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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)**

**CONTINUING CONNECTED TRANSACTIONS  
BRAND PROMOTION AGREEMENT**

**INTRODUCTION**

The Board is pleased to announce that on 10 August 2021 (Hong Kong time after trading hours), CDOT Huizhou (an indirect wholly-owned subsidiary of the Company) and TCL Technology entered into the Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. Pursuant to the Agreement, among others, the Group will be entitled to the non-exclusive rights of use of TCL IP Rights by paying brand promotion fees to TCL Technology.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, TCL Technology, the ultimate controlling shareholder of the Company, indirectly holds approximately 64.20% of the issued Shares. As such, TCL Technology is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 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 proposed annual cap of brand promotion fees under the Agreement calculated under Rule 14.07 of the Listing Rules exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated thereunder are exempt from the circular (including independent financial advice) and Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

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## **BRAND PROMOTION AGREEMENT**

The material terms of the Agreement are set out below:

- Date: 10 August 2021
- Parties: (i) TCL Technology (for itself and on behalf of its associates); and  
(ii) CDOT Huizhou (for itself and on behalf of the Group).
- Duration: From 10 August 2021 to 31 December 2021 (both days inclusive).
- Major terms: CDOT Huizhou shall pay brand promotion fees to TCL Technology during the term of the Agreement, and TCL Technology shall use the brand promotion fees to set up and/or operate a brand promotion fund for management, promotion and development of TCL IP Rights. The brand promotion fund solely belongs to TCL Technology.

In return, the Group shall be entitled to the non-exclusive rights of use of TCL IP Rights without paying any further license fees to TCL Technology and its associates.

Pricing policy and basis of price determination:

The annual amount of the brand promotion fees under the Agreement payable by CDOT Huizhou to TCL Technology shall be 0.25% of the projected annual sales revenue of the Group for the corresponding financial year (adjusted on a pro-rata basis if the relevant term is less than one financial year), provided that in any event the annual amount of the brand promotion fees payable shall be no more than RMB8,000,000 (equivalent to approximately HK\$9,601,536) (exclusive of tax). The annual amount of brand promotion fees will not be adjusted even if the actual sales revenue of the Group exceeds or falls short of the projected amount.

The rate and maximum annual amount of brand promotion fees are arrived at after arm's length negotiation between the parties and assessment by the Group based on a basket of factors, including:

- (i) the value and benefits from the intended use of TCL IP Rights and relevant promotion activities during the term of the Agreement;
- (ii) the expected contribution and growth in sales of the Group arising from utilising TCL IP Rights and brand promotion activities carried out by TCL Technology Group;
- (iii) the anticipated amount of expenses to be incurred by TCL Technology Group in relation to the management, promotion and development of TCL IP Rights; and
- (iv) the historical annual sales revenue of the Group and the projected annual sales revenue in year 2021.

Payment term: The brand promotion fees under the Agreement shall be payable by CDOT Huizhou in cash within 20 business days of commencement date of the term of the Agreement. Each member of the Group shall reimburse CDOT Huizhou for the brand promotion fees paid in proportion to their respective projected annual sales revenues for the corresponding financial year.

## **PROPOSED ANNUAL CAP**

The proposed annual cap of the brand promotion fees (exclusive of tax) payable by CDOT Huizhou under the Agreement for the year ending 31 December 2021 is RMB8,000,000.

## **BASIS FOR DETERMINATION OF THE PROPOSED ANNUAL CAPS**

The Group has not entered into similar brand promotion agreement as the Agreement with TCL Technology historically. The above annual cap for the brand promotion fees under the Agreement is determined based on the maximum annual brand promotion fees payable (exclusive of tax) as stipulated under the Agreement, which has taken into account factors as set out in the paragraph headed “Pricing policy and basis of price determination” in the section “Brand Promotion Agreement” above.

## **REASONS FOR AND BENEFITS OF ENTERING THE AGREEMENT**

The Group has been using TCL IP Rights for its principal business, corporate promotions and other business activities. As TCL IP Rights have been widely adopted in all business and activities managed and operated by the Group and are generally known and recognised by the public, the TCL IP Rights have become an important means of marketing and promoting the Group’s brand and image. The continual use of the TCL IP Rights will ensure the continuity of the brand and image of the Group and thereby ensuring the recognition of the businesses of the Group in the market.

Further, the continuous management, promotion and development of the goodwill and brand image of TCL IP Rights are considered to be important to the long-term successful operation of the business of the Group. TCL Technology Group, as the owner of TCL IP Rights, is in a better position to manage and promote TCL IP Rights. In view of the aforementioned factors, CDOT Huizhou on behalf of the Group entered into the Agreement in order to continue to support the development of, and to enjoy the benefits arising from TCL IP Rights.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement, the transactions contemplated thereunder and the proposed annual cap are fair and reasonable, on normal commercial terms or better, entered into in the ordinary and usual course of business of the Group, and in the interest of the Company and the Shareholders as a whole.

## **INTERNAL CONTROL PROCEDURES**

The Company will closely monitor the transaction amounts incurred pursuant to the Agreement by preparing management accounts for continuing connected transactions and designating employees for managing and reviewing statistics for the transaction amounts incurred in the continuing connected transactions on a monthly basis to ensure the transaction amounts would not exceed the proposed annual cap.

The independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm the transaction amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that they are entered into on normal commercial terms or better, in the ordinary and usual course of business of the Group, and are carried out according to the agreement governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

## **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.cdotech.com](http://www.cdotech.com) (the information that appears in this website does not form part of this announcement).

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 announcement). As at the date of this announcement, based on the information available to the Directors, no shareholder of TCL Technology holds 10% or more equity interest in TCL Technology.

CDOT Huizhou, an indirect wholly-owned subsidiary of the Company, was established in the PRC with limited liability. It is principally engaged in the manufacturing and sale of LCD Modules for mobile phones and tablets and providing processing service of LCD Modules.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, TCL Technology, the ultimate controlling shareholder of the Company, indirectly holds approximately 64.20% of the issued Shares. As such, TCL Technology is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 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 proposed annual cap of brand promotion fees under the Agreement calculated under Rule 14.07 of the Listing Rules exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated thereunder are exempt from the circular (including independent financial advice) and Shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Notwithstanding the respective interest and/or roles of certain Directors in TCL Technology Group, in particular, as at the date of this announcement, (i) Mr. LIAO Qian who also holds various positions in TCL Technology Group, namely an executive director, a 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 low-temperature poly-silicon division of small and medium-sized display business group of TCL CSOT, a director of Wuhan CDOT, 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, a 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, none of them is considered as having a material interest in the transactions contemplated under the Agreement, therefore all Directors are entitled to vote on the Board resolution(s) for considering and approving the Agreement pursuant to the Bye-laws.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“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;

“CDOT Huizhou”	China Display Optoelectronics Technology (Huizhou) Co., Ltd.* (華顯光電技術(惠州)有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Company”	China Display Optoelectronics Technology Holdings Limited, a 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 meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its Subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“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;
“Agreement”	the brand promotion agreement dated 10 August 2021 entered into between CDOT Huizhou and TCL Technology;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;

“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 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 IP Rights”	trademark(s) and certain trade name(s) (including but not limited to the trade name “TCL”) which are from time to time owned by, used by, registered in the name of or applied for registration in the name of TCL Technology and/or its subsidiaries;
“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 Agreement but does not include the Group (unless otherwise specified) for the purpose of this announcement;

“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 an indirect subsidiary of TCL Technology;
“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

On behalf of the Board  
**LIAO QIAN**  
*Chairman*

Hong Kong, 10 August 2021

*For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.8332 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in RMB or HK\$ has been, could have been or may be converted at such a rate.*

*The English translation of Chinese names or words in this announcement, where indicated by “\*”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

*As at the date of this announcement, 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.*