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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)

**FURTHER REVISION OF ANNUAL CAP
FOR CONTINUING CONNECTED TRANSACTIONS
UNDER THE MASTER SALE AND
PURCHASE (2022-2024) AGREEMENT**

AND

**RENEWAL OF EXISTING CONTINUING
CONNECTED TRANSACTIONS –
MASTER PROCESSING (2025-2027) AGREEMENT
MASTER SALE AND PURCHASE (2025-2027) AGREEMENT
AND
MASTER HR SUBCONTRACTING (2025-2027) AGREEMENT**

**FURTHER REVISION OF THE REVISED 2024 PURCHASE ANNUAL
CAP**

Reference is made to the November 2021 Circular in relation to, inter alia, the Master Sale and Purchase (2022-2024) Agreement and the April 2024 Circular in relation to the Revised 2024 Purchase Annual Cap.

The Company has entered into the Master Sale and Purchase (2022-2024) Agreement with TCL Technology on 24 November 2021, pursuant to which, among other things, each member of the Group may, at its absolute discretion, request to purchase its required Materials from members of the TCL Technology Group, and each member of the TCL Technology Group may, at its absolute discretion, request to purchase Products from members of the Group. The Master Sale and Purchase (2022-2024) Agreement and the transactions contemplated thereunder together with the relevant annual caps for the three years ending 31 December 2024 were subsequently approved, confirmed and ratified by the Shareholders during a special general meeting held on 16 December 2021.

The 2024 Purchase Annual Cap has been revised from RMB469,000,000 to RMB1,300,000,000, which was approved by the Shareholders at the special general meeting of the Company held on 23 May 2024.

The Company anticipates that the Revised 2024 Purchase Annual Cap under the Master Sale and Purchase (2022-2024) Agreement will not be sufficient to meet the demand of the Group and therefore proposes to further revise the Revised 2024 Purchase Annual Cap. Save for the Further Revised 2024 Purchase Annual Cap, all terms and conditions of the Master Sale and Purchase (2022-2024) Agreement shall remain unchanged.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that the Company had on 10 September 2024 (Hong Kong time after trading hours) entered into agreements no. 1 and 2 below with TCL Technology and agreement no. 3 below with Huizhou TCL, all for a term commencing from 1 January 2025 to 31 December 2027 subject to fulfilment of the relevant condition precedent:

- (1) Master Processing (2025-2027) Agreement;
- (2) Master Sale and Purchase (2025-2027) Agreement; and
- (3) Master HR Subcontracting (2025-2027) Agreement.

All the Agreements are on substantially similar terms of the corresponding existing agreements to continue the existing continuing connected transactions thereunder.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TCL Technology, the ultimate controlling shareholder of the Company, indirectly held approximately 64.20% of the number of issued Shares and therefore is a connected person of the Company under the Listing Rules. Huizhou TCL is held as to 50% by TCL Technology and is therefore an associate of TCL Technology and hence also a connected person of the Company under the Listing Rules. Therefore, the Further Revised 2024 Purchase Annual Cap, the Agreements and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the Further Revised 2024 Purchase Annual Cap and the respective proposed annual caps of the Master Processing (2025-2027) Agreement, the Master Sale and Purchase (2025-2027) Agreement and the Master HR Subcontracting (2025-2027) Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

FURTHER REVISION OF THE REVISED 2024 PURCHASE ANNUAL CAP

The Company has entered into the Master Sale and Purchase (2022-2024) Agreement with TCL Technology on 24 November 2021, pursuant to which, among other things, each member of the Group may, at its absolute discretion, request to purchase its required Materials from members of the TCL Technology Group, and each member of the TCL Technology Group may, at its absolute discretion, request to purchase Products from members of the Group. The Master Sale and Purchase (2022-2024) Agreement and the transactions contemplated thereunder together with the relevant annual caps for the three years ending 31 December 2024 were subsequently approved, confirmed and ratified by the Shareholders during a special general meeting held on 16 December 2021.

The 2024 Purchase Annual Cap has been revised from RMB469,000,000 to RMB1,300,000,000, which was approved by the Shareholders at the special general meeting of the Company held on 23 May 2024. For details, please refer to the April 2024 Circular.

Based on the actual amounts of Materials purchased from members of the TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement and the projected demand for Materials, the Company anticipates that the Revised 2024 Purchase Annual Cap under the Master Sale and Purchase (2022-2024) Agreement will not be sufficient to meet the demand of the Group. Accordingly, the Company proposes to further revise the Revised 2024 Purchase Annual Cap.

Save for the Further Revised 2024 Purchase Annual Cap, all terms and conditions of the Master Sale and Purchase (2022-2024) Agreement shall remain unchanged. For the avoidance of doubt, no revision is proposed to be made to the respective annual caps for the sale of Products to TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement.

Principal terms and details of the Master Sale and Purchase (2022-2024) Agreement are set out in the announcement of the Company dated 24 November 2021 and the November 2021 Circular.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that the Company had on 10 September 2024 (Hong Kong time after trading hours) entered into agreements no. 1 and 2 below with TCL Technology and agreement no. 3 below with Huizhou TCL, all for a term commencing from 1 January 2025 to 31 December 2027 subject to fulfilment of the relevant condition precedent:

- (1) Master Processing (2025-2027) Agreement;
- (2) Master Sale and Purchase (2025-2027) Agreement; and
- (3) Master HR Subcontracting (2025-2027) Agreement.

All the Agreements are on substantially similar terms of the corresponding existing agreements to continue the existing continuing connected transactions thereunder.

CONTINUING CONNECTED TRANSACTIONS

(1) Master Processing (2025-2027) Agreement

Reference is made to the November 2021 Circular. As stated therein, on 24 November 2021, the Company entered into the Master Processing (2022-2024) Agreement with TCL Technology, which will expire on 31 December 2024. As the Company and TCL Technology wish to continue the continuing connected transactions contemplated thereunder, the Company has on 10 September 2024 (after trading hours) entered into the Master Processing (2025-2027) Agreement with TCL Technology.

The Master Processing (2025-2027) Agreement is on substantially similar terms as the Master Processing (2022-2024) Agreement.

The material terms of the Master Processing (2025-2027) Agreement are summarised below:

Date: 10 September 2024 (after trading hours)

Parties: (i) the Company (for itself and on behalf of the Group);
and

(ii) TCL Technology (for itself and on behalf of TCL Technology Group).

Duration: From 1 January 2025 or the Shareholders' Approval Date (whichever is later) to 31 December 2027 (both days inclusive).

Condition Precedent: The Master Processing (2025-2027) Agreement is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules in respect of the Master Processing (2025-2027) Agreement, including but not limited to obtaining the Shareholders' approval at the SGM.

Save as disclosed above, the Master Processing (2025-2027) Agreement is not subject to other condition precedent.

Major Terms: If any member of TCL Technology Group so requests, the Company may, at its absolute discretion, procure the relevant member of the Group to process Raw Materials into Semi-Finished Materials and/or Finished Goods for the relevant member of TCL Technology Group in accordance with the Quality Specification.

The material processing services provided by the Group shall be on a non-exclusive basis.

TCL Technology will procure the relevant member of TCL Technology Group to provide the relevant member of the Group with the Raw Materials. The title to the Raw Materials (to the extent sourced from and owned by TCL Technology Group), the Semi-Finished Materials and the Finished Goods shall at all times be vested with the relevant member of TCL Technology Group.

In the event that the relevant member of TCL Technology Group is unable to provide sufficient Raw Materials to the Group to process into the requisite Semi-Finished Materials and/or Finished Goods, the relevant member of the Group may (but is not obliged to) source for any such shortfall in Raw Materials from other suppliers on behalf of the relevant member of TCL Technology Group and the relevant member of TCL Technology Group shall reimburse the relevant member of the Group of cost of such Raw Materials.

The terms and conditions of the material processing services provided by the Group to TCL Technology Group shall be agreed by relevant member of the Group and TCL Technology Group in writing by individual agreements from time to time. The terms of such individual agreements shall be consistent with the terms of the Master Processing (2025-2027) Agreement save and except the clauses regarding applicable law and dispute resolution.

Processing fee
and price
determination:

The overall terms and conditions (including but not limited to processing fees and payment terms) as a whole of each processing order offered by the relevant member of TCL Technology Group to the Group shall be no less favourable to the Group than those offered by Independent Third Parties and shall be on normal commercial terms or better. Each processing order shall be negotiated on an arm's length basis.

In determining whether the overall terms and conditions of any material processing services conducted pursuant to the Master Processing (2025-2027) Agreement are no less favourable to the Group than those offered by Independent Third Parties, the Group shall take into account all relevant factors including the fair market price ranges and pricing terms of material processing services of identical, or (if that is not available) of comparable or similar nature, quality, specifications, required time, etc. offered by other Independent Third Parties in the market at the time when the relevant individual agreement is entered into.

(2) Master Sale and Purchase (2025-2027) Agreement

Reference is made to the November 2021 Circular. As stated therein, on 24 November 2021, the Company has entered into the Master Sale and Purchase (2022-2024) Agreement with TCL Technology, which will expire on 31 December 2024. As the Company and TCL Technology wish to continue the continuing connected transactions contemplated thereunder, the Company has on 10 September 2024 (after trading hours) entered into the Master Sale and Purchase (2025-2027) Agreement with TCL Technology. The Master Sale and Purchase (2025-2027) Agreement is on substantially similar terms as the Master Sale and Purchase (2022-2024) Agreement.

The material terms of the Master Sale and Purchase (2025-2027) Agreement are summarised below:

- Date: 10 September 2024 (after trading hours)
- Parties: (i) the Company (for itself and on behalf of the Group);
and
(ii) TCL Technology (for itself and on behalf of TCL Technology Group).
- Duration: From 1 January 2025 or the Shareholders' Approval Date (whichever is later) to 31 December 2027 (both days inclusive).
- Condition Precedent: The Master Sale and Purchase (2025-2027) Agreement is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules in respect of the Master Sale and Purchase (2025-2027) Agreement, including but not limited to obtaining the Shareholders' approval at the SGM.
- Save as disclosed above, the Master Sale and Purchase (2025-2027) Agreement is not subject to other condition precedent.

Sale of Products to
TCL Technology
Group:

Each member of TCL Technology Group may, at its absolute discretion, request to purchase Products from members of the Group.

If any member of TCL Technology Group so requests or makes a written offer to any member of the Group to purchase from the Group any Products, the Company may, at its absolute discretion, procure relevant members of the Group to supply such Products to the relevant member of TCL Technology Group.

The terms and conditions of the sale of Products shall be agreed by relevant member of the Group and TCL Technology Group in writing by individual agreements from time to time. The terms of such individual agreements shall be consistent with the terms of the Master Sale and Purchase (2025-2027) Agreement save and except the clauses regarding applicable law and dispute resolution.

Purchase of Materials
from TCL
Technology Group:

Each member of the Group may, at its absolute discretion, request to purchase its required Materials from members of TCL Technology Group.

Upon receiving purchase request from members of the Group, TCL Technology may, at its absolute discretion, procure the relevant member of TCL Technology Group to sell to the relevant member of the Group the required Materials.

The terms and conditions of the purchase of Materials shall be agreed by relevant member of the Group and TCL Technology Group in writing by individual agreements from time to time. The terms of such individual agreements shall be consistent with the terms of the Master Sale and Purchase (2025-2027) Agreement save and except the clauses regarding applicable law and dispute resolution.

Price determination: The overall terms and conditions (including but not limited to price, payment terms and credit terms) as a whole offered by the relevant member of TCL Technology Group to relevant member of the Group shall be no less favourable to the relevant member of the Group than those offered by Independent Third Parties and shall be on normal commercial terms or better. Each sale or purchase order shall be negotiated on an arm's length basis.

In determining whether the overall terms and conditions of any sale and purchase conducted pursuant to the Master Sale and Purchase (2025-2027) Agreement are no less favourable to the relevant member of the Group than those offered by Independent Third Parties, the Group shall take into account all relevant factors including the fair market price ranges and pricing terms of goods of identical, or (if this is not available) of comparable or similar quality, specifications, quantities, required time of delivery, etc. offered by Independent Third Parties in the market as at the time when the relevant individual agreement is entered into.

Revenue Limit: Each of the Company and TCL Technology undertakes with each other that:

- (i) the aggregate amount of purchase of Materials from TCL Technology Group by the Group shall not exceed 50% of the Group's then total revenue in each of the financial year during the term of the Master Sale and Purchase (2025-2027) Agreement; and
- (ii) the aggregate amount of sale of Products to TCL Technology Group by the Group shall not exceed 50% of the Group's then total revenue in each of the financial year during the term of the Master Sale and Purchase (2025-2027) Agreement.

(hereinafter "**Revenue Limit**").

(3) Master HR Subcontracting (2025-2027) Agreement

Reference is made to the November 2021 Circular. As stated therein, on 24 November 2021, the Company has entered into the Master HR Subcontracting (2022-2024) Agreement with Huizhou TCL, which will expire on 31 December 2024. As the Company and Huizhou TCL wish to continue the continuing connected transactions contemplated thereunder, the Company has on 10 September 2024 (after trading hours) entered into the Master HR Subcontracting (2025-2027) Agreement with Huizhou TCL. The Master HR Subcontracting (2025-2027) Agreement is on substantially similar terms as the Master HR Subcontracting (2022-2024) Agreement.

The material terms of the Master HR Subcontracting (2025-2027) Agreement are summarised below:

- Date: 10 September 2024 (after trading hours)
- Parties: (i) the Company (for itself and on behalf of the Group);
and
(ii) Huizhou TCL (for itself and on behalf of Huizhou TCL Group).
- Duration: From 1 January 2025 or the Shareholders' Approval Date (whichever is later) to 31 December 2027 (both days inclusive).
- Condition Precedent: The Master HR Subcontracting (2025-2027) Agreement is conditional on and subject to compliance by the Company with relevant requirements of the Listing Rules in respect of the Master HR Subcontracting (2025-2027) Agreement, including but not limited to obtaining the Shareholders' approval at the SGM.
- Save as disclosed above, the Master HR Subcontracting (2025-2027) Agreement is not subject to other condition precedent.

Major terms:

Members of the Group may, at its absolute discretion, engage the relevant member of Huizhou TCL Group for provision of the Human Resources Services.

The relevant member of Huizhou TCL Group shall be responsible for, among other things:

- (i) the hiring of labour, the payment of wages, social security and employee compensation in accordance with applicable laws and regulations;
- (ii) organisation, recruitment and provision of suitable production labour and support staff to meet the needs of the Group under the Human Resources Services;
- (iii) supervision and training (including legal compliance, labour protection, safety training in respect of personal injury and incident and disaster prevention) of labour under the Human Resources Services; and
- (iv) day-to-day management of labour and designated projects under the Human Resources Services to ensure that the requirements of the relevant member of the Group are satisfied.

The relevant member of the Group shall be responsible for, among other things:

- (i) provision of work premises, facilities, equipment, and raw materials etc. necessary for completion of the designated projects;
- (ii) provision of specific guidelines, regulations, standards, requirements or targets in respect of each designated project;
- (iii) ensuring a safe working environment and provision of specialised safety training or other necessary training.

The relevant member of the Group and the relevant member of Huizhou TCL Group shall agree on the terms (including but not limited to fees and payment terms) of the provision of Human Resources Services in writing by individual agreements from time to time. The terms (other than terms in relation to jurisdiction and dispute resolution) of such individual agreements shall be consistent with and not deviate from the Master HR Subcontracting (2025-2027) Agreement.

The relevant member of the Group shall have absolute discretion in deciding whether and to what extent the requirements under the designated projects are satisfied and such decision of the relevant member of the Group shall be final and conclusive. In the event the relevant member of the Group determines that the relevant member(s) of Huizhou TCL Group is unable to satisfy in any respect the relevant requirements in a timely manner, the Group shall have the right to terminate the relevant individual agreement.

Price determination:

The fees under the Human Resources Services are calculated based on:

- (i) the salaries/wages of the relevant labour/staff provided by the relevant member of Huizhou TCL Group under the Human Resources Services; and
- (ii) the actual costs and other disbursements incurred by the relevant member of Huizhou TCL Group under the Human Resources Services.

An estimation of the aforesaid salaries, costs and other disbursements to be incurred or paid by the relevant member of Huizhou TCL Group shall be set out in the individual agreements and be supported with written evidence. If the actual salaries, costs and other disbursements incurred by the relevant member of Huizhou TCL Group are higher than those set out in the individual agreements, the relevant member of the Group shall have absolute discretion to pay to the relevant member of Huizhou TCL Group only such estimated amounts set out in the individual agreements.

The overall terms and conditions (including but not limited to the fees and payment terms) as a whole offered by the relevant member of Huizhou TCL Group to relevant member of the Group shall be no less favourable to the relevant member of the Group than those offered by Independent Third Parties and shall be on normal commercial terms or better. Each individual agreement shall be negotiated on an arm's length basis.

In determining whether the terms and conditions of any individual agreements for the Human Resources Services are no less favourable to the relevant member of the Group than those offered by independent third parties, the Group shall take into account all relevant factors including, in respect of salaries/wages of relevant labour/staff, the fair market price ranges and pricing terms of human resources services of identical, or (if this is not available) of comparable or similar nature, quality, type, specifications, required time, etc. offered by Independent Third Parties in the market as at the time when the relevant individual agreement is entered into.

Payment term:

Unless otherwise agreed in the individual agreements, the fees for the Human Resources Services shall be payable by the relevant member of the Group to the relevant member of Huizhou TCL Group on a monthly basis and shall be settled on or before the 15th day of each month.

INTERNAL CONTROL PROCEDURES AND PRICING POLICIES

In order to safeguard the interests of the Company and the Shareholders, and to ensure that the Agreements and the transactions contemplated thereunder are on normal commercial terms and on terms no less favourable to the Group than those offered by Independent Third Parties, in addition to those disclosed above, the Company has also adopted the following general and specific internal control procedures and pricing policies:

General internal control procedures and pricing policies

- (i) The finance department of the Company has maintained a list of transaction parties (the “**Transaction Parties List**”) of all material transactions and highlighted those who are connected persons of the Company so that staff members could identify transactions that constitute connected transactions of the Company. Whenever the relevant department of the Company intends to enter into transaction with an entity, the relevant department would check against the Transaction Parties List to see if the such entity is a connected person of the Company, and if so the connected transaction would be subject to applicable review and monitoring procedures (including those set out herein, if applicable) to ensure the connected transactions would be on normal commercial terms and on terms no less favourable from the perspective of the Group.
- (ii) The finance department of the Company has, on a quarterly basis, counterchecked with each party in the Transaction Parties List to ascertain whether they are a connected person of the Company, so as to maintain the list of connected persons (the “**Connected Person List**”) for the staff members to identify transactions constituting connected transactions of the Company. Any alteration to the Connected Person List could only be made after checking with the counterparty to ascertain the relationship with the Company, in the case of addition of a connected relationship, evidence such as organisation chart will have to be obtained, and in the case of cessation of a connected relationship, evidence will have to be obtained to confirm the date of cessation as a connected person of the Company. Whenever there is an update to the Connected Person List, it must be reported and approved by the management of the Group to ensure the management is aware of such update.
- (iii) The finance department of the Group will maintain a database to record and monitor the aggregate transaction amounts under the continuing connected transactions from time to time and prepare a monthly report on the status of the aggregate transaction amounts which will be submitted to the finance director of the Group for review.

- (iv) Before conducting any transactions with connected persons, the finance department would confirm that the Group still has sufficient unused annual caps for carrying out the relevant continuing connected transactions. The finance department would on a regular basis review the continuing connected transactions carried out during the period under review to assess, and compile a report, on (i) whether the continuing connected transactions of the Group have been carried out in accordance with the terms of the relevant agreement and the Company's pricing policy; and (ii) the transactions amount during the month under review, the aggregate amount of transactions conducted during the relevant financial year and whether the relevant annual caps have been exceeded. If it is anticipated that the annual caps may be exceeded if the Company is to carry out the proposed transactions, it would take all appropriate steps in advance to comply with the relevant requirements under the Listing Rules including but not limited to revising the relevant annual caps before entering into the proposed transactions. In particular, when 80% of the amount under the relevant annual cap has been utilised, the finance department would send an alert to the operation unit and management, and they would be required to ascertain if there is still sufficient unused annual cap before accepting any further order from the relevant connected persons. When 90% of the amount under the relevant annual cap has been utilised, the Group will consider refusing orders from relevant connected persons until the relevant annual cap has been revised in compliance with the Listing Rules.
- (v) Every time before conducting any continuing connected transactions, the relevant department of the Group would first prepare the relevant individual agreement for the continuing connected transactions and submit it to the finance department and legal department of the Group for review and approval. The finance department and legal department of the Group would review the terms of the proposed transaction and the draft individual agreement to be entered into to make sure that the terms are in compliance with the pricing policy of the Group and the overall terms and conditions (including prices and payment terms) are no less favourable to the relevant member of the Group than those offered by Independent Third Parties. The transactions could only be carried out after the finance department and the legal department have given their approval therefor.

- (vi) The Company's internal control unit will on a half-year basis review the monitoring of the continuing connected transactions to ensure the abovementioned policies and procedures are adequate and effective, the findings of the review will be reported by the head of internal control unit to the finance director of the Company. The internal control unit regularly reviews and monitors whether the continuing connected transactions are conducted on normal commercial terms and in compliance with the policies and procedures. In the event of any non-compliance issue or inadequacy in the policies and procedures, the internal control unit will immediately report such matters to the independent non-executive directors and will take remedial actions.
- (vii) The independent non-executive Directors will be provided with the internal control report which sets out the matters subject to review, the methodology adopted, the findings of the internal control department as well as remedial actions taken (if any). Further, the management will provide independent non-executive Directors with half-yearly reports in respect of the on-going continuing connected transactions; sufficient information relating to (i) financial performance and position of the Company; (ii) the implementation of the continuing connected transactions and (iii) the agreement(s) on the continuing connected transactions to be entered into will also be provided to enable the independent non-executive Directors to make their independent judgment in reviewing the continuing connected transactions. The internal control department of the Company will alert the independent non-executive Directors of any deficiency of internal controls or non-compliance issue.
- (viii) All such personnel involved in the internal control procedures are independent of TCL Technology and its associates.

Master Processing (2025-2027) Agreement

- (i) Every time before the relevant member of the Group accepts a request from the relevant member of TCL Technology Group for the processing of Raw Materials, the operation unit of the relevant member of the Group will review the draft individual processing order for the engagement to confirm that the Group has the relevant resources to meet the timeline, quality and the quantity of the relevant order placed. The processing fee that the Group charges is in general determined based on factors such as the cost for processing, level of technology and skills required and quantity ordered etc. taking into account of prevailing market conditions, and will vary depending on the specification of each order. Such price determination mechanism is in line with the market or the industry. In any event, the Group will make reference to the prevailing market or industry practices and conditions to ensure the processing fee to be charged is consistent with the market or industry.

- (ii) When evaluating the terms of a draft individual processing order, the internal control unit will compare it with all quotations provided to or by Independent Third Parties for the same or equivalent processing services at comparable quality and determine whether on an overall evaluation of the processing fees to be charged, the payment terms as stated in the draft individual processing order against the quotations offered to or by Independent Third Parties, are no less favourable to the Group.

- (iii) Where no similar service for processing the relevant Raw Material into similar Semi-Finished Materials and/or Finished Goods is offered by the Group to Independent Third Parties, the Group will request the relevant member of TCL Technology Group to obtain at least two quotations from Independent Third Parties (who are able to provide the required services of satisfactory quality and at satisfactory standard to TCL Technology Group) whereby the Group will compare the overall terms of the engagement, and in particular the processing fee to be charged, against those offered by Independent Third Parties to ensure that those offered by the Group are no more favourable. Where no such quotations could be obtained, the Group will compare the gross profit margin of the processing fee to be charged by the Group against the gross profit margin for selling similar Semi-Finished Materials and/or Finished Goods to ensure that a higher gross profit margin will be achieved by offering processing service. For illustration, the current gross profit margin of processing service in general is within the range of approximately 3% to 20%, depending on the type and specification of Semi-Finished Materials and/or Finished Goods required by the customer. Nevertheless, the margin that the Group charges may vary during the term of the Master Processing (2025-2027) Agreement depending on factors such as market circumstances, customer relationship, product specifications, transportation and mode of delivery, production cost, etc. The reason for requesting the relevant member of TCL Technology Group to obtain quotations from Independent Third Parties instead of obtaining quotations by the Group itself is because it is impractical for the Group, as a service provider in the context of processing service, to obtain quotations from Independent Third Party processing service providers who are competitors of the Group, as those Independent Third Parties will be reluctant to provide the Group with such sensitive information.

Master Sale and Purchase (2025-2027) Agreement

- (i) Before selling any Products to or purchasing any Materials from TCL Technology Group, the Group would ensure that the transactions are on normal commercial terms and on terms no less favourable from the perspective of the Group than those offered by Independent Third Parties. The internal control unit of the Group will compare the terms offered by TCL Technology Group with the terms offered by at least two Independent Third Party and make an overall assessment of the terms offered, including the quality of the Products or Materials, past history of dealing with the such party (if any), payment terms and Product or Materials price (as the case may be), to ensure that those offered by TCL Technology Group is no less favourable to the Group than those offered by Independent Third Parties.
- (ii) Where no identical Products or Materials are offered by Independent Third Parties, the internal control unit will then obtain at least two quotations from Independent Third Parties in respect of similar or comparable Products or Materials and compare them with those offered by TCL Technology Group and determine whether on an overall evaluation of the prices to be charged, payment terms and other terms and conditions, the terms offered by TCL Technology Group are no less favourable to the Group than those offered by Independent Third Parties.
- (iii) The Group sets a minimum gross profit margin for the Products which is determined with reference to the average price of similar products offered by Independent Third Parties on open market, production cost and market competition. The said minimum gross profit margin will be reviewed and adjusted from time to time based on prevailing market demand and with a view to maintaining the Group's competitiveness amidst changing market condition. In the case where no quotations for identical, similar or comparable Materials can be obtained and the Group decides to purchase Materials from TCL Technology Group, if the cost of such Materials is so high that it will result in the gross profit margin of the relevant Product dropping below the prevailing minimum gross profit margin, the Group will consider whether to purchase such Materials from TCL Technology Group based on a basket of factors, including not limited to (i) whether the Group is able to obtain better offer from Independent Third Parties; (ii) whether the Group has available production capacity and manpower to handle the relevant order; (iii) the customers' demand and the long-term relationship with the customers; and (iv) the overall impact to the profitability of the Group, and the Group shall only proceed on such purchase from TCL Technology Group if it is in the interest of the Shareholders and the Group as a whole to do so.

- (iv) The Group will set up half-year targets for sale of Products and purchase of Materials, which should generally not exceed 50% of the total sale or purchase target (as the case may be) of the Group for the period, together with the annual revenue target of the Group, it could project the approximate amount of sale and purchase from TCL Technology Group, which will be subject to review from time to time by its internal control unit depending on the surrounding circumstances such as Group's performance and overall market conditions. The finance department will provide the actual revenue in the end of each month to enable the sale unit, purchase unit and internal control unit to compare the actual sale and purchase figures against the sale and purchase targets, the sale and purchase limit as well as the latest revenue of the Group from time to time and to make necessary adjustment for the sale and purchase to and from TCL Technology Group for the remaining half year period, if needed, to ensure that the Revenue Limit will not be exceeded.
- (v) The internal control unit of the Group will maintain a database to record (a) the total revenue of the Group; and (b) the aggregate amount of purchase of Materials from and sale of Products to TCL Technology Group. Where the Group proposes to make a purchase or sale which will result in the then aggregate amount of purchase of Materials from or sale of Products to TCL Technology Group exceeding 45% of the then total revenue of the Group in the relevant financial year, the Group will favourably consider offers from other Independent Third Parties for purchase of Materials or sale of Products as and when appropriate and the internal control unit will notify the relevant department to temporarily decline or delay to process the sale or purchase instructions from the Group and any further instructions from the relevant departments can only be processed on a discretionary basis until there are sufficient purchases or sales from/to other Independent Third Parties to ensure that the Revenue Limit for the corresponding financial year will not be exceeded. Where necessary, the Group will also consider refusing purchase of Materials from or sale of Products to TCL Technology Group until there is sufficient Revenue Limit and/or the relevant Revenue Limit has been revised in compliance with the Listing Rules (including but not limited to obtaining Shareholders' approval, where appropriate).

Master HR Subcontract (2025-2027) Agreement

To ensure that the continuing connected transactions contemplated under the Master HR Subcontracting (2025-2027) Agreement are on normal commercial terms and terms no less favourable than those available from Independent Third Parties, where comparable services are available on the market from Independent Third Parties, before requesting the Human Resources Services from Huizhou TCL Group, the Group would obtain a quotation from at least two Independent Third Parties for similar or comparable services and conduct an assessment on the terms of the provision of such services. The Group would only engage Huizhou TCL Group for the provision of the Human Resources Services when the terms offered by Huizhou TCL Group are better than those offered by Independent Third Parties. The quotations obtained from the Independent Third Parties would be recorded in an internal system maintained by the Group which would be updated from time to time so that the members of the Group would have an easy access of information regarding the market price and other terms of contract.

HISTORICAL FIGURES

The following table sets out the historical figures and the existing annual caps of the continuing connected transactions under the Agreements for the three years ending 31 December 2024:

	For the year ended 31 December 2022 (audited) RMB'000	For the year ended 31 December 2023 (audited) RMB'000	For the year ending 31 December 2024 (for historical annual cap)/ For the period from 1 January 2024 to 31 August 2024 (for actual amount) (unaudited) RMB'000
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Master Processing (2022-2024) Agreement

Processing fees

Historical annual caps	198,000	218,000	239,000
Actual amount	35,585	64,875	31,933
Utilisation rate	18.0%	29.8%	13.4%

	For the year ended 31 December 2022 (audited) RMB'000	For the year ended 31 December 2023 (audited) RMB'000	For the year ending 31 December 2024 (for historical annual cap)/ For the period from 1 January 2024 to 31 August 2024 (for actual amount) (unaudited) RMB'000
Master Sale and Purchase (2022-2024) Agreement			
<i>Purchase of Materials from TCL Technology Group</i>			
Historical annual caps	387,000	426,000	1,300,000 <i>(Note)</i>
Actual amount	156,504	298,319	880,772
Utilisation rate	40.4%	70.0%	67.8%
<i>Sale of Products to TCL Technology Group</i>			
Historical annual caps	2,781,000	3,059,000	3,364,000
Actual amount	1,335,122	842,783	1,165,222
Utilisation rate	48.0%	27.6%	34.6%
Master HR Subcontracting (2022-2024) Agreement			
<i>Service fees</i>			
Historical annual caps	106,000	122,000	141,000
Actual amount	1,516	35,843	42,418
Utilisation rate	1.4%	29.4%	30.1%

Note:

The annual cap for the purchase of Materials from TCL Technology Group for the year ending 31 December 2024 has been revised from RMB469,000,000 to RMB1,300,000,000. The revision was approved by the Shareholders at the special general meeting of the Company held on 23 May 2024. For details, please refer to the April 2024 Circular.

PROPOSED FURTHER REVISED 2024 PURCHASE ANNUAL CAP AND PROPOSED ANNUAL CAPS

The following table sets out the proposed Further Revised 2024 Purchase Annual Cap and the respective proposed annual caps of the continuing connected transactions under the Agreements for the three years ending 31 December 2027:

	For the year ending 31 December 2024 <i>RMB'000</i>	For the year ending 31 December 2025 <i>RMB'000</i>	For the year ending 31 December 2026 <i>RMB'000</i>	For the year ending 31 December 2027 <i>RMB'000</i>
Master Processing (2025-2027) Agreement				
<i>Processing fees</i>				
Proposed annual caps	N/A	100,000	120,000	144,000
Master Sale and Purchase (2022-2024) Agreement				
Proposed Further Revised 2024 Purchase Annual Cap	1,800,000 <i>(Note)</i>	N/A	N/A	N/A
Master Sale and Purchase (2025-2027) Agreement				
<i>Purchase of Materials from TCL Technology Group</i>				
Proposed annual caps	N/A	2,500,000	3,000,000	3,600,000

	For the year ending 31 December 2024 RMB'000	For the year ending 31 December 2025 RMB'000	For the year ending 31 December 2026 RMB'000	For the year ending 31 December 2027 RMB'000
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*Sale of Products to
TCL Technology Group*

Proposed annual caps	N/A	2,500,000	3,000,000	3,600,000
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**Master HR Subcontracting
(2025-2027) Agreement**

Service fees

Proposed annual caps	N/A	100,000	115,000	132,250
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Note:

For the avoidance of doubt, the Company and TCL Technology undertook with each other under the Master Sale and Purchase (2022-2024) Agreement that, among others, the aggregate amount of purchase of Materials from TCL Technology Group by the Group shall not exceed 50% of Revenue Limit. As further explained in the paragraph headed “Reasons for and Benefits of Revision of the Revised 2024 Purchase Annual Cap and the Continuing Connected Transactions”, the projected ratio of the Further Revised 2024 Purchase Annual Cap to the total revenue of the Group for the year ending 31 December 2024 is expected to be 40.9%.

BASIS FOR DETERMINATION OF THE PROPOSED FURTHER REVISED 2024 PURCHASE ANNUAL CAP AND PROPOSED ANNUAL CAPS

The Directors determined the proposed Further Revised 2024 Purchase Annual Cap and the annual caps in relation to the Agreements with reference to, among others, the following factors:

Further Revised 2024 Purchase Annual Cap

- (i) Following the commencement of production of the display panel production line “t9” of TCL CSOT, a member of TCL Technology Group, in September 2022, the Group has formed an integrated panel and module business model with TCL CSOT, and has benefited from a stable supply of Materials that meets the specific demands of first-tier brand customers. As some of the Group’s brand customers have requested for Materials with certain specifications which could only be satisfied by Materials supplied by TCL CSOT, the Group saw an increase in the purchase of Materials from TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement, as evidenced by the increasing trend in the actual amount of Materials purchased from TCL Technology Group for the two years ended 31 December 2023. Such increase in demand for sourcing from TCL Technology Group is expected to continue for the remaining term of the Master Sale and Purchase (2022-2024) Agreement to meet the Group’s production need.
- (ii) As a result, the unaudited historical amount of purchase of Materials from TCL Technology Group during the eight months ended 31 August 2024 reached RMB880,772,000, representing 67.8% of the Revised 2024 Purchase Annual Cap and 188% of the 2024 Purchase Annual Cap.
- (iii) On the basis of the current trend and the current orders on hand, it is projected that the monthly amount of purchase of Materials from TCL Technology Group will be RMB180 million and the amount of purchase of Materials from TCL Technology Group will exceed the Revised 2024 Purchase Annual Cap in or about November 2024 and will reach RMB1,666,671,000 at the end of 2024.

Master Processing (2025-2027) Agreement

- (i) The historical amounts of the relevant transactions under the Master Processing (2022-2024) Agreement, in particular, the processing fees received by the Group for the eight months ended 31 August 2024 was RMB31.93 million.
- (ii) The processing order for the year ending 31 December 2025 is projected to reach 6.5 million units and it is expected that the processing order volume of the Group will steadily increase during the three years ending 31 December 2027 while the processing fee per unit will remain stable.
- (iii) The 20% annual increase in the proposed annual caps from 2025 to 2027 has taken into account the expected annual organic growth rate in respect of the volume of processing products to TCL Technology Group during the three years ending 31 December 2027.

Master Sale and Purchase (2025-2027) Agreement

Purchase of Materials from TCL Technology Group:

- (i) The amount of purchase of Materials from TCL Technology Group during the year ending 31 December 2024 is expected to reach over 90% of the Further Revised 2024 Purchase Annual Cap.
- (ii) It is expected that the Company will participate in a new sales project with the projected shipment during the year ending 31 December 2025 reaching 8.5 million units, hence the demand for Materials is expected to increase correspondingly.
- (iii) As mentioned above in the paragraph under Basis for Determination of the Further Revised 2024 Purchase Annual Cap, as the display panel production line “t9” of TCL CSOT provides a stable supply of Materials which meet certain specification demanded by the Group’s customers and the Group has attracted new brand customers, it is expected that the revenue of the Group’s mobile phone and tablet module for the year ending 31 December 2025 is expected to increase 20% year-on-year. Additionally, driven by the increased average size of the Group’s products and a shift in focus towards the development of medium-sized display modules, the proportion of sales volume derived from tablet modules for the six months ended 30 June 2024 reached 11.4% of the Group’s total sales volume, representing a year-on-year increase of 44.6 times. The Group expects the demand for Materials sourced from TCL Technology Group will further increase by approximately 50% year-on-year during the year ending 31 December 2025.

- (iv) The 20% annual increase in the proposed annual caps taking into account the Materials sourcing demand corresponding to the 10% expected annual organic growth rate in the sales volume of the Group from 2025 to 2027, with an additional 10% increase in the average cost of the Group's Materials during the same period. This cost increase is attributed to the larger average size of the Group's products and a strategic shift towards the development of medium-sized display modules.
- (v) The market price of Materials is expected to remain stable for the three years ending 31 December 2027.

Sale of Products to TCL Technology Group:

- (i) The historical amounts of the relevant transactions under the Master Sale and Purchase (2022-2024) Agreement, with the total amount of sale of Products to TCL Technology Group for the year ending 31 December 2024 expected to reach 60% of the relevant annual cap.
- (ii) It is expected that the Company will participate in a new sales project with the projected shipment during the year ending 31 December 2025 reaching 8.5 million units.
- (iii) As the display panel production line "t9" of TCL CSOT provides a new source of panels, coupled with orders from new brand customers, it is expected that the revenue of the Group's mobile phone and tablet module for the year ending 31 December 2025 is expected to increase 20% year-on-year.
- (iv) The 20% annual increase in the proposed annual caps taking into account the 10% expected annual organic growth rate in the sales volume of the Group from 2025 to 2027, with an additional 10% increase in the average selling prices of the Group's Products during the same period. This price increase is attributed to the larger average size of the Group's products and a strategic shift towards the development of medium-sized display modules. For the six months ended 30 June 2024, the overall average selling price of the Group's Products increased by 76.3% year-on-year to RMB 100.9.

Master HR Subcontracting (2025-2027) Agreement

- (i) The historical amounts of the relevant transactions under the Master HR Subcontracting (2022-2024) Agreement.
- (ii) The expected increase of labour demand (in terms of man hour) of the Group at an annual rate of 10% during the term of the Master HR Subcontracting (2025-2027) Agreement taking into account the Group's business development plan and expected organic growth of the Group's sales volume resulting from orders from new brand customers and the new source of supply of panels from the display panel production line "t9" for the three years ending 31 December 2027.
- (iii) The average rate of the Human Resources Services is expected to increase at an annual rate of 5% taking into consideration of inflation.
- (iv) The experience and expertise of the labour supplied by Huizhou TCL Group.

REASONS FOR AND BENEFITS OF REVISION OF THE REVISED 2024 PURCHASE ANNUAL CAP AND THE CONTINUING CONNECTED TRANSACTIONS

Revision of the Revised 2024 Purchase Annual Cap

The Group has been obtaining Materials from the TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement. As discussed in the section headed "Basis for Determination of the Proposed Further Revised 2024 Purchase Annual Cap and Proposed Annual Caps", the Company anticipates that the actual amount of purchases of Materials will exceed the previous estimation and that the Revised 2024 Purchase Annual Cap will not be sufficient to meet the Group's demand for the year ending 31 December 2024. The further revision of the Revised 2024 Purchase Annual Cap will facilitate members of the Group to secure a stable and reliable supply of the necessary Materials that meets customers' requirements. Hence, the Further Revised 2024 Purchase Annual Cap will allow the Group to continue to grow its production scale and strengthen its economics of scale advantage.

The Directors consider that the continuing connected transactions contemplated under the Master Sale and Purchase (2022-2024) Agreement will not result in significant reliance on TCL Technology Group for the following reasons:

- (i) none of the current Independent Third Party suppliers of the Group has indicated any intention to discontinue the cooperation with the Group, the Group expects to maintain its existing portfolio of Independent Third Party suppliers and hence will retain a diversified source of supply of Materials;
- (ii) TCL Technology Group supplies only one to two kinds of Materials to the Group. Whereas the Group will continue to explore the feasibility of sourcing such Materials from other Independent Third Party suppliers, it would only source the requisite Materials from TCL Technology Group if it is the most cost efficient and practical source. In the event that the Group cannot source the requisite Materials from TCL Technology Group, the Group will obtain such Materials from Independent Third Party suppliers which offer the next most cost efficient supply, in which case the Group will discuss with the relevant customers to ascertain if modifications to their product orders are necessary based on the specifications of the Materials that are available from Independent Third Party suppliers; and
- (iii) the latest projection of the revenue of the Group for year 2024 is approximately RMB4.4 billion, which is based on (i) the revenue of RMB1.84 billion for the six months ended 30 June 2024; (ii) the sales forecast for the second half of 2024 of the Group with its existing customers, including order quantity, production and shipment schedule, unit price of products; (iii) potential orders from new customers; and (iv) the Group's production capacity. On this basis, the proposed Further Revised 2024 Purchase Annual Cap accounts for no more than 43.1% of the projected total cost of sales of the Group and no more than 40.9% of the total revenue of the Group for the year ending 31 December 2024. In any event, the actual amount of Purchase is always subject to the Revenue Limit.

Master Processing (2025-2027) Agreement

The business of processing raw materials provided by customers is a principal business segment of the Group. Under the Master Processing (2025-2027) Agreement, the Raw Materials to be processed by the Group will either be provided by the customers, or if the relevant customer is unable to provide sufficient Raw Materials, such customer will reimburse the Group for the costs of Raw Materials. In view of the tight supply and cost fluctuation of raw materials in recent years, this business model provides the Group with a more flexible option to satisfy the needs of the customers.

The Master Processing (2025-2027) Agreement enables the Group to continue providing processing service to TCL Technology Group, which will facilitate the operation of the Group's business by providing additional and stable sources of business opportunities and enhancing the efficient use of resources and utilisation of the production capacity of the Group.

The Directors consider that the continuing connected transactions contemplated under the Master Processing (2025-2027) Agreement will not result in significant reliance on TCL Technology Group as each of the proposed annual caps of for the three years ending 31 December 2027 accounts for less than 5.59% of the total revenue of the Group for the year ended 31 December 2023.

Master Sale and Purchase (2025-2027) Agreement

The Master Sale and Purchase (2025-2027) Agreement will provide members of the Group with a stable and reliable source of supply of the necessary Materials for the Products that meets customers' specific requirements.

Moreover, the Master Sale and Purchase (2025-2027) Agreement will also provide the Group with more flexible options as to the sales channels of its Products.

The market of smartphone products and products with display modules are dynamic and ever-changing. A holistic customer experience is of critical importance and as such brand customers which offer a wide range of electronic appliances would place order for multiple types of electronic products with TCL Technology Group at the same time. Meanwhile, the products respectively produced or manufactured by the Group and TCL Technology Group are of different types (with the former focusing on small-to-medium sized LCD Modules while the latter focusing on large-sized display and new energy photovoltaic products). Thus, in order to swiftly cope with market changes, to strengthen the operating capability of the Group, and to share the sales channels within TCL Technology Group, the Group would first sell its products to members of the TCL Technology Group for them to re-sell such products to third party customer. Whilst currently the Group may not be able to establish direct business relationship with certain Independent Third Party brand customers, by providing Products to TCL Technology Group for its processing or onward sale to such Independent Third Party brand customers, the Group may gradually establish direct sales channel with these Independent Third Party brand customers.

Although the proposed annual caps under the Master Sale and Purchase (2025-2027) Agreement are substantially higher than the historical transaction amounts, the Directors consider that the continuing connected transactions contemplated under the Master Sale and Purchase (2025-2027) Agreement will not result in significant reliance on TCL Technology Group for the following reasons:

- (i) the Group expects to maintain its existing portfolio of Independent Third Party customers/suppliers, as none of the existing Independent Third Party customers/suppliers has indicated any intention to discontinue the cooperation with the Group;
- (ii) the Group has been exploring new markets and new Independent Third Party customers and optimising its product mix. The Group has capitalised on the advancement in its medium-sized display modules and gradually attracted new brand customers, thereby diversifying its sources of revenue. In view of the aforesaid, the Group is confident that it could maintain its revenue from Independent Third Parties in the future;

- (iii) TCL Technology Group supplies only one to two kinds of Materials to the Group. Whereas the Group will continue to explore the feasibility of sourcing such Materials from other Independent Third Party suppliers, it would only source the requisite Materials from TCL Technology Group if it is the most cost efficient and practical source. In the event that the Group cannot source the requisite Materials from TCL Technology Group, the Group will obtain such Materials from Independent Third Party suppliers which offer the next most cost efficient supply, in which case the Group will discuss with the relevant customers to ascertain if modifications to their product orders are necessary based on the specifications of the Materials that are available from Independent Third Party suppliers; and
- (iv) the purchase of Materials from and sale of Products to TCL Technology Group will be subject to the Revenue Limit such that the size of the Group's continuing connected transactions under the Master Sale and Purchase (2025-2027) Agreement will be tied to the growth of the Group's relevant transactions with Independent Third Party suppliers and customers.

Master HR Subcontracting (2025-2027) Agreement

Huizhou TCL Group is principally engaged in the business of provision of human resources services in the area of electronic components production. The specialisation and experience of the labour and that supplied by Huizhou TCL Group meet the demand of the Group. Also, the economics of scale achieved by Huizhou TCL Group will allow the Group to obtain skilled labour at a lower cost when compared to the Group hiring similar skilled labour by itself.

Under the Master HR Subcontracting (2025-2027) Agreement, Huizhou TCL Group will provide a stable and flexible supply of human resources to the Group upon the Group's request, which saves the Group from the time and resources required in recruiting sufficient and additional skilled workers on a short-term basis in particular at peak seasons and reduces the risk of production disruption in case the Group could not recruit the necessary skilled workers in time. Also, given the close cooperation between Huizhou TCL Group and the Group during the past three years, Huizhou TCL Group is familiar with the needs of the Group and is able to promptly provide the suitable works to the Group.

In light of the above, the Directors (excluding the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee) consider that (i) the Further Revised 2024 Purchase Annual Cap and (ii) the terms of the Agreements and the respective transactions contemplated thereunder are fair and reasonable; on normal commercial terms or better, entered into in the ordinary and usual course of business of the Group; and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

Headquartered in the PRC, the Group is principally engaged in the research and development, manufacture, sales and distribution of LCD Modules. The Group is also one of the major suppliers of small and medium sized display modules in the PRC. The Group has its manufacturing 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).

TCL Technology is a major PRC conglomerate and is principally engaged in two core industries of new display and new energy photovoltaic products. For more information on TCL Technology, please visit its official website at <http://www.tcltech.com> (the information that appears in that website does not form part of this announcement). As at the date of this announcement, based on the information available to the Directors, no shareholder of TCL Technology holds 10% or more equity interest in TCL Technology.

Huizhou TCL is principally engaged in the business of provision of human resources referral and subcontracting services in the area of electronic components. Huizhou TCL is held as to 50% by each of TCL Holdings and TCL Technology.

LISTING RULES IMPLICATIONS

As at the date of this announcement, TCL Technology, the ultimate controlling shareholder of the Company, indirectly held approximately 64.20% of the number of issued Shares and therefore is a connected person of the Company under the Listing Rules. Huizhou TCL is held as to 50% by TCL Technology and is therefore an associate of TCL Technology and hence also a connected person of the Company under the Listing Rules. Therefore, the Further Revised 2024 Purchase Annual Cap, the Agreements and the respective transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) with reference to the Further Revised 2024 Purchase Annual Cap and the respective proposed annual caps of each of the Master Processing (2025-2027) Agreement, the Master Sale and Purchase (2025-2027) Agreement and the Master HR Subcontracting (2025-2027) Agreement exceed 5%, the continuing connected transactions contemplated thereunder are subject to the reporting, announcement, circular (including independent financial advice), Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Shareholders on the Further Revised 2024 Purchase Annual Cap and the terms of and the proposed annual caps of the Agreements. The Company has appointed the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard. A circular containing, among other things, further details of the Further Revised 2024 Purchase Annual Cap and the Agreements, letters from 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 3 October 2024.

In accordance with the Listing Rules, any connected person of the Company and any Shareholder with a material interest in the Further Revised 2024 Purchase Annual Cap and/or the Agreements and its close associate(s) must abstain from voting on the relevant resolution(s) at the SGM. As at the date of this announcement, High Value Ventures Limited, an indirect subsidiary of TCL Technology, is directly interested in 1,357,439,806 Shares, representing approximately 64.20% of the number of issued Shares. Accordingly, High Value Ventures Limited, being a TCL Associate and holder of 1,357,439,806 Shares, will abstain from voting on the relevant resolutions to be put forward at the SGM. Save as the aforesaid, the Directors are not aware of any other Shareholders who are required to abstain from voting on the resolution(s) in respect of the Further Revised 2024 Purchase Annual Cap and the Agreements to be put forward at the SGM.

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 the senior vice president of TCL CSOT, 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 0.000050% 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 either by virtue of common directorship/senior management role or the immaterial interest in shares of TCL Technology, their respective direct or indirect interests in TCL Technology Group are insignificant and that none of the TCL Associates are associates of any of the Directors, none of them is considered as having a material interest in the transactions contemplated under the Further Revised 2024 Purchase Annual Cap and the Agreements, therefore all Directors are entitled to vote on the Board resolutions for considering and approving the Further Revised 2024 Purchase Annual Cap and the Agreements pursuant to the Bye-laws.

DEFINITIONS

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

“2024 Purchase Annual Cap”	the original annual cap of RMB469,000,000 for the purchase of Materials from TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement for the year ending 31 December 2024;
“Agreements”	the Master Processing (2025-2027) Agreement, Master Sale and Purchase (2025-2027) Agreement and/or Master HR Subcontracting (2025-2027) Agreement;
“April 2024 Circular”	the circular of the Company dated 26 April 2024;
“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;
“close associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Company”	China Display Optoelectronics Technology Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 334);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Finished Goods”	has the same meaning as “Products”;

“Further Revised 2024 Purchase Annual Cap”	the proposed further revised annual cap of RMB 1,800,000,000 for the purchase of Materials from TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement for the year ending 31 December 2024;
“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;
“Huizhou TCL”	Huizhou TCL Human Resources Services Company Limited* (惠州TCL人力資源服務有限公司), a company established under the laws of PRC with limited liability, which was owned as to 50% by each of TCL Holdings and TCL Technology as of the date of this announcement;
“Huizhou TCL Group”	Huizhou TCL and its subsidiary(ies) and any entity(ies) that may become subsidiary(ies) of Huizhou TCL from time to time, and for the purpose of the Master HR Subcontracting (2025-2027) Agreement and the transactions contemplated thereunder include the associate(s) of Huizhou TCL and any entity(ies) that may become associate(s) of Huizhou TCL from time to time;
“Human Resources Services”	the provision of human resources to members of the Group in accordance with the business needs of members of the Group to complete the projects designated by members of the Group under the Master HR Subcontracting (2025-2027) Agreement;
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors established for the purpose of reviewing the he Agreements, the transactions contemplated thereunder and the proposed annual caps and the proposed Further Revised 2024 Purchase Annual Cap;

“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;
“Independent Financial Adviser”	Pelican Financial Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial advisor appointed by the Board to advise the Independent Board Committee and the Shareholders in respect of the proposed Further Revised 2024 Purchase Annual Cap, the Agreements and the respective transactions contemplated thereunder;
“LCD”	liquid crystal display;
“LCD Module”	the integrated module of liquid crystal display, integrated circuit, connector and other structural components;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Master HR Subcontracting (2022-2024) Agreement”	the master human resources subcontracting (2022-2024) agreement dated 24 November 2021 entered into between the Company and Huizhou TCL;
“Master HR Subcontracting (2025-2027) Agreement”	the master human resources subcontracting (2025-2027) agreement dated 10 September 2024 entered into between the Company and Huizhou TCL;
“Master Processing (2022-2024) Agreement”	the master processing (2022-2024) agreement dated 24 November 2021 entered into between TCL Technology and the Company;
“Master Processing (2025-2027) Agreement”	the master processing (2025-2027) agreement dated 10 September 2024 entered into between TCL Technology and the Company;

“Master Sale and Purchase (2022-2024) Agreement”	the master sale and purchase (2022-2024) agreement dated 24 November 2021 entered into between TCL Technology and the Company;
“Master Sale and Purchase (2025-2027) Agreement”	the master sale and purchase (2025-2027) agreement dated 10 September 2024 entered into between TCL Technology and the Company;
“Materials”	the articles, things, parts or materials required for manufacturing or production of Products, including but not limited to light-emitting diode, iron frames and other components and parts;
“November 2021 Circular”	the circular of the Company dated 30 November 2021;
“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;
“Products”	means products including but not limited to LCD Modules manufactured, produced or otherwise sold or distributed by the Group;
“Quality Specification”	the processing procedures and specifications of the Semi-Finished Materials and the Finished Goods (if applicable) provided by TCL Technology Group to the Group from time to time;
“Raw Materials”	the articles, things, components, moulds or raw materials required for manufacturing or production of Semi-Finished Materials and/or Finished Goods, including but not limited to plastic parts;
“Revenue Limit”	has the meaning ascribed thereto under the paragraph headed “Master Sale and Purchase (2025-2027) Agreement” in this announcement;

“Revised 2024 Purchase Annual Cap”	the existing revised annual cap of RMB1,300,000,000 for the purchase of Materials from TCL Technology Group under the Master Sale and Purchase (2022-2024) Agreement for the year ending 31 December 2024 approved by the Shareholders at the special general meeting of the Company held on 23 May 2024;
“RMB”	Renminbi, the lawful currency of the PRC;
“Semi-Finished Materials”	the semi-finished materials produced or manufactured by the Group pursuant to the terms of the Master Processing (2025-2027) Agreement including but not limited to small and medium sized LCD Modules which will then be used by TCL Technology Group for the manufacturing and production of TCL Technology Group Products;
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Agreements, the transactions contemplated thereunder and the proposed annual caps and the proposed Further Revised 2024 Purchase Annual Cap;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shareholders’ Approval Date”	the date on which the Shareholders approve each of the Agreements, 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 Associates”	the associate(s) of TCL Technology and any entity(ies) that may become associate(s) of TCL Technology from time to time;
“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 Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), a company established under the laws of the PRC;
“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) and for the purpose of the Master Processing (2025-2027) Agreement and Master Sale and Purchase (2025-2027) Agreement and the transactions contemplated thereunder, includes TCL Associates;
“TCL Technology Group Products”	products including but not limited to display panels and/or modules for television, mobile phone and tablet display manufactured or otherwise sold by the TCL Technology Group;

