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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 CARPARK LEASE AGREEMENT

INTRODUCTION

The Board is pleased to announce that on 19 July 2017, China Display Huizhou (an indirect wholly-owned Subsidiary of the Company) entered into the Carpark Lease Agreement with Chuangjie Communication (an indirect wholly-owned Subsidiary of TCL Communication), pursuant to which Chuangjie Communication as landlord has agreed to lease the Carpark to China Display Huizhou as tenant.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 53.82% of the number of issued shares of the Company. Chuangjie Communication, being an indirect wholly-owned Subsidiary of TCL Communication (an indirect wholly-owned Subsidiary of TCL Corporation), is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Carpark Lease Agreement constitute continuing connected transactions of the Company.

As the Lease (2016) Agreement, the Licence Agreement (Hong Kong Science Park) and the Carpark Lease Agreement are entered into with related parties (all being a Subsidiary of TCL Corporation), and the subject matter of each of the said agreements relates to the provision of use of premises by TCL Corporation Group to the Group, the transactions contemplated thereunder constitute a series of continuing connected transactions to be aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (other than profits ratio) with reference to the aggregated figure of the Annual Caps, the Annual Cap (Lease) and the Annual Caps (Licence) exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated thereunder when aggregate are subject to the reporting, announcement and annual review requirements but are exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

The Board is pleased to announce that on 19 July 2017, China Display Huizhou entered into the Lease Agreement with Chuangjie Communication, pursuant to which Chuangjie Communication as landlord has agreed to lease the Carpark to China Display Huizhou as tenant.

CARPARK LEASE AGREEMENT

Major terms of the Carpark Lease Agreement are set out as below:

- Date: 19 July 2017

- Parties: (i) Chuangjie Communication as landlord; and
(ii) China Display Huizhou as tenant

- Lease period: 19 July 2017 to 31 December 2018 (both dates inclusive), subject to early termination pursuant to the terms of the Carpark Lease Agreement, and shall be automatically renewed for a further term up to 31 December 2019 unless either party serves notice in writing on the other at least 1 month prior to expiry of the initial lease period.

- Rental area: the Carpark with a rental area of approximately 2,298.24 meter square.

- Rent: The monthly rent of the Carpark during the lease period shall be RMB31,738.69. Chuangjie Communication shall issue an invoice to China Display Huizhou before the 10th day of each calendar month and China Display Huizhou shall make payment within 10 days after receipt of the invoice (“**Payment Day**”). During the lease period, if China Display Huizhou fails to make payment for more than 30 days after the Payment Day, Chuangjie Communication may request China Display Huizhou to pay liquidated damages (which amounts to 0.05% of the monthly rent) on a daily basis. China Display Huizhou shall also be liable for the economic losses arisen from the delay.

Chuangjie Communication shall be responsible for the payment of property tax, land use tax and other reasonable taxes (if any) in respect of the Carpark.

Move-out clean up fee: China Display Huizhou shall pay a fee in the amount of RMB190,432, being fees for moving out machineries of Chuangjie Communication currently placed at the Carpark and cleaning up and refurbishing the Carpark, to Chuangjie Communication within 5 days from entering into of the Carpark Lease Agreement.

Usage: The Carpark shall be used as a carpark and China Display Huizhou shall not on its own accord change such use of the Carpark.

Duty to repair: Chuangjie Communication shall ensure that the Carpark complies with all relevant construction and design requirements, is free from any quality problems and all facilities within the Carpark can be used safely and normally. Chuangjie Communication is obliged to repair within 3 working days after being informed by China Display Huizhou that any of the problems mentioned above exists.

Subletting of the Carpark: China Display Huizhou shall not sublet any part or the whole of the Carpark to any third parties without the written consent of Chuangjie Communication. The sublet period shall not exceed the lease period stipulated under the Carpark Lease Agreement, and China Display Huizhou shall ensure that the sub-tenant(s) would not further sublet the Carpark to other third parties.

Transfer of the Carpark: Chuangjie Communication may not transfer the Carpark to any third party except to another Subsidiary of TCL Communication (an indirect wholly-owned subsidiary of TCL Corporation). In the event Chuangjie Communication transferred the Carpark to any other Subsidiary of TCL Communication during the lease period, Chuangjie Communication shall (i) transfer the Carpark subject to the Carpark Lease Agreement, and (ii) procure the new owner to enter into a lease agreement with China Display Huizhou for the remaining lease period and on substantially the same terms as the Carpark Lease Agreement prior to completion of the transfer (the “**New Lease Agreement**”). The Carpark Lease Agreement shall automatically be terminated upon the New Lease Agreement becoming effective.

Renewal of the Lease: Subject to automatic renewal of the lease period as set out in the paragraph headed “Lease period”, China Display Huizhou may apply in writing for the renewal of the lease one month before the expiry of the lease period, and both parties shall enter into a new agreement in respect of the renewal.

ANNUAL CAPS

The following table sets out the Annual Caps of the continuing connected transactions under the Carpark Lease Agreement:

	For the period from 19 July 2017 to 31 December 2017	For the year ending 31 December 2018	For the year ending 31 December 2019 (assuming the Carpark Lease Agreement is automatically renewed)
Rent and move-out clean up fee	RMB380,864.14	RMB380,864.28	RMB380,864.28

DETERMINATION OF THE RENT AND MOVE-OUT CLEAN UP FEE

The monthly rent of the Carpark is determined by Chuangjie Communication and China Display Huizhou after arm’s length negotiations with reference to the prevailing market rentals for comparable properties in the vicinity of the Carpark.

The move-out clean up fee is determined by Chuangjie Communication and China Display Huizhou after arm’s length negotiation with reference to the prevailing market price charged by independent service providers for moving-out relevant machineries and cleaning the Carpark.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CARPARK LEASE AGREEMENT

The Directors (including the independent non-executive Directors) consider that the Carpark Lease Agreement is entered into in the ordinary and usual course of business of the Group, the terms of the Carpark Lease Agreement and the transactions contemplated thereunder are on normal commercial terms and the terms thereunder together with the Annual Caps are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the Carpark Lease Agreement and the transactions contemplated thereunder for the following reasons:

- (i) the Group has been leasing the plant located in the same location as the Carpark as its production facilities since 1 January 2014;

- (ii) as the Group's business scale gradually expands, it has become necessary for the Group to lease the Carpark to support its production and operation; and
- (iii) the Company believes that it is time and cost efficient for the Group to lease the Carpark from Chuangjie Communication to extend its cooperation with TCL Corporation Group rather than seeking alternative options to lease carparks which are not as close to the aforementioned plant of the Group as the Carpark to minimize unnecessary administrative costs.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 53.82% of the number of issued shares of the Company. Chuangjie Communication, being an indirect wholly-owned Subsidiary of TCL Communication (an indirect wholly-owned Subsidiary of TCL Corporation), is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Carpark Lease Agreement constitute continuing connected transactions of the Company.

On 28 April 2016, China Display Huizhou (then known as TCL Display Technology (Huizhou) Co., Ltd* TCL顯示科技(惠州)有限公司) entered into the Lease (2016) Agreement with TCL Mobile Communication, pursuant to which the Group agreed to lease certain premises from TCL Corporation Group. The annual cap of the continuing connected transactions under the Lease (2016) Agreement was RMB7,600,000 for the year ending 31 December 2017. For further details regarding the Lease (2016) Agreement, please refer to the announcement of the Company dated 28 April 2016.

On 1 December 2016, the Company entered into the Licence Agreement (Hong Kong Science Park) with TCL Corporate Research, pursuant to which TCL Corporate Research granted a licence to the Company to use certain premises. The annual caps of the continuing connected transactions under the Licence Agreement (Hong Kong Science Park) was HK\$490,345.41 and HK\$354,862.20 for the years ending 31 December 2017 and 31 December 2018 respectively. For further details regarding the Licence Agreement (Hong Kong Science Park), please refer to the announcement of the Company dated 1 December 2016.

As the Lease (2016) Agreement, the Licence Agreement (Hong Kong Science Park) and the Carpark Lease Agreement are entered into with related parties (all being a Subsidiary of TCL Corporation), and the subject matter of each of the said agreements relates to the provision of use of premises by TCL Corporation Group to the Group, the transactions contemplated thereunder constitute a series of continuing connected transactions to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the applicable percentage ratios (other than profits ratio) with reference to the aggregated figure of the Annual Caps, the Annual Cap (Lease) and the Annual Caps (Licence) exceed 0.1% but all are less than 5%, the continuing connected transactions contemplated thereunder when aggregated are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of Directors is considered as having a material interest in the transactions contemplated under the Carpark Lease Agreement. Therefore, all Directors are entitled to vote pursuant to the Company's bye-laws.

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 for hand-held mobile devices on an original design manufacture (ODM) basis. The Group is also one of the major suppliers of small-to-medium sized display modules in the PRC. The Group has its manufacturing plant in Huizhou and Wuhan, 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.cdoth8.com (the information that appears in this website does not form part of this announcement).

Chuangjie Communication is a company established under the laws of the PRC, being an indirect wholly-owned Subsidiary of TCL Communication. TCL Communication and its Subsidiaries (including Chuangjie Communication) designs, manufactures and markets an expanding portfolio of mobile devices and related products worldwide under three key brands – “TCL”, “Alcatel” and “Blackberry”. TCL Communication and its Subsidiaries' portfolio of products is currently sold in the PRC and over 160 countries throughout the North America, Latin America, Europe, the Middle East, Africa and Asia Pacific, and operates its highly efficient manufacturing plants and research and development centres in various provinces of the PRC with its headquarters in Shenzhen, the PRC. For more information on TCL Communication, please visit its official website at <http://tclcom.tcl.com> (the information that appears in this website does not form part of this announcement).

TCL Corporation and its Subsidiaries (including the Group) is a major PRC conglomerate that designs, develops, manufactures and markets a wide range of the electronic, telecommunications, information technology and electrical products. For more information on TCL Corporation, please visit TCL Corporation's official website at <http://www.tcl.com> (the information that appears in that website does not form part of this announcement).

DEFINITIONS

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

“Annual Caps”	the annual caps for the continuing connected transactions contemplated under the Carpark Lease Agreement
“Annual Cap (Lease)”	the annual cap for the continuing connected transactions contemplated under the Lease (2016) Agreement for the year ending 31 December 2017
“Annual Caps (Licence)”	the annual caps of the continuing connected transactions under the Licence Agreement (Hong Kong Science Park) for the years ending 31 December 2017 and 31 December 2018
“Board”	the board of Directors
“Carpark”	the carpark situated at No. 70 Weifeng 4th Road, Zhongkai Hi-tech Industrial Development Zone, Huizhou, Guangdong Province, the PRC*(中國廣東省惠州市仲愷高新區惠風四路70號)
“China Display Huizhou”	China Display Optoelectronics Technology (Huizhou) Co. Ltd.*(華顯光電技術(惠州)有限公司), an indirect wholly-owned subsidiary of the Company
“Chuangjie Communication”	Huizhou Chuangjie Communication Technology Co. Ltd.* (惠州創捷通訊科技有限公司), a company established under the laws of the PRC with limited liability, an indirect wholly-owned subsidiary of TCL Communication and the legal and beneficial owner of the Carpark
“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 meanings 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
“Lease (2016) Agreement”	the lease (2016) agreement dated 28 April 2016 entered into between TCL Mobile Communication and China Display Huizhou for a term from 1 May 2016 to 31 December 2016 (renewable for 1 year up to 31 December 2017)
“Carpark Lease Agreement”	the carpark lease agreement dated 19 July 2017 entered into between Chuangjie Communication and China Display Huizhou in relation to the lease of the Carpark for a term from 19 July 2017 to 31 December 2018 (renewable for 1 year up to 31 December 2019)
“Licence Agreement (Hong Kong Science Park)”	the licence agreement (Hong Kong Science Park) entered into between the Company and TCL Corporate Research on 1 December 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Shareholder(s)”	holder(s) of share(s) of the Company
“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 Communication”	TCL Communication Technology Holdings Limited, a company incorporated in Cayman Islands with limited liability and a wholly-owned Subsidiary of TCL Corporation
“TCL Corporate Research”	TCL Corporate Research (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned Subsidiary of TCL Corporation

“TCL Corporation”	TCL Corporation (TCL集團股份有限公司), a joint stock company established under the laws of the PRC, the ultimate controlling Shareholder of the Company, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000100)
“TCL Corporation Group”	TCL Corporation and its Subsidiaries excluding the Group for the purpose of this Announcement
“TCL Mobile Communication”	Huizhou TCL Mobile Communication Co. Ltd.* (惠州TCL移動通信有限公司), a company established under the laws of the PRC and is an indirect wholly-owned Subsidiary of TCL Communication
“%”	per cent

By order of the Board
LIAO Qian
Chairman

Hong Kong, 19 July 2017

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. Li Jian as his alternate); Mr. Li Jian, Mr. Ouyang Hongping, Ms. Yang Yunfang and Mr. Zhao Yong as executive Directors; and Ms. Hsu Wai Man Helen, Mr. Xu Yan and Mr. Li Yang as independent non-executive Directors.