



For Immediate Release

Joint Press Release

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T.C.L. INDUSTRIES HOLDINGS (H.K.) LIMITED proposed privatisation of TCL Communication Technology Holdings Limited by way of scheme of arrangement with cancellation price of HK\$7.50 per Scheme Share

(Hong Kong, 13 June 2016) – **T.C.L. INDUSTRIES HOLDINGS (H.K.) LIMITED** (the “Offeror”, being (i) controlling shareholder of TCL Communication Technology Holdings Limited; and (ii) a wholly owned subsidiary of TCL Corporation (Shenzhen Stock Exchange stock code: 100)) and **TCL Communication Technology Holdings Limited** (“TCL Communication”, or together with its subsidiaries, the “Group”) today jointly announced a proposal (“Proposal”) to the shareholders of TCL Communication, other than the Offeror, (“Scheme Shareholders”) a proposed acquisition of all issued shares (“Shares”) of the TCL Communication by way of scheme of arrangement (“Scheme”). Upon the Scheme becoming effective, TCL Communication will apply for the withdrawal of the listing on The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) immediately following the effective date, and become a wholly-owned private company of the Offeror.

Terms of the Proposal

According to the Proposal, the Scheme Shares will be cancelled in exchange for HK\$7.50 per Share in cash for each Scheme Share payable by the Offeror (the “Cancellation Price”).

The Cancellation Price represents a premium of approximately:

- 34.65% over the closing price of HK\$5.57 as the last trading day;
- 43.13% over the average closing price of HK\$5.24 for the 10 trading days up to and including the last trading day prior the joint announcement; and
- 47.06% over the average closing price of HK\$5.10 for the 30 trading days up to and including the last trading day prior the joint announcement.

On the assumption that all exercisable outstanding Share Options are exercised and no outstanding Awarded Shares are vested, cancelled or lapsed on or before the record date, the amount of cash required to implement the Proposal in full (including the Option Amount and the Share Award Amount) would be approximately HK\$3,642 million. As at the date hereof, the Offeror intended to pay from its internal financial resources.

The Proposal and the Scheme will become effective and binding on TCL Communication and all Shareholders, subject to the fulfilment or waiver (as applicable) of specific conditions. All of the conditions must be fulfilled or waived, as applicable, on or before 31 December 2016 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and the Grand Court may direct), failing which the

Proposal and the Scheme will lapse. For details, please refer to the full text of the announcement released by the Offeror and TCL Communication on the website of the Hong Kong Stock Exchange on 13 June 2016.

Reasons for the Proposal

- 1) Challenging business environment in mobile device industry
Amidst sluggish global economy and increasing competition, the mobile device products market situation is filled with challenges globally. The outlook for the retail market of mobile device products in the foreseeable future is anticipated to remain challenging, which may negatively affect the stock price of the Shares.
- 2) Underperformance of the Shares
Share price performance has not been satisfactory since 2015, which limits the ability of the Group to attract investors' interests and enhance its market image. Privatisation would help to eliminate the unfavourable factors.
- 3) Low liquidity of the Shares
The average daily trading volume of the Shares for the 24 months up to and including the last trading day was approximately 3.65 million Shares per day, representing only approximately 0.95% of the issued Shares held by public shareholders of TCL Communication, which could make it difficult for the shareholders of TCL Communication to execute on-market disposals for cash-out when in need and also limit TCL Communication's ability to raise funds from the public equity markets.
- 4) Good opportunity for shareholders to realise investment for a premium
The Offeror provides the Scheme Shareholders and the holders of the Share Options with an opportunity to realise their investment in TCL Communication for cash at a premium to the market price. The Cancellation Price represents a premium of approximately 47.06% over the average closing price of Shares for the 30 trading days up to and including the last trading day.
- 5) Saving of listing cost
The delisting of TCL Communication would reduce the costs of listing and would result in a more efficient and cost-effective group structure for TCL Corporation and create more flexibility for TCL Corporation to manage the Group's business in an efficient and sustainable manner.

Shareholding Structure of the Group

As at 12 June 2016, the Group has 1,271,571,034 Shares in issue, of which 882,847,850 Shares in aggregate were held by the Offeror and the Offeror Concert Parties, representing approximately 69.43% of the issued share capital of TCL Communication. The Scheme Shares, comprising 442,215,034 Shares, represent approximately 34.78% of the issued share capital of TCL Communication, of which 53,491,850 Scheme Shares in aggregate were held by the Offeror Concert Parties.

Resumption of Trading in the Shares

Resumption of trading of the Shares had taken effect from 9:00 a.m. on 13 June 2016.

Unless otherwise specified, all terms in this press release carry the same meaning as defined in the announcement jointly issued by the Offeror and TCL Communication dated 13 June 2016. For details, please refer to the relevant announcement.

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About TCL Communication Technology Holdings Limited (SEHK: 2618)

TCL Communication designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands – Alcatel and TCL. The Group's portfolio of products is currently sold in China and over 170 countries throughout North America, Latin America, Europe, the Middle East, Africa and Asia Pacific. Headquartered in Shenzhen, China, TCL Communication operates its highly efficient manufacturing plant and R&D centers in various provinces and cities of the PRC. It employs around 14,000 people in China, Hong Kong and overseas.

TCL Communication is one of the few companies in Hong Kong or China who owns or licenses 2G, 2.5G, 2.75G, 3G and 4G patented technologies. It is also able to independently develop products and solutions for the GSM, GPRS, EDGE, CDMA, WCDMA, TD-SCDMA and LTE. For more information, please visit its website at <http://tclcom.tcl.com>.

About T.C.L. INDUSTRIES HOLDINGS (H.K.) LIMITED

T.C.L. INDUSTRIES HOLDINGS (H.K.) LIMITED is wholly owned by TCL Corp., a limited liability company registered in the PRC and the shares of which have been listed on the Shenzhen Stock Exchange (stock code: 100) since 2004. The group of TCL Corp. is principally engaged in the design, development, manufacturing and sale of electrical appliances and electric products and provision of internet services.

*Issued by Cornerstones Communications Ltd. on behalf of **TCL Communication**. For further information, please contact:*

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