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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Results	**Year ended 31 December 2024** *RMB'000*	Year ended 31 December 2023 *RMB'000*	**Change**
Revenue	**4,549,406**	2,576,806	**+76.6%**
Gross profit	**196,319**	174,051	**+12.8%**
Profit for the year	**65,979**	13,086	**+404.2%**
Profit attributable to owners of the parent	**65,979**	13,086	**+404.2%**
Basic earnings per share attributable to owners of the parent			
– For profit for the year	**RMB3.15 cents**	RMB0.62 cents	**+408.1%**

The board ("Board") of directors (each a "Director", together the "Directors") of China Display Optoelectronics Technology Holdings Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 with the corresponding comparative figures for the year ended 31 December 2023 as follows.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
REVENUE	*5*	**4,549,406**	2,576,806
Cost of sales		**(4,353,087)**	(2,402,755)
Gross profit		**196,319**	174,051
Other income and gains	*5*	**83,075**	86,722
Selling and distribution expenses		**(7,836)**	(19,807)
Administrative expenses		**(185,913)**	(164,563)
(Impairment)/reversal of impairment loss on financial assets		**(209)**	571
Other expenses		**(6,532)**	(57,976)
Finance costs	*7*	**(11,402)**	(651)
PROFIT BEFORE TAX	*6*	**67,502**	18,347
Income tax expense	*8*	**(1,523)**	(5,261)
PROFIT FOR THE YEAR		**65,979**	13,086
Attributable to:			
Owners of the parent		**65,979**	13,086
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	*10*		
Basic			
– For profit for the year		**RMB3.15 cents**	RMB0.62 cents
Diluted			
– For profit for the year		**RMB3.15 cents**	RMB0.62 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**65,979**	13,086
OTHER COMPREHENSIVE INCOME		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial operations	**(6,347)**	(3,803)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(6,347)**	(3,803)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(6,347)**	(3,803)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**59,632**	9,283
Attributable to:		
Owners of the parent	**59,632**	9,283

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024** **RMB'000**	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**747,470**	722,606
Intangible assets		**10,039**	12,499
Goodwill		**–**	3,011
Deposits paid for purchase of items of property, plant and equipment		**704**	2,453
Deferred tax assets		**627**	8,475
Right-of-use assets		**28,009**	29,456
Treasury deposits at a related party		**235,000**	15,000
Time deposits		**–**	19,000
Total non-current assets		**1,021,849**	812,500
CURRENT ASSETS			
Inventories	*11*	**325,988**	200,641
Trade and bills receivables	*12*	**1,059,564**	542,417
Prepayments and other receivables		**75,793**	119,252
Derivative financial instruments		**–**	2,486
Treasury deposits at a related party		**965,485**	831,403
Time deposits		**19,000**	–
Cash and cash equivalents		**62,149**	23,178
Total current assets		**2,507,979**	1,719,377
CURRENT LIABILITIES			
Trade payables	*13*	**1,836,106**	1,049,888
Other payables and accruals		**584,467**	409,907
Derivative financial instruments		**–**	5,036
Interest-bearing bank borrowings	*14*	**–**	3,161
Lease liabilities		**239**	337
Tax payable		**24,950**	41,468
Total current liabilities		**2,445,762**	1,509,797
NET CURRENT ASSETS		**62,217**	209,580
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,084,066**	1,022,080

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Lease liabilities		**–**	234
Deferred income		**7,516**	10,929
Deferred tax liabilities		**5,921**	1,469
Total non-current liabilities		**13,437**	12,632
Net assets		**1,070,629**	1,009,448
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**172,134**	172,134
Shares held for the Share Award Scheme		**(13,080)**	(13,080)
Reserves		**911,575**	850,394
Total equity		**1,070,629**	1,009,448

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity) directly or indirectly controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), any non-controlling interest and the exchange fluctuation reserve and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]
Amendments to HKFRS 9 and HKFRS7	*Contracts Referencing Nature-dependent Electricity*[2]

1 Effective for annual periods beginning on or after 1 January 2025

2 Effective for annual periods beginning on or after 1 January 2026

3 Effective for annual/reporting periods beginning on or after 1 January 2027

4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS

33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS* 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS* 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the display product segment which principally engages in the processing, manufacture and sale of LCD module products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Chinese Mainland*	**4,285,556**	759,949
Hong Kong	**263,610**	1,815,983
Taiwan	**240**	–
Thailand	**–**	874
	4,549,406	2,576,806

The revenue information above is based on the locations of the customers.

* *Chinese Mainland means the People's Republic of China excluding Hong Kong, Macau and Taiwan.*

(b) Non-current assets

All significant operating assets of the Group are located in Chinese Mainland. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately RMB2,003,959,000 during the year ended 31 December 2024 (year ended 31 December 2023: RMB992,260,000) was derived from sales to related parties of the Company.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**4,549,406**	2,576,806

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

Segments	**LCD modules**
	RMB'000
Types of goods or services	
Sale of industrial products	**4,505,131**
Processing and manufacturing services	**44,275**
Total revenue from contracts with customers	**4,549,406**
Geographical markets	
Chinese Mainland	**4,285,556**
Hong Kong	**263,610**
Taiwan	**240**
Total revenue from contracts with customers	**4,549,406**
Timing of revenue recognition	
Goods and services transferred at a point in time	**4,549,406**

For the year ended 31 December 2023

Segments	LCD modules
	RMB'000
Type of goods or services	
Sale of industrial products	2,511,931
Processing and manufacturing services	64,875
Total revenue from contracts with customers	2,576,806
Geographical markets	
Chinese Mainland	759,949
Hong Kong	1,815,983
Thailand	874
Total revenue from contracts with customers	2,576,806
Timing of revenue recognition	
Goods and services transferred at a point in time	2,576,806

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**39,056**	56,815

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the LCD module products and the payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Processing and manufacturing services

The performance obligation is satisfied upon delivery of the LCD module products.

An analysis of other income and gains is as follows:

	2024	2023
	RMB'000	*RMB'000*
Other income		
Bank interest income	**35,563**	35,297
Subsidy income*	**4,369**	14,203
Gain on disposal of raw materials, samples and scraps	**14,615**	15,357
Value-added tax additional deduction	**24,621**	–
Others	**1,213**	501
	80,381	65,358
Other net gain		
Exchange gains	**–**	18,011
Realised gain on derivative financial instruments	**2,694**	3,353
	2,694	21,364
	83,075	86,722

* *Subsidy income represents various government grants received from the relevant government authorities to support the development of the relevant projects of the Group in Chinese Mainland. In the opinion of management, there are no unfulfilled conditions or contingencies relating to these grants.*

6. PROFIT BEFORE TAX

The Group's profit before tax from continuing operation is arrived at after (crediting)/charging:

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**4,353,087**	2,402,755
Depreciation of property, plant and equipment	**92,026**	74,661
Amortisation of intangible assets*	**4,331**	4,566
Depreciation of right-of-use assets	**1,459**	5,609
Auditor's remuneration	**1,327**	1,284
Research and development costs^:		
Current year expenditures	**131,222**	118,211
Impairment of goodwill#	**3,011**	–
Lease payments not included in the measurement of lease liabilities	**4,655**	3,694
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**243,354**	182,421
Equity-settled share option expenses	**1,549**	–
Pension scheme contributions	**26,870**	25,546
	271,773	207,967
Exchange losses/(gains), net	**863**	(18,011)
Fair value loss on derivative financial instruments**	**–**	11,659
Realised loss on derivative financial instruments**	**1,352**	42,023
Impairment/(reversal of impairment) of trade receivables	**199**	(435)
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	**10**	(92)
Reversal of write-down of inventories to net realisable value***	**(2,085)**	(1,791)
Loss on disposal of items of property, plant and equipment****	**1,192**	3,259

* *The amortisation of intangible assets is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.*

^ *Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss.*

The impairment of goodwill is included in "Other expenses" in the consolidated statement of profit or loss.

** *Realised loss on derivative financial instruments and fair value loss on derivative financial instruments are included in "Other expenses" in the consolidated statement of profit or loss.*

*** *Reversal of write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.*

**** *Loss on disposal of items of property, plant and equipment is included in "Other expenses" in the consolidated statement of profit or loss*

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank loans borrowings	**–**	546
Interest on lease liabilities	**20**	69
Interest on discounted bills	**11,382**	36
	11,402	651

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023:16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2024	2023
	RMB'000	*RMB'000*
Current		
Charge for the year	**163**	9,876
Adjustment in respect of current tax of previous periods	**(10,940)**	(7,506)
Deferred	**12,300**	2,891
Total tax charge for the year	**1,523**	5,261

9. DIVIDENDS

The Board does not recommend to declare any final dividends for the year ended 31 December 2024 (31 December 2023: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share amount for the year ended 31 December 2024 is based on the profit for the year attributable to owners of the parent of RMB65,979,000 (2023: RMB13,086,000), and the weighted average number of ordinary shares of the Company in issue less shares held for the Share Award Scheme during the year of 2,096,908,406 (2023: 2,096,908,406).

The Company had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024.

11. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**155,084**	125,009
Work in progress	**19,364**	9,923
Finished goods	**151,540**	65,709
	325,988	200,641

12. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,051,329**	532,506
Bills receivable	**9,076**	10,553
Impairment	**(841)**	(642)
	1,059,564	542,417

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days, depending on the size and credibility of the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

Included in the Group's trade and bills receivables are amounts due from the Group's related parties of RMB773,490,000 (2023: RMB127,322,000), accounting for 73% (2023: 23%) of the net carrying amount of the Group's trade and bills receivables, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 month	**1,007,649**	223,225
1 to 2 months	**50,544**	186,819
2 to 3 months	**1,371**	125,955
Over 3 months	**–**	6,418
	1,059,564	542,417

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**642**	1,077
Impairment/(reversal of impairment) losses, net	**199**	(435)
At end of year	**841**	642

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Less than 6 months	**Over 6 months**	**Total**
Expected credit loss rate	**0.08%**	**–**	**0.08%**
Gross carrying amount *(RMB'000)*	**1,051,329**	**–**	**1,051,329**
Expected credit losses *(RMB'000)*	**841**	**–**	**841**

As at 31 December 2023

	Less than 6 months	Over 6 months	Total
Expected credit loss rate	0.12%	–	0.12%
Gross carrying amount *(RMB'000)*	532,429	77	532,506
Expected credit losses *(RMB'000)*	642	–	642

The Group's bills receivable have been accepted by notable banks with high credit ratings. As at 31 December 2024 and 31 December 2023, the probability of default and the loss given default were estimated to be minimal.

13. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**1,836,106**	1,049,888

An ageing analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**1,042,748**	587,058
31 to 60 days	**317,271**	225,483
61 to 90 days	**345,728**	149,125
Over 90 days	**130,359**	88,222
	1,836,106	1,049,888

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 150 days.

14. INTEREST-BEARING BANK BORROWINGS

	31 December 2024			31 December 2023		
	Effective interest rate	**Maturity**		Effective interest rate	Maturity	
	(%)		***RMB'000***	*(%)*		*RMB'000*
Current						
Bank loans – secured	**–**	**–**	**–**	0.20-0.21	2024	3,161
Analysed into:						
Within one year	**–**	**–**	**–**	–	–	3,161

Notes:

(a) The Group had banking facilities of RMB790,000,000 (31 December 2023: RMB1,760,000,000), of which RMB491,776,000 (31 December 2023: RMB435,618,000) had been utilised as at the end of the reporting period.

(b) As at 31 December 2023, all borrowings are denominated in RMB.

15. SHARE CAPITAL

	2024	2023
Authorised:		
4,000,000,000 (31 December 2023: 4,000,000,000) ordinary shares of HK$0.10 each *(HK$'000)*	**400,000**	400,000
Issued and fully paid:		
2,114,307,929 (31 December 2023: 2,114,307,929) ordinary shares *(HK$'000)*	**211,431**	211,431
Equivalent to RMB'000	**172,134**	172,134

As at 31 December 2024, the total number of issued ordinary shares of the Company was 2,114,307,929 (2023: 2,114,307,929), of which 17,399,523 (2023: 17,399,523) shares, equivalent to RMB13,080,000 (2023: RMB13,080,000) were held by the trustee appointed for the Share Award Scheme adopted by the Company.

INDUSTRY REVIEW

In 2024, the consumer electronics industry followed the trajectory of mild recovery. The expansion of emerging markets and innovations in product technology drove consumption in the electronics market. According to a report from International Data Corporation (IDC), the global demand for smartphones gradually increased in 2024, with global smartphone shipment amounting to 1,238.8 million units, representing a year-on-year growth of 6.4%. During 2024, the shipments in the fourth quarter reached 331.7 million units, representing a year-on-year growth of 2.4% and marking a year-on-year growth for the sixth consecutive quarter. Chinese smartphone manufacturers performed exceptionally well in 2024, with their total shipments in the fourth quarter hitting a record high, and contributing to 56% of the global smartphone market. Benefitting from the commercial upgrade cycle in the personal computer market, the demand for tablets also recovered, with the global tablets shipment reaching 147.6 million units in 2024, increasing by 9.2% year-on-year.

In 2024, the upstream panel market maintained robust growth, driven by the global smartphone shipments, with both demand and prices for upstream panels remaining stable. According to data from Sigmaintell, the shipments of A-Si LCD smartphone panels reached approximately 310 million units in the third quarter, representing a year-on-year increase of approximately 14.1%. Considering the whole year of 2024, according to the data from CINNO Research, the global shipments of smartphone panels exceeded 2.27 billion units, representing a year-on-year growth of approximately 8.7%.

BUSINESS REVIEW

During the year ended 31 December 2024 (the "Review Period"), the Group deepened its cooperation with TCL China Star Optoelectronics Technology Company Limited ("TCL CSOT"). Together with TCL CSOT's t9 production line, which focuses on medium-sized and professional display products, the Group formed an integrated panel and module business model, providing customised services to several top-tier brand customers. During the Review Period, the sales volume of the Group's tablet modules increased by 12.9 times year-on-year to 5.2 million units, with a corresponding revenue of RMB925.9million; the sales volume of commercial display products increased by 3.9 times year-on-year to 1.2 million units, with the corresponding revenue amounting to RMB1,012.2 million. Due to the weak smartphone market in the first half of 2024, the Group's sales volume of mobile phone modules decreased by 11.6% year-on-year during the Review Period, with the corresponding revenue amounting to RMB1,855.1 million. The Group continued to adjust its product mix and optimise its customer structure, and managed to secure mobile phone orders from a newly won first-tier brand customer in the second half of 2024.

Driven by the diversification of product mix, tablet modules and commercial display products were the Group's main revenue growth drivers, with the sales volume in the fourth quarter of 2024 increasing by 12.0% quarter-on-quarter to 15.6 million units, bringing the total sales volume to 49.3 million units, representing a year-on-year increase of 3.6%. Meanwhile, the high unit price of the Group's medium-sized products boosted the total average selling price of products for sale, which increased by 65.9% year-on-year to RMB97.3, driving up the total revenue to increase by 76.6% year-on-year to RMB4,549.4 million.

During the Review Period, driven by the significant increase in sales, the Group recorded a gross profit of RMB196.3 million, representing a year-on-year increase of 12.8% with a gross profit margin of 4.3%. In addition to the expansion of business scale, the Group benefitted from a reduction in realised losses on derivative financial instruments (such as forward currency contracts for hedging the Group's foreign currency exposure) by approximately RMB50.0 million. As a result, The Group recorded a profit attributable to owners of the parent of RMB66.0 million, representing a year-on-year increase of 404.2%.

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

	For the year ended 31 December				
	2024		2023		Change
	'000 units	*%*	*'000 units*	*%*	
Sale of Products					
Mobile Phone Modules	**36,598.9**	**74.2%**	41,410.7	86.9%	-11.6%
Tablet Modules	**5,180.9**	**10.5%**	372.2	0.8%	+1,292.0%
Commercial Display Products	**1,196.2**	**2.4%**	245.8	0.5%	+386.7%
Parts and Others	**3,304.7**	**6.7%**	793.1	1.7%	+316.7%
Processing and Manufacturing Services	**3,061.6**	**6.2%**	4,825.4	10.1%	-36.6%
Total	**49,342.3**	**100.0%**	47,647.2	100.0%	+3.6%

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

	For the year ended 31 December				
	2024		2023		Change
	RMB million	*%*	*RMB million*	*%*	
Sale of Products					
Mobile Phone Modules	**1,855.1**	**40.8%**	2,316.9	89.9%	-19.9%
Tablet Modules	**925.9**	**20.4%**	58.9	2.3%	+1,472.0%
Commercial Display products	**1,012.2**	**22.2%**	82.3	3.2%	+1,129.9%
Parts and Others	**712.0**	**15.6%**	53.8	2.1%	+1,223.4%
Processing and Manufacturing Services	**44.2**	**1.0%**	64.9	2.5%	-31.9%
Total	**4,549.4**	**100.0%**	2,576.8	100.0%	+76.6%

- ***Revenue by geographical segment and their respective year-on-year comparisons***

	For the year ended 31 December				
	2024		2023		Change
	RMB million	*%*	*RMB million*	*%*	
Chinese Mainland	**4,285.6**	**94.20%**	759.9	29.49%	+464.0%
Hong Kong	**263.6**	**5.79%**	1,816.0	70.47%	-85.5%
Others	**0.2**	**0.01%**	0.9	0.04%	-77.8%
Total	**4,549.4**	**100.00%**	2,576.8	100.00%	+76.6%

OUTLOOK

In 2025, impacted by a multitude of uncertainties, the global economy will continue to face challenges, and the recovery of consumer confidence will still take time. Despite such uncertainties, driven by policies such as China's "national subsidies" and adjustments to North American tariff, the consumer electronics market displays growth potential, particularly in the smartphone and medium-sized display product segments. According to IDC's forecast, although the smartphone market is expected to experience slower growth in 2025 due to extended replacement cycles, the overall demand will still maintain an upward trend. In addition, benefitting from significant advantages in productivity and cost, A-Si LCD panels will remain an indispensable cornerstone in the display market in 2025, especially for the entry-level tablet display market, which will in turn provide stable support for the overall display module business.

With the global economic recovery and innovations in technological applications, the demand for smart home devices and tablets continues to grow. The applications for medium-sized display products are expanding, particularly in the education sector, which has demonstrated significant market potential. The pandemic accelerated the development of smart education, from the widespread adoption of online courses to the digitalisation of educational activities such as assignments and examinations. Coupled with innovations and breakthroughs in artificial intelligence technology, intelligent learning methods have brought profound changes to the education system. The Group will seize the opportunity presented by the development of smart education and proactively expand the production capacity of medium-sized modules and plans to invest in the construction of two additional medium-sized production lines in 2025. The Group will continue to enhance its equipment automation to meet the market demand for educational tablets and other smart home applications. By optimising the use of technology and strategic positioning of its production capacity, the Group is committed to providing customers with high-quality products and solutions to further consolidate its position in the consumer electronics market.

Looking ahead, the Group remains cautiously optimistic about the market development and will adhere to its core development direction of optimising the production capacity structure, improving the planning of its industrial chain, and enhancing the competitiveness of products in order to amplify its advantage in the technological aspect and economies of scale. At the same time, the Group will deepen its cooperation with TCL CSOT to further increase its market share among brand customers, and promote product sales growth through cost reduction and efficiency improvement strategies. We are confident that, by continuously improving product quality and market share, we will achieve robust growth and create long-term value for the Group and its shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's principal financial instruments comprise cash and cash equivalents, short-term deposits and time deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The Group's cash and cash equivalents and time deposits balance as at 31 December 2024 amounted to RMB81.1 million, of which 6.6% was in US dollar and 93.4% was in RMB. The Group's treasury deposits balance as at 31 December 2024 amounted to RMB1,200.5 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 31 December 2024, the Group had no interest-bearing bank loans. Please refer to note 14 to the financial statements for further details in respect of the maturity profile and interest rate structure of borrowings of the Group.

As at 31 December 2024, total equity attributable to owners of the parent was RMB1,070.6 million (31 December 2023: RMB1,009.4 million), and the gearing ratio was nil (31 December 2023: 0.1%). The gearing ratio is calculated based on the Group's total interest-bearing loans (including bank and other borrowings) divided by its total assets.

Pledge of Assets

As at 31 December 2024, no asset of the Group was pledged (31 December 2023: Nil).

Capital Commitments and Contingent Liabilities

	31 December 2024	31 December 2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Plant and machinery	**53,318**	46,839

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Pending Litigation

The Group had not been involved in any material litigation for the year ended 31 December 2024.

Foreign Exchange Risk

The Group's business and operations is facing the international market, thus it is inevitable for the Group to be exposed to the risks arising from foreign exchange transactions and conversion.

The Group is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. The Group also used forward currency contracts to reduce the foreign currency exposures. In addition, pursuant to the principle of prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions during the Review Period.

Significant Investments Held

There was no significant investment held by the Group as at 31 December 2024.

Material Acquisitions and Disposals

The Group did not undertake any material acquisition or disposal of subsidiaries, associates or joint ventures during the Review Period.

Future Plans for Material Investments or Capital Assets

As at 31 December 2024, the Group did not have any concrete plans for material investments or capital assets for the year ending 31 December 2025.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 3,297 employees. During the Review Period, the total staff costs amounted to RMB271.8 million. The Group aims to provide employees with reasonable, legal and competitive compensation and welfare by offering remuneration packages which are regularly updated based on local gross domestic product (GDP) growth and the latest laws and regulations. Training and development programmes are also provided on an on-going basis to employees of the Group. During the Review Period, the Company has also reviewed the remuneration policy with reference to the existing legislations, market conditions, as well as the performances of employees and the Company. In order to align the interests of staff with those of shareholders, the Company may grant share options and share awards to relevant grantees, including employees of the Group, under the Company’s share option scheme and share award scheme respectively.

ENVIRONMENTAL POLICY AND COMPLIANCE

The Group is devoted to achieve environmental sustainability and incorporates its philosophy of corporate social responsibility into its daily operations. The Group operates its manufacturing facilities in compliance with all applicable local environmental regulations.

The Group is committed to create an environmental friendly workplace. To promote environmental awareness among employees, new staff shall attend induction training on energy saving. During the Review Period, the Group improved its management efficiency and implemented various energy saving measures, which effectively reduced the use of resources and further created a safe and healthy workplace and living environment for its staff.

The Group continues to optimise its strategy to shoulder its corporate environmental, social and ethical responsibility and improve corporate governance, in an effort to create greater value for all of the Group's stakeholders including shareholders, customers and employees as well as the communities where it operates.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2024 prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") will be published separately pursuant to the requirements under Appendix C2 to the Listing Rules.

CUSTOMERS AND SUPPLIERS

The Group recognises that maintaining good and stable relationship with customers and business partners is the key for the sustainable development of the Group. Therefore, the Group keeps good partnership with its major customers and suppliers. During the Review Period, the Group's largest customer and the top five largest customers contributed approximately 19% and 72% (for the year ended 31 December 2023: 53% and 89%) to the revenue of the Group, respectively. Those customers have business relationship with the Group ranging from 1 to 10 years. The Group's largest supplier and the top five largest suppliers accounted for approximately 35% and 53% (for the year ended 31 December 2023: 13% and 42%) of the purchases of the Group, respectively. Those suppliers have been cooperating with the Group ranging from 2 to 14 years.

Major customers

The Group's major customers are all from consumer mobile device industry, including a number of world-renowned brands. As the mobile device industry is characterised by its cycles of integration and emergence of new brands, any loss or changes in market position of any of these customers may materially and adversely affect the business, financial conditions and operating results of the Group. In light of this, the Group has adopted the following strategies to reduce the risk of over-reliance on a single customer. Firstly, the Group has strengthened the relationship with its existing customers, one of them being a subsidiary of TCL Industries Holdings Company Limited* (TCL實業控股股份有限公司), which has established a solid partnership with the Group over the years. The other major customers have also maintained long-term cooperation with the Group, keeping the number of orders at a relatively stable level. Secondly, the Group endeavours to expand its business horizontally and attract new customers in different markets by developing a diverse range of product categories.

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period generally ranges from 30 to 90 days, depending on the size and credibility of the customers. Each customer has its own specific credit limit. The Group also maintains credit insurance for trade receivables from customers.

Suppliers

There are numerous suppliers providing materials required for the Group's production and other business operations. However, for certain materials with specified feature or specification, the Group can only rely on a limited number of suppliers. If the suppliers fail to timely deliver adequate production materials, the Group's production process may be disrupted. Since 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 benefited from a stable supply of materials from TCL CSOT. In addition, the Group periodically reviews the market environment and new trends, and adopts multiple sourcing policy and strategic inventory management to ensure sufficient supply of materials for production.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend by the Company for the year ended 31 December 2024 (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the forthcoming annual general meeting of the Company ("AGM"), the register of members of the Company will be closed from 20 May 2025, Tuesday to 23 May 2025, Friday (both dates inclusive). No transfer of the Shares may be registered during the said period. The record date for determining the entitlements of the shareholders of the Company to attend and vote at the AGM is 23 May 2025, Friday. In order to qualify to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 19 May 2025, Monday.

ANNUAL GENERAL MEETING

The AGM will be held on 23 May 2025, Friday. The notice of AGM will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited and despatched to the shareholders of the Company in due course.

CORPORATE GOVERNANCE

During the Review Period, the Company has complied with the code provisions (the "Code Provision(s)") set out in Part 2 of the Corporate Governance Code ("CG Code") under Appendix C1 to the Listing Rules except for the following deviations:

Under Code Provision C.6.1, the company secretary should be an employee of the issuer and have day-to-day knowledge of the issuer's affairs.

The company secretary of the Company, Ms. CHEUNG Bo Man ("Ms. CHEUNG"), being a practising solicitor in Hong Kong and a partner of the Company's legal advisor, is not an employee of the Company.

During the year ended 31 December 2024, the Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations Department of the Company as the contact person with Ms. CHEUNG to ensure that information in relation to the performance, financial position and other major developments of the Group are speedily delivered to Ms. CHEUNG through the contact person assigned, to enable the company secretary to get hold of the Group's development promptly without material delay. With her expertise and experience, the Company is confident that having Ms. CHEUNG as its company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2024, fully complied with the Code Provisions.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Board has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix C3 to the Listing Rules. Specific enquiries have been made with all Directors and all of them have confirmed that they have complied with the standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2024.

AUDIT COMMITTEE

The audit committee of the Company ("Audit Committee") has reviewed the annual results of the Group for the year ended 31 December 2024, including the accounting principles adopted by the Group, with the Company's management. As at the date of this announcement, the Audit Committee comprises four members, namely Ms. HSU Wai Man, Helen (chairperson), Mr. XU Yan, Mr. LI Yang and Ms. YANG Qiulin, all being independent non-executive Directors.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit of loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on this preliminary announcement.

On behalf of the Board
LIAO Qian
Chairman

Hong Kong, 26 March 2025

The English translation of Chinese name(s) or word(s) in this announcement, where indicated by "", is included for information purpose only, and should not be regarded as the official English translation of such Chinese name(s) or word(s).*

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.