

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

**ANNOUNCEMENT ON BUSINESS UPDATE
FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

This announcement is made by China Display Optoelectronics Technology Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In order to further enhance the transparency of the Group and provide additional information with which shareholders of the Company and potential investors may better appraise the recent business development and financial position of the Group in a timely manner, the board (the “**Board**”) of directors of the Company (the “**Directors**”) would like to provide an update to its shareholders and potential investors on certain unaudited financial and operating data of the Group for the three months ended 31 March 2022 (the “**Review Period**”).

BUSINESS REVIEW

The Group mainly focuses on the amorphous silicon (A-Si) liquid-crystal display (“LCD”) module business. During the Review Period, following the weakened demand on mobile phone in the second half of 2021 and the global resurgence of the new coronavirus disease (“COVID-19”), the shipment volume of mobile phones in the China market declined. According to the report from China Academy of Information and Communications Technology, the mobile phone shipment volume in the China market decreased by 22.6% year-on-year to 47.89 million units from January to February 2022. The Group recorded a total sales volume of 16.5 million units in the first quarter of 2022, representing a year-on-year decrease of 7.6%. During the Review Period, due to the change in product mix and the slight decrease in the cost of raw materials, the overall average selling price of products of the Group (excluding processing modules) increased by 4.8% year-on-year, but decreased by 5.2% quarter-on-quarter to RMB88.9. The Group’s total revenue for the Review Period slightly decreased by 1.3% year-on-year to RMB1,413.9 million. During the Review Period, the sales volume of modules for sale was 15.8 million units, representing a year-on-year decrease of 6.1%, accounting for 95.6% of the Group’s total sales volume, and the corresponding revenue was RMB1,398.9 million, representing a year-on-year decrease of 1.6%.

Sales volume by product segment and their respective year-on-year comparisons:

(Unaudited)	For the three months ended 31 March				Change
	2022		2021		
	<i>million</i>	<i>%</i>	<i>million</i>	<i>%</i>	<i>%</i>
	<i>units</i>		<i>units</i>		
			(Restated)		
Sale of TFT LCD module					
Non-laminated modules	1.1	6.3	0.6	3.3	+75.7
Laminated modules	14.7	89.3	16.2	90.8	-9.1
Processing TFT LCD module					
Non-laminated modules	0.1	0.8	-	-	N/A
Laminated modules	0.6	3.6	1.0	5.9	-43.5
Total	<u>16.5</u>	100.0	<u>17.8</u>	100.0	-7.6

Revenue by product segment and their respective year-on-year comparisons:

(Unaudited)	For the three months ended 31 March				
	2022		2021		Change
	<i>RMB</i>		<i>RMB</i>		
	<i>million</i>	<i>%</i>	<i>million</i>	<i>%</i>	<i>%</i>
			(Restated)		
Sale of TFT LCD module					
Non-laminated modules	46.1	3.3	54.0	3.8	-14.7
Laminated modules	1,352.8	95.7	1,367.9	95.4	-1.1
Processing TFT LCD module					
Non-laminated modules	2.1	0.1	–	–	N/A
Laminated modules	12.9	0.9	11.0	0.8	+16.6
Total	<u>1,413.9</u>	100.0	<u>1,432.9</u>	100.0	-1.3

OUTLOOK

Looking ahead, the global COVID-19 pandemic is expected to be ongoing in the first half of 2022. The COVID-19 outbreaks in China are peaking in certain regions in recent months, which may affect the supply of upstream raw materials and the overall consumer demand in the China market. The Group will closely monitor the market trend and seize the business opportunities by proactively planning the sales strategies for mobile phones, automotive displays, business laptops and the Internet of Things related products to actively achieve horizontal development in the display module business. As the Group's new factory in Chenjiang, Huizhou is expected to commence trial run in the second quarter of 2022, the Group hopes to capture the business opportunities of new overseas markets by enhancing its technologies and economies of scale, as well as leveraging its long-term strategic partnerships with first-tier mobile phone manufacturers, in order to create better value for the Group and its shareholders. All in all, the Group is optimistic about the long-term development of the display module business.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits and interest-bearing bank loans. According to the unaudited financial statements, the Group's cash and cash equivalents and time deposits balance as at 31 March 2022 amounted to RMB1,013 million, of which 83.2% was in RMB, 16.3% was in US dollar and 0.5% was in HK dollar. As at 31 March 2022, the Group's interest-bearing bank loans amounted to RMB54 million and the Group had no other borrowings.

The Board wishes to remind shareholders of the Company and potential investors that the above financial and operating data are based on the Group's management accounts which have not been audited or reviewed by auditors. Accordingly, figures and discussions contained in this announcement should in no way be regarded as providing any indication or assurance on the financial results of the Group for the three months ended 31 March 2022. Shareholders of the Company and potential investors are cautioned not to place undue reliance on such data.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
LIAO Qian
Chairman

Hong Kong, 25 April 2022

As at the date of this announcement, the Board comprises Mr. LIAO Qian as Chairman and non-executive Director; Mr. OUYANG Hongping, Mr. WEN Xianzhen and Mr. ZHANG Feng as executive Directors; and Ms. HSU Wai Man Helen, Mr. XU Yan and Mr. LI Yang as independent non-executive Directors.