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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
# LEASE OF STAFF QUARTER

## INTRODUCTION

The Board is pleased to announce that on 10 October 2017, China Display Huizhou (an indirect wholly-owned Subsidiary of the Company) entered into the Staff Quarter Lease Agreement with TCL Mobile Communication, pursuant to which TCL Mobile Communication as landlord has agreed to lease the Staff Quarter to China Display Huizhou as tenant.

## LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 53.74% of the total number of issued shares of the Company. TCL Mobile Communication, being an indirect Subsidiary of TCL Corporation, is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Staff Quarter Lease Agreement constitute continuing connected transactions of the Company.

As the Lease (2016) Agreement, the Licence Agreement (Hong Kong Science Park), the Carpark Lease Agreement and the Staff Quarter 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 under the Lease (2016) Agreement, the Licence Agreement (Hong Kong Science Park), the Carpark Lease Agreement and the Staff Quarter Lease Agreement 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 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 10 October 2017, China Display Huizhou entered into the Staff Quarter Lease Agreement with TCL Mobile Communication, pursuant to which TCL Mobile Communication as landlord has agreed to lease the Staff Quarter to China Display Huizhou as tenant.

## STAFF QUARTER LEASE AGREEMENT

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

| | |
|---|---|
| Date: | 10 October 2017 |
| Parties: | (i) TCL Mobile Communication as landlord; and<br><br>(ii) China Display Huizhou as tenant |
| Lease period: | 10 October 2017 to 28 February 2018 (both dates inclusive), subject to early termination pursuant to the terms of the Staff Quarter Lease Agreement |
| Rental area: | the Staff Quarter |
| Rent and payment: | RMB24,832.5 per month, inclusive of tax.<br><br>China Display Huizhou shall be responsible for the utility bills and management fee in respect of the Staff Quarter. |

Save for the pro-rated rent for the period from 10 October 2017 to 31 October 2017 shall be payable before China Display Huizhou takes possession of the Staff Quarter, China Display Huizhou shall make payment of (i) the rent for the current month and (ii) the utility for the immediately preceding month before the 10th day of each calendar month to TCL Mobile Communication. If China Display Huizhou fails to make payment for more than 30 days after the payment day, TCL Mobile Communication may request China Display Huizhou to pay liquidated damages (which amounts to 0.05% of the monthly rent) on a daily basis. If China Display Huizhou fails to make payment for more than 60 days after the payment day, TCL Mobile Communication shall have the right to terminate the Staff Quarter Lease Agreement and forfeit the Deposit. China Display Huizhou shall also be liable for the economic losses arisen from the delay.

Deposit: China Display Huizhou shall, before taking possession of the Staff Quarter, pay to TCL Mobile Communication the Deposit of RMB30,000 by way of deposit to secure the due observance and performance by China Display Huizhou of the Staff Quarter Lease Agreement.

At the expiration or termination of the Staff Quarter Lease Agreement and if the Deposit has not been forfeited, the Deposit shall be refunded to China Display Huizhou by TCL Mobile Communication.

Usage: The Staff Quarter shall be used for residential purpose only and China Display Huizhou shall not on its own accord change such use of the Staff Quarter.

**ANNUAL CAPS**

The following table sets out the annual caps of the continuing connected transactions under the Staff Quarter Lease Agreement:

| | **For the period from 10 October 2017 to 31 December 2017** | **For the period from 1 January 2018 to 28 February 2018** |
|---|---|---|
| Staff Quarter Lease Agreement | RMB160,000 | RMB124,000 |

The aggregate amount payable by China Display Huizhou to TCL Mobile Communication under the Staff Quarter Lease Agreement for the whole term of the lease (4 months and 22 days) is determined by reference to the Deposit to be maintained, the monthly rental of the Staff Quarter stated in the Staff Quarter Lease Agreement and the estimated cost of utilities based on the prevailing rate.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE STAFF QUARTER LEASE AGREEMENT

Having considered the overall market situation, it is expected that the production peak season of the smartphone industry will fall on the fourth quarter of the year. Accordingly, leasing the Staff Quarter which is located in the same location as the Group's production plant (which the Group has been leasing from TCL Mobile Communication since 1 January 2014) can cope with the additional accommodation need of the Group's additional employees recruited during the peak season to meet the additional production need during the peak season. Further, the Company believes that it is time and cost efficient for the Group to lease the Staff Quarter from TCL Mobile Communication to extend its cooperation with TCL Corporation Group rather than seeking alternative options to lease for residential properties which are not as close to the production plant of the Group as the Staff Quarter to minimize unnecessary administrative costs.

The monthly rent of the Staff Quarter is determined by the TCL Mobile 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 Staff Quarter.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Staff Quarter Lease Agreement is entered into in the ordinary and usual course of business of the Group, the terms of the Staff Quarter Lease Agreement and the transactions contemplated thereunder are on normal commercial terms and the terms thereunder together with the annual caps thereof are fair and reasonable, and it is in the interests of the Company and the Shareholders as a whole to enter into the Staff Quarter Lease Agreement and the transactions contemplated thereunder.

## LISTING RULES IMPLICATIONS

TCL Corporation, the ultimate controlling Shareholder of the Company, currently holds approximately 53.74% of the number of issued shares of the Company. TCL Mobile Communication, being an indirect Subsidiary of TCL Communication (an indirect Subsidiary of TCL Corporation), is a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Staff Quarter 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. For further details, 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 use certain premises. For further details, please refer to the announcement of the Company dated 1 December 2016.

On 19 July 2017, China Display Huizhou entered into the Carpark Lease Agreement with Chuangjie Communication, pursuant to which Chuangjie Communication as landlord has agreed to lease certain premises to China Display Huizhou as tenant. For further details, please refer to the announcement of the Company dated 19 July 2017.

As the Lease (2016) Agreement, the Licence Agreement (Hong Kong Science Park), the Carpark Lease Agreement and the Staff Quarter 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 of the aforesaid series of continuing connected transactions 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.

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 Staff Quarter Lease Agreement. Therefore, all Directors are entitled to vote on the relevant Board resolution 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).

TCL Mobile 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 TCL Mobile 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:

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| "Board" | the board of Directors |
| "Carpark Lease Agreement" | the carpark lease agreement dated 19 July 2017 entered into between Chuangjie Communication and China Display Huizhou |
| "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 |
| "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) |

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|---|---|
| "connected person(s)" | has the meanings ascribed to it under the Listing Rules |
| "Deposit" | the deposit contemplated under the Staff Quarter Lease Agreement |
| "Director(s)" | the director(s) of the Company |
| "Group" | the Company and its Subsidiaries |
| "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 |
| "Licence Agreement (Hong Kong Science Park)" | the licence agreement (Hong Kong Science Park) dated 1 December 2016 entered into between the Company and TCL Corporate Research |
| "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 |
| "Staff Quarter" | the staff quarter situated at No. 70 Weifeng 4th Road, Gaoxin District, Zhonghai, Huizhou, Guangdong Province, the PRC*(中國廣東省惠州市仲愷高新區惠風四路70號) |
| "Staff Quarter Lease Agreement" | the staff quarter lease agreement dated 10 October 2017 entered into between China Display Huizhou and TCL Mobile Communication in respect of the lease of the Staff Quarter |
| "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 |

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|---|---|
| "TCL Communication" | TCL Communication Technology Holdings Limited, a company incorporated in Cayman Islands with limited liability and a 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, 10 October 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.*