

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 2024**

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 2024 (the “**Review Period**”).

BUSINESS REVIEW

During the Review Period, as the brand customers have cleared a majority of their inventories, the global smartphone shipment in the first quarter of 2024 increased by 7.8% year-on-year to 289.4 million units, recording positive growth for the third consecutive quarter. During the Review Period, the Group achieved a total sales volume of 10.85 million units, representing a year-on-year increase of 9.0%. With the increasing prevalence of technologies such as 5G, big data and the IoT (Internet of Things), the Group has been deepening its cooperation with TCL China Star Optoelectronics Technology Company Limited (“TCL CSOT”) and placing greater focus on the horizontal expansion to medium-sized display modules. During the Review Period, the sales volume of tablet modules increased by 22.6 times to 735,000 units. Driven by the high unit price of learning tablet products, the Group’s overall average selling price of products increased by 52.9% year-on-year to RMB93.8, and the total revenue of the Group for the Review Period was RMB931.71 million, representing a year-on-year increase of 57.3%.

Sales volume of the Group for the Review Period by product segment and their respective year-on-year comparisons:

(Unaudited)	For the three months ended 31 March				Change
	2024		2023		
	<i>thousand units</i>	<i>%</i>	<i>thousand units</i>	<i>%</i>	
Sale of products					
Smartphone modules	7,974	73.5	9,470	95.1	-15.8%
Tablet modules	735	6.8	31	0.3	+2,256.8%
Others	1,065	9.8	12	0.1	+8,517.3%
Processing and manufacturing services	1,079	9.9	442	4.5	+144.2%
Total	10,853	100.0	9,955	100.0	+9.0%

Revenue of the Group for the Review Period by product segment and their respective year-on-year comparisons:

(Unaudited)	For the three months ended 31 March				Change
	2024		2023		
	<i>RMB million</i>	%	<i>RMB million</i>	%	
Sale of products					
Smartphone modules	419.44	45.0	575.89	97.2	-27.2%
Tablet modules	148.50	15.9	7.51	1.3	+1,876.3%
Others	349.09	37.5	0.44	0.1	+79,605.5%
Processing and manufacturing services	14.68	1.6	8.36	1.4	+75.6%
Total	931.71	100.0	592.20	100.0	+57.3%

OUTLOOK

According to the forecast of IDC, an international research institute, the global smartphone market shipments will reach 1.2 billion units in 2024, representing a year-on-year increase of 2.8%, and shipment volume is expected to remain stable in the next few years. However, the rebound in consumer demand might not align with the expectations despite the positive trend of the market, potentially undermining its full recovery. Given the ongoing uncertainties regarding global inflation, various brands are expected to maintain prudent inventory management policies. A recent report of Canalys anticipates that the inventory levels will slightly decrease in the second quarter of 2024, allowing for more sustainable growth.

At the same time, the demand for education and learning tablets will continue the uptrend which had started during the pandemic. The Group has strengthened its collaborations with a number of well-known brand customers in tablet products to expand its development in the smart home, smart industrial control and other commercial display markets. Meanwhile, the Group also plans to launch two new medium-sized display module production lines during the second quarter of 2024 to meet the market demand.

In the long run, the Group remains cautiously optimistic about the development of the display module business. It is confident that its competitiveness will be enhanced by improving the planning of its industrial chain and amplifying its technological and economies of scale advantages. At the same time, the Group will seize the business opportunities brought by the medium-sized display market, smart homes and the IoT, steadily driving growth in product sales underpinned by strict cost control, and strive to create better value for the Group 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 31 March 2024 amounted to RMB154.6 million, of which 94.0% was in RMB, 4.2% was in US dollar and 1.8% was in HK dollar. The Group's treasury deposits balance as at 31 March 2024 amounted to RMB569.8 million. As at 31 March 2024, the Group had no interest-bearing bank loans or 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 2024. 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 2024

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. XI Wenbo as executive Directors; and Ms. HSU Wai Man Helen, Mr. XU Yan and Mr. LI Yang as independent non-executive Directors.