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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)**

**ANNOUNCEMENT ON BUSINESS UPDATE FOR  
THE THIRD QUARTER ENDED 30 SEPTEMBER 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 certain unaudited financial and operating data of the Group for the nine months ended 30 September 2022 (the “**Review Period**”).

**BUSINESS REVIEW**

According to the latest report from International Data Corporation (“**IDC**”), an international research institute, due to global inflation, geopolitical tensions and other factors, the global shipments of smartphones are expected to decline by 6.5% to 1.27 billion units for the full year of 2022, representing a further reduction of 3.0 percentage points from previous projections. In the third quarter of 2022, due to the intensified decline in global economic growth, both the supply and demand sides of the mobile phone market faced downward pressure.

In the third quarter of 2022, the Group recorded a total sales volume of 12.3 million units, representing a year-on-year decrease of 28.6%, and a total revenue of RMB911.5 million, representing a year-on-year decrease of 41.1%. During the Review Period, amid the impact of the global economic downturn and other factors including the resurgence of the COVID-19 pandemic and control measures in Mainland China, the Group recorded a total sales volume of 44.6 million units, representing a year-on-year decrease of 12.3%. The sales volume of modules for sale decreased by 10.5% year-on-year to 43.4 million units, accounting for 97.1% of the Group's total sales volume. The market demand still favoured products of lower unit prices and high cost-performance ratios, which led to the growth in the business of low to mid-end mobile phone module. The Group's sales volume of non-laminated modules increased by 69.7% year-on-year to 3.6 million units. Being affected by the downturn in consumer market, the Group's overall average selling price decreased by 7.4% year-on-year to RMB83.5 (excluding processing modules), and the Group recorded a total revenue of RMB3,647 million, representing a year-on-year decrease of 17.1%.

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

(Unaudited)	For the nine months ended 30 September				Change %
	2022		2021		
	<i>Million units</i>	%	<i>Million units</i>	%	
<b>Sale of TFT LCD module</b>					
Non-laminated modules	3.5	7.8	2.1	4.2	+63.7
Laminated modules	39.9	89.3	46.3	90.9	-13.9
<b>Processing TFT LCD module</b>					
Non-laminated modules	0.1	0.3	0	0.0	-
Laminated modules	1.1	2.6	2.5	4.9	-53.8
<b>Total</b>	<b>44.6</b>	<b>100.0</b>	<b>50.9</b>	<b>100.0</b>	<b>-12.3</b>

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

(Unaudited)	For the nine months ended 30 September				Change %
	2022		2021		
	<i>RMB Million</i>	%	<i>RMB Million</i>	%	
<b>Sale of TFT LCD module</b>					
Non-laminated modules	138	3.8	142	3.2	-2.8
Laminated modules	3,482	95.4	4,224	96.0	-17.6
<b>Processing TFT LCD module</b>					
Non-laminated modules	2	0.1	0	0	-
Laminated modules	25	0.7	34	0.8	-24.8
<b>Total</b>	<b>3,647</b>	<b>100.0</b>	<b>4,400</b>	<b>100.0</b>	<b>-17.1</b>

## OUTLOOK

Looking ahead, the world economy is weakened by the pandemic and faces multiple risks and impacts: the global record-high inflation; the continuous decline in the economy of Mainland China due to the pandemic and control measures; and ongoing geopolitical conflicts which hinder global trade and cooperation. Overall, despite the upcoming traditional peak season, rising inflation and economic uncertainties will further dampen consumer spending. The market will focus on reducing inventory level whilst the whole supply chain will face significant pressure in managing inventory level.

Despite all the challenges being faced by the whole industry, the Group's new display module factory located in Chenjiang, Huizhou will be gradually put into operation by the end of 2022, and the production capacity of the Group is expected to gradually increase. In addition, as the Group has completed the acquisition of 100% equity interest in Huizhou Gaoshengda Zhixian Technology Co., Ltd.\* (惠州高盛達智顯科技有限公司, hereinafter "Gaoshengda Zhixian"), it is expected that Gaoshengda Zhixian will become a supplier of Internet of Things related products of the Group and create synergy effect with the existing display module business of the Group.

According to IDC, the global shipments of smartphones are expected to rebound in 2023 with a growth rate of 5.2% year-on-year. The Group remains cautiously optimistic about the development of its display module business in 2022, and believes that through long-term production chain planning and the advantages in strictly controlled production and economies of scale, the Group will be able to seize the huge opportunities in the medium-size display module market and will pay utmost effort and commit to creating better value for the Company and its shareholders.

## **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 30 September 2022 amounted to RMB1,132 million, of which 80.4% was in Renminbi, 19.4% was in US dollar and 0.2% was in HK dollar. As at 30 September 2022, the Group's interest-bearing bank loans amounted to RMB129.3 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 to provide any indication or assurance on the financial results of the Group for the nine months ended 30 September 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, 14 October 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.*