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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)

**CONNECTED TRANSACTION
ACQUISITION OF EQUIPMENT**

INTRODUCTION

The Board announces that on 26 February 2025 (Hong Kong time after trading hours), CDOT Huizhou (an indirect wholly-owned subsidiary of the Company) entered into the Asset Transfer Agreement with Wuhan CSOT pursuant to which Wuhan CSOT agreed to sell, and CDOT Huizhou agreed to purchase, the Equipment at the Consideration of RMB10,702,840.64 (equivalent to HK\$11,595,710.34).

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 number of issued Shares and therefore is a connected person of the Company under the Listing Rules. As Wuhan CSOT is an indirect subsidiary of TCL Technology, it is an associate of TCL Technology and therefore also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Asset Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Acquisition under the Asset Transfer Agreement exceed 0.1% but all are less than 5%, the 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 and announcement requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 26 February 2025 (Hong Kong time after trading hours), CDOT Huizhou (an indirect wholly-owned subsidiary of the Company) entered into the Asset Transfer Agreement with Wuhan CSOT pursuant to which Wuhan CSOT agreed to sell, and CDOT Huizhou agreed to purchase, the Equipment at the Consideration of RMB10,702,840.64 (equivalent to HK\$11,595,710.34).

ASSET TRANSFER AGREEMENT

The material terms of the Asset Transfer Agreement are summarised below:

Date: 26 February 2025 (after trading hours)

Parties: (i) Wuhan CSOT (as vendor); and
(ii) CDOT Huizhou (as purchaser).

Subject matter: Wuhan CSOT agreed to sell, and CDOT Huizhou agreed to purchase, the Equipment subject to and in accordance with the terms and conditions of the Asset Transfer Agreement.

The Equipment comprises 34 devices for use in the production of LCD modules.

Conditions precedent: Effectiveness of the Asset Transfer Agreement is conditional upon (i) compliance of the requirements (if any) in relation to the signing of the Asset Transfer Agreement and the transactions thereunder under the Listing Rules by CDOT Huizhou and (ii) affixing of the respective company chops or contract chops by Wuhan CSOT and CDOT Huizhou.

Consideration and
payment terms:

The Consideration for the Acquisition is RMB10,702,840.64 (equivalent to HK\$11,595,710.34) (exclusive of tax).

The value-added tax arising from the Acquisition in the amount of RMB1,391,369.28 (equivalent to HK\$1,507,442.34) shall be borne by CDOT Huizhou.

Wuhan CSOT shall issue an invoice for the Consideration and the relevant value-added tax to CDOT Huizhou within one month after CDOT Huizhou has completed inspection of the Equipment.

CDOT Huizhou shall pay the Consideration and the relevant value-added tax in cash to Wuhan CSOT within 30 days from the date of receipt of the said invoice.

Major Terms:

Delivery of the Equipment

Wuhan CSOT shall deliver the Equipment to CDOT Huizhou on 26 February 2025 (the “**Delivery Date**”), and all rights and interests, obligations, responsibilities and risks associated with the Equipment shall pass to CDOT Huizhou from the Delivery Date.

Inspection of the Equipment

CDOT Huizhou shall inspect the Equipment within sixty days from the Delivery Date, or such other extended period to be agreed by all parties until inspection of all the Equipment is completed by CDOT Huizhou (the “**Coordination Period**”).

During the Coordination Period, Wuhan CSOT shall provide necessary assistance to CDOT Huizhou in the following manner:

- (1) to complete the necessary procedure to effect the transfer of the title of the Equipment;
- (2) to sign and/or issue all necessary documents for the completion of the transfer of the title of the Equipment;
- (3) to cooperate with CDOT Huizhou to complete the installation and testing of the Equipment until all Equipment has been inspected and accepted by CDOT Huizhou. If the Equipment fails to meet CDOT Huizhou's inspection specifications, CDOT Huizhou shall be entitled to require Wuhan CSOT to modify or enhance the Equipment to meet the inspection specifications.

Upon the expiration of the Coordination Period, Wuhan CSOT shall be deemed to have fully fulfilled its obligation to assist CDOT Huizhou under the Asset Transfer Agreement and shall not be obliged to provide further assistance to CDOT Huizhou in respect of the transfer, liquidation, cancellation, etc. of the Equipment.

Approvals and Registrations

CDOT Huizhou shall be solely responsible for all procedures required for the transfer of the Equipment under the Asset Transfer Agreement, including but not limited to obtaining the relevant government approvals, change of industrial and commercial registration and ownership registration etc. All taxes and fees incurred from such procedures shall be borne by CDOT Huizhou.

BASIS OF THE CONSIDERATION

The Consideration was determined after arm's length negotiations between CDOT Huizhou and Wuhan CSOT with reference to the following:

- (1) the original acquisition cost of the Equipment by Wuhan CSOT (inclusive of modification cost) of approximately RMB76.8 million;
- (2) the audited net book value of the Equipment of approximately RMB40.8 million as of 31 December 2023 and the unaudited net book value of the Equipment of approximately RMB26 million as of 31 December 2024;
- (3) the annual depreciation amount of the Equipment of approximately RMB13 million;
- (4) discount being applied to the Consideration given (i) the Equipment has already been leased to and utilised by CDOT Huizhou since April 2023 and that modifications have been tailor-made to the Equipment to accommodate the specific production needs of CDOT Huizhou; (ii) the market price/resell value of the same or similar type of equipment in terms of specifications together with such tailor-made modifications, functions, capabilities and remaining service life as quoted by different suppliers.

CDOT Huizhou intends to fund the Consideration by internal resources of the Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been leasing certain equipment including the Equipment from Wuhan CSOT for the production of LCD modules in its production facilities. In line with the Group's strategic initiative to enhance cost-efficiency and capacity of its production lines, the Group considers it more cost-efficient to increase its capital investments to acquire the Equipment. The Equipment to be acquired will be utilised by the Group for its business operations. The Acquisition is expected to facilitate the Group in meeting the growing demand for its products and enable it to undertake increasing customer order in a more cost-efficient manner.

The Equipment has been exclusively utilised by CDOT Huizhou since April 2023 with modification tailor-made to accommodate its specific production needs. The Consideration payable under the Asset Transfer Agreement is determined by the parties after arm's length negotiation with reference to the factors disclosed in the paragraph headed "BASIS OF THE CONSIDERATION" and on terms no less favourable than those which may be offered by Independent Third Parties in respect of the acquisition of same or similar type of equipment.

In light of the above reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the Asset Transfer Agreement and the Acquisition are fair and reasonable, on normal commercial terms, entered into in the ordinary and usual course of business of the Group and are in the interest of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND CDOT HUIZHOU

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 plant 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.tclcdot.com (the information that appears in this website does not form part of this announcement).

CDOT Huizhou is a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the manufacture and sale of small and medium sized LCD modules and provision of LCD module processing services.

INFORMATION OF WUHAN CSOT

Wuhan CSOT is a company established under the laws of the PRC with limited liability and is principally engaged in the production of the 6th generation LTPS (Oxide) LCD and AMOLED display panels. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Wuhan CSOT is owned as to approximately 97.30% by TCL CSOT, whilst TCL CSOT is in turn owned as to approximately 79.78% by TCL Technology. Accordingly, Wuhan CSOT is an indirect subsidiary of 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 number of issued Shares and therefore is a connected person of the Company under the Listing Rules. As Wuhan CSOT is an indirect subsidiary of TCL Technology, it is an associate of TCL Technology and therefore also a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Asset Transfer Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Acquisition under the Asset Transfer Agreement exceed 0.1% but all are less than 5%, the 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 and announcement 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 is deemed to be interested in 3,196,661 shares in TCL Technology (representing approximately 0.017% of the issued share capital of TCL Technology) within the meaning of Part XV of the SFO and is also an executive director, the senior vice president and the secretary of the board of directors of TCL Technology; (ii) Mr. OUYANG Hongping is deemed to be interested in 785,869 shares in TCL Technology (representing approximately 0.0042% of the issued share capital of TCL Technology) within the meaning of Part XV of the SFO and is also a director of Wuhan CSOT, and a director 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), (iii) Mr. XI Wenbo is deemed to be interested in 719,442

shares in TCL Technology (representing approximately 0.0038% of the issued share capital of TCL Technology) within the meaning of Part XV of the SFO and is also the vice president and head of financial centre of TCL CSOT, and (iv) Mr. Wang Xinfu is deemed to be interested in 9,350 shares in TCL Technology (representing approximately 0.00005% of the issued share capital of TCL Technology) within the meaning of Part XV of the SFO; as each of their respective direct interest in TCL Technology Group is by virtue of common directorship/ senior management role and/or the immaterial interest in shares of TCL Technology, 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 Asset Transfer Agreement, therefore all Directors are entitled to vote on the Board resolutions for considering and approving the Asset Transfer 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:

“Acquisition”	the acquisition of the Equipment by CDOT Huizhou from Wuhan CSOT under the Asset Transfer Agreement;
“AMOLED”	Active-matrix organic light-emitting diode;
“Asset Transfer Agreement”	the asset transfer agreement dated 26 February 2025 entered into between Wuhan CSOT and CDOT Huizhou in relation to the Acquisition;
“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), 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);
“Consideration”	the aggregate consideration for the Acquisition in the amount of RMB10,702,840.64 (equivalent to approximately HK\$11,595,710.34) payable by CDOT Huizhou to Wuhan CSOT pursuant to the Asset Transfer Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Equipment”	34 devices which includes polarizer attachment machines, panel surface cleaning machines, LCD module mounting machines, optical clear adhesive laminating machines, defoaming machines, ultraviolet light-curing machines, laminating machines and film-on-glass bonders to be transferred to CDOT Huizhou by Wuhan CSOT pursuant to the Asset Transfer Agreement;
“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(s)”	the integrated module(s) of liquid crystal display, integrated circuit, connector and other structural components;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LTPS”	low-temperature poly-silicon;
“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), a company established under the laws of the PRC with limited liability and a subsidiary of TCL Technology;
“TCL Technology”	TCL Technology Group Corporation (TCL 科技集團股份有限公司), 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, and for the purpose of this announcement excludes the Group (unless otherwise specified);
“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, 26 February 2025

For the purposes of this announcement, the exchange rate of HK\$1.00 = RMB0.9230 has been used for currency conversion, 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, Mr. XI Wenbo and Mr. WANG Xinfu as executive Directors; and Ms. HSU Wai Man Helen, Mr. XU Yan, Mr. LI Yang and Ms. YANG Qiulin as independent non-executive Directors.