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TONLY ELECTRONICS HOLDINGS LIMITED

通力電子控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01249)

GRANT OF SHARE OPTIONS AND GRANT OF AWARDED SHARES

The Board of the Company hereby announces that on 21 May 2018, the Company granted:

- (1) Share Options carrying rights to subscribe for a maximum of total of 22,167,207 Shares under the Share Option Scheme to the Option Grantees entitled under the Share Option Scheme, subject to their acceptance; and
- (2) 2,617,602 Awarded Shares to the Awarded Shares Grantees under the Restricted Share Award Scheme, subject to their acceptance. Among 114 Awarded Shares Grantees, 7 of them who are granted a total of 855,148 Awarded Shares are connected persons of the Company.

GRANT OF SHARE OPTIONS

The board of directors (the “**Board**”) of Tonly Electronics Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) hereby announces that on 21 May 2018, the Company granted to certain participants (the “**Option Grantee(s)**”) under the share option scheme adopted by the Company on 17 April 2014 (the “**Share Option Scheme**”), subject to their acceptance, share options (the “**Share Options**”) carrying rights to subscribe for a maximum of a total of 22,167,207 ordinary shares of the Company of HK\$1.00 each (the “**Shares**”) under the Share Option Scheme.

Among the above-mentioned Share Options:

- (i) Share Options carrying rights to subscribe for 11,812,501 Shares are granted to 7 Option Grantees comprising the directors and senior management of the Company (all so granted in their capacity as employees and/or officers of the Group (the “**Director and Management Grant**”));
- (ii) Share Options carrying rights to subscribe for 7,740,000 Shares are granted to 359 Option Grantees who are other employees and/or officers of the Group (all so granted in such capacity) (the “**Employee Grant**”); and
- (iii) Share Options carrying rights to subscribe for 2,614,706 Shares are granted to 80 Option Grantees for their special contributions to the Group, in their capacity as employees of TCL Corporation (the ultimate holding company of the Company) and/or its subsidiaries (together, the “**TCL Corporation Group**”) (the “**TCL Corporation Employee Grant**”).

3 Option Grantees under the Director and Management Grant are directors of the Company, namely Mr. YU Guanghui, Mr. SONG Yonghong and Mr. REN Xuenong, and 1 Option Grantee under the TCL Corporation Employee Grant is a director of the Company, namely Mr. LIAO Qian.

Details of the aforesaid grant of Share Options are as follows:

Date of grant	:	21 May 2018
Maximum number of Shares to be issued upon exercise of the Share Options granted in full	:	22,167,207 Shares, representing approximately 8.26% of the number of issued Shares of the Company as at the date of grant and approximately 7.63% of the number of issued Shares of the Company as enlarged by the new Shares to be issued upon full exercise of the Share Options
Exercise price of Share Options granted	:	HK\$7.84, which represents the highest of <ul style="list-style-type: none">(i) the closing price of the Shares on the date of grant of HK\$7.84;(ii) the average closing price of the Shares of HK\$7.81 for 5 trading days immediately preceding the date of grant; and(iii) the par value of the Shares of HK\$1.0.

Closing price of the Shares on the date of grant : HK\$7.84

Exercise period(s) of the Share Options

For Share Options granted under the Director and Management Grant

Depending on the fulfilment/achievement of certain performance conditions (including among others, KPI, profit performance target(s) and/or individual results performance target etc.) (“**Targets**”) for the year ending 31 December 2018, 2019 and 2020 as set out in the respective letters of grant, the exercise periods of the Share Options granted under the Director and Management Grant are set out as follows:

	exercisable exercisable commencing from 15 May 2019 to 15 May 2024 (subject to the fulfillment/ achievement of the Targets for 2018)	exercisable commencing from 15 May 2020 to 15 May 2024 (subject to the fulfillment/ achievement of the Targets for 2018 and 2019)	exercisable commencing from 15 May 2021 to 15 May 2024 (subject to the fulfillment/ achievement of the Targets for 2019 and 2020)	exercisable commencing from 15 May 2022 to 15 May 2024 (subject to the fulfillment/ achievement of the Targets for 2020)
Yu Guanghui	462,583	1,034,010	1,251,696	680,269
Song Yonghong	354,647	792,741	959,633	521,540
Huang Wei	183,932	411,142	497,698	270,488
Wang Xiaofeng	183,932	411,142	497,698	270,488
Ren Xuenong	183,932	411,142	497,698	270,488
Zhai Dengyun	183,932	411,142	497,698	270,488
Zhang Nan	40,792	91,183	110,379	59,988

If all or part of the Targets for any of the years ending 31 December 2018, 2019 and 2020 are not achieved/fulfilled, all or part of the Share Options granted under the Director and Management Grant (as the case may be) corresponding to the Targets of the relevant years shall not become exercisable as scheduled.

The actual number of Share Options granted under the Director and Management Grant which would become exercisable would be determined by the Company based on the fulfilment/achievement of the Targets.

For Share Options granted under the Employee Grant

Subject to the fulfilment of the conditions for exercise of the Share Options that the relevant Option Grantee has passed the performance assessment conducted by the management and the human resources department from time to time, the Share Options granted under the Employee Grant are exercisable commencing from 15 May 2019 to 31 December 2020.

For Share Options granted under the TCL Corporation Employee Grant

Subject to the fulfilment of the conditions for exercise of Share Options (“**Exercise Conditions**”) that the relevant Option Grantee (i) has paid or will pay the costs incurred or to be incurred by the Company for the relevant part of the Share Options and (ii) remains to be an employee of TCL Corporation Group on 15 June 2018, 15 June 2019 and 15 June 2020 (as the case may be) respectively:

- 1) approximately one-third of the Share Options granted under the TCL Corporation Employee Grant are exercisable commencing from 15 June 2018 to 15 June 2024;
- 2) another approximately one-third of the Share Options granted under the TCL Corporation Employee Grant are exercisable commencing from 15 June 2019 to 15 June 2024; and

- 3) the remaining approximately one-third of the Share Options granted under the TCL Corporation Employee Grant are exercisable commencing from 15 June 2020 to 15 June 2024.

Validity period of the Share Options : The Share Options are valid up to 15 June 2024 and the Share Options not exercised by the last day of the said validity period shall lapse (subject to the above exercise period and the relevant provisions for early termination contained in the Share Option Scheme).

Among the above-mentioned Share Options granted, Share Options carrying rights to subscribe for a total of maximum of 7,480,004 Shares were granted to the following person(s) who is/are a director of the Company, a chief executive or a substantial shareholder (within the meaning as ascribed to it under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company, or any of their respective associate(s) (within the meaning as ascribed to it under the Listing Rules):

Name	Position(s) held with the Company	Maximum number of Shares to be issued upon exercise of the Share Options	
		Under the Director and Management Grant	Under the TCL Corporation Employee Grant
YU Guanghui	Executive Director and Chief Executive Officer	3,428,558	
SONG Yonghong	Executive Director and Chief Operating Officer	2,628,561	
REN Xuenong	Executive Director and Chief Financial Officer	1,363,260	
LIAO Qian	Non-executive Director and Chairman		59,625

Each of the grant of the Share Options to the above Option Grantee(s) who is/are a director, chief executive or substantial shareholder (within the meaning as ascribed to it under the Listing Rules) of the Company, or any of their respective associates has been approved by all the independent non-executive directors (with the relevant independent non-executive directors abstained from voting in the relevant resolution relating to the grant of Share Options to him) pursuant to Rule 17.04(1) of the Listing Rules and the provisions of the Share Option Scheme.

Save as disclosed in this announcement, none of the Option Grantees of the Share Options is a director, a chief executive or a substantial shareholder (within the meaning as ascribed to it under the Listing Rules) of the Company, or any of their respective associate(s) (within the meaning as ascribed to it under the Listing Rules).

The Company will be fully responsible for all the costs incurred for the grant of Share Options under the Employee Grant whereas the cost relating to the grant of Share Options under the Director and Management Grant will be deducted from the remuneration of the relevant Option Grantees. The Option Grantees under the TCL Corporation Employee Grant will be required to reimburse the Company for the costs incurred or to be incurred by the Company for the TCL Corporation Employee Grant as one of the Exercise Conditions as stated above.

GRANT OF AWARDED SHARES

On 21 May 2018, the Company also granted 2,617,602 awarded shares (“**Awarded Shares**”), all in the form of existing Shares, to 114 grantees (“**Awarded Shares Grantees**”), subject to their acceptance, under the restricted shares award scheme adopted by the Company on 28 August 2014 as amended on 8 August 2017 and 7 September 2017 (as amended or revised from time to time) (the “**Restricted Share Award Scheme**”). Among the 114 Awarded Shares Grantees, 7 of them who are granted a total of 855,148 Awarded Shares are connected persons (as defined under Chapter 14A of the Listing Rules) of the Company. Costs incurred for the grant of Awarded Shares to Awarded Shares Grantees who are so granted in their capacity as employees of the Group will be deducted from their remuneration, and Awarded Shares Grantees who are so granted in their capacity as employees of TCL Corporation Group for their special contribution to the Group will be required to reimburse the Company for the costs incurred or to be incurred by the Company for such grant. Each of such grants to the Awarded Shares Grantees who are connected persons is a de minimis transaction which is fully exempt from shareholders’ approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

This disclosure is made pursuant to the circular of the Company dated 12 September 2017, in which it was stated that the Company would make further announcement as soon as practicable after the grant of award(s) of Awarded Shares under the Restricted Share Award Scheme in respect of, inter alia, any grant of Awarded Shares using existing Shares to connected persons (as defined under Chapter 14A of the Listing Rules) of the Company.

On behalf of the Board
LIAO Qian
Chairman

Hong Kong, 21 May 2018

As at the date of this announcement, the Board comprises YU Guanghui, SONG Yonghong and REN Xuenong as executive directors, LIAO Qian (Chairman) as non-executive director and POON Chiu Kwok, LI Qi and LEONG Yue Wing as independent non-executive directors.