
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitors, professional accountant or other professional advisor.

If you have sold or transferred all your Shares in China Display Optoelectronics Technology Holdings Limited (the “Company”), you should at once hand this circular and proxy form enclosed herein to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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China Display Optoelectronics Technology Holdings Limited 華顯光電技術控股有限公司 *(Incorporated in Bermuda with limited liability)* (Stock Code: 334)

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER FINANCIAL SERVICES (2020 RENEWAL) AGREEMENT

Independent Financial Advisor to
the Independent Board Committee and the Shareholders



A letter from the Board is set out on pages 7 to 18 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on page 19 of this circular. A letter from Halcyon Capital Limited, the Independent Financial Advisor, containing its advice to the Independent Board Committee and the Shareholders is set out on pages 20 to 33.

A notice convening the SGM of the Company to be held at 8th Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong on 29 July 2021, Thursday at 3:00 p.m. is set out on pages 43 to 45 of this circular.

If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal or “extreme conditions” as defined under Chapter 1 of the Rules of the Exchange of the Stock Exchange is/are in force at or at any time after 12:00 noon on the date of the SGM and/or the Hong Kong Observatory and/or the government of Hong Kong (as the case may be) has announced at or before 12:00 noon on the date of the SGM that either of the above mentioned warnings is to be issued within the next two hours, the SGM will be adjourned. The Company will publish an announcement to notify Shareholders of the date, time and place of the adjourned SGM.

The SGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the SGM under bad weather conditions bearing in mind their own situation.

Whether or not you are able to attend the SGM or any adjournment thereof (as the case may be) in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, 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 SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

12 July 2021

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bye-Laws”	the bye-laws of the Company as supplemented or amended or substituted from time to time;
“CBIRC”	China Banking and Insurance Regulatory Commission;
“CDOT Huizhou”	China Display Optoelectronics Technology (Huizhou) Company Limited, a wholly-owned subsidiary of the Company;
“China Display Qualified Member “	such member(s) of the Group which satisfies the qualification of Qualified Member(s) during the term of the Master Financial Services (2020 Renewal) Agreement;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	China Display Optoelectronics Technology Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 334);
“connected person(s)”	has the meanings ascribed to it under the Listing Rules;
“Deposit Services”	deposit of money by member(s) of the Group which are Qualified Members with Finance Company pursuant to the Master Financial Services (2020 Renewal) Agreement;
“Director(s)”	the director(s) of the Company;

DEFINITIONS

“Existing Cap(s)”	the annual cap(s) of the “maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security)” for the Deposit Services under the Master Financial Services (2020 Renewal) Agreement for the three years ending 31 December 2020, 2021 and 2022, as stated in the circular of the Company dated 9 December 2019;
“Finance Company”	TCL Finance Co., Ltd.* (TCL集團財務有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of TCL Technology;
“Financing Services”	the provision of loan and credit facilities (including but not limited to unsecured loans, guarantees, receivable factoring, bill acceptance, bill discounting and secured loans) by TCL Financial Services Associates to the China Display Qualified Members pursuant to the Master Financial Services (2020 Renewal) Agreement;
“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;
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of reviewing the Revised Caps;
“Independent Financial Advisor”	Halcyon Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial advisor appointed by the Board to advise the Independent Board Committee and the Shareholders in respect of the Revised Caps;
“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;

DEFINITIONS

“Latest Practicable Date”	means 7 July 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular;
“LCD”	liquid crystal display;
“LCD Module”	the integrated module of liquid crystal display, integrated circuit, connector and other structural components;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master Financial Services (2020 Renewal) Agreement”	the master financial services (2020 renewal) agreement dated 2 December 2019 entered into among the Company, TCL Technology and Finance Company in respect of the provision of Deposit Services, Financing Services and Other Financial Services by TCL Financial Services Associates;
“Other Financial Services”	all financial services which may be provided by TCL Financial Services Associates for the China Display Qualified Members under the Master Financial Services (2020 Renewal) Agreement other than the Deposit Services and the Financing Services, namely (i) financial management services and financing advisory services, credit verification and related consultation and agency services (including issuance of letters of credit, back-to-back letters of credit, standby letters of credit, and transfer of letters of credit); (ii) entrusted loans and entrusted investment; (iii) collection of transaction payments (including payment and disbursements on import collection bills, export and documents against acceptance bills); (iv) approved insurance agency services; (v) internal transfer and settlement, and corresponding settlement and clearance solutions advisory services; (vi) capital transaction business (including spot and all kinds of derivatives financial products); and (vii) any other services approved by the CBIRC;
“PBOC”	the People’s Bank of China, the central bank of the PRC;

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“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular;
“Promotion Services”	services to be provided by the relevant members of the Group to procure its suppliers and/or customers to engage TCL Financial Services Associates for their provision of services;
“Qualified Member(s)”	all companies for which TCL Financial Services Associates will be allowed to provide services pursuant to the Administrative Measures on Group Finance Companies (企業集團財務公司管理辦法) promulgated by the CBIRC, which shall only include TCL Technology, any subsidiaries of which TCL Technology owns an equity interest of 51% or more, any company in which TCL Technology or any of its subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Technology or any of its subsidiaries own less than 20% equity interest but are, individually or collectively, the largest shareholder;
“Revised Cap(s)”	the revised annual cap(s) of the “maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security)” for the Deposit Services under the Master Financial Services (2020 Renewal) Agreement for the two years ending 31 December 2021 and 2022 as stated in this circular;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Revised Caps;

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary/subsidiaries”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“TCL Associates”	the associate(s) of TCL Technology;
“TCL CSOT”	TCL China Star Optoelectronics Technology Co., Ltd.* (TCL華星光電技術有限公司), formerly known as Shenzhen China Star Optoelectronics Technology Co., Ltd. * (深圳市華星光電技術有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of TCL Technology;
“TCL Industries”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of TCL Industries Holdings Co., Ltd* (TCL實業控股股份有限公司);
“TCL Technology”	TCL Technology Group Corporation (TCL科技集團股份有限公司) (formerly known as TCL Corporation (TCL集團股份有限公司)), a joint stock limited company established under the laws of the PRC, the ultimate controlling shareholder of the Company, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000100);
“TCL Technology Group”	TCL Technology, its subsidiary(ies) and any entity(ies) that may become subsidiary(ies) of TCL Technology from time to time during the term of the Master Financial Services (2020 Renewal) Agreement but does not include the Group (unless otherwise specified) for the purpose of this circular;

DEFINITIONS

“TCL Financial Services Associate(s)”	the existing TCL Associates and any entity that may become TCL Associates from time to time during the term of the Master Financial Services (2020 Renewal) Agreement which carry on businesses in deposit, clearing, bill discounting and securities, factoring finance, financial leasing and guarantees and Other Financial Services, including but not limited to Finance Company;
“Wuhan CDOT”	Wuhan China Display Optoelectronics Technology Company Limited* (武漢華顯光電技術有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Wuhan CSOT;
“Wuhan CSOT”	Wuhan China Star Optoelectronics Technology Co., Ltd.* (武漢華星光電技術有限公司), a company established under the laws of the PRC with limited liability and an indirect subsidiary of TCL Technology;
“%”	per cent.

The English transliteration of the Chinese name(s) in this circular, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

LETTER FROM THE BOARD

China Display Optoelectronics Technology Holdings Limited 華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

Non-executive Director:

Mr. LIAO Qian (*Chairman*)

Executive Directors:

Mr. OUYANG Hongping (*Chief Executive Officer*)

Mr. WEN Xianzhen

Mr. ZHANG Feng

Independent Non-executive Directors:

Ms. HSU Wai Man, Helen

Mr. LI Yang

Mr. XU Yan

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business in Hong Kong:

8th Floor

Building 22E

Phase Three, Hong Kong Science Park

Pak Shek Kok

New Territories

Hong Kong

12 July 2021

To the Shareholders

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER FINANCIAL SERVICES (2020 RENEWAL) AGREEMENT

INTRODUCTION

Reference is made to the announcement and the circular of the Company dated 2 December 2019 and 9 December 2019 respectively in relation to the Master Financial Services (2020 Renewal) Agreement and the announcement of the Company dated 6 July 2021.

The purposes of this circular are:

- (i) to provide the Shareholders with further details regarding the Revised Caps;

LETTER FROM THE BOARD

- (ii) to set out the recommendations from the Independent Board Committee regarding the Revised Caps;
- (iii) to set out the advice from Halcyon Capital Limited, the Independent Financial Advisor, regarding the Revised Caps; and
- (iv) to give the Shareholders other information in accordance with the requirements of the Listing Rules.

The notice of SGM is enclosed herein as part of this circular.

REVISION OF ANNUAL CAPS IN RESPECT OF THE MASTER FINANCIAL SERVICES (2020 RENEWAL) AGREEMENT

The Company has entered into the Master Financial Services (2020 Renewal) Agreement on 2 December 2019 with TCL Technology and Finance Company, pursuant to which, among other things, any China Display Qualified Member may from time to time request Finance Company to provide Deposit Services. The Master Financial Services (2020 Renewal) Agreement, the transactions contemplated thereunder together with the relevant annual caps for the three years ending 31 December 2022 were subsequently approved, confirmed and ratified by the Shareholders during a special general meeting held on 24 December 2019.

Based on the actual amounts of the maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) under the Deposit Services and the projected demand of China Display Qualified Members, the Company anticipates that the amount of relevant Existing Caps of the Deposit Services under the Master Financial Services (2020 Renewal) Agreement for the two years ending 31 December 2021 and 2022 will not be sufficient to meet the demand of the Group. Accordingly, the Company proposes to revise the Existing Caps.

Save for the Revised Caps, all terms and conditions of the Master Financial Services (2020 Renewal) Agreement shall remain unchanged. For the avoidance of doubt, no revision is proposed to be made to the respective annual caps for the Financing Services, Other Financial Services and Promotion Services under the Master Financial Services (2020 Renewal) Agreement.

For the principal terms and details of the Master Financial Services (2020 Renewal) Agreement, please refer to the announcement and the circular of the Company dated 2 December 2019 and 9 December 2019 respectively.

LETTER FROM THE BOARD

HISTORICAL FIGURES AND PROPOSED REVISED CAPS

The following table sets out the respective relevant historical figures of the Deposit Services under the Master Financial Services (2020 Renewal) Agreement for the year ended 31 December 2020 and for the five months ended 31 May 2021, the Existing Caps for the three years ending 31 December 2022 and the proposed Revised Caps for the two years ending 31 December 2021 and 2022:

	For the year ended 31 December 2020 <i>RMB'000</i>	For the five months ended 31 May 2021 (for actual amount only)/ For the year ending 31 December 2021 (for Existing Cap and Revised Cap only) <i>RMB'000</i>	For the year ending 31 December 2022 <i>RMB'000</i>
Master Financial Services (2020 Renewal) Agreement			
<i>Deposit Services</i>			
Maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security)			
– Existing Cap	895,000	985,000	1,084,000
– Actual	560,528	902,744	N/A
– Proposed Revised Cap	N/A	1,450,000	1,690,000

LETTER FROM THE BOARD

BASIS FOR DETERMINING THE REVISED CAPS

The proposed Revised Caps in relation to the Master Financial Services (2020 Renewal) Agreement are determined with reference to the following factors:

- (i) Based on the unaudited management accounts of the Group, during the five months ended 31 May 2021, the actual amount of the maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) of the Group under the Master Financial Services (2020 Renewal) Agreement reached 91.6% of the Existing Cap for the year ending 31 December 2021 and hence is approaching the limit of the Existing Cap.
- (ii) The Company recorded a net increase in its cash and cash equivalents of RMB322 million and RMB347 million for the year ended 31 December 2020 and the five months ended 31 May 2021, respectively. It is expected that following the previous growing trend, the cash and cash equivalent generated from the business operations of the Group would experience a gradual growth. As such, it is anticipated that there will be a corresponding increase in the amount of deposits under the Master Financial Services (2020 Renewal) Agreement for the two years ending 31 December 2021 and 2022.
- (iii) The Group would receive cash proceeds of approximately RMB286 million from the disposal of 70% equity interest in Wuhan CDOT by the Group which has been completed on 30 June 2021 (for details of the disposal, please refer to the announcements of the Company dated 25 May 2021 and 30 June 2021, and the circular of the Company dated 26 May 2021 respectively). Accordingly, it is anticipated that the Group would have strong demand for deposit services in the meantime before fully utilising such proceeds.
- (iv) Having been satisfied with the services and the benefits provided by Finance Company, such as better interest rates than available from other financial institutions, the Group could to the greatest extent make all its deposits with Finance Company if and when the terms offered by Finance Company are favourable to the Group, hence it is expected that the balance of deposits with Finance Company will increase.

In view of the foregoing factors, the Company anticipates that the actual amount of transactions will exceed the previous projection and that the Existing Caps will not be sufficient to meet the Group's requirement for the two years ending 31 December 2021 and 2022. Accordingly, the Company proposes to revise the Existing Caps to the proposed Revised Caps.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE REVISED CAPS

Whilst the Company will be able to continue to earn interest income from the deposits made with Finance Company, given such interest income earned from Finance Company for the year ended 31 December 2020 was only approximately RMB2,392,000 and represented a small proportion of the Company's earnings and net assets, the Company anticipates that the Revised Caps and the Deposit Services contemplated under the Master Financial Services (2020 Renewal) Agreement will not have any material impact on the Company's earnings, assets and liabilities.

REASONS FOR AND BENEFITS OF REVISING THE EXISTING CAPS

As Finance Company has been providing financial services to the Group and has a thorough understanding of the operations and development needs of the Group, it is expected that the revision of the annual caps of the Deposit Services under the Master Financial Services (2020 Renewal) Agreement will facilitate China Display Qualified Members to continue to receive efficient deposit services from Finance Company.

The Revised Caps would provide more flexibility for China Display Qualified Members in terms of liquidity and facilitate the China Display Qualified Members in meeting their financial needs in expanding business operations. It would allow China Display Qualified Members to continue to utilise the Deposit Services as and when necessary, especially when Finance Company is able to provide more favourable overall terms than those offered by other Independent Third Parties.

In light of the above, the Directors (excluding the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee) consider that the Revised Caps and the transactions contemplated thereunder are fair and reasonable; on normal commercial terms or better and in the ordinary and usual course of business of the Group; and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

INTERNAL CONTROL PROCEDURES AND PRICING POLICY

The Group will continue to follow the internal control procedures and pricing policies as stated in the announcement and the circular of the Company dated 2 December 2019 and 9 December 2019 respectively when conducting the transactions contemplated under the Revised Caps and the Master Financial Services (2020 Renewal) Agreement. The aforementioned internal control procedures and pricing policies in respect of the Deposit Services are set out below for easy reference:

- (i) If Finance Company decides to accept any amount of cash deposits from a China Display Qualified Member (including current deposits, fixed deposits or any other form of deposits), the interest rates offered by Finance Company will be determined based on rates quoted by major PRC commercial banks such as Bank of China Limited for the same period, and it will not be lower or less favourable than the interest rates offered by major PRC commercial banks from time to time. Other terms and conditions offered by Finance Company as a whole shall also not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms negotiated on arm's length basis. The Group will also compare from time to time and at least every quarter the interest rates offered by Finance Company against (i) the benchmark interest rates promulgated by the PBOC (in the case of deposit made in PRC), (ii) interest rates quoted by at least three major commercial banks in the relevant jurisdiction and (iii) interest rates for similar deposit service quoted by Finance Company to other members of TCL Technology Group to ensure those offered by Finance Company is no less favourable or better than the said benchmark interest rates.
- (ii) The Group's finance department will monitor the maximum daily balance of the deposits on a daily basis to ensure that the aggregate deposits do not exceed the applicable annual caps.
- (iii) The Group will also maintain accounts with independent banks. Should the balance at the end of any day exceed the maximum daily balance of deposits, the excess funds will be transferred to the Group's bank accounts with an independent commercial bank.

LETTER FROM THE BOARD

- (iv) The Group will request Finance Company, TCL Financial Services Associates and TCL Technology to provide the Group with sufficient information including various financial indicators, such as its asset size, liquidity ratios, operation ratios, level of bad assets and its risk rating assessed by CBIRC (if and when available) at the end of every year as well as annual and interim financial statements to enable the Group to monitor and review the financial condition of the Finance Company and/or TCL Financial Services Associates. Finance Company, TCL Financial Services Associates and TCL Technology shall notify the Group, subject to compliance with applicable laws and regulations, should it be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of any of them. If the Group considers that there is any material adverse change in the financial condition of Finance Company and/or TCL Financial Services Associates, the Group will take appropriate measures (for example, early uplift of deposits and a moratorium on further deposits) to protect the Group's financial position.
- (v) Finance Company and/or TCL Financial Services Associates will also provide the Group with a monthly report on the status of the Group's deposits so as to enable the Group to monitor and ensure that the relevant annual cap under the Master Financial Services (2020 Renewal) Agreement has not been exceeded. Particularly, the Group has in place an internal control system to monitor the usage of annual cap, and Finance Company would monitor the daily ending balance of cash deposited by the Group and would issue a warning to the Group when the balance reaches 90% of the relevant annual cap. Upon receiving the warning, the Group will instruct Finance Company to transfer and deposit such amount in excess with other independent financial institutions as soon as possible within the same day and in any event no later than the next business day. The Group will also conduct a weekly forecast on its level of operating cash to determine the amount to be deposited with Finance Company in the following week, so as to ensure the maximum outstanding daily ending balance of deposits deposited with Finance Company will not exceed the relevant annual cap at any given time. If it is expected that the amount of cash to be generated from Finance Company (e.g. cash received from bills discounting service provided by Finance Company), if deposited with Finance Company, will cause the total balance of cash deposited by the Group with Finance Company to exceed the relevant annual cap, the Group will instruct Finance Company to transfer and deposit such amount in excess with other independent financial institutions in advance so as to ensure the maximum outstanding daily ending balance of deposits deposited with Finance Company will not exceed the relevant annual cap at any given time.

LETTER FROM THE BOARD

- (vi) The Group will, from time to time at its sole discretion, request for the deposits with Finance Company to be withdrawn (either in full or in part) to assess and ensure the liquidity and safety of the Group's deposits.
- (vii) Pursuant to the Master Financial Services (2020 Renewal) Agreement, TCL Technology has undertaken that if Finance Company fails to make any repayment in accordance with the relevant terms and procedure, TCL Technology shall repay any outstanding deposit amount on behalf of Finance Company in full and/or offset the relevant outstanding deposit amount against and up to the same amount of any outstanding loans owed by it to and/or any trade financing provided to it by Finance Company and/or TCL Financial Services Associates and/or TCL Technology. Such undertaking provides indemnification for the deposits with Finance Company under the Master Financial Services (2020 Renewal) Agreement.
- (viii) The Company will prepare risk assessment reports and data in respect of the funds deposited with Finance Company every quarter which will be submitted to the Board for consideration. The contents of such risk assessment reports include the total balance and maximum daily balance of the deposits for the reporting period, a summary of the interest rates of the deposits with Finance Company during the reporting period, and the terms thereof. It will also report to the Board every six months with respect to the deposits under the Master Financial Services (2020 Renewal) Agreement including compliance with annual caps and any potential change in the risk profile of Finance Company.

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, TCL Technology, the ultimate controlling shareholder of the Company, indirectly held approximately 64.21% of the number of issued Shares and therefore is a connected person of the Company under the Listing Rules. Finance Company, being a subsidiary of TCL Technology, is also a connected person of the Company. Therefore, the transactions (including the Deposit Services) contemplated under the Revised Caps and the Master Financial Services (2020 Renewal) Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the Revised Caps exceed 5%, the Revised Caps are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

As one or more of the applicable percentage ratios in relation to the Revised Caps exceed 25% and the assets ratio of the Revised Caps exceeds 8%, in addition to being continuing connected transactions, the Revised Caps also constitute major transactions of the Company and are subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules; and the Deposit Services further constitute advances to an entity and are subject to the relevant disclosure requirements under Chapter 13 of the Listing Rules.

In accordance with the Listing Rules, any connected person of the Company and any Shareholder with a material interest in the Revised Caps and its close associate(s) must abstain from voting on the relevant resolution(s) at the SGM. At the Latest Practicable Date, High Value Ventures Limited, an indirect subsidiary of TCL Technology, is directly interested in 1,357,439,806 Shares, representing approximately 64.21% of the number of issued Shares. Accordingly, High Value Ventures Limited, being a TCL Associate and holder of 1,357,439,806 Shares, will abstain from voting on the resolution in respect of the Revised Caps to be put forward at the SGM. Save as the aforesaid, the Directors are not aware of any other Shareholders who are required to abstain from voting on the resolution(s) in respect of the Revised Caps to be put forward at the SGM.

Notwithstanding the respective interest and/or roles of certain Directors in TCL Technology Group, in particular, as at the Latest Practicable Date, (i) Mr. LIAO Qian who also holds various positions in TCL Technology Group, namely an executive director, the senior vice president and the secretary of the board of directors of TCL Technology; (ii) Mr. OUYANG Hongping who is interested in 26,600 shares in TCL Technology (representing approximately 0.0002% of the issued share capital of TCL Technology) and is also a general manager of LTPS (low-temperature polysilicon) division of small and medium-sized business group of TCL CSOT, a director of Wuhan CDOT and a general manager of Wuhan CSOT; and (iii) Mr. ZHANG Feng who is interested in 358,148 shares in TCL Technology (representing approximately 0.0026% of the issued share capital of TCL Technology) and is also the legal representative of Wuhan CSOT and Wuhan CDOT, the senior vice president of TCL CSOT, the general manager of small and medium-sized business group of TCL CSOT and the general manager of Wuhan China Star Optoelectronics Semiconductor Display Technology Company Limited* (武漢華星光電半導體顯示技術有限公司, a subsidiary of TCL CSOT); as each of their respective direct interest in TCL Technology Group is either by virtue of common directorship/senior management role (in the case of Mr. LIAO Qian, Mr. OUYANG Hongping and Mr. ZHANG Feng) or the immaterial interest in shares of TCL Technology (in the case of Mr. OUYANG Hongping and Mr. ZHANG Feng), their respective direct or indirect interests in TCL Technology Group are insignificant and that none of the TCL Associates are associates of any of the Directors, none of them is considered as having a material interest in the transactions contemplated under the Revised Caps and the Master Financial Services (2020 Renewal) Agreement, therefore all Directors are entitled to vote on the Board resolution(s) for considering and approving the Revised Caps pursuant to the Bye-Laws.

LETTER FROM THE BOARD

GENERAL INFORMATION OF THE PARTIES

Headquartered in the PRC, the Group is principally engaged in the research and development, manufacture, sales and distribution of LCD modules. The Group is also one of the major suppliers of small and medium sized display modules in the PRC. The Group has its manufacturing plants in the PRC and distributes its products in Asia, with focus on Hong Kong and the PRC markets. For more information on the Group, please visit its official website at www.cdth8.com (the information that appears in this website does not form part of this circular).

TCL Technology is a major PRC conglomerate and is principally engaged in semi-conductor display and material business. For more information on TCL Technology, please visit its official website at <http://www.tcltech.com> (the information that appears in that website does not form part of this circular). As at the Latest Practicable Date, based on the information available to the Directors, no shareholder of TCL Technology holds 10% or more equity interest in TCL Technology.

Finance Company, a subsidiary of TCL Technology, is owned as to 82% by TCL Technology and 18% by TCL CSOT as at the Latest Practicable Date. It provides financial services including corporate finance advisory services, credit worthiness verification and related consultancy and agency services, collection and payment services, approved insurance agency services, guarantee services, agency lending and investment services, discounting bills and design of various schemes for settlement and clearing in respect of group fund transfer, and any other services approved by the CBIRC for the Qualified Members.

SGM

The Company will convene the SGM at 8th Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong on 29 July 2021, Thursday at 3:00 p.m., at which resolution(s) will be proposed for the purposes of considering and, if thought fit, approving the proposed Revised Caps. The notice of the SGM is set out on pages 43 to 45 of this circular.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM or any adjournment thereof (as the case may be) in person, please complete the form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar of the Company, Tricor Investor Services Limited, at Level 54, 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 SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

RECORD DATE

The record date (being the last date of registration of any transfer of Shares given there will be no closure of register of members) for determining the entitlements of the Shareholders to attend and vote at the SGM is 23 July 2021, Friday. In order to qualify to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 23 July 2021, Friday.

RECOMMENDATION

Your attention is drawn to (a) the letter from the Independent Board Committee set out on page 19 of this circular which contains the recommendation of the Independent Board Committee to the Shareholders regarding the resolution in respect of the Revised Caps to be proposed at the SGM; (b) the letter from Halcyon Capital Limited, the Independent Financial Advisor, set out on pages 20 to 33 of this circular which contains its advice to the Independent Board Committee and the Shareholders in respect of the Revised Caps; and (c) additional information set out in the appendix to this circular.

The Independent Board Committee, having taken into account the advice (together with principal factors and reasons considered in arriving at such advice) of the Independent Financial Advisor, considers that the proposed Revised Caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and are entered in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the SGM in respect of the Revised Caps.

The Board considers that the Revised Caps and the transactions contemplated thereunder are fair and reasonable; on normal commercial terms or better and in the ordinary and usual course of business of the Group; and in the interests of the Company and the Shareholders as a whole.

The Board also considers that the resolutions proposed in the notice of SGM are in the best interests of the Company and the Shareholders as a whole and therefore recommend you to vote in favour of all the relevant resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

PRECAUTIONARY MEASURES FOR THE SGM IN VIEW OF COVID-19 PANDEMIC

In view of the recent development of the pandemic caused by coronavirus disease 2019 (COVID-19), and in order to better protect the safety and health of the Shareholders, a series of pandemic precautionary measures will be implemented at the venue of the SGM:-

- (i) compulsory body temperature check will be conducted for every person at the entrance of the venue of SGM. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
- (ii) every person is required to wear facial mask at the venue of the SGM;
- (iii) seating in the SGM venue will be arranged so as to allow for appropriate social distancing; and
- (iv) no refreshments will be served at the SGM.

Subject to the development of the COVID-19 pandemic and in compliance with applicable laws and regulations, the Company may implement further precautionary measures at the SGM.

The Company wishes to remind the Shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly advises the Shareholders to appoint the chairman of the SGM as a proxy to vote on relevant resolution(s) as instructed in accordance with the relevant proxy form as an alternative to attending the SGM in person in light of the continuing risks posed by the COVID-19 pandemic. For more details, please refer to the proxy form for the SGM.

Shareholders and other participants who will attend the SGM in person are advised to (a) consider carefully the risk of attending the SGM, which will be held in an enclosed environment; (b) follow and comply with any laws, regulations, guidelines or requirements implemented by the Hong Kong Government relating to COVID-19 pandemic; and (c) not to attend the SGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

Yours faithfully,
By order of the Board
LIAO Qian
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

China Display Optoelectronics Technology Holdings Limited

華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

Date: 12 July 2021

To: the Shareholders

Dear Sirs or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER FINANCIAL SERVICES (2020 RENEWAL) AGREEMENT

We refer to the circular of the Company dated 12 July 2021 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms defined in the Circular bear the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as the members of the Independent Board Committee to consider and advise the Shareholders in respect of the Revised Caps, details of which are set out in the Circular.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Advisor set out on pages 7 to 18 and pages 20 to 33 of the Circular respectively.

Having taken into account of the advice (together with principal factors and reasons considered in arriving at such advice) of Halcyon Capital Limited, the Independent Financial Advisor, we consider that the Revised Caps and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better and are entered in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM in respect of the Revised Caps.

Yours faithfully,

XU Yan, HSU Wai Man, Helen,

LI Yang

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the full text of the letter of advice from Halcyon Capital Limited to the Independent Board Committee and the independent Shareholders, which has been prepared for the purpose of the inclusion in this circular.



Halcyon Capital Limited

11/F, 8 Wyndham Street,
Central, Hong Kong

12 July 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER THE MASTER FINANCIAL SERVICES (2020 RENEWAL) AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in relation to the revision of the annual caps of the Master Financial Services (2020 Renewal) Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 12 July 2021 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 2 December 2019, the Company, TCL Technology and Finance Company entered into the Master Financial Services (2020 Renewal) Agreement for the renewal of the then Master Financial Services (2017 Renewal) Agreement with a few amendments. To govern the on-going financial services transactions (including but not limited to the Deposit Services) among the Company, TCL Technology and Finance Company, annual caps of maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) amounting to RMB985 million and RMB1,084 million were set for the two years ending 31 December 2021 and 2022 respectively. These annual caps were subsequently approved, confirmed and ratified by the Shareholders during a special general meeting held on 24 December 2019. As the Company anticipates that the amount of relevant Existing Caps of the Deposit Services for the two years ending 31 December 2021 and 2022 will not be sufficient to meet the demand of the Group. Accordingly, the Company proposes to revise the Existing Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As at the Latest Practicable Date, TCL Technology, the ultimate controlling Shareholder, indirectly held approximately 64.21% of the number of issued Shares, and therefore is a connected person of the Company under the Listing Rules. Finance Company, being a subsidiary of TCL Technology, is also a connected person of the Company. Therefore, the revision of the Existing Caps contemplated under the Master Financial Services (2020 Renewal) Agreement constitutes continuing connected transactions of the Company. As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the annual caps of the Master Financial Services (2020 Renewal) Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, circular (including independent financial advice), independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in relation to the Revised Caps exceed 25% and the assets ratio of the Revised Caps exceeds 8%, in addition to being continuing connected transactions, the Revised Caps also constitute major transactions of the Company and are subject to the relevant major transaction requirements under Chapter 14 of the Listing Rules. Furthermore, the Deposit Services constitute advances to an entity and are subject to the relevant disclosure requirements under Chapter 13 of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Hsu Wai Man Helen, Mr. Li Yang and Mr. Xu Yan has been established to advise the independent Shareholders as to whether the Revised Caps and the transactions contemplated thereunder are fair and reasonable so far as the independent Shareholders are concerned, whether they are on normal commercial terms or better and in the ordinary and usual course of business of the Group, whether they are in the interest of the Company and the independent Shareholders as a whole and how to vote on the relevant resolution in the SGM. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, our role is to provide the Independent Board Committee and the independent Shareholders with an independent opinion and recommendation in this regard.

BASIS OF OUR OPINION

Except for being appointed as the independent financial adviser to the then independent board committee and independent Shareholders of the Company (details of which have been set out in the letter from the independent financial adviser contained in the circulars of the Company dated 28 August 2019, 9 December 2019 and 5 June 2020) and this appointment as the Independent Financial Adviser and normal professional fees paid or payable to us in connection therewith, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We are hence independent from the Company pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

In formulating our opinion and recommendation, we have relied on the information, financial information and facts included in the Circular and supplied to us, and the representations expressed by the Directors and/or management of the Group, and have assumed that all such information, financial information, facts and any representations made to us, or referred to in the Circular, in all material aspects, were true, accurate and complete as at the time they were made and as at the Latest Practicable Date, have been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and representations provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the announcements, financial reports of the Company and the Circular. We have also discussed with the Directors and/or the management of the Group with respect to the terms of and reasons for the transactions contemplated under the Master Financial Services (2020 Renewal) Agreement (including the Revised Caps) and considered that we have reviewed sufficient information to reach an informed view and to justify reliance on the information provided and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and supplied to us by the Directors and/or the management of the Group nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, profitability or prospects of the Group, TCL Technology, Finance Company, China Display Qualified Member and each of their respective associates, and the parties involved in the transactions contemplated under the Master Financial Services (2020 Renewal) Agreement.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Revised Caps and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Background information of the Group

As stated in the Letter from the Board, headquartered in the PRC, the Group is principally engaged in the research and development, manufacture, sales and distribution of LCD modules. The Group is also one of the major suppliers of small and medium sized display modules in the PRC. The Group has its manufacturing plants in the PRC and distributes its products in Asia, with focus on Hong Kong and the PRC markets.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following table sets out the summary of financial performance and financial position of the Group for the two years ended 31 December 2019 and 2020 as extracted from the Company's annual report:

	31 December	
	2019	2020
	(audited)	(audited)
	RMB'000	RMB'000
Revenue	5,455,790	4,352,804
Gross profit	268,237	219,619
Profit attributable to owners of the parent of the Company	52,448	25,147
Cash and cash equivalents	101,054	416,730
Net cash flows from/(used in) operating activities	(327,314)	1,358,875

Whilst the COVID-19 pandemic in the first half of 2020 has affected the Group's production and operation, the market demand for mobile phone has rebounded and the productivity of the Group's production base located in Wuhan has returned to normal seasonal levels as the domestic pandemic eased due to effective prevention and control. In the second half of 2020, the Group achieved a turnaround as compared to the first half of 2020. The Group had recorded a decrease in revenue and profit attributable to owners of the parents of the Company, from RMB5.5 billion to RMB4.4 billion and from RMB52.4 million to RMB25.1 million respectively in 2020 as compared to that in 2019.

With the recording of net cash inflow from operating activities in 2020 as compared to the net cash outflow from operating activities in 2019 and the decrease in cash outflow for purchase of property plant and equipment in 2020, the Group recorded a substantial increase cash and cash equivalents balance from RMB101.1 million as at 31 December 2019 to RMB416.7 million as at 31 December 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Directors expected that due to COVID-19 pandemic, the demand for remote work and learning has increased tremendously, boosting the market demand for laptops and tablets. Such strong demand is very likely to continue in 2021. The latest IDC report forecasts that smart devices will become scenario-based in the future. It is expected that in 2021, around 8% of smart devices will be modeled for educational use, while more than 20% of smart devices will be related to smart-home. According to the 2020 annual report of the Company, COVID-19 pandemic has also ushered in a new norm globally. Since the second half of 2020, consumers around the world have shifted their normal spending from items including travel, dining out, and general leisure to items like consumer electronics, thus the Directors were of the view that global smartphone market is expected to return to growth in 2021. As substantially all of the Group's revenue are attributable to the revenue from smartphone display modules for the consumer mobile device market. Therefore, the general state of the global economy, market condition and consumers' behaviour may have significant impact towards the operating results and financial position of the Group.

2. Background to and reasons for revising the Existing Caps

The Company entered into the Master Financial Services (2017 Renewal) Agreement on 18 August 2017, which expired on 31 December 2019. As the Company wishes to continue the continuing connected transactions contemplated thereunder (including the Deposit Services), on 2 December 2019 the Company entered into the Master Financial Services (2020 Renewal) Agreement, pursuant to which, among other things, any China Display Qualified Member may from time to time request Finance Company to provide Deposit Services. The Master Financial Services (2020 Renewal) Agreement, the transactions thereunder together with the relevant annual caps for the three years ending 31 December 2022 were subsequently approved, confirmed and ratified by the Shareholders during a special general meeting held on 24 December 2019.

Based on the actual amounts of the maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) under the Deposit Services and the projected demand of China Display Qualified Members, the Company anticipates that the amount of relevant Existing Caps of the Deposit Services under the Master Financial Services (2020 Renewal) Agreement for the two years ending 31 December 2021 and 2022 will not be sufficient to meet the demand of the Group. Accordingly, the Company proposes to revise the Existing Caps.

Considering the foregoing including among other things, the substantial increase in cash and cash equivalents balances of the Group as at 31 December 2020, we are of the view that the revising of the Existing Caps is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

3. Principal terms of the Master Financial Services (2020 Renewal) Agreement

Save for the Revised Caps, all terms and conditions of the Master Financial Services (2020 Renewal) Agreement shall remain unchanged. For the avoidance of doubt, no revision is proposed to be made to the respective annual caps for the Financing Services, Other Financial Services and Promotion Services under the Master Financial Services (2020 Renewal) Agreement.

For the principal terms and details of the Master Financial Services (2020 Renewal) Agreement, please refer to the announcement and the circular of the Company dated 2 December 2019 and 9 December 2019 respectively.

Internal control procedures

We have noted the Group's internal control procedures for Deposit Services as follows:

- (1) If Finance Company decides to accept any amount of cash deposits from a China Display Qualified Member (including current deposits, fixed deposits or any other form of deposits), the interest rates offered by Finance Company will be determined based on rates quoted by major PRC commercial banks such as Bank of China Limited for the same period, and it will not be lower or less favourable than the interest rates offered by major PRC commercial banks from time to time. Other terms and conditions offered by Finance Company as a whole shall also not be less favourable than those offered by other independent financial institutions and shall be on normal commercial terms negotiated on arm's length basis. The Group will also compare from time to time and at least every quarter the interest rates offered by Finance Company against (i) the benchmark interest rates promulgated by the PBOC (in the case of deposit made in PRC); (ii) interest rates quoted by at least three major commercial banks in the relevant jurisdiction; and (iii) interest rates for similar deposit services quoted by Finance Company to other members of TCL Technology Group to ensure those offered by Finance Company are no less favourable or better than the said benchmark interest rates.
- (2) The Group's finance department will monitor the maximum daily balance of the deposits on a daily basis to ensure that the aggregate deposits do not exceed the applicable annual caps.
- (3) The Group will also maintain accounts with independent banks. Should the balance at the end of any day exceed the maximum daily balance of deposits, the excess funds will be transferred to the Group's bank accounts with an independent commercial bank.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- (4) The Group will request Finance Company, TCL Financial Services Associates and TCL Technology to provide the Group with sufficient information including various financial indicators, such as its asset size, liquidity ratios, operation ratios, level of bad assets and its risk rating assessed by CBIRC (if and when available) at the end of every year as well as annual and interim financial statements to enable the Group to monitor and review the financial condition of the Finance Company and/or TCL Financial Services Associates. Finance Company, TCL Financial Services Associates and TCL Technology shall notify the Group, subject to compliance with applicable laws and regulations, should it be subject to any judicial, legal or regulatory proceedings or investigations which are reasonably likely to have a material impact on the financial condition of any of them. If the Group considers that there is any material adverse change in the financial condition of Finance Company and/or TCL Financial Services Associates, the Group will take appropriate measures (for example, early uplift of deposits and a moratorium on further deposits) to protect the Group's financial position.
- (5) Finance Company and/or TCL Financial Services Associates will also provide the Group with a monthly report on the status of the Group's deposits so as to enable the Group to monitor and ensure that the relevant annual cap under the Master Financial Services (2020 Renewal) Agreement has not been exceeded. Particularly, the Group has in place an internal control system to monitor the usage of annual cap, and Finance Company would monitor the daily ending balance of cash deposited by the Group and would issue a warning to the Group when the balance reaches 90% of the relevant annual cap. Upon receiving the warning, the Group will instruct Finance Company to transfer and deposit such amount in excess with other independent financial institutions as soon as possible within the same day and in any event no later than the next business day. The Group will also conduct a weekly forecast on its level of operating cash to determine the amount to be deposited with Finance Company in the following week, so as to ensure the maximum outstanding daily ending balance of deposits deposited with Finance Company will not exceed the relevant annual cap at any given time. If it is expected that the amount of cash to be generated from Finance Company (e.g. cash received from bills discounting service provided by Finance Company), if deposited with Finance Company, will cause the total balance of cash deposited by the Group with Finance Company to exceed the relevant annual cap, the Group will instruct Finance Company to transfer and deposit such amount in excess with other independent financial institutions in advance so as to ensure the maximum outstanding daily ending balance of deposits deposited with Finance Company will not exceed the relevant annual cap at any given time.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- (6) The Group will, from time to time at its sole discretion, request for the deposits with Finance Company to be withdrawn (either in full or in part) to assess and ensure the liquidity and safety of the Group's deposits.
- (7) Pursuant to the Master Financial Services (2020 Renewal) Agreement, TCL Technology has undertaken that if Finance Company fails to make any repayment in accordance with the relevant terms and procedure, TCL Technology shall repay any outstanding deposit amount on behalf of Finance Company in full and/or offset the relevant outstanding deposit amount against and up to the same amount of any outstanding loans owed by it to and/or any trade financing provided to it by Finance Company and/or TCL Financial Services Associates and/or TCL Technology. Such undertaking provides indemnification for the deposits with Finance Company under the Master Financial Services (2020 Renewal) Agreement.
- (8) The Company will prepare risk assessment reports and data in respect of the funds deposited with Finance Company every quarter which will be submitted to the Board for consideration. The contents of such risk assessment reports include the total balance and maximum daily balance of the deposits for the reporting period, a summary of the interest rates of the deposits with Finance Company during the reporting period, and the terms thereof. It will also report to the Board every six months with respect to the deposits under the Master Financial Services (2020 Renewal) Agreement including compliance with annual caps and any potential change in the risk profile of Finance Company.

Other than disclosed above, the Company's audit committee will also scrutinize the implementation and enforcement of the transactions under the Master Financial Services (2020 Renewal) Agreement. If the Company's audit committee is of the view that it would be in the Company's interests to reduce the level of deposits, the Group will take appropriate steps to implement its decision. Any material findings in the risk assessment reports, the views of the Company's audit committee on the Deposit Services under the Master Financial Services (2020 Renewal) Agreement (including its views on how the terms of the Master Financial Services (2020 Renewal) Agreement have been complied with) and its decisions on matters in relation thereto will be disclosed in the Company's annual reports.

The responsible personnel conducting the above internal control procedures are all employees of the Company who are independent to TCL Technology, the Finance Company and their associates. The Directors has confirmed that the Group has fully complied with the above internal control procedures for the Deposit Services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

4. Comparison of terms with independent third parties

We have noted from the notice of interest rate offered by the Finance Company issued in 2020 that, the interest rate offered by Finance Company was no less favorable than (i) the benchmark interest rate promulgated by the PBOC; (ii) interest rates quoted by three PRC major commercial banks; and (iii) such interest rates to be offered by the Finance Company will be available to any members of TCL Technology Group for similar deposit service.

As stated in the 2020 annual report of the Company, the independent non-executive Directors have confirmed that the continuing connected transactions (including the Deposit Services) were entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that were fair and reasonable and in the interests of the Company and its shareholders as a whole. Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has also been provided by the Company to the Stock Exchange in respect of the continuing connected transactions in 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

5. Basis of the proposed annual caps

The following table sets out the respective relevant historical figures of the Deposit Services under the Master Financial Services (2020 Renewal) Agreement for the year ended 31 December 2020 and for the five months ended 31 May 2021, the Existing Caps for the three years ending 31 December 2022 and the proposed Revised Caps for the two years ending 31 December 2021 and 2022:

	For the year ended 31 December 2020 <i>RMB'000</i>	For the five months ended 31 May 2021 (for actual amount only)/ For the year ending 31 December 2021 (for Existing Cap and Revised Cap only) <i>RMB'000</i>	For the year ending 31 December 2022 <i>RMB'000</i>
Deposit Services			
Existing Cap <i>(Note)</i>	895,000	985,000	1,084,000
Actual	560,528	902,744	N/A
Utilization rate	62.6%	91.6%	N/A
Proposed Revised Cap <i>(Note)</i>	N/A	1,450,000	1,690,000

Note:

Maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Based on the unaudited management accounts of the Group, during the five months ended 31 May 2021, the actual amounts of the maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) of the Group under the Master Financial Services (2020 Renewal) Agreement had been increased substantially from RMB560.5 million for the year ended 31 December 2020 to RMB902.7 million for the five months ended 31 May 2021 and reached 91.6% of the Existing Caps for 2021 and hence are approaching the limit of the Existing Caps.

As discussed with the management of the Company, such increase was mainly contributed by the increase in operating cash inflow during the period. As disclosed in the business update for the first quarter ended 31 March 2021, benefiting from the rebound of the demand in the mobile phone market, the Group's brand customers have actively placed orders. The Group achieved a total sales volume of 39.0 million units, representing a year-on-year growth of 92.1%, which drove the revenue to increase by 118.1% year-on-year to RMB1,675.3 million. Powered by the growth in the sales of A-Si products that have a high cost-performance ratio, the sales volume of the non-processing products has surged by 135.8% year-on-year to 16.8 million units, accounting for 43.0% of the total sales volume, of which the sales volume of laminated LCD module products increased by 153.0% year-on-year to 16.2 million units with the corresponding revenue increasing by 142.8% year-on-year to RMB1,367.9 million. The sales volume of the processing products reached 22.2 million units, representing a year-on-year increase of 68.5%, with the corresponding revenue increasing by 79.0% year-on-year to RMB253.4 million.

Furthermore, the Company recorded a net increase in its cash and cash equivalents of RMB322 million and RMB347 million for the year ended 31 December 2020 and the five months ended 31 May 2021, respectively. It is expected that following the previous growing trend, the cash and cash equivalent generated from the business operations of the Group would experience a gradual growth. In addition, the Group would also receive cash proceeds of approximately RMB286 million from the disposal of 70% equity interest in Wuhan CDOT by the Group which is expected to be completed within the year ending 31 December 2021 (for details of the disposal, please refer to the announcement and circular of the Company dated 25 May 2021 and 26 May 2021 respectively). Accordingly, it is anticipated that the Group would have strong demand for Deposit Services in the meantime before fully utilising such proceeds, as such, it is anticipated that there will be a corresponding increase in the amount of deposits under the Master Financial Services (2020 Renewal) Agreement for the years ending 31 December 2021 and 2022 and thus requiring the revision of the Existing Caps. Having been satisfied with the services and the benefits provided by Finance Company, such as better interest rates than available from other financial institutions, the Group could to the greatest extent make all of its deposits with Finance Company if and when the terms offered by Finance Company are favourable to the Group, hence it is expected that the balance of deposits with Finance Company will increase in the remaining months of 2021 and in 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The maximum outstanding daily ending balances of deposits for the five months ended 31 May 2021 of RMB902.7 million represented an increase of approximately 60% as compared to 2020 of RMB560.5 million. Taking into consideration such historical growth rate as well as the cash proceeds of approximately RMB286 million from the disposal of 70% equity interest in Wuhan CDOT which the Group is expected to receive in 2021, we concur with the Directors view that, the Revised Caps would provide more flexibility for China Display Qualified Members in terms of liquidity and facilitate the China Display Qualified Members in meeting their financial needs in expanding business operations. It would also allow China Display Qualified Members to continue to utilise the Deposit Services as and when necessary, especially when Finance Company is able to provide more favourable overall terms than those offered by other Independent Third Parties.

In view of the above and as the Revised Caps only provides flexibility but not an obligation to China Display Qualified Members to engage Finance Company for Deposit Services, the Deposit Services have been carried out in their respective ordinary and usual course of businesses and the continuing business relationship among China Display Qualified Members and Finance Company, we considered that the Deposit Services is conducted in the ordinary and usual course of business of the Group. As the Revised Caps have taken into consideration the anticipated growth in liquidity of the Group which may require Deposit Services (including cash proceeds of approximately RMB286 million from the disposal of 70% equity interest in Wuhan CDOT), we consider the Revised Caps and the transactions contemplated thereunder are fair and reasonable.

6. Reporting requirements and conditions of the Revised Caps and the transactions contemplated thereunder

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Revised Caps and the transactions contemplated thereunder are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the continuing connected transactions and confirm in the annual report that the continuing connected transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) on normal commercial terms or better; and
 - (iii) in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

- (b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least ten business days prior to the bulk printing of the Company's annual report) confirming that the continuing connected transactions:
 - (i) have received the approval of the Board;
 - (ii) are, in all material respects, in accordance with the pricing policies of the Group (if applicable);
 - (iii) have been entered into, in material respects, in accordance with the relevant agreement governing the continuing connected transactions; and
 - (iv) have not exceeded the annual caps;
- (c) the Company shall allow, and shall procure the relevant counterparties to the continuing connected transactions to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the continuing connected transactions as set out in paragraph (b); and
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

In light of (i) the restriction of the value of the Deposit Services by way of the Revised Caps; (ii) the Group's internal control policies as detailed in the section headed "Internal control procedures"; and (iii) the on-going review by the independent non-executive Directors and auditors of the Company of the terms of the Deposit Services and the Revised Caps not being exceeded, we are of the view that appropriate measures will be in place to effectively monitor the conduct of the Deposit Services, the Revised Caps and the transactions contemplated thereunder and assist to safeguard the interests of the independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Deposit Services are in the ordinary and usual course of business of the Group and in the interests of the Company and the independent Shareholders as a whole, the terms of which are on normal commercial terms and are fair and reasonable so far as the Company and the independent Shareholders are concerned, and the basis for determining the Revised Caps is fair and reasonable so far as the Company and the independent Shareholders are concerned.

Accordingly, we would recommend the independent Shareholders, and advise the Independent Board Committee to recommend the independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM in respect of the Revised Caps and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
Halcyon Capital Limited
Terry Chu
Managing Director

Mr. Terry Chu is a person licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Halcyon Capital Limited and has over 19 years of experience in corporate finance industry.

1. THREE-YEAR FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year of the Group.

The audited consolidated financial statements of the Company for the years ended 31 December 2020, 2019 and 2018 together with the relevant notes to the financial statements of the Company can be found on pages 54 to 125 of the annual report of the Company for the year ended 31 December 2020, pages 55 to 131 of the annual report of the Company for the year ended 31 December 2019, and pages 58 to 137 of the annual report of the Company for the year ended 31 December 2018. Please see below the hyperlinks to the said annual reports.

Annual report for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041600615.pdf>

Annual report for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042400683.pdf>

Annual report for the year ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0412/ltn20190412710.pdf>

2. STATEMENT OF INDEBTEDNESS**Bank and other borrowings**

As at 31 May 2021, being the latest practicable date for the purpose of this statement of indebtedness, the Group had bank borrowings of bank advance on discounted bill receivables of RMB70,000,000 and secured bank loan of RMB43,792,000, unsecured other borrowings of RMB24,000,000, and interest payable of RMB13,600,000.

Finance lease liabilities, contingent liabilities and commitments

As at 31 May 2021, the Group had finance lease liabilities of RMB8,034,000, and contracted but not provided capital commitments for plants and machineries of RMB274,093,000.

Save as aforesaid, the Group did not have any outstanding indebtedness in respect of any borrowings, mortgages, charges or debentures, loan capital, bank loans and overdrafts, loans, debt securities or other similar indebtedness, or hire purchase commitments, finance lease commitments, guarantees or other material contingent liabilities as at the close of business on 31 May 2021, being the latest practicable date for the purpose of this statement of indebtedness.

The Directors have confirmed that there has not been any material change in the indebtedness or the contingent liabilities of the Group since 31 May 2021.

3. WORKING CAPITAL

As at the Latest Practicable Date, the Directors, after due and careful enquiry, are of the opinion that, after taking into consideration of the effect of the proposed Revised Cap and the financial resources available to the Group, including internally generated financial resources, the Group will have sufficient working capital for its present requirement, that is for at least the next 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS

Looking ahead, while there remain uncertainties in the external economic environment, there is still a glimmer of light for the global mobile phone industry. According to the forecast by the research organisation, Canalys, the global shipment of smartphones in 2021 is expected to increase by nearly 10% year-on-year, as mobile phone manufacturers are making an effort to launch new products, actively promoting online sales and resuming operation of brick-and-mortar stores.

The Group will strive to maximise its production efficiency and effectiveness, keep fulfilling the orders of first-tier customers and strengthen its customer base. Furthermore, the Group will step up the research and development for 5G related products, enhance and preserve the advanced display technology including in-display fingerprints technology, so as to accommodate the requirements of 5G mobile phones and to build a solid operational base for the “era of new infrastructure”.

Because of the pandemic, the demand for remote work and learning has increased tremendously, boosting the market demand for notebook computers and tablets. Such strong demand is very likely to continue in 2021. The latest IDC report forecasts that the smart devices will become scenario-based in the future. It is expected that in 2021, around 8% of smart devices will be modeled for educational use, while more than 20% of smart devices will be related to smart-home. In view of this, the Group will actively allocate resources to the markets of smart home and wearable display modules to seize the great opportunity therein and horizontally expand the Group's business.

In the long run, the Group remains cautiously optimistic about the development prospects of the display module business. It is confident that it will further enhance its strengths in technology and economies of scale by improving the industry value chain, so as to increase its competitiveness. The Group will strive to face various challenges while sustaining the sales growth and steady development, as well as to create greater value for the Group and its shareholders

5. ACQUISITIONS AFTER THE DATE OF THE LATEST PUBLISHED AUDITED ACCOUNTS

The Group has not made any acquisition after the date of the latest published audited accounts required to be disclosed in this circular pursuant to the Listing Rules.

1. RESPONSIBILITY OF THE DIRECTORS

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

2. DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (“**Model Code**”), to be notified to the Company and the Stock Exchange, were as follows:

(a) Interest in the Company – Long Positions

Name of Directors	Number of ordinary Shares held		Number of underlying shares held under equity derivatives <i>(Note 1)</i>	Total	Approximate percentage of issued share capital of TCL Technology <i>(Note 2)</i>
	Personal interest	Other interests			
OUYANG Hongping	14,037,998	–	9,076,528	23,114,526	1.09%
HSU Wai Man, Helen	–	–	260,000	260,000	0.01%
XU Yan	–	–	260,000	260,000	0.01%
LI Yang	–	–	260,000	260,000	0.01%

Notes:

1. These equity derivatives were outstanding share options granted to the relevant Directors under a share option scheme of the Company.
2. Such percentage was calculated based on the number of shares and underlying shares of the Company in which the relevant Director was interested as notified to the Company and disclosed on the website of the Stock Exchange pursuant to Part XV of the SFO, against the number of issued Shares as at the Latest Practicable Date, being 2,114,117,429 Shares in issue.

(b) Interest in associated corporations of the Company – Long Positions*TCL Technology*

Name of Directors	Number of ordinary Shares held		Number of underlying shares held under equity derivatives	Total	Approximate percentage of issued share capital of TCL Technology (Note 1)
	Personal interest	Other interest			
OUYANG Hongping	26,600	–	–	26,600	0.0002%
ZHANG Feng	358,148	–	–	358,148	0.0026%

Note:

1. Such percentage was calculated based on the number of issued share capital of TCL Technology as at the Latest Practicable Date, being 14,030,788,362 shares in issue, as informed by TCL Technology.

Mr. LIAO Qian is also an executive director, the senior vice president and the secretary of the board of directors of TCL Technology. Mr. OUYANG Hongping is also a general manager of LTPS (low-temperature poly-silicon) division of small and medium-sized business group of TCL CSOT, a director of Wuhan CDOT and a general manager of Wuhan CSOT. Mr. ZHANG Feng is also the legal representative of Wuhan CSOT and Wuhan CDOT, the senior vice president of TCL CSOT, the general manager of small and medium-sized business group of TCL CSOT and the general manager of Wuhan China Star Optoelectronics Semiconductor Display Technology Company Limited* (武漢華星光電半導體顯示技術有限公司, a subsidiary of TCL CSOT).

Save as disclosed in this paragraph 2, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

3. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since the date to which the latest published audited accounts for the financial year ended 31 December 2020 of the Group were made up.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTEREST IN THE GROUP'S ASSETS

As at the Latest Practicable Date, none of the Directors had any interest in any assets which have been, since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group as referred to in paragraph 40 of Appendix 1B to the Listing Rules.

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

6. COMPETING INTERESTS

As at the Latest Practicable Date, the Directors were not aware that any of them (or his/her respective close associates) had direct or indirect interests in any business which competes or was likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. LITIGATION

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

8. EXPERT AND CONSENT

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

Name	Qualification
Halcyon Capital Limited	A licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) regulated activities for the purpose of the SFO

Halcyon Capital Limited, the Independent Financial Advisor, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 12 July 2021 and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Halcyon Capital Limited did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which have, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

9. MATERIAL CONTRACTS

In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

- (a) the construction agreement dated 8 April 2021 entered into between CDOT Huizhou and Fujian Liantai Construction Engineering Co., Ltd.* (*福建聯泰建設工程有限公司) in respect of the construction of factory plant, dormitories and ancillary facilities located at Huizhou, Guangdong Province, the PRC at a consideration of RMB211,366,388.68, subject to adjustments, provided that in any event the consideration (inclusive of adjustments, if any) shall not exceed RMB220,000,000.00 (for details, please refer to the announcement of the Company dated 8 April 2021);
- (b) the conditional share transfer agreement dated 25 May 2021 entered into between CDOT Huizhou and Wuhan CSOT, in relation to the disposal of 70% equity interest in Wuhan CDOT by CDOT Huizhou to Wuhan CSOT at a consideration of RMB286 million (for details, please refer to the announcements of the Company dated 25 May 2021 and 30 June 2021, and circular of the Company dated 26 May 2021 respectively); and
- (c) the deed dated 25 May 2021 entered into between TCL Technology, TCL Industries, TCL CSOT and the Company in relation to the variation of the non-competition deed dated 17 April 2015 executed by TCL technology and TCL Industries, both as covenantors, in favour of the Company (for details, please refer to the announcement and circular of the Company dated 25 May 2021 and 26 May 2021 respectively).

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong is 8th Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The secretary of the Company is Ms. CHEUNG Bo Man, a practising solicitor of Hong Kong.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS AVAILABLE FOR INSPECTION A1B.43

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at 8th Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the Bye-Laws;
- (b) the Master Financial Services (2020 Renewal) Agreement;
- (c) this circular;
- (d) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (e) the letter from Halcyon Capital Limited, the Independent Financial Advisor, the text of which is set out in this circular;
- (f) the written consent from Halcyon Capital Limited referred to in the section headed “EXPERT AND CONSENT” in this appendix;
- (g) the material contracts referred to in the section headed “MATERIAL CONTRACTS” in this appendix
- (h) the circular of the Company dated 16 April 2021;
- (i) the circular of the Company dated 26 May 2021; and
- (j) the respective annual reports of the Company for the years ended 31 December 2018, 31 December 2019 and 31 December 2020.

NOTICE OF SGM

China Display Optoelectronics Technology Holdings Limited 華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Display Optoelectronics Technology Holdings Limited (the “Company”) will be held at 8th Floor, Building 22E, Phase Three, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong, on 29 July 2021, Thursday, at 3:00 p.m., for the purposes of considering and, if thought fit, passing the following ordinary resolution(s) (with or without modifications):

ORDINARY RESOLUTION(S)

1. “**THAT:**
 - (a) the Revised Caps (as defined in the circular of the Company dated 12 July 2021) be and are hereby approved, confirmed and ratified; and
 - (b) any one or more of the directors of the Company be and is hereby authorised to do all such acts and take all such actions as he/she or they may consider necessary, desirable or expedient for the purpose of carrying out or giving effect to or otherwise in connection with the Revised Caps or the transactions contemplated thereunder.”

By order of the Board

LIAO Qian

Chairman

Hong Kong, 12 July 2021

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 SGM is entitled to appoint more than one proxy or a duly authorised corporate representative to attend and vote in his stead. A proxy need not be a member of the Company.
2. A form of proxy for the SGM is enclosed with the Company’s circular dated 12 July 2021. 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 Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the SGM and any adjournment thereof should he so wish. In such event, his form of proxy will be deemed to have been revoked.

NOTICE OF SGM

3. The record date (being the last date of registration of any transfer of Shares given there will be no closure of register of members) for determining the entitlements of the Shareholders to attend and vote at the SGM is 23 July 2021, Friday. In order to qualify to attend and vote at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on 23 July 2021, Friday.
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 was 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. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal or "extreme conditions" as defined under Chapter 1 of the Rules of the Exchange of the Stock Exchange is/are in force at or at any time after 12:00 noon on the date of the SGM and/or the Hong Kong Observatory and/or the government of Hong Kong (as the case may be) has announced at or before 12:00 noon on the date of the SGM that either of the above mentioned warnings is to be issued within the next two hours, the SGM will be adjourned. The Company will publish an announcement to notify shareholders of the Company of the date, time and place of the adjourned SGM.

The SGM will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders of the Company should decide on their own whether they would attend the SGM under bad weather conditions bearing in mind their own situation.

6. In view of the recent development of the pandemic caused by coronavirus disease 2019 (COVID-19), and in order to better protect the safety and health of the shareholders of the Company, a series of pandemic precautionary measures will be implemented at the venue of the SGM:–
 - (i) compulsory body temperature check will be conducted for every person at the entrance of the venue of SGM. Any person with a body temperature of over 37.5 degree Celsius will not be admitted to the venue;
 - (ii) every person is required to wear facial mask at the venue of the SGM;
 - (iii) seating in the SGM venue will be arranged so as to allow for appropriate social distancing; and
 - (iv) no refreshments will be served at the SGM.

Subject to the development of the COVID-19 pandemic and in compliance with applicable laws and regulations, the Company may implement further precautionary measures at the SGM.

NOTICE OF SGM

The Company wishes to remind its shareholders that physical attendance in person at the SGM is not necessary for the purpose of exercising their voting rights and strongly advises the shareholders to appoint the chairman of the SGM as a proxy to vote on relevant resolution(s) as instructed in accordance with the relevant proxy form as an alternative to attending the SGM in person in light of the continuing risks posed by the COVID-19 pandemic. For more details, please refer to the proxy form for the SGM.

Shareholders of the Company and other participants who will attend the SGM in person are advised to (a) consider carefully the risk of attending the SGM, which will be held in an enclosed environment; (b) follow and comply with any laws, regulations, guidelines or requirements implemented by the Hong Kong Government relating to COVID-19 pandemic; and (c) not to attend the SGM if they have contracted or are suspected to have contracted COVID-19 or have been in close contact with anybody who has contracted or is suspected to have contracted COVID-19.

As at the date of this notice, the Board comprises Mr. LIAO Qian as Chairman and non-executive director; Mr. OUYANG Hongping, Mr. WEN Xianzhen and Mr. ZHANG Feng as executive directors; and Ms. HSU Wai Man Helen, Mr. XU Yan and Mr. LI Yang as independent non-executive directors