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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
MASTER FINANCIAL SERVICES (2017 RENEWAL) AGREEMENT
AND
MAJOR TRANSACTION AND
ADVANCE TO AN ENTITY IN RESPECT OF
THE DEPOSIT SERVICES UNDER THE
MASTER FINANCIAL SERVICES (2017 RENEWAL) AGREEMENT**

INTRODUCTION

The Board is pleased to announce that the Company had on 18 August 2017 entered into the Master Financial Services (2017 Renewal) Agreement with TCL Corporation, Finance Company and Finance Company (HK), pursuant to which:

- (1) any China Display Qualified Member may from time to time and in its absolute discretion:
 - (a) deposit money with Finance Company or Finance Company (HK);
 - (b) request any Financing Services from TCL Financial Services Associates; and
 - (c) request TCL Financial Services Associates to provide Other Financial Services.
- (2) any member of the Group may from time to time and in its absolute discretion provide Promotion Services to and receive Promotion Fee from TCL Financial Services Associates.

The Master Financial Services (2017 Renewal) Agreement is in substance renewal of the existing Master Financial Services (2016 Renewal) Agreement with a few amendments, namely:

- (1) China Display Qualified Members may deposit money with Finance Company (HK) in addition to Finance Company;
- (2) The scope of eligible service providers is expanded so that not only Finance Company but also other TCL Financial Services Associates may provide the services contemplated under the Master Financial Services (2017 Renewal) Agreement to Qualified Members; and
- (3) China Display Qualified Members may provide the Promotion Services to TCL Financial Services Associates and receive a Promotion Fee.

Upon the coming into effect of the Master Financial Services (2017 Renewal) Agreement, the Master Financial Services (2016 Renewal) Agreement would be terminated.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 53.76% of the total number of issued shares of the Company and is a connected person of the Company under the Listing Rules. Finance Company and Finance Company (HK), being subsidiaries of TCL Corporation, are also connected persons of the Company. Therefore, the transactions contemplated under the Master Financial Service (2017 Renewal) Agreement constitute continuing connected transactions.

Notwithstanding the respective roles and/or interest of certain Directors in TCL Corporation Group, none of the Directors is considered as having a material interest in the transactions contemplated under the Master Financial Services (2017 Renewal) Agreement. Therefore, all the Directors are entitled to vote on the Board resolution for considering and approving the Master Financial Services (2017 Renewal) Agreement pursuant to the Company's bye-laws.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the annual caps of the Master Financial Service (2017 Renewal) Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in relation to the Deposit Services under the Master Financial Services (2017 Renewal) Agreement exceed 25% and the assets ratio of the Deposit Services exceeds 8%, in addition to being continuing connected transactions, the Deposit Services 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.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms and the proposed annual caps of the Master Financial Service (2017 Renewal) Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. A circular containing, among other things, further details of the Master Financial Service (2017 Renewal) Agreement, letters from the Independent Board Committee and the Independent Financial Adviser, a notice convening the SGM and other information as required under the Listing Rules, will be despatched to the Shareholders on or before 20 September 2017 as additional time is required to prepare and finalise the circular.

TCL Corporation and TCL Associates will abstain from voting on the resolution in respect of the Master Financial Service (2017 Renewal) Agreement to be put forward at the SGM.

INTRODUCTION

The Board is pleased to announce that the Company had on 18 August 2017 entered into the Master Financial Services (2017 Renewal) Agreement with TCL Corporation, Finance Company and Finance Company (HK), pursuant to which:

- (1) any China Display Qualified Member may from time to time and in its absolute discretion:
 - (a) deposit money with Finance Company or Finance Company (HK);
 - (b) request any Financing Services from TCL Financial Services Associates; and
 - (c) request TCL Financial Services Associates to provide Other Financial Services.
- (2) any member of the Group may from time to time and in its absolute discretion provide Promotion Services to and receive Promotion Fee from TCL Financial Services Associates.

MASTER FINANCIAL SERVICES (2017 RENEWAL) AGREEMENT

The Company has entered into the Master Financial Services (2016 Renewal) Agreement on 24 October 2016, which will expire on 31 December 2018. As the Company wishes to continue the continuing connected transactions contemplated thereunder with certain modifications, the Company entered into the Master Financial Services (2017 Renewal) Agreement, which is substantially similar in nature as the Master Financial Services (2016 Renewal) Agreement with certain amendments.

The major differences between the Master Financial Services (2016 Renewal) Agreement and the Master Financial Services (2017 Renewal) Agreement are that under the Master Financial Services (2017 Renewal) Agreement (as compared to the Master Financial Services (2016 Renewal) Agreement):

- (1) China Display Qualified Members may deposit money with Finance Company (HK) in addition to Finance Company;
- (2) The scope of eligible service providers is expanded so that not only Finance Company but also other TCL Financial Services Associates may provide the services contemplated under the Master Financial Services (2017 Renewal) Agreement to China Display Qualified Members; and
- (3) China Display Qualified Members may provide the Promotion Services to TCL Financial Services Associates and receive a Promotion Fee.

Upon the coming into effect of the Master Financial Services (2017 Renewal) Agreement, the Master Financial Services (2016 Renewal) Agreement would be terminated.

Set out below are the major terms of the Master Financial Services (2017 Renewal) Agreement:

Date: 18 August 2017

Parties: (i) the Company (for itself and on behalf of its Subsidiaries);
(ii) TCL Corporation (for itself and on behalf of TCL Financial Services Associates);
(iii) Finance Company; and
(iv) Finance Company (HK)

Duration: From the Shareholders' Approval Date to 31 December 2019

Condition Precedent: The transactions contemplated under the Master Financial Services (2017 Renewal) Agreement are conditional upon the Company having obtained the Independent Shareholders' approval in respect of the Master Financial Services (2017 Renewal) Agreement, the transactions contemplated thereunder and the proposed annual caps in accordance with the requirements under the Listing Rules.

Major terms: **Deposit Services**

Any China Display Qualified Member may from time to time and in its absolute discretion deposit money with Finance Company and/or Finance Company (HK). If Finance Company and/or Finance Company (HK) 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 and/or Finance Company (HK), as the case may be, shall:

- (1) for deposits made within the PRC, not be lower than the highest of:
 - (i) the minimum interest rate promulgated by the PBOC for the same type of deposit services from time to time;
 - (ii) the interest rates for the same type of deposits offered by major commercial banks of the PRC; and
 - (iii) the interest rates for the same type of deposits offered by the Finance Company and/or Finance Company (HK) to any other members of the TCL Corporation Group (including the Group); and

other terms and conditions offered by Finance Company and/or Finance Company (HK) as a whole shall also not be less favourable than those offered by major commercial banks of the PRC and the Finance Company and/or Finance Company (HK) to any other members of the TCL Corporation Group (including the Group) and shall be on normal commercial terms; and

(2) for deposits made outside the PRC, not be lower than the highest of:

- (i) the interest rates for the same type of deposits offered by major commercial banks located in the place where the relevant China Display Qualified Member is located; and
- (ii) the interest rates for the same type of deposits offered by the Finance Company and/or Finance Company (HK) to any other members of the TCL Corporation Group (including the Group); and

other terms and conditions offered by Finance Company and/or Finance Company (HK) as a whole shall also not be less favourable than those offered by major commercial banks located in the place where the relevant China Display Qualified Member is located and the Finance Company and/or Finance Company (HK) to any other members of the TCL Corporation Group (including the Group) and shall be on normal commercial terms.

TCL Corporation undertakes and will procure all its TCL Financial Services Associates to jointly and severally with TCL Corporation undertake with the Group that at any time during the term of the Master Financial Services (2017 Renewal) Agreement, the maximum amount of loans, financing and guarantees available under the facility line under the Master Financial Services (2017 Renewal) Agreement provided by TCL Financial Services Associates to China Display Qualified Members shall not be less than the total amount of deposits (including normal cash deposit and deposit of cash or bank instruments as security) placed by the China Display Qualified Members with Finance Company and Finance Company (HK).
(see Note 1)

If any China Display Qualified Member demands repayment of any money deposited by it with Finance Company and/or Finance Company (HK) in accordance with the relevant terms and procedure and Finance Company and/or Finance Company (HK) fails to follow the repayment demand, such China Display Qualified Member shall then have the right to:

- (a) offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by it and/or any financing provided to it by TCL Financial Services Associates and/or TCL Corporation; and/or
- (b) transfer the right mentioned in (a) above to other China Display Qualified Members, so that other China Display Qualified Members have the right to offset the relevant outstanding deposit amount against up to the same amount of any outstanding loans owed by them and/or any financing provided to them by TCL Financial Services Associates and/or TCL Corporation; and/or
- (c) request TCL Corporation to repay the outstanding deposit amount on behalf of Finance Company and/or Finance Company (HK) in full.

Financing Services (*see Note 2*)

Any China Display Qualified Member may from time to time and in its absolute discretion request any Financing Services from TCL Financial Services Associates.

If any of the TCL Financial Services Associates decides to provide any Financing Services to a China Display Qualified Member within the PRC, the interest rates charged by such TCL Financial Services Associate shall not be higher than the lowest of:

- (i) the maximum interest rates promulgated by the PBOC from time to time in respect of same type of financing services;
- (ii) the interest rates offered by major commercial banks of the PRC for same type of financing services; and

- (iii) the interest rates for same type of financing services provided by such TCL Financial Services Associate to any other members of the TCL Corporation Group (including the Group) with the same credit rating, and the other terms and conditions offered by such TCL Financial Services Associate in respect of the Financing Services as a whole shall not be less favourable than those offered by other major commercial banks and by TCL Financial Services Associates to any other members of the TCL Corporation Group (including the Group) with the same credit rating in respect of same type of financing services and shall be on normal commercial terms.

If any of the TCL Financial Services Associates decides to provide any Financing Services to a China Display Qualified Member outside the PRC, the interest rates charged by such TCL Financial Services Associate shall not be higher than the lower of

- (i) the interest rates offered by major commercial banks located in the place where the relevant China Display Qualified Member is located for same type of financing services; and
- (ii) the interest rates for same type of financing services provided by such TCL Financial Services Associate to any other members of the TCL Corporation Group (including the Group) with the same credit rating, and the other terms and conditions offered by such TCL Financial Services Associate in respect of the Financing Services as a whole shall be on normal commercial terms and shall not be less favourable than those offered by such TCL Financial Services Associate to any other members of the TCL Corporation Group (including the Group) with the same credit rating and major commercial banks located in the place where the relevant China Display Qualified Member is located in respect of same type of financing services.

TCL Financial Services Associates and the relevant China Display Qualified Members may enter into specific agreements in compliance with the Listing Rules in respect of any Financing Services to be provided with a view to setting out the detailed terms of the transactions as long as such terms comply with the requirements of the Listing Rules and the Master Financial Services (2017 Renewal) Agreement.

TCL Financial Services Associates may request China Display Qualified Member(s) to provide security to TCL Financial Services Associates in respect of the Financing Services provided by Finance Company.

Other Financial Services

Any China Display Qualified Member may from time to time and in its absolute discretion request TCL Financial Services Associates to provide Other Financial Services, including, among other things, financial advisory services, settlement advisory services, insurance agency services, agency lending and borrowings and any other services approved by relevant regulatory authority.

The fees charged by TCL Financial Services Associates in respect of provision of Other Financial Services within the PRC shall not be higher than the lowest of:

- (i) the fees promulgated by PBOC (if applicable) for relevant services from time to time;
- (ii) the fees charged by major commercial banks of the PRC in respect of relevant services; and
- (iii) the fees charged for the relevant services offered by TCL Financial Services Associates to any other members of the TCL Corporation Group (including the Group) with the same credit rating. Other terms and conditions of the Other Financial Services offered by TCL Financial Services Associates within the PRC shall not be less favorable than those offered by PBOC, major commercial banks of the PRC and by TCL Financial Services Associates to any other members of the TCL Corporation Group (including the Group) with the same credit rating for the relevant services and shall be on normal commercial terms.

The fees charged by TCL Financial Services Associates in respect of provision of Other Financial Services outside the PRC shall not be higher than the lower of:

- (i) the fees promulgated by the major commercial banks located in the place where the relevant China Display Qualified Member is located for relevant services; and

- (ii) the fees charged for the relevant services offered by TCL Financial Services Associates to any other members of the TCL Corporation Group (including the Group) with the same credit rating. Other terms and conditions of the Other Financial Services offered by TCL Financial Services Associates outside the PRC shall not be less favorable than those offered by the major commercial banks located in the place where the relevant China Display Qualified Member is located and by TCL Financial Services Associates to any other members of the TCL Corporation Group (including the Group) with the same credit rating for the relevant services and shall be on normal commercial terms.

The relevant China Display Qualified Member may from time to time determine in its absolute discretion to use Other Financial Services provided by TCL Financial Services Associates or any other independent financial institutions.

The relevant China Display Qualified Member may enter into separate written agreements with TCL Financial Services Associates in relation to the provision of the specific services under Other Financial Services with a view to setting out the detailed terms of the transactions, as long as such terms comply with the requirements of the Listing Rules and the Master Financial Services (2017 Renewal) Agreement.

Promotion Services

Any member of the Group may from time to time and in its absolute discretion provide Promotion Services to and receive Promotion Fee from TCL Financial Services Associates in accordance with the Listing Rules and the Master Financial Services (2017 Renewal) Agreement.

TCL Financial Services Associates and the relevant member of the Group may enter into specific agreements in respect of any Promotion Services to be provided and Promotion Fee to be received with a view to setting out the detailed terms of the transactions, as long as such terms comply with the requirements of the Listing Rules and the Master Financial Services (2017 Renewal) Agreement.

Promotion Fee offered by members of the Group in respect of the Promotion Services to be provided shall not be less favourable than those offered by members of the Group to any other Independent Third Party in respect of same type of services and those offered by any other members of the TCL Corporation Group to TCL Financial Services Associates in respect of same type of services and shall be on normal commercial terms.

TCL Corporation's undertakings:

TCL Corporation undertakes with the Company, among others, that:

- (1) it will procure TCL Financial Services Associates to perform its obligations under the Master Financial Services (2017 Renewal) Agreement; and
- (2) in case TCL Financial Services Associates experience any financial difficulties, TCL Corporation will, subject to internal approvals and the applicable rules and regulations, inject capital to TCL Financial Services Associates based on the needs of TCL Financial Services Associates.

Termination of Master Financial Services (2016 Renewal) Agreement:

Upon the coming into effect of the Master Financial Services (2017 Renewal) Agreement, the Master Financial Services (2016 Renewal) Agreement shall be automatically terminated.

Notes:

1. With this undertaking, China Display Qualified Members could be assured that facilities available to them under the Master Financial Services (2017 Renewal) Agreement could be of at least the amount of deposits they maintain with Finance Company and Finance Company (HK).
2. Whilst it is not a term of the Master Financial Services (2017 Renewal) Agreement, the Group has no intention to obtain secured loans, financing and guarantees involving pledge of the Group's assets as security under the Master Financial Services (2017 Renewal) Agreement.

HISTORICAL FIGURES

The following table sets out the actual amounts of the continuing connected transactions under the (i) Master Financial Services Agreement for the period from 17 April 2015 to 31 December 2015 and the year ended 31 December 2016; and (ii) Master Financial Services (2016 Renewal) Agreement for the six months ended 30 June 2017:

| | For the period from 17 April 2015 to 31 December 2015 (audited) RMB'000 | For the year ended 31 December 2016 (audited) RMB'000 | For the six months ended 30 June 2017 (unaudited) (for actual amount only)/for the year ending 31 December 2017 (for original annual cap only) RMB'000 |
|--|---|--|---|
| Continuing Connected Transactions | | | |
| Master Financial Services Agreement | | | |
| Actual | | | |
| – Deposit Services (being the maximum daily balance of deposits placed in Finance Company) | 306,786 | 370,520 | N/A |
| – Other Financial Services | 615 | 1,542 | N/A |
| Original annual cap | | | |
| – Deposit Services (being the maximum daily balance of deposits placed in Finance Company) | 350,000 | 401,000 | N/A |
| – Other Financial Services | 5,500 | 6,300 | N/A |
| Master Financial Services (2016 Renewal) Agreement | | | |
| Actual | | | |
| – Deposit Services (being the maximum daily balance of deposits placed in Finance Company) | N/A | N/A | 377,561 |
| – Other Financial Services | N/A | N/A | 3,483 |
| Original annual cap | | | |
| – Deposit Services (being the maximum daily balance of deposits placed in Finance Company) | N/A | N/A | 1,270,000 |
| – Other Financial Services | N/A | N/A | 39,000 |

PROPOSED ANNUAL CAPS

The following table sets out the annual caps of the continuing connected transaction under the Master Financial Services (2017 Renewal) Agreement (*see Note 1*) for the three years ending 31 December 2019:

| | For the year ending 31 December 2017 (note 1) RMB'000 | For the year ending 31 December 2018 RMB'000 | For the year ending 31 December 2019 RMB'000 |
|--|--|---|---|
| Master Financial Services (2017 Renewal) Agreement | | | |
| Maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) (<i>see Note 2</i>) | 1,270,000 | 1,680,000 | 1,680,000 |
| Financial service charges for Other Financial Services | 39,000 | 44,000 | 44,000 |
| Promotion Fee to be received (<i>see Note 3</i>) | 1,000 | 2,100 | 2,700 |

Notes:

1. The proposed annual caps for the year ending 31 December 2017 are aggregated figures covering transactions of similar natures contemplated under both the Master Financial Services (2016 Renewal) Agreement and the Master Financial Services (2017 Renewal) Agreement.
2. The amount excludes the facility amount without cash or bank instruments as security and other unsecured loans, financing and guarantees available under the facility line provided by TCL Financial Services Associates to the China Display Qualified Members since such amount is fully exempt under Rule 14A.90 of the Listing Rules. The Group has no intention to obtain secured loans, financing and guarantees involving pledge of the Group's assets as security under the Master Financial Services (2017 Renewal) Agreement.
3. The Promotion Fee to be received above is the income to be received by the Group from TCL Financial Services Associates for provision of Promotion Services by introducing, promoting to and/or recommending its suppliers to make use of the financing services of TCL Financial Services Associates and, in the process, assisting TCL Financial Services Associates to verify the authenticity of the client information and financing related materials provided by the suppliers and/or customers with the consent of such suppliers and/or customers. By way of examples, relevant members of the Group may promote its suppliers to engage TCL Financial Services Associates for provision of factoring services of the receivables they have against the Group.

REASONS FOR THE PROPOSED ANNUAL CAPS

The proposed annual caps in relation to the Master Financial Services (2017 Renewal) Agreement are determined by reference to the historical amounts of the relevant transactions and taking into account the following factors:

Deposit Services

- (i) The maximum daily balance of deposit of approximately RMB377,561,000 that the Company placed with Finance Company for the six months ended 30 June 2017;
- (ii) The annual caps for the year ending 31 December 2017 and 2018 in relation to similar deposit services under the Master Financial Services (2016 Renewal) Agreement. Since the Master Financial Services (2017 Renewal) Agreement in substance is a renewal of the Master Financial Services (2016 Renewal) Agreement with certain amendments, and the Group is not aware of any material change in circumstances which will substantially affect the volume of continuing connected transactions contemplated under the Master Financial Services (2017 Renewal) Agreement, it is expected that the annual caps for the year ending 31 December 2017 and 2018 in relation to the Deposit Services will be similar to that of the Master Financial Services (2016 Renewal) Agreement;
- (iii) Having been satisfied with the services and the benefits provided by Finance Company such as better interest rates than available from other financial institutions, it is expected the balance of deposits with Finance Company and/or Finance Company (HK) will increase;
- (iv) It is expected that the business of the Company will expand and there will be a growing need for deposit services in the PRC and Hong Kong in the following years and as a result, the capital available for deposit with Finance Company and/or Finance Company (HK) will also increase;

Financing Services

- (v) As regards Financing Services, given the Group may request TCL Financial Services Associates to provide unsecured financing as and when needed. Such unsecured financing which will be conducted on normal commercial terms or better, are fully exempt connected transactions, and thus, no proposed annual cap has been set therefor;

Financial Services Charges for Other Financial Services

- (vi) The historical amount for the fees paid the by the Group for the Other Financial Services;

- (vii) The annual caps for the year ending 31 December 2017 and 2018 in relation to similar other financial services under the Master Financial Services (2016 Renewal) Agreement. Since the Master Financial Services (2017 Renewal) Agreement in substance is a renewal of the Master Financial Services (2016 Renewal) Agreement with certain amendments, and the Group is not aware of any material change in circumstances which will substantially affect the volume of continuing connected transactions contemplated under the Master Financial Services (2017 Renewal) Agreement, it is expected that the annual caps for the year ending 31 December 2017 and 2018 in relation to the Other Financial Services will be similar to that of the Master Financial Services (2016 Renewal) Agreement;
- (viii) It is expected that the business of the Company will expand and there will be a growing need for Other Financial Services in the PRC and Hong Kong in the following years and as a result, the financial services charges payable to Finance Company and/or Finance Company (HK) will also increase

Promotion Services

- (ix) The proposed annual cap for Promotion Fee to be received by the Group is determined by reference to
 - (a) the estimated need of the services of TCL Financial Services Associates to be promoted to the Group's suppliers and customers based on the Group's preliminary discussion with TCL Financial Services Associates;
 - (b) the estimated Promotion Fee which the Group could earn based on such estimated need and the prevailing market rate of service fee of 1.0% for similar service;
 - (c) it is expected that the Group would only start with a relatively small number of its suppliers when carrying out the Promotion Services in 2017 and will gradually extend to a wider spectrum of its suppliers which accounts for the growth in the annual caps for the Promotion Fee.

REASONS FOR AND BENEFITS OF THE MASTER FINANCIAL SERVICES (2017 RENEWAL) AGREEMENT

The Directors (excluding the independent non-executive Directors whose views will be set out in the circular) consider that the terms of the Master Financial Services (2017 Renewal) Agreement and the transactions contemplated thereunder are fair and reasonable, and it is in the interest of the Company and the Shareholders as a whole to enter into the Master Financial Services (2017 Renewal) Agreement and the transactions contemplated thereunder for the following reasons:

1. The Master Financial Services (2017 Renewal) Agreement allows TCL Financial Services Associates to provide cost efficient finance and treasury services to all China Display Qualified Members. The Company believes that TCL Financial Services Associates, which are financial institutions duly established in or outside the PRC and the pricing policies and the operation of which are subject to guidelines issued by the CBRC or relevant authorities where the financial institutions duly established outside the PRC, may also facilitate the China Display Qualified Members to obtain cheaper financing from other financial institutions in or outside the PRC by taking advantage of the inter-bank lending rates which TCL Financial Services Associates may enjoy in respect of their own borrowings from other financial institutions. Since the credit ranking of TCL Corporation is better than that of China Display Qualified Members, TCL Financial Services Associates may obtain better financing options from the financial institutions outside through TCL Corporation by making use of its advantage in credit ranking, and in turn the TCL Financial Services Associates may offer favourable financing options to China Display Qualified Members. It is expected that the inter-bank interest rates are usually lower than the interest rates of other corporate commercial loans.
2. Further, Finance Company has been providing financial services to the Group and has a thorough understanding of the operations and development needs of the Group. Accordingly, it is expected that TCL Financial Services Associates (including Finance Company and Finance Company (HK)) will be more efficient in terms of processing transactions for the Group than other financial institutions given their close relationships.
3. In the course of business of the Group, suppliers of the Group may request the Group to provide unsecured guarantee letters from commercial banks in the PRC such as the Huizhou branch of the Bank of China. Out of the Other Financial Services, the Group may request TCL Financial Services Associates to assist the Group in obtaining such unsecured guarantee letters. Since the credit ranking of TCL Financial Services Associates may be better than that of the Group, TCL Financial Services Associates may be able to obtain unsecured guarantee letters with better terms. The Group will be benefited from such arrangement since it allows the Group to obtain such unsecured guarantee letters to facilitate the Group's business with its suppliers.
4. By enabling members of the Group to provide the Promotion Services, the Group would be able to leverage on its relationship with its suppliers and customers to earn the Promotion Fee.

LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling shareholder of the Company, currently holds approximately 53.76% of the issued shares of the Company and is a connected person of the Company under the Listing Rules. Finance Company and Finance Company (HK), being subsidiaries of TCL Corporation, are also connected persons of the Company. Therefore, the transactions contemplated under the Master Financial Service (2017 Renewal) Agreement therefore constitutes continuing connected transaction.

Notwithstanding the respective roles and/or interest of certain Directors in TCL Corporation Group, none of the Directors is considered as having a material interest in the transactions contemplated under the Master Financial Services (2017 Renewal) Agreement. Therefore, all the Directors are entitled to vote on the Board resolution for considering and approving the Master Financial Services (2017 Renewal) Agreement pursuant to the Company's bye-laws.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the annual caps of the Master Financial Service (2017 Renewal) Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in relation to the Deposit Services under the Master Financial Services (2017 Renewal) Agreement exceed 25% and its assets ratio exceeds 8%, in addition to being continuing connected transaction, the Deposit Services 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.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms and the proposed annual caps of the Master Financial Service (2017 Renewal) Agreement. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholder in this regard. A circular containing, among other things, further details of the Master Financial Service (2017 Renewal) Agreement, letters from the Independent Board Committee and the Independent Financial Adviser, a notice convening the General Meeting, and other information as required under the Listing Rules, will be despatched to Shareholders on or before 20 September 2017 as additional time is required to prepare and finalise the circular.

TCL Corporation and TCL Associates will abstain from voting on the resolution in respect of the Master Financial Service (2017 Renewal) Agreement to be put forward at the SGM.

GENERAL INFORMATION AND RELATIONSHIP 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 handheld mobile phones and tablets 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, 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).

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, audio-visual products, 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 this website does not form part of this announcement).

Finance Company 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 CBRC for the Qualified Members.

Finance Company (HK) is principally engaged in obtaining and utilizing funds required for operation of TCL Corporation Group (including the Group), the main functions of which include but not limited to financing of funds inside TCL Corporation Group (including the Group), the management cash pool and liquidity of funds, pay vendor or supplier, assistance of TCL Corporation Group (including the Group) to procure funds, and risk management.

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; |
| “CBRC” | China Banking Regulatory Commission; |
| “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 (2017 Renewal) Agreement; |
| “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; |
| “Deposit Services” | deposit of money by member(s) of the Group which are Qualified Members with Finance Company pursuant to the Master Financial Services (2017 Renewal) Agreement; |

| | |
|---------------------------------|---|
| “Director(s)” | the director(s) of the Company; |
| “Finance Company” | TCL Finance Co., Ltd.* (TCL集團財務有限公司), a company owned as to 82% by TCL Corporation, as to 14% by TCL King Electrical Appliances (Chengdu) Company Limited*(TCL 王牌電器(成都)有限公司) (an associate of TCL Corporation and an indirect wholly-owned Subsidiary of TCL Multimedia Technology Holdings Limited) and as to 4% by JRD Communication (Shenzhen) Ltd. (an indirect wholly-owned Subsidiary of TCL Communication Technology Holdings Limited, a TCL Associate); |
| “Finance Company (HK)” | TCL Finance (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability; |
| “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 (2017 Renewal) Agreement; |
| “Group” | the Company and its Subsidiaries and entity that may become Subsidiary of the Company from time to time during the term of the Master Financial Services (2017 Renewal) Agreement; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC; |
| “Independent Board Committee” | an independent committee of the Board established for the purpose of reviewing the terms of and the proposed annual caps for transactions under the Master Financial Services (2017 Renewal) agreement; |
| “Independent Financial Adviser” | Beijing Securities Limited, a licensed corporation under the SFO authorised to carry out regulated activities of Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Master Financial Services (2017 Renewal) Agreement, the transactions contemplated thereunder and the proposed annual caps; |

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| “Independent Shareholders” | Shareholders other than TCL Corporation and TCL Associates; |
| “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; |
| “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 (2016 Renewal) Agreement” | the master financial services agreement dated 24 October 2016 entered into among TCL Corporation, the Company and Finance Company in respect of the provision of deposit services and Other Financial Services by Finance Company; |
| “Master Financial Services (2017 Renewal) Agreement” | the master financial services agreement dated 18 August 2017 entered into among the Company, TCL Corporation, Finance Company and Finance Company (HK) 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 (2017 Renewal) Agreement other than the Deposit Services and the Financing Services; |
| “PBOC” | the People’s Bank of China, the central bank of the PRC; |
| “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; |
| “Promotion Fee” | fee payable by TCL Financial Services Associates to the relevant members of the Group for its provision of Promotion Services; |
| “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; |

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| “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 CBRC, which shall only include TCL Corporation, any Subsidiary of which TCL Corporation owns an equity interest of 51% or more, any company in which TCL Corporation or any of its subsidiaries own, individually or collectively, an equity interest of over 20% and any company in which TCL Corporation or any of its Subsidiaries own less than 20% equity interest but are, individually or collectively, the largest shareholder; |
| “SGM” | the special general meeting of the Company to be convened and held to consider, and if thought fit, approve the Master Financial Services (2017 Renewal) Agreement, the transactions contemplated thereunder and the proposed annual caps; |
| “Shareholder(s)” | holder(s) of share(s) of the Company |
| “Shareholders’ Approval Date” | the date on which the Independent Shareholders of the Company approved the Master Financial Services (2017 Renewal) Agreement, the transactions contemplated thereunder and the proposed annual caps; |
| “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 Associate(s)” | the associate(s) 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, its Subsidiary(ies) and any entity(ies) that may become Subsidiary(ies) of TCL Corporation from time to time during the term of the Master Financial Services (2017 Renewal) Agreement but does not include the Group (unless otherwise specified) for the purpose of this announcement |

“TCL Financial
Services Associates”

the existing TCL Associates and any entity that may become TCL Associates from time to time during the term of the Master Financial Services (2017 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, Finance Company (HK), TCL Commercial Factoring (Shenzhen) Company Limited* (TCL 商業保理(深圳)有限公司), Huizhou Zhonghai TCL Smart Technology Micro-Credit Company Limited* (惠州市仲愷 TCL智融科技小額貸款股份有限公司), Guangzhou TCL Internet Micro-Credit Company Limited* (廣州TCL互聯網小額貸款有限公司), TCL Internet Financing Services (Shenzhen) Company Limited* (TCL互聯網金融服務(深圳)有限公司), and TCL Financial Leasing (Zhuhai) Company Limited* (TCL融資租賃(珠海)有限公司); and

“%”

per cent.

On behalf of the Board
LIAO Qian
Chairman

Hong Kong, 18 August 2017

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

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.