

TARGET

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CHINA DISPLAY OPTOELECTRONICS TECHNOLOGY HOLDINGS LTD: THE 2023 FINANCIAL YEAR WAS ANOTHER TERRIBLE YEAR ... THE FIFTH IN A ROW!

Can Management Pull Up Its Socks ?

The '**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**' of China Display Optoelectronics Technology Holdings Ltd (華顯光電技術控股有限公司) (Code: 334, Main Board, The Stock Exchange of Hongkong Ltd) in respect of the Financial Year, ended December 31, 2023, presented the worst result with regard to the previous five Financial Years.

The Company and its subsidiaries, during the 2023 Financial Year, were '*principally involved in the manufacture and sale of LCD (Liquid Crystal Display) modules for mobile phones and tablets, and the provision of processing service of LCD modules.*'

The Company's shares were listed on the premier equity market of The Hongkong Special Administrative Region (HKSAR) of The People's Republic of China (PRC) on or about June 18, 1997, some 27 Calendar Years ago.

Mr Liao Qian (廖騫), the Chairman of the Board of Directors of the Company, on or about March 15, 2024, had this to impart to shareholders of the Company at pages four and five of the 2023 Annual Report of the Company as follows:

'FORGED AHEAD AMID ADVERSITY LEVERAGING A STABLE FOUNDATION

'In 2023, the world has emerged from the gloom of the pandemic, but the global economy's recovery remained sluggish. The global economy shifted from globalisation towards regionalisation and localisation, inflation remained at a high level, while China's economy has been facing greater uncertainty, which had a significant impact on consumer confidence and demand, leading to contraction in the consumer market. At the same time, geopolitical conflicts have also posed greater risks to the supply chains. Both the supply and demand sides of the mobile phone market faced downward pressure throughout the year, with shipments recording a year-on-year decline for the ninth consecutive quarter. Facing internal and

external challenges, the Group rose to the challenges and maintained a spirit of determination to strive for excellence. In the second half of 2023, the Group reversed the loss-making situation in the first half of the year, with the profit attributable to owners of the parent for the whole year of 2023 amounted to RMB 13.1 million, the debt-to-asset ratio was controlled at 0.1%. The Group's financial position remained robust.

‘ENHANCED CAPABILITIES WITH SMART FACTORY IMPROVING BUSINESS OPERATIONS

‘Facing the fiercely competitive market environment, improving relative competitiveness and enhancing capability have been the key to industry transformation and upgrading. During the Review Period, the Group continued to increase automation and its database system and completed the construction of the Group's new display module smart factory. The new factory's intelligent production infrastructure can significantly improve production efficiency, enhance production accuracy, reduce wastage in time, materials and labour costs, thereby lowering production costs, and simultaneously enhance the Group's product quality and economies-of-scale advantages. Moreover, in the face of a complex and volatile operating environment, apart from taking advantage of the expansion of economies of scale to reduce costs, the Group also relied on its technological innovations and improvement in craftsmanship to cope with the challenges in the market and to come out ahead in the “involuting” competitive environment.

‘IMPROVE COMPARATIVE COMPETITIVENESS AND SEIZE MARKET OPPORTUNITIES

‘Looking ahead to 2024, a continued slowdown in global economic growth is expected, but consumer electronics products are likely to maintain an uptrend in growth. According to research firm TechInsight, revenue of the global consumer electronics industry is projected to exceed the US\$1 trillion mark for the first time in 2024. This growth momentum is believed to drive the gradual recovery of smartphone shipments.

‘In the display industry, benefitting from the continuous extension of applicable scenarios and the increasingly robust development of smart cities and digital lifestyles, the demand for smart displays is on the rise. The online learning model during the pandemic has become a new normal, driving the demand for medium-sized products, especially educational and learning tablets. According to data from a research firm, Sigmaintell, global shipments of A-Si LCD panels in the year of 2023 were approximately 1.12 billion units, representing a year-on-year increase of approximately 35.2%. The Group has been maintaining close collaborations with TCL CSOT and has together formed a business model of panel and module integration to seize the huge opportunities in the medium-sized display market to enhance comparative competitiveness, expand its customer base, and further improve the Group's profitability.

'In the long run, the Group remains cautiously optimistic about the development prospects of the display module business. The Group will continue to strengthen its equipment and improve product categories to lay a solid foundation for horizontal expansion of its business. At the same time, the Group will also actively seize market share in the smart home and medium-sized markets in order to open up new room for growth... '.

**THE FINANCIALS OF
CHINA DISPLAY OPTOELECTRONICS TECHNOLOGY HOLDINGS LTD**

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