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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 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 nine months ended 30 September 2024 (the “**Review Period**”).

BUSINESS REVIEW

According to the preliminary results from the International Data Corporation (“**IDC**”), the global sales volume of smartphones in the third quarter of 2024 increased by 4.0% year-on-year to 316.1 million units. This marks the fifth consecutive quarter of growth in worldwide smartphone shipments.

During the Review Period, the Group achieved a total revenue of RMB2,941.4 million, representing a year-on-year increase of 51.6%. Total sales volume amounted to 33.7 million units, representing a year-on-year decrease of 7.5%. The Group has been deepening its cooperation with TCL China Star Optoelectronics Technology Company Limited (“TCL CSOT”) and its sales volume has continued to climb, with sales volume for the third quarter of 2024 increasing by 55.7% quarter-on-quarter to 13.9 million units. During the Review Period, the sales volume of tablet modules increased by 28.5 times year-on-year to 3.6 million units, contributing a revenue of RMB654.3 million, while the sales volume of commercial display products increased by over 3.4 times year-on-year to 622,400 units, with the corresponding revenue amounting to RMB513.4 million. On the other hand, the sales volume of mobile phone modules decreased by 25.8% year-on-year during the Review Period, with a corresponding revenue of RMB1,268.4 million. Nevertheless, the Group secured mobile phone orders placed by a new first-tier brand customer in the third quarter of 2024, driving a 94.9% quarter-on-quarter increase in the sales volume of mobile phone modules to 11.0 million units. During the Review Period, the high unit price of medium-sized products of the Group contributed to a 64.5% year-on-year increase in the overall average selling price of products for sale, reaching RMB93.2.

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

(Unaudited)	For the nine months ended 30 September				Change
	2024		2023		
	'000 units	%	'000 units	%	
Sale of Products					
Mobile Phone Modules	24,656.9	73.1%	33,246.7	91.2%	-25.8%
Tablet Modules	3,554.7	10.5%	120.7	0.3%	+2,845.3%
Commercial Display Products	622.4	1.8%	140.6	0.4%	+342.7%
Parts and Others	2,353.0	7.0%	3.5	0.0%	+67,206.0%
Processing and Manufacturing Services	<u>2,546.2</u>	<u>7.6%</u>	<u>2,957.8</u>	<u>8.1%</u>	<u>-13.9%</u>
Total	<u><u>33,733.2</u></u>	<u><u>100.0%</u></u>	<u><u>36,469.3</u></u>	<u><u>100.0%</u></u>	<u><u>-7.5%</u></u>

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

(Unaudited)	For the nine months ended 30 September				Change
	2024		2023		
	<i>RMB</i> <i>million</i>	%	<i>RMB</i> <i>million</i>	%	
Sale of Products					
Mobile Phone Modules	1,268.4	43.1%	1,876.8	96.7%	-32.4%
Tablet Modules	654.3	22.2%	17.5	0.9%	+3,646.4%
Commercial Display Products	513.4	17.5%	4.2	0.2%	+12,144.1%
Parts and Others	470.6	16.0%	0.2	0.0%	+196,357.1%
Processing and Manufacturing Services	<u>34.7</u>	<u>1.2%</u>	<u>41.9</u>	<u>2.2%</u>	<u>-17.1%</u>
Total	<u><u>2,941.4</u></u>	<u><u>100.0%</u></u>	<u><u>1,940.6</u></u>	<u><u>100.0%</u></u>	<u><u>+51.6%</u></u>

OUTLOOK

Looking ahead, the global economic slowdown is affecting the overall consumer electronics industry. Intensified competition among smartphone brands has led to market saturation and rising inventory levels, affecting sales in emerging markets with high growth potential, including South America, the Middle East and Africa. Despite seasonal demand and the potential increase in the demand due to smartphone replacements driven by generative AI (Artificial Intelligent) in the second half of the year, consumers still maintain a conservative consumption attitude. IDC predicts that the global smartphone shipments will see a year-on-year growth of 5.8% throughout 2024, which is weaker than that in the first half of 2024. At the same time, brand customers will focus more on inventory management and slow down order placement in the fourth quarter in the face of demand uncertainty. In view of this, the Group will continue to expand product categories, rely on the TCL CSOT t9 panel production line to release production capacity, and strategically adjust the product structure to maintain a relatively stable order volume.

In the long term, the Group remains cautiously optimistic about the prospects of the development of its display module business and it is confident that by perfecting its industrial chain, it can 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 and time deposits. According to the unaudited financial statements, the Group's cash and cash equivalents and time deposits balance as at 30 September 2024 amounted to RMB40 million, of which 84.31% was in RMB, 15.68% was in US dollar and 0.01% was in HK dollar. The Group's treasury deposits balance as at 30 September 2024 amounted to RMB917 million, such deposits were placed with TCL Technology Group Corporation ("**TCL Technology**") pursuant to the Master Financial Services (2023-2025) Agreement dated 31 October 2022 entered into among the Company, TCL Technology and TCL Technology Finance Co., Ltd.* (TCL科技集團財務有限公司, "**Finance Company**") (as amended and supplemented by the supplemental agreement to the Master Financial Services (2023-2025) Agreement dated 27 October 2023 entered into among the Company, TCL Technology and the Finance Company). As at 30 September 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 nine months ended 30 September 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, 24 October 2024

The English translations of Chinese names or words in this announcement, where indicated by “”, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

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