

TCL 科技集团股份有限公司
TCL Technology Group Corporation

TCL

ANNUAL REPORT 2021

April 27, 2022

Bucking up, Speeding up and Stepping up to a New Level

ANNUAL REPORT 2021 Chairman's Statement

In 2021, the Group recorded a revenue of RMB163.54 billion, up by 113.3% year-on-year; a net profit of RMB14.96 billion, up by 195.3% year-on-year, a net profit attributable to the company's shareholders of RMB10.06 billion, up by 129.2% year-on-year; the net cash flow generated from operating activities of RMB32.9 billion, up by 97% year-on-year; and a debt/asset ratio of 61.2%, down by 3.8 percentage points. As stated above, the financial status remains stable, various operating indicators significantly improved, relative competitive advantages were strengthened obviously, and the Group took great steps towards becoming a global leader.

Excellent business performance depends on continuous corporate transformation, with a focus on the main business, enhancing relative competitiveness and speeding up the development of core industries. TCL CSOT achieved an operating revenue of RMB88.1 billion, a year-on-year increase of 88.4%, and a net profit of RMB10.65 billion, a year-on-year increase of 339.6%. TCL Zhonghuan achieved an operating revenue of RMB41.1 billion, a year-on-year increase of 115.7%, and a net profit of RMB4.44 billion, a year-on-year increase of 200.6%. Other businesses under the Group maintained stable growth.

The Group's development strategy focuses on the pan-semiconductor industry, aiming at becoming a global leader or industry leader, continuously enhancing core competence and steadily advancing various businesses. TCL CSOT will consolidate the competitiveness of large-sized LCD business, maintain high efficiency, optimize the production line and product structure, and accelerate the development of medium-sized t9 project. TCL CSOT has established a relative competitive advantage in LTPS business and is investing in expanding LTPS production capacity (Wuhan t5 project). TCL CSOT will strive to become the most competitive enterprise in the field of semiconductor display by enhancing the competitiveness of its t4 OLED production line and developing the next generation of new display technology.

TCL Zhonghuan new energy photovoltaic business has established industry-leading competitiveness in the field of crystals and wafers. With the production of Yinchuan Crystal Plant, it

will further enhance its competitive advantage. The Company will improve its industrial chain layout, proactively expand global business, and make every effort to become a leader in the global photovoltaic new energy industry.

Zhonghuan Advanced has made considerable progress in its semiconductor materials business. While consolidating its competitive advantage of original products, it has rapidly improved the competitiveness of 12-inch products and strives to become an industry leader in China.

The Group will firmly push ahead with its development strategy for the pan-semiconductor industry and actively support the development of various industries.

The year 2022 will see a turbulent international situation. Risky events occur constantly, posing a great impact on the global economy. The Group should be prepared for various risks with worst-case scenario thinking.

The semiconductor display market has entered a downside circle since last September. In the face of a pessimistic situation affected by economic slowdown and weak market demand, TCL CSOT is under pressure. Moka Technology, acquired by the Group last year, is expected to maintain stable business growth this year and contribute to profit growth, which will play a positive role in the semiconductor display business. Benefiting from the global energy conservation and carbon reduction policy, the new energy photovoltaic business ushers in a historic opportunity. TCL Zhonghuan will accelerate the development of its new energy photovoltaic business. Zhonghuan Advanced's semiconductor materials business will seize the opportunity brought by the development of China's integrated circuit industry. TCL Zhonghuan's business is expected to continue to grow robustly this year.

Facing the uncertainty of the global economy, the Group will firmly promote its global leading development strategy, consolidate its basic capacity and actively expand the global operation. In the meantime, the Group will prudently assess the project investments, manage operations risks, maintain financial stability, and achieve development against the trend.

The Company has always been dedicated to returning high value to its shareholders. The Board of Directors has proposed a final dividend of RMB1.5 per 10 shares to share the value of corporate growth with shareholders.

I would like to express my sincere gratitude for the trust of all our shareholders, for the support from all our partners and users, as well as for the efforts of all employees!

李东生

April 27, 2022

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of TCL Technology Group Corporation (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Mr. Li Dongsheng, the Chairman of the Board, Ms. Li Jian, the person-in-charge of financial affairs (Chief Financial Officer), and Mr. Xi Wenbo, the person-in-charge of the financial department, hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

All the Company’s directors attended the Board meeting for the review of this Report and its summary.

The future plans, development strategies or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.

The Board has approved a final dividend plan for the ordinary shareholders as follows: based on the share capital of 13,666,683,905 shares on April 27, 2022 that are eligible for profit distribution (the total share capital of 14,030,642,421 shares minus the 363,958,516 shares in the Company’s special securities account for repurchase that are not eligible for profit distribution), a cash dividend of RMB1.5 (tax inclusive) per 10 shares is to be distributed to the shareholders, totaling RMB2,050,002,585.75. The retained earnings of RMB5,971,326,768.25 will carry forward for future distribution. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of “adjusting the total payout amount under the same dividend ratio”, subject to the actual payout amount.

This Report and its summary has been prepared in both Chinese and English. Should there be

any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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Documents Available for Reference

(I) The financial statements signed and stamped by the Company's legal representative, the Chief Financial Officer and person-in-charge of the financial department.

(II) The original of the auditor's report with the seal of the accounting firm, and signed and stamped by CPAs.

(III) The originals of all company documents and announcements that were disclosed to the public during the Reporting Period.

Definitions

Term	Definition
The “Company”, the “Group”, “TCL”, “TCL TECH.” or “we”	TCL Technology Group Corporation
The “Reporting Period”, “current period”	The period from January 1, 2021 to December 31, 2021.
TCL CSOT	TCL China Star Optoelectronics Technology Co., Ltd.
Zhonghuan Electronics	Tianjin Zhonghuan Electronics Group Co., Ltd., which changed its name to TCL TECHNOLOGY GROUP(TIANJIN) CO., LTD. in March 2022.
TCL Zhonghuan	Tianjin Zhonghuan Semiconductor Co., Ltd., a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002129.SZ)
TPC	Tianjin Printronics Circuit Corporation, a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002134.SZ)
Wuhan CSOT	Wuhan China Star Optoelectronics Technology Co., Ltd.
Guangdong Juhua	Guangdong Juhua Printed Display Technology Co., Ltd.
Highly	Highly Information Industry Co., Ltd., a majority-owned subsidiary of the Company listed on the National Equities Exchange and Quotations (stock code: 835281)
CDOT	China Display Optoelectronics Technology Holdings Limited, a majority-owned subsidiary of the Company listed on the Hong Kong Stock Exchange (stock code: 00334.HK)
Moka Technology	Moka International Limited
712	Tianjin 712 Communication & Broadcasting Co., Ltd., (stock code: 603712.SH)
t1	The generation 8.5 (or G8.5) TFT-LCD production line of TCL CSOT
t2	The generation 8.5 (or G8.5) TFT-LCD (including oxide semiconductor) production line of TCL CSOT
t3	The generation 6 (or G6) LTPS-LCD panel production line of TCL CSOT
t4	The generation 6 (or G6) flexible LTPS-AMOLED panel production line of TCL CSOT
t5	Expanding the production line for generation 6 (or G6) semiconductor new display at Wuhan CSOT
t6	The generation 11 (or G11) new TFT-LCD display production line of TCL CSOT
t7	The generation 11 (or G11) new ultra-high-definition (UHD) TFT-LCD and AMOLED production line of TCL CSOT
t9	The generation 8.6 (or G8.6) new oxide semiconductor production line of Guangzhou CSOT
t10	The generation 8.5 (or G8.5) TFT-LCD production line of Suzhou China Star Optoelectronics Technology Co., Ltd.

GW	Gigawatt, power unit for solar cells, 1GW = 1,000 megawatts
G12	12-inch ultra-large DW-cut solar monocrystalline silicon square wafer, size: 44,096mm ² , diagonal line: 295mm, side length: 210mm, with its size 80.5% larger than the conventional M2

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	TCL TECH.	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	TCL 科技集团股份有限公司		
Abbr.	TCL 科技		
Company name in English (if any)	TCL Technology Group Corporation		
Abbr. (if any)	TCL TECH.		
Legal representative	Li Dongsheng		
Place of registration	TCL Tech Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province		
Zip code	516001		
Office address	TCL Tech Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province		
Zip code	516001		
Company website	https://www.tcltech.com/		
Email address	ir@tcl.com		
Company honors	<p>“Top 60 brands under 2021 Chinese Corporate Citizenship 520”</p> <p>“2021 CSR CHINA TOP 100 of CSR Award”</p> <p>“Top 10 Private Enterprises under 2021 Chinese CSR Development Index”</p> <p>“Four-star CSR in electronic information industry in 2020-2021”</p> <p>“The Best Practice Case of Board Office issued by CHINA ASSOCIATION FOR PUBLIC COMPANIES”</p>		

II Contact Information

	Board Secretary
Name	Liao Qian
Office address	10/F, Tower G1, International E Town, TCL Science Park, 1001 Nanshan District, Shenzhen, Guangdong Province, China
Tel.	0755-3331 1666
Email address	ir@tcl.com

III. Media for Information Disclosure and Place Where This Report is Lodged

Stock exchange website for publication of this Report	http://www.szse.cn
Media name and website for publication of this Report	Securities Times, China Securities Journal, Shanghai Securities News and Securities Daily, as well as http://www.cninfo.com.cn
Place where this Report is lodged	Office of the Board of TCL Technology Group Corporation

IV. Changes to Company Registered Information

Unified social credit code	91441300195971850Y
Changes in main business activities of the Company since going public (if any)	<p>1. In 2019, the Company focused on semi-conductor display devices by sold smart terminal businesses such as consumer electronics and household appliances and related supporting businesses.</p> <p>2. In 2020, the Company acquired 100% equity of Tianjin Zhonghuan Electronics through public delisting, shaping a business structure that focused on semi-conductor display, new energy photovoltaic and semi-conductor materials.</p>
Changes of controlling shareholder since incorporation (if any)	Not applicable

V. Other information

The independent audit firm hired by the Company:

Name	Da Hua Certified Public Accountants (Special General Partnership)
Office address	Room 1101, Building 7, No. 16 Xi Si Huan Zhong Road, Haidian District, Beijing
Accountants writing signatures	Qiu Junzhou and Jiang Xianmin

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

Name	Office address	Representative	Period of supervision
CITIC Securities Co., Ltd.	CITIC Securities Tower, No. 8 Zhongxin 3rd Road, Futian District, Shenzhen, China	Liu Jian, Wu Huiyu, Fei Shaozhen	The period from October 17, 2020 to December 31, 2021.

VI. Key Financial Information

Indicate whether there is any retrospectively restated datum in the table below.

Yes No

	2021	2020	2021-Over-2020 Change	2019
Revenue (RMB)	163,540,559,623	76,677,238,079	113.28%	74,933,085,688
Net profit attributable to the company's shareholders (RMB)	10,057,443,528	4,388,159,018	129.20%	2,617,766,571
Net profits attributable to the company's shareholders before non-recurring gains and losses (RMB)	9,437,240,976	2,933,248,153	221.73%	235,119,321
Net cash generated from operating activities (RMB)	32,878,450,437	16,698,282,775	96.90%	11,490,096,405
Basic earnings per share (RMB/share)	0.7463	0.3366	121.72%	0.1986
Diluted earnings per share (RMB/share)	0.7354	0.3226	127.96%	0.1935
Weighted average return on equity (%)	26.46%	13.75%	Up by 12.71 percentage points	9.09%
	At the end of the Reporting Period	December 31, 2020	Change of December 31, 2021 over December 31, 2020	December 31, 2019
Total assets (RMB)	308,733,133,305	257,908,278,887	19.71%	164,844,884,926
Owners' equity attributable to the company's shareholders (RMB)	43,034,234,611	34,107,795,454	26.17%	30,111,946,237

The net profit before or after the deduction of non-recurring gains and losses in the latest three accounting years, whichever is lower, is negative and the audit report of the latest year shows the company's ability to continue as a going concern

Yes No

The net profit before or after the deduction of non-recurring gains and losses, whichever is lower, is negative

Yes No

The total share capital at the end of the last trading session before the disclosure of this Report:

Total share capital at the end of the last trading session before the disclosure of this Report (share)	14,030,642,421
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Fully diluted earnings per share based on the latest total share capital above:

Fully diluted earnings per share based on the latest total share capital above (RMB/share)	0.7168
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VII. Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Differences in Net Profit and Equity under CAS and IFRS

Applicable Not applicable

2. Differences in Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable Not applicable

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII. Major Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	32,143,561,563	42,155,085,195	46,629,888,432	42,612,024,433
Net profit attributable to the company's shareholders	2,403,729,935	4,380,154,872	2,318,085,363	955,473,358
Net profits attributable to the company's shareholders before non-recurring gains and losses	2,123,056,041	3,374,761,906	3,060,177,204	879,245,825
Net cash generated from operating activities	8,003,201,979	5,892,512,178	10,063,994,904	8,918,741,376

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what has been disclosed in the Company's quarterly or interim reports.

Yes No

IX. Non-Recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2021	2020	2019	Note
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	-184,525,551	226,829,348	1,419,020,969	Not applicable
Government subsidies charged to current profits and loss (except for government subsidies closely related to the Company's normal business which comply with national policies and regulations and are enjoyed on an ongoing basis according to certain	699,270,673	736,747,146	1,170,648,526	Not applicable

standard quotas or quantities)				
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments	40,299,579	292,440,389	68,021,706	Not applicable
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	238,629,291	350,757,476	186,339,457	Not applicable
Non-operating income and expenses other than the above	275,789,900	80,764,287	9,263,922	Not applicable
Less: Corporate income tax	93,176,105	135,130,967	165,397,982	Not applicable
Non-controlling interests (net of tax)	356,085,235	97,496,814	305,249,348	Not applicable
Total	620,202,552	1,454,910,865	2,382,647,250	--

Details of other profit and loss items that meet the definition of non-recurring profits and losses:

Applicable Not applicable

Explanation of defining the non-recurring profit and loss items that which is listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public Non-Recurring Gain/Loss as recurring profit and loss items

Applicable Not applicable

Part III Management Discussion and Analysis

I. Principal Activity of the Company in the Reporting Period

In 2021, the international situation was increasingly complex, and regional conflicts worsened. With the continuation of the pandemic, the global economy faced huge risk challenges. China pushed ahead the establishment of a "dual circulation" development pattern that focuses on domestic flow and features positive interplay between domestic flow and international engagement as a major strategic task. China built its comparative advantages in major links, strengthened its influence in the industrial chain, supply chain and innovation chain, gradually transformed in an orderly way, upgraded to a green and low-carbon development mode and achieved high-quality development across the board. In the face of opportunities and challenges, the Company continuously focused on the semi-conductor display business, the new energy photovoltaic and semi-conductor materials business. In accordance with its requirements of "Ramp up, Catch up", the Company implements the operating strategy of "improving operating quality and profitability, consolidating advantages and improving disadvantages, accelerating global layout, and promoting innovation-driven development" and is dedicated to be a global leading and competitive group with core industries all occupying world leading positions.

During the reporting period, the semiconductor display business, and new energy photovoltaic and semiconductor materials business drove the growth of the Company. Both the operating scale and financial revenue hit a new high. The Company achieved an operating revenue of RMB163.54 billion, a year-on-year increase of 113.3%; achieved a net profit of RMB 14.96 billion, a year-on-year increase of 195.3%; achieved a net profit attributable to the shareholders of the listed company of RMB10.06 billion, a year-on-year increase of 129.2%. Benefiting from the overall higher prosperity in the industry, the Company's capacity scale increased and its structure was optimized, as the Company's display business saw its revenue increase by 88.4% year-on-year and the net profit increase by 339.6%. The Company seized the development opportunity in the new energy photovoltaic industry and gave full play to the advantages of intelligent manufacturing, advanced technology and production capacity. G12 silicon wafer ranked top in global market shares.

The semiconductor material business continued to maintain strong growth, and shipments of 8-12-inch polished wafers and epitaxial wafers rose quickly. The new energy photovoltaics and semiconductor materials businesses achieved an operating revenue of a year-on-year increase of 115.7%, and a net profit of a year-on-year increase of 200.6%.

Driven by innovation in product technology and continuously expanding in the major links alongside the industrial chain and value chain. During the reporting period, the Company invested RMB8.77 billion in R&D, with a year-on-year increase of 34.1%. The company newly filed 1,254 PCT patent applications, with a total of 14,051 applications filed, ranked top among the Chinese enterprises. The display business further increased R&D investments in the process, materials and equipment of new display technologies such as printing OLED, QLED and Micro-LED, and jointly built an industrial ecosystem for technology development and application with industries, scientific research institutions and universities. The number of patent applications for quantum dot electroluminescence technology and materials reached 1,964, ranking second in the world. A series of patented technologies and know-how have been developed with independent intellectual property rights in the new energy photovoltaic field, and the introduction of the "G12 + integrated shingle" technology platform has been accelerated. The Company will continue to increase resource investment in the field of new energy photovoltaic and semi-conductor materials and improve its technical strength in key links alongside the industrial chain.

Strengthen the integration of intelligent technology and industrial manufacturing, and build future competitiveness based on digitization and intelligence. The Company has greatly improved its production efficiency and product quality through introducing automation and intelligent equipment, building the industrial Internet and a big data platform, accelerating industrial 4.0 upgrading, and integrating intelligent technologies such as artificial intelligence and IoT into products. TCL CSOT has introduced intelligent technology projects such as artificial intelligence identification systems and multi-factor analysis to develop an overall solution for AI industrial quality inspection with independent intellectual property rights, and the level of intelligent manufacturing has been greatly improved. Through the construction of intelligent benchmarking factories, TCL Zhonghuan has improved its production and operation efficiency by more than 70% and increased its labor efficiency by 4 to 5 times.

Increase production capacity in an orderly way, along with a high-end product system, and optimize the business portfolio and revenue structure. The semi-conductor display business follows a strategy featuring the high-end development for large-sized panels and excellent quality for medium-sized and small-sized panels. The market share of TV panels is second in the world, of which the high-end market occupies first place, and the market share of interactive whiteboards is the first in the world; the medium-sized business revenue of the LTPS production line accounts for 41%, the shipment of notebook computers is the second in the world, onboard products have been imported into many core customers, having become a profit growth point. New energy photovoltaics further enhanced the industrial application of G12 + silicon wafers and the integrated shingled technology platform. The Company's total monocrystalline silicon production capacity was increased to 88GW. Ningxia Yinchuan 50GW (G12) solar grade monocrystalline silicon material intelligent plant was put into operation in January 2022. Both production and sales of semiconductor materials have increased significantly, enabling the company to transform into a first-class comprehensive solution provider in the industry.

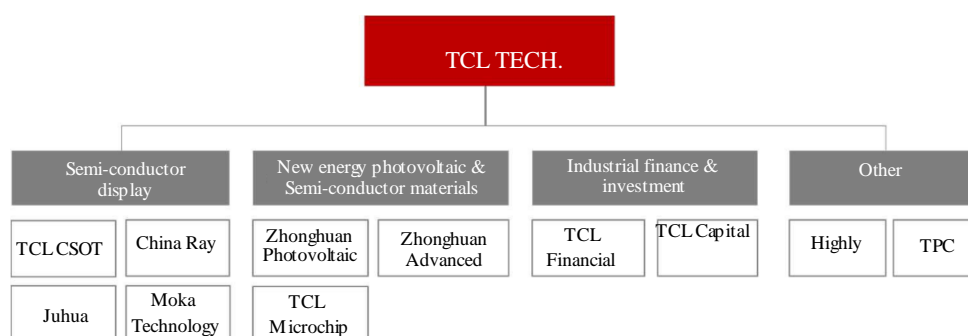
In order to actively implement CSR and achieve high-quality development, the Company upgraded its corporate culture and took on "leading technology, realizing harmony and coexistence" as its vision and mission to promote sustainable social development. The Company advocates a green development model and promotes low-carbon at the production and final-user ends. TCL CSOT improves the use of clean energy by building a photovoltaic power generation system on the plant roof. HVA, 1G1D display and other technologies can effectively improve the transmission of light, improving image quality while saving energy. The G12 silicon wafer of TCL Zhonghuan can achieve higher photoelectric conversion and manufacturing efficiency. The Company continues to devote itself to poverty alleviation, student aid, disaster relief and other charitable activities in an innovative manner. The funds and materials with a total of RMB300 million are used for normalized charitable services to promote joint social progress.

On the occasion of the 40th anniversary and looking into the future, we will pool our efforts, take science and technology as the guide and innovation as the driving force, continue to “ramp up, catch up”, and accelerate to become the world's leading intelligent technology industry group, and shoulder greater responsibility and missions for the prosperity of the

national economy and people's lives.

II. Main businesses of the Company during the reporting period

Based on the semi-conductor display business, new energy photovoltaic and semi-conductor materials as the main business, the Company will continue to optimize its business structure, and further focus on its main businesses, to achieve the strategic goal of global leadership in its two core industries.



(I) Semiconductor display business

In the first half of 2021, the supply-demand relationship was improved in the semi-conductor display industry with increased industry concentration. Affected by fluctuated market demands and logistics costs, the large-size products saw a sharp decrease in price in the second half of the year. **As a leading enterprise, TCL CSOT continued to expand its scale and optimize its business structure through endogenous growth and external acquisition. Both revenue and profit hit a record high.** During the reporting period, TCL CSOT achieved a total of sales areas of 39.4915 million square meters, a year-on-year increase of 36%, and semi-conductor display business achieved a revenue of RMB88.1 billion, a year-on-year growth of 88.4% and a net profit of RMB10.65 billion, a year-on-year increase of 339.6%.

In the large-size segment, TCL CSOT continued to expand its scale, adhering to the strategy of high-end products and enhanced its competitive advantage. Factories t1, t2 and t6 maintained effective operations, Factory t7 ramped up as scheduled; Factory t10 (formerly Samsung Suzhou LCD factory) has been consolidated since Q2 and the acquisition of the remaining 30% minority equity was completed at the end of September, thus becoming a wholly-owned subsidiary of TCL CSOT. The Company's leading position in large-size panels was further reinforced, ranking

2nd globally in terms of market share of TV panels, ranking 1st globally in terms of market share of 55-inch products; the high-end strategy has achieved remarkable results, with the shipment area of 65 inch and above products exceeding 47% of the total shipment area, 65-inch and 75-inch products ranked No.2 in terms of market share, and the Company ranked 1st globally in terms of market share of 8K and 120 HZ high-end TV panels; the Company has accelerated the adjustment of its product structure, with non-TV business exceeded 23%, and become the core supplier for the leading customers in terms of commercial display markets such as interactive whiteboards, digital signage and splicing screens, among which the market share of interactive whiteboards increased to No.1 globally.

In the medium-sized segment, TCL CSOT diversified its product structure, actively introduced leading customers, invested in new production capacity and developed a new engine for business growth. The Company has seized opportunities for rapid growth in the market of medium-sized products and increased its market share through optimizing existing production lines. The Company ranks 1st globally in terms of market share of e-sports displays in Q4, Factory t3 production line accelerated the medium-sized transformation, and the revenue of non-mobile phone products increased to 41%, 2nd globally in terms of shipment volume of LTPS notebook panels, and 1st globally in terms of shipment volume of LTPS tablet PC panels; the shipment volume of vehicle-mounted panels has increased rapidly by introducing a number of Chinese and foreign leading customers; the Company has achieved cooperation with brand customers with respect to display and laptop products equipped with Mini LED backlighting. To meet the needs of customers, the Company is expanding its 6th generation LTPS LCD display panel production line. The plant of t9 project has been constructed for 8.6th generation oxide semi-conductor new display device production line and SoP is expected in 2023. The Company's medium-sized business layout will be gradually improved to explore a new drive for business growth.

In the field of small-sized product businesses, TCL CSOT has improved productivity through technological differentiation, improved the customer portfolio and improved the operating indicators. The shipment volume of LTPS mobile phone panels of Factory t3 production line ranked fourth in the world, and the new VR/AR display products were expanded to improve the profitability. The first phase of t4 project has successfully reached production capacity, and the

second and third phases of production capacity are constructed as scheduled. The differentiation advantage has been realized thanks to folding screens, under screen camera technology and LTPO technology. The folding screen has successfully realized the SoP and supplied to the first-tier brand manufacturer, and made a breakthrough in the development of new customers. Affected by high R&D investments in the early stage and the fixed expenditure in the production capacity increase period, t4 operating efficiency did not meet expectations. The Company will focus on improving technical capacity of products, meeting the needs of strategic customers and gradually improving operating efficiency.

Breakdown of semi-conductor display business :

Item	Shipment area		Shipment volume		Revenue		Net profit	
	10,000 square meters	Year-on-year (%)	10,000 pieces / 10,000 sets	Year-on-year (%)	RMB 100 million	Year-on-year (%)	RMB 100 million	Year-on-year (%)
Large-sized products	3,774.7	36%	6,332.4	38%	565.5	95.1%	123.0	306.4%
Medium-to-small sized products	174.5	23%	9,622	-3%	234.1	31.6%	-11.1	Decreased by RMB 1,150 million
Moka Technology	-	-	903.9	Not applicable	120.0	Not applicable	3.3	Not applicable
Other and offsets	-	-	-	-	-38.5	Not applicable	-8.7	Not applicable
Total	-	-	-	-	881.0	88.4%	106.5	339.6%

Note: Moka Technology has been integrated since the second quarter of 2021. The numbers in the Table may contain rounding errors.

In the long term, the LCD display industry will remain centered on Mainland China with an optimized competitive pattern. The leading enterprises had significant advantages in terms of management efficiency, scale, technology, research and development, supply chain, and so forth, significantly increasing industry entry barriers. In the short term, affected by the turbulent

international political and economic situation, economic growth has slowed down, and market demands have become sluggish. The semi-conductor display industry faces huge operating challenges.

TCL CSOT will further optimize its business portfolio and accelerate transformation and upgrading from a leader in large-sized displays to a leader in all sizes of displays. With the capacity increase of Factory t4 phase II and phase III and the expansion of Factory t9 and Factory t3, TCL CSOT will continue to increase its capacity and improve the layout of large, medium and small size display businesses. Large size businesses continue to increase the proportion of high-end products and take a lead in becoming a global leader. Small and medium-sized businesses build a business matrix mixed with product lines and technology lines, shaping a diversified business layout in combination with flexible OLEDs, LTPS and module factories, with product planning for all technological categories.

The Company will uphold efficiency-oriented operations, maintain industry-leading profitability, improve intelligent manufacturing capacity, management efficiency and personnel efficiency by building a digital plant. The existing production lines will end their depreciation period respectively, it is expected that the proportion of depreciation in revenue will gradually decline, further improving the profitability of TCL CSOT. Meanwhile, TCL CSOT will further increase R&D investments. By means of equity investment and strategic cooperation and other methods, the Company works with industrial chain partners to jointly promote the development of new display technologies such as OLED, Miniled and Microled.

(II) New energy photovoltaic and semiconductor materials business

The global energy structure is undergoing transformation. Renewable energy ushers in new opportunities for development, and semi-conductor materials, as the upstream of the electronic industry chain, ushering in fast development following the trend of domestic substitution. Since 2021, as the raw material price keeps rising, the manufacturers face pressure in the short term. In the face of both opportunities and challenges, TCL Zhonghuan adopts a "9215" development plan, resolutely implementing "global leading strategies for new energy photovoltaic materials and the strategy of catching up and surpassing for semiconductor materials", to deepen institutional reform, comprehensively improve organizational capacity and release corporate vitality. TCL Zhonghuan

pushes ahead with technological innovation and deeply participates in the governance of global intellectual property rights; builds a scientific and orderly manufacturing mode of transformation to ensure high-quality corporate development.

During the reporting period, the new energy photovoltaics and semiconductor materials businesses achieved a total revenue of RMB41.1 billion, a year-on-year increase of 115.7%, and a net profit of RMB4.44 billion, a year-on-year increase of 200.6%.

1. New energy photovoltaics industry

The Company gives full play to its leading technology advantages and drives rapid growth of the business scale. During the reporting period, TCL Zhonghuan increased the capacity of new energy photovoltaics to 88GW, with improved product adaptability, and the market share rose to 28%. Relying on the advantages of G12 silicon wafer technology and the manufacturing mode, the G12 silicon wafer market share ranked first in the world, while high-efficiency N-type monocrystalline silicon wafer ranked first in the world, and the global industrial influence was further strengthened. The Company continues to expand the advantages of advanced production capacity. The 50GW (G12) single crystal silicon material plant of Ningxia Zhonghuan phase VI has been put into operation, and the 25GW monocrystalline silicon plant in Tianjin and 30GW monocrystalline silicon material plant in Inner Mongolia are under construction, which will further facilitate the release of G12 silicon chip production capacity of the Company.

In terms of modules, benefiting from the rapid increase of overseas high-power and distributed products, the Company has expanded its international market through patented technology of shingle 3.0, making it the benchmark in power generation efficiency of high-power modules. During the reporting period, the production capacity of photovoltaic modules increased to 11GW, with a year-on-year increase of 120%. The G12 high-efficiency shingled PV module project has realized SoP in Jiangsu Province, while the G12 high-efficiency shingled PV module project in Tianjin has hastened its SoP.

Based on long-term technological development and the comprehensive application of industry 4.0, the Company has established its differentiated competitiveness in production efficiency and product reliability. During the reporting period, the consumption rate of silicon material per unit decreased by nearly 3% year-on-year, the monthly production of silicon rod per unit increased by

30%, the labor productivity and the first pass yield (FPY) of G12 production line increased significantly, and the monthly production and output per single unit took a lead in the industry. Relying on industry 4.0, the Company has cooperated with upstream and downstream customers to establish a flexible cooperation mode, which has effectively driven the production and marketing scale and improved product quality.

2. Semiconductor materials industry

The global semi-conductor industry is increasingly moving to Mainland China. China has become the largest semiconductor market and continues to maintain the fastest growth rate, driving the rapid development of the semiconductor material industry. The Company's semiconductor materials business has developed rapidly. During the reporting period, semiconductor materials reached the preset capacity targets of 8-inch 750,000 pieces/month and 12-inch 170,000 pieces/month. 8-inch products have established a comprehensive product capability and market competitiveness comparable to international first-tier manufacturers; the 12-inch products were in a breakthrough period. The products applied to the customized process have passed the certification of several domestic leading customers under stable SoP. The products adopting the advanced process accelerated to catch up, and products above 28nm were successfully verified by several customers and entered a stage of capacity increase.

Looking into the future, the dual carbon policy will drive the high-efficiency and high-quality development of the global economy, and the global economic pattern is bound to drive the reconstruction of the high-tech industrial chain dominated by electronic information. The Company will seize strategic opportunities, increase investment in new energy photovoltaic and semi-conductor fields, strengthen the control of key links and strategic nodes alongside the industrial chain, and contribute to the high-tech industry breakthrough under the trend of energy structure transformation.

The Company is maintaining steady development in other aspects of corporate development. TCL financial company focused on ensuring the Company's project capital demand, reducing costs and increasing efficiency, improving its active management of industrial funds and risks, and supporting the high-quality development of the industry. TCL Capital explored investment and deployment opportunities in key areas that drive the development of the science and technology

industry, such as new display types, semiconductor and core materials and process equipment related to the industrial chain, and promoted technology and business synergy. Highly and TPC stably improved their operation benefits, significantly enhancing both quality and efficiency.

III. Analysis of core competitiveness

In 2021, TCL grandly celebrated its 40th anniversary. Over the last 40 years, TCL has celebrated outstanding achievements. We have gone through different cycles and grown from a small local enterprise to become China's leading group in the technology manufacturing industry. Now, the Company has developed a business structure based on semi-conductor display devices, new energy photovoltaic and semi-conductor materials. The Company, with a clear development path, efficient operation and distinct culture, has greatly improved its profitability under professional operation, and continuously improved its core competitiveness and ability in sustainable development.

Leading scale: High-speed growth and leading position in the global market

As a global leading enterprise in semi-conductor display and a pioneer in independent line construction in the domestic display field, the Company has brought the aggregation effect into full play through the centralized production line layout, and continues to expand production capacity through endogenous growth and external acquisition; through the construction of two 8.5-gen lines, TCL CSOT has gained a firm foothold in the field of TV panels; subsequently, two 6-gen lines successfully introduce small-size panels, and the shipment has exceeded 10%; in recent years, through the investment and construction of two 11-gen lines and the acquisition of Suzhou Samsung Factory t10 production line, we have further expanded our large-sized production capacity and kept a leading position for large-sized panels in the world; in 2021, the Company invested in the construction of t9 production lines for high value-added IT, commercial display and other medium-sized products to speed up full-size strategic layout. At present, the market share of TCL CSOT TV panel shipping area ranks second in the world, LTPS laptop ranks second in the world, LTPS mobile phone panels rank fourth in the world, E-sports panels rank second in the world, and IWB ranks first in market share.

At the same time, TCL CSOT has also actively extended the value chain downward, and

further improved the Company's position and profitability on the value chain by expanding the production capacity of its independently constructed modules, and by acquiring Moka Technology and Samsung's module factory. The Company will further strengthen its core competitive advantage based on scale effect and supply chain synergy, and with industry recovery and optimizing the competition layout, TCL CSOT will usher in rapid scale growth and industry improvement driven by a high growth rate, and consolidate its industry status and comprehensive competitiveness.

Leading in technology and ecology: Actively laying the groundwork for next-generation display technologies and materials, building a first-mover advantage through ecological leadership

Relying on TCL CSOT, the Company accelerated the vertical layout of the industrial chain and continuously improved its upstream capacity for technological innovation. The Company, focusing on basic materials, next-generation display materials, key equipment in new techniques and other fields for its ecological layout, has constructed a TCL ecosystem within the display field, so as to establish its leading advantage based on next generation display technology, and its high-tech value continues to be enhanced.

The "National Printing and Flexible Display Innovation Center" of Guangdong Juhua, a subsidiary of the Company, is the only national innovation center in the display field within China, and has built a global leading public platform for G4.5 printed display R&D, integrating industrial chain resources from all links including materials, techniques, processes and application verification. In addition, the Company will continue to invest in Micro-LED display technology, establish a joint laboratory with San'an to focus on the development of Micro-LED technology, so as to promote the Company's ecological layout in this field from materials, techniques, equipment, and production line solutions to independent intellectual property, and form a process flow solution for Micro-LED commercial scale mass production.

In 2021, the Company ranked top among Chinese Mainland enterprises, with 14,051 patents applied, and ranked second globally in terms of quantum dot patents. More than half of them are invention patents, covering 14 fields such as quantum dot materials, backlights and panels, shaping a well-designed patent layout, and it is expected that the Company will establish its competitive advantage when the next generation of display technology arrives.

Leading in management: TCL CSOT takes the lead in global efficiency and traverses the

cycle with relative competitiveness

While establishing market scale, technology and ecological advantages, the Company has taken the lead in efficiency and benefit indicators. Since beginning operations in 2011, TCL CSOT has weathered two rounds of sharp fluctuation cycles in the display industry with ten consecutive years of profitability, where the net margin has always been positive across the panel cycle, with extreme cost efficiency and lean management being key factors.

Through the synergistic effect of centralized factories, the Company gives full play to the efficiency of its production line layout and capacity increase, further improving the activation and product scheduling efficiency with advantages in industrial chain integration and locking in strategic customers, promoting end-to-end cost and expense control through refined management and extreme efficiency cost measures, so as to build its relative competitiveness in the industry. In the past several rounds of cyclical industry fluctuations, the Company has continuously maintained an industry leading level of net profit margin and EBITDA margin, making it a model for profitability within the panel industry. In the future, the Company will go through the industrial development cycle and take a lead in the industrial development relied on this major advantageous capacity.

New strategic track: Arranging the layout for semiconductor and photovoltaics businesses to open up a secondary growth curve

Focusing on enterprise development and the national planning of strategic emerging industries, the Company actively seeks new tracks that are technology-intensive and capital-intensive with long development cycles that can give full play to and continue to enhance TCL's core competence. In July 2020, Zhonghuan successfully achieved state-ownership reform. In 2021, TCL Zhonghuan released its growth potential through institutional reform, optimized capital structure, stimulated organizational vitality, accelerated business development, its surpassed performance doubling plan, and achieved significant growth in revenue and profit. At present, TCL Zhonghuan ranks second in the world in the sales of photovoltaic materials and for sales volume of semiconductor materials ranks first in China, making Zhonghuan the second growth engine under the TCL Group.

Organizational and cultural guarantee: Creating a “Path to Global Leadership” and strengthening the genes of corporate culture

The "greatness, innovation, determination, change and vision" championed by TCL over the

past magnificent 40 years is the most important value for TCL's 40 years of development and the driving force to push TCL to a new level to become a global leader. Aiming at the strategic goal of “Ramp up, Catch up and Go all out to be a Global Leader”, the Company is committed to reshaping an organizational culture of accountability, behavior, and performance orientation. TCL will carry forward its values of “greatness, innovation, determination, change and vision”, deepen team building and corporate culture, and create a more dynamic corporate organizational culture.

IV. Analysis of Core Businesses

1. Overview

See “Part III Management Discussion and Analysis”.

2. Revenue and costs

(1) Breakdown of operating revenue

Unit: RMB

	2021		2020		Change (%)
	Amount	As % of total revenue (%)	Amount	As % of total revenue (%)	
Total	163,540,559,623	100%	76,677,238,079	100%	113.28%
By operating division					
Semi-conductor display	88,102,920,983	53.87%	46,765,152,291	60.99%	88.39%
New energy photovoltaic	41,104,685,049	25.13%	5,682,961,642	7.41%	623.30%
Distribution business	31,932,016,149	19.53%	22,518,401,333	29.37%	41.80%
Other businesses and internally offset accounts	2,400,937,442	1.47%	1,710,722,813	2.23%	40.35%
By product category					
Semi-conductor display devices	88,102,920,983	53.87%	46,765,152,291	60.99%	88.39%
New energy photovoltaic & semi-conductor materials	41,104,685,049	25.13%	5,682,961,642	7.41%	623.30%
Distribution of electronics	31,932,016,149	19.53%	22,518,401,333	29.37%	41.80%

Other businesses and internally offset accounts	2,400,937,442	1.47%	1,710,722,813	2.23%	40.35%
By operating segment					
Mainland China	104,742,993,732	64.05%	54,350,588,776	70.88%	92.72%
Overseas (including Hong Kong)	58,797,565,891	35.95%	22,326,649,303	29.12%	163.35%
Distribution mode					
Direct sales	135,292,006,356	82.73%	56,095,910,392	73.16%	141.18%
Distribution	25,981,764,486	15.89%	19,929,066,792	25.99%	30.37%
Dealer	2,266,788,781	1.39%	652,260,895	0.85%	247.53%

Note: The year-on-year growth change is larger for new energy photovoltaic & semi-conductor materials, because TCLZhonghuan was consolidated as part of the Company in Q4 2022. This table may contain rounding errors.

(2) Operating division, product category, region or sales mode contributing over 10% of the revenue or operating profit:

√ Applicable □ Not applicable

Unit: RMB

	Revenue	Cost of sales	Gross profit margin	YoY change in revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Semi-conductor display	88,102,920,983	66,411,847,114	24.62%	88.39%	70.88%	7.73%
New energy photovoltaic	41,104,685,049	32,190,397,141	21.69%	623.30%	601.67%	2.41%
Distribution business	31,932,016,149	30,775,267,445	3.62%	41.80%	41.57%	0.16%
By product category						
Semi-conductor display devices	88,102,920,983	66,411,847,114	24.62%	88.39%	70.88%	7.73%
New energy photovoltaic & semi-conductor materials	41,104,685,049	32,190,397,141	21.69%	623.30%	601.67%	2.41%
Distribution of electronics	31,932,016,149	30,775,267,445	3.62%	41.80%	41.57%	0.16%
By operating segment						

Mainland China	104,742,993,732	85,551,184,486	18.32%	92.72%	77.02%	7.24%
Overseas (including Hong Kong)	58,797,565,891	45,507,474,011	22.60%	163.35%	154.04%	2.84%
Distribution mode						
Direct sales	135,292,006,356	103,822,066,115	23.26%	141.18%	124.29%	5.78%
Distribution	25,981,764,486	25,291,879,997	2.66%	30.37%	30.36%	0.01%
Dealer	2,266,788,781	1,944,712,385	14.21%	247.53%	252.34%	-1.17%

Core business data restated according to the changed methods of measurement that occurred in the Reporting Period:

Applicable Not applicable

(3) Whether Revenue from Physical Sales is Higher than Service Revenue

Yes No

Operating division	Item	Unit	2021	2020	Change (%)
Semi-conductor display	Sales	10,000 square meters	3949	2910	35.71%
	Production volume	10,000 square meters	4058	2887	40.56%
	Inventory	10,000 square meters	170	61	178.31%
Module and finished machine	Sales	10,000 sets	904	/	/
	Production volume	10,000 sets	941	/	/
	Inventory	10,000 sets	49	/	/
Photovoltaic silicon wafer	Sales	10,000 sets	821,234	/	/
	Production volume	10,000 sets	824,803	/	/
	Inventory	10,000 sets	12,025	/	/
Semiconductor silicon wafer	Sales	Million square inches	752	/	/
	Production volume	Million square inches	751	/	/
	Inventory	Million square inches	25	/	/
Photovoltaic module	Sales	MW	4,166	/	/
	Production volume	MW	4,763	/	/
	Inventory	MW	628	/	/
Photovoltaic power stations	Sales	10,000 kWh	81,031	/	/
	Production volume	10,000 kWh	81,031	/	/
	Inventory	10,000 kWh	/	/	/

Explanation of why any financial indicator in the table above registered a year-on-year change of over 30%

The year-on-year change is larger mainly due to revenue increase. TCL Zhonghuan was consolidated in October 2020. Moka

Technology was consolidated in April 2021. The production, sales and inventory of modules and complete machines, photovoltaic silicon wafers, semiconductor silicon wafers, photovoltaic modules and photovoltaic power stations are not comparable.

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of operating cost

Operating division

Unit: RMB

Operating division	Breakdown of Cost	2021		2020		Change (%)
		Amount	As % of operating cost	Amount	As % of operating cost	
Semi-conductor display	Materials, salary, depreciation etc.	66,411,847,114	50.67%	38,864,960,717	58.67%	70.88%
New energy photovoltaic	Materials, salary, depreciation etc.	32,190,397,141	24.56%	4,587,699,136	6.93%	601.67%
Distribution business	Finished goods etc.	30,775,267,445	23.48%	21,737,804,382	32.82%	41.57%
Other	Materials, salary, depreciation etc.	1,681,146,797	1.28%	1,051,814,193	1.59%	59.83%

Note: The year-on-year growth change is larger for new energy photovoltaic, because TCL Zhonghuan was consolidated as part of the Company in Q4 2022. The year-on-year data are the consolidated amount.

Product category

Unit: RMB

Product category	Item	2021		2020		Change (%)
		Amount	As % of operating cost	Amount	As % of operating cost	
Semi-conductor display devices	Materials, salary, depreciation etc.	66,411,847,114	50.67%	38,864,960,717	58.67%	70.88%
New energy photovoltaic & semi-conductor materials	Materials, salary, depreciation etc.	32,190,397,141	24.56%	4,587,699,136	6.93%	601.67%
Distribution of electronics	Finished goods etc.	30,775,267,445	23.48%	21,737,804,382	32.82%	41.57%
Other	Materials, salary, depreciation etc.	1,681,146,797	1.28%	1,051,814,193	1.59%	59.83%

Note: The year-on-year growth change is larger for new energy photovoltaic & semi-conductor materials, because TCL Zhonghuan was consolidated as part of the Company in Q4 2022. The year-on-year data are the consolidated amount.

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes No

Compared with 2020, 35 subsidiaries (18 newly incorporated and the other 17 over which the Company newly obtained control of) are newly included and 30 subsidiaries (20 transferred, 8 de-registered, and the other 2 changed into affiliated companies) are excluded from the consolidation scope of 2021.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major Customers

Total sales of top five customers (RMB)	57,063,520,152
Total sales of top five customers as % of total sales of the Reporting Period (%)	35.44%
Total sales of related parties among top five customers as % of total sales of the Reporting Period (%)	9.72%

Top five customers:

Serial No.	Customer	Sales revenue (RMB)	As % of total sales revenue (%)
1	1	18,422,044,625	11.44%
2	2	15,642,946,590	9.72%
3	3	11,752,841,832	7.30%
4	4	6,438,331,108	4.00%
5	5	4,807,355,997	2.99%
Total	--	57,063,520,152	35.44%

Other information about major customers: For sales transactions between the Company and its related parties, see provisional announcements disclosed by the Company on the designated media for information disclosure.

Major suppliers

Total purchases from top five suppliers (RMB)	28,606,000,601
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	22.51%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	-

Top five suppliers

Serial No.	Supplier name	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	1	7,950,214,472	6.26%
2	2	6,504,776,293	5.12%
3	3	5,653,948,037	4.45%
4	4	4,397,147,828	3.46%
5	5	4,099,913,971	3.23%
Total	--	28,606,000,601	22.51%

Other information about major suppliers

Applicable Not applicable

3. Expense

Unit: RMB

	2021	2020	Change (%)	Main reason for change
Selling expenses	1,919,285,105	886,816,654	116.42%	Increase in the business size and acquisition of TCL Zhonghuan
Administrative expense	4,393,319,922	2,370,378,495	85.34%	Increase in the business size and acquisition of TCL Zhonghuan
Financial expenses	3,727,915,281	2,357,022,129	58.16%	Increase in the business size and acquisition of TCL Zhonghuan
R&D expenses	7,236,340,804	4,402,820,839	64.36%	Increase in the business size and acquisition of TCL Zhonghuan

4. R&D investments

Applicable Not applicable

Main R&D project name	Purpose	Progress	Preset goals	Expected influence on the future development of the Company
Intelligent speech synthesis technology	Synthesis technology for speech interactive scenario	Realized industrial transformation	Meet the voice interaction requirements of intelligent products	Realize the industry-leading voice interaction standard of intelligent products
ADC system	Overall technical solutions for AI industrial quality inspection with independent intellectual property rights	The ADC system developed by TCL CSOT multi-production line has been fully launched	Realize the coverage of self-developed ADC system at TCL CSOT factories	Improve the overall intelligent manufacturing level of the Company
Medium-size technology	Screen technology of high-end flagship notebook	Continuous innovation in function integration, image	SoP development	Become an industry benchmark to support the

development	computer and tablet computer market	quality improvement, eye protection and energy-saving, and appearance design		implementation of the company's medium-sized transformation strategy
LTPO SoP introduction	Meet the market requirements for long endurance electronic products	The WQHD LTPO technology platform has been built and the first LTPO display screen with WQ resolution has been directly developed in the domestic LTPO market	Improve product features and yield	Ensure major brand customers and occupy the market share
HVA technology	LCD image quality reaches the industry benchmark level, and energy efficiency takes a lead in the industry	Some technical development has been completed and products have been imported after verification	Reduce reflectivity and improve rating score; improved UD panel penetration rate	Improve the competitiveness of HVA Technology
Develop new display products	Deploy the layout in new-type display products	Some products develop SoP	Develop core algorithms	Deploy the layout in new-type display technology
Research and development of new energy photovoltaic 12-inch crystal technology	Meet the market demand for 12-inch photovoltaic crystal technical indicators and strengthen the company's core competitiveness	Thermal field and process design have been completed	Improve the monomorph qualified rate, optimize product parameters and further reduce cost and increase proficiency	Enhance the core competitiveness of the company's main business
R&D of 210 silicon wafer slicing technology	Research and develop ultra-thin solar silicon wafer cutting technology to meet the demand for thin film in the downstream market and improve unit output	Equipment upgrading and cutting process design have been completed	Achieve 150 μ m thick SoP target of silicon wafer; and complete 130 μ m thick technical reserve of silicon wafer	Enhance the core competitiveness of the company's main business
R&D on semiconductor 12-inch silicon wafer technology	Meet the market demand for large-size silicon wafers of 12-inch integrated circuits	SoP for Silicon wafers for 12-inch power devices	Increase the market share of semiconductor 12-inch silicon wafer	Enhance the core competitiveness of the Company's semi-conductor materials

R&D personnel

	2021	2020	Change (%)
Number of R&D Employees	10,517	8,156	28.95%
As % of R&D Employees (%)	16.14%	16.83%	-0.69%
Education			

PhD	202	197	2.54%
Master	2,081	1,716	21.27%
Bachelor's degree and others	8,234	6,243	31.89%
Age			
Under 30 years old	5,730	4,678	22.49%
30~ 40 years old	4,394	3,215	36.67%
Over 40 years	393	263	49.43%

R&D investments

	2021	2020	Change (%)
R&D investment amount (RMB)	8,772,389,079	6,543,368,860	34.07%
R&D investments as % of total revenue (%)	5.36%	8.53%	-3.17%
Capitalization amount of R&D investments (RMB)	3,813,925,123	2,836,134,458	34.48%
Capitalization amount of R&D investments as % of total revenue (%)	43.48%	43.34%	0.13%

Reasons and impacts of major changes in the composition of R&D personnel of the Company

Applicable Not applicable

Reasons for significant changes in R&D investment as % of total revenue compared with the previous year

Applicable Not applicable

Reasons for significant changes in R&D investments capitalization and rationality explanation

Applicable Not applicable

5. Cash Flow

Unit: RMB

Item	2021	2020	Change (%)
Sub-total of cash generated from operating activities	153,026,874,325	86,452,810,939	77.01%
Sub-total of cash used in operating activities	120,148,423,888	69,754,528,164	72.24%
Net cash generated from operating activities	32,878,450,437	16,698,282,775	96.90%
Sub-total of cash generated from investment activities	43,772,408,329	32,460,222,661	34.85%
Subtotal of cash used in investing	77,405,450,301	71,233,732,364	8.66%

activities			
Net cash used in investing activities	-33,633,041,972	-38,773,509,703	13.26%
Sub-total of cash generated from financing activities	75,934,217,326	75,566,392,668	0.49%
Subtotal of cash used in financing activities	63,151,712,744	52,701,802,798	19.83%
Net cash generated from financing activities	12,782,504,582	22,864,589,870	-44.09%
Net increase in cash and cash equivalents	11,873,288,084	570,673,851	1980.57%

Explanation of why related data has significant changes year-on-year

Applicable Not applicable

Large increase in net cash flow generated from operating activities: Mainly due to the expansion of operating revenue scale and the merger of TCL Zhonghuan

The net increase in cash and cash equivalents increased significantly: Increase in cash inflow generated from operating activities

Explanation of the significant difference between the net cash flow generated by the Company's operating activities and the net profit of the current year during the reporting period

Applicable Not applicable

V. Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Sustainability
Asset impairment	2,911,463,958	16.58%	Falling price of inventory write-off in line with market	No
Non-operating income	351,979,944	2.00%	Not applicable	No
Non-operating expense	140,452,279	0.80%	Not applicable	No

VI. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	The end of 2021	Beginning of 2021	Change in	Main reason for change
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	Amount	As % of total assets	Amount	As % of total assets	percentage (%)	
Monetary assets	31,393,692,485	10.17%	21,708,904,743	8.42%	1.75%	Increase in net cash generated from operating activities
Accounts receivable	18,238,782,247	5.91%	12,557,614,486	4.87%	1.04%	Mainly due to the expansion of operating revenue scale
Contract assets	233,528,786	0.08%	183,650,278	0.07%	0.00%	No significant change
Inventories	14,083,356,918	4.56%	8,834,957,692	3.43%	1.14%	Mainly due to the expansion of operating revenue scale
Investment property	761,902,236	0.25%	1,664,201,130	0.65%	-0.40%	No significant change
Long-term equity investments	25,640,578,245	8.31%	24,047,036,004	9.32%	-1.02%	No significant change
Fixed assets	113,579,297,130	36.79%	92,829,901,894	35.99%	0.80%	No significant change
Construction in progress	36,965,885,393	11.97%	31,508,310,783	12.22%	-0.24%	No significant change
Right-of-use assets	2,426,911,208	0.79%	-	0.00%	0.79%	Adoption of the new accounting standard governing leases
Short-term borrowings	9,341,426,543	3.03%	12,263,713,979	4.76%	-1.73%	Optimization of the debt structure
Contract liabilities	2,593,882,004	0.84%	2,004,004,181	0.78%	0.06%	No significant change
Long-term borrowings	87,279,081,955	28.27%	73,589,403,308	28.53%	-0.26%	Increase in financings
Lease liabilities	1,102,071,813	0.36%	-	0.00%	0.36%	Adoption of the new accounting standard governing leases

Explanation of high proportion of overseas assets

Applicable Not applicable

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Impairment allowances established in the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	8,355,640,976	155,319,290			31,086,333,926	29,292,000,403		10,305,293,789
2. Derivative financial assets	453,578,245	-317,003,187	-52,084,504		8,051,884	21,613,872		70,928,566
3. Receivables financing	2,176,743,646						40,895,090	2,217,638,736
4. Other debt investments	152,062,601					152,062,601		0
5. Investments in other equity instruments	1,333,675,630		-212,103,988		3,391,150	197,643,345		927,319,447
Subtotal of financial assets	12,471,701,098	-161,683,897	-264,188,492		31,097,776,960	29,663,320,221	40,895,090	13,521,180,538
Total of the above	12,471,701,098	-161,683,897	-264,188,492		31,097,776,960	29,663,320,221	40,895,090	13,521,180,538
Financial liabilities	912,804,772	-15,099,498	-130,076,277		219,887,900	40,276,590		947,240,307

Significant changes to the measurement attributes of the major assets in the Reporting Period:

Yes No

3. Restricted Asset Rights as at the Period-End

Restricted assets	Carrying amount (RMB10,000)	Reason for restriction
Monetary assets	35,818	Deposited in the central bank as the required reserve
Monetary assets	95,381	Other monetary funds and restricted bank deposits
Notes receivable	11,938	Pledge
Fixed assets	6,446,982	As collateral for loan
Intangible assets	275,942	As collateral for loan
Held-for-trading financial assets	3,434	Put in pledge for loan
Right-of-use assets	5,700	As collateral for lease
Accounts receivable	105,034	Pledge
Contract assets	17,583	Pledge
Total	6,997,811	

VII. Investments Made**1. Total Investment Amount**√ Applicable Not applicable

Total investment amount in the Reporting Period (RMB)	Total investment amount in the same period of last year (RMB)	Change (%)
46,434,920,794	53,763,722,110	-13.63%

2. Major Equity Investments Made in the Reporting Period√ Applicable Not applicable

Unit: RMB'0,000

Name of investee	Principal Activity	Investment mode	Amount of Investment	Shareholding Ratio (%)	Funding Source	Co-investor (trading counterpart)	Investment Term	Type of products	Progress as of the balance sheet date	Anticipated return on investment	Investment income/loss in the Reporting Period	Any legal matter involved or not	Date (if any) of disclosure	Index (if any) to disclosed information
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Guangzhou CSOT	Production and sales of medium-sized high value-added display panels, etc	Equity investments	962,500	55%	Funds from planned private placement	State-owned enterprise under the coordination of the People's Government of Guangzhou Municipality and Guangzhou Development Zone Management Committee	Not applicable	Not applicable	Not applicable	Not applicable	1,091	No	April 10, 2021	http://www.cninfo.com.cn
Moka Technology	R&D, procurement, production and sales of intelligent display terminal products	Equity investments	280,000	100%	Self-raised funds	TCL Industries, Holding (Hong Kong) Co., Ltd.	Not applicable	Not applicable	Not applicable	Not applicable	32,542	No	December 12, 2020	
Total	--	--	1,242,500	--	--	--	--	--	--	--	33,633	--	--	--

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB'0,000

Security type	Securities code	Securities Abbreviation	Initial investment cost	Measurement method	Beginning carrying amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Other	Not applicable	Changjian g pension golden short-term bonds No. 2 collective asset management product	45,000	Fair value	-	297	-	45,000	-	297	45,297	Held-for-trading financial assets	Self-funded
Financial management of securities companies	Not applicable	China Securities "Stable Income" No. 7347	32,000	Fair value	-	29	-	32,000	-	29	32,029	Held-for-trading financial assets	Self-funded
Financial management of securities companies	Not applicable	CITIC Future - Yue Wan No. 2 Collective Asset Management Plan	30,000	Fair value	-	859	-	30,000	-	859	30,859	Held-for-trading financial assets	Self-funded

Bank's wealth management product	Not applicable	Sunshine 6M bonus No. 2	30,000	Fair value	-	586	-	30,000	-	586	30,586	Held-for-trading financial assets	Self-funded
Bank's wealth management product	Not applicable	Xingyin Wealth Management Gold Snowball Solid Income No. 1 A-type Net Value Wealth Management Product (Jijifeng)	50,000	Fair value	-	547	-	50,000	20,000	547	30,547	Held-for-trading financial assets	Self-funded
Bank's wealth management product	Not applicable	Sunshine 12M bonus exclusive for the National Day	30,000	Fair value	-	329	-	30,000	-	329	30,329	Held-for-trading financial assets	Self-funded
Bank's wealth management product	Not applicable	China Construction Bank's "Qianyuan Huizhong" (daily application and quarterly redemption) open net worth RMB financial products	30,000	Fair value	-	197	-	30,000	-	197	30,197	Held-for-trading financial assets	Self-funded

Bank's wealth management product	Not applicable	Sunshine daily purchase 180 days	30,000	Fair value	-	192	-	30,000	-	192	30,192	Held-for-trading financial assets	Self-funded
Bank's wealth management product	Not applicable	China Construction Bank's "Qianyuan Huizhong" (daily application and weekly redemption) open net worth RMB financial products	60,000	Fair value	-	117	-	60,000	30,325	117	29,792	Held-for-trading financial assets	Self-funded
Trust products	Not applicable	CCB trust - Shengjing Tongying bond investment collective fund trust plan	20,000	Fair value	-	437	-	20,000	-	437	20,437	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			3,208,958	--	550,954	-26,550	-21,210	2,794,720	2,831,257	20,038	520,118	--	--
Total			3,565,958	--	550,954	-22,960	-21,210	3,151,720	2,881,583	23,628	830,383	--	--
Disclosure date of the board announcement approving the securities investments			March 11, 2021										
Disclosure date of the general meeting announcement approving the securities investments			May 6, 2021										

(2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000

Funding source	Mostly foreign-currency revenue
Legal matters involved (if applicable)	Not applicable
Disclosure date of the board announcement approving the derivative investments (if any)	April 28, 2018
Disclosure date of the general meeting announcement approving the derivative investments (if any)	Not applicable
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>In order to effectively manage the exchange and interest rate risks of foreign currency assets, liabilities and cash flows, the Company, after fully analyzing the market trend and predicting the operation (including orders and capital plans), adopts forward foreign exchange contracts, options and interest rate swaps to avoid future exchange rate and interest rate risks. As its business scale changes subsequently, the Company will adjust the exchange rate risk management strategy according to the actual market conditions and business plans.</p> <p>Risk analysis:</p> <ol style="list-style-type: none"> 1. Market risk: the financial derivatives business carried out by the Group belongs to hedging and trading business related to main business operations, and there is a market risk of loss due to the fluctuation of underlying interest and exchange rates, which lead to the fluctuation of prices of financial derivatives; 2. Liquidity risk: the derivatives business carried out by the Group is an over-the-counter transaction operated by a financial institution, and there is a risk of loss due to paying fees to the bank for the operations of evening up or selling the derivatives below the buying prices; 3. Performance risk: the Group conducts the derivative business based on rolling budgets for risk management, and there is a risk of performance failure due to deviation between the actual operating results and budgets; 4. Other risks: in the case of specific business operations, if the operator fails to finish the prescribed procedures for report or approval, or fails to record the financial derivative business information accurately, timely and completely, it may result in loss of derivative business or trading opportunities. Moreover, if the trading operator fails to fully understand the terms of transaction contracts or product information, the Group will face the legal risks and transaction losses therefrom. <p>Measures taken for risk control:</p> <ol style="list-style-type: none"> 1. Basic management principles: the Group strictly follows the hedging principle and the main purpose of locking costs and avoiding risks. It is required that the financial derivatives business to be carried out matches the variety, size, direction and duration of spot goods, and no speculative trading should be involved. In the selection of hedging instruments, only simple financial derivatives that are closely related to the main business operation and meet

	<p>the requirements of hedge accounting treatment should be selected, and avoid complex business that exceeds the prescribed business scope or is difficult to recognize in terms of risk and pricing;</p> <p>2. The Group has formulated a special risk management system tailored to the risk characteristics of the financial derivatives business, covering all key aspects such as preemptive prevention, in-process monitoring and post-processing. It reasonably allocates professionals for investment decision-making, business operation and risk control as required; Personnel involved in investment are required to fully understand the risks of financial derivatives investment and strictly implement the business operation and risk management system of derivatives. Before starting the derivatives business, the holding company must submit to the competent department of the Group detailed business reports including its internal approval, main product terms, operational necessity, preparations, risk analysis, risk management strategy, fair value analysis and accounting methods, and special summary reports on business operated. Operation is only allowed upon the approval of the functions under the Group;</p> <p>3. Relevant departments should track the changes in the open market price or fair value of financial derivatives, timely assess the risk exposure changes of invested financial derivatives, and make reports to the board of directors on business development;</p> <p>4. When the combined impairment of the fair value of derivatives and changes in the value of the assets (if any) used for risk hedging by the Group results in a total loss or floating loss amounting to 10% of the recently audited net assets of the Company, and the absolute amount exceeds RMB10 million, the Group will disclose it in a timely manner.</p>
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	<p>With the rapid expansion of overseas sales, the Company keeps following the above rules in the operation of forward foreign exchange contracts, interest rate swap contracts and futures contracts to avoid and hedge foreign exchange risks arising from operation and financing. The profit and loss during the reporting period was RMB184.15 million. The fair value of derivatives is determined by real-time quoted price of the foreign exchange market, based on the difference between the contractual price and the forward exchange rate quoted immediately in the foreign exchange market on the balance sheet date.</p>
Major changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	No significant change
Opinion of independent directors on derivative investments and risk control	<p>In view of the fact that certain raw materials of the core business of the Company are purchased overseas, a wide range of settlement currencies is involved. The Company reduces exchange losses and locks transaction costs by reasonable financial derivatives, which helps to reduce risk control costs and improve company competitiveness. Risks are effectively controlled as the Company has taken series of measures such as conducting a rigorous internal evaluation for the operation of financial derivatives business, establishing a corresponding regulatory mechanism, formulating reasonable accounting policies and specific accounting principles, setting limits for risk exposure management, and operating simple financial derivatives. The contracting agent for financial derivatives business of the</p>

	Company is a sound financial agent with good credit standing. We are of the opinion that the financial derivatives transactions carried out by the Company in 2021 were closely related to the daily operation needs of the Company with controllable risks in line with the interests of the Company and minority shareholders and the relevant provisions of relevant laws and regulations.
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Unit: RMB'0,000

Type of contract	Beginning amount		Ending amount		Gain/loss in Reporting Period	Ending contractual amount as % of the Company's ending net assets	
	Contractual amount	Actual amount	Contractual amount	Actual amount		Contractual amount	Actual amount
1. Forward forex contracts	1,931,617	59,359	1,736,175	61,406	18,415	14.51	0.51
2. Interest rate swaps	758,846	22,765	415,696	12,471		3.47	0.10
3. Currency swaps	310,520	15,526	0	0		0.00	0.00
Total	3,000,983	97,650	2,151,871	73,877	18,415	17.98	0.61

Note: The 8th meeting of the 6th board of directors of the Company deliberated and approved the proposal on Adjusting the Limit of Financial Derivative Business, which raised the upper limit of operating financial derivatives to RMB2 billion. The financial derivatives operated are hedging contracts related to the main business, mainly including forwards, options, swaps, futures and other products or a combination of the above products. Within the scope of this limit, the business limit for financial derivatives can be recycled.

5. Use of Funds Raised

Applicable Not applicable

(1) General Information about the Use of Raised Funds

Applicable Not applicable

Unit: RMB'0,000

Year of raising	Way of raising	Total amount raised	Used in the current period	Cumulatively used	Amount with changed use in the reporting period	Cumulative amount with changed used	Cumulative amount with changed used as % of total amount raised	Unused amount	Purpose and whereabouts of the unused amount	Amount being idle for more than two years
2020	Private placement (raising the matching funds)	256,880	67.6	256,894.96	0	0	0.00%	0	Not applicable	0
2021	Public	50,000	50,000	50,000	0	0	0.00%	0	Not	0

	offering to qualified investors								applicable	
Total	--	306,880	50,067.6	306,894.96	0	0	0.00%	0	--	0

Use of funds raised

1. During the reporting period, the Company publicly issued scientific and technological innovation short-term corporate bonds (phase I) to qualified investors in 2021, raised a total of RMB500 million to replace the existing debt of the Company's scientific and technological innovation business, and all the funds raised by bonds were used up.

2. In 2020, the Company issued shares, convertible corporate bonds, purchased assets in cash and raised supporting funds. The total amount of supporting funds raised was RMB2.5688 billion. As of March 10, 2021, the Company had invested RMB2.5689496 billion (including RMB149,600 of accumulated interest saved in the special account and income after deducting handling fees), and the raised funds had been used up.

(2) Promised Use of Raised Funds

√ Applicable □ Not applicable

Unit: RMB'0,000

Promised project funded with raised funds and investment with over-raised funds	Project changed or not (including partial change)	Total promised investment amount with raised funds	Adjusted total investment amount (1)	Investment in the Reporting Period	Cumulative investment amount at the period-end (2)	Investment progress as at the period-end (3) = (2) / (1)	Time when the project is ready for its intended use	Benefits derived in the Reporting Period	Meeting the expected benefits or not	Significant change to project feasibility or not
Promised projects										
1. Acquired 39.95% of equity of Wuhan COST	No	161,700	161,700	0	161,700	100.00%	Not applicable	Not applicable	Not applicable	Not applicable
2. Repaying debts of listed companies and supplementing the working capital	No	95,180	95,180	67.6	95,194.96	100.00%	Not applicable	Not applicable	Not applicable	Not applicable
Subtotal of promised projects	--	256,880	256,880	67.6	256,894.96	--	--	Not applicable	--	--
Over-raised funds										
None										
Subtotal of over-raised funds	--	-	-	-	-	--	--	-	--	--

Total	--	256,880	256,880	67.6	256,894.96	--	--	-	--	--
Description of major changes in project feasibility	Not applicable									
Over-raised fund amount, purpose and use progress	Not applicable									
Location change of the project with raised funds	Not applicable									
Adjustment of project implementation	Not applicable									
Advance investments in promised projects funded with raised funds and subsequent swaps	On November 26, 2020, the Proposal on the Swap of Raised Funds and Advance Investments of Self-Pooled Funds was approved at the Second Meeting of the Company's Seventh Board of Directors. As such, raised funds were agreed to be swapped with the advance investments of self-pooled funds in projects funded with raised funds. Total swap amount was RMB1.617 billion.									
Supplemented the working capital with idle funds	Not applicable									
Amount and reasons for the balance of raised funds in the project implementation	Not applicable									
Unused fund purpose and whereabouts	Not applicable									
Problems and other circumstances in raised fund use and disclosure	Not applicable									

(3) Change of the raised fund projects

Applicable Not applicable

No such cases in the Reporting Period.

VIII. Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

2. Sale of Major Equity Investments

Applicable Not applicable

Trading counterpart	Equity investment sold	Date of sale	Transaction price (RMB'0,000)	Net profit contributed to the Company from the period-begin to the date of sale (RMB'0,000)	Effect on the Company	Ratio of the net profit contributed by the sale of the equity investment to the Company's total profit (%)	Pricing principle	Any associated transactions	Relationship between the transaction party and the Company	Equity investment has been all transferred or not	Executed as scheduled or not; if not, give reasons and measures taken	Date of disclosure	Index to disclosed information
TCL Industries Holdings Co., Ltd.	TCL Financial Holding Group (Guangzhou) Co., Ltd.	May 31, 2021	257,202	4,776	Further optimize the business structure and focus on the development of the main business; comply with national policies and meet the needs of the Company's announced financing projects	0.1%	Based on valuation with reference to the market prices of transactions of the same kind	Yes	Mr. Li Dongsheng serves as the Chairman of the Board in both the Company and TCL Industries, and TCL Industries is a related corporation of the Company	Yes	Yes	May 22, 2021	http://www.cninfo.com.cn

IX. Principal Subsidiaries and Joint Stock Companies

√ Applicable □ Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Company Name	Relationship with the Company	Principal activity	Registered capital (RMB100 million)	Total assets (RMB'0,000)	Net assets (RMB'0,000)	Operating revenue (RMB'0,000)	Operating profit (RMB'0,000)	Net profit (RMB'0,000)
TCL China Star Optoelectronics Technology Co., Ltd.	Subsidiary	Semi-conductor display	304.68	20,387,161	8,453,049	8,005,172	1,171,071	1,011,063
Tianjin Zhonghuan Semiconductor Co., Ltd.	Subsidiary	New energy photovoltaic and materials	32.32	7,797,936	4,166,978	4,110,469	500,560	443,513
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	4.12	613,589	133,062	3,193,202	38,292	27,205

Acquisition and disposal of subsidiaries in the reporting period

√ Applicable □ Not applicable

Company Name	How subsidiary was obtained or disposed of in the Reporting Period	Effects on overall operations and operating performance
Shenzhen Huatuo Trade Technology Co., Ltd.	Newly incorporated	No significant effect
Xiamen Xinying Display Technology Co., Ltd.	Newly incorporated	No significant effect
Shaanxi Xiaoyi E-commerce Service Co., Ltd.	Newly incorporated	No significant effect
Shaanxi Runhuan Tianyu Technology Co., Ltd.	Combination not under common control	No significant effect
Highly (Tianjin) Technology Co., Ltd.	Newly incorporated	No significant effect
Tianjin Wanfang Nuoxin Technology Co., Ltd.	Newly incorporated	No significant effect
Zhonghuan Advanced Semiconductor (Shanghai) Co., Ltd.	Newly incorporated	No significant effect
Ningxia Zhonghuan Solar Material Co., Ltd.	Newly incorporated	No significant effect
Suzhou China Star Optoelectronics Technology Co., Ltd.	Combination not under common control	No significant effect
Suzhou China Star Optoelectronics Display Co., Ltd.	Combination not under common control	No significant effect
Moka International Limited and its subsidiaries	Combination not under common control	No significant effect

Huizhou Shengyao New Energy Technology Co., Ltd.	Newly incorporated	No significant effect
Inner Mongolia Huanya Hotel Management Co., Ltd.	Newly incorporated	No significant effect
HuludaoXincheng New Energy Technology Co., Ltd.	Combination not under common control	No significant effect
En Yi Investment Co., Ltd.	Newly incorporated	No significant effect
Zhonghuan Semi-Conductor (Singapore) Private Ltd.	Newly incorporated	No significant effect
Inner Mongolia Huanxing Power Construction Engineering Co., Ltd	Combination not under common control	No significant effect
Shaanxi HuanboXinneng Power Engineering Construction Co., Ltd	Combination not under common control	No significant effect
Beijing Lingyun Data Technology Co., Ltd.	Newly incorporated	No significant effect
Guangdong TCL New Technology Co., Ltd.	Combination not under common control	No significant effect
Tianjin Silica Material Technology Co., Ltd.	Newly incorporated	No significant effect
Tianjin Huanou New Energy Technology Co., Ltd	Newly incorporated	No significant effect
Xiamen TCL Technology Industrial Investment Co., Ltd.	Newly incorporated	No significant effect
Tianjin TiTiYunchuang Technology Co., Ltd	Newly incorporated	No significant effect
Tianjin Xincheng Pilot Technology Co., Ltd.	Newly incorporated	No significant effect
Junjia Development Co., Ltd.	Newly incorporated	No significant effect
TCL Communication Technology (HK) Limited	De-registered	No significant effect
Tianjin Huanyan Technology Co., Ltd.	Transferred	No significant effect
Tianjin Huan'Ou International New Energy Technology Co., Ltd.	De-registered	No significant effect
KangbaoShenghui New Energy Co., Ltd.	De-registered	No significant effect
Winshero Investment Limited	De-registered	No significant effect
Tianjin Xietong Real Estate Development Co., Ltd.	De-registered	No significant effect
TCL International Distribution (HK) Limited	De-registered	No significant effect
TCL Financial Holding Group (Guangzhou) Co., Ltd. and its subsidiaries	Transferred	No significant effect
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd. and its subsidiaries	Increase in non-controlling interests	No significant effect

Tianjin ZhonghuanXinyu Technology Co., Ltd.	Transferred	No significant effect
UTOP (Shanghai) Co., Ltd.	De-registered	No significant effect
Li Rong Development Limited and its subsidiaries	Transferred	No significant effect
TCL Medical Ultrasound Technology (Wuxi) Co., Ltd.	Transferred	No significant effect
Peer College Education Technology (Huizhou) Co., Ltd.	Transferred	No significant effect
TCL Light Source Energy-saving Technology (Huizhou) Co., Ltd.	De-registered	No significant effect

X. Structured Bodies Controlled by the Company

Applicable Not applicable

IX. Prospects

Looking into 2022, in the face of great changes unseen in a century, the central government is promoting the transformation of China's economy from high growth to high-quality development. The micro foundation of high-quality economic development is the high-quality development of enterprises, and the high-quality development of the country is the high-quality development of enterprises.

TCL Tech seizes the strategic opportunity period of high-quality development of the national economy, develops core assets in the global technology industry, and strategically focuses on the business development of semiconductor display, new energy photovoltaic and semiconductor materials. The two industries are on the track of high growth and great potential. Based on the advantages of technology, management and scale, the Company is committed to becoming a global leader in these two industries.

As one of the world's leading semiconductor display enterprises, the Company will focus on seizing the opportunity of industry integration, enhancing the leading advantage of large-sized products, improving the layout of small and medium-sized products, optimizing the business, product and customer structure, and transforming into an industry leader at all sizes.

Through the acquisition of TCL Zhonghuan, the Company actively engages in the two strategic industries of new energy and semiconductor, aiming to establish the core track of the science and technology industry in the next decade. TCL Zhonghuan has become one of the main engines of

TCL's scientific and technological performance growth through institutional reform, activating the organizational vitality, releasing growth potential and accelerating business development.

On the occasion of the 40th anniversary, TCL will pool its efforts, take science and technology as the guide and innovation as the drive, and continue to ramp up, catch up and achieve high-quality development.

XII. Communications with the Investment Community such as Researches, Inquiries and Interviews

√ Applicable □ Not applicable

Date	Place	Way of communication	Type of communication party	Communication party	Main discussions and materials provided	Index to main information communicated
March 11, 2021	The Ritz-Carlton Beijing, Financial Street	By visit + teleconference + live streaming	Institution	JPMorgan Chase, Morgan Stanley, UBS group, Aspen Capital Management (HK), DBS, HSBC, Nomura, CICC, Foresight Fund, TruValue Asset Management etc.	Know the business situation and development plan of TCL Tech and TCL CSOT in 2020	On March 15, 2021, Log Sheet No. 2021-001 on Investor Relations Activities on March 11, 2021 disclosed on http://www.cninfo.com.cn .
April 10, 2021	Company Conference Room in Shenzhen Headquarters	By phone	Institution	E Funds, China Asset Management, Huaxi Securities, Hwabao WP Fund Management, Sequoia Capital, Haitong International, GuotaiJunan Securities, Everbright Securities, GF Fund, SINOLINK Securities, etc.	Know the Company's business	On April, 13, 2021, Log Sheet No. 2021-002 on Investor Relations Activities on April 10, 2021 disclosed on http://www.cninfo.com.cn .
April 12, 2021	Company Conference Room in Shenzhen Headquarters	By phone	Institution	CICC, Harvest Fund, HFT Fund, OTT Capital, Soochow Asset Management, GF Fund, High Flyer Quant, CP Investment, HSBC, LMR Partners, etc	Know the business situation and development plan of TCL Tech in Q1 2021	On April, 14, 2021, Log Sheet No. 2021-003 on Investor Relations Activities on April 12, 2021 disclosed on http://www.cninfo.com.cn .
April 28, 2021	Company Conference Room in Shenzhen Headquarters	By phone	Institution	Agricultural Bank of China Life Insurance, Southern Asset Management, Morgan Stanley Huaxin Funds, ICBC AXA Asset Management, Perseverance Asset Management, Goldman Sachs, Hillhouse Investment, Zhong'an Insurance, China Post Finance, China Post Fund, etc	Know the business situation and development plan of TCL Tech in Q1 2021	On April, 30, 2021, Log Sheet No. 2021-004 on Investor Relations Activities on April 28, 2021 disclosed on http://www.cninfo.com.cn .
June 15, 2021	Company Conference	By phone	Institution	China Life Pension, JPMorgan Chase, Loyal Valley Capital, TF International Securities,	Know the Company's	On June, 17, 2021, Log Sheet No. 2021-005 on

	Room in Shenzhen Headquarters			Standard Chartered Bank, CITIC Securities, China Securities, China Fund, China Re-Asset Management, Optimas Capital Limited etc.	business	Investor Relations Activities on June 15, 2021 disclosed on http://www.cninfo.com.cn .
July 14, 2021	Company Conference Room in Shenzhen Headquarters	By phone	Institution	Goldman Sachs, Hillhouse Capital, E Funds, Xintai Life Insurance, OTT Capital, Yingda Asset Management, CIDA Securities, New China Asset, Southwest Securities Asset Management, China Fund etc.	Know the business situation and development plan of TCL Tech in the first half of 2021	On July, 16, 2021, Log Sheet No. 2021-006 on Investor Relations Activities on July 14, 2021 disclosed on http://www.cninfo.com.cn .
August 10, 2021	Shangri-La Shenzhen	By visit - phone call	Institution	Hillhouse Investment, Goldman Sachs (Asia), Perseverance Asset Management, China Life Pension, China Life Asset Management, CCB Pension Management, Morgan Huaxin Fund, Taikang Pension, Tian'an Life, E Funds, etc	Know the business situation and development plan of TCL Tech in the first half of 2021	On August, 12, 2021, Log Sheet No. 2021-007 on Investor Relations Activities on August 10, 2021 disclosed on http://www.cninfo.com.cn .
October 27, 2021	Company Conference Room in Shenzhen Headquarters	By phone	Institution	CICC, Zhongbao Ideal Investment Management Co., Ltd., Western Securities, Sealand Securities, Morgan Stanley, September 1st Conference, Zhejiang Shaoxia Investment Management Co., Ltd., CITIC Securities, TX Capital, Guosheng Securities, etc	Know the business situation and development plan of TCL Tech in Q3 2021	On October, 29, 2021, Log Sheet No. 2021-008 on Investor Relations Activities on October 27, 2021 disclosed on http://www.cninfo.com.cn .

Part IV Corporate Governance

I. General information of Corporate Governance

Since listed, in accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange and the Self-regulatory Guidelines of Shenzhen Stock Exchange for Listed Companies No. 1 - Standardized Operation of Listed Companies on the Main Board and other relevant laws and regulations, the Company has continued to improved its governance structure and further standardized its operations to comply with the requirements of related laws and regulations.

During the Reporting Period, the Company pushed ahead with its corporate government work in many aspects. At present, the Company has established an organizational structure that meets the needs of the Company's business scale and operation and management, reasonably set up departments and posts, scientifically plan responsibilities and duties and build an internal control system that enables employees to performs their duties, assumes their responsibilities, work and supervise each other. The Company has a complete internal audit and internal control system, especially in terms of internal audit, with a clarified structure and clear responsibilities defined, which can effectively prevent Group risks.

The board of directors of the Company sets up four dedicated committees: strategy committee, audit committee, nomination committee and remuneration and appraisal committee to provide advice and suggestions to the board of directors to ensure the board meetings and decision-making in a professional and efficient manner. The board of supervisors perform their duties diligently and conscientiously. The supervisors investigate issues at various sites, take the initiative to put forward management suggestions, which effectively improve the internal governance of the Company. The Company has continuously improved its information disclosure management and investor relations management through innovative management system. The Company actively arranges directors, supervisors, senior managers and heads of relevant departments to participate in the dedicated training organized by regulators and associations, effectively promotes the management's learning and understanding of relevant laws, regulations and documents on the governance of listed companies, strengthens the management's self-discipline capacity, make them diligently perform their duties, and effectively safeguards the interests of all shareholders, especially small and medium-sized shareholders. The Company has successively launched employee

stock incentive plans with the participation of middle and senior managers and excellent employees, further improving corporate performance and continuous improvement of its value. The Company is devoted to public charitable undertakings and actively participates in social public charitable donations. Thanks to these measures, the Company takes a lead in corporate governance in the industry.

Currently, there is no difference between the actual status of the Company's corporate governance structure and the standard documents on the corporate governance for listed companies published by China Securities Regulatory Commission. The names of the policies are shown in the following table and all the policies have been published on www.cninfo.com.cn.

Category of rules	Title of rules
Articles of Association	The Articles of Association of TCL Technology Group Corporation
Dividend rules	The Dividend Rules of TCL Corporation
	The Shareholder Reward Plan of TCL Technology Group Corporation for the Next Three Years (2020-2022)
	The Rules Governing the Shareholdings of Directors, Supervisors and Senior Management in TCL Corporation and Changes therein
Information disclosure policy	The Rules Governing the Registration of Information Insiders of TCL Corporation
	The Accountability Rules for Material Errors in Annual Report Disclosure of TCL Corporation
	The Rules Governing External Users of Information of TCL Corporation
	The Rules Governing Investor Relations of TCL Corporation
	The Work Rules for Independent Directors Concerning Annual Reports of TCL Corporation
	The Reception and Promotional Work Rules of TCL Corporation
	The Rules Governing Internal Reporting of Significant Information of TCL Corporation
	The Work Rules for the Board Secretary of TCL Corporation
	The Rules Governing Information Disclosure of TCL Corporation
	Governance and operation rules
The Rules of Procedure for the Supervisory Committee of TCL Technology Group Corporation	

The Rules of Procedure for the Board of Directors of TCL Technology Group Corporation

The Work Rules for the Independent Directors of TCL Corporation

The Specific Work Rules for the CEO of TCL Corporation

The Rules of Procedure for the Audit Committee under the Board of Directors of TCL Corporation

The Work Procedures for the Annual Audit by the Audit Committee under the Board of Directors of TCL Corporation

The Rules of Procedure for the Remuneration and Appraisal Committee under the Board of Directors of TCL Corporation

The Rules of Procedure for the Nomination Committee under the Board of Directors of TCL Corporation

The Rules of Procedure for the Strategy Committee under the Board of Directors of TCL Corporation

The Rules Governing Major Investments of TCL Corporation

The Rules Governing the Use of Raised Funds of TCL Technology Group Corporation

The Internal Control Rules for Venture Capital of TCL Corporation

The Rules Governing Securities Investment of TCL Technology Group Corporation

The Internal Control Rules for Investment in Derivative Financial Instruments of TCL Technology Group Corporation

Internal control rules The Majority-Owned Subsidiary Management Measures of TCL Corporation

The Rules Governing the Related-Party Transactions of TCL Corporation

The Rules Governing the Guarantees Provided for External Parties of TCL Technology Group Corporation

The Internal Control Rules of TCL Corporation

The Internal Audit Charter of TCL Corporation

The Internal Control Evaluation Rules of TCL Corporation

The following rules are revised during the Reporting Period and relevant rules are disclosed on <http://www.cninfo.com.cn>:

Title of rules

Revised	The Articles of Association of TCL Technology Group Corporation
	The Rules of Procedure for the Board of Directors of TCL Technology Group Corporation

Is there any material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies?

Applicable Not applicable

There is no material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

Applicable Not applicable

III Horizontal Competition

Applicable Not applicable

IV. Annual and Extraordinary General Meetings Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Resolutions of the meeting
The 2020 Annual General Meeting	Annual general meeting	27.24%	April 30, 2021	May 6, 2021	All proposals were adopted. Please refer to the Notice on Resolutions of General Meeting of Shareholders in 2020 disclosed on www.cninfo.com.cn on May 6, 2021 (Notice No.: 2021-046)
The First Extraordinary General Meeting of 2021	Extraordinary general meeting	30.11%	May 13, 2021	May 14, 2021	All proposals were adopted. Please refer to the Notice on the 1st Extraordinary General Meeting of Shareholders in 2021 disclosed on www.cninfo.com.cn on May 14, 2021 (Notice No.: 2021-052)
The Second Extraordinary General Meeting of 2021	Extraordinary general meeting	20.08%	June 7, 2021	June 8, 2021	All proposals were adopted. Please refer to the Notice on the 2nd Extraordinary General Meeting of Shareholders in 2021 disclosed on www.cninfo.com.cn on June 8, 2021 (Notice No.: 2021-065)
The Third Extraordinary General Meeting	Extraordinary general meeting	13.99%	July 6, 2021	July 7, 2021	All proposals were adopted. Please refer to the Notice on the 3rd Extraordinary General Meeting of Shareholders in 2021 disclosed on

of 2021						www.cninfo.com.cn on July 7, 2021 (Notice No.: 2021-080)
The Fourth Extraordinary General Meeting of 2021	Extraordinary general meeting	22.11%	August 25, 2021	August 26, 2021		All proposals were adopted. Please refer to the Notice on the 4th Extraordinary General Meeting of Shareholders in 2021 disclosed on www.cninfo.com.cn on August 26, 2021 (Notice No.: 2021-102)
The Fifth Extraordinary General Meeting of 2021	Extraordinary general meeting	18.17%	December 20, 2021	December 21, 2021		All proposals were adopted. Please refer to the Notice on the 5th Extraordinary General Meeting of Shareholders in 2021 disclosed on www.cninfo.com.cn on December 21, 2021 (Notice No.: 2021-131)

Note: Investor participation ratio refers to the share proportion of investors who attend the meeting to the Company's total shares.

2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable Not applicable

V. Performance of Duty by Independent Directors in the Reporting Period

1. General information

Name	Office title	Incumbent /Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Share option	Granted restricted shares (shares)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)	Reason for change
Li Dongsheng	Chairman	Incumbent	Male	64	4/19/2002	11/12/2023	813,575,470						813,575,470	Not applicable
	CEO				6/20/2005									
Liang Weihua	Vice Chairman of the Board	Incumbent	Male	40	11/13/2020	11/12/2023	-	-	-	-	-	-	-	Not applicable
Du Juan	Director	Incumbent	Female	51	3/19/2018	11/12/2023	417,730	-	-	-	-	-	417,730	Not applicable
JinXuzhi	Director	Incumbent	Male	67	1/25/2019	11/12/2023	521,997	-	-	-	-	-	521,997	Not applicable

	Senior Vice President				8/13/2015										ble	
Shen Haoping	Director	Incumbent	Male	59	11/13/2020	11/12/2023									Not applicable	
	Senior Vice President				11/14/2020											
Liao Qian	Director	Incumbent	Male	41	9/1/2017	11/12/2023	229,596								229,596	Not applicable
	Board Secretary				4/23/2014											
	Senior Vice President				8/27/2020											
Liu Kun	Director	Incumbent	Male	43	5/13/2021	4/13/2022	-	-	-	-	-	-	-	-	-	Not applicable
Yu Yong	Independent director	Incumbent	Male	74	11/13/2020	11/12/2023	-	-	-	-	-	-	-	-	-	Not applicable
Chen Shiyi	Independent director	Incumbent	Male	65	11/13/2020	11/12/2023	-	-	-	-	-	-	-	-	-	Not applicable
Wan Lianying	Independent director	Incumbent	Male	42	11/13/2020	11/12/2023	-	-	-	-	-	-	-	-	-	Not applicable
Liu Xunci	Independent director	Incumbent	Male	63	9/1/2017	11/12/2023	-	-	-	-	-	-	-	-	-	Not applicable
He Zhuohui	Chairman of the Supervisory Committee	Incumbent	Male	56	9/2/2015	11/12/2023	-	-	-	-	-	-	-	-	-	Not applicable
Qiu Haiyan	Supervisor	Incumbent	Female	47	9/1/2014	11/12/2023	-	-	-	-	-	-	-	-	-	Not applicable
Mao	Employee	Incumbent	Male	41	9/1/201	11/12/2	128,979	-	-	-	-	-	-	-	128,97	Not

Tian xiang	Supervisor				7	023						9	applicable
Wang Chen g	COO	Incumbent	Male	47	8/9/2021	11/12/2023	157,661	-	-	-	-	157,661	Not applicable
Li Jian	CFO	Incumbent	Female	49	8/9/2021	11/12/2023	97,709	-	-	-	-	97,709	Not applicable
Yan Xiaolin	Senior Vice President CTO	Incumbent	Male	55	9/1/2014 12/6/2012	11/12/2023	1,018,176	-	-	-	-	1,018,176	Not applicable
Total	--	--	--	--	--	--	816,147,318	-	-	-	-	816,147,318	--

During the reporting period, any resignation of directors and supervisors and dismissal of senior managers during their term of office?

Yes No

Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Liu Kun	Non-executive Director	Elected	May 13, 2021	Nominated by Wuhan Optics Valley Industrial Investment Co., Ltd., a shareholder with an over-3% stake in the Company
Du Juan	COO and CFO	Resignation	August 9, 2021	Resigned COO and CFO due to job changes, but still holding the role of non-executive director
Wang Cheng	Chief Operation Office (COO)	Appointment	August 9, 2021	Nominated by Chairman and CEO Li Dongsheng.
Li Jian	Chief Financial Office (CFO)	Appointment	August 9, 2021	Nominated by Chairman and CEO Li Dongsheng

2. Positions

Professional background, major work experience and current holds the post in the Company of incumbent director, supervisor and senior manager:

Mr. Li Dongsheng, born in July 1957, the founder of TCL who currently serves as TCL Tech's Chairman and CEO; he was elected as a delegate to China's 16th National Congress of the CPC and a deputy to the 10th, 11th, 12th and 13th National People's Congress. Mr. Li holds a number of prestigious positions: Vice Chairman of

All China Federation of Industry and Commerce (ACFIC), Honorary President of China Video Industry Association, Vice Chairman of China Commerce of International Chamber, President of Guangdong Provincial Enterprise Confederation, President of Guangdong Provincial Association of Entrepreneurs, First President of China Manufacturing Innovation Alliance, Honorary President of South China University of Technology Education Development Foundation, Vice President of Alumni Association South China University of Technology, Member of the Council of South China University of Technology, Visiting Professor in Wuhan University and Honorary Professor in Beijing Institute of Technology. From 1982 to 1985, he served as Technician, Workshop Manager and Production Director in TTK Household Appliances TCL Technology Group Corporation Annual Report 2020 Co., Ltd.; from 1985 to 1986, he served as First General Manager of TCL Communication Devices Company; from 1986 to 1989, he served as Director of the Introduction Department in Guangdong Huizhou Industrial Development Corporation; from 1990 to 1993, he served as Deputy General Manager, Deputy Secretary of the Party Committee and Secretary of the Youth League Committee of Huizhou Electronic Communication Corporation; from 1993 to 1996, he served as General Manager of TCL Electronics Group; from 1996 to 2002, he served as Chairman and President of TCL Corporation and in 2002; from April 2002 to January 2004, he served as Chairman and President of TCL Corporation; from January 2004 till now, he serves as Chairman and CEO of TCL Technology Group Corporation.

Mr. Liang Weihua, Vice Chairman of TCL TECH. He was born in March 1981. He holds a master's degree and is a Party member. He graduated from the Department of Sociology of the School of Government, the Sun Yat-sen University, in July 2003 and graduated from the Economics and Management School of Wuhan University in July 2003 and obtained the MBA degree in December 2012. Currently, he serves as Deputy General Manager and director at Huizhou Investment Holding Co., Ltd. From July 2003 to December 2010, he worked as Assistant Manager of Enterprise Management Department and Administration Department of Huizhou Investment Management Company. From December 2010 to December 2011, he took the post of Executive Deputy General Manager of Huidong County Hongyuan Water Supply Co., Ltd. From December 2011 to June 2016, he served as the General Manager of Huidong County Hongyuan Water Supply Co., Ltd. (and participated in the Special Seminar for Young and Middle-aged Cadres at Section Chief Rank in Huizhou City to Learn and Implement Spirit of Third Plenary Session of the 18th CPC Central Committee (Zhong Qing Class 2) from May to August, 2014). From June 2016 to the present, he has taken office as Deputy General Manager of Huizhou Investment Holding Co., Ltd. (and also served as a director of the company since August 2016). Since March 2017, he has been a

director of Huizhou Financing Guarantee Company and Utrust Inclusive Finance (Huizhou) Financing Guarantee Co., Ltd. From April 2017, he was a director at Truly (Huizhou) Smart Display Limited. Since October 2019, he has been Chairman and General Manager of Huizhou New Materials Industry Park Investment and Construction Co., Ltd. Since November 2020, he has held office as Vice Chairman of TCL Technology Group Corporation and its consolidated subsidiaries, except where the context otherwise requires. He became Chairman and General Manager of Huizhou Innovative Investment Co., Ltd. on November 19, 2020; In June 2021, he was appointed as Deputy General Manager of Huizhou State-Owned Asset Investment Group.

Ms. Du Juan currently serves as non-executive director at TCL TECH. Born in May 1970, she graduated from the Department of Investment at Zhongnan University of Economics and Law and obtained an EMBA from CKGSB. From July 1991 to May 1999, she worked at CCB Huizhou Branch. In May 1999, she joined TCL Corporation and served as General Manager of the Settlement Center of TCL Corporation and General Manager of TCL Financial. From October 2014 to May 2021, she served as President and Chairman of TCL Financial Holdings Group (Guangzhou) Co., Ltd. From July 2016 to February 2018, she served as Vice President of TCL Corporation. From March 2018 to August 2021, she served as Chief Operating Officer (COO) of TCL TECH. From January 2019 to August 2021, she concurrently served as Chief Financial Officer (CFO) of TCL TECH. From October 2019 to October 2021, she was appointed as non-executive director of the Bank of Shanghai Co., Ltd. From August 2021 until now, she serves as the director and general manager of TCL Industrial Holdings Co., Ltd. and the chairman and executive director of the board of directors at TCL Electronic Holdings Co., Ltd.

Mr. Jin Xuzhi currently serves as Executive Director and Senior Vice President of TCL Tech, as well as CEO and Director of TCL CSOT, Chairman of the Board of Wuhan CSOT and Chairman of the Board of Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd. Born in September 1955, he obtained his Master's Degree in Material Engineering from Yonsei University in South Korea and MBA from McGill University. He worked at LG Semiconductor Co., Ltd. and served as Deputy General Manager in LG Display (formerly known as LG Philips LCD) and Head of the IT Business Division. From April 2009 to March 2010, he served as Senior Consultant at Fuhrmeister Electronics. He joined TCL Corporation in March 2010 and served as Senior Vice President, President and CEO of TCL CSOT and General Manager of Wuhan CSOT.

Mr. Shen Haoping, Executive Director and Senior Vice President of TCL TECH. Born in 1962, he holds a bachelor's degree. He is a Senior Engineer receiving a special allowance from the State Council. At present, he serves as Vice Chairman and General Manager of Tianjin Zhonghuan Semiconductor Co., Ltd. and Deputy

Secretary of the Party Committee and General Manager of Tianjin Zhonghuan Electronics and Information Group Co., Ltd. He used to work as Chairman and Deputy General Manager of Tianjin Zhonghuan Semiconductor Co., Ltd.

Mr. Liao Qian currently serves as Executive Director, Senior Vice President, Chief of Staff and Board Secretary of TCL TECH. He obtained a Master's Degree and holds the Occupational Qualification Certificate of the People's Republic of China for Law. From August 2006 to February 2014, he worked at GuotaiJunanInternational Holdings Co., Ltd. and was engaged in the investment banking business in Hong Kong and Mainland China. Joining TCL Corporation in March 2014, he is in charge of strategic planning, strategic investment and matters in relation to domestic and overseas capital markets. He is also Chairman of TCL Technoly Electronics(Huizhou)Co.,Ltd. and CDOT (0334.HK); Vice Chairman of the Board of Tianjin 712 Communication & Broadcasting Co., Ltd. (603712.SH), Independent Director of Jiawei Renewable Energy Co., Ltd. (300317.SZ) and Director of Tianjin Zhonghuan Semiconductor Co., Ltd. (002129.SZ).

Mr. Liu Kun, non-executive director, graduated from Wuhan University in 2000 (formerly Wuhan Technical University of Surveying and Mapping) majoring in geophysics. Now, he acts as the Deputy General Manager of Hubei Science and Technology Investment Group, presiding over setting up the Group's industrial investment company and the industrial investment system. As a major participant in provincial and municipal major industrial investments, he has led the investment of Wuhan CSOT, Yangtze Memory, Wuhan Industrial Technology Research Institute, Xiaomi funds and other projects in recent years. He is also a member of the Investment Committee of industrial funds such as the master fund of China Information Communication Technology Group Corporation, Xiaomi fund and China Unicom 5G fund.

Mr. Gan Yong, independent director of TCL TECH., Professor Senior Engineer, metallurgist and materials scientist, academician of the Chinese Academy of Engineering (CAE) (2001), and doctoral supervisor. He serves as Director of the National Advisory Committee on New Materials Industry Development, Honorary President of the Association of China Rare Earth Industry (ACREI), and President of the Chinese Society for Metals (CSM). In June 2010, he was elected Assistant Dean of the CAE and became a member of the 12th National Committee of the Chinese People's Political Consultative Conference (CPPCC) and Deputy Director of the Committee of Population, Resources and Environment of the CPPCC.

Mr. Chen Shiyi, independent director of TCL TECH. He was born in Tiantai, Zhejiang in October 1956. He started to work in July 1987. His titles include Doctor of Science, doctoral supervisor, academician of the Chinese

Academy of Sciences (CAS) and the World Academy of Sciences (TWAS), and former principal of the Southern University of Science and Technology (SUSTech). Now he serves as Chair Professor of the SUSTech, Co-president of the Southern University of Science and Technology Education Foundation, Vice President of the 11th Council of the Chinese Society of Theoretical and Applied Mechanics (CSTAM), Vice President of the 2nd Council of the China Engineering Education Accreditation Association (CEEAA), member of the Standing Committee of the 6th Shenzhen Municipal Committee of the CPPCC, and Vice Chairman of the 6th Committee of the Shenzhen Municipal Science and Technology Association.

Mr. Wan Liangyong, independent director of TCL TECH. Born in 1979, he is a Party member who joined the "National Leading Accounting Talent" of the Ministry of Finance of the People's Republic of China. He is also a council member of the Accounting Society of China (ASC), Vice President of the Branch of Engineering Institutions of Higher Education of the ASC, and independent director of multiple companies, including Wens.

Mr. Liu Xunci, independent director of TCL TECH., professor, and Top Talent in Huizhou City. He was born in Shaoyang, Hunan Province, in September 1959. He holds a master's degree in Economics. In September 1976, he became an educated urban young man working in the countryside. In July 1983, he started to work upon graduation. He taught at the Hunan Agricultural University and the Huizhou University as a lecturer, associate professor, and professor. He is an expert of the Decision-making Consultative Committee.

Mr. He Zhuohui, Chairman of the Supervisory Committee of TCL TECH. Born in July 1966, he serves as Full-time Deputy Secretary and Director in Huizhou Investment Holdings Co., Ltd. From August 1991 to June 1995, he served as Deputy Director of the General Office and Director of the Office in China Construction Bank Huiyang Branch; from June 1995 to August 2008, he served as Manager at Renchengchang (Huizhou) Investment Co., Ltd.; from August 2008 to September 2009, he served as General Manager of Huizhou Investment Holdings Asset Management Co., Ltd.; from September 2009 to December 2012, he served as Manager of the Management and Development Department in Huizhou Investment Holdings Co., Ltd. and Deputy General Manager and Director of Huizhou Fairway Investment and Construction Co., Ltd.; from December 2012 till now, he serves as Full-time Deputy Secretary at Huizhou Investment Holdings Co., Ltd.; from February 2014 till now, he serves as Director at Huizhou Investment Holdings Co., Ltd. (from April 2010 to January 2017, he concurrently served as Director of the First and Second Session of the Board of Huizhou Fairway Investment and Construction Co., Ltd.; from August 2015, he concurrently serves as Chairman of the Fifth and Sixth Supervisory Committees of TCL Corporation).

Ms. Qiu Haiyan, Supervisor of TCL TECH. Born in December 1975, she obtained her Bachelor's Degree from the Central Radio & TV University in 2011. She is an accountant and member of the Communist Party of China. From July 1995 to March 1998, she served as a finance officer in Huizhou Zongli Real Estate Company; from March 1998 to June 2002, she served as a finance officer at Huizhou Trust Investment Company; from June 2002 till now, she serves as Accountant, Deputy Manager and Manager of the Finance Department in Huizhou Investment Holdings Co., Ltd.; from February 2014 till now, she serves as Workers' Director in Huizhou Investment Holdings Co., Ltd. (from June 2009 to February 2013, she concurrently served as Supervisor at Huizhou Fairway Investment and Construction Co., Ltd.; from June 2013 to May 2018, she concurrently served as Director in Huizhou Investment Holdings Asset Operation Co., Ltd.; from March 2014, she concurrently serves as Workers' Representative Director at Huizhou Investment and Development Co., Ltd.; from April 2014, she concurrently serves as Supervisor of the Fifth, Sixth and Seventh Supervisory Committees of the Company).

Mr. Mao Tianxiang, Employee Supervisor of TCL TECH. Now, he is Deputy Secretary of the Party Committee, Assistant President, and Head of the Audit and Supervision Department of TCL TECH. He was born in January 1980 and graduated from Guangxi University with a Bachelor degree in July 2003. From July 2003 to June 2005, he served as Secretary at China Telecom Guangxi Guilin Company; from July 2005 to November 2007, he served as Supervisor of PR and Communications in the Strategic OEM Business Division and Officer in the President's Office in the Company; from November 2007 to June 2009, he served as Deputy Head of the Legal Section and Head of the General Section in Huizhou Auditing Bureau; from June 2009 to August 2014, he served as Deputy Director and Deputy Director of the Divisional Level in the Law Enforcement Inspection Office and the Efficacy Inspection Office of Huizhou Discipline Committee. He has been working in the Company since September 2014. He served as Deputy Director of the Party-Masses Work Department in the Company and Secretary of the Youth League Committee of the Company; from August 2015 to January 2016, he concurrently served as Acting General Manager of the Electronic Device Business Division in Techne Corporation; in November 2016, he was elected as Member of the Party Committee and Deputy Secretary of the Discipline Committee of TCL Corporation; in February 2017, he served as Head of the Audit and Supervision Department. From March 2017 to December 2018, he concurrently served as General Manager of TCL Resource Investment Company. From July 2019 to July 2020, he concurrently served as Auditor General of TCL CSOT. Since 2019, he has successively been a Supervisor of Tianjin 712 Communication & Broadcasting Co., Ltd. (603712.SH), the Chairman of the Supervisory Committee of Highly Information Industry Co., Ltd., and the Chief Supervisor of

TCL Financial Co., Ltd. Since October 2020, he has been Chairman of the Supervisory Committee of Tianjin Zhonghuan Semiconductor Co., Ltd. (002129.SZ); since October 2020, he has been Chairman of the Supervisory Committee of Tianjin Printronics Circuit Corporation (002134.SZ); since December 2020, he has been Assistant President, Head of the Audit and Supervision Department, Deputy Secretary of the Party Committee and Secretary of the Discipline Inspection Committee of TCL TECH.

Mr. Wang Cheng, COO of TCL TECH. Born in 1974, MBA, EMBA from the University of Texas at Arlington. Since joined TCL in 1997 and successively served in multiple management positions at TCL multimedia overseas business, human resources director and senior vice president of TCL Group. He once worked as the CEO of TCL Electronics from October 2017 to August 2021, and CEO of TCL Industrial Holdings from January 2019 to August 2021. From August 2021, he was appointed as COO of TCL TECH.

Ms. Li Jian, CFO of TCL TECH. Born in 1972, she has an MBA from MIT. Joined TCL in 2004, successively serving as the capital director of TCL Multimedia Technology Holding Co., Ltd., the deputy general manager and general manager of TCL Group Finance Co., Ltd., and now serves as the chairman of TCL Technology Group Finance Co., Ltd. From August 2021, she is appointed as CFO of TCL TECH.

Mr. Yan Xiaolin, Professor Senior Engineer, serves as Chief Technology Officer (CTO) and Senior Vice President of TCL Technology Group Corporation and its consolidated subsidiaries, except where otherwise stated, and Dean of the Wuhan TCL Industrial Technology Research Institute, Ltd.; Executive Director of TCL Electronics (Huizhou) Co., Ltd., director of TCL CSOT, and Chief Scientist of TCL CSOT; Chairman of Guangdong Juhua and China Ray, director of Kateeva, an American "printed display equipment" company, Chairman of the International Electrotechnical Commission (IEC)/TC110, and Vice Chairman and Asian President of the Organic and Printed Electronics Association (OE-A). He is an expert of the National Advisory Committee on New Materials Industry Development and initiator of the New Display Direction of the National "Key New Materials R&D and Application" Key Project (2030), the New Display Direction of the "Special Project of New Display and Strategic Electronic Materials" of the National Key R&D Plan of the 14th Five-Year Plan, the New Display Direction of the "Key Project of Strategic and Advanced Electronic Materials" of the National Key R&D Plan of the 13th Five-Year Plan, and the New Display Direction of "863" of the 12th Five-Year Plan of the Ministry of Science and Technology of the People's Republic of China. He is also a Leading Talent in Scientific and Technological Innovation of the Special Support Plan for High-level Talent of the Organization Department of the Central Committee of the CPC and Young Expert with Outstanding Contribution to China of the National

"Hundred-Thousand-Ten Thousand Talent Project.

Positions held at the shareholding entity

√ Applicable □ Not applicable

Name	Name of shareholding entity	Office title at the shareholding entity	Start of tenure	End of tenure	Any pay received from the shareholding entity
Li Dongsheng	Ningbo JiutianLiancheng Equity Investment Partnership (Limited Partnership)	Representative appointed by the executive partner	August 2014	Incumbent	No
Liang Weihua	Huizhou Investment Holding Co., Ltd.	Director, deputy general manager	August 2016	Incumbent	Yes
He Zhuohui	Huizhou Investment Holding Co., Ltd.	Full-time Deputy Secretary and Director	December 2012	Incumbent	Yes
Qiu Haiyan	Huizhou Investment Holding Co., Ltd.	Workers' Director	February 2014	Incumbent	Yes
Notes to positions held at the shareholding entity	Not applicable				

Positions held at other entities

√ Applicable □ Not applicable

Name	Name of other entities	Office title at other entities	Start of tenure	End of tenure	Pay received from other entities
Li Dongsheng	TCL Industries Holdings Co., Ltd.	Chairman	September 2018	Incumbent	Yes
	Tencent Holdings Limited	Independent and non-executive director	April 2004	Incumbent	Yes
Liang Weihua	Huizhou New Material Industrial Park Investment and Construction Co., Ltd	Chairman and general manager	October 2019	Incumbent	No
	Huizhou Innovation Investment Co., Ltd	Chairman and general manager	November 2020	Incumbent	No
	Huizhou State-owned Capital Investment Group Co., Ltd	Deputy General Manager	June 2021	Incumbent	Yes
Du Juan	TCL Industries Holdings Co., Ltd.	Director and General Manager	September 2018	Incumbent	Yes

	TCL ELECTRONICS HOLDINGS LIMITED	Chairman of the board	August 2021	Incumbent	No
	Getech Ltd.	Chairman	September 2018	Incumbent	No
Liao Qian	Shenzhen JiaWei Renewable Energy Co., Ltd.	Independent director	November 2016	Incumbent	Yes
	Tianjin 712 Communication & Broadcasting Co., Ltd.	Vice Chairman of the Board	June 2019	Incumbent	No
Yu Yong	The Chinese Society for Metals	President	May 2017	Incumbent	Yes
Wan Liangyong	China Railway Construction Heavy Industry Corporation Limited	Independent director	April 2019	Incumbent	Yes
	URTRUST Insurance Co., Ltd.	Independent director	February 2020	Incumbent	Yes
	Guangdong Goworld Co., Ltd	Independent director	October 2021	Incumbent	Yes
Mao Tianxiang	Tianjin 712 Communication & Broadcasting Co., Ltd.	Supervisor	June 2019	Incumbent	No
Wang Cheng	TCL Microchip Technology (Guangdong) Co., Ltd.	Director	May 2021	Incumbent	No
	Amlogic (Shanghai) Co., Ltd	Director	May 2020	Incumbent	No
Yan Xiaolin	Wuhan NITE Photoelectricity Equipment Manufacture Co., Ltd.	Chairman	December 2020	December 2021	No
	TCL Microchip Technology (Guangdong) Co., Ltd.	Chairman	May 2021	Incumbent	No
Notes to positions held at other entities	Other major jobs or concurrently held jobs and resume				

Punishments imposed in recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

(I) Decision-making procedure

The allowances for directors and supervisors of the Company were reviewed and approved by the Company at the second extraordinary general meeting in 2008 and the fourth extraordinary general meeting in 2011. The remuneration for senior executives is subject to the Company's remuneration rules.

(II) Determination basis and actual payment

1. Remuneration or allowance criteria for directors

The remuneration of executive directors: As the Company pays remuneration to executive directors, it shall not pay additional allowances to them. The remuneration is determined as per the Company's remuneration management rules.

The allowances of non-executive directors: RMB160,000/year (tax inclusive):

The allowances of independent non-executive directors: The allowance for each independent non-executive director is RMB160,000/year (tax inclusive), and the allowance for the convener of the Audit Committee is RMB200,000/year (tax inclusive).

The Company shall bear the travel expenses arising from the independent directors attending the Company's board and general meetings, as well as other expenses arising from non-executive directors and independent directors' exercising their functions and powers as per the Company's Articles of Association.

2. Remuneration or allowance criteria for supervisors

The allowance for the Chairman of the Supervisory Committee is RMB160,000/year (tax inclusive);

The allowance for the shareholder supervisor is RMB100,000/year (tax inclusive);

And as the Company pays remuneration to the employee supervisor, it shall not pay additional allowances to him/her.

The Company shall bear the travel expense arising from the shareholder supervisors attending the Company's Supervisory Committee meetings, general meetings and board meetings (as a non-voting delegate), as well as other expenses arising from his/her exercising his/her functions and powers as per the Company's Articles of Association.

3. Remuneration criteria for senior management

The remuneration of senior management is determined as per the Company's Articles of Association and remuneration management rules.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Remuneration from any related party or not
Li Dongsheng	Chairman of the Board and CEO	Male	64	Incumbent	1,312.98	Yes

Liang Weihua	Vice Chairman of the Board	Male	40	Incumbent	0	Yes
Du Juan	Director	Female	51	Incumbent	690.50	Yes
JinXuzhi	Director, Senior Vice President	Male	67	Incumbent	1,257.37	No
Shen Haoping	Director, Senior Vice President	Male	59	Incumbent	-	No
Liao Qian	Director, Board Secretary and Senior Vice President	Male	41	Incumbent	587.96	No
Liu Kun	Director	Male	43	Former	0	No
Yu Yong	Independent director	Male	74	Incumbent	0	No
Chen Shiyi	Independent director	Male	65	Incumbent	0	No
Wan Liangyong	Independent director	Male	42	Incumbent	20	No
Liu Xunci	Independent director	Male	63	Incumbent	16	No
He Zhuohui	Chairman of the Supervisory Committee	Male	56	Incumbent	16	Yes
Qiu Haiyan	Supervisor	Female	47	Incumbent	10	Yes
Mao Tianxiang	Employee Supervisor	Male	41	Incumbent	241.34	No
Wang Cheng	COO	Male	47	Incumbent	323.46	No
Li Jian	CFO	Female	49	Incumbent	306.05	No
Yan Xiaolin	Senior Vice President, CTO	Male	55	Incumbent	1,038.21	No
Total	--	--	--	--	5,819.87	--

Note: 1. As of the end of the Reporting Period, Non-Executive Director Mr. Liang Weihua and Independent Directors Mr. Gan Yong and Mr. Chen Shiyi hadn't collected their allowances of RMB181,300 (before tax) respectively.

2. Non-executive director Liu Kun gave up to collect his allowance.

3. Director Shen Haoping collected his allowance from TCL Zhonghuan. Specific data is subject to the notice of TCL Zhonghuan.

VI. Performance of Duty by Directors in the Reporting Period

1. Board of Directors During the Reporting Period

Meeting	Date of the meeting	Date of disclosure	Resolutions of the meeting
The 4th meeting of the 7th Board of Directors	February 8, 2021	April 10, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 4th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on April 10, 2021 (Notice No.: 2021-029)
The 5th meeting of the 7th Board of Directors	March 10, 2021	March 11, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 5th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on March

			11, 2021 (Notice No.: 2021-009)
The 6th meeting of the 7th Board of Directors	April 8, 2021	April 10, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 6th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on April 10, 2021 (Notice No.: 2021-031)
The 7th meeting of the 7th Board of Directors	April 27, 2021	April 28, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 7th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on April 28, 2021 (Notice No.: 2021-041)
The 8th meeting of the 7th Board of Directors	May 21, 2021	May 22, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 7th Meeting of the 8th Board of Directors disclosed on www.cninfo.com.cn on May 22, 2021 (Notice No.: 2021-054)
The 9th meeting of the 7th Board of Directors	June 20, 2021	June 21, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 7th Meeting of the 9th Board of Directors disclosed on www.cninfo.com.cn on June 21, 2021 (Notice No.: 2021-066)
The 10th meeting of the 7th Board of Directors	August 9, 2021	August 10, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 10th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on August 10, 2021 (Notice No.: 2021-093)
The 11th meeting of the 7th Board of Directors	September 27, 2021	September 28, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 11th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on September 28, 2021 (Notice No.: 2021-105)
The 12th meeting of the 7th Board of Directors	October 26, 2021	October 27, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 12th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on October 27, 2021 (Notice No.: 2021-113)
The 13th meeting of the 7th Board of Directors	November 1, 2021	November 2, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 13th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on November 2, 2021 (Notice No.: 2021-116)
The 14th meeting of the 7th Board of Directors	December 2, 2021	December 3, 2021	All proposals were adopted. Please refer to the Notice on Resolutions adopted at the 14th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on December 3, 2021 (Notice No.: 2021-126)

2. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings or not	General meetings attended
Li Dongsheng	11	3	8	-	-	No	1
Liang Weihua	11	1	10	-	-	No	6
Du Juan	11	3	8	-	-	No	-
JinXuzhi	11	2	9	-	-	No	-
Shen Haoping	11	1	10	-	-	No	-
Liao Qian	11	3	8	-	-	No	3
Liu Kun	7	-	7	-	-	No	-
Yu Yong	11	1	10	-	-	No	-
Chen Shiyi	11	1	10	-	-	No	1
Wan Liangyong	11	1	10	-	-	No	1
Liu Xunci	11	1	10	-	-	No	5

3. Objections Raised by Directors on Matters of the Company

Whether directors raised objections on matters of the Company

Yes No

No such cases in the Reporting Period.

4. Other information about the Performance of Duty by Directors

Whether directors adopted the proposals of the Company

Yes No

Explanation for the proposal adopted by directors or not

During the reporting period, the directors of the Company diligently performed their duties and obligations in accordance with the provisions of the Company Law, the Securities Law, the Listing Rules of Shenzhen Stock Exchange, the Articles of Association, the Rules of Procedure of the Board of Directors and other laws, regulations and rules, and put forward valuable professional opinions on the internal control and daily operation decision-making of the Company, which effectively improved the standard operation and scientific decision-making of the Company. The independent directors of the Company performed their duties

independently and impartially in strict accordance with the Regulations on the Work of Independent Directors and relevant laws and regulations, and issued independent and impartial opinions on major matters such as the Company's private placement, annual profit distribution and annual daily affiliated transaction forecast, effectively safeguarded the legitimate rights and interests of investors, especially small and medium-sized investors.

VII. Performance of Duties by Dedicated Committees During the Reporting Period

Name	Members	Meetings convened	Date of the meeting	Meeting agenda	Important opinions and proposals raised	Other duties performed	Objection matters (if any)
Audit Committee	Wan Liangyong, Chen Shiyi, Du Juan	2	January 20, 2021	1. 2020 Audit Plan for Financial Statements of TCL Technology Group Corporation; 2. 2020 Internal Control Plan of TCL Technology Group Corporation;	The audit committee carried out its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association and the Rules of Procedure of the Board of Directors. Upon thorough communication and discussion, all proposals were unanimously adopted.	-	Not applicable
			March 10, 2021	1. 2020 Financial Report; 2. Summary Report of the Audit Committee under the Board Regarding the 2020 Annual Audit Carried out by Da Hua Certified Public Accountants (Special General Partnership); 3. Proposal on the Reappointment of DaHua Certified Public Accountants (Special	The audit committee carried out its work in strict accordance with the Company Law, the regulatory rules of the CSRC, the Articles of Association and the Rules of Procedure of the Board of Directors. Upon thorough communication and discussion, all proposals were unanimously adopted.	-	Not applicable

				General Partnership) as the Independent Auditor.			
Nomination Committee	Chen Shiyi, Wan Liangyong, Liu Xunci, Liang Weihua, Liao Qian	2	April 27, 2021	Proposal on adding directors to the 7th board of directors.	All proposals were adopted upon deliberation.	-	Not applicable
			August 8, 2021	Proposal on appointment of Mr. Wang Cheng as COO and Li Jian as CFO.	All proposals were adopted upon deliberation.	-	Not applicable

VIII. Performance of Duty by the Supervisory Committee

Indicate whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

IX. Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-services of the Company as the parent	447
Number of in-services of the Company of major subsidiaries	64,712
Total number of in-services of the Company at the end of period	65,159
Total number of paid employees in the Reporting Period	65,159
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	2,449
Functions	
Function	Employees
Production	43,028
Sales	1,917
R&D and technical	10,517
Financial	799
Administrative	507
Managerial	1,370
Other	7,021
Total	65,159
Educational backgrounds	
Educational background	Employees

PhD	255
Master	3,143
Bachelor's degree	11,916
Junior college and others	4,051
Total	19,365

Note: The "educational backgrounds" section excludes overseas employees and operating workers.

2. Employee Remuneration Policy

The Company implements the remuneration management principle of "determining position by responsibilities, determining salary by position and determining remuneration by performance" Fixed income is determined based on position assessment, variable income is determined based on performance appraisal and a remuneration distribution mechanism oriented by position and performance is established inside the Company.

3. Employee Training Plans

On September 10, 2000, the Training Department of TCL Headquarters shifted to TCL Training Institute. On August 16, 2005, TCL Training Institute changed its name to TCL Leadership Development Institute, which focused on cultivation of management talent and development of leadership. In 2015, the institute has been upgraded to TCL University. In 2021, to better focus on the business scenario, training talents for the organization, TCL University was merged into the Organizational Department of the Group, changed its name to the Learning and Development Group.

The Learning and Development Group shoulders the mission of "empower employees and development of organization by men". It has unswervingly implemented the "Hawk" Project for more than a decade, cultivated many excellent management personnel at all levels for enterprises, and supported the development of TC. In the meantime, to empower the strategy and business, create an atmosphere that fosters the intensive learning and actively implement the digital transformation, in 2020, T-school launched an online learning platform with more than 50000 users registered and more than 2300 online courses provided, committed to creating an innovative experience combined with knowledge, function and social culture learning.

The Learning and Development Group will continue to build a more comprehensive training system and build a management and professional talent pool that meets the strategic requirements of the Company. In terms of long-term goals, the Learning and Development Group is committed to increasing the talent pool (i.e. 1:2 managers: talents), both quantitatively and qualitatively, and gradually transforming the talent structure from a pyramid shape to a spindle.

4. Labor Outsourcing

Applicable Not applicable

X. Profit Distributions to Shareholders (in the Form of Cash and/or Stock)

Formation, implementation or adjustment of profit distribution policy, especially cash dividend policy, in the Reporting Period

Applicable Not applicable

Special explanation of cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due roles	Yes
Non-controlling interests were able to fully express their opinions and desires and their legal rights and interests were fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved were in compliance with applicable regulations and were transparent	Not applicable

During the Reporting Period, the Company made profits and the parent company's profits that were eligible for profit distribution for shareholders were positive, but no cash dividend distribution plan was put forward.

Applicable Not applicable

Final Dividend Plan for the Reporting Period

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	1.50
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	13,666,683,905
Cash dividends (RMB) (tax inclusive)	2,050,002,585.75
Cash dividends in other forms (e.g. share repurchase) (RMB)	629,175,986.4
Total cash dividends (including those in other forms) (RMB)	2,679,178,572.15
Distributable profits (RMB)	8,021,329,354
Total cash dividends (including those in other forms) as a percentage of total profits to be distributed (%)	100%
Cash dividend plan	

Based on the share capital of 13,666,683,905 shares on April 27, 2022 that were eligible for profit distribution (the total share capital of 14,030,642,421 shares minus the 363,958,516 shares in the Company's special securities account for repurchase that were not eligible for profit distribution), a cash dividend of RMB1.5 (tax inclusive) per 10 shares was to be distributed to the shareholders, totaling RMB2,050,002,585.75. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of "adjusting the total payout amount under the same dividend ratio", subject to the actual payout amount.

Details of profit distribution or capital reserve fund transfer plan

Based on the share capital of 13,666,683,905 shares on April 27, 2022 that were eligible for profit distribution (the total share capital of 14,030,642,421 shares minus the 363,958,516 shares in the Company's special securities account for repurchase that were not eligible for profit distribution), a cash dividend of RMB1.5 (tax inclusive) per 10 shares was to be distributed to the shareholders, totaling RMB2,050,002,585.75. The retained earnings of RMB5,971,326,768.25 will carry forward for future distribution. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of "adjusting the total payout amount under the same dividend ratio", subject to the actual payout amount.

XI. Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable Not applicable

(I) Equity Incentives

The 2019 Restricted Stock Incentive Plan and the TCL Global Innovation Partner Plan

1. On June 20, 2021, the Proposal on the Repurchase and Retirement of Restricted Shares That Were Granted to Certain Awardees under the 2019 Restricted Stock Incentive Plan But Are Still in Lockup and the Adjustment to the Repurchase Price was approved at the Ninth Meeting of the Seventh Board of Directors and the Seventh Meeting of the Seventh Supervisory Committee, which agreed on the repurchase and retirement of restricted shares that had been granted but were still in lockup to 10 awardees including Zhang Kun due to personal resignation. At the same time, according to the Company's implementation arrangement of profit distribution in 2020, the repurchase price granted under the 2019 restricted stock incentive plan would be adjusted from RMB 1.86/share to RMB 1.64/share.

In addition, the Proposal on the Satisfaction of the Unlocking Conditions for the Second Unlocking Period under the 2019 Restricted Stock Incentive Plan and the Second Global Innovation Partner Plan was approved upon deliberation. This time, a total of 85 awardees were eligible for unlocking, and the number of restricted stocks that can be applied for to be unlocked and listed for circulation was 1,351,316, accounting for 0.0096% of

the Company's total share capital at that time. The Company's independent directors issued their independent opinions of consent, and the Supervisory Committee issued their supervision opinion, with respect to the aforesaid.

2. On June 24, 2021, the Company disclosed the Reminder on the Shares Unlocked in the Second Unlocking Period under the 2019 Restricted Stock Incentive Plan and the Second Global Innovation Partner Plan Being Allowed for Public Trading. The number of restricted shares released from this restriction and listed for circulation was 1,351,316, and the date of listing and circulation was June 28, 2021.

3. On July 6, 2021, the Proposal on the Repurchase and Retirement of Restricted Shares That Were Granted to Certain Awardees under the 2019 Restricted Stock Incentive Plan But Are Still in Lockup and the Adjustment to the Repurchase Price was approved at the Third Extraordinary General Meeting of 2021.

4. On September 11, 2021, the Company disclosed the Announcement on Completing the Repurchase and Retirement of Some Restricted Shares and Unchanged Share Transfer Price of Convertible Company Bonds. As of the date of this announcement, the Company had completed the repurchase and retirement of 145,941 restricted shares in China Securities Depository and Clearing Corporation Limited Shenzhen Branch.

Equity Incentives Granted to Directors and Senior Management

Applicable Not applicable

Appraisal of and Incentive for Senior Management

During the Reporting Period, the Company carried out performance appraisal and competence examination on managers. The KPI (key performance indicators) system was used for performance appraisal. In respect to the team led by each manager, the key factors of performance appraisal included phased goals of strategic transformation and operating indicators of the current period (such as profits, cash flow, products and service quality); the comprehensive results of the accomplishment of each goal were considered as the main basis for motivating managers. In that way, corporate strategies were converted into internal management activities through the process of goal setting, implementation and accomplishment to steer the work orientation of all systems of the Company and serve the purpose of enhancing the overall efficiency of the Company. Leader examination consisted of four dimensions of assessment, which included leader performance, competence, experience and quality (potential, personality and aspiration/values). An annual examination report for leaders was generated through annual performance assessment, virtual assessment center, 360-degree behavior interviews or online assessment, supported by key experience, personality or management style assessment, which served as the main basis for appraising, appointing and dismissing leaders.

(II) Implementation of Employee Stock Ownership Plan

√ Applicable □ Not applicable

All the valid employee stock ownership plans during the Reporting Period

Name	Scope of employees	Number of employees	Total amount of shares held	Changes	Proportion to total share capital of listed companies	Funding source for implementing the plan
The Third Global Partner Plan	The Company's middle and senior management and outstanding key staff	1,800	43,859,649 shares	Not applicable	0.31%	The Company's special incentive fund for 2020
2021-2023 Employee Stock Ownership Plan (Phase I)	The Company's middle and senior management and outstanding key staff	3,600	113,143,154 shares	Not applicable	0.81%	The Company's special incentive fund for 2021

Shareholdings of Directors, Supervisors and Senior Management under the Employee Stock Ownership Plan during the Reporting Period

Name	Office title	Beginning amount in the Reporting Period	Ending amount in the Reporting Period	Proportion to total share capital of listed companies
Li Dongsheng	Chairman of the Board and CEO	About 15.0466 million shares	About 22.2425 million shares	0.16%
Du Juan	Director			
JinXuzhi	Director, Senior Vice President			
Liao Qian	Director, Board Secretary and Senior Vice President			
Yan Xiaolin	Senior Vice President, CTO			
Mao Tianxiang	Employee Supervisor			

Note: The number of shares in the above table is the conversion data according to the announced Employee Stock Ownership Plan, and the final ownership result shall prevail.

Changes of asset management institutions during the Reporting Period

□ Applicable √ Not applicable

Changes of equity caused by the holder's disposal share during the Reporting Period

□ Applicable √ Not applicable

Exercise of shareholder rights during the Reporting Period

Applicable Not applicable

Other relevant information and explanations of the Employee Stock Ownership Plan during the Reporting Period.

Applicable Not applicable

Changes of the members of Employee Stock Ownership Plan Management Committee

Applicable Not applicable

Financial impact of Employee Stock Ownership Plan on the Company during the Reporting Period and related accounting treatment

Applicable Not applicable

The financial, accounting treatment and taxation involved in the Company's shareholding plan shall be implemented according to laws and regulations and normative documents on financial systems, accounting standards, taxation systems, etc. The holder of the shareholding plan shall pay the personal income tax generated due to the shareholding plan according to law, and can choose to sell the corresponding amount of shares to the shareholding plan to cover personal income tax. The remaining shares will be attributed to individuals.

Termination of Employee Stock Ownership Plan during the Reporting Period

Applicable Not applicable

Other explanations

Applicable Not applicable

(III) Other Employee Incentives

Applicable Not applicable

XII. Construction and Implementation of Internal Control System During the Reporting Period

1、 Construction and Implementation of Internal Control System

In accordance with the provisions of internal control standard system, the Company establishes, improves and effectively implements internal controls, reasonably ensures the legal compliance of business management, asset security, authenticity and integrity of financial statements and relevant information, improves business efficiency and effectiveness, and promotes the realization of development strategy.

2. Material Internal Control Weaknesses Identified in the Reporting Period

Yes No

XIII. Management and Control of Subsidiaries by the Company During the Reporting Period

Applicable Not applicable

XIV. Internal Control Self-Evaluation Report or Independent Auditor's Report on Internal Controls

1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	April 28, 2022	
Index to the disclosed internal control self-evaluation report	http://www.cninfo.com.cn	
Evaluated entities combined assets as a percentage of consolidated total assets	96%	
Evaluated entities combined revenue as a percentage of consolidated revenue	95%	
Identification standards for internal control weaknesses		
Category	Weaknesses in internal controls over financial reporting	Weaknesses in internal controls not related to financial reporting
Nature standard	<p>Material weaknesses: (1) an invalid control environment; (2) fraud of directors, supervisors and senior management; (3) any material misstatement of financial reporting of the current period which is identified by the registered accountants but which the Company failed to report; and (4) invalid internal control supervision by the Audit Committee and the internal audit organ.</p> <p>Serious weaknesses: A single weakness or a group of weaknesses which are less serious than a material weakness but could still cause deviation from the control objectives</p> <p>Common weaknesses: Other internal control weaknesses that are neither material nor serious</p>	<p>Material weaknesses: (1) material violations of the country's laws or regulations in the Company's operating activities; (2) any material decision-making error that is caused by an irrational decision-making procedure and causes material property loss to the Company; (3) a massive loss of the key managerial or technical personnel; and (4) frequent negative news coverage that causes great concern for the regulatory administration and a material long-lasting impact on the Company's brand and reputation.</p> <p>Serious weaknesses: A single weakness or a group of weaknesses which are less serious than a material weakness but could still cause deviation from the control objectives</p> <p>Common weaknesses: Other internal control weaknesses that are neither material nor serious</p>
Quantitative standard	<p>Material weaknesses: misstatements $\geq 5\%$ of profit before tax;</p> <p>Serious weaknesses: 3% of profit before tax \leq misstatements $< 5\%$ of profit before tax;</p>	Not applicable

	Common weaknesses: misstatements <3% of profit before tax	
Number of material weaknesses in internal controls over financial reporting		Not applicable
Number of material weaknesses in internal controls not related to financial reporting		Not applicable
Number of serious weaknesses in internal controls over financial reporting		Not applicable
Number of serious weaknesses in internal controls not related to financial reporting		Not applicable

2. Independent Auditor's Report on Internal Controls

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal controls	
In our opinion, TCL Technology Group Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on the Basic Rules on Enterprise Internal Controls and other applicable rules.	
Independent auditor's report on internal controls disclosed or not	The Internal Control Audit Report of TCL Technology Group Corporation disclosed at http://www.cninfo.com.cn dated April 28, 2022
Disclosure date	April 28, 2022
Index to such report disclosed	http://www.cninfo.com.cn
Type of the auditor's opinion	Unqualified opinion
Material weaknesses in internal controls not related to financial reporting	No

Indicate whether any modified opinion is expressed in the independent auditor's report on the Company's internal controls.

Yes No

Indicate whether the independent auditor's report on the Company's internal controls is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

XV. Self-Examination and Rectification of Special Actions for Listed Company Governance

Applicable Not applicable

Part V Environmental and Social Responsibility

I. Major Environmental Issues

Whether the listed company and its subsidiaries are major polluters announced by the environmental protection department

√ Yes □ No

Name of the Company or subsidiary	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Governing discharge standards (mg/L)	Total discharge (metric ton)	Approved total discharge (metric tons/year)	Excessive discharge
TCL China Star Optoelectronics Technology Co., Ltd.	COD	Intermittently discharged to	1	Northwestern corner of the plant area	147.5mg/L	260 mg/L	1108 t	/	Not applicable
	Ammonia nitrogen	Guangming Sewage Plant			6.83 mg/L	30 mg/L	51.3 t	/	Not applicable
	COD	Continuously discharged to	1	Artificial wetland to the north of the plant area	16 mg/L	30 mg/L	60.4 t	/	Not applicable
	Ammonia nitrogen	Dongkengshui			0.18 mg/L	1.5 mg/L	0.71 t	/	Not applicable
Suzhou China Star Optoelectronics Technology Co., Ltd.	COD	Continuously discharged to	1	In CSSD Environmental Technology Wastewater Treatment Plant	58mg/L	500mg/L	146.4t	453.6t	Not applicable
	Ammonia nitrogen	CSSD Environmental Technology Wastewater Treatment Plant			3.62mg/L	45 mg/L	9.13t	22.68t	Not applicable
Suzhou China Star Optoelectronics Display Co., Ltd.	COD	Continuously discharged to Suzhou Industrial Park	2	Southeast corner of the plant area / South gate of the plant area	Phase 1: 120mg/L	500mg/L	19.48t	75.69t	Not applicable
					Phase 2: 12mg/L				
	Ammonia nitrogen	First Sewage Treatment Plant			Phase 1: 14.4mg/L	45mg/L	2.31t	5.65t	Not applicable
					Phase 2: 0.48mg/L				
Wuhan China Star Optoelectronics Technology Co., Ltd.	COD	Intermittently discharged	1	Southwestern corner of the plant area	30.5589 mg/l	400mg/l	64.479 tons	353.55 tons	Not applicable
	Ammonia nitrogen	Intermittently discharged			0.9397 mg/l	30mg/l	1.311 tons	35.36 tons	Not applicable

Name of the Company or subsidiary	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Governing discharge standards (mg/L)	Total discharge (metric ton)	Approved total discharge (metric tons/year)	Excessive discharge
TianJinZhonghuan Advanced Material&Technology Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (total nitrogen, total phosphorus, pH value, suspended matter, BOD ₅ , flow, fluoride, petroleum)	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	Not applicable
Tianjin Huan'ou Semiconductor Material&Technology Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (total nitrogen, total phosphorus, pH value, suspended matter, BOD ₅ , flow, fluoride, petroleum)	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	Not applicable
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Waste gas: Particulate matter, nitrogen	Organized, unorganized	Multiple	General discharge outlet, plant area, and roof	As per emission standard	GB16297-1996 Comprehensive Air Pollutant Emission	Not exceeding	Standard	Not applicable

Name of the Company or subsidiary	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Governing discharge standards (mg/L)	Total discharge (metric ton)	Approved total discharge (metric tons/year)	Excessive discharge
	oxides, VOCs, fluoride Wastewater: COD, ammonia nitrogen, other characteristic pollutants (total phosphorus, pH, suspended matter, BOD ₅ , fluoride)			of production workshop		Standard, GB8978-1996 Comprehensive Sewage Discharge Standard			
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (fluoride, total nitrogen, total phosphorus, suspended matter, pH, BOD ₅)	Organized	1	General discharge outlet	As per emission standard	GB/T 31962 Water Quality Standard for Sewage Discharged into Urban Sewers GB8978-1996 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	Not applicable
Huansheng Solar (Jiangsu) Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic	Organized	1	General discharge outlet	Discharged according to the standard	GB 30484-2013 Discharge Standard for Battery Industry Pollutants	Not exceeding	Standard	Not applicable

Name of the Company or subsidiary	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Governing discharge standards (mg/L)	Total discharge (metric ton)	Approved total discharge (metric tons/year)	Excessive discharge
	pollutants (fluoride, total nitrogen, total phosphorus, suspended matter, pH)								
Wuxi Zhonghuan Applied Materials Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (total nitrogen, total phosphorus, suspended matter, pH)	Organized	1	General discharge outlet	Discharged according to the standard	GB 30484-2013 Discharge Standard for Battery Industry Pollutants	Not exceeding	Standard	Not applicable

Construction and operation of facilities for preventing pollution:

During this Reporting Period, an advanced sewage management system was established by the Company and its subsidiaries, and regular monitoring and supervision and inspection mechanisms were adopted to ensure the waste water, waste gas, solid waste and factory noises generated during the operation were emitted and treated according to national and local laws and regulations.

The Company's waste water includes domestic waste water and industrial waste water, of which domestic waste water is discharged into the local municipal sewage treatment pipe network after being pre-treated with oil separation and septic treatment, and industrial waste water enters different treatment systems according to its characteristics, and is discharged after physical, chemical and biochemical treatment. The air pollutants produced by the Company are mainly process waste gas in the production process. For different types of waste gases, the Company has constructed corresponding waste gas treatment systems, such as a waste gas stripping system, acidic waste gas treatment system, alkaline waste gas treatment system, organic waste gas treatment system, waste gas

treatment system for waste water treatment station, etc. for the collection of waste gases through pipelines to the corresponding waste gas treatment system, where waste gases are discharged at a high altitude after meeting relative standards. The concentration and total amount of waste water and exhaust gas discharged meet the relevant national and local standards. The solid wastes generated by the Company include general waste, hazardous waste and domestic garbage, of which, hazardous wastes are treated by an entrusted qualified hazardous waste disposal agency according to the regulations; general wastes are recycled and disposed of by a resource recycling manufacturer after being classified in the plant area; domestic garbage is handed over by the property company to a domestic garbage landfill for sanitary landfill. All of the above disposals have been carried out according to laws and regulations. The factory noises generated by the Company come from the mechanical noises of production and power equipment, including refrigerators, cooling towers, air compressors, fans, various pumps, etc. The Company reduces the impact of noise on the surrounding environment by the use of low-noise equipment, vibration reduction, noise reduction, etc., and noise reduction measures such as sound insulation and sound absorption in the factories and equipment rooms. The monitoring results show that the Company's factory noise emissions can stably reach the standards.

Environmental Impact Assessment on Construction Projects and Other Environmental Protection Administrative Licenses

The Company complies with the laws and regulations of environmental impact assessment on construction projects and other environmental protection administrative licenses.

Emergency Response Plan for Environmental Incidents

The Company has set up an environmental incident emergency organization led by the senior management of the enterprise and prepared an environmental emergency response plan, which has been filed with the local environmental protection department in accordance with relevant national laws and regulations. In addition, regularly staff trainings and emergency drills are conducted for environmental incidents according to the plan to ensure valid and accurate treatment of environmental pollution emergencies.

Environmental Self-Monitoring Program

The Company has formulated an environmental self-monitoring program in accordance with national regulations, and monitors the discharge of pollutants by automatic monitoring or manual monitoring performed by a third-party qualified agency. The monitoring plans and annual monitoring reports can be checked on the key environmental monitoring information platform managed by local environmental authorities or subsidiary

websites.

Major administrative punishments received with respect to environmental issues in the Reporting Period:

Applicable Not applicable

Measures taken to reduce its carbon emissions and their effects during the Reporting Period

Applicable Not applicable

To meet the challenges of global climate change, TCL Technology is committed to green development, energy saving and emission reduction in all aspects of the Company's operations. TCL technology has effectively reduced the carbon emissions for business by continuously improving the energy management system, increasing the utilization of renewable energies, building a green supply chain, and enhancing employee low carbon awareness. At the same time, TCL Technology actively expands its green industry, and is developing its photovoltaic semiconductor industry through TCL Zhonghuan's business, which helps meet the challenges of climate change.

In terms of efficient energy management, a sound energy management system has been established for the main industries of TCL Technology and passed the third-party ISO50001 certification. In 2021, TCL CDOT saved 3,915,500 kWh of electricity by improving productivity and other energy management actions. Suzhou CSOT Plant saved up to RMB 52.16 million by starting the Extreme Kinetic Energy Project, in which extreme frugality measures were carried out for basic energies such as water, electricity and gas.

To increase the use of renewable energy, TCL Technology Industry actively promotes the laying of roof photovoltaic systems. Shenzhen CSOT has independently established the largest photovoltaic system among the industrial parks of South China and continues to expand it by using the existing roof of the plant area with the principle of "laying as much as possible". By the end of 2021, the total installed capacity of Shenzhen CSOT reached 44MW, which can generate 44 million kWh per year, and the annual energy saving is equal to the daily electricity consumption of 220,000 households. In 2021, Huizhou CSOT Roof Solar Photovoltaic Project generated 21.5 million kWh.

In terms of supply chain, TCL Technology uses green finance to help member enterprises and upstream and downstream of the industrial chain to improve the level of green development. In April 2021, TCL Technology Group Finance Co., Ltd. successfully launched the first green note rediscount business, which is expected to save nearly RMB 1 million in costs for the enterprise. In November 2021, TCL Technology successfully launched the first "Green Carbon Chain System" of its supply chain finance based on low-carbon evaluation of enterprises in

China. The "Green Carbon Chain System" not only saves more financial costs for enterprises, but also motivates enterprises to carry out a transformation of energy conservation and emission reduction.

To improve employee low-carbon awareness, TCL Technology continues to carry out various knowledge trainings, experience sharing and theme activities on environmental protection. In August 2021, TCL CSOT organized a low-carbon and energy-saving publicity month with the theme of "starting from myself to realize energy saving, consumption reduction, green development, and circular economy". Twelve activities were carried out, including publicity and promotion, strengthening of energy-saving awareness, and commendation of outstanding employees in energy-saving, so as to further enhance the green and low-carbon awareness of all employees. In December 2021, TCL Technology Group launched the Initiative for All Employees to Promote "Energy Saving and Carbon Reduction" and to Keep the Spirit of Hard Work, which aims to call on all employees to practice the green office concept and to create a strong atmosphere of energy saving and carbon reduction throughout the group.

With the philosophy of sustainable development, TCL Technology Group actively deploys green industries. TCL Zhonghuan accelerates the production and manufacturing of semiconductor materials, and strengthens the Company's national industrial layout with its manufacturing bases in Inner Mongolia, Tianjin and Jiangsu. TCL Zhonghuan conducts continuous R&D and innovation to reduce the cost of photovoltaic products and promote the development of the global photovoltaic industry. The Company continues to focus on the development and integration of two major platforms: G12 large-size silicon wafer and high-efficiency imbricated component technology, which effectively reduce the Levelized Cost of Electricity and push photovoltaic power generation forward to the "parity era". The installed capacity of TCL Zhonghuan's wholly-owned photovoltaic project reached 1.2GW.

In the future, all companies of TCL Technology will continue to forge ahead in sustainable development, and constantly explore and implement the carbon reduction strategy, leading the industry and the whole value chain towards green and low carbon.

Other relevant information:

Not applicable

II Social Responsibility

See TCL Technology Group Corporation ESG Report 2021.

III. Consolidating and Extending the Achievements of Poverty Alleviation and Pushing Forward Rural Revitalisation

Plan for consolidating and extending the achievements of poverty alleviation and pushing forward rural revitalisation

The Company actively responds to the call of the state, and constantly channels efforts toward innovation by devoting itself to three major fields of public welfare: poverty alleviation, student financial aid, and disaster relief. It focuses on educational public welfare and promotes rural revitalization. It explores the innovative mode of science and technology + public welfare, and uses A.I. technology to accompany left-behind children. TCL has always taken responsibility for society, fulfilled its social responsibility with practical actions, and contributed to common prosperity.

The “TCL Project Hope Candlelight Award”, jointly established by the Shenzhen TCL Public Welfare Foundation and the CYDF, rewards outstanding rural teachers and organizes offline training. The Shenzhen TCL Public Welfare Foundation cooperated with TCL Industrial Technology Research Institute to initiate the “A.I. Go Home” project. An “Eagle” storytelling robot was developed and designed with professional technology and AI technology. The robot is designed to imitate parents’ voices telling stories for children who lack parental companionship, so as to strengthen the parent-child relationship. In 2021, the “A.I. Go Home” project was upgraded again, and the “Eagle Listen” WeChat Mini Program was launched. The Shenzhen TCL Public Welfare Foundation and the Education Foundation of the Central Conservatory of Music jointly launched the “Little Music +” project and developed the “Xiao Xue” music robot. In this way, they care for children who lack musical resources, bring them famous Chinese and foreign musical pieces and appreciation, which enrich the music teaching resources of rural primary schools, and encourage every child to be positive and optimistic with the power of music. The Candlelight Micro-Loan Project, a micro-loan oriented public welfare project jointly provided by the Shenzhen TCL Public Welfare Foundation and TCL Finance Group for rural teachers, aims to solve the financial needs of rural teachers and their families in the areas of major diseases, daily consumption and skills training.

Annual summary of consolidating and extending the achievements of poverty alleviation and pushing forward rural revitalisation

In 2021, the seventh “TCL Project Hope Candlelight Award” was launched, and outstanding rural teachers were selected from 523 counties in 23 provinces nationwide. After registration, data screening, verification and other procedures, 524 qualified rural teachers entered the final evaluation, in which they were finally reviewed by

experts. Finally, 400 outstanding rural teachers were selected, and each of the winning teachers was given a personal award worth RMB8,000, including a cash reward and 7-day offline “Candlelight Classroom” training. In October 2021, the glory ceremony of the seventh “TCL Project Hope Candlelight Award” was held in Shenzhen with the theme of “Revitalize the Countryside Together with the Love of Candlelight”.

The “Eagle Story Club”, a project of “A.I. Go Home”, encouraged the whole school to participate by taking the class as a unit. Based on the language learning situation of the pilot class, the “Eagle” storytelling robot was used to select the appropriate stories. The story club gathered children together and popularized the allusions from famous literary works at home and abroad for them. In 2021, the “Eagle Story Club” continued to be carried out. The project set up 14 rural pilot schools in 9 provinces across the country, and distributed 50 “Eagle” story boxes in total, benefiting more than 2,000 people. In 2021, the “A.I. Go Home” project was upgraded again, and the “Eagle Listen” WeChat Mini Program was developed. “Eagle Listen” is a WeChat Mini Program integrating AI (Artificial Intelligence) technology which customizes parents’ voices and plays stories and music. It has built-in industry-leading ASR and voiceprint recognition technology, which allows users to synthesize AI simulated voice with recording, and listen to stories told in a synthesized voice. Up to now, there have been more than 150 people recording with “Eagle Listen”, and the number of users is nearly 1,000.

In 2021, the “Little Music +” project visually displayed the famous Chinese and foreign music pieces and appreciations in the “Xiao Xue” music robot. Music story picture books were designed and created to help rural children understand the connotations of music and enhance their imagination. In 2021, the “Xiao Xue Music Class” project had pilots run in 13 schools in 10 provinces in total. A total of 50 Xiao Xue Music Boxes were distributed, covering more than 3,000 students. In the first half of 2021, “Xiao Xue Music Class” set up pilot schools in Heilongjiang and Inner Mongolia, and paid a return visit to minority primary schools in Qiqihar and Heilongjiang about the development of “Xiao Xue Music Class”. In the second half of the year, pilot schools were set up in Henan. A return visit was paid to Xiangyang Primary School in Suixian County, Henan Province to explore the expansion of pilot schools “from point to area”. A forum of principals was held with the principals of seven schools in Suixian County, in which they discussed the current situation and approach of “Eagle Story Club” and “Xiao Xue Music Class”.

The Candlelight Micro-Loan Project uses the innovations in public welfare and finance to improve the quality of life of rural educators working on the frontline to ensure the development of rural education. In 2021, nearly 20 rural teachers submitted application materials for the “Candlelight Micro-Loan Project”, which granted a loan of nearly RMB 300,000 to 6 teachers.

Effects of consolidating and extending the achievements of poverty alleviation and pushing forward rural revitalisation

Index	Unit	Quantity/Development
I Overall Situation	—	—
Of which: 1. Fund	RMB'0,000	602
II Specific investments	—	—
1. Education	—	—
1.1 Amount of investment to improve the educational resources in poverty-stricken areas	RMB'0,000	492
2. Society	—	—
2.1 Amount of public welfare fund investment	RMB'0,000	110

Subsequent plans for consolidating and extending the achievements of poverty alleviation and pushing forward rural revitalisation

In 2022, the eighth “TCL Project Hope Candlelight Award” will continue to be implemented. Rural teachers who devote themselves to grassroots education in rural areas will be supported, so as to promote the development of education in rural areas and rural revitalization. This plan will seek for outstanding rural teachers nationwide, who have worked hard in the grassroots education front in poverty-stricken areas for their posts, and encourage more outstanding young teachers to take root in rural basic education and promote rural education development. In addition, it will expand the existing rewarding and publicity influence, continue to strengthen the engagement of netizens on Internet platforms, and maintain its popularity in society.

In 2022, the “A.I. Go Home” project will continue to expand. The promotion and usage of “Eagle Listen” will be strengthened, to provide “Eagle” storytelling robots with parents’ voices for more left-behind children, and to strengthen the parent-child relationship and emotional support. At the same time, the project will set up 8 to 10 new pilot schools for “Eagle Story Club” and distribute 50 to 80 story boxes, so that more classes can listen to stories with “Eagle” storytelling robots. Students will be encouraged to listen to, write and tell stories, from which their learning ability, reading interest and positive ecology will be improved. It is estimated that more than 5,000 students will be covered.

In 2022, “Xiao Xue Music Class” will continuously expand pilot schools and distribute 50 to 80 Xiao Xue Music Boxes, covering more than 5,000 students. At the same time, the project will publish music story picture books matched with the “Xiao Xue” music robot, which will provide more opportunities and resources for students in rural primary schools to learn and understand music. We will also expand the coverage of the “Candlelight Micro-Loan Project” and discuss its development and future planning. Through the Candlelight Micro-Loan Project, we will solve the financial needs of some rural teachers and their families.

Part VI Significant Events

I. Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Overdue at the Period-End

√ Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in asset purchases via share and convertible bonds offering and cash payment and matching fund raising	Wuhan Industrial Investment	About the lockup period of the shares subscribed for and the bond-to-stock period of convertible corporate bonds	<p>1. This company shall not transfer the shares in TCL TECH. obtained through this transaction within 12 months since the end date of issuance of shares, including but not limited to direct or indirect transfer in the securities market or by agreement.</p> <p>2. This company shall obey the above agreement regarding the shares in TCL TECH. additionally obtained because of allocation of bonus shares and conversion to share capital, after the end of this issuance.</p> <p>3. This company shall not transfer the convertible bonds obtained through this transaction within 12 months of the end date of issuance, including but not limited to direct or indirect transfer in the securities market or by agreement.</p> <p>4. The conversion period of the convertible bonds in this issuance starts from the first trading day 12 months after the end date of issuance to the maturity date of convertible bonds.</p> <p>5. This company shall not transfer its shares in TCL TECH. if this issuance is registered and investigated by judicial authorities or the China Securities Regulation Commission (CSRC) where information provided or disclosed in this issuance contains false presentations, misleading statements, or material omissions, and the investigation conclusion is unclear. Moreover, this company shall submit its written application for suspension of transfer and share account to the</p>	June 16, 2020	12 months from the date of the completion of the offering	Having expired

			Board of Directors of the listed company, within two trading days upon receipt of the notice on case registration and investigation. The Board of Directors will, on behalf of this company, apply for lockup with the stock exchange and the clearing house. If this company fails to submit the lockup application within two trading days, the Board of Directors will be authorized to verify the situation and directly submit the identity and account information of this company to and apply for lockup with the stock exchange and the clearing house. If the Board of Directors fails to submit the identity and account information of this company to the stock exchange and the clearing house, the stock exchange and the clearing house will be authorized to directly lock up relevant shares. This company promises that it will voluntarily use the shares locked up to compensate relevant investors, should the investigation conclusion identify violations of laws and regulations.			
	Subscribers to the convertible corporate bonds privately placed to raise the matching funds	About the commitment letter and the share lockup application of issuing targets of the private placement of convertible corporate bonds	This organization agrees that it will not transfer its subscribed convertible bonds within six months from the date when this issuance ends and the registration is completed. In addition, it entrusts the Board of Directors of TCL TECH. to apply for lockup of the above subscribed convertible bonds with China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch so as to ensure that the above subscribed convertible bonds will not be transferred within six months from the date when this issuance ends and the registration is completed.	November 17, 2020	6 months from the completion of the offering and registration	Having expired
Commitments made in refinancing	Li Dongsheng	About horizontal competition, related-party transaction and capital occupation	1) I shall avoid horizontal competition between the companies, enterprises or other business organizations that I own, control, control with others, have significant influence on and the Company with its subsidiaries; and 2) I shall reduce and control transactions of related parties between the companies, enterprises or other business organizations that I own, control, control with others, or have significant influence on and	August 30, 2013	During the tenure of the Company's director, supervisor or senior management	There is no violation of commitment

			the Company with its subsidiaries.			
Commitments made in selling major assets	About avoiding horizontal competition	The largest shareholder of the listed company and person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)	<p>1. Before and after this transaction, there was no horizontal competition between me/this partnership and the enterprises controlled by me/this partnership and TCL Group and the main businesses of its affiliated enterprises.</p> <p>2. After this transaction, I/this partnership will take active measures to avoid any business or activity that competes or may constitute competition with the main business of TCL Group and its affiliated enterprises, and will urge the enterprises controlled by me/this partnership to avoid any business or activity that competes or may constitute competition with the main business of TCL Group and its affiliated enterprises.</p> <p>3. If I/this partnership and the enterprises controlled by me/this partnership obtain the opportunity to engage in new business, which constitutes or may constitute horizontal competition with the main business of TCL Group and its affiliated enterprises. I/this partnership will, when it is possible, try my/our best to make this business opportunity available to TCL Group or its affiliated enterprises in the first place based on reasonable and fair terms and conditions.</p> <p>4. If the business of mine/this partnership and the enterprises controlled by me/this partnership coincides or may constitute horizontal competition with TCL Group’s business due to my/this partnership’s investment demand or TCL Group’s business development, I/this partnership and the enterprises controlled by me/this partnership agree to solve the resulting horizontal competition within a specific time limit since as it is determined.</p> <p>5. During the period of being the largest shareholder of TCL Group, the aforementioned commitment is unconditional and irrevocable. If I/this partnership violate the aforementioned commitments, I/this partnership will make comprehensive, timely and full joint and several compensations for the losses to TCL Group</p>	December 7, 2018	During the period of being the largest shareholder of TCL Group	There is no violation of commitment

			caused thereby.			
	Commitments on reducing and regulating related party transactions	The largest shareholder of the listed company and person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)	<p>1. I/this partnership will minimize the related party transactions between me/this partnership and the enterprises controlled by me/this partnership and TCL Group and its affiliated enterprises.</p> <p>2. For inevitable or reasonable related party transactions, I/this partnership and the enterprises controlled by me/this partnership and TCL Group and its affiliated enterprises will conduct them according to fair market principles and normal commercial conditions, so as to ensure the fairness of the related party transaction price, and will perform the decision-making procedures for related party transactions according to the law, to ensure that the related party transactions will not be used to illegally transfer TCL Group's funds or to damage the legitimate rights and interests of TCL Group and its shareholders.</p> <p>3. I/this partnership and the enterprises controlled by me/this partnership will not ask TCL Group and its affiliated enterprises to give more favorable conditions than those that can be offered to an independent third party in any fair market transaction.</p> <p>4. During the period of being the largest shareholder of TCL Group, the aforementioned commitment is unconditional and irrevocable. If I/this partnership violate the aforementioned commitments, I/this partnership will make comprehensive, timely and full joint and several compensations for the losses to TCL Group caused thereby.</p>	December 7, 2018	During the period of being the largest shareholder of TCL Group	There is no violation of commitment
	Commitments on maintaining the independence of listed companies	The largest shareholder of the listed company and person acting in concert (Mr. Li Dongsheng and Jiutian)	<p>After this transaction, I/this partnership will continue to exercise shareholder's rights according to laws, regulations and the Articles of Association of TCL Group, and maintain the independence of TCL Group in terms of assets, personnel, finance, business and institutions. I/this partnership will ensure:</p> <p>(I) The independence of TCL Group personnel.</p> <p>I/this partnership promise(s) to maintain personnel independence with TCL Group. TCL</p>	December 7, 2018	During the period of being the largest shareholder of TCL Group	There is no violation of commitment

		<p>Liancheng)</p> <p>Group’s senior management, including the general manager, deputy general manager, chief financial officer, and secretary of the board of directors, shall not hold positions other than directors and supervisors in my/this partnership’s subordinate wholly-owned, controlled or other enterprises with actual control (hereinafter referred to as “subordinate enterprises”), and shall not be paid in my/this partnership’s subordinate enterprises. The financial personnel of TCL Group shall not work part-time in my/this partnership’s subordinate enterprises.</p> <p>(II) The independence and integrity of TCL Group’s assets.</p> <ol style="list-style-type: none"> 1. The independence and integrity of TCL Group’s assets. 2. TCL Group does not have any funds or assets occupied by me/this partnership and my/this partnership’s subordinate enterprise. <p>(III) The financial independence of TCL Group.</p> <ol style="list-style-type: none"> 1. TCL Group establishes an independent financial department and an independent financial accounting system. 2. TCL Group has a standardized and independent financial accounting system. 3. TCL Group opens an independent bank account and does not share a bank account with me/this partnership. 4. The financial personnel of TCL Group shall not work part-time in my/this partnership’s subordinate enterprises. 5. TCL Group can make independent financial decisions, and I/this partnership shall not interfere with the use of TCL Group’s funds. <p>(IV) The institutional independence of TCL Corporation.</p> <ol style="list-style-type: none"> 1. TCL Group has an independent and complete organization which can operate independently. 2. TCL Group’s office and premises for production and operations are separated from my subordinate enterprises/this partnership. 3. The Board of Directors, Board of Supervisors and various functional departments of TCL Group 			
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			<p>operate independently, and have no subordinate relationship with this partnership's functional departments.</p> <p>(V) The business independence of TCL Group.</p> <p>1. I/this partnership promise(s) to maintain the business independence of TCL Group after this transaction.</p> <p>2. TCL Group has the assets, personnel, qualifications and ability to independently carry out business activities, and has the ability to operate independently in the market.</p> <p>If TCL Group suffers losses due to the violation of commitments under the letter of commitment by me/this partnership or my/this partnership's subordinate enterprises, I/this partnership will bear the corresponding compensation liability according to the law.</p>			
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next steps	Not applicable					

2. Where there had been an earning forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable Not applicable

Name of asset or project with an earnings forecast	Forecast start time	Forecast end time	Current forecast performance (RMB'0,000)	Current actual performance (RMB'0,000)	Reasons for not reaching the forecast (if applicable)	Date of original forecast disclosure	Index to original forecast disclosure
Moka International Limited	January 1, 2021	December 31, 2023	22,443	40,823	Not applicable	December 12, 2020	Announcement on the Acquisition of the 100% Equity Interests of Moka International Limited & the Related-Party Transactions (2020-166)

Commitments Made by the Company's Shareholders and Counterparties on the Annual Operating Performance of the Report√ Applicable Not applicable

According to the Announcement on the Acquisition of the 100% Equity Interests of Moka International Limited & the Related-Party Transaction, the net profit (hereinafter referred to as “net profit”) of Moka International Limited (hereinafter referred to as “the target company”) in the audited consolidated statements in 2021, 2022 and 2023 (hereinafter referred to as “performance commitment period”) is not less than RMB224.43 million, RMB246.07 million, and RMB287.65 million respectively. Therefore, TCL Industries Holdings (HK) Limited (hereinafter referred to as the “Transferor”) commits that the cumulative net profit of the target company during the performance commitment period is not less than RMB760 million (hereinafter referred to as the “committed net profit”).

TCL Technology Investments Limited (hereinafter referred to as the “Transferee”, a wholly-owned subsidiary of the Company) shall, within 4 months after the end of the performance commitment period, hire an accounting firm approved by the Transferor to conduct a special audit on the achievement of the target company's committed net profit throughout the performance commitment period, and issue a special audit report. After auditing, if the net profit actually achieved by the target company during the performance commitment period fails to reach the committed net profit, the Transferee shall notify the Transferor in writing within 10 working days after the issue of the special audit report agreed herein. The Transferor shall compensate the Transferee in cash within 3 months after receiving the written notice from the Transferee. The amount of compensation payable by the Transferor for the current period = (committed net profit - achieved net profit) ÷ committed net profit × the price of this equity transfer. Both parties further confirm that the accumulative amount compensated by the Transferor during the performance commitment period shall not exceed the total amount of consideration obtained by the Transferor in this equity transfer. After auditing, if the net profit actually achieved by the target company exceeds the committed net profit during the performance commitment period, both parties agree to take 50% of the excess amount as the transferor's excess performance reward (the maximum amount of excess performance reward shall not exceed 20% of the equity transfer price), and the Transferee shall pay this excess performance reward to the Transferor in cash within 3 months after the issuance of the special audit report.

Achievement of Performance Commitment and Its Influence on Goodwill Impairment Tests

In 2021, the target company Moka International Limited realized a net profit of RMB408.23 million, which exceeded the estimated amount in the Asset Evaluation Report of the TCL Technology Group Corporation to buy

100% Equity Interests of Moka International Limited. There was no sign of goodwill impairment, so it is not necessary to make provision for goodwill impairment.

II Occupation of the Company、 Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes

Applicable Not applicable

No such cases in the Reporting Period.

III Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV. Explanations Given by the Board of Directors Regarding the Latest Independent Auditor's "Modified Opinion" on the Financial Statements

Applicable Not applicable

V. Explanations Given by the Board of Directors, the Supervisory Committee, and Independent Directors (If Any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI. YoY Changes to the Accounting Policies and Estimates or Correction of Material Accounting Errors

Applicable Not applicable

For details, see "41. Changes to main accounting policies and estimates" in "III Significant accounting policies and estimates" in "Part IX Financial Report".

VII. YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

Compared with 2020, 35 subsidiaries (18 newly incorporated and the other 17 over which the Company newly obtained control of) are newly included and 30 subsidiaries (20 transferred, 8 de-registered, and the other 2 changed into affiliated companies) are excluded from the consolidation scope of 2021. Please refer to Note VI to the financial statements.

VIII. Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Da Hua Certified Public Accountants (Special General Partnership)
The Company's payment to the domestic independent auditor (RMB'0,000)	384.6
How many consecutive years the domestic independent auditor has provided audit services for the Company	14
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Qiu Junzhou and Jiang Xianmin
How many consecutive years the certified public accountants have provided audit services for the Company	3 years, 3 years
Name of the foreign independent auditor (if any)	Not applicable
The Company's payment to the foreign independent auditor (RMB'0,000) (if any)	Not applicable
How many consecutive years the foreign independent auditor has provided audit services for the Company (if any)	Not applicable
Names of the certified public accountants from the foreign independent auditor writing signatures on the auditor's report (if any)	Not applicable
How many consecutive years the certified public accountants have provided audit services for the Company (if any)	Not applicable

Indicate whether the independent auditor was changed for the Reporting Period.

Yes No

CPA firm, financial advisor or sponsor hired for the audit of internal control:

Applicable Not applicable

During the Reporting Period, the Company hired Da Hua Certified Public Accountants (Special General Partnership) to conduct an internal control audit, with an audit cost of RMB500,000.

IX. Delisting Faced After the Disclosure of the Annual Report

Applicable Not applicable

X. Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XI. Significant Lawsuits and Arbitrations:

Applicable Not applicable

No such cases in the Reporting Period.

XII. Punishments and Rectifications

Applicable Not applicable

No significant punishments or rectifications in the Reporting Period.

XIII. Credit Quality of the Company as well as its Controlling Shareholder and Actual Controller

Applicable Not applicable

XIV. Major Related-Party Transactions

1 Continuing Related-Party Transactions

Applicable Not applicable

During the Reporting Period, the Company's daily related-party transactions is found in the related announcements disclosed on <http://www.cninfo.com.cn>.

2 Related-Party Transactions Regarding Purchase or Disposal of Assets or Equity Investments

Applicable Not applicable

Refer to VIII "Sale of Major Equity Investments" of Part III in this report.

3 Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No related-party transactions regarding joint investments in third parties which occurred during the Company's Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

Indicate whether there were any amounts due to and from related parties for non-operating purposes.

Yes No

Amounts receivable due to related parties

Related parties	Relationship with the Company	Source	Capital occupation for non-operating purposes or not	Beginning balance (RMB'0,000)	Amount of new grants in current period (RMB'0,000)	Amount of recovered grants in current period (RMB'0,000)	Coupon rate	Interest in current period (RMB'0,000)	Ending balance (RMB'0,000)
TCL Industries Holdings Co., Ltd.	Related corporation	Sale of equity investments	No	0	257,202.01	131,173.03	0.00%	0	126,028.98
The Influence of Amounts Due to Related Parties on the	The Company sells 100% equity of Guangzhou Financial Development Service Center to TCL Industries Holdings Inc., in order to seize the opportunity in industrial development, further optimize the business structure, and focus resources on the development of the main business in line with the national policy								

Company's Operating Results and Financial Status	guidance, and based on the demands of the Company's announced financing projects. According to the agreement signed by both parties, TCL Industries Holdings Inc. shall pay 51% of the equity transfer price to the Company within 40 days from the effective date of the agreement. The remaining 49% of the equity transfer price will be paid within two years from the effective date of the agreement. Refer to the Announcement on the Disposal of Equity Interests in Guangzhou Financial and the Related-party Transactions disclosed by the Company on http://www.cninfo.com.cn dated May 22, 2021.
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5. Transactions with Related Finance Companies

Applicable Not applicable

6. Transactions Between the Financial Company Controlled by the Company and Related Companies

Applicable Not applicable

Deposits:

Related parties	Relationship with the Company	Daily deposit ceiling (RMB'0,000)	Range of interest	Beginning balance (RMB'0,000)	Amount incurred in the current period		Ending balance (RMB'0,000)
					Total deposit amount in current period (RMB'0,000)	Total withdrawal amount in current period (RMB'0,000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	600,000.00	0.01%-2.25%	252,815.49	6,767,979.46	7,018,667.16	2,127.79

Loans:

Related parties	Relationship with the Company	Loan limit (RMB'0,000)	Range of interest	Beginning balance (RMB'0,000)	Amount incurred in the current period		Ending balance (RMB'0,000)
					Total loan amount in current period (RMB'0,000)	Total repayment amount in current period (RMB'0,000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Comprehensive credit	0.7%-4.5%	135,823.30	202,781.50	338,604.80	-

Credit or other financial business:

Related parties	Relationship with the Company	Business type	Total line of credit (RMB'0,000)	Ending balance (RMB'0,000)
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill discount)	The balance of comprehensive credit	83,334.22

Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill acceptance)	on any one day shall not exceed RMB 6 billion	31,557.21
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7. Other Major Related-Party Transactions

Applicable Not applicable

Index to relevant announcements:

Title of announcement	Date of disclosure	Website for disclosure
Announcement on TCL Finance Co., Ltd. Continuing to Provide Financial Services for TCL Industries Holdings Inc. and Extending the Financial Service Agreement between Them and the Related-Party Transaction	March 11, 2021	http://www.cninfo.com.cn
Announcement on the Launch of Accounts Receivable Factoring and the Related-party Transaction	May 22, 2021	

XV. Major Contracts and Execution Thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

There were no entrustment projects that brought profits and losses to the Company reaching more than 10% of the Company's total profits in the Reporting Period.

(2) Contracting

Applicable Not applicable

There were no contracting projects that brought profits and losses to the Company reaching more than 10% of the Company's total profits in the Reporting Period.

(3) Leases

Applicable Not applicable

There were no lease projects that brought profits and losses to the Company reaching more than 10% of the Company's total profits in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
TCL King Electrical Appliances (Huizhou) Co., Ltd.	December 7, 2018	345,000	August 29, 2020	327,138	Joint liability guarantee	/	TCL Industries Holding Co., Ltd. provided counter guarantees	56 days-7.36 years	No	Yes
TCL King Electrical Appliances (Chengdu) Co., Ltd.	December 7, 2018	60,000	July 27, 2021	51,653	Joint liability guarantee	/		0.47-0.49 years	No	Yes
Huizhou TCL Mobile Communication Co., Ltd.	December 7, 2018	450,000	July 12, 2021	212,507	Joint liability guarantee	/		41 days-0.5 years	No	Yes
TCL Communication Technology Holdings Limited	December 7, 2018	120,000	-	-	Joint liability guarantee	/		-	No	Yes
TCL Mobile Communication (HK) Company Limited	December 7, 2018	248,500	September 16, 2021	29,225	Joint liability guarantee	/		0.25-0.34 years	No	Yes
TCT Mobile Overseas Limited	December 7, 2018	6,625	-	-	Joint liability guarantee	/		-	No	Yes
TCT Mobile (US) Inc.	December 7, 2018	84,500	-	-	Joint liability guarantee	/		-	No	Yes
TCT Mobile International Limited	December 7, 2018	31,000	-	-	Joint liability guarantee	/		-	No	Yes
TCT Mobile Italy S.R.L	December 7, 2018	1,600	-	-	Joint liability guarantee	/		-	No	Yes
TCT MOBILE - TELEFONES LTDA.	December 7, 2018	12,000	-	-	Joint liability guarantee	/		-	No	Yes
TCL Home Appliances (Hefei) Co., Ltd.	December 7, 2018	140,000	March 2, 2021	68,280	Joint liability guarantee	/		30 days-1.97 years	No	Yes
TCL Home Appliances	December 7, 2018	16,000	June 29, 2021	4,929	Joint liability	/		36-189 days	No	Yes

(Zhongshan) Co., Ltd.					guarantee				
TCL Air-Conditioner (Zhongshan) Co., Ltd.	December 7, 2018	158,600	March 13, 2020	80,991	Joint liability guarantee	/	18 days-3 years	No	Yes
TCL Air Conditioner (Wuhan) Co., Ltd.	December 7, 2018	131,600	January 19, 2021	13,480	Joint liability guarantee	/	18-190 days	No	Yes
Zhongshan TCL Refrigeration Equipment Co., Ltd.	December 7, 2018	75,300	March 24, 2021	31,749	Joint liability guarantee	/	32-364 days	No	Yes
Guangdong TCL Smart Heating & Ventilation Equipment Co., Ltd.	December 7, 2018	7,000	July 23, 2021	2,522	Joint liability guarantee	/	43-186 days	No	Yes
TCL Home Appliances (Huizhou) Co., Ltd.	December 7, 2018	11,500	June 18, 2021	10,000	Joint liability guarantee	/	1 year	No	Yes
TCL Intelligent Technology (Hefei) Co., Ltd.	December 7, 2018	800	-	-	Joint liability guarantee	/	-	No	Yes
TCL Air-Conditioner (Jiujiang) Co., Ltd.	December 7, 2018	25,000	January 25, 2021	5,488	Joint liability guarantee	/	51-189 days	No	Yes
TCL Home Appliances (Hong Kong) Limited	December 7, 2018	20,000	-	-	Joint liability guarantee	/	-	No	Yes
Shenzhen TCL Hangxiang Supply Chain Service Co., Ltd.	December 7, 2018	500	-	-	Joint liability guarantee	/	-	No	Yes
Zhongshan Hhappy Tree Network Technology Co., Ltd.	December 7, 2018	2,000	-	-	Joint liability guarantee	/	-	No	Yes
TCL Tonly Electronics (Huizhou) Co., Ltd.	December 7, 2018	40,000	April 23, 2021	39,496	Joint liability guarantee	/	80 days-3 years	No	Yes
TCL Commercial Information Technology (Huizhou) Co., Ltd.	December 7, 2018	14,000	-	-	Joint liability guarantee	/	-	No	Yes
TCL Very Lighting Technology (Huizhou) Co., Ltd.	December 7, 2018	4,000	October 8, 2021	1,034	Joint liability guarantee	/	62-125 days	No	Yes

TCL Capital (Hong Kong) Limited	December 7, 2018	100,000	-	-	Joint liability guarantee	/		-	No	Yes
Huizhou Cool Friends Network Technology Co., Ltd.	December 7, 2018	13,000	-	-	Joint liability guarantee	/		-	No	Yes
SHIFENDAOJIA Online Service Co., Ltd.	December 7, 2018	3,000	September 15, 2021	77	Joint liability guarantee	/		100-114 days	No	Yes
TCL Technology Park Co., Ltd.	December 7, 2018	27,000	-	-	Joint liability guarantee	/		-	No	Yes
Guangzhou Yunsheng Tianji Technology Co., Ltd.	December 7, 2018	110,000	-	-	Joint liability guarantee	/		-	No	Yes
Guangzhou TCL Science and Technology Development Co., Ltd.	December 7, 2018	200,000	December 18, 2018	84,700	Joint liability guarantee	/		13 years	No	Yes
Shenzhen Bao'an TCL Haichuanggu Technology Park Development Co., Ltd.	December 7, 2018	20,000	-	-	Joint liability guarantee	/		-	No	Yes
TCL Industries Holdings (HK) Limited	December 7, 2018	800,000	April 14, 2020	514,629	Joint liability guarantee	/		1-3 years	No	Yes
Canyon Circuit Technology (Huizhou) Co., Ltd.	December 7, 2018	5,000	July 29, 2021	499	Joint liability guarantee	/		98-183 days	No	No
Huizhou Shenghua Industrial Co., Ltd.	December 7, 2018	9,000	-	-	Joint liability guarantee	/		-	No	No
Taiyang Electro-optic (Huizhou) Co., Ltd.	December 7, 2018	4,000	-	-	Joint liability guarantee	/		-	No	No
Huizhou Gaoshengda Technology Co., Ltd.	December 7, 2018	9,000	-	-	Joint liability guarantee	/		-	No	No
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	March 11, 2021	40,000	December 23, 2020	33,799	Joint liability guarantee	/	With counter-guarantee	186-199 days	No	Yes
Qihang Import&Export	March 11, 2021	6,000	-	-	Joint liability	/	With counter-	-	No	No

Limited					guarantee		guarantee			
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	March 11, 2021	110,000	May 6, 2021	10,978	Joint liability guarantee	/	With counter-guarantee	181 days	No	No
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.*	March 11, 2021	55,000	April 28, 2020	29,447	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	8 years	No	No
Qihang International Import & Export Limited	March 11, 2021	50,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	No	No
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	May 22, 2021	45,500	January 5, 2021	16,500	Joint liability guarantee	/	With counter-guarantee	1 year	No	Yes
Guangzhou TCL Internet Microcredit Co., Ltd.	May 22, 2021	100,000	February 26, 2021	30,000	Joint liability guarantee	/	With counter-guarantee	1 year	No	Yes
Total approved line for such guarantees in Reporting Period (A1)		406,500.00		Total actual amount of such guarantees in Reporting Period (A2)		2,009,214.23				
Total approved line for such guarantees at the end of Reporting Period (A3)		3,712,025.00		Total actual balance of such guarantees at end of Reporting Period (A4)		1,599,120.67				
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
Wuhan China Star Optoelectronics Technology Co., Ltd.	March 11, 2021	1,110,000	April 13, 2016	454,860	Joint liability guarantee	/	/	1 month - 8 years	No	No

Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	March 11, 2021	3,650,000	April 28, 2018	1,014,620	Joint liability guarantee	/	/	3 month - 8 years	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	March 11, 2021	710,800	April 21, 2015	59,646	Joint liability guarantee	/	/	3 month - 8 years	No	No
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	March 11, 2021	1,700,000	December 22, 2017	869,083	Joint liability guarantee	/	/	3 month - 8 years	No	No
Huizhou China Star Optoelectronics Technology Co., Ltd.	March 11, 2021	990,000	August 21, 2020	498,068	Joint liability guarantee	/	/	1-8 years	No	No
China Star Optoelectronics International (HK) Limited	August 10, 2021	500,000	December 5, 2020	159,393	Joint liability guarantee	/	/	3 years	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	March 11, 2021	150,000	March 31, 2021	53,096	Joint liability guarantee	/	/	43-190 days	No	No
Wuhan China Display Optoelectronics Technology Co., Ltd.	March 11, 2021	50,000	June 1, 2020	223	Joint liability guarantee	/	/	1-5 years	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	March 11, 2021	20,000	November 19, 2020	266	Joint liability guarantee	/	/	6 months	No	No
TCL Finance Co., Ltd	March 11, 2021	200,000	-	-	Joint liability guarantee	/	/	-	No	No
Highly Information Industry Co., Ltd.	March 11, 2021	383,000	June 17, 2020	288,079	Joint liability guarantee	/	/	263-633 days	No	No
Beijing HechengNuoxin Technology Co., Ltd.	March 11, 2021	5,000	July 23, 2021	5,000	Joint liability guarantee	/	/	1 year	No	No
Beijing Lingyun Data Technology Co., Ltd.	March 11, 2021	131,500	April 28, 2021	20,688	Joint liability guarantee	/	/	89-394 days	No	No
Beijing Sunpiestore	March 11,	87,000	June 19,	83,000	Joint	/	/	89-394	No	No

Technology Co., Ltd.	2021		2020		liability guarantee			days		
Shaanxi Titi Electronic Technology Co., Ltd.	March 11, 2021	3,000	July 23, 2021	3,000	Joint liability guarantee	/	/	1 year	No	No
TCL Technology Park (Huizhou) Co., Ltd.	March 11, 2021	180,000	April 24, 2020	99,700	Joint liability guarantee	/	/	1-10 years	No	No
TCL Technology Investments Limited	March 11, 2021	400,000	July 14, 2020	192,000	Joint liability guarantee	/	/	5 years	No	No
Ningbo TCL Equity Investment Ltd.	March 11, 2021	50,000	-	-	Joint liability guarantee	/	/	-	No	No
TCL Moka International Limited	April 28, 2021	360,000	October 27, 2021	66,949	Joint liability guarantee	/	/	2-3 months	No	No
US Moka Limited	April 28, 2021	210,000	-	-	Joint liability guarantee	/	/	-	No	No
Huizhou Moka Technology Development Co., Ltd.	April 28, 2021	50,000	-	-	Joint liability guarantee	/	/	-	No	No
Moka Technology (Guangdong) Co., Ltd.	April 28, 2021	400,000	January 8, 2021	84,946	Joint liability guarantee	/	/	1-6 months	No	No
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 10, 2021	1,750,000	-	-	Joint liability guarantee	/	/	-	No	No
Suzhou China Star Optoelectronics Display Co., Ltd.	August 10, 2021	200,000	May 7, 2021	500	Joint liability guarantee	/	/	252 days	No	No
Suzhou China Star Optoelectronics Technology Co., Ltd.	August 10, 2021	400,000	May 7, 2021	3,660	Joint liability guarantee	/	/	252 days	No	No
Highly (Tianjin) Technology Co., Ltd.	August 10, 2021	50,000	-	-	Joint liability guarantee	/	/	-	No	No
Highly (Tianjin) E-Commerce Co., Ltd.	August 10, 2021	5,000	-	-	Joint liability guarantee	/	/	-	No	No

Total approved line for such guarantees in the Reporting Period (B1)		13,745,300		Total actual amount of such guarantees in the Reporting Period (B2)		2,034,131				
Total approved line for such guarantees at the end of the Reporting Period (B3)		13,745,300		Total actual balance of such guarantees at the end of the Reporting Period (B4)		3,956,777				
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
Huhehaote Huanju New Energy Development Co., Ltd.	November 26, 2014	29,529	April 13, 2015	29,529.00	Joint liability guarantee	/	/	9.5 years	No	No
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	12,360	July 21, 2017	12,360.00	Joint liability guarantee	/	/	15 years	No	No
Otog Banner Huanju New Energy Co., Ltd.	June 24, 2017	21,328	August 30, 2017	21,328.28	Joint liability guarantee	/	/	10 years	No	No
Qinhuangdao Tianhui Solar Energy Co., Ltd.	November 11, 2017	10,100	January 19, 2018	10,100.00	Joint liability guarantee	/	/	12 years	No	No
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	November 29, 2017	108,750	May 31, 2018	108,750.00	Joint liability guarantee	/	/	5 years	No	No
Qinhuangdao Tianhui Solar Energy Co., Ltd.	September 6, 2018	13,629	April 26, 2019	13,629.18	Joint liability guarantee	/	/	10 years	No	No
GuyuanShengju New Energy Co., Ltd.	September 6, 2018	10,869	October 8, 2018	10,869.34	Joint liability guarantee	/	/	11 years	No	No
Zhangjiakou Shengyuan New Energy Co., Ltd.	September 6, 2018	14,740	October 8, 2018	14,740.00	Joint liability guarantee	/	/	11 years	No	No
Zhonghuan Hong Kong Holding Limited	December 8, 2018	0	-	-	Joint liability guarantee	/	/	-	No	No
Zhonghuan Hong Kong Holding Limited	August 22, 2019	0	-	-	Joint liability guarantee	/	/	-	No	No

Zhonghuan Hong Kong Holding Limited	March 22, 2021	65,000	March 26, 2021	52,259.08	Joint liability guarantee	/	/	3 years	No	No
Inner Mongolia ZhonghuanXiexin Solar Material Co., Ltd.	March 22, 2021	412,500	April 30, 2021	412,500.00	Joint liability guarantee	/	/	7 years	No	No
Huansheng Solar (Jiangsu) Co., Ltd.	March 22, 2021	54,000	April 1, 2021	54,000.00	Joint liability guarantee	/	/	5 years	No	No
Tianjin Huanzhi New Energy Technology Co., Ltd.	January 21, 2021	131,500	July 20, 2021	57,096.72	Joint liability guarantee	/	/	7 years	No	No
Total approved line for such guarantees in the Reporting Period (C1)		663,000		Total actual amount of such guarantees in the Reporting Period (C2)						575,856
Total approved line for such guarantees at the end of the Reporting Period (C3)		884,306		Total actual balance of such guarantees at the end of the Reporting Period (C4)						797,162
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		14,814,800		Total actual guarantee amount in the Reporting Period (A2+B2+C2)						4,619,201
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		18,341,631		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)						6,353,059
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										147.63%
Of which:										
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)										1,558,197
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)										2,805,115
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)										4,201,347
Total of the three amounts above (D+E+F)										4,201,347
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)										-
Guarantees provided in breach of prescribed procedures (if any)										-

Note: ① * indicates that the vouchee's company changed during the Reporting Period.

② The guarantee period in the above table is the occurrence period of the principal debt. The actual guarantee is valid for two or three years from the expiration date of the principal debt, which is subject to the single contract.

3. Entrusted Cash Asset Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Overview of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank's wealth management product	Self-funded	1,044,652.90	249,674.54	-
Securities firm's wealth management product	Self-funded	30,000.00	30,000.00	-
Trust plan	Self-funded	120,000.00	70,000.00	-
Other	Self-funded	361,044.17	279,078.22	-
Total		1,555,697.07	628,752.76	

High-risk wealth management transactions with a significant single amount liquidity:

Applicable Not applicable

Wealth management transactions where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable Not applicable

(2) Loan Entrusted for Wealth Management

Applicable Not applicable

Overview of loan entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Total amount of loan entrusted for wealth management	Funding source of loan entrusted for wealth management	Undue amount	Unrecovered overdue amount
-	Self-funded	23.28	-

High-risk loan transactions with a significant single amount liquidity:

Applicable Not applicable

Loan transactions where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable Not applicable

4. Other Major Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVI. Other Significant Events

Applicable Not applicable

Title of announcement	Date of disclosure	Website for disclosure
Announcement on the Incorporation of TCL Semiconductor Technology (Guangdong) Co., Ltd. and the Related-party Transaction	2021-03-11	http://www.cninfo.com.cn
Announcement on Capital Increase in TCL CSOT	2021-05-22	
Announcement on the Transfer of Subsidiary Equity and the Related-party Transaction	2021-09-28	

XVII. Significant Events of Subsidiaries

Applicable Not applicable

Title of announcement	Date of disclosure	Website for disclosure
Voluntary Announcement on Increasing the Equity-holdings in Tianjin Printronics Circuit Corporation	2021-02-04	http://www.cninfo.com.cn
Voluntary Announcement on Increasing the Equity-holdings in Tianjin Printronics Circuit Corporation	2021-03-17	
Voluntary Announcement on Increasing the Equity-holdings in Tianjin Zhonghuan Semiconductor Co., Ltd.	2021-03-18	
Announcement on Increase and Investment in Expanding Production on the Generation 6 (or G6) Semiconductor Production Line of Wuhan CSOT	2021-12-3	
Voluntary Announcement on Public Delisting and Acquisition of Minority Shareholders' Equity in Subsidiaries	2021-10-11	

Part VII Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)		After	
	Shares	Ratio	Other	Subtotal	Shares	Ratio
I. Restricted shares	1,374,578,078	9.80%	-762,467,590	-762,467,590	612,110,488	4.36%
1. Shares held by state-owned legal persons	511,508,951	3.65%	-511,508,951	-511,508,951	0	0.00%
2. Shares held by other domestic investors	772,504,348	5.51%	-160,785,358	-160,785,358	611,718,990	4.36%
Among which: Shares held by domestic legal persons	150,908,441	1.08%	-150,908,441	-150,908,441	0	0.00%
Shares held by domestic natural persons	621,595,907	4.43%	-9,876,917	-9,876,917	611,718,990	4.36%
3. Shares held by foreign investors	90,564,779	0.65%	-90,173,281	-90,173,281	391,498	0.00279%
Among which: Shares held by foreign legal persons	90,532,347	0.65%	-90,532,347	-90,532,347	0	0.00%
Shares held by foreign natural persons	32,432	0.000231%	359,066	359,066	391,498	0.00279%
II. Unrestricted shares	12,656,210,284	90.20%	762,321,649	762,321,649	13,418,531,933	95.64%
1、RMB-denominated ordinary stock	12,656,210,284	90.20%	762,321,649	762,321,649	13,418,531,933	95.64%
III. Total shares	14,030,788,362	100.00%	-145,941	-145,941	14,030,642,421	100.00%

Reasons for share changes:

√ Applicable □ Not applicable

1. During the Reporting Period, locked-up shares held by senior management decreased by 8,020,594 restricted shares, as unrestricted shares decreased by the same number;

2. During the Reporting Period, on September 11, 2021, the Company disclosed the Announcement on Completing the Repurchase and Retirement of Some Restricted Shares and Unchanged Share Transfer Price of Convertible Company Bonds. Ten people have resigned for personal reasons, and the Company has repurchased and cancelled 145,941 restricted stocks collectively held by them. As such, the total share capital of the Company decreased from 14,030,788,362 to 14,030,642,421 shares.

3. During the Reporting Period, on November 8, 2021, the Company disclosed the Reminder on the Release of the Restricted

Shares for Asset Purchase via Share and Convertible Corporate Bonds Offering and Cash Payment and Matching Funds Raised in 2020, in which the date of listing and circulation of 511,508,951 restricted shares released was November 11, 2021, and the number of unrestricted shares increased correspondingly, while the total number of the Company's shares remains unchanged.

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Item	January-December 2021
Basic earnings per share (RMB/share)	0.7463
Diluted earnings per share (RMB/share)	0.7354
Item	December 31, 2021
Net profit attributable to ordinary shareholders of the Company (RMB)	3.07

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Shareholder	Beginning restricted shares	Increase in Reporting Period	Unlocked in Reporting Period	Ending restricted shares	Reason for restriction	Date of unlocking
Wuhan Optics Valley Industrial Investment Co., Ltd.	511,508,951	0	511,508,951	0	Restricted shares in a share offering	2021-11-11
Star Century Enterprises Limited	90,532,347	0	90,532,347	0	Restricted shares in a share offering	2021-1-11
Ningbo XinglanZhonglian Enterprise Management Partnership (Limited Partnership)	42,521,163	0	42,521,163	0	Restricted shares in a share offering	2021-1-11
Ningbo	38,380,684	0	38,380,684	0	Restricted shares	2021-1-11

XingyongZhonglian Enterprise Management Partnership (Limited Partnership)						in a share offering	
Ningbo XingyuanZhonglian Enterprise Management Partnership (Limited Partnership)	37,695,315	0	37,695,315	0		Restricted shares in a share offering	2021-1-11
Ningbo XinglianZhonglian Enterprise Management Partnership (Limited Partnership)	32,311,279	0	32,311,279	0		Restricted shares in a share offering	2021-1-11
Other	620,131,082	0	8,020,594	612,110,488		Locked-up shares of senior management	2021
2019 Restricted Stock Incentive Plan	1,497,257	0	1,497,257	0		Restricted shares granted as incentives	2021-9-10
Total	1,374,578,078	0	762,467,590	612,110,488		--	--

II Issuance and Listing of Securities

1. Issuance of Securities (Preferred Shares Exclusive) in the Reporting Period

Applicable Not applicable

Name of stock and its derivative securities	Issue date	Issue price (or interest rate)	Issued number	Listing date	Number approved for public trading	Termination date of transaction	Index to disclosed information	Date of disclosure
Shares								
Not applicable								
Type: convertible corporate bonds, convertible corporate bonds with warrants, corporate bonds								

Corporate bonds	2021-03-29	3.65%	5,000,000 pcs	2021-04-07	5,000,000 pcs	2021-09-25	Announcement No.: 2021-024	2021-03-24
Other derivative securities								
Not applicable								

2. Changes in the Total Number of Shares, Shareholder Structure, and the Structure of Assets and Liabilities

Applicable Not applicable

(1) For Changes in the total number of shares and shareholder structure, see “I. Share Changes” in this section.

(2) During the Reporting Period, all convertible corporate bonds “TCL Private Convertible 1” issued by the Company were converted into shares, and the net assets increased.

3. Existing Staff-Held Shares

Applicable Not applicable

III. Shareholders and Actual Controller

1. Shareholders and Their Shareholdings

Unit: share

Total ordinary shares held at the period-end	799,609	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	773,077	Number of preference shareholders with resumed voting rights at the period-end	0	Number of preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0	
5% or greater shareholders or top 10 shareholders								
Name of Shareholder	Nature of shareholder	Shareholding ratio (%)	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted ordinary shares held at the period-end	Shares in pledge, marked or frozen	
							Share Status	Shares
Li Dongsheng and his acting-in-concert party	Domestic natural person/general legal	8.26	1,158,599,393	0	610,181,602	548,417,791	Put in pledge by Li Dongsheng	198,838,800
							Put in pledge by JiutianLianchen	344,899,521

	person						g	
Huizhou Investment Holding Co., Ltd.	State-owned legal person	5.30	743,139,840	0	0	743,139,840		
Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal person	3.98	558,552,396	47,043,445	0	558,552,396	Pledge	255,754,475
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.19	447,848,011	-75,894,556	0	447,848,011		
China Securities Finance Corporation Limited	Domestic general legal person	2.66	373,231,553	0	0	373,231,553		
Tibet Tianfeng Enterprise Management Co., Ltd.	Domestic general legal person	1.76	246,568,838	-109,294,877	0	246,568,838		
TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase I)	Fund, wealth management product, etc.	0.81	113,143,154	113,143,154	0	113,143,154		
Sinatay Life Insurance Co., Ltd. - Conventional Product	Fund, wealth management product, etc.	0.74	104,190,172	25,499,072	0	104,190,172		
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities	Fund, wealth management product, etc.	0.53	74,761,500	0	0	74,761,500		

Financial Asset Management Plan								
Southern Asset Management-Agricultural Bank of China-Southern China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53	74,761,500	0	0	74,761,500		
Strategic investor or general legal person becoming a top-10 shareholder in a rights issue	Not applicable							
Note on the above shareholders' associations or concerted actions	Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,158,599,393 shares in total and becoming the largest shareholder of the Company.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	Not applicable							
Special account for share repurchases among the top 10 shareholders	The top 10 shareholders above include "The Securities Account of TCL Technology Group Corporation for Repurchases", but they are not listed in the above top 10 shareholders. As of the end of the Reporting Period, there were 293,415,852 shares in the account.							
Top 10 unrestricted ordinary shareholders								
Name of Shareholder	Unrestricted shares held at the period-end	Shares by class						
		Shares by class	Shares					
Huizhou Investment Holding Co., Ltd.	743,139,840	RMB-denominated ordinary stock	743,139,840					
Wuhan Optics Valley Industrial Investment Co., Ltd.	558,552,396	RMB-denominated ordinary stock	558,552,396					
Li Dongsheng and his acting-in-concert party	548,417,791	RMB-denominated ordinary stock	548,417,791					
Hong Kong Securities	447,848,011	RMB-denominated	447,848,011					

Clearing Company Ltd.		ted ordinary stock	
China Securities Finance Corporation Limited	373,231,553	RMB-denomina ted ordinary stock	373,231,553
Tibet Tianfeng Enterprise Management Co., Ltd.	246,568,838	RMB-denomina ted ordinary stock	246,568,838
TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase I)	113,143,154	RMB-denomina ted ordinary stock	113,143,154
Sinatay Life Insurance Co., Ltd. - Conventional Product	104,190,172	RMB-denomina ted ordinary stock	104,190,172
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	74,761,500	RMB-denomina ted ordinary stock	74,761,500
Southern Asset Management-Agricultural Bank of China-Southern China Securities Financial Asset Management Plan	74,761,500	RMB-denomina ted ordinary stock	74,761,500
Related or acting-in-concert parties among top 10 unrestricted outstanding shareholders, as well as between top 10 unrestricted outstanding shareholders and top 10 shareholders	Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,158,599,393 shares in total and becoming the largest shareholder of the Company.		
Top 10 ordinary shareholders involved in securities margin trading	Tibet Tianfeng Enterprise Management Co., Ltd., a shareholder of the Company, holds 154,173,746 shares through the general securities account, and holds 92,395,092 shares through the credit securities account, with a total of 246,568,838 shares actually held.		

Indicate whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

Applicable Not applicable

No such cases in the Reporting Period.

2. The Company's Controlling Shareholders

Explanation of The Company's Absence of Controlling Shareholders

Mr. Li Dongsheng and Ningbo JiutianLiancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,158,599,393 shares in total and becoming the largest shareholder of the Company.

As per Article 216 of the Company Law, a controlling shareholder refers to a shareholder who owns over 50% of a limited liability company's total capital or over 50% of a joint stock company's total share capital; or, despite the ownership of less than 50% of a limited liability company's total capital or less than 50% of a joint stock company's total number of shares, who can still prevail in the resolution of a meeting of shareholders or a general meeting of shareholders according to the voting rights corresponding to his interest in the limited liability company's total capital or the joint stock company's total number of shares.

According to the definition above, the Company has no controlling shareholder or actual controller.

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

The Company's controlling shareholder did not change during the Reporting Period.

3. Actual Controller and Its Acting-in-Concert Parties

Explanation of The Company's Absence of Actual Controller

The "actual controller" refers to an entity which is not a shareholder of a company but actually controls the company behaviors through investment relationship, agreement or other arrangements. According to the definition above, the Company has no actual controller.

Whether there is any shareholder with a greater than 10% interest at the ultimate control level:

Applicable Not applicable

Change of the actual controller in the Reporting Period:

Applicable Not applicable

The Company's actual controller did not change during the Reporting Period.

4. The cumulative pledged shares of the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties account for 80% of the company shares held by them.

Applicable Not applicable

5. Other Corporate Shareholders Holding 10% or Greater

Applicable Not applicable

6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

IV. Specific Implementation of Share Repurchase During the Reporting Period

Progress on any share repurchase:

Applicable Not applicable

Disclosure time of the plan	Number of shares to be repurchased	Proportion to total share capital	Amount of shares to be repurchased	Proposed repurchase period	Purpose of share repurchase	Quantity of repurchased shares (shares)	The proportion of repurchased shares to the underlying shares involved in the equity incentive plan
June 21, 2021	According to the upper limit of the total amount of repurchase and the upper limit of repurchased share price, it is estimated that the number of eligible shares is no less than 58.3333 million. According to the lower limit of the total amount of repurchase and the upper limit of the repurchased share price, it is estimated that the number of eligible shares is about 50 million.	According to the upper limit of the total amount of repurchase and the upper limit of repurchased share price, it is estimated that the number of eligible shares accounts for about 0.42% of the Company's total share capital at that time. According to the lower limit of the total amount of repurchase and the upper limit of the repurchased share price, it is estimated that the number of eligible shares accounts for about 0.36% of the Company's total share capital at that time.	The total amount of share repurchase is not less than RMB600 million (inclusive) and not more than RMB700 million (inclusive).	Within 12 months after the 9th Meeting of the Company's Seventh Board of Directors deliberates and approves this share repurchase plan	For employee stock ownership plans or equity incentives	80,663,588	0.57%

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Part VIII Bonds

I. Enterprise Bonds

Applicable Not applicable

No enterprise bonds in the Reporting Period.

II Corporate Bonds

Applicable Not applicable

1. General Information on Corporate Bonds

Unit: RMB'0,000

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Outstanding balance	Coupon rate	Way of principal repayment and interest payment	Place of transaction
TCL Corporation Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 1)	17TCL01	112518	April 18, 2017	April 19, 2017	April 19, 2022	100,000	3.40%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 2)	17TCL02	112542	July 6, 2017	July 7, 2017	July 7, 2022	15,700	3.45%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1)	18TCL01	112717	June 5, 2018	June 6, 2018	June 6, 2023	17,001.90	4.00%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)	18TCL02	112747	August 17, 2018	August 20, 2018	August 20, 2023	200,000	3.55%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange

TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1)	19TCL01	112905	May 17, 2019	May 20, 2019	May 20, 2024	100,000	4.33%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938	July 19, 2019	July 23, 2019	July 23, 2024	100,000	4.30%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)	19TCL03	112983	October 17, 2019	October 21, 2019	October 21, 2024	200,000	4.20%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Investor eligibility (if any)	For qualified investors / For professional investors								
Trading system applicable	Not applicable								
Risk of termination of listing and trading (if any) and countermeasures	No								

Overdue bonds:

Applicable Not applicable

2. Triggering and implementation of issuer or investor option clauses and investor protection clauses

Applicable Not applicable

In accordance with the provisions of the Prospectus for TCL Technology Group Corporation Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1), the bondholders of 18TCL01 elected to sell back all or part of their 18TCL01 to TCL Technology Group Corporation during the sell-back registration period (May 11, 2021 to May 17, 2021) at the sell-back price of RMB100/bond (excluding interest). The coupon rate decreased from 5.48% to 4.00% 2 years after the existence period, and the sell-back fund was released on June 7, 2021. According to the data provided by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the number of 18TCL01 sold back was 8,299,810 during the sell-back registration period, and the sell-back amount was RMB829,981,000. As indicated in the Announcement on Sell-back Declaration Results, the issuer would resell the sold-back bonds from June 8, 2021 to July 6, 2021, and the number of bonds to be resold would be 8,299,810. Based on cost considerations, the Company decided not to resell the bonds of the tranche, so the number of resold bonds of the tranche was 0. After the implementation of the resale, the Company applied to the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited for the

cancellation of the 8,299,810 bonds not resold. After the cancellation, the number of remaining 18TCL01 depository bonds was 1,700,190.

In accordance with the provisions of the Prospectus for TCL Technology Group Corporation⁵ Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1), the bondholders of 18TCL02 elected to sell back all or part of their 18TCL02 to TCL Technology Group Corporation during the sell-back registration period (July 23, 2021 to July 29, 2021) at the sell-back price of RMB100/bond (excluding interest). The coupon rate decreased from 5.3% to 3.55% 2 years after the existence period, and the sell-back fund was released on August 20, 2021. According to the data provided by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the number of 18TCL02 sold back during the sell-back registration period was 11,871,052, and the sell-back amount was RMB1,187,105,200. As indicated in the Announcement on Sell-back Declaration Results, the issuer would resell the sold-back bonds from August 23, 2021 to October 12, 2021, and the number of bonds to be resold would be 11,871,052. According to the Announcement on the Implementation Results of Bond Resale, the number of bonds resold in this tranche was 11,871,052, and the average resale price was RMB100.254/bond, of which 11,871,052 bonds were resold through manual transfer, and the number of remaining 18TCL02 depository bonds was 20,000,000.

3. Intermediary Organizations

Name of bond project	Name of intermediary organization	Office address	Accountants writing signatures	Contact of intermediary organization	Tel.
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	GuotaiJunan Securities Co., Ltd.	33F, One Museum Place, 669 Xinzha Road, Shanghai	-	Xu Lei, Wu Lei, Li Hongyu	021 -38032198
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	CITIC Securities Co., Ltd.	Citic Office Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Yang Fang, Deng Xiaoqiang, Song Yuxi, Chen Donghui, Peng Jiajun	010 -60833575
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	China Development Bank Securities Co., Ltd.	F1-8, CDB Building, 29 Fuchengmen Outer Avenue, Xicheng District, Beijing	-	Ji Tuo, Zhao Liang, Zhao Zhipeng	010 -88300907
19TCL03, 19TCL02, 19TCL01	TF Securities Co., Ltd.	5F, 83 Deshengmen Outer Avenue, Xicheng District, Beijing	-	Huang Yike, Liu Yue	010 -56702804
19TCL03, 19TCL02, 19TCL01	ShenwanHongyuan Securities Underwriting	19 Taipingqiao Avenue, Xicheng District, Beijing	-	Zhou Fan, Ouyang Wenjian	010 -88085933

	Co., Ltd.				
18TCL02, 18TCL01, 17TCL02, 17TCL01	Huatai United Securities Co., Ltd.	26F, China Travel Hong Kong Building, CBD Central Plaza, Futian District, Shenzhen	-	Yu Shouxiang, Tian Jianrong	0755 -82492000
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	Beijing Jia Yuan Law Offices	F408, Yuanyang Building, 158 Fuxingmen Inner Avenue, Beijing	-	Wen Liangjuan, Wang Ying	010 -66413377
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhuxuan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Yan Yan	010 -66428877
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	Da Hua Certified Public Accountants (Special General Partnership)	Building 7, Yard 16, West Fourth Ring Middle Road, Haidian District, Beijing	Qiu Junzhou, Jiang Xianmin, Li Bingxin, Zhang Yuanyuan	Jiang Xianmin	0755 -82900734

Whether the above organizations are changed in the Reporting Period

Yes No

4. Use of Funds Raised

Unit: RMB'0,000

Name of bond project	Total amount of raised funds	Used amount	Unused amount	Operation of special fund-raising account	Rectification of illegal use of raised funds	Whether consistent with the purpose, usage plan and other agreements promised in the prospectus
19TCL03, 19TCL02, 19TCL01, 18TCL02, 18TCL01, 17TCL02, 17TCL01	1,100,000	1,100,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	Not applicable	Consistent

The raised funds are used for construction projects

Applicable Not applicable

The funds raised by the above bonds are changed by the Company in the Reporting Period

Applicable Not applicable

5. Adjustments to credit ratings in the Reporting Period:

Applicable Not applicable

6. Execution and changes of guarantees, repayment plans and other repayment guarantee measures in the Reporting Period, and impact on bond investor equity:

Applicable Not applicable

III. Debt financing instruments of a non-financial enterprise:

Applicable Not applicable

1. General information of debt financing instruments of a non-financial enterprise:

Unit: RMB'0,000

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Outstanding balance	Coupon rate	Way of principal repayment and interest payment	Place of transaction
TCL Technology Group Corporation Medium-Term Notes in 2020 (Tranche 1)	20TCLJ.MTN001	102000509.IB	2020-03-25	2020-03-27	2023-03-27	300,000	3.6%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
TCL Technology Group Corporation Medium-Term Notes in 2021 (Tranche 2021) (High-Growth Debt)	21TCLJ.MTN001	102100966.IB	2021-05-10	2021-05-12	2024-05-12	200,000	4.15%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market

Investor eligibility (if any)	Not applicable
Trading system applicable	Not applicable
Risk of termination of listing and trading and countermeasures	Not applicable

Overdue bonds:

Applicable Not applicable

2. Triggering and implementation of issuer or investor option clauses and investor protection clauses

Applicable Not applicable

3. Intermediary Organizations

Name of bond project	Name of intermediary organization	Office address	Accountants writing signatures	Contact of intermediary organization	Tel.
20TCL J. MTN001, 21TCL J. MTN001	Industrial and Commercial Bank of China	55 Fuxingmen Inner Avenue, Xicheng District, Beijing	-	Dai Ying	010 -66109649
20TCL J. MTN001	Agricultural Bank of China	69 Jianguomen Inner Avenue, Dongcheng District, Beijing	-	An Liwei	010 -85109045
21TCL J. MTN001	China Construction Bank Corporation	25 Jinrong Avenue, Xicheng District, Beijing	-	Zhou Peng	010 -67596478
20TCL J. MTN001, 21TCL J. MTN001	China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhuxuan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Yan Yan	010 -66428877
20TCL J. MTN001, 21TCL J. MTN001	Da Hua Certified Public Accountants (Special General Partnership)	Building 7, Yard 16, West Fourth Ring Middle Road, Haidian District, Beijing	Qiu Junzhou and Jiang Xianmin	Jiang Xianmin	0755 -82900734

Whether the above organizations are changed in the Reporting Period

Yes No

4. Use of Funds Raised

Unit: RMB'0,000

Name of bond project	Total amount of raised funds	Used amount	Unused amount	Operation of special	Rectification of illegal use of	Whether consistent with the purpose, usage plan and
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				fund-raising account	raised funds	other agreements promised in the prospectus
20TCLJ. MTN001, 21TCLJ. MTN001	500,000	500,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	Not applicable	Consistent

The raised funds are used for construction projects

Applicable Not applicable

The funds raised by the above bonds are changed by the Company in the Reporting Period

Applicable Not applicable

5. Adjustments to credit ratings in the Reporting Period:

Applicable Not applicable

6. Execution and changes of guarantees, repayment plans and other repayment guarantee measures in the Reporting Period, and impact on bond investor equity:

Applicable Not applicable

IV Convertible Corporate Bonds:

Applicable Not applicable

1. Bond-to-stock price adjustments:

Name	Price before adjustment (RMB/share)	Adjusted price (RMB/share)	Start date for the adjustment
TCL Private Convertible 1 (convertible bond code: 124016)	3.91	3.79	May 19, 2021
TCL Private Convertible 2 (convertible bond code: 124017)	8.00	7.88	May 19, 2021

2. Cumulative bond-to-stock conversions:

Applicable Not applicable

Abbreviation of convertible bond	Start and end date of bond-to-stock conversion	Total quantity issued (bond)	Total amount issued (RMB)	Cumulative amount of converted shares (RMB)	Cumulative number of converted shares (share)	The proportion of converted shares to the Company's total issued shares before the start date of the conversion	Unconverted shares (RMB)	The proportion of unconverted shares to the total issued amount
TCL Private Convertible 1	November 11, 2021 to November 10, 2022	6,000,000	600,000,000	600,000,000	158,311,345	1.128%	0	0

3. Top 10 holders of convertible corporate bonds

Serial No.	Name of holder	Nature of holder	Number of convertible corporate bonds held at the period-end (bond)	Amount of convertible corporate bonds held at the period-end (RMB)	Percentage of convertible corporate bonds held at the period-end
1	GF Securities Co., Ltd.	Domestic general legal person	3,900,000	390,000,000	15.00%
2	Guosen Securities Co., Ltd.	State-owned legal person	3,000,000	300,000,000	11.54%
3	Fullgoal Fund Management Co., Ltd.	Domestic general legal person	2,500,000	250,000,000	9.62%
4	Western Securities Co., Ltd.	State-owned legal person	1,700,000	170,000,000	6.54%
5	China Life Pension Sustaining Fixed Income Pension Product No. 9-China Merchants Bank Co., Ltd.	Fund, wealth management product, etc.	1,300,000	130,000,000	5.00%
6	China Life Pension Hongxin Fixed Income Pension Product- Industrial and Commercial Bank Of China Limited	Fund, wealth management product, etc.	1,300,000	130,000,000	5.00%

7	ICBC Credit Suisse Asset Management Co., Ltd.	Domestic general legal person	1,000,000	100,000,000	3.85%
8	ShenwanHongyuan Group Co., Ltd.	Domestic general legal person	1,000,000	100,000,000	3.85%
9	China Life Yongfeng Enterprise Annuity Collective Plan-Agricultural Bank of China Limited	Fund, wealth management product, etc.	1,000,000	100,000,000	3.85%
10	China Life Insurance (Group) Company Enterprise Annuity Plan-Agricultural Bank of China Limited	Fund, wealth management product, etc.	1,000,000	100,000,000	3.85%

4. Significant changes to the profitability, assets and credit standing of the guarantor

Applicable Not applicable

5. Liability condition and credit rating changes of the Company at the end of the Reporting Period, as well as future cash arrangements for repayment

For details of the Company's debt/asset ratio, interest coverage ratio, debt repayment ratio, interest payment ratio and other relevant indicators by the end of the Reporting Period, see "Selected Financial Information of the Company in the Past Two Years" in this section.

The company issued directional convertible bonds without debt rating.

V. Consolidated loss of the Reporting Period over 10% of the net assets of the last year-end

Applicable Not applicable

VI. Overdue Interest-bearing Debts Other Than Bonds at Period End

Applicable Not applicable

VII. Any Violation of Rules and Regulations During the Reporting Period

Yes No

VIII. Selected financial information of the Company in the past two years:

Unit: RMB'0,000

Item	End of the Reporting Period	End of the prior year	Change of December 31, 2021 over December 31, 2020
Current ratio	1.08	0.92	15.43%
Debt/asset ratio	61.2%	65.1%	-3.84%
Quick ratio	0.83	0.66	16.95%
	2021	2020	YoY change
Net profit before non-recurring gains and losses	1,398,268	351,280	298.05%
Debt to EBITDA ratio	20.86%	11.36%	9.50%
Interest coverage ratio	4.57	2.58	77.50%
Cash coverage ratio	8.54	6.45	32.52%
EBITDA coverage ratio (times)	8.39	5.98	40.28%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

In the Reporting Period, benefiting from growth in the industry, in addition to the Company's fast production ramp-up and acquisition of Zhonghuan, the Company saw a year-on-year surge in size, operating performance and profitability, resulting in great changes seen in the financial indicators in the table above.

Part IX Financial Statements

Auditor's Report

DHSZ [2022] No. 000588

All Shareholders of TCL Technology Group Corporation:

I. Opinion

We have audited the financial statements of TCL Technology Group Corporation (the "Company"), which include the balance sheets of the consolidated company and parent company (the Company as the parent exclusive of subsidiaries) as of December 31, 2021, the statements on income, cash flow and changes in shareholder equity of the consolidated company and parent company for the year ended, as well as the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects. The financial position of the consolidated company and parent company as of December 31, 2021, and the consolidated company and parent company operations results and cash flow for the year ended conform with the Corporate Accounting Standards.

II. Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming

our opinion thereon, and we do not provide a separate opinion on these matters.

And key audit matters identified in our audit are summarized as follows:

Revenue recognition	
Please refer to the accounting policies as stated in 36. "Revenue recognition" under Note III to the financial statements and 58. Operating revenue under Note V to the financial statements.	
Key Audit Matters	Audit response
<p>The Company's revenue for the current period was approximately RMB163.5 billion, representing an increase of RMB86.8 billion or 113% year-on-year from RMB76.7 billion of last year. As operating revenue is one of the Company's key operating indicators with the hereditary risk of the management manipulating the revenue recognition time point for the purpose of achieving a specific objective or expectation, and the revenue recognition for the current period has a big influence on the financial statements, we have identified revenue recognition as a key audit matter.</p>	<p>The important audit procedures we carried out in respect to revenue recognition include:</p> <ul style="list-style-type: none"> ● We looked into and assessed whether the management's design and operation of key internal controls in respect to revenue recognition were effective or not; ● We looked into and assessed whether the management's selection and implementation of the policies related to revenue recognition complied with the Corporate Accounting Standards; ● We selected samples of recorded transactions with revenue for the year and examined relevant supporting documents involved during the transaction process, including outbound delivery orders, customer receipt records, sale invoices, customs declarations and fund receipt proofs; ● We selected samples of the recorded transactions with revenue around the balance sheet date and examined outbound delivery orders and other supporting documents to assess whether the revenue had been recorded for the appropriate accounting period; ● We obtained the Company's sale list for the year and carried out analytic review procedures on the operating revenue to determine how reasonable changes in the revenue and gross profit margin for the current period were; ● We executed confirmation procedures with key accounts and inquired about the sales amount and the account receivable balance incurred for the current period; ● We checked to see whether revenue-related information was duly presented and disclosed in the financial statements.
Based on the audit work executed, we believe that the Company's recognition of revenue complies with relevant requirements of the Corporate Accounting Standards.	

III. Key Audit Matters (continued)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Related parties	
Please refer to "X. Related parties and related transactions" in the notes to the financial statements.	
Key Audit Matters	Audit response
<p>In 2021, the Company's daily related transactions amounted to about RMB29.7 billion, representing an increase of about 26% from the last period.</p> <p>The integrity of the disclosure of related parties and related transactions, the authenticity of related transactions and the fairness of transaction prices will have an important impact on the fair presence of the financial statements. Therefore, we identify the related balance and transactions as key matters in this audit.</p>	<p>The important audit procedures we carried out in respect to related transactions include:</p> <ul style="list-style-type: none"> ● We looked into and evaluated the internal controls adopted by management for identifying and disclosing the relationships between related parties and related transactions, and reviewed the effectiveness of the design and implementation of the internal controls; ● We acquired the statements of management on the integrity of the relationships between related parties and related transactions, etc., and also acquired the list of relationships between related parties provided by the management, and checked this with the information acquired from other public channels; ● We checked the customers, suppliers and other stakeholders that do business with the Company to identify whether there were any omissions for the related parties. We also acquired the resolutions of the board of directors and the shareholders' meeting related to related transactions, checked the decision-making authority and procedures of the related transactions, judged the legality and compliance of the related transactions, and looked into whether they had been properly authorized and approved; ● We compared the prices for selling goods to the related parties with those of similar products sold to unrelated parties to judge the fairness of the prices of related transactions; ● We acquired the occurrence amount and balance details of related transactions, and checked the financial vouchers corresponding to the transactions and the attached contracts or orders, dispatch notes, statements, invoices and bank documents for the selected specific samples; in addition, we executed confirmation procedures for the amounts and balances of the related transactions with important related parties; ● We looked into and evaluated the internal controls adopted by management for identifying and disclosing the relationships between related parties and related transactions, and reviewed the effectiveness of the design and implementation of the internal controls;

The integrity of the disclosure of related parties and related transactions, the authenticity of related transactions and the fairness of transaction prices will have an important impact on the fairness of the financial statements.

IV. Other Information

The Company's management is responsible for the other information. Other information comprises all of the information included in the Company's 2021 Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance or conclusions thereon.

In connection with our audit on the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement for other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for Financial Statements

The Company's management is responsible for the preparation of the financial statements that provide a fair view in accordance with Corporate Accounting Standards, and for designing, implementing and maintaining such internal controls as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concerns and using the going concerns as a basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that states our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the China

Independent Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the China Independent Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatements in financial statements, and whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.

2. Gain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances.

3. Evaluate the appropriateness of accounting policies used and determine how reasonable accounting estimates and related disclosures made by the management are.

4. Conclude on the appropriateness of the management's use of the going concern assumption of accounting and, based on the audit evidence obtained, and draw a conclusion on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the China Independent Auditing Standards to draw users' attention in our auditor's report on the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that maintains fair presentation.

6. Obtain sufficiently appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them on all relationships and other matters that may reasonably be thought to bear an impact on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and these therefore constitute the key audit matters. We describe these matters in our auditor's report unless law or regulation precluded public disclosure about the matters or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interests of such communication.

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Da Hua Certified Public
Accountants(Special General
Partnership)

Beijing China

Chinese CPA:

(Engagement
Partner)

Chinese CPA:

Qiu Junzhou

Jiang Xianmin

April 27, 2022

TCL Technology Group Corporation
Consolidated Balance Sheet
(RMB'000)

Assets	Note V	December 31, 2021	December 31, 2020
Current assets			
Monetary assets	1	31,393,692	21,708,905
Held-for-trading financial assets	2	7,601,256	5,300,046
Derivative financial assets	3	70,929	453,578
Notes receivable	4	776,202	595,685
Accounts receivable	5	18,238,782	12,557,614
Receivables financing	6	2,217,639	2,176,744
Prepayments	7	2,306,325	1,355,653
Other receivables	8	4,458,621	2,793,640
Inventories	9	14,083,357	8,834,958
Contract assets	10	233,529	183,650
Held-for-sale assets	11	-	360,936
Other current assets	12	5,802,960	9,367,055
Total current assets		87,183,292	65,688,464
Non-current assets			
Loans and advances to customers	13	-	981,876
Debt investments	14	-	119,350
Other debt investments	15	-	152,063
Long-term receivables	16	651,118	778,889
Long-term equity investments	17	25,640,578	24,047,036
Investments in other equity instruments	18	927,319	1,333,676
Other non-current financial assets	19	2,704,038	3,055,595
Investment property	20	761,902	1,664,201
Fixed assets	21	113,579,297	92,829,902
Construction in progress	22	36,965,885	31,508,311
Right-of-use assets	23	2,426,911	-
Intangible assets	24	13,982,647	10,054,045
Development costs	25	2,508,419	2,103,995
Goodwill	26	9,158,841	6,943,265
Long-term deferred expenses	27	2,640,530	2,536,670
Deferred income tax assets	28	2,153,346	1,578,088
Other non-current assets	29	7,449,009	12,532,853
Total non-current assets		221,549,840	192,219,815
Total assets		308,733,132	257,908,279

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Balance Sheet (Continued)
(RMB'000)

Liabilities and shareholder equity:	Note V	December 31, 2021	December 31, 2020
Current liabilities			
Short-term borrowings	30	9,341,427	12,263,714
Borrowings from the Central Bank	31	1,437,062	469,834
Customer deposits and deposits from other banks and financial institutions	32	666,056	2,850,139
Held-for-trading financial liabilities	33	925,035	527,901
Derivative financial liabilities	34	22,205	384,904
Notes payable	35	3,275,296	4,725,612
Accounts payable	36	24,297,860	16,468,932
Advances from customers	37	5,794	78,597
Contract liabilities	38	2,593,882	2,004,004
Financial assets sold under repurchase agreements	39	-	50,080
Employee compensation payable	40	3,311,933	1,856,664
Taxes and levies payable	41	1,238,849	670,059
Other payables	42	19,386,888	14,869,433
Current portion of non-current liabilities due within a one-year period	43	13,006,765	13,429,670
Other current liabilities	44	1,269,887	366,971
Total current liabilities		80,778,939	71,016,514
Non-current liabilities			
Long-term borrowings	45	87,279,082	73,589,403
Bonds payable	46	13,066,281	18,040,773
Lease liabilities	47	1,102,072	-
Long-term payables	48	671,344	1,280,300
Long-term employee compensation payable	40	669,931	27,858
Deferred income	49	2,361,205	1,509,867
Deferred income tax liabilities	28	3,158,986	2,386,497
Total non-current liabilities		108,308,901	96,834,698
Total liabilities		189,087,840	167,851,212
Shareholder equity			
Share capital	50	14,030,642	14,030,788
Other equity instruments	51	200,334	230,241
Capital reserves	52	6,079,267	5,442,385
Less: Treasury stock	53	1,885,557	1,913,029
Other comprehensive income	74	(409,447)	(145,573)
Surplus reserves	54	2,550,173	2,452,892
Specific reserves	55	1,549	211
General risk reserve	56	8,934	386
Retained earnings	57	22,458,340	14,009,494
Total equity attributable to shareholders of the Company as the parent		43,034,235	34,107,795
Non-controlling interests		76,611,057	55,949,272
Total shareholders' equity		119,645,292	90,057,067
Total liabilities and shareholder equity		308,733,132	257,908,279

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Income Statement
(RMB'000)

	Note V	2021	2020
1. Total revenue		163,690,643	76,830,401
Of which: Revenue	58	163,540,560	76,677,238
Interest income	59	150,083	153,163
Less: Cost of sales	58	131,058,658	66,242,278
Interest expenditures	59	34,936	33,034
Taxes and levies	60	647,935	300,776
Selling expenses	61	1,919,285	886,817
Administrative expenses	62	4,393,320	2,370,378
R&D expenses	63	7,236,341	4,402,821
Financial expenses	64	3,727,915	2,357,022
Including: Interest expenses		4,125,399	2,594,868
Interest income		446,450	405,409
Plus: Other income	65	1,967,750	1,771,035
Return on investment	66	3,904,526	3,254,404
Including: Share of profit or loss of joint ventures and associates		3,217,871	2,170,917
Exchange gain	59	(1,224)	(2,039)
Gain on changes in fair value	67	(146,584)	672,793
Credit impairment loss	68	(92,256)	(64,665)
Asset impairment loss	69	(2,911,464)	(511,607)
Asset disposal income	70	(40,434)	2,708
2. Operating profit		<u>17,352,567</u>	<u>5,359,904</u>
Plus: Non-operating income	71	351,980	492,374
Less: Non-operating expenses	72	140,454	116,974
3. Gross profit		<u>17,564,093</u>	<u>5,735,304</u>
Less: Income tax expenses	73	2,605,125	670,100
4. Net profit		<u>14,958,968</u>	<u>5,065,204</u>
(1) Classification by business continuity			
1. Net profit from continuing operations		14,900,672	4,919,052
2. Net profit from discontinued operations		58,296	146,152
(2) Classification by ownership			
1. Net profits attributable to the shareholders of the parent company		10,057,444	4,388,159
2. Net profit attributable to non-controlling interests		4,901,524	677,045
5. Other comprehensive income, net of tax	74	(244,003)	407,553
5.1 Other comprehensive income that will not be reclassified to profit or loss		(286,219)	45,029
5.2 Other comprehensive income that may subsequently be reclassified to profit or loss upon satisfaction of prescribed condition		42,216	362,524
6. Total comprehensive income		<u>14,714,965</u>	<u>5,472,757</u>
Total comprehensive income attributable to the shareholders of the parent company		9,793,570	4,776,668
Total comprehensive income attributable to non-controlling interests		4,921,395	696,089
7. Earnings per share	75		
7.1 Basic earnings per share (RMB yuan/share)		0.7463	0.3366
7.2 Diluted earnings per share (RMB yuan/share)		<u>0.7354</u>	<u>0.3226</u>

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Cash Flow Statement
(RMB'000)

	Note V	2021	2020
I. Cash flow from operations activities:			
Proceeds from sale of commodities and rendering of services		140,078,647	77,471,361
Net increase/(decrease) in customer deposits and deposits from other banks and financial institutions		(2,184,083)	1,495,010
Net increase/(decrease) in borrowings from central bank		967,228	(103,388)
Interest, fees and commissions received		150,083	153,163
Tax and levy rebates		7,001,327	3,981,892
Cash generated from other operating activities	76	<u>7,013,673</u>	<u>3,454,773</u>
Sub-total of cash generated from operating activities		<u>153,026,875</u>	<u>86,452,811</u>
Payments for commodities and services		(100,881,893)	(59,086,181)
Net (increase)/decrease in loans and advances to customers		1,085,486	892,263
Net (increase)/decrease in deposits in central bank and other banks and financial institutions		(148,200)	361,021
Cash paid to and for employees		(8,145,698)	(4,234,200)
Taxes and levies paid		(4,211,870)	(3,934,588)
Cash used in other operating activities	77	<u>(7,846,247)</u>	<u>(3,752,843)</u>
Sub-total of cash used in operating activities		<u>(120,148,422)</u>	<u>(69,754,528)</u>
Net cash generated from operating activities	82	<u>32,878,453</u>	<u>16,698,283</u>
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		40,260,161	30,873,459
Proceeds from return on investments		2,125,675	1,130,055
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		188,900	8,119
Net proceeds from disposal of subsidiaries and other business units		1,164,590	298,795
Cash generated from other investing activities	78	<u>33,083</u>	<u>149,793</u>
Sub-total of cash generated from investment activities		<u>43,772,409</u>	<u>32,460,221</u>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(30,855,133)	(33,085,563)
Payments for investments		(41,931,051)	(31,121,562)
Net payments for acquiring subsidiaries and other business units		(4,139,505)	(6,929,567)
Cash used in other investing activities	79	<u>(479,761)</u>	<u>(97,040)</u>
Subtotal of cash used in investing activities		<u>(77,405,450)</u>	<u>(71,233,732)</u>
Net cash used in investing activities		<u>(33,633,041)</u>	<u>(38,773,511)</u>

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Cash Flow Statement (Continued)
(RMB'000)

	Note V	2021	2020
III. Cash flow generated from financing activities:			
Capital contributions received		19,804,515	3,822,240
Including: Capital contributions by non-controlling interests to subsidiaries		19,804,515	3,822,240
Borrowings raised		52,186,527	61,815,269
Net proceeds from issuance of bonds		3,686,905	9,039,321
Cash generated from other financing activities	80	256,271	889,562
Sub-total of cash generated from financing activities		<u>75,934,218</u>	<u>75,566,392</u>
Cash paid for debt repayment		(49,819,646)	(42,412,001)
Interest and dividends paid		(7,296,551)	(4,959,433)
Including: Dividends paid by subsidiaries to non-controlling interests		(362,852)	(279,922)
Cash used in other financing activities	81	(6,035,517)	(5,330,369)
Subtotal of cash used in financing activities		<u>(63,151,714)</u>	<u>(52,701,803)</u>
Net cash generated from financing activities		<u>12,782,504</u>	<u>22,864,589</u>
IV. Effect of exchange rate changes on cash and cash equivalents		<u>(154,628)</u>	<u>(218,687)</u>
V. Net increase of cash and cash equivalents		11,873,288	570,674
Add: Beginning balance of cash and cash equivalents?		<u>18,208,417</u>	<u>17,637,743</u>
VI. Closing balance of cash and cash equivalents	83	<u>30,081,705</u>	<u>18,208,417</u>

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Statement of Changes in Shareholders' Equity
(RMB'000)

2021											
Equity attributable to shareholders of the Company as the parent											
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Specific reserves	Other comprehensive income	Surplus reserves	Appropriation to general reserve	Undistributed profit	Non-controlling interests	Shareholder equity Total
1. Balance as at the end of the prior year	14,030,788	230,241	5,442,385	(1,913,029)	211	(145,573)	2,452,892	386	14,009,494	55,949,272	90,057,067
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-	-	-	-
2. Balance as at the beginning of the year	14,030,788	230,241	5,442,385	(1,913,029)	211	(145,573)	2,452,892	386	14,009,494	55,949,272	90,057,067
3. Increase/decrease in the period	(146)	(29,907)	636,882	27,472	1,338	(263,874)	97,281	8,548	8,448,846	20,661,785	29,588,225
3.1 Total comprehensive income	-	-	-	-	-	(141,053)	-	-	10,057,444	4,921,395	14,837,786
3.2 Capital increased and reduced by shareholders	(146)	(29,907)	636,882	27,472	-	-	-	-	-	16,271,882	16,906,183
1. Capital increased by shareholders	-	-	-	-	-	-	-	-	-	18,150,004	18,150,004
2. Capital increased by holders of other equity instruments	-	(29,907)	75,461	537,972	-	-	-	-	-	-	583,526
3. Share-based payments included in owner equity	(146)	-	2,823	118,559	-	-	-	-	-	-	121,236
4. Other	-	-	558,598	(629,059)	-	-	-	-	-	(1,878,122)	(1,948,583)
3.3 Profit distribution	-	-	-	-	1,338	-	97,831	8,548	(1,731,969)	(531,492)	(2,155,744)
1. Appropriation of surplus reserves	-	-	-	-	-	-	97,831	-	(97,831)	-	-
2. Appropriation of general reserves	-	-	-	-	1,338	-	-	8,548	(8,548)	-	1,338
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,625,590)	(287,220)	(1,912,810)
4. Other	-	-	-	-	-	-	-	-	-	(244,272)	(244,272)
3.4 Transfers within owners' equity	-	-	-	-	-	(122,821)	(550)	-	123,371	-	-
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	(122,821)	(550)	-	123,371	-	-
4. Balance as at the end of the period	14,030,642	200,334	6,079,267	(1,885,557)	1,549	(409,447)	2,550,173	8,934	22,458,340	76,611,057	119,645,292

Legal Representative: Xi Wenbo

Person-in-charge of financial affairs: Li Jian

Person-in-charge of the financial department:

Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Statement of Changes in Shareholder Equity (Continued)
(RMB'000)

2020

	Equity attributable to shareholders of the Company as the parent									Non-controlling interests	Shareholder equity Total
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Specific reserves	Other comprehensive income	Surplus reserves	Appropriation to general reserve	Undistributed profit		
1. Balance as at the end of the prior year	13,528,439	-	5,716,667	(1,952,957)	-	(534,082)	2,238,368	361	11,115,150	33,771,198	63,883,144
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-	(83)	(99)	(182)
2. Balance as at the beginning of the year	13,528,439	-	5,716,667	(1,952,957)	-	(534,082)	2,238,368	361	11,115,067	33,771,099	63,882,962
3. Increase/decrease in the period	502,349	230,241	(274,282)	39,928	211	388,509	214,524	25	2,894,427	22,178,173	26,174,105
3.1 Total comprehensive income	-	-	-	-	-	388,481	-	-	4,388,159	696,089	5,472,729
3.2 Capital increased and reduced by shareholders	502,349	230,241	(274,282)	39,928	-	-	-	-	-	21,740,157	22,238,393
1. Capital increased by shareholders	511,509	-	1,488,791	-	-	-	-	-	-	3,273,095	5,273,395
2. Capital increased by holders of other equity instruments	-	230,241	-	-	-	-	-	-	-	-	230,241
3. Share-based payments included in owner equity	(9,160)	-	(16,814)	39,928	-	-	-	-	-	-	13,954
4. Other	-	-	(1,746,259)	-	-	-	-	-	-	18,467,062	16,720,803
3.3 Profit distribution	-	-	-	-	211	-	214,524	25	(1,493,704)	(258,073)	(1,537,017)
1. Appropriation of surplus reserves	-	-	-	-	-	-	214,524	-	(214,524)	16,983	16,983
2. Appropriation of general reserves	-	-	-	-	-	-	-	25	(25)	-	-
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,279,155)	(275,056)	(1,554,211)
4. Other	-	-	-	-	211	-	-	-	-	-	211
3.4 Transfers within owners' equity	-	-	-	-	-	28	-	-	(28)	-	-
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	28	-	-	(28)	-	-
4. Balance as at the end of the period	14,030,788	230,241	5,442,385	(1,913,029)	211	(145,573)	2,452,892	386	14,009,494	55,949,272	90,057,067

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Balance Sheet of the Company as the Parent
(RMB'000)

assets	Note XV	December 31, 2021	December 31, 2020
Current assets			
Monetary assets		10,467,962	2,208,790
Held-for-trading financial assets		4,372,557	1,221,657
Notes receivable		-	6,000
Accounts receivable	1	93,566	175,787
Prepayments		47,333	97,963
Other receivables	2	13,819,512	25,555,924
Inventories		41,029	5,997
Other current assets		<u>15,011</u>	<u>2,333</u>
Total current assets		<u>28,856,970</u>	<u>29,274,451</u>
Non-current assets			
Long-term equity investments	3	71,303,126	65,094,459
Investments in other equity instruments	4	5,000	15,000
Other non-current financial assets	5	1,051,536	1,145,022
Investment property		84,795	88,687
Fixed assets		37,402	46,012
Construction in progress		1,360	11,441
Right-of-use assets		452,398	-
Intangible assets		93,324	42,311
Long-term deferred expenses		26,079	469,425
Deferred income tax assets		<u>12</u>	<u>7</u>
Total non-current assets		<u>73,055,032</u>	<u>66,912,364</u>
Total assets		<u>101,912,002</u>	<u>96,186,815</u>

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Balance Sheet of the Parent Company (Continued)
(RMB'000)

Liabilities and shareholder equity:	Note XV	December 31, 2021	December 31, 2020
Current liabilities			
Short-term borrowings		1,250,989	3,670,231
Derivative financial liabilities		-	16,513
Notes payable		-	-
Accounts payable		141,877	129,701
Advances from customers		-	-
Contract liabilities		23,823	1,872
Employee compensation payable		294,653	220,510
Taxes and levies payable		13,076	26,071
Other payables		38,597,139	26,377,029
Current portion of non-current liabilities due within a one-year period		4,843,348	6,141,029
Other current liabilities		4,284	316
Total current liabilities		<u>45,169,189</u>	<u>36,583,272</u>
Non-current liabilities			
Long-term borrowings		12,898,000	12,087,500
Bonds payable		11,159,524	14,092,345
Lease liabilities		13,365	-
Long-term employee compensation payable		108,384	21,991
Deferred income		60,198	42,652
Total non-current liabilities		<u>24,239,471</u>	<u>26,244,488</u>
Total liabilities		<u>69,408,660</u>	<u>62,827,760</u>
Shareholder equity			
Share capital		14,030,642	14,030,788
Other equity instruments		200,334	230,241
Capital reserves		9,900,679	9,846,835
Less: Treasury stock		1,885,557	1,913,029
Other comprehensive income		(112,194)	141,998
Surplus reserves		2,348,109	2,250,828
Retained earnings		8,021,329	8,771,394
Total shareholders' equity		<u>32,503,342</u>	<u>33,359,055</u>
Total liabilities and shareholder equity		<u>101,912,002</u>	<u>96,186,815</u>

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Income Statement of the Company as the Parent
(RMB'000)

	Note XV	2021	2020
1. Revenue	6	1,490,937	1,141,258
Less: Cost of sales	6	1,111,439	911,211
Taxes and levies		15,832	17,265
Selling expenses		35,458	30,066
Administrative expenses		550,668	427,591
R&D expenses		171,151	178,751
Financial expenses		1,824,650	1,254,686
Including: Interest expenses		2,441,346	1,824,303
Interest income		685,498	595,141
Plus: Other income		2,057	17,898
Return on investments	7	3,005,570	3,404,821
Including: Share of profit or loss of joint ventures and associates	7	1,406,116	1,420,363
Gain on changes in fair value		26,134	(6,260)
Credit impairment loss		(187)	775
Asset disposal income		36	63
2. Operating profit		815,349	1,738,985
Plus: Non-operating income		223,830	414,744
Less: Non-operating expenses		60,875	8,496
3. Gross profit		978,304	2,145,233
Less: Income tax expenses		-	(7)
4. Net profit		978,304	2,145,240
5. Other comprehensive income		(259,693)	85,934
6. Total comprehensive income		718,611	2,231,174

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Cash Flow Statement of the Company as the Parent
(RMB'000)

	Note XV	2021	2020
I. Cash flow from operations activities:			
Proceeds from sale of commodities and rendering of services		1,286,514	1,145,211
Tax and levy rebates		-	1,073
Cash generated from other operating activities		30,834,436	4,976,960
Sub-total of cash generated from operating activities		32,120,950	6,123,244
Payments for commodities and services		(1,002,839)	(1,022,906)
Cash paid to and for employees		(162,489)	(165,109)
Taxes and levies paid		(196,647)	(62,672)
Cash used in other operating activities		(3,099,415)	(2,229,386)
Sub-total of cash used in operating activities		(4,461,390)	(3,480,073)
Net cash generated from operating activities	8	27,659,560	2,643,171
II. Cash flow from investment activities:			
Proceeds from disinvestments		27,292,959	16,546,116
Proceeds from return on investments		2,384,221	5,501,892
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		-	1
Sub-total of cash generated from investment activities		29,677,180	22,048,009
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(69,121)	(71,954)
Payments for investments		(35,551,461)	(34,291,251)
Cash used in other investing activities		-	(26,181)
Subtotal of cash used in investing activities		(35,620,582)	(34,389,386)
Net cash used in investing activities		(5,943,402)	(12,341,377)

Legal Representative:	<u>Li Dongsheng</u>	Person-in-charge of financial affairs:	<u>Li Jian</u>	Person-in-charge of the financial department:	<u>Xi Wenbo</u>
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The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Cash Flow Statement of the Parent Company (Continued)
(RMB'000)

	Note XV	2021	2020
III. Cash flow generated from financing activities:			
Capital contributions received		-	-
Borrowings raised		11,900,000	30,795,000
Net proceeds from issuance of bonds		3,686,905	6,972,834
Cash generated from other financing activities		-	910,300
		<u>15,586,905</u>	<u>38,678,134</u>
Sub-total of cash generated from financing activities		<u>15,586,905</u>	<u>38,678,134</u>
Cash paid for debt repayment		(25,430,014)	(28,073,128)
Cash paid for distribution of dividends and profits or payment of interests		(2,971,569)	(2,546,431)
Cash used in other financing activities		(642,381)	(77,630)
		<u>(29,043,964)</u>	<u>(30,697,189)</u>
Subtotal of cash used in financing activities		<u>(29,043,964)</u>	<u>(30,697,189)</u>
Net cash generated from financing activities		<u>(13,457,059)</u>	<u>7,980,945</u>
IV. Effect of exchange rate changes on cash and cash equivalents			
		(54,006)	(27,546)
V. Net increase of cash and cash equivalents			
		8,205,093	(1,744,807)
Add: Beginning balance of cash and cash equivalents?		2,196,283	3,941,090
VI. Closing balance of cash and cash equivalents			
	9	<u>10,401,376</u>	<u>2,196,283</u>

Legal Representative:	<u>Li Dongsheng</u>	Person-in-charge of financial affairs:	<u>Li Jian</u>	Person-in-charge of the financial department:	<u>Xi Wenbo</u>
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The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Statement of Changes in Shareholders' Equity of the Company as the Parent
(RMB'000)

2021

	Share capital	Other equity instruments	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
1. Balance as at the end of the prior year	14,030,788	230,241	9,846,835	(1,913,029)	141,998	2,250,828	8,771,394	33,359,055
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-
2. Balance as at the beginning of the year	14,030,788	230,241	9,846,835	(1,913,029)	141,998	2,250,828	8,771,394	33,359,055
3. Increase/decrease in the period	(146)	(29,907)	53,844	27,472	(254,192)	97,281	(750,065)	(855,713)
3.1 Total comprehensive income	-	-	-	-	(259,690)	-	978,304	718,614
3.2 Capital increased and reduced by shareholders	(146)	(29,907)	53,844	27,472	-	-	-	51,263
1. Capital increased by owners	-	-	-	-	-	-	-	-
2. Capital increased by holders of other equity instruments	-	(29,907)	75,461	537,972	-	-	-	583,526
3. Share-based payments included in owner equity	(146)	-	(3,278)	118,560	-	-	-	115,136
4. Other	-	-	(18,339)	(629,060)	-	-	-	(647,399)
3.3 Profit distribution	-	-	-	-	-	97,831	(1,723,421)	(1,625,590)
1. Appropriation of surplus reserves	-	-	-	-	-	97,831	(97,831)	-
2. Appropriation to shareholders	-	-	-	-	-	-	(1,625,590)	(1,625,590)
3. Other	-	-	-	-	-	-	-	-
3.4 Transfers within owners' equity	-	-	-	-	5,498	(550)	(4,948)	-
1. Other comprehensive income transferred to retained earnings	-	-	-	-	5,498	(550)	(4,948)	-
5. Balance as of the end of the period	14,030,642	200,334	9,900,679	(1,885,557)	(112,194)	2,348,109	8,021,329	32,503,342

Legal Representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Statement of Changes in Shareholder Equity of the Parent Company (Continued)
(RMB'000)

	2020							
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
1. Balance as at the end of the prior year	13,528,439	-	8,382,776	(1,952,957)	56,064	2,036,304	8,119,833	30,170,459
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-
2. Balance as at the beginning of the year	13,528,439	-	8,382,776	(1,952,957)	56,064	2,036,304	8,119,833	30,170,459
3. Increase/decrease in the period	502,349	230,241	1,464,059	39,928	85,934	214,524	651,561	3,188,596
3.1 Total comprehensive income	-	-	-	-	85,934	-	2,145,240	2,231,174
3.2 Capital increased and reduced by shareholders	502,349	230,241	1,464,059	39,928	-	-	-	2,236,577
1. Capital increased by owners	511,509	-	1,488,791	-	-	-	-	2,000,300
2. Capital increased by holders of other equity instruments	-	230,241	-	-	-	-	-	230,241
3. Share-based payments included in owner equity	(9,160)	-	(20,025)	39,928	-	-	-	10,743
4. Other	-	-	(4,707)	-	-	-	-	(4,707)
3.3 Profit distribution	-	-	-	-	-	214,524	(1,493,679)	(1,279,155)
1. Appropriation of surplus reserves	-	-	-	-	-	214,524	(214,524)	-
2. Appropriation to shareholders	-	-	-	-	-	-	(1,279,155)	(1,279,155)
3. Other	-	-	-	-	-	-	-	-
4. Balance as at the end of the period	14,030,788	230,241	9,846,835	(1,913,029)	141,998	2,250,828	8,771,394	33,359,055

Legal

Representative:

Li Dongsheng

Person-in-charge of
financial affairs:

Li Jian

Person-in-charge of the
financial department:

Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

I General information

(I) Place of incorporation and organizational structure

TCL Technology Group Corporation (hereinafter referred to as the "Company") is a limited liability company incorporated in the People's Republic of China (hereinafter referred to as "China") on July 17, 1997 under the Corporate Law of the People's Republic of China (hereinafter referred to as "Corporate Law"). As per the approval documents of YBH [2002] No. 94 and YFH [2002] No. 134 issued by the People's Government of Guangdong Province, and YJMH [2002] No. 112 and YJMH [2002] No. 184 issued by the Economic and Trade Commission of Guangdong Province, the Company was changed to a joint stock limited company with a registered capital of RMB1,591,935,200, which was approved by Guangdong Province Administration for Industry and Commerce on April 19, 2002. The registration number is 4400001009990.

Upon approval of ZJFXZ [2004] Document No. 1 issued by the China Securities Regulatory Commission (CSRC) on January 2, 2004, the Company was permitted to issue 590,000,000 shares to the public on January 7, 2004 and 404,395,944 ordinary shares denominated in RMB (A shares) to all public shareholders of TCL Communication Equipment Co., Ltd. (hereinafter referred to as "TCL Communication Equipment") in a stock-for-stock deal, which were listed on the Shenzhen Stock Exchange on January 30, 2004. The shares issued to the public were all priced online, with a par value of RMB1 and an issue price of RMB4.26 per share, raising a total of RMB2,513,400,000. Upon the completion of this deal, the registered capital of the Company increased to RMB2,586,331,144, and on July 16, 2004, the Company was approved by the Guangdong Province Administration for Industry and Commerce to change its business license to Business License QGYZZ No. 003362. Upon the completion of the shareholder structure reform and the expiration of the share lockup period, the foreign shareholding ratio in the Company was less than 10%. On September 11, 2007, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

Upon the approval of the CSRC on January 7, 2009 with the ZJXX [2009] Document No. 12, the Company privately placed 350,600,000 ordinary shares denominated in RMB (A shares) to designated investors on April 23 2009, with a par value of RMB1 and an issue price of RMB2.58 per share, raising a total of RMB904,548,000. Upon the completion of this deal, the registered capital of the Company increased from RMB2,586,331,144 to RMB2,936,931,144, and on June 2, 2009, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

Upon the approval of the CSRC on May 27, 2010 with the ZJXX [2010] Document No. 719, the Company privately placed 1,301,178,273 ordinary shares denominated in RMB (A shares) to designated investors on July 26, 2010, with a par value of RMB1 and an issue price of RMB3.46 per share, raising a total of RMB4,502,076,824.58. Upon the completion of this deal, the registered capital of the Company increased from RMB2,936,931,144 to RMB4,238,109,417, and on September 19, 2010, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

On May 19, 2011, the Company carried out a bonus issue of 10 additional shares for every 10 shares to all the shareholders with capital reserves, representing a total of 4,238,109,417 new shares, with a par value of RMB1 per share. Upon the completion of this bonus issue, the registered capital of the Company increased from RMB4,238,109,417 to RMB8,476,218,834, and on June 27, 2011, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

During the years of 2013 and 2014, the exercise of 58,870,080 stock options increased the total share capital of the Company from 8,476,218,834 shares to 8,535,088,914 shares.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

I General information (continued)

(I) I Place of incorporation and organizational structure (continued)

Upon the approval of the CSRC on February 13, 2014 with the [2014] Document No. 201, the Company privately placed 917,324,357 ordinary shares denominated in RMB (A shares) to designated investors on 30 April 2009, with a par value of RMB1 and an issue price of RMB2.18 per share, raising a total of RMB1,999,767,098.26. Upon the completion of this deal, the registered capital of the Company increased from RMB8,535,088,914 to RMB9,452,413,271, and on June 10, 2014, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

In 2015, 48,357,920 stock options were exercised under an incentive plan of the Company, and upon approval by the CSRC on January 28, 2015 with the ZJXX [2015] Document No.151, the Company issued 2,727,588,511 shares in a private placement. As such, the total share capital of the Company increased from 9,452,413,271 shares to 12,228,359,702 shares.

In the year of 2016, 923,340 stock options were exercised under an incentive plan of the Company, and the share capital of the Company increased from 12,228,359,702 shares to 12,229,283,042 shares. Later, 15,601,300 shares were repurchased and retired, and the share capital of the Company decreased from 12,229,283,042 shares to 12,213,681,742 shares. On April 26, 2016, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 91441300195971850Y (unified social credit code).

In the year of 2017, the Company purchased an interest in subsidiary TCL China Star Optoelectronics Technology Co., Ltd. by means of a new issue of 1,301,290,321 shares. Upon the completion of this deal, the total share capital of the Company increased from 12,213,681,742 shares to 13,514,972,063 shares.

In 2018, the Proposal on the Grant of Restricted Stock to Awardees was approved at the 7th Meeting of the 6th Board of Directors, and a total of 34,676,444 shares were subscribed for under the restricted stock incentive plan. Upon the completion of this deal, the total share capital of the Company increased from 13,514,972,063 shares to 13,549,648,507 shares.

In 2019, the Company repurchased and retired 21,209,788 restricted shares that had been granted to certain awardees under the 2018 Restricted Stock Incentive Plan & Global Innovation Partner Plan but were still in lockup. As such, the total share capital of the Company decreased from 13,549,648,507 to 13,528,438,719 shares.

In 2020, the Proposal on the Intended Change of the Company's Full Name and Stock Name were approved respectively at the 23rd Meeting of the 6th Board of Directors and the First Extraordinary General Meeting of 2020. The name of the Company was then changed from "TCL Corporation" to "TCL Technology Group Corporation" (abbreviation from "TCL CORP." to "TCL TECH.") since February 7, 2020, with the stock name changed from "TCL CORP." to "TCL TECH." while the stock code "000100" remained unchanged.

In July 2020, the Company repurchased and retired 9,159,308 restricted shares that had been granted under the 2018 and 2019 Restricted Stock Incentive Plans but were still in lockup. As such, the total share capital of the Company decreased from 13,528,438,719 to 13,519,279,411 shares.

In October 2020, the Company issued 511,508,951 new shares to acquire a non-controlling interest in subsidiary Wuhan China Star Optoelectronics Technology Co., Ltd. Upon the completion of this deal, the total share capital of the Company increased from 13,519,279,411 shares to 14,030,788,362 shares.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

I General information (continued)

In September, 2021, the Company repurchased and retired 145,941 restricted shares that had been granted under the 2019 Restricted Stock Incentive Plans but were still locked up. As such, the total share capital of the Company decreased from 14,030,788,362 to 14,030,642,421 shares.

As of December 31, 2021, the total issued share capital of the Company was 14,030,642,421 shares. See note V, 50 for details.

The registered address of the Company is: TCL Tech Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province.

(II) Scope of business

The Company and its subsidiaries (collectively referred to as the “Company”) are primarily engaged in the research, development, production and sales of semi-conductors, electronic products and communication devices, new optoelectronic products, liquid crystal display devices, import and export of goods and technologies (excluding goods and technologies that are prohibited from import and export or require an administrative approval for import and export), venture capital business and venture capital consultation, entrepreneurial management services for start-up enterprises, participation in the initiation of venture capital institutions and investment management advisory institutions, immovable property leasing, IT services, conference services, computer technical services and development service of electronic products and technologies, development and sale of software, patent transfer, customs clearance services, consulting services, payments and settlements (where any approval from any relevant department is required according to law, it must be obtained before carrying out the relevant operations activities).

(III) Authorization of financial statements for issue

These financial statements were authorized for issue by the Company’s Board of Directors on April 27, 2022.

II Scope of consolidated financial statements

As of the end of the Reporting Period, for subsidiaries included in the consolidated financial statements, please refer to Note VII, 1, (1) Breakdown of important subsidiaries. For the changes to the scope of the consolidated financial statements of the Reporting Period, see Note VI.

III Significant accounting policies and accounting estimates

1 Basis for the preparation of financial statements

The preparation of financial statements of the Company is based on the actual transactions and events in accordance with the "Corporate Accounting Standards - Basic Standards" published by the Ministry of Finance and specific corporate accounting standards, application guidelines for corporate accounting standards, corporate accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as "corporate accounting standards") for confirmation and measurement, combining the provisions of “Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports” (revised in 2014) published by CSRC.

2 Going concern basis

The Company has evaluated the ability to continue as a going concern for 12 months from the end of the Reporting Period and has not identified any issues or circumstances that result in significant doubts about its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

3 Statement of compliance with corporate accounting standards

The financial statements are in compliance with the requirements of the corporate accounting standards, and truly and completely reflect the financial status, operating results, cash flow and other relevant information of the Company during the Reporting Period.

4 Accounting period

The Company adopts the calendar year as accounting year, and a fiscal year is from January 1 to December 31 of the Gregorian calendar.

5 Operations cycle

The Company does not take the operating cycle as the criteria for liquidity classification of assets and liabilities.

6 Base currency for bookkeeping

The base currency for bookkeeping and the preparation of financial statements are all in RMB, and are presented in the unit of RMB'000 in all the tables herein unless otherwise specified.

7 Accounting treatments for business combinations involving enterprises under and not under common control

(1) When the terms, conditions and economic influence of transactions in the process of a step-by-step combination conform to one or more of the following, accounting for multiple transactions is treated as a package transaction:

- (a) These transactions are made simultaneously or with consideration of influence on each other;
- (b) These transactions can only achieve a complete business outcome when treated as a whole;
- (c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- (d) A transaction alone is uneconomical, but is economical when considered together with other transactions.

(2) Business combinations involving enterprises under common control

(a) Individual financial statement

The assets and liabilities acquired by the Company in business combinations are measured in accordance with the book value of assets and liabilities of the combined party on the date of combination (including the goodwill of the ultimate controlling party resulting from the acquisition of the combined party). The difference between the book value of net assets acquired in the combination and the book value of the consideration paid for the combination (or the total par value of shares issued) is used to adjust the capital stock premium in the capital reserve, and when the capital stock premium in the capital reserve is insufficient for offset, it is used to adjust the retained earnings. If there is a contingent consideration and it is necessary to confirm the estimated liabilities or assets, the difference between the estimated amount of liabilities or assets and the settlement amount of subsequent contingent consideration is used to adjust the capital reserve (capital stock premium), and when the capital reserve is insufficient, it is used to adjust the retained earnings.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

7 Accounting treatments for business combinations involving enterprises under and not under common control (continued)

(2) Business combinations involving enterprises under common control (continued)

(a) Individual financial statements (continued)

For a business combination that is ultimately realized through multiple transactions, if it is a package transaction, each transaction is treated as a transaction that acquires control; if it is not a package transaction, on the date of acquisition of control, the difference between the initial cost of long-term equity investments and the book value of long-term equity investments before the combination plus the book value of the newly paid considerations on the date of combination is used to adjust the capital reserve; and when the capital reserve is insufficient for offset, it is used to adjust the retained earnings. For equity investments held prior to the date of combination, no accounting treatment is carried out for other comprehensive gains recognized by equity accounting or financial instrument confirmation and measurement standards, and up to the disposal of the investment, the accounting treatment shall be based on the same basis as the direct disposal of the assets or liabilities of the invested entity; other changes in the owner's equity other than net profit or loss, other comprehensive income or profit distribution of net assets of the invested company recognized as equity are not subject to accounting, and will be transferred to the current profit and loss until disposal of the investment.

The agency fees paid for audits, legal services, assessments and consultations and other direct related expenses incurred in the business combination are recognized in profit or loss in the period in which they were incurred. The transaction costs for the issuance of equity securities for the business combination that may be directly attributed to equity transactions can be deducted from equity; transaction costs directly related to the issuance of a debt instrument as a combination consideration are treated as an initial recognized amount included in the debt instrument.

If the combined party has a consolidated financial statement, the initial investment cost of the long-term equity investment is determined based on the owner's equity attributable to the Company as the parent in the consolidated financial statements of the combined party.

(b) Consolidated financial statements

The assets and liabilities acquired by the combining party in the business combination are measured in accordance with the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party.

For the case where a business combination is finally realized through multiple transactions, if it is a package transaction, each transaction is treated as a transaction for acquiring control; if it is not a package transaction, the long-term equity investments held by the combined party before the combination, the gains and losses, other comprehensive income and other changes in owners' equity have been recognized between the date of acquisition or the date of the combining party and the combined party under the final control of the same party, whichever is later, and the date of combination. These are used to offset the initial retained earnings or current profit and loss during the comparative reporting periods respectively.

If the accounting policies adopted by the combined parties are inconsistent with those adopted by the Company, the Company shall make adjustments in accordance with the accounting policies of the Company on the date of combination, and on this basis, confirm the consolidated financial statements in accordance with the provisions of Accounting Standards for Business Enterprises.

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III Significant accounting policies and accounting estimates (continued)

7 Accounting treatments for business combinations involving enterprises under and not under common control (continued)

(3) Combination not under common control

The assets paid and liabilities incurred or assumed of the Company as a consideration for the business combination are measured at fair value on the date of purchase, and the difference between the fair value and the book value is recognized in profit or loss. Where a future event that may affect the combination costs is agreed in the combination contract, if the estimated future events are likely to occur on the date of purchase and the amount of the impact on combination costs can be reliably measured, it is also included in the combination costs.

The agency fees paid for audits, legal services, assessments and consultations and other directly related expenses incurred in the business combination are recognized in profit or loss during the period in which they are incurred. The transaction costs for the issuance of equity securities for the business combination that may be directly attributed to equity transactions can be deducted from equity;

The difference between the higher combination cost and lower fair value of identifiable net assets of the acquired party gained in the combination is recognized as goodwill by the Company. In case that the cost of combination is less than the fair value of the identifiable net assets of the acquired party gained in the combination, and the difference is still less than the fair value of identifiable net assets of the acquired party gain in the combination after review, the difference is included in the current profit and loss by the Company.

For the case where a business combination involving enterprises not under common control is finally realized through multiple transactions step by step, if it is a package transaction, each transaction is treated as a transaction for acquiring control; if it is not a package transaction, the individual financial statements and consolidated financial statements are treated separately for accounting purposes.

- (a) In the individual financial statements, if the equity investment held before the date of combination is accounted for in the equity method, the sum of the book value of equity investments of the acquired party held before the date of acquisition plus the new investment cost on the date of acquisition is recognized as the initial cost of the investment; the remaining comprehensive income confirmed in equity investments by the equity method before the date of acquisition is accounted for, when the investment is disposed, on the same basis as those the invested party adopted directly to dispose of the relevant assets or liabilities.

If the equity investment held before the date of combination is accounted for by financial instrument recognition and measurement criteria, the sum of the fair value of equity investment on the date of combination plus the new investment cost is taken as the initial investment cost on the date of combination. The difference between the fair value and the book value of the original equity interest, and the accumulated fair value changes originally included in other comprehensive income should be transferred to return on investment in the current period of combination date.

- (b) In the consolidated financial statements, the equity of the acquired party held before the date of acquisition is re-measured according to the fair value of the equity on the date of acquisition. The difference between the fair value and the book value is included in the current return on investment; if the equity of the acquired party held before the date of acquisition involves other comprehensive income, etc. under the equity method, other comprehensive income, etc. related to it is converted into return on investment in the current period of the acquisition date.

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III Significant accounting policies and accounting estimates (continued)

8 Method for preparing consolidated financial statements

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including separate entities controlled by the parent Company) are included in the consolidated financial statements.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidated financial statements are consistent with the Company. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with the Company, necessary adjustments will be made in accordance with the Company's accounting policies and accounting periods when preparing consolidated financial statements. The consolidated financial statements are based on the financial statements of the Company and its subsidiaries as well as other relevant information, and are prepared by the Company after adjusting the long-term equity investments for the subsidiaries in accordance with the equity method.

The impact of internal transactions between the Company and its subsidiaries, and internal transactions between subsidiaries, on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholder equity is offset in the preparation of consolidated financial statements.

If the current losses shared by the minority shareholders of a subsidiary exceed the share enjoyed by the minority shareholder in the initial owner's equity of the subsidiary, the balance will still reduce the minority interests.

During the Reporting Period, if a subsidiary or business is added due to the business combination involving enterprises under common control, the opening balance of the consolidated balance sheet is adjusted; the income, expenses and profits of the subsidiary or business from the beginning of the period of combination to the end of the Reporting Period are included in the consolidated income statement; the cash flows of the subsidiary or business from the beginning of the period of combination to the end of the Reporting Period are included in the consolidated cash flow statement. If a subsidiary or business is added due to a business combination involving enterprises under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary or business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flow of the subsidiary or business from the date of acquisition to the end of the Reporting Period is included in the consolidated cash flow statement.

During the Reporting Period, if a subsidiary or business is added due to a business combination involving enterprises under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary or business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flow of the subsidiary or business from the date of acquisition to the end of the Reporting Period is included in the consolidated cash flow statement.

During the Reporting Period, if the Company disposes of a subsidiary or business, the income, expenses and profits of the subsidiary or business from the beginning of the period to the disposal date are included in the consolidated income statement; the cash flow of the subsidiary or business from the beginning of the Reporting Period to the disposal date is included in the consolidated cash flow statement.

When the Company loses control over the invested party due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured according to its fair value by the Company on the date of loss of control. The difference of the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of net assets and goodwill of the original subsidiary that should be enjoyed in accordance with the original share-holding ratio since the date of acquisition or combination, is accounted for the return on investment in the current period of loss of control. Other comprehensive income or net profit and loss related to the original subsidiary's equity investment, other comprehensive income and other changes in owner's equity other than profit distribution, will be converted into current return on investment when control is lost, except for other comprehensive gains arising from the re-measurement of net liabilities of the Benefit Plan made by the invested party or changes in net assets.

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III Significant accounting policies and accounting estimates (continued)

9 Classification of joint arrangements and accounting treatment method for joint operations

(1) Classification of joint arrangements

The Company classifies a joint arrangement as a joint operation or a joint venture according to factors such as the structure and legal form of the joint arrangement, the terms agreed in the joint arrangement, other relevant facts and circumstances.

Joint arrangements not reached through independent entities are classified as joint operations; joint arrangements reached through independent entities are usually classified as joint ventures; however, a joint arrangement that is indicated by conclusive evidence of meeting any of the following conditions and meeting the provisions of relevant laws and regulations is classified as a joint operation:

- ① The legal form of the joint arrangement shows that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- ② The contractual terms of the joint arrangement stipulates that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- ③ Other relevant facts and circumstances show that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. For example, the parties enjoy almost all the output related to the joint arrangement, and the repayment of the liabilities relating to the arrangement continues relying on the support of the parties.

(2) Accounting treatment

The Company shall recognize the following items in relation to interest in the joint operation, and carry out accounting treatment in accordance with the provisions of relevant accounting standards for business enterprises:

- ① its assets, including its share of any assets held jointly;
- ② its liabilities, including its share of any liabilities incurred jointly;
- ③ its revenue from the sale of its share of the output arising from the joint operations;
- ④ its share of the revenue from the sale of the output by the joint operations; and
- ⑤ its expenses, including its share of any expenses incurred jointly.

If investing or selling assets (except those that constitute a business), etc., into or to the joint operation, the Company shall only recognize the part of the profit and loss arising from the transaction attributable to other participants in the joint operation, before the assets, etc., are sold to a third party by the joint operation. The Company will recognize in full the asset impairment loss arising if the assets invested or sold are impaired in compliance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, etc.

If purchasing assets (except those that constitute a business), etc., from the joint operation, the Company shall only recognize the part of the profit and loss arising from the transaction attributable to other participants in the joint operation, before the assets, etc., are sold to a third party by the Company. The Company will recognize its share of the asset impairment loss arising if the assets purchased are impaired in compliance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, etc.

The Company does not enjoy joint control over the joint operations. If the Company has rights to the assets, and obligations for the liabilities, relating to the joint operation, it shall still be accounted for by the above principles; otherwise, it shall be accounted for by the relevant accounting standards for business enterprises.

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III Significant accounting policies and accounting estimates (continued)

10 Criteria for determining cash and cash equivalents

In the preparation of the cash flow statement, the Company recognizes cash holdings and deposits that can be used for payment at any time as cash.

The Company recognizes cash that is easily converted into known amount with short holding period (generally due within three months from the date of purchase) and strong liquidity, and investments with low risk of changes in value (including investments in bonds within three months, while excluding equity investments), as cash equivalents.

11 Foreign currency business and translation of foreign currency statements

(1) Foreign currency transactions

Foreign currency transactions between the Company and its subsidiaries are translated into base currency at the spot exchange rate on the transaction date.

Foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the exchange differences resulted therefrom, except that the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization should be treated in accordance with the principle of capitalization of borrowing costs, are all included in the current profit and loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date, and the amount of base currency for bookkeeping is not changed.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rates on the date when the fair value is determined, and the exchange differences resulted therefrom are included in profit or loss in the current period as a change in fair value. In the case of foreign currency non-monetary items that are at fair value through other comprehensive income, the exchange differences incurred are included in other comprehensive income.

(2) Translation of foreign currency financial statement

When the Company translates the financial statements of overseas operations, the assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. The owner's equity items, except for the "undistributed profits" item, are translated at the spot exchange rate at the time of occurrence of the items. All the incurred items in the income statement are translated at the current average exchange rate of the period in which transactions occur.

The translation differences of foreign currency financial statement arising from the above translation are included in other comprehensive income. When disposing of an overseas operation, the translation differences in the foreign currency financial statements related to the foreign operation listed in other comprehensive income items in the balance sheet are transferred from the other comprehensive income item to the current profit and loss. All the incurred items in the cash flow statement are translated at the current average exchange rate of the period in which transactions occur. All the opening balance and actual amount of the previous year are listed on the basis of the amount translated in the previous year.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments

When the Company becomes a party to a financial instrument, it recognizes a financial asset or liability.

The effective interest method refers to the method of calculating the amortized cost of financial assets or liabilities and allocating interest income or interest expenses into each accounting period.

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability during its expected duration to the book balance of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, the expected cash flow is estimated on the basis of considering all contract terms of financial assets or liabilities (such as prepayment, extension, call options or other similar options), but the expected credit loss is not considered.

The amortized cost of a financial asset or financial liability is the accumulated amortization amount formed by deducting the repaid principal from the initial recognition amount of the financial asset or financial liability, adding or subtracting the difference between the initial recognition amount and the maturity amount by using the effective interest method, and then deducting the accumulated accrued loss reserve (only applicable to financial assets).

(1) Classification and measurement of financial assets

According to the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company divides the financial assets into the following three categories:

- (a) Financial assets at amortized cost.
- (b) Financial assets at fair value through other comprehensive income.
- (c) Financial assets at fair value through profit or loss.

Financial assets are measured at fair value when initially recognized, but if the accounts or notes receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components for no more than one year, the initial measurement shall be made at the transaction price.

For financial assets at fair value through profit or loss, transaction expenses are directly recognized in the current profit and loss. For other financial assets, transaction expenses are included in the initial recognition amount.

Subsequent measurement of financial assets depends on their classification. All related financial assets affected will be reclassified when and only when the Company changes its business model of managing financial assets.

(a) Financial assets classified as measured at amortized cost

The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial asset is to collect the contractual cash flow, then the Company classifies the financial asset as measured at amortized cost. Financial assets of the Company that are classified as measured at amortized cost include monetary assets, notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(1) Classification and measurement of financial assets (continued)

The Company recognizes interest income from such financial assets with the effective interest method, and carries out subsequent measurement at amortized cost. Gains or losses arising from impairment or derecognition or modification are included in current profit and loss. The Company calculates and determines the interest income based on the book balance of financial assets multiplied by the effective interest rate except for the following circumstances:

① For purchased or originated credit-impaired financial assets, the Company calculates and determines their interest income at the amortized cost of the financial assets and the credit-adjusted effective interest rate since the initial recognition.

② For financial assets not credit-impaired at the time of being purchased or originated but in the subsequent period, the Company calculates and determines their interest income at the amortized cost and the effective interest rate of the financial assets in the subsequent period. If the financial instrument is no longer credit-impaired due to the improvement of its credit risk in the subsequent period, the Company calculates and determines the interest income by multiplying the effective interest rate by the book balance of the financial asset.

(b) Financial assets classified as measured at fair value through other comprehensive income

The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial assets is both to collect contractual cash flow and for its sale, then the Company classifies the financial assets as measured at fair value through other comprehensive income.

The Company recognizes interest income from such financial assets with the effective interest method. Except that the interest income, impairment loss and exchange difference are recognized as the current profit and loss, other changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the current profit and loss.

Notes and accounts receivable at fair value through other comprehensive income are reported as receivables financing, and such other financial assets are reported as other debt investments. Among them, other debt investments maturing within one year from the balance sheet date are reported as the current portion of non-current assets, and other debt investments maturing within one year are reported as other current assets.

(c) Financial assets designated as measured at fair value through other comprehensive income

At the time of initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets at fair value through other comprehensive income on the basis of individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income without allowance for impairment. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the retained earnings. During the investment period when the Company holds the equity instrument, the dividend income is recognized and included in the current profit and loss when the Company's right to receive dividends has been established, the economic benefits related to dividends are likely to flow into the Company, and the amount of dividends can be measured reliably. The Company reports such financial assets under the item of investments in other equity instruments.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(1) Classification and measurement of financial assets (continued)

An investment in equity instruments is a financial asset at fair value through profit or loss when it is obtained mainly for recent sale, or is part of the identifiable portfolio of financial assets centrally managed when initially recognized and objective evidence exists for a short-term profit model in the near future, or is a derivative (except for derivatives defined as financial guarantee contracts and designated as effective hedging instruments).

(d) Financial assets classified as measured at fair value through profit or loss

If failing to be classified as measured at amortized cost or at fair value through other comprehensive income, or not designated as measured at fair value through other comprehensive income, financial assets are all classified as measured at fair value through profit or loss.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profits and losses.

The Company reports such financial assets as held-for-trading financial assets and other non-current financial assets according to their liquidity.

(e) Financial assets designated as measured at fair value through profit or loss

At the time of initial recognition, the Company may irrevocably designate financial assets as measured at fair value through profit or loss on the basis of individual financial assets in order to eliminate or significantly reduce accounting mismatches.

If the mixed contract contains one or more embedded derivative instruments and its main contract is not any financial asset as above, the Company may designate the whole of the mixed contract as a financial instrument at fair value through profit or loss. Except under the following circumstances:

- ① Embedded derivatives do not significantly change the cash flow of mixed contracts.
- ② When determining for the first time whether similar mixed contracts need to be split, it is almost clear that embedded derivatives contained in them should not be split without analysis. If the prepayment right embedded in a loan allows the holder to prepay the loan at an amount close to the amortized cost, the prepayment right does not need to be split.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profits and losses.

The Company reports such financial assets as held-for-trading financial assets and other non-current financial assets according to their liquidity.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(2) Classification and measurement of financial liabilities

The Company classifies a financial instrument or its components into financial liabilities or equity instruments upon initial recognition according to the contract terms of and the economic essence reflected by the financial instrument issued, rather than only in legal form, in combination with the definitions of financial liabilities and equity instruments. Financial liabilities are classified at initial recognition as measured at fair value through profit or loss, or other financial liabilities, or derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value upon initial recognition. For financial liabilities at fair value through profit or loss, relevant transaction expenses are directly included in current profits and losses; For other categories of financial liabilities, relevant transaction expenses are included in the initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

(a) Financial liabilities at fair value through profit or loss

Such financial liabilities include held-for-trading financial liabilities (including derivatives falling under financial liabilities) and financial liabilities designated as measured at fair value upon initial recognition and through profit or loss.

A financial liability is a held-for-trading financial liability if it is mainly undertaken for recent sale or repurchase, or is part of the identifiable portfolio of financial instruments centrally managed, and there is objective evidence that the enterprise has recently employed a short-term profit model, or is a derivative instrument, except derivatives designated as effective hedging instruments and derivatives conforming to financial guarantee contracts. Held-for-trading financial liabilities (including derivatives falling under financial liabilities) are subsequently measured at fair value. All changes in fair values except for hedging accounting are included in current profits and losses.

The Company irrevocably designates financial liabilities as measured at fair value through profit or loss at the time of initial recognition in order to provide more relevant accounting information if:

- ① Such financial liabilities can eliminate or significantly reduce accounting mismatches.
- ② The financial liability portfolio or the portfolio of financial assets and liabilities is managed and evaluated for performance on the basis of fair value according to the enterprise risk management or investment strategy stated in the official written documents, and is reported to key management personnel within the enterprise on this basis.

The Company subsequently measures such financial liabilities at fair value. Apart from changes in fair value that are brought about by changes in the Company's own credit risk and included in other comprehensive income, other changes in fair value are included in current profits and losses. Unless including such changes in other comprehensive income will cause or expand accounting mismatch in profit or loss, the Company will include all changes in fair value (including the amount affected by changes in its own credit risk) in current profits and losses.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(2) Classification and measurement of financial liabilities (continued)

(b) Other financial liabilities

The Company classifies financial liabilities except for the following items as measured at amortized cost. Such financial liabilities are recognized by the effective interest method and subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in the current profits and losses:

- ① Financial liabilities at fair value through profit or loss.
- ② Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.
- ③ Financial guarantee contracts that do not fall under the first two categories of this article, and loan commitments that do not fall under category (1) of this article and lend at a below-market interest rate.

Financial guarantee contracts refer to contracts that require the issuer to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument. Financial guarantee contracts that are not financial liabilities designated as measured at fair value through profit or loss are measured after initial recognition according to the loss reserve amount and of the initial recognition amount, less the accumulated amortization amount during the guarantee period, whichever is higher.

(3) Derecognition of financial assets and liabilities

(a) Financial asset are derecognized, i.e. written off from its account and balance sheet if:

- ① The contractual right to receive cash flow from the financial asset is terminated; or
- ② The financial asset has been transferred, which meets the requirements for derecognition of financial assets.

(b) Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, such financial liability (or part thereof) is derecognized.

The existing financial liability is derecognized with a new one recognized, and the difference between the carrying amount and the consideration paid (including transferred non-cash assets or assumed liabilities) is included in the current profits and losses, if an agreement is signed between the Company and the lender to replace the existing financial liability by assuming a new one, and the contract terms of these two financial liabilities are substantially different, or the contract terms of the existing financial liability (or part thereof) are substantially modified.

If the Company repurchases part of a financial liability, the carrying amount of the financial liability shall be distributed according to the proportion of the fair value of the continuing recognition portion and the derecognition portion to the overall fair value on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including transferred non-cash assets or liabilities assumed) shall be included in the current profits and losses.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(4) Recognition basis and measurement method of financial asset transfer

When a financial asset is transferred, the Company evaluates the risks and rewards retained of the financial asset ownership:

- (a) If almost all the risks and rewards of the financial asset ownership are transferred, such financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.
- (b) If almost all the risks and rewards of the financial asset ownership are retained, such financial asset shall continue to be recognized.
- (c) In circumstances where the Company neither transfers nor retains almost all the risks and rewards of the financial asset ownership (i.e. circumstances other than ① and ② of this article), according to whether it retains control over such financial asset,

① the financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities if such control is not retained; or

② the relevant financial asset shall continue to be recognized to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly if such control is retained. The extent that it continues to be involved in the transferred financial asset refers to the extent the Company bears the risks or rewards on changes in the value of the transferred financial asset.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer.

- (a) If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be included in the current profits and losses:

① The carrying amount of the transferred financial asset on the date of derecognition.

② The sum of the consideration received for the transfer of financial assets and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income directly (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

- (b) If the financial asset is partially transferred and the transferred part meets the conditions for derecognition, the carrying amount of the financial asset before transfer shall be allocated between the derecognition portion and the continuing recognition portion (in this case, the retained service asset shall be regarded as the continuing recognition part of the financial asset) according to the respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profits and losses:

① The carrying amount of the derecognized portion on the derecognition date.

② The sum of the consideration received for the derecognized portion and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(4) Recognition basis and measurement method of financial asset transfer (continued)

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset shall continue to be recognized and the consideration received shall be recognized as a financial liability.

(5) Determination of fair value of financial assets and liabilities

The fair value of a financial asset or liability with an active market shall be determined by the quoted price in the active market, unless the financial asset has a sell-off period for the asset itself. For the financial assets restricted for the assets themselves, the compensation amount demanded by market participants due to the risk of not being able to sell the financial assets on the open market within the specified period shall be deducted from the quoted price in the active market. Quoted prices in the active market includes those for related assets or liabilities that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing or regulatory agencies, and can represent actual and recurring market transactions on the basis of fair trade.

Financial assets initially acquired or derived or financial liabilities assumed shall be determined on the basis of market transaction price.

The fair value of financial assets or liabilities without an active market shall be determined by valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of relevant assets or liabilities considered by market participants in the transactions thereof, and gives priority to the use of relevant observable input values whenever possible. If the relevant observable input value cannot be obtained or be feasibly obtained, the unobservable input value shall be used.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(6) Impairment of financial instruments

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as measured at amortized cost, financial assets classified as measured at fair value through other comprehensive income and financial guarantee contracts and recognizes loss reserves.

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate and receivable according to the contract and all cash flows expected to be collected of the Company, i.e. the present value of all cash shortfalls. Among them, credit-impaired purchased or originated financial assets of the Company shall be discounted at the credit-adjusted effective interest rate of such financial assets.

For receivables arising from transactions regulated by the income criteria, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

For credit-impaired purchased or originated financial assets, only the accumulated changes in the expected credit losses during the entire duration since the initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the amount of change in the expected credit loss during the entire duration is included in the current gains and losses as impairment losses or gains. Even if the expected credit loss during the entire duration on the balance sheet date is less than that reflected in the estimated cash flow upon initial recognition, the favorable change in the expected credit loss is recognized as impairment gains.

In addition to other financial assets adopting the above simplified measurement method and other than the credit-impaired purchased or originated ones, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial recognition, measures its loss reserves and recognizes the expected credit loss and its changes respectively according to the following circumstances on each balance sheet date:

- (a) If the credit risk of the financial instrument has not increased significantly since its initial recognition, it is in the first stage, and its loss reserve shall be measured according to an amount equivalent to its expected credit loss over the next 12 months, and the interest income shall be calculated according to the book balance and the effective interest rate.
- (b) If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and its loss reserve shall be measured according to an amount equivalent to its expected credit loss throughout its life, and the interest income shall be calculated according to the book balance and the effective interest rate.
- (c) If the financial instrument is credit-impaired since its initial recognition, it is in the third stage, and the Company shall measure its loss reserve according to an amount equivalent to its expected credit loss throughout its life, and calculate the interest income at the amortized cost and the effective interest rate.
The increase or reversed amount of the credit loss reserve for financial instruments shall be included in the current profits and losses as impairment losses or gains. Except for financial assets classified as measured at fair value through other comprehensive income, the credit loss reserve will offset the carrying amount of the financial assets. For financial assets classified as measured at fair value through other comprehensive income, the Company recognizes its credit loss reserve in other comprehensive income without reducing its carrying amount presented in the balance sheet.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

In the previous accounting period, the Company has measured the loss reserve, the amount equivalent to the expected credit loss of the financial instruments throughout its life. However, on the balance sheet date of the current period, the financial instrument no longer conforms to the situation of significant increase in credit risk since initial confirmation; on the balance sheet date of the current period, the Company has measured the loss reserve of the financial instruments, the amount equivalent to the expected credit loss in the next 12 months, and the reversed amount of the loss reserve thus formed is included in the current profit and loss as impairment profit.

(a) Significant increase in credit risk

In order to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, the Company uses the available reasonable and based forward-looking information and compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date. When the Company applies provisions on depreciation of financial instruments to financial guarantee contracts, the initial recognition date shall be regarded as the date when the Company becomes a party to make irrevocable commitments.

For the assessment of whether the credit risk has increased significantly, the Company will consider the following factors

- ① According to whether the actual or expected debtor's operations results have changed significantly;
- ② Whether the regulatory, economic or technological environment of the debtor has undergone significant adverse changes;
- ③ Whether the following items have changed significantly: the value of collateral as debt mortgage, or the guarantee provided by a third party, or the quality of credit enhancement; these changes will reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract and could impact the probability of default;
- ④ Whether the debtor's expected performance and repayment behavior have changed significantly;
- ⑤ Whether the Company's credit management methods for financial instruments have changed, etc.

If, on the balance sheet date, the credit risk of the financial instrument is judged to be low by the Company, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong capacity to fulfill its contractual cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

(b) Financial assets with depreciation of credit

If one or more events have adverse effects on the expected future cash flow of a financial asset, the financial asset will become a financial asset that has suffered credit impairment. The following observable information can be regarded as evidence of credit impairment of financial assets:

- ① The issuer or debtor is in serious financial difficulty;
 - ② The debtor breaches the contract, such as default or overdue payment of interest or principal, etc.;
 - ③ The creditor gives concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties; the concessions will not be made under any other circumstances;
 - ④ There is a great possibility of bankruptcy or other financial restructuring of the debtor;
 - ⑤ The issuer or debtor has financial difficulties, resulting in the disappearance of the active market for the financial assets;
 - ⑥ Purchasing or generation of a financial asset with a large discount, which reflects the fact of credit loss.
- Credit impairment of financial assets may not be caused by separately identifiable events, but may be caused by the combined effect of multiple events.

(c) Determination of expected credit loss

The Company's assessment of expected credit losses of financial instruments is based on single items and combinations. During the assessment of the expected credit losses, the company will take into account reasonable and reliable information about past events, the current situation and future economic situation forecast.

The Company divides financial instruments into different combinations on the basis of common credit risk characteristics. Common credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging combination, overdue aging combination, contract settlement cycle, debtor's industry, etc. To understand the individual evaluation criteria and combined credit risk characteristics of relevant financial instruments, please refer to the accounting policies of relevant financial instruments for details.

The Company adopts the following methods to determine the expected credit losses of relevant financial instruments:

- ① In terms of financial assets, credit loss is equivalent to the present value of the difference between the contract cash flow that the Company shall receive and the expected cash flow.
- ② In terms of the financial guarantee contract, credit loss is equal to the expected amount of payment made by the Company to the holder of the contract for credit loss incurred, less the present value of the difference between the amount expected to be collected from the holder of the contract, the debtor or any other party.
- ③ If, on the balance sheet date, a financial asset has suffered credit impairment, but one does not purchase or generate a financial asset that has suffered credit impairment, the credit loss is equivalent to the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original actual interest rate.

Factors reflected in the Company's method of predicting credit losses by quantitative finance tools include: unbiased probability weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and reliable information about past events, current situation and future economic situation forecast that can be obtained on the balance sheet date without unnecessary extra costs or efforts.

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III Significant accounting policies and accounting estimates (continued)

12 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

(d) Write-off of financial assets

If the Company cannot reasonably expect the contract cash flow of the financial asset to be fully or partially recovered, the book balance of the financial asset will be written off directly. This write-off constitutes the derecognition of relevant financial assets.

(7) Offset of financial assets and financial liabilities

In the balance sheet, financial assets and financial liabilities are shown separately without offsetting each other. However, if the following conditions are met at the same time, the net amount after offset will be listed in the balance sheet:

- (a) The Company has the legal right, which is currently enforceable, to offset the confirmed amount;
- (b) The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

13 Notes receivable

For the determination method and accounting treatment method of the Company's expected credit loss on notes receivable, please refer to 12(6) of note III Impairment of financial instruments.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of a single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situation, divide notes receivable into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

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III Significant accounting policies and accounting estimates (continued)

14 Accounts receivable

For the determination method and accounting treatment method of the Company's expected credit loss on accounts receivable, please refer to 12(6) of note III Impairment of financial instruments.

As for the accounts receivable, if there is objective evidence that the Company will not be able to recover the money according to the original terms of the accounts receivable, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the accounts receivable into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation)

15 Other receivables

For the determination method and accounting treatment method of the Company's expected credit loss of other receivables, please refer to 12(6) of note III Impairment of financial instruments.

For other receivables for which there is objective evidence that the Company will not be able to recover the amount according to the original terms of the receivables, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situation, divide other receivables into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

16 Inventories

(1) Classification of inventories

The Company classifies inventories into raw materials, in-process products, development costs, and finished products, goods shipped in transit, turnover materials and molds with an expected benefit period of less than one year, depending on the purpose of holding the inventories. Turnover materials include low-value consumables and packaging materials.

(2) Valuation method for inventories shipped in transit

All types of inventories are accounted for at actual cost, and actual costs include purchase costs, processing costs and other costs. Inventories are shipped in transit by weighted average method.

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III Significant accounting policies and accounting estimates (continued)

16 Inventories (continued)

(3) Basis for determining the net realizable value of inventories and accrual method for inventory valuation allowance

Closing inventories are measured at cost or net realizable value, whichever is lower. In cases where differences exists due to the net realizable value being less than the cost of inventory, inventory valuation allowance is made based on individual inventory items or the inventory category, and the difference is recognized in the current profit and loss.

For inventories of goods directly used for sale, such as finished goods, merchandise inventories and materials for sale, in the normal production and operations process, the net realizable value is determined by the amount of the estimated selling price of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operations process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost occurred at the time of completion, the estimated selling expenses and related taxes; for inventories held for the execution of sales contracts or labor contracts, the net realizable value is calculated on the basis of the contract price, and if the quantity of inventories held is more than the quantity specified in sales contracts, the net realizable value of excess inventories is calculated based on the general sales price.

At the end of the period, inventory valuation allowance is accrued according to individual inventory items; but for a large number of inventories with lower unit prices, inventory valuation allowance is accrued according to inventory category; for inventories related to the product series produced and sold in the same region with the same or similar end use or purpose, which is difficult to measure separately from other items, thus inventory valuation allowance is accrued and combined with other items.

If the influencing factors of the write-down of inventory value have disappeared, the amount written-down is recovered and reversed to the amount of inventory valuation allowance already accrued, and the amount reversed is included in the current profit and loss.

(4) Inventory system

The Company adopts a perpetual inventory system for inventory management.

(5) Amortization method of turnover materials

The Company amortizes turnover materials by the one-off amortization method, and the molds with a benefit period of less than one year are amortized within the period of not exceeding one year according to the expected benefit period.

17 Contract assets

A contract asset shall be recognized if the Company has transferred the goods to the customer and has the right to receive a consideration depending on other factors than the passage of time. The right of the Company to unconditionally receive the considerations from customers (i.e., only depending on the passage of time) is listed independently as receivables.

For the determination method and accounting treatment method of the Company's expected credit loss on contract assets, please refer to 12(6) of note III Impairment of financial instruments.

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III Significant accounting policies and accounting estimates (continued)

18. Held-for-sale

(1) Criteria for classification as being held for sale

The Company recognizes non-current assets or disposal groups that meet both of the following conditions as components held for sale:

- ① they can be sold immediately under the current status according to the practice of selling such assets or disposal groups in similar transactions;
- ② The sale is likely to occur, that is, the Company has made a resolution on the sale plan, obtained the approval from the regulatory authorities (if applicable), and obtained a confirmed purchase commitment that the sale is expected to be completed in one year.

The confirmed purchase commitment refers to a legally binding purchase agreement concluded by and between the Company and another party, which contains important terms such as transaction price, time and sufficiently severe penalty for breach of contract, so that there will be little possibility of major adjustments to or cancellation of the agreement.

(2) Accounting for non-current assets or disposal groups held for sale

The Company shall not depreciate or amortize non-current assets or disposal groups held for sale. If the book value is higher than the amount of fair value net of selling expenses, the former shall be written down to the latter. The amount written down shall be recognized as asset impairment loss and included in the current profit and loss, and the impairment allowance for assets held for sale shall be accrued at the same time.

The non-current asset or disposal group classified as being held for sale on the date of acquisition shall be initially measured at whichever initially measured amount is lower under the assumption that it is not classified as being held for sale and the amount of fair value net of selling expenses.

The above principles are applicable to all non-current assets, except investment real estate subsequently measured by the fair value model, biological assets measured by the amount of fair value net of selling expenses, assets formed by employee compensation, deferred tax assets, financial assets regulated by the relevant accounting standards of financial instruments, and rights arising from insurance contracts regulated by the relevant accounting standards of insurance contracts.

19 Other debt investments

For the determination method and accounting treatment methods of the Company's expected credit loss of other debt investments, please refer to 12(6) of note III Impairment of financial instruments.

20 Long-term receivables

For the determination method and accounting treatment method of the Company's expected credit loss on Long-term receivables, please refer to 12(6) of note III Impairment of financial instruments.

As for the accounts receivable, if there is objective evidence that the Company will not be able to recover the money according to the original terms of the accounts receivable, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situations, divide long receivables into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

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III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Company's long-term equity investments in its associates and joint ventures.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Company has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. Associates are the investees that the Company has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in a joint venture and associates are accounted for using the equity method.

(1) Recognition of initial investment cost

(a) Long-term equity investment formed by business combination

For long-term equity investment acquired by business combination involving enterprises under common control, the book value of assets and liabilities of the combined party in the consolidated financial statements of the ultimate controlling party as at the date of combination (including the goodwill formed by the ultimate controlling party's acquisition of the combined party) is recognized as investment cost. For long-term equity investment formed by combination, the share of the book value of shareholder equity of the combined party acquired on the date of combination is recognized as initial investment cost. The difference between the initial investment cost and assets paid as per consideration for combination, the book value of liabilities incurred or assumed and the total par value of shares issued, is used to adjust capital reserve, and when the capital reserve is insufficient, it is used to adjust retained earnings.

For long-term equity investment acquired by business combinations involving enterprises not under common control, the combination cost is recognized as investment cost of the long-term equity investment. The combination cost is the fair value of assets paid, the liabilities incurred or assumed, and the equity securities issued to acquire the control of acquired party on the date of acquisition. The difference between the higher combination cost and lower fair value of identifiable net assets of the acquired party acquired in the combination is recognized as goodwill; the difference between the lower combination cost and higher fair value of identifiable net assets of the acquired party acquired in the combination is included in current profits and losses after review. For business combination involving enterprises not under common control realized step by step through multiple transactions, the sum of the book value of equity investment held by the acquirer before the date of acquisition and the new investment cost on the date of acquisition is recognized as initial investment cost, and the combination cost includes the sum of assets paid, the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued.

(b) Long-term equity investment acquired by other means

For long-term equity investment acquired by cash payment, the actual acquisition price is recognized as initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment; the transaction costs incurred when issuing or acquiring the own equity instruments of acquirer attributed directly to equity transactions which can be deducted from the equity.

For long-term equity investment acquired by issuing equity securities, the fair value of equity securities issued is recognized as initial investment cost.

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III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

Provided that the non-monetary asset exchange contains commercial substance and the fair value of the assets received or assets surrendered can be reliably measured, the initial investment cost of the long-term equity investment received with non-monetary assets is determined based on the fair value of the assets surrendered, except that there is conclusive evidence that indicates that the fair value of assets received is more reliable. For non-monetary assets that do not satisfy the above condition, the book value of assets surrendered and related taxes and fees payable are recognized as the initial investment cost of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by debt restructuring is determined on the basis of fair value.

(2) Subsequent measurement and recognition of related profit and loss

(a) Subsequent measurement

The Company adopts the cost method to account for the long-term equity investments under the control of investee, and the consolidated financial statements are adjusted in accordance with the equity method in preparation.

The Company adopts the equity method to account for the long-term equity investments in associates and joint ventures. The difference between the higher initial investment cost and the fair value share of identifiable net assets of the investee enjoyed in the investment is not used to adjust the initial investment cost of the long-term investment; the difference between the lower initial investment cost and the fair value share of identifiable net assets of the investee enjoyed at the time of conducting the investment is included in the current profits and losses.

(b) Recognition of profit and loss

Under the cost method, in addition to the actual payment or the cash dividends or profits included in the consideration that have been declared but not yet paid, the Company recognizes the investment income according to the cash dividends or profits that the investee declared to pay.

Under the equity method, when the investment enterprise confirms that it should enjoy the net profit or net loss of the investee, it should adjust the net profit of the investee based on the fair value of identifiable assets of the investee at the time of conducting the investment before the confirmation, and the part of profit and loss of internal transaction between the investor and associates and joint venture that should be attributed to the investor according to the shareholding ratio, should be offset, and the investment profits and losses should be confirmed on this basis. When the Company confirms that it should assume the loss occurred by the investee, the process hereunder is followed: first, the book value of the long-term equity investment is offset. Secondly, if the book value of the long-term equity investment is insufficient for the offset, the investment loss is continued to be recognized, and the book value of long-term receivable items is offset, subject to other book value of the long-term equity that substantially constitutes the net investment of the investee. Finally, after the above-mentioned treatment, if the Company still bears additional obligations in accordance with the investment contract or agreement, the estimated liabilities are recognized according to the estimated obligations and included in the current investment losses.

If the investee realizes profit in the future period, the Company shall, after deducting the unconfirmed loss share, conduct the process in the reverse order of the above to write down the book balance of the confirmed liabilities and recover other long-term equity that substantially constitutes net investment of the investee and the book value of the long-term equity, and recognize the profit as return on investment.

Other changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee, are used to adjust the book value of the long-term equity investment and included in capital reserve. The unrealized profit and loss from internal transactions between the Company and the investee attributed to the Company according to the shareholding ratio, is offset, and the investment profit and loss is recognized on this basis. In respect of the internal transaction losses incurred by the Company and the investee, for the part recognized asset impairment losses, the corresponding unrealized losses are not offset.

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III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

(3) Step-by-step disposal of investment in subsidiaries

When the terms, conditions and economic influence of transactions of the equity investment of the subsidiary conform to one or more of the following, accounting for multiple transactions is treated as a package transaction:

- (a) These transactions are made simultaneously or with consideration of influence on each other;
- (b) These transactions can only achieve a complete business outcome when treated as a whole;
- (c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- (d) A transaction alone is uneconomical, but is economical when considered together with other transactions.

When an enterprise loses control over the original subsidiary due to disposal of part of the equity investment or other reasons, if the transactions do not belong to a package transaction, the accounting treatment of individual financial statements and consolidated financial statements should be distinguished as follows:

- (a) In the individual financial statements, the disposed equity should be accounted for in accordance with the "Corporate Accounting Standards No. 2 - Long-term Equity Investment"; meanwhile, the remaining equity should be recognized as long-term equity or other related financial assets based on its book value. If the remaining equity after disposal can be used to exercise common control or significant influence on the original subsidiary, it shall be accounted for in accordance with the relevant provisions on the conversion of the cost method into the equity method.
- (b) In the consolidated financial statements, the remaining equity should be re-measured in accordance with its fair value on the date of loss of control. The difference between the sum of the consideration acquired from the disposal of the equity and the fair value of the remaining equity, less the share of net assets of the original subsidiary that should be enjoyed in accordance with the original shareholding ratio from the date of acquisition, is included in the current profit and loss of the period in which loss of control occurred. Other comprehensive income related to the original subsidiary's equity investment should be converted into current investment income when control is lost. The Company shall disclose in the notes the fair value of the remaining equity after disposal on the date of loss of control and the amount of relevant gains or losses arising from the disposal remeasured based on the fair value.

If the transactions of disposal of equity investment in a subsidiary until the loss of control is a package transaction, the accounting treatment of individual financial statements and consolidated financial statements should be distinguished as follows: :

- (a) In the individual financial statements, the difference between each disposal price and the book value of the long-term equity investment corresponding to the disposed equity before the loss of control is recognized as other comprehensive income, and transferred to the current profit and loss of the period in which the loss of control occurred;
- (b) In the consolidated financial statements, the difference between each disposal price and the disposal of investment corresponding to the share of the net assets of the subsidiary before the loss of control is recognized as other comprehensive income, and transferred to the current profit and loss of the period in which the loss of control occurred.

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III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

(4) Basis for determining control, common control and significant influence on the investee

Control means having the power of control over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over the investee to influence the amount of returns.

Common control means the control that is common to an arrangement in accordance with the relevant agreement, and the decisions of relevant activities of the arrangement must be made upon agreement of the Company and other parties sharing the control rights.

Significant influence means the power to participate in the decision-making of the financial and operating policies of the investee, but by which cannot control or commonly control together with other parties the formulation of the policies.

(5) Impairment test and allowance for impairment

On the balance sheet date, if there is any indication that the long-term equity investment is impaired due to continuous decline in the market price or deterioration of operating conditions of the investee, the recoverable amount of long-term equity investment is determined according to the net value of a single long-term equity investment less the disposal expenses or the present value of expected future cash flows of the long-term equity investment, whichever is higher. When the recoverable amount of the long-term equity investment is lower than the book value, the book value of assets is written-off to the recoverable amount, and the amount written-down is recognized as asset impairment losses, which is included in the current profit and loss, and the corresponding allowance for asset impairment is made.

For long-term equity investments without significant influence or quotation in an active market and whose fair value cannot be measured in a reliable way, the impairment loss is determined by the difference between the book value and the present value determined by discounting the future cash flows of similar financial assets at the current market rate of return.

Other long-term equity investments with signs of impairment other than goodwill arising from business combination, if the measurement of recoverable amount indicates that the recoverable amount of the long-term equity investment is lower than its book value, the difference is recognized as impairment losses.

Goodwill arising from a business combination is tested for impairment annually, regardless of whether there is any indication of impairment.

Once the impairment loss of long-term equity investment is confirmed, it will not be reversed.

22 Investment property

The Company's investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation, and the leased buildings. In addition, for the vacant buildings held by the Company for the purpose of leases, if the Board of Directors makes a written resolution that expressly indicates that the buildings will be used for leases and the intention of holding will not change in a short-term, the building will also be reported as investment property.

The Company adopts the cost model for subsequent measurement of investment property. For the purpose of depreciation or amortization method, the same amortization policy adopted for buildings as fixed assets and land use rights as intangible assets are used.

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III Significant accounting policies and accounting estimates (continued)

23 Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets mean tangible assets held for the purpose of producing goods, rendering of services, leases or operation management, whose service life is more than one fiscal year. Fixed assets satisfying the following conditions are recognized:

- (a) The economic benefits associated with the fixed assets are likely to flow into the enterprise;
- (b) The cost of the fixed asset can be measured in a reliable way.

The Company's fixed assets are classified into buildings, machinery and equipment, office and electronic equipment, transportation vehicles and fixed assets renovation in line with capitalization conditions. Where each component of a fixed asset with a different service life provides economic benefits to the Company in different ways and applies different depreciation rates, it is recognized as a single fixed asset.

Fixed assets are initially measured at cost. The cost of purchasing fixed assets includes the purchase price, related taxes, and other expenses attributable to the fixed asset before it is ready for the intended use, such as the expenses on transportation, handling, installation and professional services, etc. When determining the cost of fixed assets, discard expenses should be considered. Subsequent expenditures related to fixed assets that satisfy the recognition criteria of fixed assets are included in the cost of fixed assets; otherwise, they are recognized in profit and loss in the period in which they arise.

Fixed assets are depreciated by the straight-line method. The depreciation rate of various fixed assets is determined according to the estimated service life and estimated residual value (the estimated residual value is 0-10% of the original value). The depreciation rate of classified fixed assets is as follows:

Asset Category	Estimated Service Life	Annual Depreciation Rate
Houses and buildings	20-50 years	2-5%
Machinery and equipment (exclude mold)	5-18 years	5-20%
Mold (with benefit period more than one year)	1-3 years	33-100%
Office and electronic equipment	3-22 years	4-33%
Transportation equipment	4-8 years	12-25%
Other devices	4-5 years	20-25%
Power stations	25	4%

Fixed assets renovation is amortized evenly over the benefit period.

All fixed assets are subject to depreciation, except for fixed assets that have been fully depreciated and continue to be used, and the land that is priced and recorded separately. Fixed assets are depreciated on a monthly basis. Fixed assets added are not depreciated in the current month when being added but from the following month; fixed assets reduced are still depreciated in the current month when being reduced, and no depreciation is made from the following month. Fixed assets that are not profitable for the Company or not used temporarily (other than seasonally deactivated) are recognized as idle fixed assets. The estimated life expectancy and depreciation rate of idle fixed assets should be re estimated, and depreciation is directly included in the current profit and loss.

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III Significant accounting policies and accounting estimates (continued)

24 Construction in progress

Construction in progress refers to the necessary expenses incurred by the Company for the purchase and construction of fixed assets or investment property before being ready for the expected usable status, including engineering materials costs, labor costs, related taxes and fees, borrowing costs that should be capitalized and indirect costs that should be apportioned. Construction in progress is accounted for separately according to individual projects.

After the construction in progress is ready for its intended use, it must be transferred to fixed assets or investment property, whether the final accounting procedures are completed or not.

25 Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Company as a result of borrowings, including interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings.

Borrowing costs that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and included in the relevant asset cost. Other borrowing costs are recognized as expenses in the period in which they are incurred, and are included in the current profit and loss. Assets eligible for capitalization refer to fixed assets, investment property and inventories (only refers to inventories with an acquisition, construction and production process for more than one year) that require a substantial period of acquisition, construction or production activities to get ready for the intended use or sale status.

Borrowing costs refer to the interest of borrowings, the amortization of discounts or premiums, auxiliary expenses and exchange differences arising from foreign currency borrowings incurred by the Company. Borrowing costs begin to be capitalized when the following three conditions are all satisfied:

- (1) Asset expenditure has occurred;
- (2) Borrowing costs have occurred;
- (3) The acquisition, construction or production activities necessary to enable the assets to be ready for the intended usable or saleable state have commenced.

When an asset satisfied the capitalization conditions is abnormally interrupted during the process of acquisition, construction or production and the interruption period lasts for more than three months, the capitalization of the borrowing costs is suspended and recognized as the current expenses until the acquisition, construction or production of the assets starts again. When an asset satisfied the capitalization conditions is ready for its intended use or sale, the capitalization is stopped and the borrowing costs incurred in the future are included in the current profit and loss. The period of capitalization refers to the period from the time when the borrowing costs start to be capitalized to the point when the capitalization is stopped, and the period in which the borrowing costs are suspended for capitalization is not included.

During the period of capitalization, if special borrowings are made for the acquisition, construction or production of assets eligible for capitalization, the amount of the interest expenses actually incurred during the current period of the special borrowings, less the amount of interest income earned by depositing unused borrowing funds in a bank or investment income earned by temporary investment, is recognized as the amount of capitalization. When a general loan is occupied for the purpose of purchasing, constructing or producing assets satisfied the capitalization conditions, the amount of capitalization is determined according to the weighted average of the accumulated asset expenditure exceeding the special loan portion multiplied by the capitalization rate of the general loan occupied; the capitalization rate is determined based on the weighted average interest rate of general borrowings.

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III Significant accounting policies and accounting estimates (continued)

26 Right-of-use assets

The Company initially measures right-of-use assets at cost. Such cost includes:

- (1) The initial measurement amount of lease liabilities;
- (2) Lease payments made on or before the commencement date of the lease term (if a lease incentive exists, net of the amount related to the lease incentive already taken);
- (3) Initial direct costs incurred by the Company;
- (4) Costs expected to be incurred by the Company to disassemble and remove the leased asset(s), restore the premises where the leased asset(s) is/are located, or restore the leased asset(s) to the condition agreed upon under the terms of the lease (excluding costs incurred to produce inventory).

After the commencement date of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets.

If it is reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over its/their remaining service life. If it is not reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over the lease term or the remaining service life of the leased asset(s), whichever is shorter. Right-of-use assets for which depreciation reserves have been accrued are depreciated in future periods at their carrying value net of depreciation reserves, with reference to the above principles.

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III Significant accounting policies and accounting estimates (continued)

27 Intangible assets

Intangible assets are recorded at the actual cost at the time of acquisition. The service life of intangible assets is analyzed and judged at the time of acquisition. Intangible assets with a finite service life are amortized on the shortest of the estimated service lives, the beneficial period of the contract and the effective period specified by law from the time when the intangible assets are available for use. The amortization period is as follows:

Category	Amortization years
Land use rights	The shorter of the years of the land use rights and the operating years of the Company
Patents and non-patent technologies	10 years or the shorter of service life, beneficiary years and legally valid years
Other	Beneficiary period

The Company reviews the service life and amortization method of intangible assets with limited service life at least at the end of each year, and made adjustment if necessary.

If an intangible asset is foreseen as unable to bring economic benefits to the Company, it is regarded as an intangible asset with an indefinite service life, which will be reviewed in each accounting period. If evidence indicates that the service life of the intangible asset is limited, then it is converted to an intangible asset with limited service life. Intangible assets with indefinite service lives are not amortized.

The expenditures of the Company's internal research and development projects are classified into expenditures in the research phase and expenditures in the development phase. Research means an original, planned survey of acquiring and understanding new scientific or technical knowledge. Development means the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. prior to commercial production or use.

The expenditures in the research phase of the Company's internal research and development projects are included in the current profit and loss when incurred; expenditures in the development phase are recognized as intangible assets only when the following conditions are all satisfied:

- (1) It is technically feasible to complete the intangible asset to enable it to be used or sold;
- (2) There is intent to complete the intangible asset and use or sell it;
- (3) The intangible assets can bring economic benefits;
- (4) There are sufficient technical, financial and other resources to support the development of the intangible assets as well as ability to use or sell the intangible assets;
- (5) Expenditures attributable to the development stage of the intangible asset can be measured in a reliable way.

If the above conditions cannot be all satisfied, the expenditures are included in the current profit and loss when incurred.

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III Significant accounting policies and accounting estimates (continued)

28 Long-term prepaid expense

Long-term prepaid expenses refer to various expenses that the Company has paid and whose period of amortization is more than one year, such as the improvement expenses incurred in renting fixed assets by operating leases. Long-term prepaid expenses are amortized on a straight-line basis within the beneficial period of the expense items.

29 Impairment of long-lived assets

The impairment of assets other than inventories, financial assets and deferred income tax assets is determined by the Company as follows:

On the balance sheet date, if there is evidence indicating that the asset is idle, there is a use termination plan or the market price drops sharply, or the external environment changes significantly, impairment tests should be conducted. The difference between the recoverable amount of the asset and its book value is recognized as impairment loss and included in the current profit and loss, and corresponding allowance for asset impairment is made. For the goodwill formed by business combination and the intangible assets with indefinite service life, impairment test is carried out every year regardless of whether there is any indication of impairment. The recoverable amount is determined based on the net amount of fair value of assets less the disposal expenses, or the present value of estimated future cash flows of the assets, whichever is lower. The Company estimates the recoverable amount based on the individual assets. If it is difficult to estimate the recoverable amount of the individual assets, the recoverable amount of the asset is determined based on the asset group to which the asset belongs. After the asset impairment loss is recognized, the depreciation or amortization expense of the impaired assets will be adjusted accordingly in the future period.

Once the asset impairment loss is confirmed, it cannot be reversed in the future accounting period.

Treatment of goodwill impairment: in the impairment test of goodwill, the book value of goodwill is apportioned to the asset group or asset group portfolio expected to benefit from the synergy of business combination, and the book value of goodwill is apportioned to the relevant asset group or asset group combination in a reasonable way. In the case of impairment test, the asset group or asset group portfolio that does not contain goodwill is tested for impairment first to confirm the corresponding asset impairment loss, and then the asset group or asset group containing goodwill is tested for impairment to confirm the corresponding goodwill impairment loss.

30 Asset transfer with repurchase conditions

When the Company sells products or transfers other assets, it signs a product or a transfer asset repurchase agreement with the purchaser, and determines whether the sales commodity satisfies the revenue recognition conditions according to the terms of the agreement. If the after-sales repurchase is a financing transaction, the Company does not recognize the sales revenue when the product or asset is delivered. If the repurchase price is greater than the difference between the sales prices, interest of the difference is accrued on time during the repurchase period, and included in finance costs.

31 Contract liabilities

The Company recognizes as contract liabilities the part of the obligation to transfer the goods to the customer due to received or receivable consideration from the customer.

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III Significant accounting policies and accounting estimates (continued)

32 Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, and short-term paid absences. The employee benefit liabilities are recognized in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at their fair value.

(b) Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the Reporting Period, the Company's defined contribution plans mainly include basic pensions and unemployment insurance.

(c) Termination benefits

If the Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily, the liabilities arising from compensation for the termination of labor relations with the employee is determined, and also included in the current profit and loss, at the time when the Company cannot unilaterally withdraw the termination of the labor relationship plan or redundancies proposal, or the time when the cost associated with reorganization involving payment of termination benefits is confirmed, whichever is earlier.

(d) Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except short-term employment benefits, post-employment benefits and termination benefits.

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III Significant accounting policies and accounting estimates (continued)

33 Estimated liabilities

When the Company is involved in any litigation, debt guarantee, contract loss or reorganization, which is likely in need of future delivery of assets or rendering of services, and the amount of which can be measured in a reliable way, it is recognized as estimated liabilities.

(1) Recognition standards for estimated liabilities

When an obligation related to the contingent events satisfies all the following conditions, it is recognized by the Company as estimated liabilities:

- (a) The obligation is the current obligation of the Company;
- (b) The fulfillment of the obligation is likely to cause economic benefits to flow out of the Company;
- (c) The amount of the obligation can be measured in a reliable way.

(2) Measurement methods for estimated liabilities

The estimated liabilities of the Company are initially measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money related to contingent events. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are handled as follows:

In case there is a continuous range (or interval) of required expenditures, within which the possibility of occurrence of various results is the same, the best estimate is determined by the average of the middle value of the range, that is, the average of the upper and lower limits.

In case there is no continuous range (or interval) of required expenditures, or there is a continuous range but the possibility of various results in the range is different, if the contingency involves a single item, the best estimate is determined based on the most probable amount; if a contingency involves multiple items, the best estimate is determined based on various possible outcomes and associated probabilities.

If all or part of the expenses required by the Company to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount should not exceed the book value of estimated liabilities.

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III Significant accounting policies and accounting estimates (continued)

34 Lease liabilities

The Company initially measures lease liabilities at the present value of the lease payments outstanding on the commencement date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in lease as the rate of discount. If the implicit interest rate of the lease cannot be determined, the incremental loan interest rate of the Company shall be used as the discount rate. Lease payments include:

- (a) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments;
- (b) Variable lease payments that depend on indexation or ratio;
- (c) The exercise price of the purchase option, when applicable, if the Company is reasonably certain that the option will be exercised;
- (d) The amount required to be paid to exercise the option to terminate the lease if the lease term reflects that the Company will exercise the option to terminate the lease;
- (e) The estimated amount payable based on the secured residual value provided by the Company.

The Company calculates the interest expenses of lease liabilities for each period within the lease term at a fixed rate of discount and includes them in profit or loss for the current period or cost of the related assets.

Variable lease payments that are not included in the measurement of lease liabilities should be included in profit or loss for the current period or cost of the related assets when they are actually incurred.

35 Share-based payments

The share-based payments of the Company are mainly equity-settled share-based payments, and only allow to be exercised by employees after the completion of their services in the waiting period. On each balance sheet date in the waiting period, based on the best estimate of the number of vesting equity instruments, the services obtained in the current period are included in the relevant costs or expenses and capital reserve based on the fair value at the grant date of the equity instruments.

The fair value of equity instruments is determined by the external appraiser or management based on the binomial distribution method. The best estimate of the vesting equity instrument is determined by the management based on historical statistics on the vesting weights and turnover rates on the balance sheet date.

Equity-settled share-based payments are measured based on the fair value of the equity instruments granted to employees. In case that the vesting right is available immediately after the grant, it is included in relevant cost or expense based on the fair value of the equity instrument on the grant date, and the capital reserve is increased accordingly. In case that the vesting right is available after the completion of services in the waiting period or satisfaction of stipulated performance conditions, on each balance sheet day during the waiting period, the services acquired in the current period are included into the relevant costs or expenses and capital reserve on the basis of the best estimate of the number of feasible equity instruments and at the fair value of the date on which the equity instruments are granted. No adjustments are made to the identified related costs or expenses or total owner's equity after the vesting date.

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III Significant accounting policies and accounting estimates (continued)

36 Revenue recognition

The Company shall recognize the revenue according to the transaction price assigned to the performance obligation when any due performance obligation is fulfilled (namely when the client obtains the control over relevant commodities or services).

(1) General principles applied to revenue recognition

The Company shall recognize the revenue according to the transaction price assigned to the performance obligation when any due performance obligation is fulfilled (namely when the client obtains the control over relevant commodities or services). Performance Obligation means that, under the contract, the Company promises to transfer commodities or services that can be clearly distinguished to the client. "Obtain the control over relevant commodities or services" refers to the ability to completely dominate the use of commodities and obtain almost all economic benefits. From the contract's effectiveness date, the Company shall evaluate the contract, recognize each single performance obligation included and determine whether each performance obligation is fulfilled within a certain period or at a time point.

When any of the following conditions is met, for performance obligation to be fulfilled within a certain period, the Company shall recognize corresponding revenue within the period as scheduled:

- (a) While fulfilling the due obligation in the Company, the client obtains and consumes the resulting economic benefit;
- (b) The client is able to control the commodities under construction during the Company's fulfillment;
- (c) Commodities generated from the Company's fulfillment possess irreplaceable purpose and the Company has the right to charge all fulfilled performance obligations within the whole contract period; otherwise, the Company shall recognize corresponding revenue when the client obtains the control over relevant commodities or services.

For any performance obligation with a certain period, the Company shall apply the output method/input method to determine the appropriate fulfillment schedule based on the specific nature of commodities and services. The output method is to determine the fulfillment schedule according to the value of commodities transferred to the client (while the input method is to determine the fulfillment schedule according to the Company's input to fulfill the performance obligation). If the fulfillment schedule cannot be reasonably determined and the Company's costs are predicted to be compensated, corresponding revenue shall be recognized based on the specific cost amount until the fulfillment schedule could be reasonably determined.

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III Significant accounting policies and accounting estimates (continued)

36 Revenue recognition (continued)

(2) Principles of handling revenues from specific transactions

(a) For the contract containing the sales return article: When the client obtains the control over relevant commodities, corresponding revenue shall be recognized according to the consideration amount (excluding the amount predicted to be returned due to sales return) predicted to be duly charged from transferring commodities to the client, and corresponding liabilities shall be recognized based on the amount predicted to be returned due to sales return. Meanwhile, when commodities are sold, the balance through deducting the predicted cost from taking back commodities from the book value of commodities predicted to be returned (including the impairment of value of returned commodities) shall be checked and calculated under "Returned Commodities Cost Receivable".

(b) For the contract containing the quality assurance article: it's required to evaluate whether the quality assurance involves any separable service except for the promise (to the client) that commodities conform to established standards. If the Company provides additional service, it shall be deemed as a single performance obligation and subject to the accounting treatment according to relevant revenue criteria provisions; otherwise, the quality assurance liability shall be subject to the accounting treatment according to the accounting criteria provisions on Contingency.

(c) For the sales contract containing the client's additional purchase option: the Company shall evaluate whether the option provides the client with any significant right. If any, it shall be deemed as a single performance obligation and the transaction price shall be apportioned to the performance obligation, and corresponding revenues shall be recognized when the client executes the purchase option right and obtains the control over relevant commodities in the future or when the option becomes invalid. If the separable selling price applied to the client's additional purchase option right cannot be directly observed, it's required to comprehensively consider the difference in discounts between the client's execution of option right and the client's non-execution of option right and analyze the possibility for the client to execute the option right and other relevant information. Then, corresponding reasonable estimate shall be made.

(d) The contract licensing the IP right to the client: It's required to evaluate whether the IP right license constitutes any single performance obligation; if any, it is necessary to determine whether the performance obligation fulfillment is fulfilled within a certain period or at a time point. If any IP right license is granted to the client and royalties are charged based on the client's actual sales or usage, corresponding revenues shall be recognized at a later time between the following dates: the day when the client's subsequent selling or usage occurs; the day when the Company fulfills relevant performance obligations.

(3) Specific revenue recognition method

(a) Product sales contract

According to the contract terms, for the selling of products subject to performance obligation fulfillment conditions at a time point and other products, the Company shall recognize the realization of sales revenues when the client obtains the control over relevant commodities or services according to the delivery condition agreed in the sales contract upon signed by the client after commodities are received.

(b) Technical service contract

If revenues are recognized within a certain period based on the technical service contract, corresponding revenues shall be recognized according to the performance schedule.

(c) Royalties income

Accounted for according to the time and method of charging as stipulated in the relevant contract or agreement.

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III Significant accounting policies and accounting estimates (continued)

36 Revenue recognition (continued)

(3) Specific revenue recognition method (continued)

(d) Revenue from photovoltaic power stations

a. Centralized power stations: Power stations are combined to the grid. The income will be confirmed based on the documents on power supply provided by the business departments of the Company, after the duration of continuous and trouble-free operation specified by the electric power company is met. b. Distributed power stations: Power stations are combined to the grid. The income will be confirmed based on the documents on settlement provided by the business departments of the Company.

37 Contract costs

(1) Contract performance cost

For the cost resulting from performing the contract which is not included in other ASBE except the revenue standards and meets the following conditions, the Company shall recognize it as an asset :

- (a) The cost is directly related to a current or predicted contract, including the direct labor, direct material and manufacturing expenses (or similar expenses), the cost borne by the client and other costs resulting from the contract;
- (b) The cost adds various resources that can be applied by the Company to fulfill due performance obligations.
- (c) The cost is predicted to be recovered.

The asset shall be presented and reported in inventory or other non-current assets, which depends on whether the amortization period exceeds a normal operating cycle during the initial recognition.

(2) Contract acquisition cost

If the increment cost resulting from the Company's acquisition of contract is predicted to be recovered, it shall be recognized as an asset as the contract acquisition cost. Increment Cost refers to the cost which only results from the contract acquisition, like the sales commission. If the amortization period is less than one year, it shall be included in current profit and loss.

(3) Contract cost amortization

The asset related to the contract cost shall adopt the same basis for the recognition of commodities or services revenues related to the asset, be amortized during the period of fulfilling the performance obligation or according to the fulfillment schedule and be included into current profit and loss.

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III Significant accounting policies and accounting estimates (continued)

37 Contract costs (continued)

(4) Impairment of contract costs

For the asset related to the contract cost as mentioned above, if the book value is higher than the difference between the residual consideration predicted to be obtained from the Company's transfer of commodities related to the asset and the cost to be incurred due to such transfer, depreciation reserves shall be calculated and withdrawn for the surplus which shall also be recognized as the asset impairment loss.

After the impairment allowances is established, if changes in depreciation factors during previous periods have made the above difference higher than the asset's book value, it shall be restituted to previously established asset impairment allowances and included in current profit and loss. However, the book value of restituted assets shall not exceed the book value of the asset on the date of restitution without establishing impairment allowances.

38 Government grants

(1) Type of change

Government grants are transfers of monetary or non-monetary assets from the government to the Group at nil consideration. According to the grants targets stipulated in the relevant government documents, government grants are classified into government grants related to assets and government grants related to income.

(2) Recognition of government grants

If a government grant is a monetary asset, it is measured at the amount received or receivable. If a government grant is a non-monetary asset, it is measured at fair value. If the fair value cannot be obtained in a reliable way, it is measured at the nominal amount (RMB1). Government grants measured at nominal amounts are recognized directly in the current profits and losses.

(3) Accounting treatment

Government grants related to assets offset the book value of the underlying assets.

If the government grants related to income are used to compensate related costs or losses in the subsequent period, it is recognized as deferred income and included in the current profit and loss or offset costs in the period in which the related costs or losses are recognized; government grants used to compensate costs or losses incurred by the enterprise are directly included in the current profits or losses or offset related costs. For government grants related to the daily activities of the enterprise, the R&D and VAT-related subsidies are included in other income; other government grants offset related costs according to the nature of economic activities. Government grants not related to daily activities of the Company are included in the non-operating income and expenditure. For preferential loans for policy discount, if the government finance department appropriates the discounted funds to the lending bank, the borrowing cost is accounted for according to the principal of the loan and the policy preferential interest rate, with the amount actually received as the entry value of the loan. If the government finance department directly appropriates the interest grant funds to the Company, the grants offset the related borrowing costs.

In case that a confirmed government grant is required to be returned, the book value of the asset is adjusted if the book value of relevant assets is offset at the initial recognition; if there is related deferred income, the book balance of deferred income is offset, and the excess is included in the current profit and loss; in case of other circumstances, it is directly included in the current profit and loss.

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III Significant accounting policies and accounting estimates (continued)

39 Deferred income tax assets and deferred income tax liabilities

The income taxes of the Company include current income tax and deferred income tax. Both current income tax and deferred income tax are recognized in the current profit and loss as income tax expense or gain, except for the following:

- (1) Adjusting goodwill due to income tax arising from business combination;
- (2) Income tax related to transactions or events directly included in shareholders' equity is included in shareholders' equity.

On the balance sheet date, the Company recognizes the deferred income tax assets or deferred income tax liabilities in accordance with the balance sheet liability method on temporary differences between the book value of assets or liabilities and their tax base.

The Company recognizes all taxable temporary differences as deferred tax liabilities except the taxable temporary differences incurred in the following transactions:

- (1) Initial recognition of goodwill; or initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and does not affect the accounting profits or the amount of taxable income which occurs;
- (2) For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, the timing of the reversal of the temporary differences can be controlled and the temporary differences are unlikely to be reversed in the foreseeable future.

The Company recognizes deferred income tax assets arising from deductible temporary differences, subject to the amount of taxable income likely to be obtained to offset the deductible temporary differences, except the deductible temporary differences incurred in the following transactions:

- (1) The transaction is not a business combination, and does not affect the accounting profits or the amount of taxable income when occurs;
- (2) The deductible temporary differences related to investment in subsidiaries, associates and joint ventures cannot satisfy all the following: the temporary differences are likely to be reversed in the foreseeable future and are likely to be used for deduction of deductible taxable income for temporary differences in the future.

On the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities according to the tax law based on the applicable tax rate during the period of expectation of recovering the assets or paying off the liabilities, and reflects the income tax impact of the expected recovery of assets or liquidation of liabilities on the balance sheet date.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that no sufficient taxable income will be available in the future to offset the benefits of deferred tax assets, the book value of deferred tax assets is written down. When it is probable that sufficient taxable income will be available, the amount written-down will be reversed.

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III Significant accounting policies and accounting estimates (continued)

40 Leases (applicable before December 31 2020)

(1) Accounting treatment of operating leases

- (a) The rental fees paid by the Company for the lease of assets are apportioned on a straight-line basis over the entire lease term without deduction of the rent-free period and included in the current expenses. The initial direct costs associated with the lease transactions paid by the Company are included in the current expenses. When the lessor of an asset bears the expenses related to the lease that should be borne by the Company, the Company deducts the part of the expenses from the total rent. The deducted rental expenses are apportioned during the lease term and included in the current expenses.
- (b) The rental fees charged by the Company for renting out assets are apportioned on a straight-line basis over the entire lease term without deduction of the rent-free period and is recognized as rental income. The initial direct expenses related to lease transactions paid by the Company are included in the current expenses; if the amount is a significant one, it is capitalized and included in the current income in the same period as the lease income is recognized throughout the lease period.

When the Company bears the lease-related expenses that should be borne by the lessee, the Company deducts the part of the expenses from the total rental income, and distributes the deducted rental expenses within the lease term.

(2) Financial leased assets

On the date when lease starts, the Company recognizes the fair value of the leased asset or the present value of the minimum lease payment as the book value of the leased asset, whichever is lower, and recognizes the minimum lease payment amount as the book value of the long-term payable, and the difference between the two is recognized as unconfirmed financing expenses. The Company adopts the effective interest rate method to amortize the unrecognized financing expenses during the asset lease period and includes them in financial expenses.

(3) Financial leasing assets

On the date when the lease starts, the Company recognizes the receivable of the financial lease, the difference between the sum of unsecured residual value and its present value as unrealized financing income, and recognizes the lease income in the future period of the lease. The initial direct costs incurred by the Company in connection with lease transactions are included in the initial measurement of financial lease receivable, and the amount of income recognized during the lease term is reduced.

41 Leases (applicable from January 1, 2021) (continued)

From the effectiveness date of a contract, the Company assesses whether the contract is a lease or includes any lease. If a party to the contract transfers the right allowing the control over the use of one or more assets that have been identified within a certain period, in exchange for a consideration, such contract is a lease or includes a lease.

(1) Lease contract split

If a contract contains multiple single leases at the same time, the Company will split the contract, and conduct accounting treatment of each single lease respectively.

If a contract contains both lease and non-lease parts at the same time, the Company will split the lease and non-lease parts, conduct accounting treatment of the lease part in accordance with the accounting standards governing leases, and conduct accounting treatment of the non-lease part in accordance with other applicable corporate accounting standards.

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III Significant accounting policies and accounting estimates (continued)

41 Leases (applicable from 1 January 2021) (continued)

(2) Lease contract combination

With regard to two or multiple contracts containing leases concluded by the Company with the same counterparty or its related parties at the same or a similar time, when any of the following conditions is met, the contracts are combined into one contract for accounting treatment:

- (a) Two or multiple contracts are concluded based on an overall business purpose and constitute a package deal, and if they are not considered as a whole, the overall business purpose cannot be understood.
- (b) The consideration amount of one contract among the two or multiple contracts depends on the pricing or performance of other contracts.
- (c) The rights to use assets transferred by the two or multiple contracts constitute one single lease.

(3) Accounting treatment with the Company as lessee

On the commencement date of the lease term, the Company recognises the right-of-use assets and lease liabilities for the lease, unless it is a simplified short-term lease or low-value asset lease.

(a) Short-term leases and low-value asset leases

A short-term lease refers to a lease that does not include a purchase option and whose lease term does not exceed 12 months. A low-value asset lease refers to a lease where the value will be low when a single leased asset is a new asset.

The Company does not recognize the right-of-use assets or lease liabilities for the following short-term leases and low-value asset leases. In each period within the lease term, the relevant lease payments are included in cost of the related assets or profit or loss for the current period on a straightline basis or according to other systemic and reasonable methods.

Item	Simplified leased asset type
Short-term lease	A lease whose lease term does not exceed 12 months from the commencement date of the lease term
Low-value asset lease	An asset lease with a value of less than RMB40,000 or its foreign currency equivalents

The Company recognises the right-of-use assets and lease liabilities for short-term leases and low-value asset leases other than those mentioned above.

- (b) The accounting policies for right-of-use assets and lease liabilities are detailed in Note III, 26 and Note III, 34.

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III Significant accounting policies and accounting estimates (continued)

41 Leases (applicable from January 1, 2021) (continued)

(4) Accounting treatment with the Company as lessor

(a) Lease classification:

The Company classifies leases into finance leases and operating leases at the inception of leases. A finance lease refers to a lease where almost all the risks and rewards, related to the ownership of the leased asset(s), are substantially transferred, regardless of whether the ownership is transferred eventually. An operating lease refers to all leases other than finance leases.

Usually, the Company classifies a lease that meets any one or more of the following conditions as a finance lease:

- 1) Upon expiry of the lease term, the ownership of the leased asset(s) is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets. As the agreed purchase price is low enough compared with the fair value of the leased asset(s) at the time the option is expected to be exercised, it can be reasonably determined at the inception of the lease that the lessee will exercise the option.
- 3) Although the ownership of the asset(s) is not transferred, the lease term accounts for the majority of the service life of the leased asset(s).
- 4) At the inception of the lease, the present value of the lease payments receivable is almost equal to the fair value of the leased asset(s).
- 5) The leased asset(s) is/are special in nature and can be only used by the lessee, unless there is a large alteration.

The Company may also classify a lease that falls under any one or more of the following circumstances as a finance lease:

- 1) If the lessee cancels the lease, losses to the lessor caused by the cancellation will be borne by the lessee.
- 2) Gains or losses arising from fluctuations in the fair value of the residual value of the leased asset(s) are borne by the lessee.
- 3) The lessee is able to renew the lease with a rental far lower than the market level to the next term.

(b) Accounting treatment of finance leases

On the commencement date of the lease term, the Company recognises the finance lease receivables for the finance lease and derecognises the leased asset(s) of the finance lease.

In the initial measurement of finance lease receivables, the sum of the unsecured residual value and the present value of the lease payments receivable not yet received on the commencement date of the lease term discounted at the interest rate implicit in lease is the entry value of the finance lease receivables. Lease payments receivable include:

- 1) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments;
- 2) Variable lease payments that depend on indexation or ratios;
- 3) The exercise price of the purchase option, when applicable, if it is reasonably certain that the lessee will exercise the purchase option;
- 4) The amount required to be paid by the lessee to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the lease;
- 5) Secured residual value provided to the lessor by the lessee, a party related to the lessee, or an independent third party that has the financial ability to perform the security provision obligation.

The received variable lease payments that are not included in the measurement of the net investment in the lease are included in profit or loss for the current period when they are actually incurred.

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III Significant accounting policies and accounting estimates (continued)

41 Leases (applicable from January 1, 2021) (continued)

(4) Accounting treatment with the Company as lessor (continued)

(c) Accounting treatment of operating leases

For each period of the lease term, the Company adopts the straight-line method or other systematic and reasonable methods to recognize the lease receipts of the operating lease as rental income; the Company capitalizes the initial direct expenses incurred in connection with the operating lease, amortizes them over the lease term on the same basis as that for the recognition of the rental income, and includes them in the current profit and loss by stage; the Company includes the variable lease payments, obtained in connection with the operating lease that are not included in the lease receipts, in the current profit and loss when actually incurred.

(5) Sale and leaseback

(a) The Company as seller and lessee

If the asset transfer in a sale and leaseback transaction is a sale, the Company will measure the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's carrying value that is related to the use right acquired by the leaseback, and recognise related gains or losses only for the right transferred to the lessor. If the fair value of the sales consideration is different from the fair value of the asset, or if the lessor does not charge the rent at the market price, the Company will conduct accounting treatment with the sales consideration amount below the market price as the prepaid rent, or the amount above the market price as the additional financing provided by the lessor to the lessee; at the same time, the relevant sales gains or losses will be adjusted based on the fair value.

If the asset transfer in a sale and leaseback transaction is not a sale, the Company will continue to recognise the transferred asset and at the same time recognise a financial liability equivalent to the transfer income.

(b) The Company as buyer and lessor

If the asset transfer in a sale and leaseback transaction is a sale, the Company will conduct corresponding accounting treatment for asset purchase and apply the accounting standards governing leases to the accounting treatment of the asset lease. If the fair value of the sales consideration is different from the fair value of the asset, or if the Company does not charge the rent at the market price, the Company will conduct accounting treatment with the sales consideration amount below the market price as the pre-collected rent, or the amount above the market price as the additional financing provided by the Company to the lessee; at the same time, the rental receipt will be adjusted based on the market price.

If the asset transfer in a sale and leaseback transaction is not a sale, the Company will recognise a financial asset equivalent to the transfer income.

42 Related parties

If one party controls, commonly controls or exerts a significant influence on the other party, and two or more parties are under the control, common control or significant influence of the other party, they constitute related parties.

TCL Technology Group Corporation
Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

43 Discontinued operations

The Company recognizes a component disposed of or classified as a component that can be separately distinguished from the category held for sale and satisfies any of the following as a component of discontinued operations: (1) The component represents an independent major business or a separate major business area; (2) This component is part of a related plan to dispose of an independent major business or a separate major operating area; (3) This component is a subsidiary that is acquired for resale. Operating profit and loss, such as impairment losses for discontinued operations and the amount reversed, and disposal profit and loss are presented in the income statement as profit and loss of discontinued operations.

44 Changes to major accounting policies and estimates

(1) Change of accounting policy

(a) Impact of the adoption of the new lease standards on the Company

From January 1, 2021, the Company started to adopt the Corporate Accounting Standards No. 21-Leases revised in 2018 by the Ministry of Finance. For details of the changed accounting policies, please refer to Item 41 in Note III to the financial statements in this report.

Therefore, the bridging provisions of the Accounting Standards are applicable to only the above-mentioned contracts that are identified as leases under the original accounting standards.

Moreover, regarding the above-mentioned lease contracts, the Company chose to adopt a simplified retrospective application method for the bridging accounting treatment in accordance with the provisions of the Accounting Standards for Business Enterprises No. 28 - Changes in Accounting Policies and Estimates, and Correction of Errors, that is, to adjust the amounts of retained earnings and other relevant items in the financial statements at the beginning of the year when the Accounting Standards were first adopted, without adjusting the information of comparable periods.

The Company's accounting policy for low-value asset leases is not to recognise right-of-use assets and lease liabilities. According to the bridging provisions of the new accounting standards, the accounting treatment of the Company's low-value asset leases before the date of first adoption will be conducted in accordance with the new accounting standards from the date of first adoption, and no retrospective adjustment will be made to the low-value asset leases.

The impact of the implementation of the new Lease Standards on the beginning balances of the relevant items of the Balance Sheet are shown as follows:

Item	Carrying amount as per the former lease standard	Effect of remeasurement Amount of change	Carrying amount as per the revised lease standard
Fixed assets	92,829,902	(1,338,471)	91,491,431
Right-of-use assets	-	2,105,059	2,105,059
Long-term deferred expenses	2,536,670	(437,301)	2,099,369
Current portion of non-current liabilities due within a one-year period	13,429,670	43,844	13,473,514
Lease liabilities	-	1,112,141	1,112,141
Long-term payables	1,280,300	(826,698)	453,602

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III Significant accounting policies and accounting estimates (continued)

44 Changes to major accounting policies and estimates (continued)

(1) Changes to accounting policies (continued)

(b) Impact of the adoption of Interpretation to Accounting Standards for Business Enterprises No. 14 on the Company

On January 26, 2021, the Ministry of Finance issued the Interpretation to Accounting Standards for Business Enterprises No. 14 (CK [2021] No. 1, hereinafter referred to as "Interpretation No. 14"), which will come into force from January 26, 2021 (hereinafter referred to as the "adoption date"). The Company has implemented Interpretation No. 14 since the adoption date, which has no significant impact on the financial statements for the reporting period.

(c) Impact of the adoption of Interpretation to Accounting Standards for Business Enterprises No. 15 on the Company

On December 31, 2021, the Ministry of Finance issued the Interpretation to Accounting Standards for Business Enterprises No. 15 (CK [2021] No. 35, hereinafter referred to as "Interpretation No. 15"), which will be adopted from the issue date. The Interpretation No. 15 regulates the presentation of centralized and unified management of the funds of the parent company and member units through internal settlement centers and financial companies, etc.

The Company has implemented Interpretation No. 15 since December 31, 2021, which has no significant impact on the financial statements for the comparable periods.

(2) Changes to accounting estimates

No change occurred to the major accounting estimates in the Reporting Period.

45 Correction of previous accounting errors

No previous accounting errors were identified and corrected in the Reporting Period.

TCL Technology Group Corporation
Notes to Financial Statements
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IV Taxes

1 Value-added tax

In the Reporting Period, output tax was calculated at 3%, 5%, 6%, 9% or 13% of the taxable income of general taxpayers and the value added-tax was paid based on the difference after deducting the allowance deduction of input tax in the current period. The value added-tax payment for the Company's directly exported goods is executed in accordance with the regulations of "Exemption, Offset and Refund". The tax refund rate is 0%-13%.

2 Urban maintenance and construction tax

Subject to the relevant tax laws and regulations of the state and local regulations, urban maintenance and construction tax is paid based on the proportion stipulated by the state according to the individual circumstances of each member of the Company.

3 Education surcharges

Education surcharges are paid according to the individual circumstances of each member of the Company based on the proportion stipulated by the state in accordance with the relevant national tax regulations and local regulations.

4 Dike protection fee

Dike protection fee is paid according to relevant national tax regulations and local regulations.

5 Property tax

Property tax is paid on the houses with property rights according to the proportion stipulated by the state in accordance with the relevant national tax regulations and local regulations.

TCL Technology Group Corporation
Notes to Financial Statements
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IV Taxes (continued)

6 Corporate income tax

The corporate income tax rate for the Company was 25% in the Current Period (2020: 25%).

According to Article 28 of the Enterprise Income Tax Law of the People's Republic of China, a reduced corporate income tax rate of 15% is applied to important high-tech enterprises that the government supports.

The following subsidiaries are entitled to tax preferences, overseas subsidiaries adopt the local tax rates, and the other subsidiaries of the Company are all taxed at a rate of 25%.

Subsidiaries entitled to tax preferences:

Company Name	Preferential tax rate	Reason
TCL China Star Optoelectronics Technology Co., Ltd.	15%	High-tech enterprise
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	15%	High-tech enterprise
Wuhan China Star Optoelectronics Technology Co., Ltd.	15%	High-tech enterprise
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	15%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15%	High-tech enterprise
Qingdao Blue Business Consulting Co., Ltd.	15%	High-tech enterprise
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd.	15%	High-tech enterprise
TianJinZhonghuan Advanced Material&Technology Co., Ltd.	15%	High-tech enterprise
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15%	High-tech enterprise
Huansheng Solar (Jiangsu) Co., Ltd.	15%	High-tech enterprise
Zhangjiakou Huan? Ou International New Energy Technology Co., Ltd.	15%	High-tech enterprise
Wuxi Zhonghuan Applied Materials Co., Ltd.	15%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15%	High-tech enterprise
Tianjin Zhonghuan Electronics Computer Co., Ltd.	15%	High-tech enterprise
Guangdong TCL New Technology Co., Ltd.	15%	High-tech enterprise
Ningxia Zhonghuan Solar Material Co., Ltd.	15%	Encouraged business in West China
Inner Mongolia ZhonghuanXiexin Solar Material Co., Ltd.	15%	Encouraged business in West China
Huhehaote Huanju New Energy Development Co., Ltd.	15%	State-supported public infrastructure project, Encouraged business in West China
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	12.5%	Encouraged business of integrated circuit materials
Yixing Huanxing New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
GuyuanShengju New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
ShangqiuYaowei Photovoltaic Power Generation Co., Ltd.	12.5%	State-supported public infrastructure project
Tianjin HuanyuYangguang New Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
HuludaoZhongrun Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
KangbaoHuanju New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Qinhuangdao Tianhui Solar Energy Co., Ltd.	12.5%	State-supported public infrastructure project

TCL Technology Group Corporation
Notes to Financial Statements
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IV Taxes (continued)

6 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
HuludaoXincheng New Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
Zhangjiakou Shengyuan New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Shenzhen Qianhai Maojia Software Technology Co., Ltd.	10%	Key software enterprise
Dushan Anju Photovoltaic Technology Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Sonid Left Banner Huanxin New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Otog Banner Huanju New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Inner Mongolia New Huanyu Yangguang New Energy Technology Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
GengmaHuanxing New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Shanxi RunhuanTianyu Technology Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China
Tianjin Binhai Huanneng New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
GaoqingHuanyuan Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project
GaoqingChengguang Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project
NingjinJinchen New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
Tianjin Zhonghuan New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
Dangxiong Youhao New Energy Development Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China

TCL Technology Group Corporation
Notes to Financial Statements
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IV Taxes (continued)

6 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
ShangqiuSuoguang Energy Technology Co., Ltd.	2% ~ 10%	Small low-profit business
ShangqiuSuoyuan Energy Technology Co., Ltd.	2% ~ 10%	Small low-profit business
UlanqabDishengsheng Energy Co., Ltd.	5%	Small low-profit business
Tongliao Guangdong New Energy Co., Ltd.	5%	Small low-profit business
Alxa League Huanju New Energy Co., Ltd.	5%	Small low-profit business
JinxiangHaotian New Energy Co., Ltd.	5%	Small low-profit business
Inner Mongolia Zhonghuan Asset Management Co., Ltd.	5%	Small low-profit business
Inner Mongolia Huanya Hotel Management Co., Ltd.	5%	Small low-profit business
ShangqiuSuoneng Energy Technology Co., Ltd.	3%	Small low-profit business
Tianjin ZhonghuanZhongda Technology Co., Ltd.	3%	Small low-profit business
Sichuan Sunpiestore Technology Co., Ltd.	5%	Small low-profit business
Guizhou Sunpiestore Technology Co., Ltd.	5%	Small low-profit business
Tianjin ZhonghuanHengda Technology Co., Ltd.	3%	Small low-profit business
Tianjin Yingtuo Computer Control Technology Co., Ltd.	3%	Small low-profit business
Tianjin Zhongdian High Tech Co., Ltd.	3%	Small low-profit business
Tianjin Zhonghuan Electronic Instrument Co., Ltd.	3%	Small low-profit business

According to Article II of the Notice on the Implementation of Inclusive Tax Reduction and Exemption Policies for Small and Micro Enterprises (CS [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration, the portion of the annual taxable income of each small and micro profit enterprise that does not exceed RMB1 million will be included in the taxable income at a reduced rate of 25% and the corporate income tax will be paid thereon at a tax rate of 20% from January 1, 2019 to December 31, 2021; the portion of the annual taxable income of each small and micro profit enterprise that exceeds RMB1 million but does not exceed RMB3 million will be included in the taxable income at a reduced rate of 50% and the corporate income tax will be paid thereon at a tax rate of 20% from January 1, 2019 to December 31, 2021.

According to the Announcement on the Implementation of Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2021) issued by the Ministry of Finance and the State Taxation Administration on April 2, 2021, the portion of the annual taxable income of each small and micro profit enterprise that does not exceed RMB1 million will be subject to halved corporate income taxes on the basis of the above preferential policies from January 1, 2021 to December 31 2022.

7 Individual income tax

Individual income tax of income paid to employees by the Company is withheld by the Company on behalf of employees in accordance with to the relevant national tax regulations.

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements

1 Monetary assets

	December 31, 2021	December 31, 2020
Cash on hand	789	1,189
Bank deposits	29,049,850	17,744,850
Deposits with the central bank	481,162	209,978
Interest receivable on deposits	64,825	84,459
Other monetary assets	1,797,066	3,668,429
	31,393,692	21,708,905

Note Monetary assets with restricted use rights

	December 31, 2021	December 31, 2020
TCL Tech Finance's statutory reserve deposits with the central bank	358,178	209,978
Restricted bank deposits	79,265	-
Restricted amount of other monetary assets	809,719	3,206,051
Interest receivable on deposits	64,825	84,459
	1,311,987	3,500,488

As of December 31, 2021, the Company's bank deposits of RMB358,178 thousand (December 31, 2020: 209,978 thousand) are statutory reserve deposits placed in the central bank by TCL Tech Finance Co.,Ltd.. a subsidiary of the Company.

As of December 31, 2021, the Company's monetary assets abroad amounted to RMB2,817,430 thousand (December 31, 2020: RMB1,131,911 thousand), all of which were owned by the overseas subsidiaries of the Company.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

2 Held-for-trading financial assets

	December 31, 2021	December 31, 2020
Financial assets at fair value through profit or loss	7,601,256	5,300,046
Including: Debt instrument investments	7,288,741	4,628,306
Equity instrument investments	312,515	671,740
	7,601,256	5,300,046

3 Derivative financial assets

	December 31, 2021	December 31, 2020
Foreign exchange forwards	59,063	445,690
Interest rate swaps	11,866	-
Others	-	7,888
	70,929	453,578

4 Notes receivable

(1) Notes receivable by category

	December 31, 2021	December 31, 2020
Bank acceptance notes	775,423	576,468
Trade acceptance notes	779	19,217
	776,202	595,685

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (continued)

(1) Notes receivable by category (continued)

	December 31, 2021				Book value	December 31, 2020				
	Gross amount Amount	Ratio (%)	Allowance Amount	Percentage		Gross amount Amount	Ratio (%)	Allowance Amount	Percentage	
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis	776,202	100%	-	-	776,202	595,685	100%	-	-	595,685
Of which: group with no recovery risk	775,423	99.90%	-	-	775,423	576,468	96.77%	-	-	576,468
By aging analysis	779	0.10%	-	-	779	19,217	3.23%	-	-	19,217
	<u>776,202</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>776,202</u>	<u>595,685</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>595,685</u>

(2) As at December 31, 2021, notes receivable in pledge were RMB119,381 thousand.

(3) Endorsed or discounted notes receivable that were outstanding on the balance sheet date and were derecognized as at December 31, 2021 amounted to RMB1,019 thousand. Endorsed or discounted notes receivable that were not outstanding on the balance sheet date and were not derecognized as at December 31, 2021 amounted to RMB157,915 thousand.

5 Accounts receivable

	December 31, 2021	December 31, 2020
Accounts receivable	18,657,744	12,838,895
Less: allowance for doubtful accounts	<u>418,962</u>	<u>281,281</u>
	<u>18,238,782</u>	<u>12,557,614</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (1) Accounts receivable in the period from January 1, 2021 to December 31, 2021 are classified as follows by how the allowances for doubtful accounts were established:

	December 31, 2021		
	Gross amount	Lifetime ECL rate	Gross amount
Accounts receivable for which the related allowances for doubtful accounts were established on the individual basis	284,712	99.73%	283,951
Of which:			
Accounts receivable	284,712	99.73%	283,951
Accounts receivable for which the related allowances for doubtful accounts were established on the grouping basis	18,373,032	0.73%	135,011
Of which:			
Group 1 : by aging analysis	13,908,732	0.65%	91,033
Group 2 : by related party grouping	3,520,701	1.25%	43,978
Group 3: Group with no recovery risk	943,599	0.00%	-
	18,657,744		418,962

- (2) The aging of accounts receivable is analysed as follows:

	December 31, 2021		December 31, 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	17,493,941	93.76%	11,810,255	91.99%
1 to 2 years	465,391	2.49%	392,397	3.06%
2 to 3 years	309,150	1.66%	400,671	3.12%
Over 3 years	389,262	2.09%	235,572	1.83%
	18,657,744	100%	12,838,895	100%

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Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

(3) Allowances for doubtful accounts receivable are analysed as follows:

	December 31, 2021	December 31, 2020
Beginning amount	281,281	45,020
New subsidiary	33,745	199,462
Accrued in current period	209,480	76,552
Reversal of current period	(86,588)	(26,300)
Write-off of current period	(12,759)	(12,439)
Reduced subsidiary	(5,381)	-
Exchange adjustment	(816)	(1,014)
	418,962	281,281
Ending amount	418,962	281,281

(4) There is no debt owed by shareholders holding 5% or more voting shares in this account balance.

(5) As of December 31, 2021, the accounts receivable of the top five balances are as follows:

	December 31, 2021	December 31, 2020
Total amount owed by the top five	8,922,641	6,443,402
Proportion of total accounts receivable	47.82%	50.19%

6 Receivables financing

	December 31, 2021	December 31, 2020
Notes receivable financing	2,217,639	1,206,289
Accounts receivable financing	-	970,455
	2,217,639	2,176,744
	2,217,639	2,176,744

Note Endorsed or discounted notes receivable that were outstanding on the balance sheet date and were derecognized as of December 31, 2021 amounted to RMB15,826,495 thousand.

As of December 31, 2021, the Company believes that the held receivables financing did not have significant credit risk and will not cause significant losses due to default.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	December 31, 2021	December 31, 2020
Within 1 year	2,297,910	1,352,128
1-2 years	6,560	399
2-3 years	1,376	414
Over 3 years	479	2,712
	2,306,325	1,355,653

(2) As of December 31, 2021, the prepayments of the top five balances are as follows:

	December 31, 2021	December 31, 2020
Total amount owed by the top five	1,681,650	816,964
As % of total prepayments	72.91%	60.26%

8 Other receivables

	December 31, 2021	December 31, 2020
Other receivables	4,458,621	2,793,640
	4,458,621	2,793,640

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(1) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	4,681,100	3,046,810
Less: allowance for doubtful accounts	<u>222,479</u>	<u>253,170</u>
	<u>4,458,621</u>	<u>2,793,640</u>

(a) Nature of other receivables is analyzed as follows:

	December 31, 2021	December 31, 2020
Subsidy receivable	1,696,203	1,612,041
Equity transfer receivables	1,480,960	100,802
Receivables from external entities	832,197	678,933
Security deposits	421,430	343,367
Others	<u>27,831</u>	<u>58,497</u>
	<u>4,458,621</u>	<u>2,793,640</u>

(b) Allowance for doubtful other receivables is analyzed as follows:

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
Beginning amount	64,800	113,836	74,534	253,170
Current accrual	11,564	6,455	3,004	21,023
Increase due to newly acquired subsidiaries	-	-	343	343
Reversal of current period	-	-	(3,675)	(3,675)
Write-off of current period	-	-	(30,357)	(30,357)
Decrease due to disposal of subsidiary	-	-	(17,915)	(17,915)
Exchange adjustment	<u>(110)</u>	<u>-</u>	<u>-</u>	<u>(110)</u>
December 31, 2021	<u>76,254</u>	<u>120,291</u>	<u>25,934</u>	<u>222,479</u>

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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(c) The aging of other receivables is analyzed as follows:

	December 31, 2021		December 31, 2020	
	Carrying amount	Ratio (%)	Carrying amount	Ratio (%)
Within 1 year	3,991,248	85.25%	2,713,832	89.07%
1 to 2 years	292,805	6.26%	80,991	2.66%
2 to 3 years	228,974	4.90%	131,394	4.31%
Over 3 years	168,073	3.59%	120,593	3.96%
	<u>4,681,100</u>	<u>100%</u>	<u>3,046,810</u>	<u>100%</u>

(d) There is no debt owed by shareholders holding 5% or more voting shares in this account balance.

(e) As of December 31, 2021, the other receivables of the top five balances are as follows:

	December 31, 2021	December 31, 2020
Total amount owed by the top five	3,381,203	2,004,109
As % of total other receivables	72.23%	65.78%

(f) As of December 31, 2021, there is no transfer of other receivables that do not conform to the conditions for derecognition in the balance of this account; no transaction arrangement for asset securitization with other receivables as the subject asset; and no financial instrument that is the subject of securitization and does not conform to the conditions for derecognition.

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9 Inventories

(1) Inventories are classified as follows:

	December 31, 2021			December 31, 2020		
	Gross amount	Inventory valuation allowance	Carrying amount	Gross amount	Inventory valuation allowance	Carrying amount
Raw materials	4,247,095	652,265	3,594,830	2,698,477	196,354	2,502,123
Work in progress	2,705,288	321,606	2,383,682	1,900,684	213,991	1,686,693
Finished Goods	8,541,513	823,701	7,717,812	4,606,092	273,232	4,332,860
Turnover materials	388,135	1,102	387,033	317,162	3,880	313,282
	<u>15,882,031</u>	<u>1,798,674</u>	<u>14,083,357</u>	<u>9,522,415</u>	<u>687,457</u>	<u>8,834,958</u>

As of December 31, 2021, the Company had no inventory for liabilities guarantee.

(2) Inventory valuation allowances are analyzed as follows:

	January 1, 2021	Current Accrual	New subsidiary	Current Reversal	Current Write-off	Reduced subsidiary	Exchange Adjustment	December 31, 2021
Raw materials	196,354	682,314	16,710	(90,871)	(151,529)	(713)	-	652,265
Work in progress	213,991	419,666	25,833	(22,212)	(315,672)	-	-	321,606
Finished Goods	273,232	954,725	16,317	(19,601)	(354,090)	(46,367)	(515)	823,701
Turnover materials	3,880	285	-	-	(3,063)	-	-	1,102
	<u>687,457</u>	<u>2,056,990</u>	<u>58,860</u>	<u>(132,684)</u>	<u>(824,354)</u>	<u>(47,080)</u>	<u>(515)</u>	<u>1,798,674</u>

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V Notes to Consolidated Financial Statements (Continued)

10 Contract assets

(1) Contract assets are classified as follows:

	December 31, 2021			December 31, 2020		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Allowance for doubtful accounts	Carrying amount
Electricity charges receivable	239,753	6,224	233,529	186,516	2,866	183,650

(2) Valuation allowances for contract assets are analyzed as follows:

	January 1, 2021	Current Accrual	Current Reversal or write-off	Other increases and decreases	December 31, 2021
Electricity charges	2,866	2,880	-	478	6,224

11 Held-for-sale assets

	December 31, 2021	December 31, 2020
Assets held for sale	-	360,936

12. Other current assets

	December 31, 2021	December 31, 2020
Short-term debt investments	571,140	1,418,900
VAT to be deducted, to be certified, etc.	3,931,095	3,697,455
Current portion of loans and advances to customers (note)	1,169,487	4,104,903
Other	131,238	145,797
	<u>5,802,960</u>	<u>9,367,055</u>

Note: The current portion of loans and advances is loans due within the next year issued by subsidiary TCL Tech Finance Co., Ltd., of which interest receivable is RMB3,441 thousand.

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V Notes to Consolidated Financial Statements (Continued)

13 Loans and advances to customers

	December 31, 2021	December 31, 2020
Loans and advances to customers	-	981,876

14 Debt investments

	December 31, 2021	December 31, 2020
National debt and secondary market debt (note)	-	119,350

Note As of December 31, 2021, there were no significant debt investments.

15 Other debt investments

	Beginning amount	Interest accrued	Fair value change in current period	Ending balance	Cost	Cumulative fair value change	Accumulated loss reserves recognized in other comprehensive income
Trust plan	152,063	-	-	-	-	-	-

Note As of December 31, 2021, there were no significant other debt investments.

16 Long-term receivables

	December 31, 2021			December 31, 2020			
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	
Finance lease	651,118	-	651,118	778,889	-	778,889	
Of which:							
unrealized financing income	848,837	-	848,837	990,529	-	990,529	7.125%-8.115%
	651,118	-	651,118	778,889	-	778,889	

17 Long-term equity investments

	December 31, 2021			December 31, 2020		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates (1)	25,086,945	1,624	25,085,321	23,941,424	13,622	23,927,802
Joint ventures (2)	604,760	49,503	555,257	168,737	49,503	119,234
	25,691,705	51,127	25,640,578	24,110,161	63,125	24,047,036

As of December 31, 2021, the Company established impairment allowances for long-term equity investments in investees with poor management and insolvent assets.

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17 Long-term equity investments (continued)

(1) Associates

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period						December 31, 2021
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Cash dividends or profit distribution declared	Accrued Impairment allowance	Other increases and decreases	
Bank of Shanghai Co., Ltd.	11,232,138	-	1,269,007	(254,192)	-	(327,157)	-	-	11,919,796
China Innovative Capital Management Limited	1,037,627	-	25,592	-	-	-	-	-	1,063,219
LG Electronics (Huizhou) Co., Ltd.	90,381	-	13,898	-	-	(12,200)	-	-	92,079
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	39,561	-	(3,401)	-	-	-	-	-	36,160
Shenzhen Jucai Supply Chain Technology Co., Ltd.	6,668	-	4,038	-	-	-	-	-	10,706
Shenzhen Tixiang Business Management Technology Co., Ltd.	2,465	-	1,155	-	-	-	-	-	3,620
TCL Air Conditioner (Wuhan) Co., Ltd.	37,834	-	771	-	-	-	-	-	38,605
TCL Finance (Hong Kong) Co., Limited	23,124	83,704	2,820	-	-	-	-	(331)	109,317
Zhuhui Xinyuan Commercial (Huizhou) Co., Ltd.	12,110	-	(12,110)	-	-	-	-	-	-
Shenzhen TianyiHemeng Education Co., Ltd.	4,719	(8,000)	(2,941)	-	-	-	-	6,222	-
Urumqi TCL Equity Investment Management Co., Ltd.	226	-	(155)	-	-	-	-	-	71
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,367,292	(138,875)	327,459	-	-	-	-	-	1,555,876
Ningbo DongpengWeichuang Equity Investment Partnership (Limited Partnership)	850,489	(98,344)	266,671	(8)	-	(622,008)	-	(27)	396,773
DeqingPuhua Equity Investment Fund Partnership (Limited Partnership)	194,671	-	(1,573)	-	-	-	-	(142)	192,956

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V Notes to Consolidated Financial Statements (Continued)

17 Long-term equity investments (continued)

(1) Associate

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period					December 31, 2021	
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Impairment allowance		Other increases and decreases
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	511,859	(44,946)	3,373	-	-	(6,992)	-	-	463,294
Wuxi TCL Aisikai Semi-conductor Industry Investment Fund Partnership (Limited Partnership)	221,698	(6,362)	21,115	-	-	(3,687)	-	-	232,764
Wuxi TCL Venture Capital Partnership (Limited Partnership)	35,638	-	(55)	(3)	-	-	-	-	35,580
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	66,373	-	(1,282)	-	-	-	-	(116)	64,975
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership)	44,084	-	25,917	(1,371)	-	(38,685)	-	-	29,945
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	21,216	-	(13)	(1,478)	-	-	-	-	19,725
Huizhou Kaichuang Venture Investment Partnership (Limited Partnership)	8,709	-	(9)	-	-	-	-	-	8,700
Beijing A Dynamic Venture Capital Center (Limited Partnership)	7,365	-	(35)	(915)	-	-	-	-	6,415
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership)	7,800	-	(4,046)	(4)	-	-	-	-	3,750
Shenzhen Chuangdong New Industry Investment Fund Enterprise (Limited Partnership)	11,436	-	(4)	(9,091)	-	-	-	-	2,341
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	6,107	-	2,149	-	-	(2,250)	-	-	6,006
Huizhou Kaimeng Angel Investment Partnership (Limited Partnership)	2,660	-	(65)	-	-	-	-	-	2,595
Ningbo Jiutian Matrix Investment Management Co., Ltd. (note)	2,660	-	191	-	-	-	-	-	2,851
Urumqi Qixinda Equity Investment Management Co., Ltd.	1,611	-	(474)	-	-	-	-	-	1,137

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17 Long-term equity investments (continued)

(1) Associate

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period						December 31, 2021
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance	Other increases and decreases	
Urumqi TCL Create Dynamic Equity Investment Management Co., Ltd.	759	-	2	-	-	-	-	-	761
Beijing A Dynamic Investment Consulting Co., Ltd.	473	-	(4)	-	-	-	-	-	469
Shanghai Gen Auspicious Investment Management Co., Ltd.	509	-	409	-	-	-	-	-	918
Nanjing A Dynamic Equity Investment Fund Management Co., Ltd.	282	-	1	-	-	-	-	-	283
Wuxi TCL Medical Imaging Technology Co., Ltd.	40,889	-	(11,620)	-	-	-	-	(34)	29,235
Beijing WeMed Medical Equipment Co., Ltd.	4,340	(230)	(813)	-	-	-	-	(3,297)	-
TCL Healthcare Equipment (Shanghai) Co., Ltd.	-	(1,000)	-	-	-	-	-	1,000	-
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	542,770	-	92,590	-	-	-	-	-	635,360
TCL Ventures Fund L.P.	54,220	-	357	-	-	-	-	(1,558)	53,019
Getech Ltd.	26,147	-	(5,115)	-	-	-	-	-	21,032
Qingteng Intellectual Property Holding (Shenzhen) Co., Ltd.	-	(4,900)	4,900	-	-	-	-	-	-
TCL Environmental Technology Co., Ltd.	98,010	25,811	6,822	-	-	-	-	-	130,643
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	377,553	-	(4,577)	-	-	-	-	-	372,976
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	150,677	-	349	-	-	-	-	-	151,026

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17 Long-term equity investments (continued)

(1) Associate

Name of investee	Beginning amount	Increase or decrease in current period							December 31, 2021
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance	Other increases and decreases	
Pride Telecom Limited	-	-	-	-	-	-	-	-	-
Shenzhen Xihuoyicheng Recreational and Sports Industry Co., Ltd.	1,514	-	(128)	-	-	-	-	31	1,417
JOLED Incorporation	1,192,994	-	(184,827)	-	-	-	-	(139,094)	869,073
Sichuan Shengtian New Energy Development Co., Ltd.	457,190	-	26,004	-	-	(4,930)	-	-	478,264
YanyuanFengguang New Energy Co., Ltd.	58,418	-	4,110	-	-	-	-	-	62,528
SunPower Systems International Limited	26,367	-	1,425	-	-	-	-	-	27,792
ZhonghuanAineng (Beijing) Technology Co., Ltd.	6,067	-	776	-	-	-	-	-	6,843
Jiangsu Huanxin Semiconductor Co., Ltd.	33,849	(38,000)	(833)	-	-	-	-	4,984	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	86,275	-	36,753	-	-	-	-	(68)	122,960
Hunan Guoxin Semiconductor Technology Co., Ltd.	9,969	-	(157)	-	-	(54)	-	-	9,758
Maxeon Solar Technologies, Ltd.	1,883,629	219,574	(98,130)	-	-	-	-	15,121	2,020,194
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	463,779	-	1,227,582	-	-	-	-	-	1,691,361
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	11,768	-	(5,872)	-	-	-	-	-	5,896
Tianjin ZhonghuanHaihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	464,614	195,109	(93)	-	-	-	-	-	659,630
Tianjin Hope Equity Investment Fund Management Co., Ltd.	413	(3,000)	-	-	-	-	-	2,587	-
ZhonghuanFeilang (Tianjin) Technology Co., Ltd.	5,126	-	(404)	-	-	-	-	-	4,722
Tianjin ZhonghuanTengliang Technology Co., Ltd.	6,909	(4,000)	-	-	-	-	-	(2,909)	-
Ningbo Zhongxin Venture Capital Partnership Tianjin Huanxin	-	60,000	(1,722)	-	-	-	-	-	58,278

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17 Long-term equity investments (continued)

(1) Associate

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period						December 31, 2021
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profit distribution declared	Accrued impairment allowance	Other increases and decreases	
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	-	-	(13,562)	-	-	-	-	435,324	421,762
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	-	600	2,314	-	-	-	-	-	2,914
Inner Mongolia Huanye Material Co., Ltd.	-	4,000	109	-	-	-	-	-	4,109
Shenzhen Shutuo Technology Co., Ltd.	-	40,000	(1,962)	-	-	-	-	-	38,038
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	-	35,000	14,964	-	-	-	-	-	49,964
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	-	25,353	(609)	-	-	-	-	-	24,744
Other	2,073,771	(943,718)	125,838	-	-	(69,496)	-	(356,299)	830,096
	<u>23,927,802</u>	<u>(602,224)</u>	<u>3,152,870</u>	<u>(267,062)</u>	<u>-</u>	<u>(1,087,459)</u>	<u>-</u>	<u>(38,606)</u>	<u>25,085,321</u>

Note: Tianjin Huanxin Technology & Development Co., Ltd. Was renamed as TCL Huanxin Semi-conductor (Tianjin) Co., Ltd in April 2022.

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17 Long-term equity investments (continued)

(2) Joint ventures

Name of investee	Beginning amount	Increase/ decrease in investment in current period	Increase or decrease in current period						December 31, 2021
			Investment gains and losses recognized by equity method	Other comprehe nsive income adjustme nt	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance	Other increases and decreases	
TCL Huizhou City, Kai Enterprise Management Limited	1,308	-	21	-	-	-	-	-	1,329
Huizhou TCL Human Resources Service Co., Ltd.	2,121	-	1,175	-	-	-	-	-	3,296
Zhangjiakou Qixin Equity Investment Fund Partnership Huaxia CPV (Inner Mongolia) Power Co., Ltd. (Note 1)	115,805	-	86,876	-	-	(110,000)	-	-	92,681
Tianjin Huanyan Technology Co., Ltd.	-	35,000	(138)	-	-	-	-	109,655	144,517
TCL Microchip Technology (Guangdong) Co., Ltd.	-	350,000	(22,933)	-	-	-	-	(13,633)	313,434
	<u>119,234</u>	<u>385,000</u>	<u>65,001</u>	<u>-</u>	<u>-</u>	<u>(110,000)</u>	<u>-</u>	<u>96,022</u>	<u>555,257</u>

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17 Long-term equity investments (continued)

(3) Impairment allowances for long-term equity investments

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021	Note
Pride Telecom Limited	1,624	-	-	1,624	Note 1
Beijing WeMed Medical Equipment Co., Ltd.	11,998	-	(11,998)	-	Note 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	49,503	-	-	49,503	Note 1
	<u>63,125</u>	<u>-</u>	<u>(11,998)</u>	<u>51,127</u>	

Note 1 Impairment allowances were established for the long-term investments in these investees at recoverable amounts because continuous operations loss occurred to these investees with poor management.

18 Investments in other equity instruments

	December 31, 2021	December 31, 2020
Stocks	109,011	263,084
Equity of unlisted companies	<u>818,308</u>	<u>1,070,592</u>
	<u>927,319</u>	<u>1,333,676</u>

Item name	Dividend income recognized	Accumulat ed gains	Accumu lated losses	Amount of other comprehensive income transferred to retained earnings	Reasons designated as measured at fair value and whose changes are included in other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Stocks	-	35,459	(53,402)	56,751	Being held long term for strategic purposes	Sold in current period
Equity of unlisted companies	3,625	7,341	(210,364)	71,570	Being held long term for strategic purposes	Sold in current period
Total	<u>3,625</u>	<u>42,800</u>	<u>(263,766)</u>	<u>128,321</u>		

19 Other non-current financial assets

	December 31, 2021	December 31, 2020
Equity investments	2,149,781	2,422,328
Debt investments	<u>554,257</u>	<u>633,267</u>
	<u>2,704,038</u>	<u>3,055,595</u>

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20 Investment property

	Houses and buildings	Land use rights	Total
Gross amount:			
January 1, 2021	1,646,742	195,007	1,841,749
Increase			
Increase in current period	37,715	-	37,715
Reclassified from fixed assets and intangible assets	175,269	4,393	179,662
Reclassified from construction in progress	29,583	-	29,583
Decreases			
Reclassified to fixed assets and intangible assets	(992,893)	(106,583)	(1,099,476)
December 31, 2021	<u>896,416</u>	<u>92,817</u>	<u>989,233</u>
Accumulated depreciation and amortization:			
January 1, 2021	115,212	10,263	125,475
Increase			
Increase in current period	34,240	2,844	37,084
Reclassified from fixed assets and intangible assets	54,206	17	54,223
Decreases			
Reclassified to fixed assets and intangible assets	(37,668)	(4,748)	(42,416)
December 31, 2021	<u>165,990</u>	<u>8,376</u>	<u>174,366</u>
Investment property, net:			
December 31, 2021	<u>730,426</u>	<u>84,441</u>	<u>814,867</u>
January 1, 2021	<u>1,531,530</u>	<u>184,744</u>	<u>1,716,274</u>
Impairment allowance:			
January 1, 2021	52,073	-	52,073
Increase			
Increase in current period	892	-	892
Decreases			
Decrease in current period	-	-	-
December 31, 2021	<u>52,965</u>	<u>-</u>	<u>52,965</u>
Investment property, carrying amount:			
December 31, 2021	<u>677,461</u>	<u>84,441</u>	<u>761,902</u>
January 1, 2021	<u>1,479,457</u>	<u>184,744</u>	<u>1,664,201</u>

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V Notes to Consolidated Financial Statements (Continued)

21 Fixed assets

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Other	Total
Gross amount:							
December 31, 2020	24,344,118	107,045,621	4,236,113	140,658	2,369,816	9,227	138,145,553
Change of accounting policy	-	(1,595,161)	-	-	-	-	(1,595,161)
January 1, 2021	24,344,118	105,450,460	4,236,113	140,658	2,369,816	9,227	136,550,392
Increase							
New subsidiary	6,002,363	17,004,982	565,645	51,211	-	10,089	23,634,290
Acquisition and other	10,405	931,392	505,250	25,856	8,690	1,327	1,482,920
Reclassified from investment property	992,893	-	-	-	-	-	992,893
Reclassified from construction in progress	6,303,543	27,811,306	1,164,031	30,949	880	1,257	35,311,966
Decreases							
Written down with government grants	(168,245)	(486,490)	-	-	-	-	(654,735)
Reduced subsidiary	(45,077)	(663,888)	(71,809)	(609)	-	-	(781,383)
Reclassified to investment property	(168,872)	-	-	-	-	-	(168,872)
Other decreases	(459,378)	(5,778,186)	(257,484)	(19,010)	(18,350)	(126)	(6,532,534)
Exchange adjustment	(2,263)	(1,003)	(541)	(94)	-	(198)	(4,099)
December 31, 2021	36,809,487	144,268,573	6,141,205	228,961	2,361,036	21,576	189,830,838
Accumulated depreciation:							
December 31, 2020	3,137,624	38,615,003	1,781,623	89,472	336,269	5,592	43,965,583
Change of accounting policy	-	(256,690)	-	-	-	-	(256,690)
January 1, 2021	3,137,624	38,358,313	1,781,623	89,472	336,269	5,592	43,708,893
Increase							
New subsidiary	2,126,109	15,743,952	464,374	43,426	-	6,744	18,384,605
Accrual	1,269,475	13,382,067	437,728	26,830	90,121	1,339	15,207,560
Reclassified from investment property	37,668	-	-	-	-	-	37,668
Other increases	-	-	-	59	532	-	591
Decreases							
Written down with government grants	(60,663)	(286,655)	-	-	-	-	(347,318)
Reduced subsidiary	(3,336)	(392,485)	(58,696)	(311)	-	-	(454,828)
Reclassified to investment property	(54,206)	-	-	-	-	-	(54,206)
Other decreases	(28,253)	(1,892,246)	(124,534)	(13,924)	-	(126)	(2,059,083)
Exchange adjustment	(95)	(663)	(242)	(54)	-	(45)	(1,099)
December 31, 2021	6,424,323	64,912,283	2,500,253	145,498	426,922	13,504	74,422,783
Fixed assets, net:							
December 31, 2021	30,385,164	79,356,290	3,640,952	83,463	1,934,114	8,072	115,408,055
January 1, 2021	21,206,494	67,092,147	2,454,490	51,186	2,033,547	3,635	92,841,499
December 31, 2020	21,206,494	68,430,618	2,454,490	51,186	2,033,547	3,635	94,179,970

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21 Fixed assets (continued)

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Other	Total
Impairment allowance:							
January 1, 2021	771,541	170,409	404,553	3,565	-	-	1,350,068
New subsidiary	-	81,234	977	375	-	412	82,998
Accrued in current period	-	520,901	9,361	176	62,059	-	592,497
Reclassified from investment property	-	-	-	-	-	-	-
Reduced subsidiary	-	-	-	-	-	-	-
Write-off of current period	-	(118,704)	(76,414)	(1,687)	-	-	(196,805)
Exchange adjustment	-	-	-	-	-	-	-
December 31, 2021	<u>771,541</u>	<u>653,840</u>	<u>338,477</u>	<u>2,429</u>	<u>62,059</u>	<u>412</u>	<u>1,828,758</u>
Fixed assets, carrying amount:							
December 31, 2021	<u>29,613,623</u>	<u>78,702,450</u>	<u>3,302,475</u>	<u>81,034</u>	<u>1,872,055</u>	<u>7,660</u>	<u>113,579,297</u>
January 1, 2021	<u>20,434,953</u>	<u>66,921,738</u>	<u>2,049,937</u>	<u>47,621</u>	<u>2,033,547</u>	<u>3,635</u>	<u>91,491,431</u>
December 31, 2020	<u>20,434,953</u>	<u>68,260,209</u>	<u>2,049,937</u>	<u>47,621</u>	<u>2,033,547</u>	<u>3,635</u>	<u>92,829,902</u>

Please refer to Item 84 of Note V for information on fixed asset mortgage. As of December 31, 2021, the gross amount of the fixed assets that were sufficiently depreciated and still in use was RMB33,070,988 thousand.

Fixed assets with pending ownership certificates at the end of the current period:

	Carrying amount	Expected time of obtaining ownership certificate
Houses and buildings (Note)	16,077,770	Within 2022

Note As at December 31, 2021, the fixed assets with pending ownership certificates of the Company are mainly the buildings and constructions of CSOT's t3, t4, t6 and t7 manufacturing bases, as well as the buildings and constructions of Inner Mongolia Zhonghuan Solar Material Co., Ltd., Inner Mongolia ZhonghuanXiexin Solar Material Co., Ltd., Inner Mongolia Zhonghuan Advanced Semi-conductor Material Co., Ltd., Jiangsu Zhonghuan Enterprise Management Co., Ltd. and Tianjin ZhongkeHuanhai Industrial Park Co., Ltd.

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22 Construction in progress

(1) List for construction in progress:

	December 31, 2021	December 31, 2020
Construction in progress	37,112,045	31,508,311
Less: Impairment allowance	<u>146,160</u>	<u>-</u>
	<u>36,965,885</u>	<u>31,508,311</u>

(2) Provision for impairment of construction-in-progress accrued in the current period

	Amount accrued in current period
Purchase and installation of machinery and equipment of Zhonghuan	136,552
Other	<u>9,608</u>
	<u>146,160</u>

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22 Construction in progress (continued)

Project name	Budget	Beginning amount	New subsidiary	Increase in current period	Transfer-in in current period Fixed assets	Other decreases	December 31, 2021	Project input Investment as % of budget	Project progress	Cumulative capitalized interest	Of which: capitalized interest in current period	Interest capitalization rate for current period	Funding source
t7 production line of LCD panel	35,337,000	9,338,643	-	12,641,547	(18,574,666)	(43,174)	3,362,350	64%	64%	392,432	267,728	4.22%	Self-funded + external-loan-funded
t4 production line of LCD panel	27,081,000	10,892,755	-	6,809,367	(465,653)	(10,200)	17,226,269	95%	95%	1,091,024	250,996	3.63%	Self-funded + external-loan-funded
t9 production line of LCD panel	9,707,616	-	-	3,916,693	-	-	3,916,693	40%	40%	-	-	-	Self-funded
Huizhou modular integration project	7,066,680	1,638,831	-	163,791	(1,062,020)	(119,800)	620,802	100%	100%	-	-	-	Self-funded + external-loan-funded
Production line of 8-12-inch semiconductor silicon wafers for integrated circuit	5,707,172	2,027,583	-	939,709	(1,580,078)	(79,768)	1,307,446	58%	58%	-	-	-	Self-funded
Industrialization phase V of monocrystalline silicon materials for renewable solar power batteries and monocrystalline silicon wafers for ultra-thin high-efficient solar power batteries	9,125,010	1,417,284	-	3,456,697	(3,639,934)	(278,088)	955,959	86%	86%	54,018	54,018	4.35%	Self-funded + external-loan-funded
Other	Not applicable	6,193,215	105,257	13,281,290	(9,989,615)	(13,781)	9,576,366	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
		<u>31,508,311</u>	<u>105,257</u>	<u>41,209,094</u>	<u>(35,311,966)</u>	<u>(544,811)</u>	<u>36,965,885</u>						

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23 Right-of-use assets

	Houses and buildings	Transportation equipment	Machinery equipment	Land use rights	Total
Gross amount:					
January 1, 2021	574,884	165	1,786,700	-	2,361,749
Increase					
New subsidiary	7,447	1,660	182	-	9,289
Leased in	299,466	259	339,251	13,335	652,311
Other increases	-	296	-	-	296
Decreases					
Reduced subsidiary	(12,461)	-	-	-	(12,461)
Other decreases	(241)	(1,199)	(143,753)	-	(145,193)
Exchange adjustment	(1,584)	(17)	-	-	(1,601)
December 31, 2021	<u>867,511</u>	<u>1,164</u>	<u>1,982,380</u>	<u>13,335</u>	<u>2,864,390</u>
Accumulated depreciation:					
January 1, 2021	-	-	256,690	-	256,690
Increase					
New subsidiary	502	1,100	116	-	1,718
Accrual	102,800	441	122,275	83	225,599
Decreases					
Reduced subsidiary	(1,377)	-	-	-	(1,377)
Other decreases	(195)	(1,017)	(43,555)	-	(44,767)
Exchange adjustment	(382)	(2)	-	-	(384)
December 31, 2021	<u>101,348</u>	<u>522</u>	<u>335,526</u>	<u>83</u>	<u>437,479</u>
Right-of-use assets, carrying amount:					
December 31, 2021	<u>766,163</u>	<u>642</u>	<u>1,646,854</u>	<u>13,252</u>	<u>2,426,911</u>
January 1, 2021	<u>574,884</u>	<u>165</u>	<u>1,530,010</u>	<u>-</u>	<u>2,105,059</u>
Impairment allowance:					
January 1, 2021	-	-	-	-	-
December 31, 2021	-	-	-	-	-
Right-of-use assets, carrying amount					
December 31, 2021	<u>766,163</u>	<u>642</u>	<u>1,646,854</u>	<u>13,252</u>	<u>2,426,911</u>
January 1, 2021	<u>574,884</u>	<u>165</u>	<u>1,530,010</u>	<u>-</u>	<u>2,105,059</u>

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V Notes to Consolidated Financial Statements (Continued)

24 Intangible assets

	Land use rights	Non-patent technologies /patents	Other	Total
Gross amount:				
January 1, 2021	5,788,722	6,206,466	1,106,104	13,101,292
Increase				
New subsidiary	666,130	116,080	136,329	918,539
Purchase	2,217,295	481,488	333,183	3,031,966
Reclassified from investment property	106,583	-	-	106,583
Reclassified from construction in progress	6,504	682	113,558	120,744
Reclassified from development costs	-	1,348,216	-	1,348,216
Decreases				
Sale and disposal	(81,950)	(25,235)	(29,644)	(136,829)
Reclassified to investment property	(10,790)	-	-	(10,790)
Reduced subsidiary	(8,078)	(1,529)	(68,925)	(78,532)
Other decreases	(34,770)	-	-	(34,770)
Exchange adjustment	-	(42,504)	(55)	(42,559)
December 31, 2021	<u>8,649,646</u>	<u>8,083,664</u>	<u>1,590,550</u>	<u>18,323,860</u>
Accumulated amortization:				
January 1, 2021	569,351	1,864,170	535,315	2,968,836
Increase				
New subsidiary	39,649	200	129,611	169,460
Accrual	203,764	811,359	161,880	1,177,003
Reclassified from investment property	4,748	-	-	4,748
Decreases				
Sale and disposal	(5,224)	(16,889)	(20,321)	(42,434)
Reclassified to investment property	(17)	-	-	(17)
Reduced subsidiary	(1,138)	(115)	(65,986)	(67,239)
Other decreases	(8,294)	-	(980)	(9,274)
Exchange adjustment	-	(4,570)	(29)	(4,599)
December 31, 2021	<u>802,839</u>	<u>2,654,155</u>	<u>739,490</u>	<u>4,196,484</u>
Intangible assets, net:				
December 31, 2021	<u>7,846,807</u>	<u>5,429,509</u>	<u>851,060</u>	<u>14,127,376</u>
January 1, 2021	<u>5,219,371</u>	<u>4,342,296</u>	<u>570,789</u>	<u>10,132,456</u>
Impairment allowance:				
January 1, 2021	23,562	32,625	22,224	78,411
New subsidiary	-	-	-	-
Accrual	-	78,139	769	78,908
Write-off of current period	-	-	(11,845)	(11,845)
Exchange adjustment	-	(745)	-	(745)
December 31, 2021	<u>23,562</u>	<u>110,019</u>	<u>11,148</u>	<u>144,729</u>
Intangible assets, carrying amount:				
December 31, 2021	<u>7,823,245</u>	<u>5,319,490</u>	<u>839,912</u>	<u>13,982,647</u>
January 1, 2021	<u>5,195,809</u>	<u>4,309,671</u>	<u>548,565</u>	<u>10,054,045</u>

Please refer to Item 84 of Note V for information on collateralized intangible assets.

At the end of the period, the book value of the land use right for which the property ownership certificate had not been issued was RMB2,067,076 thousand, which were expected to be issued in 2023.

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25 Development expenditures

Development expenditures are as follows:

	December 31, 2021	December 31, 2020
Semi-conductor display	1,266,973	1,383,727
New energy photovoltaic & semi-conductor materials	1,241,446	720,268
	2,508,419	2,103,995

26 Goodwill

(1) Gross amount of goodwill

Name of investee or item incurring goodwill	Beginning amount	Increase in current period		Decrease in current period	Ending balance
		Incurred in business combination	Increase due to newly acquired subsidiaries	Disposal and other Other	
TCL Medical Radiological Technology (Beijing) Co., Ltd. Note 1	28,967	-	-	-	28,967
Qingdao Blue Business Consulting Co., Ltd. Note 2	2,452	-	-	-	2,452
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd. Note 3	214,683	-	-	-	214,683
Tianjin Zhonghuan Electronics Group Co., Ltd. Note 4	6,726,130	-	-	-	6,726,130
Moka International Limited Note 5	-	-	1,728,973	-	1,728,973
Suzhou China Star Optoelectronics Technology Co., Ltd. Note 6	-	-	486,603	-	486,603
	6,972,232	-	2,215,576	-	9,187,808

(2) Goodwill impairment allowance

Name of investee	Beginning amount	Increase in current period	Decrease in current period	Ending balance
TCL Medical Radiological Technology (Beijing) Co., Ltd.	28,967	-	-	28,967

Note 1 In 2010, the Company acquired a 51.82% interest in TCL Medical Radiological Technology (Beijing) Co., Ltd. (hereinafter referred to as "TCL Medical Radiological Technology") with capital of RMB 52,319 thousand. Thus, the difference between the accumulated investment of the Company in TCL Medical Radiological Technology (corresponding to 51.82% interest) and the fair value of the identifiable net assets of TCL Medical Radiological Technology attributable to the Company on the settlement date (equal to RMB 28,967 thousand) was recorded in the Company's goodwill. An impairment allowance of RMB 28,967 thousand had been established on this goodwill item for 2018.

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V Notes to Consolidated Financial Statements (Continued)

26 Goodwill (continued)

Note 2 Highly Information Industry Co., Ltd., a subsidiary of the Company, acquired in October 2016 a 60% interest in Qingdao Blue Business Consulting Co., Ltd. (hereinafter referred to as “Blue Business Consulting”) with a capital of RMB 10,000 thousand. Thus, the difference between the accumulated investment of Highly Information Industry Co., Ltd. in Blue Business Consulting (corresponding to a 60% interest) and the fair value of the identifiable net assets of Blue Business Consulting attributable to Highly Information Industry Co., Ltd. on the settlement date (equivalent to RMB 2,452 thousand) was recorded in the Company’s goodwill.

Note 3 Tianjin Huan’Ou Semiconductor Material&Technology Co., Ltd. is a subsidiary of Zhonghuan Electronics, which the Company has acquired in a business combination not involving entities under common control.

Note 4 The Company acquired on October 1, 2020 100% interest in Tianjin Zhonghuan Electronics Group Co., Ltd. (hereinafter referred to as “Zhonghuan Electronics”) with a cash payment of RMB 12,500,000 thousand. As from the date of acquisition, the Group has obtained the control of Zhonghuan Electronics and has thus included it into the consolidated financial statements. As such, the difference between the accumulated investment of the Company in Zhonghuan Electronics (corresponding to the 100% interest) and the fair value of the identifiable net assets of Zhonghuan Electronics attributable to the Company on the settlement date (equal to RMB6,726,130 thousand) was recorded in the Company’s goodwill.

Note 5 The Company acquired in April 2021 100% interest in Moka International Limited with a cash payment of RMB2,800,000 thousand. Thus, the difference between the accumulated investment of the Company in Moka International Limited (corresponding to the 100% interest) and the fair value of the identifiable net assets of Moka International Limited attributable to the Company on the settlement date (equal to RMB 1,728,973 thousand) was recorded in the Company’s goodwill.

Note 6 The Company acquired in April 2021 60% interest in Suzhou China Star Optoelectronics Technology Co., Ltd. (formerly known as “Samsung Suzhou LCD Co. Ltd.” with a cash payment of RMB4,757,727 thousand. The difference between the accumulated investment of the Company in Suzhou China Star Optoelectronics Technology Co., Ltd. (corresponding to the total 70% interest) and the fair value of the identifiable net assets of Suzhou China Star Optoelectronics Technology Co., Ltd. attributable to the Company on the settlement date (equal to RMB486,604 thousand) was recorded in the Company’s goodwill.

(III) Goodwill impairment test

The Company tested the impairment of its goodwill on December 31, 2021. The recoverable amount of the asset portfolio with goodwill was calculated with the discounted future cash flow approach, based on the budget approved by the Management (the budget period is five years). The estimated perpetual annual growth rate was adopted to calculate the future cash flow exceeding the budget period. The perpetual annual growth rate (primarily 0% - 0.37%) adopted by the Management was consistent with predicted data on the industry. The Management confirmed the revenue growth rate (mainly 7.61% - 33%) and the EBITDA (primarily 2.40% - 15%) in accordance with historical experience and the prediction of market development and the consistency with strategic planning for future enterprise development. The special risk discount rate (mainly 8% - 13.5%) that could reflect relevant asset portfolios was adopted. There was no need for the Company to set aside allowances for asset impairment for the asset portfolio of Qingdao Blue Business Consulting Co., Ltd., Tianjin Zhonghuan Advanced Materials & Technology Co., Ltd., and Tianjin Printronics Circuit Corp., semi-conductor and semi-conductor photovoltaic materials, Moka International Limited, Suzhou China Star Optoelectronics Technology Co., Ltd., and the goodwill of Guangdong TCL New Technology Co., Ltd. on December 31, 2021, after the Management analyzed the recoverable amount of each asset portfolio according to the assumption.

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27 Long-term prepaid expense

	December 31, 2020	Change of accounting policy	2021	Increase in current period	New subsidi ary	Amortizati on in current period	Disposal of subsidiar y	Other	December 31, 2021
Improvement expense on leased fixed assets	1,837,100	(437,301)	1,399,799	485,067	-	(245,149)	(10,194)	(48)	1,629,475
Other	699,570	-	699,570	1,479,234	3,367	(1,034,925)	(54,327)	(81,864)	1,011,055
	<u>2,536,670</u>	<u>(437,301)</u>	<u>2,099,369</u>	<u>1,964,301</u>	<u>3,367</u>	<u>(1,280,074)</u>	<u>(64,521)</u>	<u>(81,912)</u>	<u>2,640,530</u>

28 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	December 31, 2021		December 31, 2020	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	6,758,713	1,090,916	6,894,358	1,123,164
Asset impairment allowances	3,038,745	633,013	863,644	157,705
Provisions	744,189	117,497	348,755	63,881
Changes in fair value	55,287	13,230	55,115	9,708
Others	1,546,420	298,690	1,236,231	223,630
	<u>12,143,354</u>	<u>2,153,346</u>	<u>9,398,103</u>	<u>1,578,088</u>

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V Notes to Consolidated Financial Statements (Continued)

28 Deferred income tax assets and deferred income tax liabilities (continued)

(2) Un-offset deferred income tax liabilities

	December 31, 2021		December 31, 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	14,655,416	2,288,989	9,964,402	1,632,989
Increase in value of assets as assessed in business combination not involving entities under common control	2,491,577	531,018	1,677,938	330,039
Changes in fair value	527,471	129,006	1,387,815	339,098
Government grants	273,470	41,021	120,200	18,030
Other	721,284	168,952	333,004	66,341
	<u>18,669,218</u>	<u>3,158,986</u>	<u>13,483,359</u>	<u>2,386,497</u>

(3) Unrecognized deferred income tax assets

	December 31, 2021	December 31, 2020
Deductible temporary difference	181,612	450,345
Deductible losses	<u>5,840,378</u>	<u>2,805,343</u>
	<u>6,021,990</u>	<u>3,255,688</u>

(4) There were no deferred tax assets or liabilities presented at the net amount after offsetting.

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V Notes to Consolidated Financial Statements (Continued)

28 Deferred income tax assets and deferred income tax liabilities (continued)

(5) Deductible losses in respect of unrecognized deferred income tax assets will expire in the following years:

	December 31, 2021	December 31, 2020
2020	-	85,905
2021	178,533	186,872
2022	268,913	278,304
2023	477,404	497,214
2024	476,543	487,234
2025	464,426	460,523
2026 onwards	3,974,559	809,291
	5,840,378	2,805,343

29 Other non-current assets

	December 31, 2021	December 31, 2020
Advance payment for equipment and land use rights (Note)	6,310,004	11,725,289
Advance payment for patents	211,606	244,462
Other	927,399	563,102
	7,449,009	12,532,853

Note The Company reclassifies long-lived assets such as advance payment for equipment and land use rights reflected in prepaid accounts to other non-current assets.

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V Notes to Consolidated Financial Statements (Continued)

30 Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured borrowings	9,315,505	10,983,337
Borrowings secured by pledge	22,549	1,059,306
Borrowings secured by collateral	-	192,000
Interest payable	3,373	29,071
	9,341,427	12,263,714

As of December 31, 2021, short-term borrowings secured by pledge were RMB22,549 thousand (including amounts translated from other currencies) (December 31, 2020: RMB1,059,306 thousand), which were secured by the pledge of held-for-trading financial assets of RMB34,337 thousand (including amounts translated from other currencies) (December 31, 2020: RMB2,111,342 thousand). Short-term borrowings secured by collateral amounted to RMB 0 thousand (including amounts translated from other currencies) (December 31, 2020: RMB 192,000), which were secured by the collateral of machinery equipment (including amounts translated from other currencies) (December 31, 2020: RMB207,407).

As of December 31, 2021, the Company does not have any short-term borrowings that have expired and have not been repaid.

31 Borrowings from central bank

As of December 31, 2021, the balance of the borrowings of TCL Tech Finance Co., Ltd., a subsidiary of the Company, from the central bank was RMB1,437,062 thousand (December 31, 2020: RMB469,834 thousand).

32 Customer deposits and deposits from banks and other financial institutions

	December 31, 2021	December 31, 2020
Customer deposits and deposits from other banks and financial institutions	666,056	2,850,139

Customer deposits and deposits from banks and other financial institutions are the deposits of related and nonrelated enterprises absorbed by TCL Tech Finance Co., Ltd., a subsidiary of the Company, within the business scope approved by the regulatory authority.

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V Notes to Consolidated Financial Statements (Continued)

33 Held-for-trading financial liabilities

	December 31, 2021	December 31, 2020
Financial liabilities at fair value through profit or loss.	925,035	527,901
	<u> </u>	<u> </u>

34 Derivative financial liabilities

	December 31, 2021	December 31, 2020
Derivative financial liabilities	22,205	384,904
	<u> </u>	<u> </u>

35 Notes payable

	December 31, 2021	December 31, 2020
Bank acceptance notes	2,877,554	4,324,150
Trade acceptance notes	397,742	401,462
	<u> </u>	<u> </u>
	<u>3,275,296</u>	<u>4,725,612</u>

There is no amount payable to shareholders holding 5% or more voting shares in this account.

36 Accounts payable

	December 31, 2021	December 31, 2020
Amounts due to suppliers	24,297,860	16,468,932
	<u> </u>	<u> </u>

As of December 31, 2021, there were no significant accounts payable with an age of over one year. There is no amount payable to shareholders holding 5% or more voting shares in this account.

TCL Technology Group Corporation
Notes to Financial Statements
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V	Notes to Consolidated Financial Statements (Continued)		
37	Advances received	December 31, 2021	December 31, 2020
	Advances from customers	<u>5,794</u>	<u>78,597</u>
	The Company had no advances from customers of a large amount with an age of over one year.		
	There is no advance from shareholders holding 5% or more voting shares in this account balance.		
38	Contract liabilities	December 31, 2021	December 31, 2020
	Advances from customers	<u>2,593,882</u>	<u>2,004,004</u>
39	Financial assets sold under repurchase agreement	December 31, 2021	December 31, 2020
	Financial assets sold under repurchase agreements	<u>-</u>	<u>50,080</u>
40	Employee benefits payable and long-term employee benefits payable		
(1)	Employee compensation payable	December 31, 2021	December 31, 2020
	Short-term employee benefits payable	3,274,021	1,828,681
	Defined contribution plans payable	34,383	25,394
	Dismissal benefits payable	<u>3,529</u>	<u>2,589</u>
		<u>3,311,933</u>	<u>1,856,664</u>

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

40 Employee benefits payable and long-term employee benefits payable (continued)

(1) Employee benefits payable (continued)

(a) Short-term employee benefits payable

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Wages, bonuses, allowances and subsidies	1,493,952	8,796,514	(7,405,279)	2,885,187
Employee services and benefits	20,028	384,876	(377,240)	27,664
Social insurance benefits	37,127	351,672	(342,234)	46,565
Of which:				
Medical insurance	34,566	328,490	(318,434)	44,622
Employment injury insurance	1,016	11,293	(11,356)	953
Maternity insurance	1,545	11,889	(12,444)	990
Housing fund	36,660	277,851	(284,185)	30,326
Trade union funds and staff education funds	11,498	82,203	(66,126)	27,575
Others	229,416	169,764	(142,476)	256,704
	<u>1,828,681</u>	<u>10,062,880</u>	<u>(8,617,540)</u>	<u>3,274,021</u>

(b) Defined contribution plans

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Basic pension insurance	24,005	484,941	(475,967)	32,979
Unemployment insurance	1,389	14,702	(14,687)	1,404
	<u>25,394</u>	<u>499,643</u>	<u>(490,654)</u>	<u>34,383</u>

(2) Long-term employee compensation payable

	December 31, 2021	December 31, 2020
Supplementary pension insurance	26,595	27,858
Other long-term benefits	643,336	-
	<u>669,931</u>	<u>27,858</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

41 Taxes and levies payable

	December 31, 2021	December 31, 2020
Corporate income tax	1,020,711	471,670
Value-added tax	30,967	75,769
Individual income tax	39,920	33,518
Urban maintenance and construction tax	43,081	23,919
Education surcharges	30,800	17,105
Other	73,370	48,078
	<u>1,238,849</u>	<u>670,059</u>

Please refer to Note IV for the standards for provisions for taxes and the applicable tax rates.

42 Other payables

	December 31, 2021	December 31, 2020
Dividends payable	34,607	1,293
Other payables	19,352,281	14,868,140
	<u>19,386,888</u>	<u>14,869,433</u>

(1) Dividends payable

	December 31, 2021	December 31, 2020
Other non-controlling interests	34,607	1,293
	<u>34,607</u>	<u>1,293</u>

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

42 Other payables (continued)

(2) Other payables

	December 31, 2021	December 31, 2020
Payables for engineering equipment	13,368,026	9,586,852
Amounts due to external entities	4,241,736	4,192,022
Unpaid expenses	1,531,544	879,629
Security deposits	<u>210,975</u>	<u>209,637</u>
	<u>19,352,281</u>	<u>14,868,140</u>

There is no amount payable to shareholders holding 5% or more voting shares in this account.

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

43 Current portion of non-current liabilities

	Note V	December 31, 2021	January 1, 2021	December 31, 2020
Current portion of long-term borrowings (note 1)	45	6,062,928	4,360,381	4,360,381
Current portion of bonds payable		5,646,822	8,146,771	8,146,771
Current portion of lease liabilities	47	681,087	43,844	-
Current portion of long-term payables		168,132	361,110	361,110
Current portion of interest payable		447,796	561,408	561,408
		<u>13,006,765</u>	<u>13,473,514</u>	<u>13,429,670</u>

Note 1 As of December 31, 2021, the current portion of long-term borrowings included unsecured borrowings of RMB6,062,928 thousand (including amounts translated from other currencies). The interest rates of the current portion of long-term borrowing ranged from 0.46% to 4.15% (2020: 1.35% - 5.70%)

44 Other current liabilities

	December 31, 2021	December 31, 2020
After-sales service expense (note)	792,847	197,515
Output tax to be transferred	286,384	56,405
Others	190,656	113,051
	<u>1,269,887</u>	<u>366,971</u>

Note After-sales service expense expected to occur within 1 year is reflected in current liabilities.

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V Notes to Consolidated Financial Statements (Continued)

45 Long-term borrowings

	December 31, 2021	December 31, 2020
Borrowings secured by collateral	39,633,561	39,413,026
Borrowings secured by pledge	928,156	445,100
Unsecured borrowings	52,780,293	38,091,658
	93,342,010	77,949,784
Of which: Current portion of long-term borrowings	(6,062,928)	(4,360,381)
	87,279,082	73,589,403

The maturities of the Company's long-term borrowings vary from 2021 to 2030.

As of December 31, 2021, the long-term borrowings secured by collateral were equivalent to RMB39,633,561 thousand (including amounts translated from other currencies) (December 31, 2020: RMB39,413,026 thousand), which were secured by the collaterals of the land use right, houses and buildings, machinery and equipment of about RMB66,737,167 thousand (including amounts translated from other currencies) (December 31, 2020: RMB83,524,779 thousand); the long-term pledged borrowings were equivalent to RMB928,156 (including amounts translated from other currencies) (December 31, 2020: RMB445,100 thousand), which were pledged by the collaterals of the charge use right, etc., of about RMB328,069 thousand (December 31, 2020: RMB302,447 thousand);

The interest rates of the Company's long-term borrowing ranged from 1.31% to 5.7% in the current period (2020: 1.3% - 5.70%).

46 Bonds payable

	December 31, 2021	December 31, 2020
Corporate bonds	8,073,016	13,047,234
MTN	4,993,265	4,993,539
	13,066,281	18,040,773

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V Notes to Consolidated Financial Statements (Continued)

46 Bonds payable (continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Matu rity	Issued amount	Increase due to newly acquired subsidiaries	Beginning amount	Issued in current period	Accrued interest as per par value	Amortizatio n of premium or discount	Repaid in current period	Others (note 1)	Ending balance
17TCL01	1,000,000	4/19/2017	5	1,000,000	-	1,000,947	-	34,051	-	-	(1,000,947)	-
17TCL02	3,000,000	7/7/2017	5	3,000,000	-	157,000	-	5,523	-	-	(157,000)	-
18TCL01	1,000,000	6/6/2018	5	1,000,000	-	998,544	-	27,747	599	(829,981)	-	169,162
18TCL02	2,000,000	8/20/2018	5	2,000,000	-	1,996,841	-	92,076	6,198	-	-	2,003,039
19TCL01	1,000,000	5/20/2019	5	1,000,000	-	998,056	-	43,419	574	-	-	998,630
19TCL02	1,000,000	7/23/2019	5	1,000,000	-	998,009	-	43,353	559	-	-	998,568
19TCL03	2,000,000	10/21/2019	5	2,000,000	-	1,995,742	-	83,770	1,118	-	-	1,996,860
20TCL TECH.MTN001	3,000,000	3/27/2020	3	3,000,000	-	2,994,641	-	108,000	2,400	-	-	2,997,041
TCL Private Convertible 1 (Note 2)	600,000	11/11/2020	2	600,000	-	572,190	-	11,000	27,810	-	(600,000)	-
TCL Private Convertible 2 (Note 3)	2,600,000	11/30/2020	2	2,600,000	-	2,380,375	-	11,917	99,426	-	(2,479,801)	-

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V Notes to Consolidated Financial Statements (Continued)

46 Bonds payable (continued)

(1) Movements in bonds payable (continued)

Bond name	Par value	Issue date	Maturity	Issued amount	Increase due to newly acquired subsidiaries	Beginning amount	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note 1)	Ending balance
TCLTEC1	1,957,483	7/14/2020	5	1,957,483	-	1,949,530	-	35,863	13,236	-	(56,009)	1,906,757
19 Zhonghuan Semiconductor MTN001	600,000	3/15/2019	3	600,000	-	600,263	-	34,500	27,109	-	(627,372)	-
19 Zhonghuan Semiconductor MTN002	600,000	8/23/2019	3	600,000	-	599,871	-	34,560	12,138	-	(612,009)	-
20 Zhonghuan01	800,000	6/22/2020	3	800,000	-	798,764	-	41,600	22,741	-	(821,505)	-
21TCLJ.MTN001 (High- Growth Debt)	2,000,000	5/10/2021	3	2,000,000	-	-	2,000,000	53,211	(3,776)	-	-	1,996,224
	23,157,483			23,157,483	-	18,040,773	2,000,000	660,590	210,132	(829,981)	(6,354,643)	13,066,281

Note 1 Others are the current portion of bonds payable reclassified to the current portion of non-current liabilities.

Note 2 TCL fixed conversion 1 is a convertible corporate bond: valid for 2 years. The period of conversion to stock starts from the first trading day after the expiration of 12 months from the date of issue to the maturity date of the convertible bond, with an interest rate of 2% for the first year and 1.5% for the second year.

Note 3 TCL fixed conversion 2 is a convertible corporate bond: valid for 2 years. The period of conversion to stock starts from the first trading day after the expiration of 6 months from the date of issue to the maturity date of the convertible bond, with an interest rate of 0.5% for the first year and 0.1% for the second year.

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V Notes to Consolidated Financial Statements (Continued)

47 Lease liabilities

	December 31, 2021	January 1, 2021
Total lease liabilities	1,783,159	1,155,985
Less: current portion of lease liabilities	681,087	43,844
Total	1,102,072	1,112,141

Descriptions of main leases:

Inner Mongolia ZhonghuanXiexin Solar Material Co., Ltd., a subsidiary of the Company, signed a finance lease contract with SPDB Financial Leasing Co., Ltd. in July 2020. According to the contract, 60 fully automatic single-crystal furnaces will be leased for a term of five years. Of the finance lease payables totalling RMB125,689 thousand, RMB108,000 thousand is the principal payable and RMB17,689 thousand is the unrecognised financing costs. The Company's finance lease payables due within one year add up to RMB19,790 thousand and are presented as non-current liabilities due within one year. Its finance lease payables net of those due within one year reach RMB72,067 thousand and are presented as lease liabilities.

Inner Mongolia ZhonghuanXiexin Solar Material Co., Ltd., a subsidiary of the Company, signed a finance lease contract with Tianjin Binhai New Area Technology Financial Leasing Co., Ltd. in August 2020. According to the contract, 240 fully automatic single-crystal furnaces will be leased for a term of five years. Of the finance lease payables totalling RMB473,277 thousand, RMB432,000 thousand is the principal payable and RMB41,277 thousand is the unrecognised financing costs. The Company's finance lease payables due within one year add up to RMB60,177 thousand and are presented as non-current liabilities due within one year. Its finance lease payables net of those due within one year reach RMB319,600 thousand and are presented as lease liabilities.

China Resources Leasing Co., Ltd. signed a finance transfer contract with Taiping & Sinopec Financial Leasing Co., Ltd. on June 20, 2019, transferring the leased assets and all its rights and interests in Dushan Anju Photovoltaic Technology Co., Ltd., including rentals and other payments, to Taiping & Sinopec Financial Leasing Co., Ltd. In June 2019, according to the contract and a newly signed agreement, the longterm account payable was re-recognised. In the end, the long-term account payable amounts to RMB238,106 thousand (excluding tax) and the unrecognised financing amount is RMB55,226 thousand (excluding tax). The Company's finance lease payables due within one year add up to RMB17,924 thousand and are presented as non-current liabilities due within one year. Its finance lease payables net of those due within one year reach RMB124,993 thousand and are presented as lease liabilities.

On May 20, 2021, ShangyiShengyao New Energy Development Co., Ltd., a subsidiary of the Company, signed a financial lease contract with Industrial Bank Financial Leasing Co., Ltd. on the lease object of EPC equipment and photovoltaic modules contained in the Shangyi 160MW project for a lease term of 12 years, and the total amount of financial lease payables is RMB321,478 thousand (excluding tax), including principal payable (excluding tax) of RMB238,938 thousand and interest payable (excluding tax) of RMB82,540 thousand. In the finance lease contract, the Company is a co-lessee. The Company's finance lease payables due within one year add up to RMB10,389 thousand (excluding tax) and are presented as non-current liabilities due within one year. Its finance lease payables net of those due within one year reach RMB230,034 thousand (excluding tax) and are presented as lease liabilities.

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V Notes to Consolidated Financial Statements (Continued)

48 Long-term payables

	December 31, 2021	January 1, 2021	December 31, 2020
Finance lease	671,344	429,602	1,256,300
Technological development fund	-	24,000	24,000
	<u>671,344</u>	<u>453,602</u>	<u>1,280,300</u>

49 Deferred income

	Beginning amount	Increase due to newly acquired subsidiaries	Increase in current period	Decrease in current period	Ending balance
Government grants	1,506,777	8,361	4,587,243	(3,741,210)	2,361,171
Other	3,090	-	23,646	(26,702)	34
	<u>1,509,867</u>	<u>8,361</u>	<u>4,610,889</u>	<u>(3,767,912)</u>	<u>2,361,205</u>

Items involving government grants

	January 1, 2021	Increase due to newly acquired subsidiaries	New grants in current period	Amount recorded in non-operating income in current period	Amount recorded in other income in current period	Amount used to offset costs and expenses in current period	Other changes	December 31, 2021
Government grants related to assets	483,641	4,721	1,621,193	(8,734)	(58,580)	(52,930)	(715,333)	1,273,978
Government grants related to income	1,023,136	3,640	2,966,050	(5,044)	(1,827,714)	(1,065,753)	(7,122)	1,087,193
	<u>1,506,777</u>	<u>8,361</u>	<u>4,587,243</u>	<u>(13,778)</u>	<u>(1,886,294)</u>	<u>(1,118,683)</u>	<u>(722,455)</u>	<u>2,361,171</u>

Note "Other changes" were deferred income offset by the carrying amounts of relevant assets.

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V Notes to Consolidated Financial Statements (Continued)

50 Share capital

	January 1, 2021		Increase or decrease in current period			December 31, 2021	
	Amount	Ratio (%)	New issues	Other	Subtotal	Amount	Ratio (%)
1. Restricted shares	1,374,578	9.77%	-	(762,468)	(762,468)	612,110	4.36%
2. Unrestricted shares	12,656,210	90.23%	-	762,322	762,322	13,418,532	95.64%
III. Total shares	14,030,788	100%	-	(146)	(146)	14,030,642	100%

As of December 31, 2021, the Company's total share capital was 14,030,642 thousand shares.

Note

Except for Chairman of the Board Mr. Li Dongsheng who holds restricted shares subscribed for in a private placement, none of the other incumbent directors, supervisors or senior management hold any restricted shares from a split-share structure reform or a private placement. The shares held by these personnel will stay partially frozen as per the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of the Company and the Changes thereof. The trading and information disclosure in relation to these shares shall be in strict compliance with the applicable laws, regulations and rules.

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v Notes to Consolidated Financial Statements (Continued)

51 Other equity instruments

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Convertible bonds	230,241	-	(29,907)	200,334

52 Capital reserves

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Share premium	5,442,385	2,097,710	(1,471,827)	6,068,268
Other capital reserves	-	10,999	-	10,999
	<u>5,442,385</u>	<u>2,108,709</u>	<u>(1,471,827)</u>	<u>6,079,267</u>

53 Treasury stock

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Treasury stock	1,913,029	629,059	(656,531)	1,885,557
	<u>1,913,029</u>	<u>629,059</u>	<u>(656,531)</u>	<u>1,885,557</u>

According to the Report on Repurchase of Some Social Public Shares in 2021 at the 9th meeting of the 7th board of directors held on June 20, 2021 deliberated and approved by the Company, the Company accumulatively repurchased its own shares through centralized bidding trading through the special securities account for repurchase, which will be used for ESOP or equity incentive. As of December 31, 2021, the total number of shares repurchased was 80,664 thousand shares at the total consideration of RMB 629,059 thousand.

The decrease in the current period is mainly due to the fact that the 6 million convertible corporate bonds held in the Company's "TCL fixed conversion 1" have been fully converted into the Company's A-share common shares, with the number of shares converted by 158,311 thousand, and treasury shares correspondingly decreased by RMB 537,972 thousand.

54 Surplus reserves

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Statutory surplus reserves	2,270,022	97,281	-	2,367,303
Discretionary surplus reserves	182,870	-	-	182,870
	<u>2,452,892</u>	<u>97,281</u>	<u>-</u>	<u>2,550,173</u>

As per China's Company Law, Articles of Association for Companies, accounting standards, the Company and several of its subsidiaries shall appropriate 10% of net profits as statutory surplus reserves until the reserve amount reaches 50% of the registered capital. According to the aforesaid laws and regulations, part of the statutory surplus reserves can be converted into share capital of the Company, and the remaining amount shall not be lower than 25% of the registered capital.

After the appropriation to the statutory surplus reserves, the Company may appropriate the discretionary surplus reserves. Upon approval, the discretionary surplus reserves can be used to make up the previous loss or increase the share capital.

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V Notes to Consolidated Financial Statements (Continued)

55 Specific reserves

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
Production safety reserve	<u>211</u>	<u>1,338</u>	<u>-</u>	<u>1,549</u>

56 General reserve

	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
General risk reserve	<u>386</u>	<u>8,548</u>	<u>-</u>	<u>8,934</u>

As per the General Rules on Financial Affairs of Financial Enterprises and the Guide to the Implementation of the General Rules on Financial Affairs of Financial Enterprises promulgated by the Ministry of Finance, as well as the Articles of Association of TCL Technology Group Corporation, this subsidiary appropriated 1% of its net profit as general reserve in the previous years.

57 Retained earnings

	2021	2020
Beginning retained earnings	14,009,494	11,115,150
Change of accounting policy	-	(83)
Net profit for current period	10,057,444	4,388,159
Decrease in current period	(1,608,598)	(1,493,732)
Including: Appropriated as surplus reserves	(97,831)	(214,524)
Distributed to ordinary shareholders as dividends	(1,625,590)	(1,279,155)
Other	114,823	(53)
Ending retained earnings	<u>22,458,340</u>	<u>14,009,494</u>

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V Notes to Consolidated Financial Statements (Continued)

58 Revenue and cost of sales

	2021		2020	
	Revenue	Cost of sales	Revenue	Cost of sales
Core business	160,994,720	129,618,531	75,938,207	66,049,377
Non-core business	2,545,840	1,440,127	739,031	192,901
	<u>163,540,560</u>	<u>131,058,658</u>	<u>76,677,238</u>	<u>66,242,278</u>

(1) Business by operating segment

	Revenue		Cost of sales		Gross profit	
	2021	2020	2021	2020	2021	2020
Dome stic sales	104,742,994	54,350,588	85,551,184	48,329,062	19,191,810	6,021,526
Foreig n sales	58,797,566	22,326,650	45,507,474	17,913,216	13,290,092	4,413,434
	<u>163,540,560</u>	<u>76,677,238</u>	<u>131,058,658</u>	<u>66,242,278</u>	<u>32,481,902</u>	<u>10,434,960</u>

- (2) The sales revenue from the top five customers combined was RMB57,063,520 thousand and RMB29,538,238 thousand respectively for 2021 and 2020, accounting for 35.45% and 38.90% of the core business revenue.

59 Interest income/expense and exchange gain

	2021	2020
Interest income	150,083	153,163
Interest expenditures	34,936	33,034
Exchange gain/(loss)	(1,224)	(2,039)

The interest income, interest expense and exchange gain/(loss) above occurred with the Company's subsidiary TCL Tech Finance Co., Ltd., which are presented separately herein as required for a financial enterprise.

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V Notes to Consolidated Financial Statements (Continued)

60 Taxes and levies

	2021	2020
Property tax	221,506	117,164
Stamp tax	161,505	83,661
Urban maintenance and construction tax	126,384	42,124
Education surcharges	90,303	29,948
Land use tax	27,531	12,336
Others	20,706	15,543
	647,935	300,776

The applicable tax and levy standards are detailed in Note IV.

61 Selling expenses

	2021	2020
Employee salaries and benefits	593,521	304,706
After-sales service expenses	617,663	239,256
Ad and sales promotion expenses	58,927	34,538
Others	649,174	308,317
	1,919,285	886,817

62 Administrative expenses

	2021	2020
Employee salaries and benefits	1,823,044	934,400
Depreciation and amortization expense	737,318	469,747
Expense for hiring intermediary organizations	496,566	382,596
Others	1,336,392	583,635
	4,393,320	2,370,378

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V	Notes to Consolidated Financial Statements (Continued)		
63	R&D expenses	2021	2020
	Depreciation and amortization expenses	2,477,401	1,746,405
	Material and lab expenses	2,703,695	1,602,260
	Employee salaries and benefits	1,421,683	701,448
	Others	633,562	352,708
		<u>7,236,341</u>	<u>4,402,821</u>
64	Financial Expenses	2021	2020
	Interest expenditures	4,125,399	2,594,868
	Interest income	(446,450)	(405,409)
	Exchange loss / (gain)	(55,357)	144,797
	Others	104,323	22,766
		<u>3,727,915</u>	<u>2,357,022</u>
65	Other income	2021	2020
	R&D subsidies	1,844,420	1,703,282
	VAT rebates on software	31,186	1,328
	Over-deduction in taxable amount for VAT	1,374	9,603
	Others	90,770	56,822
		<u>1,967,750</u>	<u>1,771,035</u>

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

66 Return on investments

	2021	2020
Gain on disposal of debt instruments at fair value through profit or loss	526,862	237,721
Gain on disposal of debt instruments at fair value through profit or loss	(40,149)	388,726
Gain on disposal of equity instruments at fair value through profit or loss	(132,695)	86,866
Gain on holding of equity instruments at fair value through profit or loss	263,901	184,200
Gain on disposal of debt instruments at fair value through profit or loss	263,901	184,200
Gain on holding of debt instruments at fair value through profit or loss	3,152,870	2,176,035
Share of net income of associates	65,001	(5,118)
Share of net income of joint ventures	(159,433)	211,578
Net income from disposal of long-term equity investments	228,169	(25,604)
Others	3,904,526	3,254,404
	3,904,526	3,254,404

67 Gain on changes in fair value

	2021	2020
Held-for-trading financial assets	155,320	404,920
Derivative financial assets	(317,003)	273,916
Held-for-trading financial liabilities	12,941	(13,522)
Derivative financial liabilities	2,158	7,479
	(146,584)	672,793

68 Credit impairment loss

	2021	2020
Loss on uncollectible accounts receivable	(122,892)	(50,252)
Loss on uncollectible other receivables	(17,349)	(11,876)
Other financial assets	47,985	(2,537)
	(92,256)	(64,665)

V Notes to Consolidated Financial Statements (Continued)

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69	Inventory valuation loss			
		2021	2020	
	Inventory valuation loss	(1,924,306)	(492,300)	
	Loss on impairments of fixed assets	(592,497)	(41,144)	
	Loss on impairments of construction in progress	(146,160)	-	
	Loss on impairments of intangible assets	(78,909)	-	
	Loss on impairments of other assets	(169,592)	21,837	
		<u>(2,911,464)</u>	<u>(511,607)</u>	
70	Asset disposal income			
		2021	2020	
	Income/(loss) from disposal of fixed assets	(60,496)	2,708	
	Other	20,062	-	
		<u>(40,434)</u>	<u>2,708</u>	
71	Non-operating income			Amount through current non-recurring gains and losses
		2021	2020	
	Gains on retired or damaged non-current assets	259	89	259
	Negative goodwill	-	292,440	-
	Government grants and others	351,721	199,845	351,721
		<u>351,980</u>	<u>492,374</u>	<u>351,980</u>
72	Non-operating expense			Amount through current non-recurring gains and losses
		2021	2020	
	Losses on retired or damaged non-current assets	21,233	12,631	21,233
	Other	119,221	104,343	119,221
		<u>140,454</u>	<u>116,974</u>	<u>140,454</u>

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V Notes to Consolidated Financial Statements
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73 Income tax expenses

(1) Table of income tax expenses

	2021	2020
Current income tax expense	2,274,141	383,063
Deferred income tax expense	330,984	287,037
	2,605,125	670,100

(2) Accounting profit and income tax adjustment process

	2021	2020
Gross profit	17,564,093	5,735,304
Income tax expense calculated at statutory/applicable tax rate	4,391,023	1,433,826
Impact of different tax rates applied to subsidiaries	(1,119,518)	(695,654)
Impact of adjusting income tax in previous periods	(102,803)	14,308
Impact of non-taxable income	(340,956)	(247,750)
Impact of non-deductible costs, expenses and losses	112,433	4,669
Impact of the use of deductible losses carry forward without recognize deferred tax assets in the previous periods	(424,609)	(111,372)
Impact of unrecognized deferred tax assets of deductible temporary differences or deductible losses in the current period	652,219	30,736
Others	(562,664)	241,337
	2,605,125	670,100
Income tax expense	2,605,125	670,100

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V Notes to Consolidated Financial Statements (Continued)

74 Other comprehensive income

(1) Other comprehensive income items, income tax effects and reclassifications to profit or loss

	2021	2020
I. Items that cannot be reclassified to profit or loss subsequently		
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	1,626	(7,313)
	1,626	(6,715)
Previous other comprehensive income reclassified to retained earnings for current period	-	(598)
2. Changes in fair value of other equity instruments	(287,845)	52,342
Current gain/(loss)	(212,104)	51,716
Previous other comprehensive income reclassified to retained earnings for current period	(122,821)	626
Income tax effects recorded in other comprehensive income	47,080	-
II. Items that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	(268,688)	90,758
Share amount in current period	(268,688)	90,758
Income tax effects recorded in other comprehensive income	-	-
2. Changes in fair value of financial assets recorded in other comprehensive income	-	(162)
Current gain/(loss)	-	(162)
3. Cash flow hedges	65,566	8,175
Current gain/(loss)	77,992	(6,896)
Previous other comprehensive income reclassified to profit for current period	-	-
Income tax effects recorded in other comprehensive income	(12,426)	15,071
4. Differences arising from translation of foreign currency financial statements of overseas operations	245,338	263,753
5. Net income arising from disposal of overseas operations through profit or loss	-	-
	(244,003)	407,553

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V Notes to Consolidated Financial Statements (Continued)

74 Other comprehensive income (continued)

(2) Changes in other comprehensive income items

Equity attributable to shareholders of the Company as the parent											
	Accounting policy changes	Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	Gain/loss on changes in fair value of financial assets	Gain/(Loss) on changes in cash flow hedges	Differences arising from translation of foreign currency-denominated financial statements	Fair value changes of other equity instruments	Fair value changes of other debt instruments	Other comprehensive income transferred to retained earnings	Subtotal	Non-controlling interests	Total other comprehensive income
January 1, 2020	334,950	230,179	(350,407)	(34,472)	(733,647)	19,315	-	-	(534,082)	(38,016)	(572,098)
Change in 2020	-	83,771	(162)	28,784	224,208	51,880	-	28	388,509	19,044	407,553
December 31, 2020	334,950	313,950	(350,569)	(5,688)	(509,439)	71,195	-	28	(145,573)	(18,972)	(164,545)
Increase and decrease for 2021	-	(267,062)	-	68,234	270,260	(212,485)	-	(122,821)	(263,874)	19,871	(244,003)
December 31, 2021	334,950	46,888	(350,569)	62,546	(239,179)	(141,290)	-	(122,793)	(409,447)	899	(408,548)

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V Notes to Consolidated Financial Statements (Continued)

75 Earnings per share

(1) Basic EPS

	2021	2020
Net profit attributable to shareholders of the Company as the parent	10,057,444	4,388,159
Weighted average outstanding ordinary shares (in thousand shares)	13,476,907	13,035,985
Basic earnings per share (RMB yuan/share)	0.7463	0.3366

(2) Diluted EPS

	2021	2020
Net profit attributable to shareholders of the Company as the parent	10,057,444	4,388,159
Diluted weighted average outstanding ordinary shares (in thousand shares)	13,675,916	13,604,246
Diluted earnings per share (RMB yuan/share)	0.7354	0.3226

76 Cash generated from other operating activities

Cash generated from other operating activities in the consolidated cash flow statement was RMB7,013,673 thousand (2020: RMB 3,454,773 thousand), which primarily consisted of current payments received, government grants and special appropriation, etc.

77 Cash used in other operating activities

Cash used in other operating activities in the consolidated cash flow statement was RMB 7,846,247 thousand (2020: RMB3,752,843 thousand), which primarily consisted of various expenses and current payments.

78 Cash generated from other investing activities

Cash used in other investing activities in the consolidated cash flow statement was RMB 33,083 thousand (2020: RMB149,793 thousand), which primarily consisted of net cash from disposal of subsidiary.

79 Cash used in other investing activities

Cash used in other investing activities in the consolidated cash flow statement was RMB 479,761 thousand (2020: RMB97,040 thousand), which primarily consisted of net cash from bank acceptance bills, irrevocable letter of credit margins, and disposal of subsidiaries, etc.

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V Notes to Consolidated Financial Statements (Continued)

80 Cash generated from other financing activities

Cash generated from other financing activities in the consolidated cash flow statement was RMB256,271 thousand (2020: RMB889,562), which primarily consisted of amounts received from finance leases.

81 Cash used in other financing activities

Cash used in other financing activities in the consolidated cash flow statement was RMB6,035,517 thousand (2020: RMB5,330,369 thousand), which was mainly cash paid to repurchase non-controlling interests, repurchase shares, and pay finance lease accounts, etc.

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

82 Supplementary information for the cash flow statement

(1) Reconciliation of net profit to net cash generated from/used in operating activities

	2021	2020
Net profit	14,958,968	5,065,204
Add: Asset impairment allowance	3,003,720	576,272
Depreciation of fixed assets	15,244,644	8,860,953
Depreciation of right-of-use assets	225,599	-
Amortization of intangible assets	1,177,003	709,902
Amortization of long-term prepaid expense	1,280,074	974,158
Loss/(Gain) on disposal of fixed assets, intangible assets and other long-lived assets	40,434	(2,708)
Loss on retired or damaged fixed assets	20,974	12,542
Loss/(Gain) on changes in fair value	146,584	(672,793)
Financial expenses	4,106,202	2,774,738
Return on investment	(3,904,526)	(3,254,404)
Decrease/(Increase) in deferred income tax assets	(575,258)	(466,876)
Increase/(Decrease) in deferred income tax liabilities	772,489	983,284
Decrease/(Increase) in inventory	(7,172,706)	(1,421,831)
Decrease/(Increase) in operating receivables	(8,678,460)	(1,678,659)
Increase/(Decrease) in operating receivables	13,055,727	3,790,917
Others	(823,015)	447,584
Net cash generated from operating activities	<u>32,878,453</u>	<u>16,698,283</u>

(2) Net cash payments for acquisition of subsidiaries in the current period

	2021	2020
Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	9,768,401	13,177,909
Less: cash and cash equivalents held by subsidiary on acquisition date	5,628,896	6,248,342
Add: Payments of cash and cash equivalents made in current period due to business combinations incurred in previous periods	-	-
Net cash payments for acquisition of subsidiaries	<u>4,139,505</u>	<u>6,929,567</u>

(3) Net cash proceeds from disposal of subsidiaries in the current period

	2021	2020
Cash or cash equivalents received in current period due to disposal of subsidiary in current period	1,984,421	319,088
Less: cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	900,316	20,293

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V Notes to Consolidated Financial Statements (Continued)

82 Supplementary information for the cash flow statement

(3) Net cash proceeds from disposal of subsidiaries in the current period (continued)	2021	2020
Add: Cash or cash equivalents received in current period due to disposal of subsidiaries in prior periods	<u>80,485</u>	<u>-</u>
Net proceeds from the disposal of subsidiaries	<u>1,164,590</u>	<u>298,795</u>

(4) Breakdown of cash and cash equivalents

	December 31, 2021	December 31, 2020
I. Cash	30,081,705	18,208,417
Of which: Cash on hand	789	1,189
Bank deposits available for payment on demand	28,970,585	17,744,850
Other monetary assets available for payment on demand	987,347	462,378
Deposits with the central bank available for payment	122,984	-
II. Cash equivalents	<u>-</u>	<u>-</u>
III. Cash and cash equivalents, end of the period	<u>30,081,705</u>	<u>18,208,417</u>

83 Changes in cash and cash equivalents, net

	2021	2020
Ending cash and cash equivalents	30,081,705	18,208,417
Less: Beginning cash	<u>18,208,417</u>	<u>17,637,743</u>
Net increase in cash and cash equivalents	<u>11,873,288</u>	<u>570,674</u>
Analysis of ending cash and cash equivalents:		
Ending monetary assets	31,393,692	21,708,905
Less: Ending non-cash equivalents (note)	<u>1,311,987</u>	<u>3,500,488</u>
Ending cash and cash equivalents	<u>30,081,705</u>	<u>18,208,417</u>

Note: The ending non-cash equivalents primarily included interest receivable on bank deposits, the statutory reserve deposits placed by TCL Tech Finance Co., Ltd. in the central bank and other monetary assets, detailed in Annex V, I.

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V Notes to Consolidated Financial Statements (Continued)

84 Assets with restricted ownership or use rights

	December 31, 2021	Reason for restriction
Monetary assets	358,178	Deposited in the central bank as the required reserve
Monetary assets	953,809	Other monetary funds and restricted bank deposits
Notes receivable	119,381	Pledge
Fixed assets	64,469,815	As collateral for loan
Intangible assets	2,759,415	As collateral for loan
Held-for-trading financial assets	34,337	Put in pledge for loan
Right-of-use assets	57,004	As collateral for lease
Accounts receivable	1,050,343	Pledge
Contract assets	175,831	Pledge
	<u>69,978,113</u>	

85 Foreign currency monetary items

	December 31, 2021		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	961,867	6.3757	6,132,573
HKD	125,636	0.8176	102,720
EUR	3,068	7.2173	22,142
JPY	6,508	0.0554	361
SGD	56	4.7178	266
Accounts receivable			
Including: USD	1,042,585	6.3757	6,647,209
HKD	999,364	0.8176	817,080
EUR	0.2	7.2173	1
Receivables financing			
Including: USD	48,054	6.3757	306,379
Accounts payable			
Including: USD	305,924	6.3757	1,950,477
HKD	1,450,871	0.8176	1,186,232
JPY	5,798,499	0.0554	321,237
INR	107,349	0.0855	9,178
EUR	0.04	7.2173	0.30

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V Notes to Consolidated Financial Statements (Continued)

85 Foreign currency monetary items (continued)

	December 31, 2021		
	Foreign currency balance	Conversion rate	RMB balance
Other receivables			
Including: USD	8,739	6.3757	55,717
HKD	299,479	0.8176	244,854
JPY	11,970	0.0554	663
PLN	1,685	1.5722	2,649
INR	41,789	0.0855	3,573
KRW	102,390	0.0054	549
EUR	4	7.2173	29
MXN	8,455	0.3114	2,633
Notes payable			
Including: USD	27,636	6.3757	176,196
EUR	4,587	7.2173	33,105
JPY	1,284,020	0.0554	71,135
Other payables			
Including: USD	95,069	6.3757	606,128
HKD	584,890	0.8176	478,206
JPY	1,771,692	0.0554	98,152
INR	1,802,221	0.0855	154,090
PLN	165	1.5722	259
KRW	12,711	0.0054	68
MXN	8,306	0.3114	2,586
EUR	17	7.2173	124
Short-term borrowings			
Including: USD	55,571	6.3757	354,304
Long-term borrowings			
Including: USD	1,966,170	6.3757	12,535,710

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VI . Changes to Consolidation Scope

1 Newly consolidated entities for current period

Name of investee	Consolidated period	Reason for change	Registered capital (RMB)	The Company's interest
Shenzhen Huatuo Trade Technology Co., Ltd.	2021	Newly incorporated	RMB10,000,000	100%
Xiamen Xinying Display Technology Co., Ltd.	2021	Newly incorporated	RMB300,000,000	55%
Shaanxi Xiaoyi E-commerce Service Co., Ltd.	February - December 2021	Newly incorporated	RMB1,000,000	60%
Shaanxi RunhuanTianyu Technology Co., Ltd.	February - December 2021	Combination not under common control	RMB65,800,000	100%
Highly (Tianjin) Technology Co., Ltd.	March - December 2021	Newly incorporated	RMB50,000,000	100%
Zhonghuan Advanced Semiconductor (Shanghai) Co., Ltd.	February - December 2021	Newly incorporated	RMB40,000,000	100%
Ningxia Zhonghuan Solar Material Co., Ltd.	March - December 2021	Newly incorporated	RMB100,000,000	100%
Suzhou China Star Optoelectronics Technology Co., Ltd.	April - December 2021	Combination not under common control	RMB6,260,405,000	100%
Suzhou China Star Optoelectronics Display Co., Ltd.	March - December 2021	Combination not under common control	RMB1,535,850,989	100%
Moka International Limited and its subsidiaries	April - December 2021	Combination not under common control	USD1	100%
Huizhou Shengyao New Energy Technology Co., Ltd.	March - December 2021	Newly incorporated	RMB1,000,000	100%
Inner Mongolia Huanya Hotel Management Co., Ltd.	April - December 2021	Newly incorporated	RMB500,000	100%
HuludaoXincheng New Energy Technology Co., Ltd.	June - December 2021	Combination not under common control	RMB51,200,000	100%

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VI. Changes to Consolidation Scope (Continued)

1 Newly consolidated entities for current period (continued)

Name of investee	Consolidated period	Reason for change	Registered capital (RMB)	The Company's interest
Tianjin WanfangNuoxin Technology Co., Ltd.	March - December 2021	Newly incorporated	RMB30,000,000	100%
En Yi Investment Co., Ltd.	July - December 2021	Newly incorporated	HKD1	100%
Zhonghuan Semi-Conductor (Singapore) Private Ltd.	July - December 2021	Newly incorporated	SGD10,000,000	100%
Inner Mongolia Huanxing Power Construction Engineering Co., Ltd	September - December 2021	Combination not under common control	RMB10,000,000	100%
Shaanxi HuanboXinneng Power Engineering Construction Co., Ltd	September - December 2021	Combination not under common control	RMB1,000,000	100%
Beijing Lingyun Data Technology Co., Ltd.	September - December 2021	Newly incorporated	RMB20,000,000	100%
Guangdong TCL New Technology Co., Ltd.	October - December 2021	Combination not under common control	RMB13,843,000	100%
Tianjin Silica Material Technology Co., Ltd.	October - December 2021	Newly incorporated	RMB2,800,000,000	100%
Tianjin Huanou New Energy Technology Co., Ltd	November - December 2021	Newly incorporated	RMB800,000,000	95%
Xiamen TCL Technology Industrial Investment Co., Ltd.	December 2021	Newly incorporated	RMB1,000,000,000	100%
Tianjin TiTiYunchuang Technology Co., Ltd	December 2021	Newly incorporated	RMB30,000,000	100%
Tianjin Xincheng Pilot Technology Co., Ltd.	December 2021	Newly incorporated	RMB30,000,000	100%
Junjia Development Co., Ltd.	December 2021	Newly incorporated	USD50,000	100%

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VI Changes to Consolidation Scope (Continued)

1 Newly consolidated entities for current period (continued)

Note Business combination not involving entities under common control incurred in the current period

(1) Acquisition of equity interests in Suzhou China Star Optoelectronics Technology Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

The Group acquired on April 1, 2021 (the date of acquisition) a 60% interest in Suzhou China Star Optoelectronics Technology Co., Ltd. (formerly known as "Samsung Suzhou LCD Co. Ltd." with a cash payment of RMB4,757,727 thousand. At the date of acquisition, the Group actually obtained 70% equity of Samsung Suzhou LCD Co. Ltd., which was included in the consolidated financial statements. In September 2021, the Group purchased 30% equity of Samsung Suzhou LCD Co. Ltd. and completed 100% holdings of the company. This subsidiary is primarily engaged in semiconductor display and materials.

Cash consideration	4,757,727
Fair value of previous equity-holdings at acquisition date	792,955
Less: Share of fair value of identifiable net assets acquired	5,064,079
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	486,603

② The assets and liabilities as at the acquisition date are as follows:

	Fair value at acquisition date	Carrying value at acquisition date
Monetary assets	2,152,933	2,152,933
Accounts receivable	1,207,714	1,207,714
	4,478,055	3,533,370
Non-current assets		
Accounts payable	814,870	814,870
Net assets	7,234,398	6,429,154
Less: non-controlling interests	2,170,319	1,928,746
Net assets acquired	5,064,079	4,500,408

③ Assets evaluated as appreciated assets were mainly buildings and constructions and intangible assets-land use rights. The evaluation methods of the above main assets are as follows:

- a Buildings are mainly appraised by the replacement method: According to construction project materials and settlement data, the full replacement value of a building (structure) is calculated based on the project volume of the building, taking into account the current quota standard, market price level, stipulated construction fees, and lending rate, and the newness rate is determined comprehensively based on the service life of the building and the on-site survey of the building, before the net appraisal value of the building is calculated;
- b The methods for land use right appraisal include the market approach and the method of benchmark land price coefficient modification: The market approach is a method used to estimate the price of a piece of land at the time of appraisal by comparing the land being valued with similar instances of land that has been traded recently according to the principle of substitution, and making adjustments for the differences between them, such as transaction situation, time, region and individual factors, based on the known prices of the latter. The idea behind the method of benchmark land price coefficient modification is that the regional and other conditions of the land being valued are compared with the average conditions of the region in which it is located according to the principle of substitution, using appraisal results such as the urban benchmark land price and the benchmark land price modification coefficient table, and then corresponding modification coefficients are selected from the modification coefficient table to modify the benchmark land price, so as to determine the price of the land being valued on the valuation date.

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VI Changes to Consolidation Scope (Continued)

1 Newly consolidated entities for current period (continued)

(2) Acquisition of 100% equity interests in Suzhou China Star Optoelectronics Display Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

The Group acquired on April 1, 2021 (the date of acquisition) 100% equity interest in Suzhou China Star Optoelectronics Display Co., Ltd. (formerly known as “Samsung Display Suzhou Co., Ltd.” with a cash payment of RMB2,210,673 thousand. At the date of acquisition, the Group obtained control of Suzhou China Star Optoelectronics Display Co., Ltd., which was included in the consolidated financial statements. This subsidiary is primarily engaged in semiconductor display and materials.

Cash consideration	2,210,673
Less: Share of fair value of identifiable net assets acquired	2,250,973
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	(40,300)

② The assets and liabilities as at the acquisition date are as follows:

	Fair value at acquisition date	Carrying value at acquisition date
Monetary assets	1,045,605	1,045,605
Accounts receivable	276,283	276,283
Non-current assets	1,222,641	1,012,405
Accounts payable	207,745	207,745
Net assets	2,250,973	2,092,238
Less: non-controlling interests	-	-
Net assets acquired	2,250,973	2,092,238

③ Assets evaluated as appreciated assets were mainly intangible assets-land use rights. The evaluation method is as follows:

- a The methods for land use right appraisal include the market approach and the method of benchmark land price coefficient modification: The market approach is a method used to estimate the price of a piece of land at the time of appraisal by comparing the land being valued with similar instances of land that has been traded recently according to the principle of substitution, and making adjustments for the differences between them, such as transaction situation, time, region and individual factors, based on the known prices of the latter. The idea behind the method of benchmark land price coefficient modification is that the regional and other conditions of the land being valued are compared with the average conditions of the region in which it is located according to the principle of substitution, using appraisal results such as the urban benchmark land price and the benchmark land price modification coefficient table, and then corresponding modification coefficients are selected from the modification coefficient table to modify the benchmark land price, so as to determine the price of the land being valued on the valuation date.

(3) Acquisition of 100% equity interests in Moka International Limited

① The cost of acquisition and goodwill were recognized as follows:

The Group acquired in April, 2021 (the date of acquisition) 100% equity interest in Moka International Limited with a cash payment of RMB2,800,000 thousand. At the date of acquisition, the Group obtained control of Moka International Limited, which was included in the consolidated financial statements. This subsidiary primarily processes intelligent terminals.

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VI Changes to Consolidation Scope (Continued)

1 Newly consolidated entities for current period (continued)

Cash consideration	2,800,000
Fair value of contingent consideration	181,220
Less: Share of fair value of identifiable net assets acquired	1,252,247
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	1,728,973

② The assets and liabilities as at the acquisition date are as follows:

	Fair value at acquisition date	Carrying value at acquisition date	Fair value adjustment
Current assets	6,905,287	6,905,287	-
Non-current assets	515,635	217,038	298,597
Current liabilities	5,919,055	5,919,055	-
Less: non-controlling interests	-	-	-
Net assets acquired	1,252,247	1,027,857	224,390

③ Assets evaluated as appreciated assets were mainly buildings and constructions, machinery equipment, electronic equipment and intangible assets (including the right to use land as well as technological assets like patents, know-how, software copyrights). The evaluation methods of the above main assets are as follows:

- a The primary assessment methods for buildings include the market comparison approach, the income capitalization approach and the replacement cost approach. In terms of the market comparison approach, the subject property is compared with similar real estate transaction cases that have happened recently or will happen soon, transaction conditions, time of price formation, regional factors (external conditions of the real estate), and individual factors (own conditions of the real estate). The reasonable market price most possible for the subject property is calculated after necessary correction of the known prices of similar real estate transaction cases that have happened recently or will happen soon. With respect to the income capitalization approach, first, the future normal net earnings of the subject property are estimated, when the value of the subject property is calculated. Then, a suitable capitalization rate is selected and discounted to the valuation date for summation to estimate the value of the subject property. In regard to the replacement cost approach, the basic formula is: Full replacement value of the building x newness rate = value of the subject property.
- b Machinery and equipment are valued mainly by the replacement method based on market prices, combined with the characteristics of the machinery and equipment being valued and the information collected;
- c The full replacement value of electronic equipment is determined based on its tax-exclusive purchase prices according to local market information and recent market price data such as those provided by Zhongguancun Online;
- d The main assessment methods for the right to use land are the market comparison approach and the integrated evaluation of the housing and land of the main building. For the market comparison approach, the land to be evaluated and similar cases of land transactions that have occurred recently are compared in line with the substitution principle, when the price of the land to be evaluated is calculated. Then, the price of the land to be evaluated on the valuation date is calculated, after the known price of the latter is corrected by reference with the transaction situation, time, region, and individual factors of the land. S. de R.L. de C.V. has been reflected in the valuation of the buildings as the ownership has been valued based on the market value determined by the integrated evaluation of housing and land;
- e The primary assessment method for technological assets like patents, know-how, and software copyright is the income approach. For this method, the expected future earnings of such technological assets are calculated and discounted to the present value at a suitable discount rate. Then, the value of such technological assets is calculated by summation.

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VI . Changes to Consolidation Scope (Continued)

2 Deconsolidated entities for current period

Name of investee	Time of deconsolidation	Reason for change
Tianjin Huanyan Technology Co., Ltd.	January 2021	Transferred
TCL Communication Technology (HK) Limited	March 2021	De-registered
Tianjin ZhonghuanXinyu Technology Co., Ltd.	March 2021	Transferred
Tianjin Huan'Ou International New Energy Technology Co., Ltd.	March 2021	De-registered
KangbaoShenghui New Energy Co., Ltd.	April 2021	De-registered
Winshero Investment Limited	May 2021	De-registered
Tianjin Xietong Real Estate Development Co., Ltd.	May 2021	De-registered
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd. and its subsidiaries	May 2021	Increase in non-controlling interests
TCL International Distribution (HK) Limited	June 2021	De-registered
TCL Financial Holding Group (Guangzhou) Co., Ltd. and its subsidiaries	June 2021	Transferred
UTOP (Shanghai) Co., Ltd.	August 2021	De-registered
Li Rong Development Limited and its subsidiaries	September 2021	Transferred
TCL Medical Ultrasound Technology (Wuxi) Co., Ltd.	December 2021	Transferred
Peer College Education Technology (Huizhou) Co., Ltd.	December 2021	Transferred
TCL Light Source Energy-saving Technology (Huizhou) Co., Ltd.	December 2021	De-registered

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VI. Changes to Consolidation Scope (Continued)

3 Subsidiaries disposed in current period

Name of subsidiary	Tianjin Huanyan Technology Co., Ltd.	Tianjin ZhonghuanXinyu Technology Co., Ltd.	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd. and its subsidiaries	TCL Financial Holding Group (Guangzhou) Co., Ltd. and its subsidiaries
Price for equity interest disposal	93,845	12,000	-	2,572,020
% equity interest disposed	50%	100%	55%	100%
Way of disposal	Transferred	Transferred	Increase in non-controlling interests	Transferred
Time of loss of control	January 2021	March 2021	May 2021	June 2021
Determination basis for time of loss of control	Rights & obligations all transferred	Rights & obligations all transferred	Rights & obligations all transferred	Rights & obligations all transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	12,536	2,900	22,475	10,539

(Continued)

Name of subsidiary	Li Rong Development Limited and its subsidiaries	TCL Medical Ultrasound Technology (Wuxi) Co., Ltd.	Peer College Education Technology (Huizhou) Co., Ltd.
Price for equity interest disposal	528,165	0.001	5,130
% equity interest disposed	100%	100%	100%
Way of disposal	Transferred	Transferred	Transferred
Time of loss of control	September 2021	December 2021	December 2021
Determination basis for time of loss of control	Rights & obligations all transferred	Rights & obligations all transferred	Rights & obligations all transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	117,843	0.001	(57)

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VII Interests in Other Entities

1 Interests in subsidiaries

(1) Principal subsidiaries

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
TCL China Star Optoelectronics Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	83.02%	-	Incorporated
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	-	54.31%	Incorporated
Guangzhou China Ray Optoelectronic Materials Co., Ltd.	Guangzhou	Research and development	Guangzhou	-	100%	Incorporated
Wuhan China Star Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	91.66%	Incorporated
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	57.14%	Incorporated
Shenzhen CPT Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	-	100%	Business combination not under common control
China Star Optoelectronics International (HK) Limited	Hong Kong	Sales	Hong Kong	-	100%	Incorporated
China Display Optoelectronics Technology Holdings Limited	Bermuda	Investment holding	Bermuda	-	64.20%	Business combination not under common control
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100%	Incorporated
Wuhan China Display Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	100%	Incorporated
Suzhou China Star Optoelectronics Technology Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
Beijing HAWK Cloud Information Technology Co., Ltd.	Beijing	Internet service	Beijing	100%	-	Incorporated
TCL Culture Media (Shenzhen) Co., Ltd.	Shenzhen	Ad planning	Shenzhen	100%	-	Incorporated
Highly Information Industry Co., Ltd.	Beijing	Product distribution	Beijing	66.46%	-	Incorporated
Beijing Sunpiestore Technology Co., Ltd.	Beijing	Sales	Beijing	-	53.45%	Incorporated
Beijing Lingyun Data Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
TCL Tech Finance Co., Ltd.	Huizhou	Financial	Huizhou	82.00%	18.00%	Incorporated
Xinjiang TCL Equity Investment Ltd.	Xinjiang	Investment business	Shenzhen	100%	-	Incorporated

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VII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Principal subsidiaries (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
Ningbo TCL Equity Investment Ltd.	Ningbo	Investment business	Shenzhen	100%	-	Incorporated
TCL Technology Park (Huizhou) Co., Ltd.	Huizhou	Property management	Huizhou	-	100%	Incorporated
TCL Research America Inc.	U.S.	Research and development	U.S.	-	100%	Incorporated
TCL Industrial Technology Research Institute (Hong Kong) Limited	Hong Kong	Research and development	Hong Kong	-	100%	Incorporated
TCL Technology Investments Limited	Hong Kong	Investment business	Hong Kong	100%	-	Incorporated
Tianjin Zhonghuan Semi-conductor Co., Ltd. (Note)	Tianjin	Manufacturing and sales	Tianjin	2.41%	25.55%	Business combination not under common control
Tianjin Printronics Circuit Corporation	Tianjin	Manufacturing and sales	Tianjin	-	26.86%	Business combination not under common control
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	100%	Business combination not under common control
Wuxi Zhonghuan Applied Materials Co., Ltd.	Wuxi	Manufacturing and sales	Wuxi	-	81.48%	Business combination not under common control
Tianjin Huanzhi New Energy Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	81.58%	Business combination not under common control
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	100%	Business combination not under common control
TianJinZhonghuan Advanced Material&Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	100%	Business combination not under common control
Huansheng Solar (Jiangsu) Co., Ltd.	Wuxi	Manufacturing and sales	Wuxi	-	77.00%	Business combination not under common control
Tianjin Huanou International Silicon Material Co., Ltd.	Tianjin	Procurement & sales	Tianjin	-	100%	Business combination not under common control
Zhonghuan Hong Kong Holding Limited	Hong Kong	Sales	Hong Kong	-	100%	Business combination not under common control

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VII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Principal subsidiaries (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Procurement & sales	Tianjin	-	100%	Business combination not under common control
Inner Mongolia ZhonghuanXie xin Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	59.32%	Business combination not under common control
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	100%	Business combination not under common control
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	Wuxi	Manufacturing and sales	Wuxi	-	60.00%	Business combination not under common control
Moka International Limited	BVI	Investment holding	BVI		100%	Business combination not under common control
Moka Technology (Guangdong) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou		100%	Business combination not under common control

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Non-controlling shareholding ratio (%)	Current period profit or loss attributable to non-controlling interests	Current period Dividends distributed to non-controlling interests	Ending non-controlling interests Shareholder equity
TCL China Star Optoelectronics Technology Co., Ltd.	16.98%	1,511,703	53,965	42,283,748
Tianjin Zhonghuan Semi-conductor Co., L (Note)	72.03%	3,349,461	270,439	32,812,046
Highly Information Industry Co., Ltd.	33.54%	102,139	45,889	497,776

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VII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(2) Subsidiaries with substantial non-controlling interests (continued)

The key financial information of the above subsidiaries is as follows:

	December 31, 2021						December 31, 2020					
	Current assets	Non-current assets	assets Total	Current liabilities	Non-current liabilities	liabilities Total	Current assets	Non-current assets	assets Total	Current liabilities	Non-current liabilities	liabilities Total
TCL China Star Optoelectronics Technology Co., Ltd.	68,597,560	135,274,049	203,871,609	53,275,700	66,065,421	119,341,121	57,189,005	117,985,042	175,174,047	55,328,869	55,005,109	110,333,978
Tianjin Zhonghuan Semiconductor Co., Ltd.	24,458,844	53,520,516	77,979,360	20,443,660	15,865,920	36,309,580	16,085,100	42,634,584	58,719,684	17,329,888	13,308,403	30,638,291
Highly Information Industry Co., Ltd.	6,035,827	100,060	6,135,887	4,782,662	22,603	4,805,265	4,771,001	67,485	4,838,486	3,653,818	113,762	3,767,580
	2021				2020							
	Revenue	Net profit	Total comprehensive income	Net cash generate from/used in operating activities	Revenue	Net profit	Total comprehensive income	Net cash generate from/used in operating activities				
TCL China Star Optoelectronics Technology Co., Ltd.	80,051,717	10,110,629	10,189,107	27,060,041	46,765,152	2,427,604	2,517,639	16,482,499				
Tianjin Zhonghuan Semiconductor Co., Ltd.	41,104,685	4,435,128	4,435,128	4,281,641	5,682,962	427,175	426,746	665,007				
Highly Information Industry Co., Ltd.	31,932,016	272,046	272,046	(103,091)	22,518,401	186,177	186,177	111,130				

Note: Tianjin Zhonghuan Semi-conductor Co., Ltd. was merged on October 1, 2020, and the profit and loss data from 2020 only includes that of the period from October to December 2020.

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VII Interests in Other Entities (Continued)

2 Interests in joint ventures and associates

(1) Basic information about principal joint ventures and associates

Name of investee	Principal place of business/place of registration	Nature of business	Strategic to the Group's activities or not	Shareholding ratio (%)	
				Direct	Indirect
Associate					
Bank of Shanghai Co., Ltd.	Shanghai	Financial R&D, production & sale of polycrystalline silicon & monocrystalline silicon;	Yes	5.76%	-
Xinjiang Xiexin New Energy Material Technology Co., Ltd. (note)	Xinjiang	Financial R&D, production & sale of polycrystalline silicon & monocrystalline silicon;	Yes	-	27%

(2) Key financial information of major associates

	December 31, 2021		December 31, 2020	
	Bank of Shanghai Co., Ltd.	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Bank of Shanghai Co., Ltd.	Xinjiang Xiexin New Energy Material Technology Co., Ltd.
Total assets	2,653,198,679	11,377,813	2,462,144,021	8,711,309
Total liabilities	2,447,430,234	5,110,841	2,271,205,002	6,990,937
Non-controlling interests	564,813	Not applicable	541,129	Not applicable
Equity attributable to shareholders of the Company as the parent	205,203,632	6,266,973	190,397,890	1,720,373
Share of equity in proportion to the Company's interest	11,813,895	1,692,083	10,966,925	464,501
Carrying amount of investment in associate	11,919,796	1,691,361	11,232,138	463,779

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VII Interests in Other Entities (Continued)

2 Interests in joint ventures and associates

(2) Key financial information of major associates (continued)

	2021		2020	
	Bank of Shanghai Co., Ltd.	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Bank of Shanghai Co., Ltd.	Xinjiang Xiexin New Energy Material Technology Co., Ltd.
Revenue	56,229,904	8,892,844	50,746,123	2,179,433
Net profit	22,042,452	4,535,988	20,885,062	169
Dividends from associate to the Group in current period	327,157	-	316,955	-

Note: Other major associates are not presented herein for being listed company with financial statements pending disclosure.

(3) Financial information of other joint ventures and associates combined respectively

	2021	2020
Joint ventures:		
Aggregated carrying amount of investments Aggregate of following items calculated in proportion to the Company's interest	555,257	119,234
Net profit (note)	65,001	(5,118)
Other comprehensive income (note)		-
Total comprehensive income	65,001	(5,118)
Associate:		
Aggregated carrying amount of investments Aggregate of following items calculated in proportion to the Company's interest	11,474,164	12,231,885
Net profit (note)	656,281	992,498
Other comprehensive income (note)	(12,870)	(2,489)
Total comprehensive income	643,411	990,009

Note: The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment and accounting policies unifying.

(4) The Company had no significant joint ventures in the Reporting Period.

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VIII Risks Related to Financial Instruments

The purpose of the Company's risk management is to achieve a right balance between the risk and the benefit and maximally reduce the adverse impact of financial risks on the Company's financial performance. Based on such purpose, the Company has established various risk management policies to recognize and analyze possible risks to be encountered by the Company, set an appropriate risk acceptable level and designed corresponding internal control procedures so as to control the Company's risk level. In addition, the Company will regularly review these risk management policies and relevant internal control system in order to adapt to the market or handle various changes in the Company's operating activities. Meanwhile, the Company's internal audit department will also regularly or randomly check whether the implementation of internal control system conforms to relevant risk management policies. In fact, the Company has applied proper diversified investment and business portfolio to disperse various financial instrument risks and worked out corresponding risk management policies to reduce the risk of concentrating on one single industry, specific region or specific counterpart.

Main risks caused by the Company's financial instruments include the credit risk, the liquidity risk and the market risk (including the foreign exchange risk and the interest rate risk).

(1) Credit risk

Credit risk refers to the risk of financial loss caused by any party of financial instruments to another party due to the failure in fulfilling performance obligations. The Group controls the credit risk based on the specific group classification, and credit risk mainly results from bank deposit, due from central bank, bills receivable, account receivable, issued loan and monies advanced and other receivables.

The Group's bank deposits and due from central bank are mainly deposited in stated-owned banks and other large and medium-sized listed banks. The Group considers no significant credit risk existed and no significant loss will be caused by the counterpart's breach of contract.

For notes receivable, accounts receivable, loans and advances to customers and other receivables, the Group has established relevant policies to control the credit risk exposure, and will evaluate the client's credit qualification and determine corresponding credit period based on the client's financial status, the possibility of obtaining guarantees from the third party, relevant credit records and other factors (like the current market situation). In the meantime, the Group will regularly monitor the client's credit records. For any client with unfavorable credit records, the Group will issue written reminders, shorten the credit period or cancel the credit period so as to keep the Group's overall credit risk controllable.

As of December 31, 2021, no significant guarantee or other credit enhancements held due to the debtor mortgage was found in the Group.

(2) Liquidity risk

Liquidity risk refers to the risk of capital shortage the Company encounters when the Company is fulfilling the obligation of settlement in the form of cash or other financial assets. Various subsidiaries under the Group shall be responsible for predicting their own cash flow. The financial department of the headquarters shall firstly summarize predictions on the cash flow of various subsidiaries and then continuously monitor the short-term and long-term fund demand at the Group's level so as to maintain sufficient cash reserves and negotiable securities that can be realized at any time; meanwhile, special efforts shall also be made to continuously monitor whether provisions stated in the loan agreement are observed and to make major financial institutions promise to provide sufficient reserve funds so as to satisfy short-term and long-term capital demand.

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VIII Risks Related to Financial Instruments (Continued)

(3) Market risk

(a) Foreign exchange risk

The Group has carried out various economic activities around the world including manufacturing, selling, investment and financing etc., and corresponding interest rate fluctuation risks exist in the Group's foreign currency assets and liabilities and future foreign currency transactions.

The Group always regards "Locking the Cost and Avoiding Possible Risks" as the foreign currency risk management goal. Through the natural hedging of settlement currency, matching with the foreign currency liabilities, signing simple derivative products closely related to the owner's operation and meeting corresponding hedge accounting treatment requirements and applying other management methods, the foreign currency risk exposure can be controlled within a reasonable scope and the impact of interest rate fluctuations on the Group's overall profit and loss will be reduced.

On December 31, foreign-currency asset and liability items with significant exposure to exchange risk were mainly denominated in US dollars. After management, the total risk exposure of the US dollar-denominated items had a net asset exposure of USD56,924 thousand, equivalent to RMB362,932 thousand based on the spot exchange rate on the balance sheet date. The differences arising from the translation of foreign currency financial statements were not included.

The Group applies the following exchange rate of USD against RMB:

	Average exchange rate 2021	Exchange rate at period-end December 31, 2021
USD/RMB	6.4474	6.3757

Provided that other risk variables remained unchanged except for the exchange rate, a 5% depreciation/appreciation in RMB as a result of the changes in the exchange rate of RMB against USD would cause an increase/decrease of RMB18,147 thousand in shareholder equity and net profit respectively of the Group on December 31.

The above-mentioned sensitivity analysis is made based on the assumption that the exchange rate changes on the balance sheet date, and financial instruments held by the Group on the balance sheet date exposed to the exchange risk are re-calculated based on the changed exchange rate. The above analysis does not include differences arising from the translation of foreign currency financial statements.

(b) Interest risk

The Group's interest rate risk mainly results from interest-bearing bank borrowings adopting floating interest rates, and the Group determined the proportion of fixed interest rates and floating interest rates based on the market environment and its risk tolerance. Up until December 31, 2021, the Group's liabilities with floating interest rates accounted for 75.60% of its total interest-bearing liabilities. And, the Group will continuously monitor the interest rates and make corresponding adjustments according to the specific market changes so as to avoid interest rate risk.

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IX. Classification of Financial Instruments and Fair Value

Fair value of financial instruments and levels

1 Fair value is divided into the following levels in measurement and disclosure:

Level 1 refers to the (unadjusted) quotation of the same type of assets or liabilities on the active market; and the Company mainly adopts the closing price as the value of a financial asset. Financial instruments of level 1 mainly include exchange listed stocks and bonds.

Level 2 refers to the directly or indirectly observable input of a financial asset or liability that does not belong to level 1.

Level 3 refers to the input of a financial asset or liability determined based on variables other than the observable market data (non-observable input).

2 Basis for determining the market value of items measured at continuous level 1 fair value

The Company adopts the active market quotation as the fair value of a level 1 financial asset.

3 Items measured at continuous level 2 fair value adopt the following valuation techniques and parameters:

The Company's receivables financing was bank acceptance notes and trade acceptance notes, of which the market prices were determined based on the transfer or discounted amounts.

Derivative financial assets and liabilities are multiple IRS and CCS signed between the Group and financial institutions. The Company adopts the quotations provided by the financial institution in valuation.

4 Items measured at continuous level 3 fair value adopt the following valuation techniques and parameters (nature and quantity):

Other non-current financial assets measured at continuous level 3 fair value are mainly unlisted equity investments held by the Company. In measuring the fair value, the Company mainly adopts the valuation technique of comparison with listed companies, taking into account the price of similar securities and liquidity discount.

Held-for-trading financial assets measured at continuous level 3 fair value are mainly wealth management products held by the Company. In valuation of the fair value, the Company adopts the method of discounting future cash flows based on the agreed expected yield rate.

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IX Classification of Financial Instruments and Fair Value (Continued)

5 Financial instruments measured in three levels of fair value

Financial assets

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets (see Note V, 2)	926,094	6,607,461	67,701	7,601,256
Derivative financial assets (see Note V, 3)	-	70,929	-	70,929
Receivables financing (see Note V, 6)	-	2,217,639	-	2,217,639
Investments in other equity instruments (see Note V, 18)	109,011	-	818,308	927,319
Other non-current financial assets (see Note V, 19)	-	924,066	1,779,972	2,704,038
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets continuously measured at fair value	1,035,105	9,820,095	2,665,981	13,521,181
	<hr/>	<hr/>	<hr/>	<hr/>

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V, 33)	256,592	493,141	175,302	925,035
Derivative financial liabilities (see Note V, 34)	-	22,205	-	22,205
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities continuously measured at fair value	256,592	515,346	175,302	947,240
	<hr/>	<hr/>	<hr/>	<hr/>

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- X Related Parties and Related-Party Transactions
1 Actual controller and its acting-in-concert parties

Explanation of The Company's Absence of Controlling Shareholders

Being acting-in-concert parties upon the signing of the Agreement on Acting in Concert, Mr. Li Dongsheng and Ningbo JiutianLiancheng Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "JiutianLiancheng") are the biggest shareholders of the Company with a total of 1,158.5994 million shares.

As per Article 217 of the Corporate Law, a controlling shareholder refers to a shareholder who owns over 50% of a limited liability company's total capital or over 50% of a joint stock company's total share capital; or, despite the ownership of less than 50% of a limited liability company's total capital or less than 50% of a joint stock company's total number of shares, who can still prevail in the resolution of a meeting of shareholders or a general meeting of shareholders according to the voting rights corresponding to their interest in the limited liability company's total capital or the joint stock company's total number of shares. According to the definition above, the Company has no controlling shareholder or actual controller.

- 2 Related parties that do not control or are not controlled by the Company

Information about such related parties:

Company Name	Relationship with the Company
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	Associate
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	Associate
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	Associate
SunPower Systems International Limited	Associate
Shenzhen Jucai Supply Chain Technology Co., Ltd.	Associate
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	Associate
Shenzhen Tixiang Business Management Technology Co., Ltd.	Associate
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	Associate
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Associate
Xinjiang DongpengWeichuang Equity Investment Partnership (Limited Partnership)	Associate
Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	Associate
Inner Mongolia Huanye Material Co., Ltd.	Associate
Bank of Shanghai Co., Ltd.	Associate
ZhonghuanAineng (Beijing) Technology Co., Ltd.	Associate
LG Electronics (Huizhou) Co., Ltd.	Associate
Ulanqab Xinyuan New Energy Co., Ltd.	Associate
YanyuanFengguang New Energy Co., Ltd.	Associate
Sichuan Shengtian New Energy Development Co., Ltd.	Associate
Tianjin 712 Communication & Broadcasting Co., Ltd.	Associate
JOLED Incorporation	Associate
TCL Finance (Hong Kong) Co., Limited	Associate
TCL Intelligent Technology (Ningbo) Co., Ltd.	Associate
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	Associate
ZhonghuanFeilang (Tianjin) Technology Co., Ltd.	Joint venture

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
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X Related Parties and Related-Party Transactions (Continued)

2 Related parties that do not control or are not controlled by the Company (Continued)

Company Name	Relationship with the Company
Tianjin Huanyan Technology Co., Ltd.	Joint venture
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Huizhou TCL Human Resources Service Co., Ltd.	Joint venture
Tianjin ZhonghuanHaihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	Joint venture
Qihang International Import & Export Limited	Associate's subsidiary
QihangImport&Export Limited	Associate's subsidiary
Shenzhen Xirang International Network Information Technology Co., Ltd.	Associate's subsidiary
JC Supply Chain International (HK) Co., Limited	Associate's subsidiary
Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	Associate's subsidiary
Elite Excellent Investments Limited	Associate's subsidiary
Huixing Holdings Limited	Associate's subsidiary
Zijinshan Investment Co., Ltd.	Associate's subsidiary
Marvel Paradise Limited	Associate's subsidiary
Union Dynamic Investment Limited	Associate's subsidiary
Esteem Venture Investment Limited	Associate's subsidiary
Petro AP S.A.	Associate's subsidiary
SunPower Malaysia Manufacturing Sdn.Bhd.	Associate's subsidiary
SunPower Systems Sarl	Associate's subsidiary
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	Joint venture's subsidiary
Jiangsu Huanxin Semiconductor Co., Ltd.	Joint venture's subsidiary
Anhui TCL Human Resources Service Co., Ltd.	Joint venture's subsidiary
Shanxi Shengwei Enterprise Management Co., Ltd.	Joint venture's subsidiary
Mostar Semi-conductor (Guangdong) Co., Ltd.	Joint venture's subsidiary
Mosun Semi-conductor Technology (Shanghai) Co., Ltd.	Joint venture's subsidiary
TCL Environmental Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Getech Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Industries Holdings Co., Ltd. and its subsidiaries	Under control of the same director
CJ Speedex Logistics Co., Ltd.	Significantly influenced by the Company's senior management

TCL Technology Group Corporation
Notes to Financial Statements
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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions

(1) Selling raw materials and finished goods to related parties Note 1

	2021	2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	15,594,088	11,907,330
SunPower Systems Sar	1,434,224	-
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	641,810	720,035
Qihang International Import & Export Limited	528,883	436,002
SunPower Systems International Limited	323,973	223,755
TCL Environmental Technology Co., Ltd. and its subsidiaries	48,858	31,156
SunPower Malaysia Manufacturing Sdn.Bhd.	41,403	-
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	35,337	-
Qihang Import & Export Limited	5,728	177,473
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	3,355	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	843	766
Tianjin 712 Communication & Broadcasting Co., Ltd.	671	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	333	-
Shenzhen Tixiang Business Management Technology Co., Ltd.	17	17
CJ Speedex Logistics Co., Ltd.	-	12
Wuxi Zhonghuan Applied Materials Co., Ltd.	-	826,569
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	227,848
Jiangsu Huanxin Semiconductor Co., Ltd.	-	4,756
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	-	522
Sichuan Shengtian New Energy Development Co., Ltd.	-	140
	18,659,523	14,556,381

(2) Purchasing raw materials and finished products from related parties Note 2

	2021	2020
Aijie Xu New Electronic Display Glass (Shenzhen) Co., Ltd.	3,288,681	2,353,119
Xinjiang Xie Xin New Energy Material Technology Co., Ltd.	2,440,128	364,982
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,556,530	607,405
Shenzhen Jucai Supply Chain Technology Co., Ltd.	960,377	263,053
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	213,923	45,826
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	142,865	-
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	128,872	-
TCL Environmental Technology Co., Ltd. and its subsidiaries	51,335	53,648
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	29,348	141
JC Supply Chain International (HK) Co., Limited	6,951	-
TCL Intelligent Technology (Ningbo) Co., Ltd.	1,521	795
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	5,711
Jiangsu Huanxin Semiconductor Co., Ltd.	-	1,079
	8,820,531	3,695,759

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(3) Receiving funding from related parties Note 3

	2021	2020
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	229,133	-
Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	162,982	58,845
Jiangsu Huanxin Semiconductor Co., Ltd.	109,384	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	101,130	52,757
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	44,945	103,136
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	24,975	98,476
TCL Finance (Hong Kong) Co., Limited	21,238	528,391
Qihang Import & Export Limited	12,779	31,363
Shenzhen Tixiang Business Management Technology Co., Ltd.	7,868	3,328
Shenzhen Xirang International Network Information Technology Co., Ltd.	7,555	5,826
Anhui TCL Human Resources Service Co., Ltd.	5,740	2,548
Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	4,937	-
Elite Excellent Investments Limited	3,860	2,008
Peer College Education Technology (Huizhou) Co., Ltd.	3,410	-
Qihang International Import & Export Limited	3,234	34,717
Shanxi Shengwei Enterprise Management Co., Ltd.	725	-
Huixing Holdings Limited	672	667
Marvel Paradise Limited	570	592
Union Dynamic Investment Limited	377	417
Huizhou TCL Human Resources Service Co., Ltd.	371	3,926
Esteem Venture Investment Limited	41	90
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	40	1,236
Zihui Xinyuan Commercial (Huizhou) Co., Ltd.	-	2,000,623
Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	-	266,839
Petro AP (Hong Kong) Company Limited	-	112
	745,966	3,195,897

(4) Providing funding for related parties Note 3

	2021	2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	-	1,063,580
TCL Environmental Technology Co., Ltd. and its subsidiaries	-	47,945
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	195,550
	-	1,307,075

TCL Technology Group Corporation
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X Related Parties and Related-Party Transactions
(Continued)

3 Major related-party transactions (continued)

(5) Leases

	2021	2020
Rental income		
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	80,552	50,856
TCL Industries Holdings Co., Ltd. and its subsidiaries	72,763	96,973
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	1,949	-
TCL Environmental Technology Co., Ltd. and its subsidiaries	988	2,187
ZhonghuanFeilang (Tianjin) Technology Co., Ltd.	886	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	812	789
Getech Ltd. and its subsidiaries	532	2,074
Inner Mongolia Huanye Material Co., Ltd.	509	-
TCL Intelligent Technology (Ningbo) Co., Ltd.	460	-
Huizhou TCL Real Estate Development Co., Ltd.	367	657
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	350	322
Wuxi Zhonghuan Applied Materials Co., Ltd.	-	2,239
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	-	29
	160,168	156,126

Leases (continued)

Rental expense

TCL Industries Holdings Co., Ltd. and its subsidiaries	52,989	41,379
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	834	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	232	-
	54,055	41,379

(6) Providing labour service for or accepting labour service from related parties

	2021	2020
Providing labour service for related parties	242,517	126,819
Accepting labour service from related parties	885,757	441,668

(7) Receiving interest from or paying interest to related parties Note 3

	2021	2020
Interest received	81,607	86,235
Interest paid	18,244	9,611

TCL Technology Group Corporation
Notes to Financial Statements
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X Related Parties and Related-Party Transactions
(Continued)

3 Major related-party transactions (continued)

(8) Remuneration of key management personnel

	2021	2020
Remuneration of key management personnel	58,199	28,304

(9) Other related transactions

1 In April 2021, the Group signed an equity transfer agreement with T.C.L. Industrial Holdings (Hong Kong) Co., Ltd. to obtain 100% equity of Moka International Limited, held by T.C.L. Industrial Holdings (Hong Kong) Co., Ltd., at a transaction price of RMB2,800,000 thousand.

2 In June 2021, the Group signed an equity transfer agreement with TCL Industrial Holdings Co., Ltd. to transfer 100% of the equity of TCL Financial Holding Group (Guangzhou) Co., Ltd., held by the Group, to TCL Industrial Holdings Co., Ltd. at a transaction price of RMB2,572,020 thousand.

3 In September 2021, the Group signed an equity transfer agreement with T.C.L. Industrial Holdings (Hong Kong) Co., Ltd. to transfer 100% equity of Li Rong Development Limited, held by the Group, to T.C.L. Industrial Holdings (Hong Kong) Co., Ltd. at a transaction price of HKD 633,977 thousand (equivalent to about RMB526,010 thousand).

4 In December 2021, the Group signed an equity transfer agreement with Huizhou TCL Human Resources Service Co., Ltd. to transfer 100% equity of Peer Education Technology (Huizhou) Co., Ltd., held by the Group, to Huizhou TCL Human Resources Service Co., Ltd. at a transaction price of RMB5,130 thousand.

5 In April 2021, TCL Environmental Protection Technology Co., Ltd., an associate of the Group, increased its registered capital by RMB129,057 thousand by being subscribed by all shareholders in the original shareholding ratio, among which the Group increased its capital by RMB25,811 thousand.

Note 1 Selling raw materials and finished products to related parties

The Company sells raw materials, spare parts, auxiliary materials and finished goods to its joint ventures and associates at market prices, which are settled in the same way as non-related-party transactions. These related-party transactions have no material impact on the Company's net profit but play an important role as to the Company's continued operations.

Note 2 Purchasing raw materials and finished products from related parties

The Company purchases raw materials and finished goods from its joint ventures and associates at prices similar to those paid to third-party suppliers, which are settled in the same way as non-related-party transactions. These related-party transactions have no material impact on the Company's net profit but play an important role as to the Company's continued operations.

Note 3 Providing funding for or receiving funding from related parties and corresponding interest received or paid

The Company set up a settlement center in 1997 and TCL Tech Finance Co., Ltd. in 2006 (together, the "Financial Settlement Center"). The Financial Settlement Center is responsible for the financial affairs of the Company, including capital operation and allocation. The Center settles accounts with the Company's subsidiaries, joint ventures and associates and pays the interest. It also allocates the money deposited by the subsidiaries, joint ventures and associates in it to these enterprises and charges interest. The interest income and expense between the Company and the Center are calculated according to the interest rates declared by the People's Bank of China. The funding amount provided refers to the outstanding borrowings due from the Center to related parties, while the funding amount received means the balances of related parties' deposits in the Center.

TCL Technology Group Corporation
Notes to Financial Statements
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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

Note 4 The following transactions taken between the following companies and the Company from October to December 2020 are related transactions

Company name	Relationship with the Company	
SunPower Systems International Limited		Associate
Huaxia CPV (Inner Mongolia) Power Co., Ltd.		Joint venture
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.		Associate
Sichuan Shengtian New Energy Development Co., Ltd.		Associate
Xinjiang Xiexin New Energy Material Technology Co., Ltd.		Associate
YanyuanFengguang New Energy Co., Ltd.		Associate
ZhonghuanAineng (Beijing) Technology Co., Ltd.		Associate

Note 5 The transactions taken between Wuxi Zhonghuan Applied Materials Co., Ltd. and the Company from October to November 2020 are related transactions.

Note 6 The transactions taken between TCL Huanxin Semi-conductor (Tianjin) Co., Ltd. and the Company from June to December 2021 are related transactions.

Note 7 Transactions between Moka International Limited and its subsidiaries and the Company from January to March in the current period are included in TCL Industries Holdings Co., Ltd. and its subsidiaries.

Note 8 Transactions between TCL Financial Holding Group (Guangzhou) Co., Ltd. and its subsidiaries and the Company during June and December in the current period are included in TCL Industries Holdings Co., Ltd. and its subsidiaries.

Note 9 The transactions between Peer College Education Technology (Huizhou) Co., Ltd. and the Company in December in the current period are related-party transactions.

Note 10 The transactions taken between Petro AP (Hong Kong) Company Limited, Fantasia Holdings Group Co., Limited and Huizhou TCL Real Estate Development Co., Ltd. from January to September in the current period are related transactions.

Note 11 The transactions between Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd. and the Company from January to June in the current period are related-party transactions.

4 Balances due from and to related parties (continued)

(1) Notes receivable

	December 31, 2021	December 31, 2020
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	13,441	-
	<u>13,441</u>	<u>-</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
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X Related Parties and Related-Party Transactions
(Continued)

4 Balances due from and to related parties (continued)

(2) Accounts receivable

	December 31, 2021	December 31, 2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	2,230,056	2,580,564
SunPower Systems Sarl	281,163	-
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	276,090	381,327
Qihang International Import & Export Limited	235,474	17,265
SunPower Systems International Limited	119,817	99,791
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	24,710	-
SunPower Malaysia Manufacturing Sdn.Bhd.	2,183	-
ZhonghuanFeilang (Tianjin) Technology Co., Ltd.	1,569	-
Tianjin ZhonghuanHaihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	199	-
Tianjin 712 Communication & Broadcasting Co., Ltd.	40	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	1	13,825
QihangImport&Export Limited	-	112,535
Jiangsu Huanxin Semiconductor Co., Ltd.	-	6,983
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	-	2,149
TCL Environmental Technology Co., Ltd. and its subsidiaries	-	1,148
Bank of Shanghai Co., Ltd.	-	45
Huizhou TCL Real Estate Development Co., Ltd.	-	4
	<u>3,171,302</u>	<u>3,215,636</u>

(3) Receivables financing

	December 31, 2021	December 31, 2020
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	500	-
	<u>500</u>	<u>-</u>

(4) Accounts payable

	December 31, 2021	December 31, 2020
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	552,883	385,787
TCL Industries Holdings Co., Ltd. and its subsidiaries	448,553	32,336
Shenzhen Jucai Supply Chain Technology Co., Ltd.	274,366	122,863
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	30,029	1,365
TCL Environmental Technology Co., Ltd. and its subsidiaries	24,033	11,435
Getech Ltd. and its subsidiaries	10,762	21,594
JC Supply Chain International (HK) Co., Limited	6,503	-

TCL Technology Group Corporation
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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(4)	Accounts payable (Continued)	December 31, 2021	December 31, 2020
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	5,246	31,115
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	2,240	8,562
	Inner Mongolia Huanye Material Co., Ltd.	1,457	-
	Shenzhen Xirang International Network Information Technology Co., Ltd.	1,195	-
	Peer College Education Technology (Huizhou) Co., Ltd.	38	-
		1,357,305	615,057
(5)	Other receivables	December 31, 2021	December 31, 2020
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,390,733	41,645
	TCL Intelligent Technology (Ningbo) Co., Ltd.	3,777	-
	ZhonghuanAineng (Beijing) Technology Co., Ltd.	3,099	3,099
	TCL Environmental Technology Co., Ltd. and its subsidiaries	2,139	25,486
	Shenzhen Xirang International Network Information Technology Co., Ltd.	1,185	2,755
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	663	-
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	524	66
	Getech Ltd. and its subsidiaries	404	-
	LG Electronics (Huizhou) Co., Ltd.	109	26
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	64	-
	Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	8	-
	Mostar Semi-conductor (Guangdong) Co., Ltd.	7	-
	Petro AP S.A.	-	1,218
	Ulanqab Xinyuan New Energy Co., Ltd.	-	425
	Aijjexu New Electronic Display Glass (Shenzhen) Co., Ltd.	-	218
	Jiangsu Huanxin Semiconductor Co., Ltd.	-	2
		1,402,712	74,940
(6)	Other payables	December 31, 2021	December 31, 2020
	Tianjin ZhonghuanHaihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	428,100	-
	Getech Ltd. and its subsidiaries	118,911	34,003
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	84,988	14,556

TCL Technology Group Corporation
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X Related Parties and Related-Party Transactions (Continued)

4 Balances due from and to related parties (continued)

(6) Other payables (continued)

	December 31, 2021	December 31, 2020
Xinjiang DongpengWeichuang Equity Investment Partnership (Limited Partnership)	48,969	47,782
TCL Industries Holdings Co., Ltd. and its subsidiaries	39,554	53,036
QihangImport&Export Limited	12,779	31,363
Anhui TCL Human Resources Service Co., Ltd.	6,073	2,548
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	5,316	5,500
Elite Excellent Investments Limited	3,860	2,008
Peer College Education Technology (Huizhou) Co., Ltd.	3,624	-
Qihang International Import & Export Limited	3,234	34,717
CJ Speedex Logistics Co., Ltd.	1,772	1,050
TCL Environmental Technology Co., Ltd. and its subsidiaries	1,365	243
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,330	-
Mosun Semi-conductor Technology (Shanghai) Co., Ltd.	1,000	-
Shanxi Shengwei Enterprise Management Co., Ltd.	725	-
Huixing Holdings Limited	672	667
Marvel Paradise Limited	570	592
Union Dynamic Investment Limited	377	417
Huizhou TCL Human Resources Service Co., Ltd.	370	3,926
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	245	372
Shenzhen Tixiang Business Management Technology Co., Ltd.	197	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	45	45
Esteem Venture Investment Limited	41	90
Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	266,838
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	4	4
JOLED Incorporation	-	63,300
Petro AP (Hong Kong) Company Limited	-	21,698
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	-	11,836
TCL Finance (Hong Kong) Co., Limited	-	11,419
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	-	1,281
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	-	500
Huizhou TCL Real Estate Development Co., Ltd.	-	91
YanyuanFengguang New Energy Co., Ltd.	-	28
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	4
	764,154	609,914

TCL Technology Group Corporation
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X Related Parties and Related-Party Transactions (Continued)

4 Balances due from and to related parties (continued)

(7) Current portion of non-current liabilities due within a one-year period

	December 31, 2021	December 31, 2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	6,346	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	4,648	-
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	957	-
	11,951	-

(8) Prepayments

	December 31, 2021	December 31, 2020
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	74,672	28,520
Getech Ltd. and its subsidiaries	4,850	3,130
TCL Industries Holdings Co., Ltd. and its subsidiaries	40	92
Shenzhen Xirang International Network Information Technology Co., Ltd.	-	4,162
JOLED Incorporation	-	1,962
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	35
	79,562	37,901

(9) Advances from customers

	December 31, 2021	December 31, 2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	-	341
TCL Environmental Technology Co., Ltd. and its subsidiaries	-	34
	-	375

(10) Contract liabilities

	December 31, 2021	December 31, 2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	10,633	42,533
TCL Environmental Technology Co., Ltd. and its subsidiaries	2,885	-
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	111	-
	13,629	42,533

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X Related Parties and Related-Party Transactions (Continued)

4 Balances due from and to related parties (continued)

(11) Lease liabilities

	December 31, 2021	December 31, 2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	6,576	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	6,242	-
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	275	-
	<u>13,093</u>	<u>-</u>

(12) Deposits from related parties (note)

	December 31, 2021	December 31, 2020
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	229,154	-
Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	114,413	11,062
Jiangsu Huanxin Semiconductor Co., Ltd.	109,395	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	101,181	52,677
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	45,018	103,136
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	25,040	98,476
TCL Finance (Hong Kong) Co., Limited	21,241	528,391
Shenzhen Tixiang Business Management Technology Co., Ltd.	7,873	3,328
Shenzhen Xirang International Network Information Technology Co., Ltd.	7,559	5,826
Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	4,940	-
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	185	2,000,623
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	46	1,232
Petro AP (Hong Kong) Company Limited	-	112
Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	-	1
	<u>666,045</u>	<u>2,804,864</u>

These deposits are made by related parties in the Company's subsidiary TCL Tech Finance Co., Ltd.

(13) Other current assets

	December 31, 2021	December 31, 2020
TCL Industries Holdings Co., Ltd. and its subsidiaries	-	1,055
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	275
TCL Environmental Technology Co., Ltd. and its subsidiaries	-	85
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	42
	<u>-</u>	<u>1,457</u>

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X Related Parties and Related-Party Transactions
(Continued)

4 Balances due from and to related parties (continued)

(14) Other non-current assets

	December 31, 2021	December 31, 2020
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	-	232,613
	-	232,613

XI Commitments

1 Capital commitments

		December 31, 2021	December 31, 2020
Under contractual obligations but not provided for	Note 1	17,764,772	8,522,634
Approved by Board but not under contractual obligations	Note 2	172,384	189,019
		17,937,156	8,711,653

Note 1 The capital commitments under contractual obligations but not provided for in the current period primarily consisted of such commitments for construction of investment projects and external investments.

Note 2 The capital commitments were approved by the Board but are not under contractual obligations in the current period primarily consisting of such commitments for CSOT's LCD panel project.

As of December 31, 2021, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

XII Contingencies

Guarantees Provided for External Parties

The guaranteed amount for related party bank loan, commercial drafts, letters of credit, etc. is RMB15,991,207 thousand.

XIII Events after Balance Sheet Date

1 According to the Proposal of the Company's 2021 Annual Profit Distribution Plan considered and adopted at the 18th meeting of the seventh board of directors on April 27, 2022, the Company's 2021 annual profit distribution plan was: it was proposed to distribute a cash dividend of RMB1.5 (including tax) for every 10 shares to all shareholders based on the share capital of 13,666,683,905 shares that can participate in profit distribution on April 27, 2022 (total share capital of 14,030,642,421 shares less 363,958,516 shares in the Company's repurchase special securities account that does not participate in profit distribution), with a total profit of RMB 2,050,002,585.75 distributed. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

XIII Events after Balance Sheet Date (continued)

- 2 From January 12 to 13, 2022, TCL Technology completed the issue of the first phase of medium-term notes in 2022, with interest valued from January 14, 2022, an issue scale of RMB2 billion, a term of 3 years, and a coupon rate of 3.45%.
- 3 From April 25 to 26, 2022, TCL Technology completed the issue of the second phase of green medium-term notes in 2022, with interest valued from April 27, 2022, an issue scale of RMB1.5 billion, a term of 3 years, and a coupon rate of 3.3%. There were no other significant post-balance-sheet-date events that are required to be disclosed as at the date of the authorization of the financial statements for issue.
- XIV Other Important Matters

(I) Discontinued operations

In May 2021, the proposal on the sale of the 100% equity of TCL Financial Services Holdings (Guangzhou) Group Co., Ltd. was deliberated and approved at the second extraordinary general meeting of the Company: 100% equity of the company would be sold to TCL Industrial Holdings Co., Ltd. for RMB2,572,020,000, and the delivery would be completed at the end of May.

	2021	2020
Revenue from discontinued operations	168,312	361,300
Gross profit of discontinued operations	63,259	175,739
Income tax expense of discontinued operations	15,502	29,587
Net profit of discontinued operations	47,757	146,152
Add: Net gain/loss on disposal of discontinued operations	10,539	-
Total net profit of discontinued operations	58,296	146,152

(II) Segment reporting

1 Basis for determining reporting segment and accounting policies

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's business is divided into four reporting segments: the semi-conductor display business, the new energy photovoltaic and semi-conductor materials business, the distribution business and the other businesses. The Company's management regularly evaluates the operating results of these reporting segments to determine the allocation of resources and evaluate their performance. The Company's four reporting segments are:

- (1) Semi-conductor display and materials business: mainly includes research and development, manufacturing and sales of semi-conductor display panels and semi-conductor display modules.
- (2) New energy photovoltaic and semi-conductor materials business: mainly includes the manufacturing and sales of semi-conductor materials, semi-conductor devices, new energy materials and new energy; and the development and operation of highly-efficient photovoltaic power station projects.
- (3) Distribution business: mainly includes the sales of computers, software, tablet computers, mobile phones and other electronic products.
- (4) Other businesses: other businesses besides the above, including industrial finance and investment business, technology development services and patent maintenance services provided by the company, etc.

Segment assets include all current assets such as tangible assets, intangible assets, other long-term assets and receivables attributable to each segment. Segment liabilities include payables, bank loans and other long-term liabilities attributable to each segment.

Segment operating results refer to the income generated by each segment (including external transactions income and inter-segment transaction income), net of expenses incurred by each segment, depreciation, amortization and impairment losses of assets attributable to each segment, gains or losses from changes in fair value, investment income, non-operating income and income tax expenses. Transfer pricing of inter-segment income is calculated on terms similar to other foreign transactions.

TCL Technology Group Corporation
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XIV Other Important Matters (Continued)

(II) Segment reporting (continued)

2 Financial information of reporting segments

	For the 12 months ending on December 31, 2021				
	Semi-conduct or display	New energy photovoltaics and semi-conductor materials business	Distribution business	Other and offsets	Total
Revenue	88,102,921	41,104,685	31,932,016	2,400,938	163,540,560
Gross profit	12,383,028	5,000,031	366,835	(185,801)	17,564,093
Income tax expense	1,735,094	564,903	94,789	210,339	2,605,125
Net profit	10,647,934	4,435,128	272,046	(396,140)	14,958,968
Total assets	206,580,881	77,979,359	6,135,887	18,037,005	308,733,132
Total liabilities	120,788,713	36,309,580	4,805,264	27,184,283	189,087,840
Other items					
Depreciation and amortization	14,307,942	2,977,409	23,292	619,270	17,927,913
Capital expenditure	24,135,467	6,102,319	-	617,348	30,855,133
Net interest expense	944,263	827,243	55,480	1,736,816	3,563,802
	For the 12 months ending on December 31, 2020				
	Semi-conductor display and materials business	New energy photovoltaics and semi-conductor materials business	Distribution business	Other and offsets	Total
Revenue	46,765,152	5,682,962	22,518,401	1,710,723	76,677,238
Gross profit	2,681,812	464,004	251,352	2,338,136	5,735,304
Income tax expense	259,681	36,829	65,175	308,415	670,100
Net profit	2,422,131	427,175	186,177	2,029,721	5,065,204
Total assets	167,530,948	58,719,684	4,838,486	26,819,161	257,908,279
Total liabilities	102,716,040	30,638,290	3,767,580	30,729,302	167,851,212
Other items					
Depreciation and amortization	9,770,114	634,433	6,252	134,213	10,545,012
Capital expenditure	31,326,649	931,541	-	827,373	33,085,563
Net interest expense	549,748	231,729	49,291	1,238,562	2,069,330

Note: The new energy photovoltaics and semi-conductor materials business has been consolidated since October 2020.

TCL Technology Group Corporation
Notes to Financial Statements
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XV Notes to Financial Statements of the Company as Parent

1 Accounts receivable

	December 31, 2021				December 31, 2020			
	Amount	Ratio (%)	Allowance	Accrual Ratio (%)	Amount	Ratio (%)	Allowance	Percentage
Within 1 year	93,929	100%	363	0.39%	175,944	100%	157	0.09%

As of December 31, 2021, there were no such accounts receivable from any shareholder with a 5% or greater voting stock.

2 Other receivables

	December 31, 2021	December 31, 2020
Dividends receivable	-	-
Other receivables	13,819,512	25,555,924
	<u>13,819,512</u>	<u>25,555,924</u>

(a) Nature of other receivables is analyzed as follows:

	December 31, 2021	December 31, 2020
Equity transfer receivables	1,260,290	-
Receivables from external entities	107,708	216,836
Security deposits	1,407	2,354
Others	12,450,107	25,336,734
	<u>13,819,512</u>	<u>25,555,924</u>

(b) Allowance for doubtful other receivables is analyzed as follows:

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
December 31, 2020	962	-	40,573	41,535
Adjustment for change in accounting policy January 1, 2021	-	-	-	-
Accrued in current period	962	-	40,573	41,535
Reversal of current period	-	-	-	-
Write-off of current period	-	-	(19)	(19)
	<u>-</u>	<u>-</u>	<u>(8,588)</u>	<u>(8,588)</u>
December 31, 2021	<u>962</u>	<u>-</u>	<u>31,966</u>	<u>32,928</u>

TCL Technology Group Corporation
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XV Notes to Financial Statements of the Parent Company (Continued)

2 Other receivables (continued)

(c) The aging of other receivables is analyzed as follows:

	December 31, 2021		December 31, 2020	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	12,536,263	90.50%	22,903,192	89.48%
1 to 2 years	363,773	2.63%	1,554,740	6.07%
2 to 3 years	587,773	4.24%	750,517	2.93%
Over 3 years	364,631	2.63%	389,010	1.52%
	<u>13,852,440</u>	<u>100.00%</u>	<u>25,597,459</u>	<u>100%</u>

The outstanding other receivables were mostly current accounts with related parties. As of December 31, 2021, there were no such other receivables from any shareholder with a 5% or greater voting stock.

The top five other receivables of the Company are about RMB12,357,035 thousand (December 31, 2020: RMB21,175,647 thousand), accounting for 89.20% (December 31, 2020: 82.73%) of the total other receivables of the Company.

3 Long-term equity investments

	December 31, 2021			December 31, 2020		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	14,968,764	-	14,968,764	13,903,039	-	13,903,039
Subsidiaries (2)	56,334,362	-	56,334,362	51,191,420	-	51,191,420
	<u>71,303,126</u>	<u>-</u>	<u>71,303,126</u>	<u>65,094,459</u>	<u>-</u>	<u>65,094,459</u>

As of December 31, 2021, there are no major restrictions on the realization of investment and the remittance of return on long-term equity investments.

TCL Technology Group Corporation
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For the period from January 1, 2021 to December 31, 2021
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XV Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(1) Associates and joint ventures

	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period					December 31, 2021	
			Investment gains or losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance		Other increases or decreases
Bank of Shanghai Co., Ltd.	11,232,138	-	1,269,007	(254,192)	-	(327,157)	-	-	11,919,796
China Innovative Capital Management Limited	1,037,627	-	25,592	-	-	-	-	-	1,063,219
LG Electronics (Huizhou) Co., Ltd.	90,381	-	13,898	-	-	(12,200)	-	-	92,079
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	39,561	-	(3,401)	-	-	-	-	-	36,160
Shenzhen Tixiang Business Management Technology Co., Ltd.	2,465	-	1,155	-	-	-	-	-	3,620
Shenzhen Jucai Supply Chain Technology Co., Ltd.	6,668	-	4,038	-	-	-	-	-	10,706
TCL Environmental Technology Co., Ltd.	89,758	25,811	6,822	-	-	-	-	-	122,391
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	377,553	-	(4,577)	-	-	-	-	-	372,976
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	150,677	-	349	-	-	-	-	-	151,026
Huizhou TCL Human Resources Service Co., Ltd.	2,121	-	1,175	-	-	-	-	-	3,296
TCL Microchip Technology (Guangdong) Co., Ltd.	-	350,000	(22,933)	-	-	-	-	(13,633)	313,434
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	-	35,000	14,964	-	-	-	-	-	49,964
Others	874,090	(88,084)	100,027	-	-	(10,093)	-	(45,843)	830,097
	<u>13,903,039</u>	<u>322,727</u>	<u>1,406,116</u>	<u>(254,192)</u>	<u>-</u>	<u>(349,450)</u>	<u>-</u>	<u>(59,476)</u>	<u>14,968,764</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
(RMB'000)

XV Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries

	Direct sharehold- ing Ratio (%)	January 1, 2021	Increase in current period	Decrease in current period	December 3 1, 2021
TCL China Star Optoelectronics Technology Co., Ltd.	83.02%	27,432,498	5,268,400	-	32,700,898
TCL Tech Finance Co., Ltd.	82%	1,256,003	-	-	1,256,003
Tianjin Zhonghuan Electronics Group Co., Ltd.	100%	12,500,000	2,500,000	-	15,000,000
Tianjin Zhonghuan Semiconductor Co., Ltd.	2.57%	1,752,635	-	-	1,752,635
Wuhan China Star Optoelectronics Technology Co., Ltd.	-	4,217,000	-	(4,217,000)	-
TCL Financial Holdings Group (Guangzhou) Co., Ltd.	-	772,000	-	(772,000)	-
Guangzhou TCL Internet Microcredit Co., Ltd.	-	1,000,000	-	(1,000,000)	-
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	-	457,994	-	(457,994)	-
TCL Culture Media (Shenzhen) Co., Ltd.	100%	361,414	-	-	361,414
Xinjiang TCL Equity Investment Ltd.	100%	200,000	-	-	200,000
Huizhou Sailuote Communication Co., Ltd.	100%	110,000	-	-	110,000
Highly Information Industry Co., Ltd.	66.46%	107,296	-	-	107,296
TCL Communication Equipment (Huizhou) Co., Ltd.	75.00%	79,500	-	-	79,500
TCL Medical Radiological Technology (Beijing) Co., Ltd.	100%	58,497	-	-	58,497
Shenzhen TCL Strategic Equity Investment Fund Partnership (Limited Partnership)	100%	43,880	26,946	-	70,826
TCL Industrial Technology Research Institute, Ltd. (Europe)	100%	20,000	-	-	20,000
Wuhan TCL Industrial Technology Research Institute, Ltd.	100%	20,000	-	-	20,000
Shenzhen TCL High-Tech Development Co., Ltd.	100%	20,000	-	-	20,000
Beijing HAWK Cloud Information Technology Co., Ltd.	100%	20,000	-	-	20,000
Peer College Education Technology (Huizhou) Co., Ltd.	-	5,000	-	(5,000)	-
Huizhou Hongsheng Science and Technology Development Co., Ltd.	100%	1,000	-	-	1,000
Beijing Zhiqijia Technology Co., Ltd.	100%	257,627	-	-	257,627
Tianjin Silica Material Technology Co., Ltd.	100%	-	1,000,000	-	1,000,000
Ningbo TCL Equity Investment Ltd.	100%	300,000	-	-	300,000

TCL Technology Group Corporation
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For the period from January 1, 2021 to December 31, 2021
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XV Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries (continued)

	Direct sharehol- ding Ratio (%)	January 1, 2021	Increase in current period	Decrease in current period	December 31, 2021
TCL Technology Investments Limited	100%	188,293	2,800,000	-	2,988,293
Equity incentives of subsidiaries		<u>10,783</u>	<u>80</u>	<u>(490)</u>	<u>10,373</u>
		<u>51,191,420</u>	<u>11,595,426</u>	<u>(6,452,484)</u>	<u>56,334,362</u>

For the registered capital of subsidiaries and the Company's equity interests in the subsidiaries, see Note V.

TCL Technology Group Corporation
Notes to Financial Statements
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XV Notes to Financial Statements of the Parent Company (Continued)					
4	Investments in other equity instruments				
		December 31, 2021	December 31, 2020		
	Equity of unlisted companies	<u>5,000</u>	<u>15,000</u>		
5	Other non-current financial assets				
		December 31, 2021	December 31, 2020		
	Equity investments	<u>1,051,536</u>	<u>1,145,022</u>		
6	Revenue and cost of sales				
		2021		2020	
		Revenue	Cost of sales	Revenue	Cost of sales
	Core business	1,133,244	1,111,423	886,980	897,447
	Non-core business	<u>357,693</u>	<u>16</u>	<u>254,278</u>	<u>13,764</u>
		<u>1,490,937</u>	<u>1,111,439</u>	<u>1,141,258</u>	<u>911,211</u>
7	Return on investment				
		2021	2020		
	Gain on disposal of debt instruments at fair value through profit or loss	253,698	176,098		
	Gain on disposal of equity instruments at fair value through profit or loss	24,321	289,959		
	Profit from holding debt instruments at fair value through profit or loss	84,124	20,323		
	Debt instruments at amortized cost through profit or loss	877	-		
	Profit from holding equity instruments at fair value through profit or loss	-	12,265		
	Dividends from subsidiaries	410,500	736,919		
	Share of profit of associates for current period	1,427,874	1,430,174		
	Share of profit of joint ventures for current period	(21,758)	(9,811)		
	Net income from disposal of long-term investments	<u>825,934</u>	<u>748,894</u>		
		<u>3,005,570</u>	<u>3,404,821</u>		

As of December 31, 2021, there were no significant restrictions on the collection of return on investment.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1, 2021 to December 31, 2021
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XV Notes to Financial Statements of the Parent Company (Continued)

8 Net cash generated from operating activities

Net cash used in operating activities of the Company as the parent was RMB27,659,560 thousand.

9 Cash and cash equivalents, end of the period

Cash and cash equivalents, end of the period of the parent Company was RMB10,401,376 thousand.

10 Contingent liabilities

As of December 31, 2021, the contingent liabilities not provided for in the financial report were as follows:

	December 31, 2021	December 31, 2020
Guarantees for commercial drafts and L/Gs and other instruments of subsidiaries	10,025,125	10,903,205
Guarantees for bank loans of subsidiaries	29,542,641	33,054,210
Guarantees for bank loans, commercial drafts, letters of credit, etc. of related parties	15,991,207	16,144,884

TCL Technology Group Corporation
Notes to Financial Statements
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XVI Comparative Data

Certain comparative data have been reclassified to comply with the presentation of the current period.

XVII Non-Recurring Gains and Losses

	2021	2020
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	(184,526)	226,828
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	699,271	736,747
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's fair value of identifiable net assets of investees when making investments;	40,300	292,440
The profits or losses generated from changes in fair value arising from holding marketable financial assets and marketable financial liabilities, as well as the investment-related income from the disposal of marketable financial assets, marketable financial liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal business operation.	238,629	350,757
Non-operating income and expenses other than the above	275,790	80,764
Other gains and losses that meet the definition of non-recurring gain/loss	-	-
Income tax effects	(93,176)	(135,131)
Non-controlling interests effects	<u>(356,085)</u>	<u>(97,494)</u>
Non-recurring gains and losses attributable to ordinary shareholders of the Company as the parent	<u>620,203</u>	<u>1,454,911</u>

The Company recognizes non-recurring gain and loss items in accordance with the provisions of (2008) No.43 "Explanatory Announcement No.1-Non-recurring Gains and Losses (2008)" issued by the China Securities Regulatory Commission.

TCL Technology Group Corporation
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XVIII Weighted Average Return on Equity (ROE) and Earnings per Share (EPS)

The Company calculates the ROE and EPS as follows in accordance with "the Compilation Rules No. 9 for Information Disclosure of Companies Offering Securities to the Public-Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010)" issued by China Securities Regulatory Commission and relevant provisions of accounting standards:

Item	The "Current Period" Net profit attributable to the parent Company for the Reporting Period	Weighted average return on equity (%)	EPS (RMB yuan)	
			Basic earnings per share	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	10,057,444	26.46%	0.7463	0.7354
Net profit attributable to ordinary shareholders of the Company before non-recurring gains and losses	9,437,241	24.83%	0.7003	0.6901

Company Name: TCL Technology Group Corporation
Date: April 27, 2021

The financial statements and the notes thereto from page 1 to page 164 are signed by:

Legal Representative:	<u>Li Dongsheng</u>	Person-in-charge of financial affairs:	<u>Li Jian</u>	Person-in-charge of the accounting department:	<u>Xi Wenbo</u>
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