Public Enterprise Cloud Services Platform. After the setting up of VIE (A) and VIE (B), the relevant corporate structure will be as follows:-



STRUCTURE CONTRACTS (VIE (A))

To facilitate the development of the Transaction Services, Cellutel (a non-wholly owned subsidiary of the Company) and WFOE (A) (which will also be a non-wholly owned subsidiary of the Company after its incorporation), will enter into the following Structure Contracts (VIE (A)) with each of SZ Quanhuifeng and TCL Corporation. In order to cater for development of the business of provision of Public Enterprise Cloud Services Platform under VIE (B), the VIE (A) to be established will exclude the Online Collaboration Business and its related assets. The forms of the Structure Contracts (VIE (A)) have been finalized on 9 October 2014 and it is expected that they will be executed by the end of 2014. The principal terms of the Structure Contracts (VIE (A)) are as follows:-

1 Powers of Attorney

- Parties: (1) WFOE (A)
(2) SZ Quanhufeng or TCL Corporation, as the case may be (“**Registered Shareholder**”)
(3) Cellutel

Pursuant to each of the two Powers of Attorney, the related Registered Shareholder will irrevocably appoint WFOE (A) as its exclusive agent and authorise WFOE (A) to exercise, including but not limited to, the following rights in relation to its respective equity interests in Cellutel:-

- (a) attending the shareholders’ meeting of Cellutel;
- (b) exercising the related Registered Shareholder’s voting right and all shareholders’ rights entitled by it, including but not limited, to selling or transferring or pledging or otherwise depositing of all or any part of its equity interest in Cellutel; and
- (c) designating and appointing Cellutel’s legal representative, directors, supervisors, general manager and other senior management officers as the authorized representative of the related Registered Shareholder.

The respective Powers of Attorney will become effective upon signing by all relevant parties and continue to be valid for so long as the related Registered Shareholder remains as a shareholder of Cellutel.

2 Exclusive Purchase Right Agreements

- Parties: (1) WFOE (A)
(2) the related Registered Shareholder (i.e. SZ Quanhufeng or TCL Corporation, as the case may be)
(3) Cellutel

Pursuant to each of the two Exclusive Purchase Right Agreements, in consideration of RMB10 (which is determined after arm’s length negotiations) paid by WFOE (A), the related Registered Shareholder will irrevocably grant the exclusive right to WFOE (A) pursuant to which WFOE (A) will be entitled, provided that such purchase is permissible under the PRC law, to purchase, or nominate any person(s) to purchase, the entire or part of its equity interest in Cellutel at the price of RMB10 or such lowest possible price permissible under the applicable PRC laws and regulations. Cellutel will acknowledge its agreement to the granting of the exclusive purchasing rights by the related Registered Shareholder to WFOE (A).

Pursuant to the Exclusive Purchase Right Agreement, Cellutel will be prohibited from selling, transferring, charging or otherwise disposing of any legal and/or beneficial interest in substantial assets, businesses, income amounting to more than RMB100,000 with the exception of the Online Collaboration Business and its related assets carried on or owned by Cellutel and its present and future subsidiaries.

The respective Exclusive Purchase Right Agreements will become effective upon signing by all relevant parties and continue to be valid for 3 years which may be renewed by written consent of all parties subject to compliance with the Listing Rules.

3 *Equity Interest Pledge Agreements*

Parties: (1) WFOE (A)
(2) the related Registered Shareholder (i.e. SZ Quanhuifeng or TCL Corporation, as the case may be)
(3) Cellutel

Pursuant to each of the two Equity Interest Pledge Agreements, the related Registered Shareholder will pledge all its equity interest in Cellutel as well as any dividend generated from such interests to WFOE (A) to secure the due performance of the obligations by Cellutel and/or the related Registered Shareholder's obligations (as the case may be) under the Exclusive Business Cooperation Agreement (Cellutel), the related Exclusive Purchase Right Agreements and the related Powers of Attorney (the "**Secured Obligations**") and any loss suffered by WFOE (A) as a result of any breach of the related Equity Interest Pledge Agreements by Cellutel and/or the related Registered Shareholder (the "**Secured Liabilities**").

The respective Equity Interest Pledge Agreements will become effective upon signing by all parties and continue to be valid until all Secured Obligations have been fully performed and all Secured Liabilities have been repaid in full.

4 *Exclusive Business Cooperation Agreement (Cellutel)*

Parties: (1) WFOE (A)
(2) Cellutel

Pursuant to the Exclusive Business Cooperation Agreement (Cellutel), WFOE (A) will provide Cellutel with technological support (such as allowing Cellutel to use the relevant software of WFOE (A), updating and maintenance of software applications, computer network system, hardware and database and staff training), consultancy and other services in respect of the business of Cellutel, namely the Transaction Services.

Such service fee will be determined with reference to (i) the complexity and difficulty of the services provided; (ii) the position of WFOE (A)'s personnel providing the services and the time spent on such services by such personnel; (iii) the value and content of such services; (iv) the prevailing market price for such services; and (v) the operating conditions of Cellutel.

Pursuant to the Exclusive Business Cooperation Agreement (Cellutel), Cellutel will grant to WFOE (A) the exclusive right to purchase any or all assets and/or businesses of Cellutel (other than the Online Collaboration Business and its related assets) at the minimum price allowed under PRC laws.

The Exclusive Business Cooperation Agreement (Cellutel) will become effective upon signing by all parties and continue to be valid for 3 years, subject to renewal by mutual written consent of all parties provided that all applicable Listing Rules are complied with.

Effects of the Structure Contracts (VIE (A))

The effects of the Structure Contracts (VIE (A)) as a whole are summarized as follows:-

- (a) the profits or income (other than those related to the Online Collaboration Business and its related assets) generated by Cellutel will be directed to WFOE (A) in the form of service fees;
- (b) SZ Quanhuifeng and TCL Corporation as legal owners of Cellutel will not be able to transfer their respective equity interest in Cellutel to the other parties unless with the consent of WFOE (A);
- (c) WFOE (A) will be granted with the voting rights in respect of SZ Quanhuifeng's and TCL Corporation's equity interest in Cellutel so that WFOE (A) can control the decision making of Cellutel;
- (d) when SZ Quanhuifeng and TCL Corporation act against WFOE (A)'s interests, WFOE (A) can designate another person to acquire SZ Quanhuifeng's and TCL Corporation's equity interest in Cellutel at the agreed exercise price; and
- (e) when the PRC law lifts the restrictions on market admission, WFOE (A) may acquire and hold equity interest in Cellutel directly at the agreed exercise price.

STRUCTURE CONTRACTS (VIE (B)) AND ITS EFFECT

To develop the Public Enterprise Cloud Services Platform, the Group needs the expertise and technical support in cloud computing and large scale information processing. Cisco as a provider of cloud computing and information processing solutions has such expertise and techniques. In addition, TCL Corporation has an excellent business partnership with Cisco, an extensive customer network and a diversified products portfolio. Since TCL Corporation Group including the Group and Cisco are able to complement each other in market segments and product diversities, they have decided to cooperate in developing the business of Public Enterprise Cloud Services Platform in the PRC. As a result, a consortium company led by TCL Corporation (i.e. Reachfull) is formed, and a Joint Investment Platform to develop the business of Public Enterprise Cloud Services Platform will be established through Cayman Co (to which Reachfull and Cisco Swiss will respectively inject up to US\$64 million and US\$16 million as capital and respectively hold 80% and 20% of the issued shares). The Joint Investment Platform has identified on-demand collaboration, online meeting, web conferencing, audio conferencing and video conferencing applications as the initial service offerings of the Public Enterprise Cloud Services Platform.

To implement the provision of Public Enterprise Cloud Services Platform, OPCO will be authorized by Cellutel to carry on the Online Collaboration Business and after the setting up of WFOE (B), Cellutel, OPCO and/or WFOE (B) (as the case may be) will enter into the Structure Contracts (VIE (B)) with one another.

The forms of the Structure Contracts (VIE (B)) have been finalized on 9 October 2014 and it is expected that they will be executed by the end of March 2015. The contents of each individual contract of Structure Contracts (VIE (B)) are more or less the same with that of Structure Contracts (VIE (A)).

Through the Structure Contracts (VIE (B)), WFOE (B) will have effective control over the finance and operation of OPCO (including those related to the Online Collaboration Business), and the entire economic interest and benefits in OPCO. Accordingly the accounts of OPCO will be consolidated into the financial statements of WFOE (B).

The PRC counsel of the Company has based on the current PRC laws and implementation of PRC rules and regulations by the regulatory authorities to construct the Structure Contracts. The PRC counsel will upon completion further confirm the Structure Contracts are still valid, enforceable, and legally binding to the parties to the agreements and will not violate the PRC laws, subject to uncertainty in the interpretation of relevant PRC laws and implementation of new PRC rules and regulations by the regulatory authorities.

REASONS AND BENEFITS

The Structure Contracts (VIE (A))

As disclosed in the Announcement, Cellutel is the sole shareholder of Qianhai Huiyintong which is now developing Transaction Services. Developing into Transaction Services is one of the major milestones of the business development of the Group. It is considered that the Structure Contracts (VIE (A)) will help pave the ways for further development of the Group's business in relation to multiple-channel payment.

Though the Structure Contracts (VIE (A)), WFOE (A) will have effective control over the finance, operation strategies and decision making of Cellutel; and the entire economic risks and benefits in Cellutel (other than those related to the Online Collaboration Business) will in effect be transferred to WFOE (A). Effectively all income, revenue and other interests of Cellutel (other than those related to the Online Collaboration Business) will in future route through the overseas platform, this will pave the way for further fund raising activities to further expand the Group's business to meet market's demand if opportunity arises.

After establishment of the WFOE (A), the Group's attributable interest in WFOE (A) will be 33% which is identical to its attributable interest in Cellutel. Since the Company will have control over BVI Co and HK Co, the direct holding companies of the sole shareholder of WFOE (A) (i.e. HK Holdco A), the financial statements of WFOE (A) will be consolidated to the Company and WFOE (A) will be regarded as an indirect non-wholly owned subsidiary of the Company. WFOE (A) will be indirectly owned as to about 33% by the Group, 40% by TCL Corporation and about 27% by Independent Third Parties. By entering into the Structure Contracts (VIE (A)) with WFOE (A), the Group will be able to draw in the expertise and resources of other parties investing in WFOE (A) to assist the operation of Cellutel and retain more flexibility in future fund raising activity in relation to Cellutel.

Shareholders Agreement (Reachfull) and Structure Contracts (VIE (B))

The Group wishes to explore the business potential of cloud computing in the PRC and plans to set up an Public Enterprise Cloud Services Platform. The Company is of the view that there is a huge business potential of introducing the Public Enterprise Cloud Services Platform to the PRC market and intends to form a consortium with TCL Corporation and other Independent Third Parties by investing in Reachfull through which the joint investment with Cisco will become materialised. For this purpose, the Group, through Best Status, entered into the Shareholders Agreement (Reachfull).

The Group's attributable interest in WFOE (B) will be 20% while its attributable interest in OPCO before the entering into of the Structure Contracts (VIE (B)) will be 33%. By participating in the Cisco Project, the Group would be able to draw in the fame, expertise and resources of Cisco to facilitate the operation of OPCO and the development of Public Enterprise Cloud Services Platform.

In order to enable the Joint Investment Platform to carry on the business in provision of Public Enterprise Cloud Services Platform, the Group will enter into the Structure Contracts (VIE (B)) after WFOE (B) is set up in order to pass the finance and operation of and the entire economic interest and benefits in OPCO to WFOE (B).

The Directors (including the independent non-executive Directors) consider that the forms of Structure Contracts (VIE (A)), the Shareholders Agreement (Reachfull) and Structure Contracts (VIE (B)) are concluded after arm's length negotiations and reflects normal commercial terms and that the terms are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION ON THE PARTIES

SZ Quanhuifeng, an indirect non-wholly owned subsidiary of the Company, owns 60% equity interest in Cellutel. SZ Quanhuifeng is an investment holding company.

TCL Corporation owns 40% equity interest in Cellutel and will indirectly own 40% equity interest in WFOE (A). Being the ultimate controlling shareholder of the Company, TCL Corporation is a connected person of the Company. TCL Corporation together with its subsidiaries (excluding the Group) as a group is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit TCL Corporation's official website at <http://www.tcl.com> (the information that appears in this website does not form part of this announcement).

TCL Industries, a direct wholly owned subsidiary of TCL Corporation, is the immediate controlling shareholder of the Company holding approximately 51.14% of the Company's issued share capital. TCL Industries is an investment holding company.

Cellutel, an enterprise established under the laws of the PRC, is owned by SZ Quanhuifeng and TCL Corporation as to 60% and 40% respectively. By virtue of the Group's interest in it, Cellutel is an indirect non-wholly owned subsidiary of the Company. By virtue of TCL Corporation's interest in it, Cellutel is an associate of TCL Corporation and thus a connected person of the Company. Cellutel is a connected subsidiary of the Company by virtue of TCL Corporation's interest therein. The principal business of Cellutel will be provision of e-commerce business and investment holding.

The attributable interest of the Group in WFOE (A) will be 33%. By virtue of TCL Corporation's interest in it, WFOE (A) will be an associate of TCL Corporation and thus a connected person of the Company. WFOE (A) will be principally engaged in research and development and provision of services.

OPCO will be owned as to 100% by Cellutel, which in turn will be an indirect non-wholly owned subsidiary of the Company upon establishment. After the entering into of the Structure Contracts (VIE (B)), the Group's attributable interest in OPCO will be 20%. The principal business of OPCO will be provision of Public Enterprise Cloud Services Platform.

WFOE (B) is a wholly foreign owned enterprise to be established and will be owned indirectly as to 42.4%, 20%, 20%, 9.6% and 8% by TCL Corporation, the Company, Cisco Swiss, Canaan Capital and Right Dynamic respectively upon its establishment. By virtue of TCL Corporation's interest in it, WFOE (B) will be an associate of TCL Corporation and thus a connected person of the Company. WFOE (B) will be principally engaged in research and development and provision of services.

Canaan Capital is directly wholly owned by an Independent Third Party and is principally engaged in investment holding.

Right Dynamic is owned by Independent Third Parties and is principally engaged in investment holding.

Reachfull, a direct wholly owned subsidiary of TCL Industries immediately before the signing of the Shareholders Agreement (Reachfull), would be owned as to 53%, 25%, 12% and 10% by TCL Industries, Best Status, Canaan Capital and Right Dynamic respectively after the completion of the subscription pursuant to the Shareholders Agreement (Reachfull).

LISTING RULES REQUIREMENTS

For Shareholders Agreement (Reachfull)

Since at the time the Shareholders Agreement (Reachfull) is executed, Reachfull is a wholly owned subsidiary of TCL Industries, the immediate controlling shareholder of the Company holding approximately 51.14% of the Company's issued shares, the entering into of the Shareholders Agreement (Reachfull) with TCL Industries constitute the entering into of an agreement to set up a joint venture with connected persons, which constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios are more than 0.1% but less than 5%, the Shareholders Agreement (Reachfull) is only subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

For Joint Investment Platform related agreements entered into by Reachfull

As the Group's interest in Reachfull is only 25%, the transactions pursuant to agreements entered into by Reachfull with Cisco Swiss are not subject to disclosure requirements under Chapter 14 or Chapter 14A of the Listing Rules.

For Structure Contracts (VIE (A))

TCL Corporation, being the ultimate controlling shareholder of the Company (currently holding approximately 51.14% of the issued share capital of the Company), WFOE (A) (after setting up, will be indirectly owned as to 40% by TCL Corporation), and Cellutel, being directly owned as to 40% by TCL Corporation, are connected persons of the Company under the Listing Rules.

Accordingly, the Structure Contracts (VIE (A)) (except the Exclusive Business Cooperation Agreement (Cellutel)) constitute connected transactions and transactions under the Exclusive Business Cooperation Agreement (Cellutel) constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

By virtue of the entering into of the Structure Contracts (VIE (A)), the entire interest of Cellutel excluding the Online Collaboration Business will be controlled by WFOE (A). The value of the total assets of Cellutel as at 30 June 2014 was in the sum of RMB130.59 million (equivalent approximately to HK\$164.54 million).

As each of the relevant applicable percentage ratios of the Structure Contracts (VIE (A)) (except the Exclusive Business Cooperation Agreement (Cellutel)) is more than 0.1% but less than 5%, the Structure Contracts (VIE (A)) (except the Exclusive Business Cooperation Agreement (Cellutel)) are only subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Insofar as the transactions under the Exclusive Business Cooperation Agreement (Cellutel) are concerned, as each of the relevant applicable percentage ratios of the annual cap of the Exclusive Business Cooperation Agreement (Cellutel) is less than 0.1%, it is exempt from all the reporting, announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

For Structure Contracts (VIE (B))

Cellutel, being owned as to 40% by TCL Corporation, OPCO, which will after establishment be a wholly owned subsidiary of Cellutel, and WFOE (B), which will after establishment be indirectly owned as to 42.4% by TCL Corporation, are all connected persons of the Company under the Listing Rules.

Accordingly, the Structure Contracts (VIE (B)) (except the Exclusive Business Cooperation Agreement (OPCO)) will constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

As it is expected that each of the relevant applicable percentage ratios (other than the profits ratio) of the Structure Contracts (VIE (B)) (except the Exclusive Business Cooperation Agreement (OPCO)) as a whole will be less than 0.1%, the Structure Contracts (VIE (B)) (except the Exclusive Business Cooperation Agreement (OPCO)) are fully exempt from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

After the entering into of the Structure Contracts (VIE (B)) other than the Exclusive Business Cooperation Agreement (OPCO), OPCO will no longer be considered as Cellutel's subsidiary and thus the transactions contemplated under the and Exclusive Business Cooperation Agreement (OPCO) will not constitute continuing connected transactions of the Company.

If there is any material change to the terms of the Structure Contracts (VIE (A)) and/or Structure Contracts (VIE (B)) when they are entered into, the Company will re-comply with the relevant requirements of the Listing Rules (if any).

Mr. LI Dongsheng, Mr. WANG Jiyang, Ms. XU Fang, Mr. YAN Xiaolin and Mr. HUANG Xubin, Directors of the Company, have interests in TCL Corporation, the percentage of which ranges from approximately 0.01% to approximately 11.08%. Notwithstanding their respective interest in TCL Corporation, none of them is considered as having a material interest in the transaction contemplated under the Shareholders Agreement (Reachfull), Structure Contracts (VIE (A)) and/or Structure Contracts (VIE(B)).

GENERAL

The Group designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands "TCL" and "ALCATEL ONE TOUCH". The Group's portfolio of products is currently sold in the PRC and over 160 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific. The Group operates its highly efficient manufacturing plants and research and development centres in various provinces of the PRC with its headquarters in Shenzhen, the PRC. For more information, please visit the Group's official website at <http://tclcom.tcl.com> (the information that appears in this website does not form part of this announcement).

DEFINITION

"Announcement"	Announcement of the Company dated 25 June 2014 in relation to deemed disposal of equity interest in Cellutel
"Best Status"	Best Status Enterprises Limited, a company incorporated under the laws of BVI with limited liability and a direct wholly owned subsidiary of the Company

“Board”	the board of Directors
“BVI”	the British Virgin Islands
“BVI Co”	a company incorporated under the laws of BVI with limited liability, owned as to 51% by the Company
“Canaan Capital”	Canaan Capital Limited, a company incorporated under the laws of BVI with limited liability
“Cayman Co”	Warwick Limited, a company incorporated in the Cayman Islands with limited liability, which will be owned as to 20% and 80% by Cisco Swiss and Reachfull respectively upon establishment of the Joint Investment Platform
“Cellutel”	Huizhou Cellutel Communication Co., Ltd. (惠州市賽洛特通訊有限責任公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Cisco Swiss”	Cisco Systems (Switzerland) GmbH, a company incorporated in Switzerland with limited liability, an indirect wholly owned subsidiary of Cisco
“Cisco”	Cisco System, Inc., a company incorporated in the state of California, the USA, whose common stock is traded on the NASDAQ Global Select Market under the symbol CSCO
“Cisco Project”	the development of the Public Enterprise Cloud Services Platform with Cisco through the Joint Investment Platform
“Company”	TCL Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code : 02618)
“Directors”	directors of the Company
“Equity Interest Pledge Agreement (Cellutel)”	the equity interest pledge agreement to be entered into among WFOE (B), Cellutel and OPCO

“Equity Interest Pledge Agreements”	has the meaning ascribed to it under the paragraph headed “Equity Interest Pledge Agreements” in the section “Structure Contracts (VIE (A))” above
“Exclusive Business Cooperation Agreement (Cellutel)”	has the meaning ascribed to it under the paragraph headed “Exclusive Business Cooperation Agreement (Cellutel)” in the section “Structure Contracts (VIE (A))” above
“Exclusive Business Cooperation Agreement (OPCO)”	the exclusive business cooperation agreement to be entered between WFOE (B) and OPCO
“Exclusive Purchase Right Agreement (Cellutel)”	the exclusive purchase right agreement to be entered into among WFOE (B), Cellutel and OPCO
“Exclusive Purchase Right Agreements”	has the meaning ascribed to it under the paragraph headed “ Exclusive Purchase Right Agreements” in the section “Structure Contracts (VIE (A))” above
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HK Co”	a company incorporated in Hong Kong with limited liability, owned as to 60% by the Company
“HK Holdco A”	a company incorporated in Hong Kong with limited liability, owned as to 33.33%, 26.67% and 40% by BVI Co, HK Co and TCL Corporation respectively
“HK Holdco B”	a company to be incorporated in Hong Kong with limited liability and will be wholly owned by the Cayman Co
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any directors, chief executives, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries and their respective associates

“Joint Investment Platform”	the joint investment platform to be established by Cisco Swiss and Reachfull, which covers the incorporation or establishment of the Cayman Co, HK Holdco B, WFOE (B) and OPCO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NASDAQ Global Select Market”	NASDAQ Global Select Market, a market tier of NASDAQ Stock Market
“NASDAQ Stock Market”	NASDAQ Stock Market, an American stock exchange
“Online Collaboration Business”	the provision of cloud-based video conferencing, web conferencing and on-demand collaboration services in the PRC market
“OPCO”	a limited liability company in the process of being established with registered capital of RMB10,000 in the PRC and will be a wholly owned subsidiary of Cellutel before the establishment of VIE (B)
“Power of Attorney (Cellutel)”	the power of attorney to be executed by Cellutel in favour of WFOE (B) and to be acknowledged by OPCO
“Powers of Attorney”	has the meaning ascribed to it under the paragraph headed “Powers of Attorney “ in the section “Structure Contracts (VIE (A))” above
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macao Special Administrative Region and Taiwan, for the purposes of this announcement
“Public Enterprise Cloud Services Platform”	cloud-based market place which offers enterprise solutions and services to the corporate segment in the PRC
“Qianhai Huiyintong”	深圳市前海滙銀通支付科技有限公司, a company established in the PRC with limited liability and a wholly owned subsidiary of Cellutel

“Reachfull”	Reachfull Investment Limited (永富投資有限公司), a company incorporated in BVI with limited liability, and a consortium company led by TCL Corporation, the accounts of which will be consolidated into those of TCL Corporation but not the Group
“Registered Shareholder(s)”	has the meaning ascribed to it under the paragraph headed “Powers of Attorney” in the section “Structure Contracts (VIE (A))” above
“Right Dynamic”	Right Dynamic Limited, a company incorporated under the laws of BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Secured Liabilities”	has the meaning ascribed to it under the paragraph headed “Equity Interest Pledge Agreements” in the section “Structure Contracts (VIE (A))” above
“Secured Obligations”	has the meaning ascribed to it under the paragraph headed “Equity Interest Pledge Agreements” in the section “Structure Contracts (VIE (A))” above
“Shareholders Agreement (Reachfull)”	the shareholders agreement entered into among TCL Industries, Best Status, Canaan Capital, Right Dynamic and Reachfull in respect of Reachfull
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Structure Contracts”	collectively the Structure Contracts (VIE (A)) and Structure Contracts (VIE (B))
“Structure Contracts (VIE (A))”	collectively (1) the Powers of Attorney; (2) the Exclusive Purchase Right Agreements; (3) the Equity Interest Pledge Agreements; and (4) the Exclusive Business Cooperation Agreement (Cellutel). The forms of which have been finalized on 9 October 2014
“Structure Contracts (VIE (B))”	collectively (1) the Power of Attorney (Cellutel); (2) Exclusive Purchase Right Agreement (Cellutel); (3) Equity Interest Pledge Agreement (Cellutel); and (4) Exclusive Business Cooperation Agreement (OPCO). The forms of which have been finalized on 9 October 2014

“Subsidiary”	any entity within the meaning of the term “Subsidiary” as defined in the Listing Rules and the term “Subsidiaries” shall be construed accordingly
“SZ Quanhuifeng”	Shenzhen Quanhuifeng Technology Limited (深圳全滙豐科技有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“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 shares of which are listed on Shenzhen Stock Exchange (stock code: 000100)
“TCL Corporation Group”	TCL Corporation and its subsidiaries, and for the purpose of this announcement, excluding the Group
“TCL Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, a wholly owned subsidiary of TCL Corporation
“Transaction Services”	Transaction payment services and its related value-added services
“USA”	the United States of America
“VIE”	the variable interest entity arrangement in the PRC
“VIE (A)”	the VIE to be established between TCL Corporation, SZ Quanhuifeng and WFOE (A) in respect of Cellutel
“VIE (B)”	the VIE to be established between Cellutel and WFOE (B) in respect of OPCO
“WFOE”	wholly foreign owned enterprise
“WFOE (A)”	a WFOE to be established in connection with VIE (A) and will be a non-wholly owned subsidiary of the Company, the financial statements of which will be consolidated to those of the Group because of the Group’s control over WFOE (A)
“WFOE (B)”	a WFOE to be established as part of the Joint Investment Platform and will be wholly owned by the HK Holdco B

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.26 has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 9 October 2014

As at the date of this announcement, the Board comprises Mr. LI Dongsheng, Mr. GUO Aiping and Mr. WANG Jiyang, being the executive Directors; Mr. HUANG Xubin, Mr. YAN Xiaolin and Ms. XU Fang, being the non-executive Directors; Mr. LAU Siu Ki, Mr. LOOK Andrew and Mr. KWOK Hoi Sing, being the independent non-executive Directors.