

TCL 科技集团股份有限公司

TCL Technology Group Corporation

TCL

ANNUAL REPORT 2022

March 30, 2023

Breaking the Adversity with Strengthened Basic Competitiveness

ANNUAL REPORT 2022 Chairman's Statement

2022 was a year full of opportunities and challenges. 2022 witnessed dramatic changes in the global political and economic situation, from the outbreak of the Russia-Ukraine war, rising inflation, sluggish market demand, to deteriorating trade environment, and significant economic slowdown. These multiple factors brought tremendous challenges to the development of the high-tech manufacturing industry. Due to the fluctuation of both industrial chain and supply chain, manufacturers worldwide had to shift their focus from efficiency to both efficiency and safety. The global industrial pattern was restructured. Under this background, China's high-tech manufacturing industry also faced pressure of transformation and upgrading. We have built our competitive advantages in the fields of semiconductor display and new energy photovoltaic, and will take the opportunities of global energy transition and strengthening high-tech industrial chain, actively respond to risks and turn crises into opportunities. We will continue to achieve high-quality corporate development with technological innovation and advantages of economies of scale.

Facing the complex business environment of 2022, the Company maintained its strategic focus, built a solid bottom line, and advanced steadily. The Company achieved a revenue of RMB166.55 billion, an increase of 1.8%, a net profit of RMB1.79 billion, with the net profit of RMB260 million attributable to the Company's shareholders, and net operating cash inflow of RMB18.43 billion, continuously ensured its stable operation.

Affected by the global economic downturn, the demand from the end-users weakened, the prices of large-sized panels dropped significantly, and the operating performance of the semiconductor display industry hit a record low during the Reporting Period. The Company achieved a year-on-year increase in the sales area of semiconductor displays at 8.3%, and earned a revenue of RMB65.72 billion, a year-on-year decrease of 25.5%, saw a full-year loss. Facing the operational challenges, TCL CSOT upheld its bottom-line thinking, and pushed ahead with structural changes such as organizational changes and management optimization. With strengthened advantages and shored up weakness parts, TCL CSOT accelerated the adjustments to product structures, actively explored emerging areas, and promoted balanced business development. In its large-size product business, TCL CSOT has consolidated its leading position in TV panels with a high-end product strategy, and vigorously developed commercial displays such as interactive whiteboards, digital signs, and video walls. TCL CSOT ranked first in the world in the field of shipment of 8K and 120HZ high-end TV panels and interactive whiteboards. As production lines dedicated to IT products, the t9 adopted oxide semiconductor displays kicked off its SoP in Guangzhou ahead of schedule, and the G6 LTPS

production line in Wuhan proceeded as planned. Small and medium-sized products further consolidated the business development, all of which would drive a new round of growth of TCL CSOT.

With increasing transformation of global energy structure, the new energy industry has ushered in historic opportunities. In response to the rapid development of the new energy industry, TCL Zhonghuan continued to play its leading advantages in advanced capacity layout, technological innovation, and cost efficiency, as well as the activation effect of institutional mechanisms. In 2022, TCL Zhonghuan achieved a significant increase in its operating performance again, with a revenue of RMB67.01 billion, a year-on-year increase of 63.0%, and a net profit of RMB7.07 billion, a year-on-year increase of 59.5%. Ningxia Zhonghuan Phase VI project increased its capacity, and the wafer projects were put into production in Tianjin and Yixing successively, with the advantageous capacity rapidly increased. TCL Zhonghuan's capacity for photovoltaic crystalline silicon was increased to 140GW, making it the world's largest silicon wafer supplier. The highly-efficient laminated tile module intelligent manufacturing projects in Jiangsu and Tianjin have been entered the SOP, with a steady increase in the market share. Through deepening collaboration with Maxeon in terms of the supply chain, production, and channels, TCL Zhonghuan has accelerated its global business layout.

Affected by the economic environment, both Highly and Tianjin Printronics experienced a slight decline in their operating performance, but they maintained strong potentials for recovery. The investment business continues to focus on business layout and exploration alongside the industrial chain in support of the Company's main businesses.

The Company took product technology innovation as the core driving force, and empowered manufacturing transformation and upgrading with digitalization. The Company insisted on investing in cutting-edge technology fields such as new displays, new energy, and semiconductor materials. During the year, the Company invested RMB10.78 billion in research and development, a year-on-year increase of 22.9%. In 2022, the Company made 659 new applications for PCT patents, and 2,244 applications for patents of technologies and material in the field of quantum dot electroluminescence, ranking second in the world. The semiconductor display business promoted the digitalized management in the whole production process and entire product cycle. The Company has established an industry-leading Industry 4.0 system for the new energy photovoltaic business, leading the manufacturing revolution in the industry.

In the future, global economic development still faces uncertain factors, and the restructuring of the political and economic patterns will intensively affect the economic trends of China and the rest of the world. At present, China is dedicated to high-quality economic development and independent development of high-level technologies, which brings significant opportunities for the development

of the high-tech industry. In the face of the complex and volatile internal and external environment, the Company will focus on the pan-semiconductor industry that is “high-tech, asset-heavy, and long-term” based on its goal of leading in the world, solidly achieve the pre-set strategic objectives and business strategies, adhere to the bottom-line business thinking, ensure strong risk prevention, and break the adversity with strengthened competitiveness.

The semiconductor display industry has moved downwards from the middle of 2021, and stayed at the historic bottom for a long time due to the economic slowdown. Leading enterprises increasingly focus on the supply-demand balance and industrial profits. With the industry integration, the Matthew effect is becoming more prominent, and the industrial pattern becomes healthier and more reasonable. The economy and demand are expected to stabilize in the near future, and the industry is expected to rebound. The Company, guided by the 9225 Strategy, will continue to optimize the business, product, and customer structures for its semiconductor display business. With the SoP of t9 production lines based on medium-sized display panels featuring high added value, and the orderly progress of LTPS 6-gen production line, which mainly produces medium and small-sized display panels, TCL CSOT will significantly improve its competitiveness in terms of business and product portfolio.

Driven by the transformation of the global energy structure and the goal of carbon peaking and carbon neutrality, the new energy industry has entered a stage of rapid development. In terms of the new energy photovoltaic business, the Company will further expand the technological and product advantages of G12/N silicon wafers, accelerate the layout of advantageous capacity, and cooperate with global partners to expand overseas markets. TCL Zhonghuan will provide an ongoing growth engine to the Company. Several projects jointly invested by the Company and partners have been launched, including 100 thousand tons of granular silicon, silicon-based materials and 10 thousand tons of electronic polysilicon, which will further improve the Company’s layout in the new energy photovoltaic and semiconductor material industry chain and enhance the stability of the Company’s industry chain.

The manufacturing industry acts as the backbone of the national economy, while high-tech industries represent national competitiveness. Being confident in the future development, we will focus on core segments and drive the healthy corporate development in support of the high-quality development of the industry and China’s manufacturing industry.

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

March 30, 2023

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. Peng Pan, 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 plan for the profit distribution and conversion of the capital reserve to the share capital as follows: based on the Company’s share capital as at March 30, 2023, i.e., 17,071,891,607 shares, the capital reserve is to be converted into capital on a basis of 1 share for every 10 shares to all the shareholders. After the conversion, the total share capital of the Company will be changed to 18,779,080,767 shares. Neither cash dividends or bonus shares will be distributed this year. Where any changes occur, before the implementation of the dividend plan, to the total 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 conversion amount under the same conversion ratio”, subject to the actual conversion 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 person-in-charge of the Company, 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	Refers to	Definition
The “Company”, the “Group”, “TCL”, “TCL TECH.” or “we”	Refers to	TCL Technology Group Corporation
The “Reporting Period”, “current period”	Refers to	The period from January 1, 2022 to December 31, 2022.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
Zhonghuan Electronics	Refers to	TCL Technology Group (Tianjin) Co., Ltd.
TCL Industrial	Refers to	TCL Industrial Holdings Co., Ltd.
TCL Zhonghuan	Refers to	TCL Zhonghuan Renewable Energy Technology Co., Ltd., a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002129.SZ)
TPC	Refers to	Tianjin Printronics Circuit Corporation, a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002134.SZ)
Highly	Refers to	Highly Information Industry Co., Ltd., a majority-owned subsidiary of the Company listed on the National Equities Exchange and Quotations (stock code: 835281)
CDOT	Refers to	China Display Optoelectronics Technology Holdings Limited, a majority-owned subsidiary of the Company listed on the Hong Kong Stock Exchange (stock code: 00334.HK)
Shenzhen CSOT	Refers to	Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.
Wuhan CSOT	Refers to	Wuhan China Star Optoelectronics Technology Co., Ltd.
Wuhan China Star Optoelectronics Semiconductor	Refers to	Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.
Guangzhou CSOT	Refers to	Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.
Suzhou CSOT	Refers to	Suzhou China Star Optoelectronics Technology Co., Ltd.
Moka Technology	Refers to	Moka International Limited
t1	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line of TCL CSOT
t2	Refers to	The generation 8.5 (or G8.5) TFT-LCD (including oxide semiconductor) production line of TCL CSOT
t3	Refers to	The generation 6 (or G6) LTPS-LCD panel production line at Wuhan CSOT
t4	Refers to	The generation 6 (or G6) flexible LTPS-AMOLED panel production line at Wuhan CSOT
Wuhan t3 production expansion project	Refers to	The generation 6 (or G6) of new semiconductor production line of Wuhan CSOT
t6	Refers to	The generation 11 (or G11) new TFT-LCD display production line at Shenzhen CSOT
t7	Refers to	The generation 11 (or G11) new ultra high definition display production line at Shenzhen CSOT
t9	Refers to	The generation 8.6 (or G8.6) new oxide semiconductor production line at

		Guangzhou CSOT
t10	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at Suzhou CSOT
GW	Refers to	Gigawatt, power unit for solar cells, 1GW = 1,000 megawatts
G12	Refers to	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
RMB	Refers to	Renminbin

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	TCL TECH.	Stock code	000100
Stock abbreviation before change (if any)	-		
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		
History of changes in the Company's place of registration	-		
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	"7th Guangdong Provincial Government Quality Award" "2022 Chinese Fortune 500" "Top 100 Private Enterprises with the Best CSR Practices in China" "Top 100 Listed Enterprises with the Best ESG Practices in China"		

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.cninfo.com.cn
Media name and website for publication of this Report	<i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , as well as www.cninfo.com.cn
Place where this Report is lodged	Capital Market Department 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)	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. 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.
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	Jiang Xianmin and Xiong Xin

The independent sponsor 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
Shenwan Hongyuan Financing Services Co., Ltd.	19 Taipingqiao Avenue, Xicheng District, Beijing	Ren Cheng and Mo Kai	The period from December 22, 2022 to December 31, 2023.

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

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

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

Yes No

Reason for retrospective adjustment or restatement: In accordance with the *Interpretation No. 15 of the Accounting Standards for Business Enterprises* issued by the Ministry of Finance, the Company implemented related requirements and retroactively adjusted relevant items of the financial statements as at the beginning of the year and the same period of the previous year. Such change in accounting policies has no material impact on the Company's financial position and operating results.

	2022	2021		2022- Over-2021 Change	2020	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Revenue (RMB)	166,552,785,829	163,540,559,623	163,657,700,477	1.77%	76,677,238,079	76,677,238,079
Net profit attributable to the company's shareholders (RMB)	261,319,451	10,057,443,528	10,064,253,118	-97.40%	4,388,159,018	4,388,159,018
Net profits attributable to the company's shareholders	-2,698,210,800	9,437,240,976	9,444,050,566	-128.57%	2,933,248,153	2,933,248,153

before non-recurring gains and losses (RMB)						
Net cash generated from operating activities (RMB)	18,426,376,609	32,878,450,437	32,878,450,437	-43.96%	16,698,282,775	16,698,282,775
Basic earnings per share (RMB/share)	0.0191	0.7463	0.7468	-97.44%	0.3366	0.3366
Diluted earnings per share (RMB/share)	0.0185	0.7354	0.7359	-97.49%	0.3226	0.3226
Weighted average return on equity (%)	0.52	26.46	26.48	-25.96	13.75	13.75
		The end of 2021		Change	The end of 2020	
	The end of 2022	Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB)	359,996,232,668	308,733,133,305	308,749,696,062	16.60%	257,908,278,887	257,908,278,887
Owners' equity attributable to the company's shareholders (RMB)	50,678,520,477	43,034,234,611	43,041,044,200	17.74%	34,107,795,454	34,107,795,454

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

Item	2022	2021
Revenue (RMB)	166,552,785,829	163,657,700,477
Deduction from revenue (RMB)	4,355,243,194	2,714,151,509
Revenue after deduction (RMB)	162,197,542,635	160,943,548,968

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)	17,071,891,607
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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)	0.0153
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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	40,566,851,319	43,955,329,809	41,992,680,714	40,037,923,987
Net profit attributable to the company's shareholders	1,352,533,125	-689,010,254	-382,858,737	-19,344,683
Net profits attributable to the company's shareholders before non-recurring gains and losses	611,565,003	-1,238,434,388	-1,259,772,878	-811,568,537
Net cash generated from operating activities	3,863,953,881	5,152,681,862	3,645,252,917	5,764,487,949

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	2022	2021	2020
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	1,757,838,745	-184,525,551	226,829,348
Tax refund, credit and reduction arising from approval beyond authority or without formal approval documents			
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 standard quotas or quantities)	1,322,782,937	699,270,673	736,747,146
Fund charges against non-financial enterprises included in current profits and losses			

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
Profits and losses from exchange of non-monetary assets			
Profits and losses from investment or management assets entrusted to others			
Provision for impairment of assets accrued due to force majeure such as natural disasters			
Profits and losses from debt restructuring			
Enterprise restructuring costs, such as spin-off costs in staff arrangement, integration, etc.			
Profits and losses from transactions with significantly unfair transaction prices that exceed the fair value			
Year-to-date net profits and losses of subsidiaries arising from business combinations of entities controlled by a same company			
Profits and losses from contingencies unrelated to the normal operation of the Company			
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.	-127,233,837	238,629,291	350,757,476
Reversal of provision for impairment of receivables that have been individually tested for impairment	37,745,528	-	-
Profits and losses from entrusted loans externally			
Profits and losses from changes in the fair value of investment property subsequently measured under the fair value model			
The impact of one-time adjustments to current profits and losses made in accordance with tax, accounting, and other laws and regulations on current profits and losses			
Trustee fee income from entrusted operation			
Non-operating income and expenses other than the above	758,599,650	275,789,900	80,764,287
Other gains and losses that meet the definition of non-recurring gain/loss	-	-	-
Less: Corporate income tax	244,386,076	93,176,105	135,130,967
Non-controlling interests (net of tax)	545,816,696	356,085,235	97,496,814
Total	2,959,530,251	620,202,552	1,454,910,865

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. Company-related industry outlook in the reporting period

Since 2022, the international political and economic patterns have been restructured, protectionism and geopolitics have intensified the trend of backlash against globalization, and inflation pressures have led to tightened monetary policies in major developed economies, increasing uncertainty in global economic development. Facing increasingly severe business environment, TCL Tech has adhered to its strategic focus and maintained a stable operation.

During the Reporting Period, TCL Tech achieved a revenue of RMB166.55 billion, a year-on-year increase of 1.8%; a net profit of RMB1.79 billion, a year-on-year decrease of 88.0%; and a net profit of RMB260 million attributable to the shareholders of listed companies, and net operating cash flow of RMB18.43 billion. The main reasons for the decline in the Company's performance are: the downturn in the semiconductor display industry, a significant drop of product prices. The Company achieved a revenue of RMB65.72 billion from the semiconductor display business in 2022, a year-on-year decrease of 25.5%, with a steady increase in shipments and the market share. The Company firmly occupied the second largest TV panel market share in the world. The production line for oxide semiconductor displays positioned as IT products has been put into production in Guangzhou, supporting the accelerated growth of medium-sized product businesses. Facing the downward cycle of the industry, TCL CSOT has increased confidence in development, actively optimized its capacity structure, and improved its business portfolio, well prepared for future development.

New energy photovoltaics keeps sound momentum under the policy of carbon peaking and carbon neutrality. However, industry competition was increasingly intensifying, upstream raw material prices fluctuated, and excess earnings further concentrated in enterprises with stronger comprehensive competitiveness. With the global industrial restructuring, China's semiconductor industry has ushered in a golden opportunity of transformation and upgrading. TCL Zhonghuan gives its leading advantages in product and process technologies into full play, accelerates industrial transformation, takes a lead in the innovation and upgrading of the manufacturing industry and boosts high-quality development of China's economy. During the reporting period, TCL Zhonghuan achieved a revenue of RMB67.01 billion, a year-on-year increase of 63.0%, and a net profit of RMB7.07 billion, a year-on-year increase of 59.5%.

The Company has always been committed to the manufacturing industry based on its strategy, and has gradually built long-term strategic planning and management capabilities, operating capabilities across cycles, and core competitiveness for global operations.

Strengthening the competitiveness based on core businesses, optimizing competitive

strategies and seeking business improvement, and promoting the healthy and sustainable development of the industry. In the face of economic downturn and intensified industrial competition, the Company upheld the bottom-line business thinking. During the Reporting Period, operating cash inflow was RMB18.43 billion, and the capital structure remained stable. Facing fluctuations in demands for semiconductor displays, the Company emphasizes industry supply-demand balance and corporate profitability to continuously optimize competitive strategies and improve economic efficiency. In the fields of new energy photovoltaic and semiconductors, the Company will continue to give play to the advantages of its advanced capacity and the Industry 4.0 platform, and continue to lead the high-quality development of the industry.

Technological innovation driven by forward-looking research and development, comprehensively promoting the digital and intelligent transformation, and committed to high-quality corporate development. The Company focuses on technological productivity and prospective investment. In 2022, the Company invested RMB10.78 billion in R&D, a year-on-year increase of 22.9%. The Company filed 659 new international applications for patents under the PCT, a total of 14,741 applications filed. The Company demonstrates world-leading technological capacity in the fields such as semiconductor display, new energy photovoltaic and semiconductor materials. The number of its applications for patents of technologies and material in the field of quantum dot electroluminescence has reached 2,244, ranking second in the world. The export market share of its G12 large-sized and highly efficient N-type silicon wafers ranked first in the world. The Company continues to lead the photovoltaic industry in terms of the process and technology upgrading of thinning and thin wiring. The Company has deeply integrated digitalization and advanced manufacturing, achieved dynamic management throughout the full production process of semiconductor displays and the entire life cycle of products. The Company takes a lead in the industry in terms of flexible manufacturing capabilities and quality consistency of new energy photovoltaics, and continues to promote comprehensive upgrading of industry digitization and intelligence.

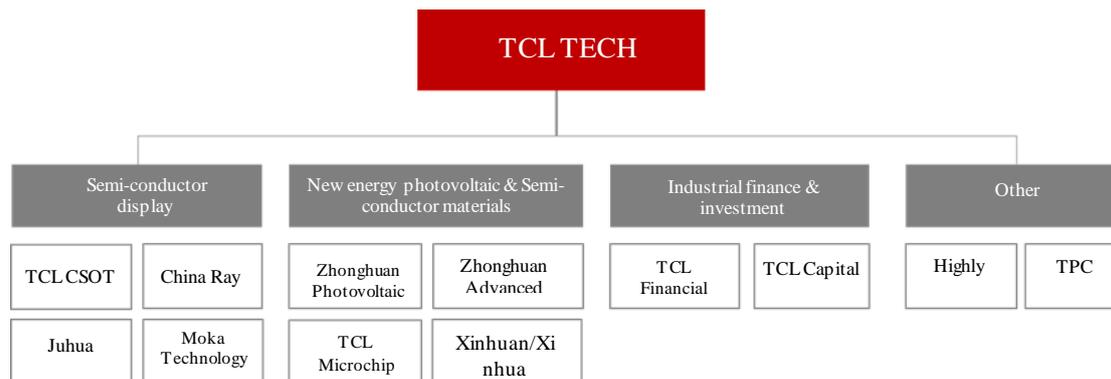
Based on the “dual circulation” strategy, actively exploring overseas markets, and integrating localized operations into the global industrial chain. Facing adjustments and restructuring of the global supply chain, the Company has strengthened its market operations in China, while actively exploring overseas markets. From exporting products to exporting industrial capabilities, the Company has built a global layout of industrial chains and supply chains. In the field of semiconductor displays, the India Factory of TCL CSOT has been put into operation, and will continue to strengthen its global strategy in the production, marketing, and research process in the future. In the field of new energy photovoltaics, TCL Zhonghuan actively expands its global presence. An industrial chain system is taking shape with global competitiveness through Maxeon photovoltaic

cell and module factories built in Malaysia, the Philippines, Mexico, and other places.

In a new round of technological reform and industrial upgrading, the digital economy keeps growing around the world, the "Carbon Peaking and Carbon Neutrality" trend accelerates the new energy transformation, the semiconductor industry continues to see an increase of localization, and China's technology industry ushers in a golden opportunity of rapid development. Facing the opportunities, the Company will adhere to the bottom line of business, drive development with innovation, and actively improve the global industrial layout. TCL Tech will continue to focus on the national strategic industry that emphasizes high technology, heavy assets, and a long cycle. With the mission and vision of "leading technology and mutually beneficial cooperation", TCL Tech will meet the requirements of "improving operational quality and efficiency, enhancing strengths to shore up weaknesses and accelerating global expansion as well as innovation-driven development" to take a lead in the world.

II. Main businesses of the Company during the reporting period

Based on the semiconductor 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 2022, the global semiconductor display market experienced significant ups and downs. Due to multiple impacts such as geopolitical conflicts and inflation, the demand from the end-users for displays in major markets dropped significantly, product prices hit a record low, and the panel industry suffered operating losses.

During the Reporting Period, TCL CSOT further consolidated its position in the industry, achieved a sales area of 42.75 million square meters, an increase of 8.3% year-on-year. TCL CSOT ranked second in the world in terms of the market share of TV panels. Affected by the decline in prices of major display products, TCL CSOT earned a revenue of RMB65.72 billion from the

semiconductor display business, a year-on-year decrease of 25.5%, and saw a full-year loss in 2022. In response to the challenges, TCL CSOT actively made changes, focused on extreme cost efficiency, improved capacities of risk control and cyclic resilience, and achieved operating cash flow of RMB14.76 billion. TCL CSOT will accelerate the adjustments to product structures, actively explore new customers, and become a leader of comprehensive displays in full sizes.

In its large-size product business, TCL CSOT has maintained scale leadership, and has consolidated its leading position in TV panels with a high-end product strategy, and vigorously developed commercial displays such as interactive whiteboards, digital signs, and video walls. Three 8.5-generation line factories t1, t2, and t10, and two 11-generation line factories t6 and t7, have maintained efficient operations. TCL CSOT ranked second in the world in terms of the scale of the high-generation lines, with the market share of mainstream products leading the world. TCL CSOT ranked first in the world in terms of the scale of 55-inch and 75-inch products, and second in the world in terms of the share of 65-inch products. TCL CSOT played its advantages in high-generation lines and cutting-edge technology and focused on high-end panel products, ranked top in the world in terms of sales performance of 8K/120HZ products. TCL CSOT has become a major supplier for leading customers in the commercial markets such as interactive whiteboards, digital signs, and video walls. TCL CSOT ranked first in the world in terms of the market share of interactive whiteboards and third in the world in terms of the market share of video walls. Its product and customer structures have been continuously optimized.

In its medium-size product business, TCL CSOT has accelerated the expansion of new business such as IT and vehicle screen products while improving the distribution of production capacity to create a new growth engine. In order to meet market demand, the Company has optimized its capacity layout, improved its product series, and strengthened customer development, achieving rapid growth in the high-end IT market. The Company ranked first in the world in terms of the market share of e-sports displays, second in the world in terms of the market share of the LTPS laptops, and first in the world in terms of the market share of the LTPS tablet PCs. In terms of on-board products, the Company made breakthroughs in many key customers at home and abroad, and the shipment volume and revenue scale maintained rapid growth. The 6-generation LTPS production line is in orderly progress, and the Company's overall LTPS capacity scale and comprehensive competitiveness will rank top in the world. The production line t9 for new oxide semiconductor displays positioned for businesses such as medium-sized IT and automotive, has been put into production. Combined with the product technologies and customer resources previously accumulated by the Company, the Company's medium-sized product business strategy will further bring a new growth engine.

In its small-size product business, TCL CSOT focused on differentiation technologies, such as flexible OLED folding and LTPO, while expanding VR/AR new displays to optimize its product and customer structures. TCL CSOT ranked third in the world in terms of the shipment volume of LTPS mobile panels from the t3 production line. It independently developed industry-leading 1512 PPI LCD-VR screens and actively exploited new business areas. The capacity of the second and third phases of the t4 OLED has been in progress as scheduled, with smooth technological iteration and new product development. Several new products, such as folding products, Camera Under Panel, and LTPO technology, have completed SoP and delivery. The shipment of medium and high-end products has continued to increase, and the customer structure has further diversified, laying a foundation for business improvement.

In the industry's downward cycle over the past seven quarters, the inefficient capacity has continued to be eliminated, bringing opportunities for industry restructuring and integration, and further optimizing the competitive patterns. Also, leading manufacturers in the display industry have accelerated destocking under the goal of promoting the supply-demand balance and improving profitability. In the fourth quarter of 2022, industry inventory entered a healthy level. At present, the prices of major products have stably rebounded. As the demand of downstream end customers for restocking has increased, the prices of large-sized display products have risen.

Looking into the future, the global economy remains resilient, and the Company is firmly optimistic about the development trend and industrial value of semiconductor displays as a core information carrier and main interactive interface in the wave of the digital economy. On the other hand, the supply side tends to stabilize. Leading enterprises continue to strengthen their technological advantages and economies of scale, the display industry sees further increasing concentration, the industrial chain reaches a new balance in terms of pricing, and the return on investment in semiconductor displays will steadily recover.

Based on efficiency and effectiveness, TCL CSOT will consolidate its high-end intelligent manufacturing capabilities through digitalization construction, and improve its comparative competitiveness. TCL CSOT will continue to optimize its business portfolio, adhere to the high-end product strategy, consolidate its global leading position in large-sized product businesses, improve the layout and capacity of medium-sized products, enhance the structure and business conditions of small-sized product customers, and accelerate its transformation and upgrading from a leader of large-sized displays to a leading enterprise of full-sized displays. TCL CSOT will continue to increase investment in research and development, and work with industry chain partners to jointly build an industrial ecosystem around new display technologies such as printed OLED, Miniled, Microled, and Silicon-based OLED micro displays.

(II) New energy photovoltaic and semiconductor materials business

During the Reporting Period, under the background of the continuous advancement of carbon neutrality goals and the shortage of energy caused by geopolitical conflicts, the global energy structure continued to shift to renewable energy, and the photovoltaic industry maintained rapid development. In response to the price fluctuation of materials on the upstream of the supply chain, the Company improved its industrial layout, built operational barriers with its technical strength, and grasped the initiative in the process of rapid changes of the industry. The new energy photovoltaic business of the Company has comprehensively moved towards global leadership. During the reporting period, TCL Zhonghuan maintained a high growth rate of performance, achieved a revenue of RMB67.01 billion, a year-on-year increase of 63.0%, and a net profit of RMB7.07 billion, a year-on-year increase of 59.5%.

Releasing advanced capacity of photovoltaic materials, optimizing the product structure, and achieving a rapid growth in production and sale scales. During the Reporting Period, the Company's G12 advanced capacity continued to expand, and the capacity of the Phase VI 50GW (G12) monocrystalline silicon materials in Ningxia increased capacity; the smart factory for slicing monocrystalline silicon wafers in Tianjin (25GW) and the smart factory for slicing monocrystalline silicon wafers in Yixing (30GW) were put into operation, comprehensively improving the advantages of economies of scale. As at the end of the Reporting Period, the Company's total capacity for monocrystalline silicon increased to 140 GW, among which, the G12 advanced capacity accounted for over 90%. During the Reporting Period, the Company ranked first in the world in terms of the sales market share of photovoltaic silicon wafers, first in the world in terms of the market share of G12, first in the world in terms of the sales market share of N-type silicon wafers. The production and sales scales remained leading in the industry.

Taking a lead in products such as large-sized, thinned, and N-type silicon wafers, as well as the development of photovoltaic materials and technologies based on R&D and process capacity. With high-power components keeping growing on the downstream and the rapid increase in the penetration rate of large-sized silicon wafers, the Company, as the industry leader in large-sized and thinned wafers, continued to expand its G12 product advantages, led the industry in terms of monthly production per furnace and the number of unit wafers produced per kilogram, and effectively promoted cost reduction and efficiency increase in the industrial chain. With the technological evolution of downstream cells, N-type products have entered an accelerated SoP period, and the Company has built deep technological barriers in the field of N-type silicon materials. The Company consolidated its leading position in the industry for many years in terms of N-type silicon wafers sales in the global market, and excessive returns are expected from future technological

changes.

Relying on the “G12 + Laminated Tile” dual technology platform and the leading Industry 4.0 System, transforming manufacturing modes in the photovoltaic industry, and jointly building an intellectual property ecosystem with partners. Based on the dual technology platform of "G12 Silicon Wafers + Laminated Tile Module", the Company's laminated tile module products have significant performance advantages with a rapid growth in scale. The Company continues to deepen the application of Industry 4.0 in all the industrial links, and implement automation and intelligent management throughout the process, with labor productivity far exceeding the industry average. The Industry 4.0 significantly improves the product quality and consistency, and continuously enhances flexible manufacturing capabilities. The comprehensive introduction of the Industry 4.0 System will provide the Company with comparative competitiveness in terms of localized manufacturing worldwide. The Company will work with partners such as MAXEON to jointly build an intellectual property ecosystem, and collaborate on innovation and expand differentiation competitiveness, to lay a solid foundation for the global strategic layout of the photovoltaic industry.

The transformation of the global energy structure injects long-term development vitality into the photovoltaic industry, and the continuously improved economic efficiency of photovoltaic power generation further stimulates market demand. The global installed photovoltaic capacity is expected to exceed the expected capacity. Looking into the future, TCL Zhonghuan will continue to promote technological changes related to photovoltaic materials such as large-sized, thinned, and N-type silicon wafers, create an ecosystem of cell and module industries with differentiation strategies, deepen the application of the Industry 4.0 System and flexible manufacturing, strengthen its core competitive advantages globally, and consolidate its leading position in the new energy photovoltaic industry.

TCL Tech will continue to focus on semiconductor display, new energy photovoltaic, and semiconductor material businesses to achieve the strategic goal of global leadership.

III. Analysis of core competitiveness

Over 40 years of extraordinary development, TCL has grown from a small local enterprise to China's leading group in the high-tech manufacturing industry. During this time, we have accumulated experience and confidence from continuously crossing industry cycles. The year 2022 was full of unexpected changes and challenges for TCL. We continued to focus on our strategy and took on challenges in adverse circumstances, including economic downturns and intensified industrial competition. We strengthened our capacity for mitigating operational risks in line with the work requirements of “improving operational quality and efficiency, enhancing strengths to shore up

weaknesses and accelerating global expansion as well as innovation-driven development”. Currently, the Company has developed a business structure based on semi-conductor display devices, new energy photovoltaic materials as well as semi-conductor materials, while its core competitiveness and sustainable development capability have continuously improved.

Leading economies of scale: ongoing capacity growth and globally leading position across multiple product markets

As a globally leading enterprise in semi-conductor displays, the Company 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 TV panel market; subsequently, two 6-gen lines successfully entered the small-size panel market; in recent years, through investment and construction of two 11-gen lines and the acquisition of the Suzhou Samsung Factory t10 production line, we have further expanded our large-size panel production capacity and maintained a globally leading position for large-sized panels. In 2022, TCL CSOT’s Guangzhou t9 project was launched and put into operation. The Wuhan t3 project expanded its capacity in an orderly manner, with increased investment in medium-sized products such as high value-added IT as well as business displays and accelerated strategic expansion for all display products. At present, the market share of TCL CSOT TV panels by shipment area ranks second globally. LTPS laptops rank second globally, LTPS mobile phone panels rank third globally, e-sports panels rank first globally, and IWB ranks first in market share.

The Company will further strengthen its core competitive advantage based on economies of scale and supply chain synergy. With an improved supply-demand relationship and an optimized competitive landscape in the industry, TCL CSOT will usher in continuous leadership in areas of advantage as well as rapid expansion in vulnerable areas while consolidating its industry status and comprehensive competitiveness.

Technological and ecological leadership: Increasing investment in R&D, active expansion into new display technologies and materials

The Company, focusing on basic materials, next-generation display materials, key equipment in new manufacturing processes and other fields for its ecological layout, has constructed a TCL ecosystem within the display market, so as to establish a leading advantage based on next-generation display technology. In the display market, TCL led the establishment of two national innovation centers. A preliminary outline for the ecosystem of next-generation display technology has taken shape, promoting industrial technology development and assisting in the implementation of CSOT’s technology strategies. TCL is also continuously coordinating the construction of national technology platforms in other fields and assisting in the development of key technologies related to TCL’s

industry segments.

In 2022, the Company ranked forefront among mainland Chinese enterprises for accumulated patent applications with 14,741 PCT patents 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, which provide thorough patent coverage. The Company is committed to building a leading edge in next-generation display technology and overcoming bottlenecks in future commercial technology applications.

Leading management: TCL CSOT aims to be a global leader and traverse cycles using comparative competitiveness

Since SoP in 2011, TCL CSOT has weathered several rounds of large fluctuation cycles and maintained comparative competitiveness in the display industry by relying on extreme cost efficiency and lean management. By relying on efficient production line layout and increased capacity, the Company has further improved the line utilization rate and product scheduling efficiency through advantages in industrial chain integration and locking in strategic customers. The Company has promoted end-to-end cost and expense control through refined management and extreme cost efficiency measures, so as to build its comparative competitiveness in the industry. Despite a severe industry downturn and ongoing price reductions of major products in 2022, TCL CSOT further played to its advantages in management efficiency, industrial chain control, intelligent and digital development, and relied on its advantages in core capabilities throughout the industrial development cycle to lead the industry.

New strategic pathways: Grasping new opportunities from the rapid development of semiconductors and photovoltaics

On the basis of enterprise development and national planning for strategic emerging industries, the Company actively seeks new strategic development pathways that are technology-intensive and capital-intensive with a long development cycle, so as to strengthen and fully utilize TCL's core competitiveness. In July 2020, the Company successfully entered the new energy photovoltaic industry by delisting Zhonghuan. Since 2022, TCL Zhonghuan has implemented a series of strategic operation measures such as industry coordination, optimization of operational efficiency and empowerment through management experience. TCL Zhonghuan has gradually enhanced its abilities in areas such as strategy, operation, and resource allocation. Driven by the factors of high industry prosperity and rapid expansion of production capacity, TCL Zhonghuan has further consolidated its leading position in the industry, realized high-quality and rapid growth performance, and gradually grown into one of the main engines for performance growth of TCL Technology.

Upgrading organizational culture: The mission "Leading Technology and Mutually Beneficial

Cooperation” leads the Company into a new development stage

Since 2022, the Company has proposed a new mission “Leading Technology and Mutually Beneficial Cooperation” and is committed to building an organizational culture that emphasizes “Change, Innovation, Responsibility and Excellence”. The Company continued to build the capacity of its management team, strengthen its high-end talent pool and empower employees at the middle and entry level by developing competent specialists, reducing personnel redundancy and optimizing the organizational structure with quality emphasized over quantity. The Company also ensured proper recruitment and development of international talents, strengthened the integration of overseas organizational culture and continuously improved on building international organizational capabilities. TCL will continue to invest in fields closely related to human life and build its leading advantages in technology and products to deliver a wonderful experience and better life for humanity. We will uphold the concept of sustainable development based on a people-oriented approach, while promoting mutually beneficial development. We are dedicated to the environmental friendliness, employee engagement, social trust, as well as the harmonious development between humanity, nature, and society. We will also work with stakeholders to build an open and mutually beneficial industry ecosystem and value healthy competition and integrated development on a basis of open cooperation and mutually beneficial development with partners.

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

	2022		2021		Change (%)
	Amount	As % of total revenue (%)	Amount	As % of total revenue (%)	
Total	166,552,785,829	100%	163,657,700,477	100%	1.77%
By operating division					
Semi-conductor display	65,717,154,752	39.46%	88,220,061,837	53.91%	-25.51%
New energy photovoltaic	67,010,157,025	40.23%	41,104,685,049	25.12%	63.02%
Distribution business	31,847,803,417	19.12%	31,932,016,149	19.51%	-0.26%
Other businesses and internally offset accounts	1,977,670,635	1.19%	2,400,937,442	1.47%	-17.63%
By product category					
Semi-conductor display devices	65,717,154,752	39.46%	88,220,061,837	53.91%	-25.51%

New energy photovoltaic & semi-conductor materials	67,010,157,025	40.23%	41,104,685,049	25.12%	63.02%
Distribution of electronics	31,847,803,417	19.12%	31,932,016,149	19.51%	-0.26%
Other businesses and internally offset accounts	1,977,670,635	1.19%	2,400,937,442	1.47%	-17.63%
By operating segment					
Mainland China	119,139,823,459	71.53%	104,781,994,802	64.03%	13.70%
Overseas (including Hong Kong)	47,412,962,370	28.47%	58,875,705,675	35.97%	-19.47%
Distribution mode					
Direct sales	140,148,331,286	84.15%	135,409,147,210	82.74%	3.50%
Distribution	25,652,437,925	15.40%	25,981,764,486	15.88%	-1.27%
Dealer	752,016,618	0.45%	2,266,788,781	1.39%	-66.82%

(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	Change in revenue year-on-year (%)	Change in cost of sales year-on-year (%)	Change in gross profit margin year-on-year (%)
By operating division						
Semi-conductor display	65,717,154,752	65,148,141,621	0.87%	-25.51%	-2.05%	-23.74%
New energy photovoltaic	67,010,157,025	55,066,992,255	17.82%	63.02%	71.07%	-3.86%
Distribution business	31,847,803,417	30,574,483,912	4.00%	-0.26%	-0.65%	0.38%
By product category						
Semi-conductor display devices	65,717,154,752	65,148,141,621	0.87%	-25.51%	-2.05%	-23.74%
New energy photovoltaic & semi-conductor materials	67,010,157,025	55,066,992,255	17.82%	63.02%	71.07%	-3.86%
Distribution of electronics	31,847,803,417	30,574,483,912	4.00%	-0.26%	-0.65%	0.38%
By operating segment						
Mainland China	119,139,823,459	108,166,269,230	9.21%	13.70%	26.39%	-9.11%
Overseas (including Hong Kong)	47,412,962,370	43,759,219,750	7.71%	-19.47%	-3.98%	-14.89%
Distribution mode						
Direct sales	140,148,331,286	126,351,353,885	9.84%	3.50%	21.59%	-13.41%
Distribution	25,652,437,925	24,967,954,738	2.67%	-1.27%	-1.28%	0.01%

Dealer	752,016,618	606,180,357	19.39%	-66.82%	-68.83%	5.18%
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(3) Whether Revenue from Product Sales is Higher than Service Revenue√ Yes No

Operating division	Item	Unit	2022	2021	Change (%)
Semi-conductor display	Sales	10,000 square meters	4275	3949	8.25%
	Production volume	10,000 square meters	4230	4058	4.23%
	Inventory	10,000 square meters	124	170	-26.81%
Module and finished machine	Sales	10,000 sets	1299	904	43.68%
	Production volume	10,000 sets	1317	941	39.87%
	Inventory	10,000 sets	66	49	36.65%
Photovoltaic silicon wafer	Sales	10,000 sets	1,064,653	821,234	29.64%
	Production volume	10,000 sets	1,084,730	824,803	31.51%
	Inventory	10,000 sets	32,102	12,025	166.97%
Other silicon materials	Sales	Million square inches	744	752	-1.03%
	Production volume	Million square inches	743	751	-1.05%
	Inventory	Million square inches	24	25	-1.61%
Energy	Sales	10,000 kWh	123,105	81,031	51.92%
	Production volume	10,000 kWh	123,105	81,031	51.92%
	Inventory	10,000 kWh			
Photovoltaic module	Sales	MW	6,607	4,166	58.58%
	Production volume	MW	6,619	4,763	38.98%
	Inventory	MW	639	628	1.84%

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

The changes are mainly caused by the increase in the scale of the Company's new energy photovoltaic business.

(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	Item	2022		2021		Change (%)
		Amount	As % of operating cost	Amount	As % of operating cost	
Semi-conductor display	Materials, salary, depreciation etc.	65,148,141,621	42.88%	66,509,502,371	50.71%	-2.05%
New energy photovoltaic	Materials, salary,	55,066,992,255	36.25%	32,190,397,141	24.54%	71.07%

	depreciation etc.					
Distribution business	Finished goods etc.	30,574,483,912	20.12%	30,775,267,445	23.46%	-0.65%
Other	Materials, salary, depreciation etc.	1,135,871,191	0.75%	1,681,146,797	1.28%	-32.43%

Product category

Unit: RMB

Product category	Item	2022		2021		Change (%)
		Amount	As % of operating cost	Amount	As % of operating cost	
Semi-conductor display devices	Materials, salary, depreciation etc.	65,148,141,621	42.88%	66,509,502,371	50.71%	-2.05%
New energy photovoltaic	Materials, salary, depreciation etc.	55,066,992,255	36.25%	32,190,397,141	24.5%	71.07%
Distribution of electronics	Finished goods etc.	30,574,483,912	20.12%	30,775,267,445	23.5%	-0.65%
Other	Materials, salary, depreciation etc.	1,135,871,191	0.75%	1,681,146,797	1.3%	-32.43%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period✓ Yes No

For 2022, there are 36 newly-included consolidated subsidiaries (36 newly incorporated) and 5 newly-excluded consolidated subsidiaries (4 transferred and 1 de-registered).

(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)	50,092,171,968
Total sales of top five customers as % of total sales of the Reporting Period (%)	30.88%
Total sales of related parties among top five customers as % of total sales of the Reporting Period (%)	6.54%

Top five customers

Serial No.	Customer	Sales revenue (RMB)	As % of total sales revenue
1	Customer A	14,080,676,825	8.68%

2	Customer B	12,876,104,816	7.94%
3	Customer C	10,611,856,734	6.54%
4	Customer D	6,452,412,436	3.98%
5	Customer E	6,071,121,157	3.74%
Total	--	50,092,171,968	30.88%

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)	37,176,674,116
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	25.62%
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	Supplier A	11,688,855,063	8.06%
2	Supplier B	7,215,847,792	4.97%
3	Supplier C	7,168,835,392	4.94%
4	Supplier D	6,322,022,992	4.36%
5	Supplier E	4,781,112,877	3.29%
Total	--	37,176,674,116	25.62%

Other information about major suppliers

Applicable Not applicable

3. Expense

Unit: RMB

	2022	2021	Change (%)	Main reason for change
Selling expenses	1,950,527,877	1,919,285,105	1.63%	
Administrative expenses	3,540,610,990	4,393,319,922	-19.41%	Primarily because the semiconductor display business was affected by the industry cycle
Financial expenses	3,422,894,839	3,727,915,281	-8.18%	
R&D expenses	8,633,638,171	7,236,340,804	19.31%	Primarily due to the increase in R&D investment

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
LCD panel ultimate framework	In search of ultimate simplification via panel	Realized industrial transformation	Add CSOT's image quality improvement IP	Further enhance product

development and product application V1.0	and overall machine design for newly defined architecture		to SOC to optimize system architecture of compact drive chips	competitiveness
H-HVA energy efficiency improvement and qualitative change development	Propose high-penetration and high image quality technology, namely H-HVA. Expand advantage in leading energy efficiency to obtain technical leverage.	Development has been completed on several products.	Improve the transmittance, energy savings and emissions output of display devices	Implement the "Carbon Peaking and Carbon Neutrality" strategy, commit to building a new ecological industry with "Ecological Priority and Green Development".
Research and development of the 0.016Hz ultra-low frequency refresh display technology	Develop an ultra-low frequency display technology in the field of wearable displays to reduce power consumption and achieve longer battery life.	Already implemented	Develop ultra-low frequency display technology, gain customer recognition and enter corresponding high-end markets to earn greater profits.	Improve CSOT's popularity and product competitiveness in the field of wearable displays, generate interest of customers from multiple ends and effectively expand the customer base.
Research and development of AMOLED low-frequency LTPS technology	Committed to investment in research and development of a low-frequency and low-power technology to meet the strong demand on mobile platforms for low-power display technologies.	Some functions have been delivered to the product development department for trials.	Reduce power consumption and achieve high/medium/low-end product differentiation.	Improve product competitiveness, maximize cost effectiveness and enhance the core competitiveness of the Company's products.
Research and development of the IJP-OLED internal compensation technology platform	Investigate the IGZO internally-compensated IJP OLED technology based on the 17" medium-sized flexible OLED technology platform project.	Development of the IGZO internally-compensated IJP OLED flexible folding laptop technology has been completed	Develop IGZO internally-compensated IJP OLED folding laptop products with the potential for successful industrialization of development results.	Open a new future market for AMOLED IGZO and traverse the OLED IGZO technology in NB-MNT-TV products.
Flexible-control multimodal interactive applications	For TV interaction, in addition to remote control and voice control, intelligent gesture control opens	Realized industrial transformation	Gesture interaction allows users to control TVs, which offsets the shortcomings of voice control in a noisy	Contribute product selling points in multimodal applications to the industry, improve the

	up a new method of control. The application uses algorithms independently developed by the Industry Research Institute to optimize five-finger and fist gestures.		environment. It is easy to learn, convenient to operate and covers multiple scenarios.	Company's own technical strength, avoid additional licensing fees arising from third-party algorithms and reduce product costs
Conversational voice interaction system	Intelligent voice terminal equipment can flexibly and accurately respond to users' needs	The system has been launched and applied to some end-user products	The intelligent experience has been improved in terms of the experience of voice assistant products, and the development cycle for interactive dialog skills has been reduced due to the efficiency of technology research and development	Complement independent-research capability of the NLP and gain the ability to expand across vertical domains. Replace Baidu Solutions and master decision-making in the central voice control business.
Research and development of the new energy photovoltaic type-N G12 monocrystalline silicon technology	Meet the market requirements for technical indicators of the type-N G12 monocrystalline silicon technology and strengthen the Company's core competitiveness	Thermal field optimization and process design has been completed, and the SoP has been achieved	Improve the quality of monocrystalline silicon, meet customer needs, further improve efficiency, reduce costs and achieve an increase in market share of the type-N G12 monocrystalline silicon	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. SoP has been realized for 150um and 130um G12 silicon wafers.	Achieve 150um thick SoP target of silicon wafer; and complete 130um 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	Mass production has been realized for 12-inch silicon wafers for power devices, logic devices and memory devices	Increase the market share of semiconductor 12-inch silicon wafer	Enhance the core competitiveness of the Company's semiconductor materials

R&D personnel

	2022	2021	Change (%)
Number of R&D Employees	11,979	10,517	13.90%
As % of R&D Employees (%)	17.16%	16.14%	1.02%
Education			
PhD	231	202	14.36%
Master	2,442	2,081	17.35%
Bachelor's degree and others	9,306	8,234	13.02%
Age			
Under 30 years old	7,286	5,730	27.16%
30~ 40 years old	4,280	4,394	-2.59%
Over 40 years	413	393	5.09%

R&D investments

	2022	2021	Change (%)
R&D investment amount (RMB)	10,778,414,851	8,772,389,079	22.87%
R&D investments as % of total revenue (%)	6.47%	5.36%	1.11%
Capitalization amount of R&D investments (RMB)	4,287,426,803	3,813,925,123	12.42%
Capitalization amount of R&D investments as % of total revenue (%)	39.78%	43.48%	-3.70%

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	2022	2021	Change (%)
Sub-total of cash generated from operating activities	155,632,096,991	153,026,874,325	1.70%
Sub-total of cash used in operating activities	137,205,720,382	120,148,423,888	14.20%
Net cash generated from operating activities	18,426,376,609	32,878,450,437	-43.96%
Sub-total of cash generated from investment activities	51,431,426,776	43,772,408,329	17.50%
Subtotal of cash used in investing activities	98,267,398,620	77,405,450,301	26.95%
Net cash generated from investing activities	-46,835,971,844	-33,633,041,972	-39.26%
Sub-total of cash generated from financing activities	113,655,272,732	75,934,217,326	49.68%
Subtotal of cash used in financing activities	82,254,617,585	63,151,712,744	30.25%

Net cash generated from financing activities	31,400,655,147	12,782,504,582	145.65%
Net increase in cash and cash equivalents	3,593,919,427	11,873,288,084	-69.73%

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

Net cash generated from operating activities: Primarily because the semiconductor display business was affected by the industry cycle;

Net cash generated from investing activities: Primarily due to the increase in project investment;

Net cash generated from financing activities: Primarily due to the increase in scale of financing

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

The large difference between the net cash flow generated by the Company's operations and the net profits of the current year is primarily caused by factors such as depreciation, amortization and impairment of the Company's assets during the Reporting Period.

V. Analysis of Non-Core Businesses

✓ Applicable □ Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Sustainability
Asset impairment	3,486,522,865	329.84%	Falling price of inventory write-off in line with market	No
Non-operating income	790,111,708	74.75%	Primarily government grants and others	No
Non-operating expense	152,071,435	14.39%		No

VI. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	The end of 2022		Beginning of 2022		Change in percentage (%)	Main reason for change
	Amount	As % of total assets (%)	Amount	As % of total assets (%)		
Monetary assets	35,378,501,261	9.83%	31,393,692,485	10.17%	-0.34%	No significant change
Accounts receivable	14,051,661,462	3.90%	18,238,782,247	5.91%	-2.01%	No significant change
Contract assets	315,167,085	0.09%	233,528,786	0.08%	0.01%	No significant change
Inventories	18,001,121,855	5.00%	14,083,356,918	4.56%	0.44%	No significant change
Investment property	946,449,125	0.26%	761,902,236	0.25%	0.01%	No significant change
Long-term equity investments	29,256,215,804	8.13%	25,640,578,245	8.30%	-0.17%	No significant change
Fixed assets	132,477,671,844	36.80%	113,598,782,727	36.79%	0.01%	No significant change

Construction in progress	52,053,833,629	14.46%	36,965,885,393	11.97%	2.49%	No significant change
Right-of-use assets	5,110,123,904	1.42%	2,426,911,208	0.79%	0.63%	No significant change
Short-term borrowings	10,215,910,963	2.84%	9,341,426,543	3.03%	-0.19%	No significant change
Contract liabilities	2,336,008,164	0.65%	2,593,882,004	0.84%	-0.19%	No significant change
Long-term borrowings	118,603,164,839	32.95%	87,279,081,955	28.27%	4.68%	Increase in financings
Lease liabilities	4,461,382,902	1.24%	1,102,071,813	0.36%	0.88%	No significant change

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	Amount sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	10,305,293,789	-257,066,897	0		24,059,751,982	18,475,644,160		15,632,334,714
2. Derivative financial assets	70,928,566	23,436,569	105,189,972				161,479,123	361,034,230
3. Receivables financing	2,217,638,736		0				-1,114,510,972	1,103,127,764
4. Other debt investments	0		0		0	0		0
5. Investments in other equity instruments	927,319,447		-19,689,751		22,639,419	502,685,450	12,412,598	439,996,263
Subtotal of financial assets	13,521,180,538	-233,630,328	85,500,221		24,082,391,401	18,978,329,610	-940,619,251	17,536,492,971
Investment property								
Productive biological assets								

Other								
Total of the above	13,521,180,538	-233,630,328	85,500,221		24,082,391,401	18,978,329,610	-940,619,251	17,536,492,971
Financial liabilities	947,240,307	-94,386,197	13,459,465		2,104,884,136	2,358,170,985	319,619,948	932,646,673

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 (RMB'0,000)	Reason for restriction
Monetary assets	32,185	Deposited in the central bank as the required reserve
Monetary assets	138,103	Other monetary funds and restricted bank deposits
Notes receivable	26,460	Pledge
Fixed assets	9,647,955	As collateral for loan
Intangible assets	417,783	As collateral for loan
Held-for-trading financial assets	25,517	Pledge
Construction in progress	1,038,389	As collateral for loan
Right-of-use assets	1,862	As collateral for lease
Accounts receivable	160,933	Pledge
Contract assets	27,168	Pledge
Total	11,516,355	

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 (%)
52,419,386,966	46,434,920,794	12.89%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

Unit: RMB100 million

Name of investee	Principal activity	Investment method	Investment amount	Shareholding ratio (%)	Funding source	Partner	Term of investment	Type of products	Progress	Estimated income	Investment income/loss in the Reporting Period	Investment in lawsuit(s)	Date (if any) of disclosure	Index (if any) to disclosed information
Xiamen TCL Technology Industrial Investment Partnership (Limited Partnership)	Industrial investment	Equity investments	9.9	99%	Self-raised funds	Xiamen Hedging Duxing Investment Consulting	Not applicable	Not applicable	Established	Not applicable	Not applicable	No	August 27, 2022	www.cninfo.com.cn

						Partnership									
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	Granular silicon projects	Equity investments	18	40%	Self-raised funds	Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.	Not applicable	Not applicable	Established	Not applicable	Not applicable	No	July 7, 2022	www.cninfo.com.cn	
Inner Mongolia Xinhua Semiconductor Technology Co., Ltd.	Polycrystalline silicon projects	Equity investments	7.2	40%	Self-raised funds	Jiangsu Xinhua Semiconductor Material Technology Co., Ltd.	Not applicable	Not applicable	Established	Not applicable	Not applicable	No	July 7, 2022	www.cninfo.com.cn	
Total	--	--	35.1	--	--	--	--	--	--	-	Not applicable	--	--	--	

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	Accounting 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	Amount sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Stocks	300842.SZ	DK Electronic Materials, Inc.	2,430	Fair value	48,644	-8,965	0	0	23,188	-3,516	25,258	Other non-current financial assets	Self-funded
Government bond	220016IB	22 Interest-bearing government bond 16	20,000	Measurement at amortized cost	-	0	0	20,000	0	144	20,327	Debt investments	Self-funded

Government bond	220016I B	22 Interest-bearing government bond 16	20,000	Measurement at amortized cost	-	0	0	20,000	0	150	20,327	Debt investments	Self-funded
Stocks	688728.SH	Galaxycore Inc.	4,284	Fair value	19,692	-1,288	0	0	0	-1,288	18,404	Other non-current financial assets	Self-funded
Bonds	US4642885135	ISHARES IBOXX HIGH YLD CORP	13,238	Fair value	-	-116	0	54,382	43,569	-1,283	11,025	Held-for-trading financial assets	Self-funded
Government bond	220016I B	22 Interest-bearing government bond 16	10,000	Measurement at amortized cost	-	0	0	10,000	0	75	10,158	Debt investments	Self-funded
Government bond	220016I B	22 Interest-bearing government bond 16	10,000	Measurement at amortized cost	-	0	0	10,000	0	81	10,152	Debt investments	Self-funded
Stocks	0860.HK	Wesolutions Inc.	18,926	Fair value	10,131	0	-5,414	0	0	0	5,928	Investments in other equity instruments	Self-funded
Financial bond	223001I B	22 ICBC Macau Bond 01	5,000	Measurement at amortized cost	-	0	0	5,000	0	44	5,044	Debt investments	Self-funded
Bonds	XS2560662541	LINK CB LTD	4,455	Fair value	-	326	0	4,323	0	326	4,791	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			572,007	--	191,472	-14,981	-27	340,906	384,599	-22,522	166,460	--	--
Total			680,340	--	269,938	-25,023	-5,441	464,611	451,356	-27,789	297,874	--	--
Disclosure date of the board announcement approving the securities investments			April 28, 2022										
Disclosure date of the general meeting announcement approving the securities investments (if any)			May 20, 2022										

(2) Investments in Derivative Financial Instruments✓ Applicable Not applicable**1) Derivative investments for hedging purposes made during the Reporting Period**✓ Applicable Not applicable

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	Transaction limit	Contractual amount	Transaction limit		Contractual amount	Transaction limit
1. Forward forex contracts	1,736,175	61,406	2,062,172	73,441	14,870	15.61	0.56
2. Interest rate swaps	415,696	12,471	384,446	11,533		2.91	0.09
Total	2,151,871	73,877	2,446,618	84,974	14,870	18.52	0.65
Accounting policies and specific accounting principles for hedging business during the Reporting Period and a description of whether there have been significant changes from those of the previous reporting period	No significant change.						
Description of actual profits and losses during the Reporting Period	During the Reporting Period, the Company had profits and losses of RMB465.80 million generated from the changes in the fair value of the hedged items, RMB-458.27 million from the delivery of mature forward foreign exchange contracts, RMB120.15 million from the valuation of immature forward foreign exchange contracts and RMB21.02 million from interest rate swaps.						
Description of the hedging effect	During the Reporting Period, the Company's main foreign exchange risk exposures include exposures of assets and liabilities denominated in foreign currencies arising from business such as outbound sales, raw material procurement and financing. The uncertain risks arising from the exchange rate fluctuations were effectively hedged by derivative contracts with the same purchase amounts and maturities in opposite directions.						
Funding source	Self-funded.						
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 liquidating 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; 						

	<p>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, promptly 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> <p>Measures taken for risk control:</p> <p>1. Basic management principles: the Group strictly follows the hedging principle mainly for the purposes of fixing costs and avoiding risks. It is required that the financial derivatives business to be carried out align with the variety, size, direction and duration of spot goods, and this should not involve any speculative trading. In the selection of hedging instruments, only simple financial derivatives that are closely related to the main business operation and meet 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 the derivatives bought by the Group 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 Company's recently audited net profit attributable to shareholders of the listed 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)	With the rapid expansion of overseas sales, the Company continues to follow 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 operations and financing. During the Reporting Period, there were profits and losses of RMB465.80 million from changes in the fair value of hedged items and RMB-317.10 million from derivatives. 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.
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
Opinion of independent directors on derivative investments and risk control	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 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 2022 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.

2) Derivative investments for speculative purposes made during the Reporting Period

Applicable Not applicable

There were no derivative investments for speculative purposes made by the Company during the Reporting Period.

5. Use of the Capital 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 (note)	Purpose and whereabouts of the unused amount	Amount being idle for more than two years
2022	Non-public offering of shares	947,469.47	947,469.47	947,469.47	Not applicable	Not applicable	Not applicable	0	Not applicable	0
Total	--	947,469.47	947,469.47	947,469.47	Not applicable	Not applicable	Not applicable	0	--	0

Use of the Capital Raised

According to the *Approval for the Non-Public Issue of Shares by TCL Technology Group Co., Ltd.* (Zheng Jian Xu Ke [2022] No. 1658) issued by the China Securities Regulatory Commission, the Company issued no more than 2,806,128,484 shares in a non-public manner. The number of shares actually issued in this issuance was 2,806,128,484 shares. As of December 6, 2022, the Company raised a total of RMB9,596,959,415.28, and the amount of RMB9,471,959,415.28 raised funds was deposited into the Company's special bank account after deducting the underwriting sponsorship fee (tax-inclusive) at RMB125,000,000.00. After deducting the issue-related fees (excluding the value-added tax) of RMB122,264,729.12, RMB9,474,694,686.16 was available for use.

Note: As at December 31, 2022, the unused amount in the raised fund account was RMB1.8195 million, which was the accumulated balance of special account interest and account maintenance fees. Such amount was deposited in the special bank account for raised funds.

(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	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
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		funds								feasibility or not
Promised projects										
1. The generation 8.6 (or G8.6) new oxide semiconductor production line	No	900,000.00	900,000.00	900,000.00	900,000.00	100.00%	24 months from the commencement date of the project	Not applicable	Not applicable	No
2. Additional working capital	No	47,469.47	47,469.47	47,469.47	47,469.47	100.00%	Not applicable	Not applicable	Not applicable	No
Subtotal of promised projects	--	947,469.47	947,469.47	947,469.47	947,469.47	--	--		--	--
Over-raised funds										
None										
Description of delayed progress and reasons for failure to achieve the planned progress and expected income (including the reasons for selecting "Not applicable" for "whether expected benefits were met or not")	Not applicable									
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 December 12, 2022, the <i>Proposal on Using Raised Funds to Swap Self-raised Funds Previously Invested in Projects that should be Funded with Raised Funds</i> was approved at the 26th Meeting of the Company's 7th Board of Directors. As such, raised funds were agreed to be swapped with the advance investments of self-raised funds in projects that should be funded with raised funds. The total swap amount was RMB9 billion.									
Supplemented the working capital with idle funds	Not applicable									
Amount and reasons for the balance of raised funds in the project implementation	As at December 31, 2022, the balance of the unused amount of the raised fund account was RMB1,819,536.34, which was the accumulated balance of special account interest and account maintenance fees. Such amount was deposited in the special bank account for raised funds and was used according to the Company's fund arrangements.									
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

No such cases in the Reporting Period.

2. Sale of Major Equity Investments

Applicable Not applicable

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

Unit: RMB'0,000

Company Name	Company type	Principal activity	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
TCL China Star Optoelectronics Technology Co., Ltd.	Subsidiary	Semi-conductor display	RMB32.475 billion	19,255,707	7,384,957	5,625,642	-974,758	-835,283
TCL Zhonghuan New Energy Technology Co., Ltd.	Subsidiary	New energy photovoltaic & semi-conductor materials	RMB3.234 billion	10,913,377	4,705,984	6,701,016	732,542	707,304
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB412 million	871,268	148,111	3,184,780	35,291	26,425

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
Zhonghuan Advanced Semiconductor (Tianjin) Co., Ltd.	Newly incorporated	No significant effect
Huanou (Wuxi) New Energy Materials Co., Ltd.	Newly incorporated	No significant effect
Huaian Municipal Huanxin New Energy Co., Ltd.	Newly incorporated	No significant effect
Lingwu Huanju New Energy Co., Ltd.	Newly incorporated	No significant effect
Inner Mongolia Zhonghuan Electronic Materials Co., Ltd.	Newly incorporated	No significant effect
Tianjin Zhonghuan Industrial Park Co., Ltd.	Newly incorporated	No significant effect
Tianjin Huanrui Technology Co., Ltd.	Newly incorporated	No significant effect
Shaanxi Huanyu Green New Energy Co., Ltd.	Newly incorporated	No significant effect

Shaanxi Huanshuo Green New Energy Co., Ltd.	Newly incorporated	No significant effect
Admiralty Harbour Investment Holding Limited	Newly incorporated	No significant effect
Zhonggang Enterprise Service (Shenzhen) Co., Ltd.	Newly incorporated	No significant effect
Huizhou Keda Tezhixian Technology Co., Ltd.	Newly acquired	No significant effect
Ningxia Huanneng New Energy Co., Ltd.	Newly incorporated	No significant effect
Zhonghuan Advanced Semiconductor Japan Co., Ltd.	Newly incorporated	No significant effect
TCL CSOT AMERICA CORP.	Newly incorporated	No significant effect
Xi'an Sunpie Technology Co., Ltd.	Newly incorporated	No significant effect
Weinan Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Guiyang Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Lanzhou Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Urumqi Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Baoji Sunpie Sidao Technology Co., Ltd.	Newly incorporated	No significant effect
Urumqi Sunpie Xinhui Technology Co., Ltd.	Newly incorporated	No significant effect
Xi'an McSunpie Technology Co., Ltd.	Newly incorporated	No significant effect
Shenzhen Sunpiestore Electronics Co., Ltd.	Newly incorporated	No significant effect
Shenzhen Sunpiestore Industrial Co., Ltd.	Newly incorporated	No significant effect
Dongguan Sunpiestore Digital Co., Ltd.	Newly incorporated	No significant effect
Dongguan Sunpiestore Electronics Co., Ltd.	Newly incorporated	No significant effect
Guangzhou Sunpie Technology Co., Ltd.	Newly incorporated	No significant effect
Lanzhou Hongmao Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Xiamen TCL Technology Industrial Investment Partnership (Limited Partnership)	Newly incorporated	No significant effect
TCL CSOT SG PTE. LTD.	Newly incorporated	No significant effect
Beijing Youyi Online Technology Co., Ltd.	Newly incorporated	No significant effect
PL MOKA Sp. z o.o.	Newly acquired	No significant effect

Urumqi Sunpie Zhishang Trading Co., Ltd.	Newly incorporated	No significant effect
Urumqi Sunpie Maiqi Trading Co., Ltd.	Newly incorporated	No significant effect
Lanzhou Hongsheng Sunpiestore Electronics Technology Co., Ltd.	Newly incorporated	No significant effect
Tongliao Guangtong New Energy Co., Ltd.	De-registered	No significant effect
Beijing Zhiqijia Technology Co., Ltd.	Transferred	No significant effect
Huizhou Shengyao New Energy Technology Co., Ltd.	Transferred	No significant effect
Ningjin Jincheng New Energy Co., Ltd.	Transferred	No significant effect
Lingwu Huanju New Energy Co., Ltd.	Transferred	No significant effect

X. Structured Bodies Controlled by the Company

Applicable Not applicable

XI. Prospects

Looking into 2023, the high-end high-tech industry will embrace new challenges and opportunities as global economic transformation and industrial chain restructuring takes place. TCL Tech will seize the opportunity for industrial development, develop global high-tech industrial core asset segments and focus on the business development of semiconductor displays, new energy photovoltaic materials and semiconductor materials. Using technology, management, and scale advantages as fundamentals, the Company will take into account short-term contingency response and long-term capacity building, pursue long-term high-quality development, continue to improve industry chain layout and is committed to becoming a global leader in these two segments.

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

In the two strategic industries of new energy and semiconductors, TCL Zhonghuan has become one of the main engines of TCL's scientific and technological performance growth through institutional reform, enhancing organizational vitality, releasing growth potential and accelerating business development. With the global energy restructuring and rapid development of the information age, TCL Zhonghuan will continue to enhance its comparative competitiveness and take a leading position in the industry.

In the future, TCL aims to become a global leader and will pool its efforts, be guided by science and technology, driven by innovation 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 22, 2022 - March 24, 2022	Conference Room of TCL Tech in Shenzhen	By teleconference	Institution	Greenwoods Asset, CMB Wealth Management, Tianhong Asset	Latest business operations of TCL Tech	Log Sheet No. 2022-001 on Investor Relations Activities dated March 24, 2022 disclosed by the

				Management, BlackRock, etc.		Company at www.cninfo.com.cn on March 24, 2022.
April 28, 2022	Conference Room of TCL Tech in Shenzhen	By teleconference + p5w.net	Institution	E Funds, Harvest Fund, Perseverance Asset Management, CICC, UBS, etc.	Performance of TCL Tech for 2021 and the first quarter of 2022	Log Sheet No. 2022-002 on Investor Relations Activities dated April 28, 2022 disclosed by the Company at www.cninfo.com.cn on April 29, 2022.
August 29, 2022	Conference Room of TCL Tech in Shenzhen	By teleconference	Institution	Southern Asset Management, China Life, Perseverance Asset Management, BOCOM Schroders, etc.	Performance of TCL Tech for the first half of 2022	Log Sheet No. 2022-003 on Investor Relations Activities dated August 29, 2022 disclosed by the Company at www.cninfo.com.cn on August 31, 2022.
October 25, 2022	Conference Room of TCL Tech in Shenzhen	By teleconference	Institution	E Funds, Huaxia Securities, Penghua Fund, Dacheng Fund, ICBC Wealth Management, etc.	Performance of TCL Tech for the third quarter of 2022	Log Sheet No. 2022-004 on Investor Relations Activities dated October 25, 2022 disclosed by the Company at www.cninfo.com.cn on October 26, 2022.
January - December 2022	The Company's office	Investor hotline (telephone)	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	-
January - December 2022	The Company's office	irm.cninfo.com.cn	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	irm.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 in line with 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 suggestions to the board of directors and 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 ructure 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 Dividend Reward Plan of TCL Technology Group Corporation for the Next Three Years (2023-2025)
Information disclosure policy	The Rules Governing the Shareholdings of Directors, Supervisors and Senior Management in TCL Corporation and Changes therein
	The Rules Governing the Registration of Information Insiders of TCL Technology Group 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 Technology Group Corporation
Governance and operation rules	The Rules of Procedure for the General Meeting of TCL Technology Group Corporation
	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
Internal control rules	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
	The Rules Governing Securities Investment of TCL Technology Group Corporation
	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 Technology Group Corporation

The Internal Control Evaluation Rules of TCL Corporation

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

Title of rules

Revised	The Articles of Association of TCL Technology Group Corporation
	The Rules Governing Information Disclosure of TCL Technology Group Corporation
	The Rules Governing the Registration of Information Insiders of TCL Technology Group Corporation

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

Yes No

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 First Extraordinary General Meeting of 2022	Extraordinary general meeting	22.26%	April 29, 2022	April 30, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions of the 1st Extraordinary Meeting of Shareholders in 2022</i> disclosed on www.cninfo.com.cn on April 30, 2022 (Notice No.: 2022-045)
The 2021 Annual General Meeting	Annual general meeting	22.12%	May 19, 2022	May 20, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions of General Meeting of Shareholders in 2021</i> disclosed on www.cninfo.com.cn on May 20, 2022 (Notice No.: 2022-051)
The Second Extraordinary General Meeting of 2022	Extraordinary general meeting	22.18%	July 22, 2022	July 23, 2022	All proposals were adopted. Please refer to the <i>Notice on the 2nd Extraordinary General Meeting of Shareholders in 2022</i> disclosed on www.cninfo.com.cn on July 23, 2022 (Notice No.: 2022-081)

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	Position	Position Status	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	65	April 19, 2002	November 12, 2023	813,575,470	-	-	-	-	485,626	814,061,096	Non-transaction transfer under the employee stock ownership plan
	CEO				June 20, 2005									
Liang Weihua	Vice Chairman of the Board	Incumbent	Male	41	November 13, 2020	November 12, 2023	-	-	-	-	-	-	-	Not applicable
Wang Cheng	Director	Incumbent	Male	48	January 9, 2023	November 12, 2023	157,661	-	-	-	-	-	157,661	Not applicable
	COO				August 9, 2021									
Shen Haoping	Director	Incumbent	Male	60	November 13, 2020	November 12, 2023	-	-	-	-	-	-	-	Not applicable
	Senior Vice President				November 14, 2020									
Liao Qian	Director	Incumbent	Male	42	September 1, 2017	November 12, 2023	229,596	-	-	-	-	251,710	481,306	Non-transaction transfer under the employee stock ownership plan
	Board Secretary				April 23, 2014									
	Senior Vice President				August 27, 2020									
Zhao Jun	Director	Incumbent	Male	50	January 9, 2023	November 12, 2023	-	-	-	-	-	200,482	200,482	Non-transaction transfer under the employee stock ownership plan
	Senior Vice President				December 23, 2022									
Lin Feng	Director	Incumbent	Male	37	April 29, 2022	November 12, 2023	-	-	-	-	-	-	-	Not applicable
Can Yong	Independent director	Incumbent	Male	75	November 13, 2020	November 12, 2023	-	-	-	-	-	-	-	Not applicable
Chen Shiyi	Independent director	Incumbent	Male	66	November 13, 2020	November 12, 2023	-	-	-	-	-	-	-	Not applicable

Wan Liangyong	Independent director	Incumbent	Male	43	November 13, 2020	November 12, 2023	-	-	-	-	-	-	-	-	Not applicable
Liu Xunci	Independent director	Incumbent	Male	64	September 1, 2017	November 12, 2023	-	-	-	-	-	-	-	-	Not applicable
He Zhuohui	Chairman of the Supervisory Committee	Incumbent	Male	57	September 2, 2015	November 12, 2023	-	-	-	-	-	-	-	-	Not applicable
Qiu Haiyan	Supervisor	Incumbent	Female	48	September 1, 2014	November 12, 2023	-	-	-	-	-	-	-	-	Not applicable
Mao Tianxiang	Employee Supervisor	Incumbent	Male	42	September 1, 2017	November 12, 2023	128,979	-	-	-	-	100,604	229,583	-	Non-transaction transfer under the employee stock ownership plan
Li Jian	CFO	Incumbent	Female	50	August 9, 2021	November 12, 2023	97,709	-	-	-	-	196,804	294,513	-	Non-transaction transfer under the employee stock ownership plan
Yan Xiaolin	Senior Vice President	Incumbent	Male	56	September 1, 2014	November 12, 2023	1,018,176	-	-	-	-	285,126	1,303,302	-	Non-transaction transfer under the employee stock ownership plan
	CTO				December 6, 2012										
Du Juan	Director	Former	Female	52	March 19, 2018	December 22, 2022	417,730	-	-	-	-	374,237	791,967	-	Non-transaction transfer under the employee stock ownership plan
Jin Xuzhi	Director	Former	Male	68	January 25, 2019	December 22, 2022	521,997	-	-	-	-	232,564	754,561	-	Non-transaction transfer under the employee stock ownership plan
	Senior Vice President				August 13, 2015										
Liu Kun	Director	Former	Male	44	May 13, 2021	April 12, 2022	-	-	-	-	-	-	-	-	Not applicable
Total	--	--	--	--	--	--	816,147,318	-	-	-	-	2,127,153	818,274,471	--	--

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
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Liu Kun	Non-executive Director	Former	April 12, 2022	Resigned as a Non-executive Director of the Company due to job adjustment.
Lin Feng	Non-executive Director	Elected	April 29, 2022	Election at a shareholders' meeting
Du Juan	Non-executive Director	Former	December 22, 2022	Resigned as a Non-executive Director of the Company for personal reasons.
Jin Xuzhi	Executive Director, Senior Vice President	Former	December 22, 2022	Resigned as a Non-executive Director and Senior Vice President of the Company for personal reasons.
Wang Cheng	Executive Director	Elected	January 9, 2023	Election at a shareholders' meeting
Zhao Jun	Executive Director, Senior Vice President	Elected and appointed	January 9, 2023	Election at a shareholders' meeting and appointment by the Board

2. Positions

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

Mr. Li Dongsheng, 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, 13th and 14th National People's Congress. Mr. Li has held a number of prestigious positions: Former Vice Chairman of All China Federation of Industry and Commerce (ACFIC), Vice Chairman of the China Chamber of International Commerce, First President of the China Manufacturing Innovation Alliance, Honorary President of Guangdong Federation of Industry&Commerce, 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.

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 with the MBA degree in December 2012. 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 June 2021, he took office as Deputy General Manager of Huizhou Investment Holding Co., Ltd. (and also served as a director of the company since August 2016). From March 2017 to March 2022, he has been a director of Huizhou Financing Guarantee Co., Ltd.; from March 2017 to January 2023, he concurrently served as a director of 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. in November 2020; in June 2021, he was appointed as Deputy General Manager of Huizhou State-Owned Asset Investment Group.

Mr. Wang Cheng, Executive Director and 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.

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 Vic 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.

Mr. Liao Qian, Executive Director, Senior Vice President, and Secretary of the Board of Directors 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 Guotai Junan International 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 Tonly Technology Co., Ltd. and CDOT (0334.HK); Vice Chairman of the Board of Tianjin 712 Communication & Broadcasting Co., Ltd. (603712.SH), and Director of Tianjin Zhonghuan (002129.SZ).

Mr. Zhao Jun, Executive Director and Senior Vice President of TCL Tech. He was born in Xianyang City, Shaanxi Province in November 1972, and is a member of the Communist Party of China. He graduated from Northwestern Polytechnical University with a master's degree of engineering in polymer materials. After graduation, he served as vice president at Tianma Micro-Electronics Group, and currently serves as Senior Vice President of TCL Tech and CEO of TCL CSOT. From April 1997 to January 2018, he worked with Tianma Micro-Electronics Group, successively serving as a pre-process engineer, deputy manager of the quality department, director of manufacturing and quality, deputy general manager, assistant president, and general manager and vice president of the procurement center and quality center. From May 2018 to October 2019, he joined Wuhan China Star Optoelectronics Technology Co., Ltd. as general manager and director. From October 2019 to February 2021, he served as Vice President of TCL Tech, Senior Vice President of TCL CSOT, General Manager of TCL CSOT Large

Size Business Group and General Manager of TV Business Department. On July 30, 2021, he was awarded the title of “Shenzhen Top 100 Innovative Trail-blazers” in the new era. From February 2021 to December 2022, he served as Chief Operating Officer of TCL CSOT and presided over the overall work of the CSOT. Since December 2022, he has served as Senior Vice President of TCL Tech and CEO of TCL CSOT.

Mr. Lin Feng, Non-executive Director of TCL Tech. He graduated from Central South University of Economics and Law in 2011 with a master’s degree in management science and engineering. From July 2011 to January 2013, he worked for China Sanjiang Space Group Co., Ltd.; from February 2013 to May 2016, he served as project director and deputy director of the Industrial Investment Department of Hubei Science & Technology Investment Group Co., Ltd.; from May 2016 to May 2018, he served as deputy general manager of Wuhan Optics Valley Industrial Investment Co., Ltd.; since May 2018, he has been appointed as general manager of Wuhan Optics Valley Industrial Investment Co., Ltd.

Mr. Gan Yong, independent director of TCL Tech. He is a 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 of Han ethnicity 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 second principal of the Southern University of Science and Technology (SUSTech). Currently, he is president of the Eastern Institute for Advanced Study, a chair professor at the Southern University of Science and Technology, a member of the 10th National Committee of the China Association for Science and Technology, vice chairman of the 2nd Council of the China Engineering Education Accreditation Association, vice chairman of the 11th Council of the Chinese Society of Theoretical and Applied Mechanics, a member of the Standing Committee of the 7th Committee of the CPPCC Shenzhen Municipal Committee, and a member of the Standing Committee of the 16th People’s Congress of Ningbo City.

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. Currently, he is a professor and a doctoral supervisor at the School of Business Administration of South China University of Technology, and director of the Accounting Development Research Center. He is also a council member of the Accounting Society of China (ASC), and independent director of multiple companies, including Goworld.

Mr. Liu Xunci, independent director of TCL Tech., professor, and Top Talent in Huizhou City. He was born in Longhui County, Hunan Province, and was awarded a master’s degree. 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 Huizhou University as a lecturer, associate professor, professor, and teaching supervisor. He is now an expert of the Decision-making Consultative Committee of Huizhou Municipal People’s Government.

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 Ren chengchang (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. (during which period, he has also served as Chairman of the Fifth, Sixth, And Seventh Supervisory Committees of TCL Technology Group Corporation since August 2015).

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 March 2014 to March 2022, she concurrently served as an employee director of Huizhou Investment Development Co., Ltd.; since April 2014, she has concurrently served as a Supervisor of the Fifth, Sixth, and Seventh Supervisory Committees of the Company; and since June 2022, she has concurrently served as a director of Huizhou Industrial Investment Development Master Fund Co., Ltd.).

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 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 August 2014, he successively served as deputy head of the Legal Section and head of the General Section in Huizhou Auditing Bureau, the Deputy Director of the Law Enforcement Effectiveness Supervision Office of the Huizhou Municipal Commission for Discipline Inspection, and the Director of the Deputy Department; since September 2014, he has worked in the Company and successively served as Deputy Director of the Party and Mass Work Department, Secretary of the Youth League Committee, Acting General Manager of the Electronic Devices Business Department of Techne Group, General Manager of TCL Resource Investment, Chief Auditor of TCL CSOT, etc. 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 TCL Zhonghuan New Energy Technology Co., Ltd. (002129.SZ); since November 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.

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, a doctor and professor senior engineer, serves as Chief Technology Officer (CTO) and Senior Vice President of TCL Tech and Dean of the Wuhan TCL Industrial Technology Research Institute, Ltd.; Director of TCL CSOT, and Chief Scientist of TCL CSOT; Chairman of Guangdong Juhua Printed Display Technology Co., Ltd., Chairman of TCL Microchip Technology (Guangdong) Co., Ltd., Chairman of Xiamen Extremely PQ Display Technology Co., Ltd., Chairman of Mostar Semiconductor (Guangdong) Co., Ltd., Director of National Center of Technology Innovation for Display; Chairman of the IEC Technical Committee on Electronic Display Devices, Vice Chairman and President of Asia of the Organic Printing Electronics Society, and Fellow of the Society for Information Display (SID). He is an expert of the National Advisory Committee on New Materials Industry Development and an initiator of the New Display Direction of the National “Key New Materials R&D and Application Projects (2030)”, an initiator of the New Display Direction of the “National High-tech Research and Development Plan (863 Plan)” under the “12th Five-Year Plan” of the Ministry of Science and Technology of the People’s Republic of China, an initiator of the New Display Direction of the key research and development plan of “Special Project for Strategic Advanced Electronic Materials” under the national “13th Five Year Plan”, an initiator of the New Display Direction of the key research and development plan of “Key Special Project for New Display and Strategic Electronic Materials” implementation scheme under the national “14th Five Year Plan”. 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 Jiutian Liancheng Equity Investment Partnership (Limited Partnership)	Representative appointed by the executive partner	August 2014	Incumbent	No
Lin Feng	Wuhan Optics Valley Industrial Investment Co., Ltd.	General Manager	May 2018	Incumbent	Yes
He Zhuohui	Huizhou Investment Holding Co., Ltd.	Full-time Deputy Secretary and Director	December 2012	Incumbent	Yes
Qiu Haiyan	Huizhou Investment	Workers’ Director	February	Incumbent	Yes

	Holding Co., Ltd.		2014		
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 Industrial 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
Wang Cheng	TCL Microchip Technology (Guangdong) Co., Ltd.	Director	May 2021	Incumbent	No
	Amlogic (Shanghai) Co., Ltd	Director	May 2020	Incumbent	No
Liao Qian	Tianjin 712 Communication & Broadcasting Co., Ltd.	Vice Chairman of the Board	June 2019	Incumbent	No
Lin Feng	Hubei Xiaomi Changjiang Industrial Investment Fund Management Co., Ltd.	Supervisor	October 2017	Incumbent	No
	Wuhan Optical Valley Fiberhome Investment Fund Management Co., Ltd.	Director	August 2018	Incumbent	No
	Wuhan Weineng Battery Assets Co., Ltd.	Director	August 2021	Incumbent	No
Gan Yong	The Chinese Society for Metals	President	May 2017	Incumbent	Yes
Chen Shiyi	Eastern Institute for Advanced Study	President	August 2022	Incumbent	Yes
Wan Liangyong	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
Li Jian	Bank of Shanghai Co., Ltd.	Director	January	Incumbent	No

			2022		
Yan Xiaolin	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

For details, please refer to the relevant announcements disclosed by the Company on the designated information disclosure media on October 29, 2022 and January 20, 2023.

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	Position	Gender	Age	Position Status	Total before-	Remuneration
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					tax remuneration from the Company	from any related party or not
Li Dongsheng	Chairman of the Board, CEO	Male	65	Incumbent	1037.41	Yes
Liang Weihua	Vice Chairman of the Board	Male	41	Incumbent	0	Yes
Wang Cheng	Director, COO	Male	48	Incumbent	644.64	No
Zhao Jun	Director, Senior Vice President	Male	50	Incumbent	12.19	No
Shen Haoping	Director, Senior Vice President	Male	60	Incumbent	Note	No
Liao Qian	Director, Board Secretary and Senior Vice President	Male	42	Incumbent	565.34	No
Lin Feng	Director	Male	37	Incumbent	0	Yes
Gan Yong	Independent director	Male	75	Incumbent	0	No
Chen Shiyi	Independent director	Male	66	Incumbent	20	No
Wan Liangyong	Independent director	Male	43	Incumbent	20	No
Liu Xunci	Independent director	Male	64	Incumbent	16	No
He Zhuohui	Chairman of the Supervisory Committee	Male	57	Incumbent	16	Yes
Qiu Haiyan	Supervisor	Female	48	Incumbent	10	Yes
Mao Tianxiang	Employee Supervisor	Male	42	Incumbent	153.08	No
Li Jian	CFO	Female	50	Incumbent	639.60	No
Yan Xiaolin	Senior Vice President, CTO	Male	56	Incumbent	722.25	No
Du Juan	Former director	Female	52	Former	0	Yes
Jin Xuzhi	Former Director, Senior Vice President	Male	68	Former	950.59	No
Liu Kun	Former director	Male	44	Former	0	No
Total	--	--	--	--	4,807.10	

Note: 1. The above amounts include fixed salaries, allowances, and performance bonuses received from the Company by the directors, supervisors, and senior executives of the Company during their terms of office.

2. As at the end of the Reporting Period, non-executive director Mr. Liang Weihua and independent director Mr. Gan Yong had not

received their respective allowances of RMB341.300 thousand (before tax), and independent director Mr. Chen Shiyi had not received the allowance of RMB141.300 thousand (before tax); non-executive director Mr. Lin Feng gave up the allowance; Director Shen Haoping received an allowance from TCL Zhonghuan. The specific data are subject to the announcements of TCL Zhonghuan.

3. In 2022, the Company took out liability insurances for all its directors, supervisors, and senior executives, with a total premium of RMB421.8 thousand per year. The participation of the directors, supervisors, and senior executives in the Company's employee stock ownership plan is detailed in the relevant announcements issued by the Company.

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 15th meeting of the 7th Board of Directors	January 21, 2022	January 24, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 15th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on January 24, 2022 (Notice No.: 2022-002)
The 16th meeting of the 7th Board of Directors	March 18, 2022	March 21, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 16th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on March 21, 2022 (Notice No.: 2022-007)
The 17th meeting of the 7th Board of Directors	April 13, 2022	April 14, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 17th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on April 14, 2022 (Notice No.: 2022-017)
The 18th meeting of the 7th Board of Directors	April 27, 2022	April 28, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 18th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on April 28, 2022 (Notice No.: 2022-031)
The 19th meeting of the 7th Board of Directors	May 31, 2022	June 1, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 19th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on June 1, 2022 (Notice No.: 2022-054)
The 20th meeting of the 7th Board of Directors	June 24, 2022	June 27, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 20th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on June 27, 2022 (Notice No.: 2022-065)
The 21st meeting of the 7th Board of Directors	July 6, 2022	July 7, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 21st Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on July 7, 2022 (Notice No.: 2022-069)
The 22nd meeting of the 7th Board of Directors	August 8, 2022	August 9, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 22nd Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on August 9, 2022 (Notice No.: 2022-085)
The 23rd meeting of the 7th Board of Directors	August 12, 2022	August 13, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 23rd Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on August 13, 2022 (Notice No.: 2022-087)
The 24th meeting of the 7th Board of Directors	August 26, 2022	August 27, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 24th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on August 27, 2022 (Notice No.: 2022-091)
The 25th meeting of the 7th Board of Directors	October 21, 2022	October 25, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 25th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on October 25, 2022 (Notice No.: 2022-104)
The 26th meeting of	December	December	All proposals were adopted. Please refer to the <i>Notice on Resolutions</i>

the 7th Board of Directors	12, 2022	13, 2022	adopted at the 26th Meeting of the 7th Board of Directors disclosed on www.cninfo.com.cn on December 13, 2022 (Notice No.: 2022-114)
The 27th meeting of the 7th Board of Directors	December 23, 2022	December 24, 2022	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 27th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on December 24, 2022 (Notice No.: 2022-119)

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	13	2	11	-	-	No	1
Liang Weihua	13	1	12	-	-	No	1
Wang Cheng	-	-	-	-	-	No	-
Shen Haoping	13	1	12	-	-	No	-
Liao Qian	13	2	11	-	-	No	3
Zhao Jun	-	-	-	-	-	No	-
Lin Feng	9	1	8	-	-	No	1
Gan Yong	13	1	12	-	-	No	-
Chen Shiyi	13	1	12	-	-	No	-
Wan Liangyong	13	1	12	-	-	No	3
Liu Xunci	13	2	11	-	-	No	3
Du Juan	12	2	10	-	-	No	-
Jin Xuzhi	12	1	11	-	-	No	-
Liu Kun	2	-	2	-	-	No	-

Explanation for absence from the Board meetings in person for two consecutive times: None

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	3	January 4, 2022	1. <i>2021 Audit Plan for Financial Statements of TCL Technology Group Corporation</i> ; 2. <i>2021 Internal Control Plan of TCL Technology Group Corporation</i> .	The audit committee carried out its work in strict accordance with the <i>Company Law</i> , the regulatory rules of the CSRC, the <i>Articles of Association</i> and the <i>Rules of Procedure of the Board of Directors</i> . Upon thorough communication and discussion, all proposals were unanimously adopted.	-	Not applicable
			April 26, 2022	1. <i>Proposal on the 2021 Annual Financial Report of the Company</i> ; 2. <i>Proposal on the Summary Report of the Audit Committee under the Board Regarding the 2021 Annual Audit Carried out by Da Hua Certified Public Accountants (Special General Partnership)</i> ; 3. <i>Proposal on Renewing the Engagement of the Accounting Firm</i> .	The audit committee carried out its work in strict accordance with the <i>Company Law</i> , the regulatory rules of the CSRC, the <i>Articles of Association</i> and the <i>Rules of Procedure of the Board of Directors</i> . Upon thorough communication and discussion, all proposals were unanimously adopted.	-	Not applicable
			August 26, 2022	1. Proposal on the Text of the Company's 2022 Semiannual Report and Its Summary	The audit committee carried out its work in strict accordance with the <i>Company Law</i> , the regulatory rules of the CSRC, the <i>Articles of Association</i> and the <i>Rules of Procedure of the Board of Directors</i> . Upon thorough communication and discussion, all proposals were	-	Not applicable

					unanimously adopted.		
Remuneration and Appraisal Committee	Gan Yong, Wan Liangyong, Liu Xunci, Du Juan	2	April 27, 2022	Proposal on the Remuneration of the Directors, Supervisors, and Senior Executives in 2021	All proposals were adopted upon deliberation.	-	Not applicable
			May 31, 2022	1. Proposal on <i>Adjusting the Company's 2021-2023 Employee Stock Ownership Plan (Phase I)</i> and the Management Measures 2. Proposal on the <i>Company's 2021-2023 Employee Stock Ownership Plan (Phase II) (Draft)</i> 3. Proposal on the <i>Company's 2021-2023 Employee Stock Ownership Plan (Phase II) and the Management Measures</i>	All proposals were adopted upon deliberation.	-	Not applicable
Nomination Committee	Chen Shiyi, Wan Liangyong, Liu Xunci, Liang Weihua, Liao Qian	2	April 13, 2022	Proposal on Supplementing Non-executive Directors to the 7th Board of Directors.	All proposals were adopted upon deliberation.	-	Not applicable
			December 23, 2022	Proposal on Supplementing Directors to the 7th Board of Directors.	All proposals were adopted upon deliberation.	-	Not applicable
Strategy Committee	Li Dongsheng, Liang Weihua, Jin Xuzhi, Du Juan, Liao Qian, Shen Haoping, Chen Shiyi	2	April 26, 2022	Proposal on the 2021 Environmental, Social and Governance Report	All proposals were adopted upon deliberation.	-	Not applicable
			December 11, 2022	Proposal on Using Raised Funds to Swap Self-raised Funds Previously Invested in Projects that should be Funded with Raised Funds	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	519
Number of in-services of the Company of major subsidiaries	69,309
Total number of in-services of the Company at the end of period	69,828
Total number of paid employees in the Reporting Period	69,828
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	1,443
Functions	
Function	Employees
Production	45,409
Sales	2,341
Technical	14,458
Financial	882
Administrative	514
Management	2,149
Other	4,075
Total	69,828
Educational backgrounds	
Educational background	Employees
PhD	287
Master	3,958
Bachelor's degree	14,745
Junior college and others	4,218
Total	23,208

Note : The "educational backgrounds" section excludes overseas employees and front-line operators.

2. Employee Remuneration Policy

The Company implements the remuneration management on a basis of the principle of "job-determined responsibilities and salary, and pay for 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 Company, 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, trained many excellent management personnel at all levels for enterprises, and supported the development of the Company. In the meantime, to empower the strategy and business, create an atmosphere that fosters the intensive learning and actively implement the digital transformation, the T-school online learning platform was launched in 2020, and provided more than 2600 online courses to more than 60000 users as of the end of 2022, with a total 760 thousand study hours. The Learning and Development Group is committed to creating an innovative experience combined

with knowledge, functions and social culture learning.

In 2022, we continued to optimize and upgrade leadership empowerment projects, strengthen to empower the strategy and business, create an atmosphere that fosters the intensive learning, establish a more stereoscopic training system, and build a talent pool for the management and professional talents in line with the Company's strategic requirements.

In the aspect of platform building, we will strengthen trainer and course management, improve T-classroom, build the knowledge platform, upgrade user experience and provide extensive learning resources in all-round way and multiple formats.

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

The reasons why 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 during the Reporting Period	The purpose and use plan of the Company's undistributed profits
The final plan for the profit distribution and conversion of the capital reserve to the share capital in 2022: based on the Company's share capital as at March 30, 2023, i.e., 17,071,891,607 shares, the capital reserve is to be converted into capital on a basis of 1 share for every 10 shares to all the shareholders. After the conversion, the total share capital of the Company will be changed to 18,779,080,767 shares. Neither cash dividends nor bonus shares will be distributed this year.	The Company focuses on high-tech, asset-heavy, and long-term industrial development, with semiconductor display, new energy photovoltaic, and semiconductor materials as its core business. In 2022, with the demand from the end-users weakened, the display industry continued to cyclically adjusted at the bottom, and the prices of large-sized display panels dropped significantly year-on-year, resulted in overall operational losses. The Company is shoring up the weak production capacity of medium-size products in line with recovered demand with a more balanced business structure. In terms of the new

	energy photovoltaic industry, the Company will seize the industrial development opportunities, continue to enhance advanced technology and capacity advantages, and accelerate to become a global leader. To meet the Company's business development needs and in combination with its actual operating conditions, the Company's Board of Directors proposed for converting the capital reserve to 1 share for every 10 shares held by the shareholders, instead of cash or share distribution for this year, to ensure the Company's sustained, stable, and healthy development, and better safeguard the long-term interests of all the shareholders.
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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)	0
Bonus issue from capital reserves (share/10 shares)	1
Share base (share)	17,071,891,607
Cash dividends (RMB'0,000) (tax inclusive)	0
Cash dividends in other forms (e.g. share repurchase) (RMB'0,000)	50,262
Total cash dividends (including those in other forms) (RMB'0,000)	50,262
Distributable profits (RMB'0,000)	1,641,605
Total cash dividends (including those in other forms) as a percentage of total profits to be distributed (%)	Not applicable

Cash dividend plan

Not applicable

Details of profit distribution or capital reserve fund transfer plan

In combination with its actual operating conditions and in order to ensure the Company's sustained, stable, and healthy development in the future, and better safeguard the long-term interests of all the shareholders, the final plan for the profit distribution and conversion of the capital reserve to the share capital in 2022: based on the Company's share capital as at March 30, 2023, i.e., 17,071,891,607 shares, the capital reserve is to be converted into capital on a basis of 1 share for every 10 shares to all the shareholders. After the conversion, the total share capital of the Company will be changed to 18,779,080,767 shares. Neither cash dividends nor bonus shares will be distributed this year.

Where any changes occur, before the implementation of the dividend plan, to the total 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 conversion amount under the same conversion ratio", subject to the actual conversion amount.

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

Applicable Not applicable

1. Equity Incentives

Applicable Not applicable

Equity Incentives Granted to Directors and Senior Management

Applicable Not applicable

Appraisal of and Incentive for Senior Management

During the Reporting Period, the Company conducted performance appraisal and competency and quality assessment on the managers. The Contract To Success (CTS) system was used for performance appraisal. In respect to the team led by each manager, the

key factors of performance appraisal included phased strategic goals and operating goals of the current period (such as profits, cash flow, products and service quality) and key projects; the comprehensive results of each accomplished 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 direct all systems of the Company and serve the purpose of enhancing the overall efficiency of the Company. The management assessment consisted of four dimensions, included manager performance, competence, experience and quality (potential, personality and aspiration/values). An annual examination report for managers was generated through annual performance assessment, manager review and inspection, 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.

2. 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 number of shares held (share)	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	21,299,502	Not applicable	0.12%	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	Not applicable	0.66%	The Company's special incentive fund for 2021
2021-2023 Employee Stock Ownership Plan (Phase II)	The Company's middle and senior management and outstanding key staff	3,600	106,484,364	Not applicable	0.62%	The Company's special incentive fund for 2022

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

Name	Position	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, CEO	About 10.93 million shares	About 27.07 million shares	0.16%
Wang Cheng	Director, COO			
Liao Qian	Director, Board Secretary and Senior			

	Vice President			
Zhao Jun	Director, Senior Vice President			
Yan Xiaolin	Senior Vice President, CTO			
Li Jian	CFO			
Mao Tianxiang	Employee Supervisor			

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

3. 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	March 31, 2023	
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	97%	
Evaluated entities combined revenue as a percentage of consolidated revenue	97%	
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> <p>Common weaknesses: misstatements $<$ 3% of profit before tax</p>	Not applicable

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, 2022, based on the <i>Basic Rules on Enterprise Internal Controls</i> and other applicable rules.	
Independent auditor's report on internal controls disclosed or not	<i>The Internal Control Audit Report of TCL Technology Group Corporation</i> disclosed at www.cninfo.com.cn dated March 31, 2023
Disclosure date	March 31, 2023
Index to such report disclosed	http://www.cninfo.com.cn
Type of the auditor's opinion	Unmodified opinions
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

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 Guangming Sewage Plant	1	North of the plant area	127 mg/L	260mg/L	884.8t	/	Not applicable
	COD	Intermittently discharged to the artificial wetland	1	Artificial wetland	13.5 mg/L	30mg/L	46.7t	/	Not applicable
	Nitrogen oxides	Intermittently discharged to the atmosphere in an organized manner	50	Plant roof	30.3 mg/M ³	120mg/NM ³	33t	/	Not applicable
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	COD	Intermittently discharged to Guangming Sewage Plant	2	Southeast corner of the plant	70mg/L	110mg/L	91.785t	/	Not applicable
	Nitrogen oxides	Intermittently discharged to the atmosphere in an organized manner	10	Plant roof	5 mg/M ³	30 mg/NM ³	5.927t	/	Not applicable
Suzhou China Star Optoelectronics Technology Co., Ltd.	COD	Continuously discharged to CSSD Environmental Technology Wastewater Treatment Plant	2	In CSSD Environmental Technology Wastewater Treatment Plant	54.38mg/L	500mg/L	90.852t	129.6t	Not applicable
					29.25mg/L	100mg/L	67.8455t	449.82t	Not applicable
	Ammonia nitrogen	Wastewater Treatment Plant	1		0.72mg/L	6mg/L	2.2317t	22.68t	Not applicable
Suzhou China Star Optoelectronics Display Co., Ltd.	COD	Continuously discharged to Suzhou Industrial Park First Sewage Treatment Plant	1	South gate of the plant area	23.62mg/L	500mg/L	4.6954t	96.335t	Not applicable
	Ammonia nitrogen				0.28mg/L	45mg/L	0.0565t	5.65t	Not applicable
Wuhan China Star Optoelectronics Technology Co., Ltd.	COD	Intermittently discharged	1	Southwestern corner of the plant	43mg/L	400mg/L	133.49t	353.55t	Not applicable
	Ammonia nitrogen	Intermittently discharged	1	Southwestern corner of the plant	4.6mg/L	30mg/L	20.51t	35.36t	Not applicable
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	COD	Intermittently discharged	1	Northeastern corner of the plant	37mg/L	400mg/L	249.054t	570.8t	Not applicable
	Ammonia nitrogen	Intermittently discharged	1	Northeastern corner of the plant	3.1mg/L	30mg/L	31.22t	57.1t	Not applicable

Ltd.									le
TianJin Zhonghuan Advanced Material&Technology Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (total nitrogen, total phosphorus, pH value, suspended matter, BOD5, flow, fluoride, petroleum)	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 <i>Comprehensive Sewage Discharge Standard</i>	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, BOD5, flow, fluoride, petroleum)	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 <i>Comprehensive Sewage Discharge Standard</i>	Not exceeding	Standard	Not applicable
Tianjin Huanzhi New Energy Technology Co., Ltd.	Wastewater: chemical oxygen demand, total phosphorus (calculated as P), ammonia nitrogen (NH3-N), total nitrogen (calculated as N), pH value, suspended solids, petroleum, anionic surfactant, 5-day biochemical oxygen demand	Organized	1	General discharge outlet	As per emission standard	DB12/599-2015 <i>Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant</i>	Not exceeding	Standard	Not applicable
Inner Mongolia Zhonghuan Solar	Waste gas: Particulate	Organized, unorganized	Multiple	General discharge outlet, plant area,	As per emission standard	GB16297-1996 <i>Comprehensive Air</i>	Not exceeding	Standard	Not applicable

Material Co., Ltd.	matter, nitrogen oxides, VOCs, fluoride Wastewater: COD, ammonia nitrogen, other characteristic pollutants (total phosphorus, pH, suspended matter, BOD5, fluoride)			and roof of production workshop		<i>Pollutant Emission Standard, GB8978-1996</i> <i>Comprehensive Sewage Discharge Standard</i>			le
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (fluoride, total nitrogen, total phosphorus, suspended matter, pH, BOD5)	Organized	1	General discharge outlet	As per emission standard	<i>GB/T 31962 Water Quality Standard for Sewage Discharged into Urban Sewers</i> <i>GB8978-1996 Comprehensive Sewage Discharge Standard</i>	Not exceeding	Standard	Not applicable
Huansheng Solar (Jiangsu) Co., Ltd.	Wastewater: COD, ammonia nitrogen, other characteristic pollutants (fluoride, total nitrogen, total phosphorus, suspended matter, pH)	Organized	1	General discharge outlet	As per emission standard	<i>GB 30484-2013 Discharge Standard for Battery Industry Pollutants</i>	Not exceeding	Standard	Not applicable
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	As per emission standard	<i>GB 30484-2013 Discharge Standard for Battery Industry Pollutants</i>	Not exceeding	Standard	Not applicable

1. Construction and operation of facilities for preventing pollution

During the 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 concentration and total amount of waste water discharged meet the relevant national and local standards.

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, 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 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 disposed of by an authorized 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.

2. 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.

3. 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.

4. Environmental Self-Monitoring Program

The Company has formulated an environmental self-monitoring program in accordance with government regulations, and defined monitoring indicators, implementation standards, their limits, monitoring frequency, and monitors the discharge of pollutants by automatic monitoring or manual monitoring performed by a qualified third-party agency. The monitoring plans and annual monitoring reports can be retrieved from the major environmental monitoring information platform managed by local environmental authorities or subsidiary websites.

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 energy management, a sound energy management system has been established for the main subsidiaries of TCL Tech and passed the ISO50001 certification. Suzhou CSOT has taken energy saving measures in terms of water, electricity, and gas. It invested more than an amount of RMB30 million in technological transformation of energy conservation throughout the year to promote a total of 50 projects on technological transformation of energy conservation, saving 20.52 million kWh of electricity and reducing 14.4 thousand tons of carbon in the year. The units of Shenzhen CSOT have implemented a total of 249 energy-saving projects from multiple dimensions such as process energy conservation, management energy conservation, and parameter optimization. In 2022, TCL CDOT saved 3.47 million kWh of electricity by improving productivity and other energy management actions. In addition, TCL Zhonghuan has carried out comprehensive energy management and energy conservation and consumption reduction, and focused on promoting the digital construction of energy management. It directly saved 50.2145 million kWh of electricity by means of energy conservation and efficacy enhancement in 2022. In 2022, all major segments under TCL Tech implemented ISO14064 Greenhouse Gas Accounting and Verification, and established scientific targets of emission reduction.

Companies under TCL Tech continue to develop and utilize renewable energy. The Photovoltaic Power Generation System of Suzhou CSOT has a total installed capacity of 12 MW. It is expected to be connected to the grid for power generation in February 2023, with an annual power generation capacity of 12 million kWh. Shenzhen CSOT followed the principle of "laying as much as possible" to equip photovoltaics on its roofs. In 2022, it had a newly installed capacity of 3.83 MW, an annual power generation capacity of 4 million kWh, and a total capacity of 48 MW. It can generate power of 50 million kWh every year and has been awarded the title of "National Smart Photovoltaic Demonstration Project". Since 2019, Huizhou CSOT has successively installed distributed photovoltaics on the roofs of its factory premises. In 2022, it completed a newly installed capacity of 1 MW, with a total installed capacity of 18.56 MW, and can generate power of 14.24 million kWh every year. Wuhan CSOT built a photovoltaic power generation system in 2022 and connected it to the grid for power generation, which can generate power of 17.50 million kWh, save about 5.70 thousand tons of standard coal, and reduce carbon dioxide emissions from greenhouse gas by about 17.2 thousand tons every year. The distributed power station built by TCL Zhonghuan can provide 37.31 million kWh of green power and a photovoltaic power station with a capacity expected to exceed 4 GW will be built before 2027, directly supplying the production bases in Inner Mongolia and Ningxia.

TCL Tech always adheres to green development, focuses on green products, actively deploys a layout in green industries, and builds green cultures. The Company continuously updates green product design and production technologies, reduces photovoltaic product costs, promotes energy transformation, and further promotes the development of the photovoltaic industry. TCL Zhonghuan has accelerated the production and manufacturing of semiconductor materials, focusing on the development and integration of two platforms, namely, G12 large-sized solar wafers and high-efficiency laminated tile module technology. Relying on the G12 technology platform and flexible manufacturing capabilities, TCL Zhonghuan has launched silicon wafers of 210+ large sizes by linking the industrial chain to respond to the market demand for large-sized and high-power products, and accelerate the construction of laminated tile module projects. In terms of green culture, the Company continues to conduct various training, experience sharing, and themed activities in connection with environmental protection knowledge, to publicize the Group's green image externally, raise employees' low-carbon awareness internally, and create a good atmosphere for energy conservation and carbon reduction.

TCL Tech companies not only strictly fulfill their responsibilities for environment protection, but also strive to integrate the concept of environment protection in all key parts of the industrial chain. Upholding the idea of low-carbon development, they constantly innovate and optimize all links alongside the industrial chain including procurement, logistics, warehousing, and packaging. The Company also actively explores and implements green finance in the supply chain, and strives to promote green and sustainable development throughout the entire chain. On April 27, 2022, TCL Tech successfully issued the first green medium-term note, which was rated by a third-party agency as the green bond level G-1. On June 29, 2022, TCL Finance launched China's first re-discount business for carbon emission reduction notes within the industry, further enhancing accurate support for "low-carbon" enterprises.

In the future, all companies of TCL Technology will 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 2022*.

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

TCL Tech actively responds to national calls and focuses on four major areas (i.e. science and technology, education, culture and sports, and targeted relief), continuously strengthens investment in public charitable undertakings, integrates public charitable resources, and contributes to promoting social equity, consolidating and expanding achievements of poverty alleviation and, and achieving rural revitalization and common prosperity. The Company has combined its advantageous industrial resources to conduct projects such as “TCL Photovoltaic School”, “TCL Public Charitable Smart Classroom”, “A.I. Home”, “Little Music+”, and “TCL Hope Project Candlelight Award Plan”, to contribute to the revitalization of rural education from the perspectives such as rural school educational resources and infrastructure.

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

To address the sustainable development issues for rural schools, TCL Charity Foundation cooperated with TCL Zhonghuan to implement the TCL Photovoltaic Sunshine Campus Project, building solar photovoltaic power generation systems free of charge on the roofs of the rural schools and donating the income from such power generation to the schools. The electricity so generated is fully integrated into the power grid, and the power generation income is used for improving the instructional environment and funding for students from poor families, creating a sustainable educational aid model. In 2022, the Foundation donated the first batch of roof-based photovoltaic power generation systems and equipment and income from 25 years of power generation by such systems and equipment, to a total of 10 rural schools in Xixiang County, Hanzhong City, and Lingwu City, Yinchuan City respectively. The installed power generation capacity of the roof-based photovoltaic power generation system for each of the schools is 54 KW, and it is expected to generate 30.11 million kWh of electricity throughout its life cycle.

To eliminate the inequity of educational resources between urban and rural areas, TCL Charity Foundation establishes TCL Public Charitable Smart Classrooms in urban and rural schools, including smart instructional equipment, to build multimedia smart classrooms and “urban and rural areas” tailored classes. In September 2022, the opening ceremony of TCL Public Charitable Smart Classroom was successfully held. In November 2022, Longsheng Experimental Middle School in Guilin, Guangxi was selected and started to implement the Smart Classroom Project.

In 2019, TCL Charity Foundation cooperated with the TCL Industrial Research Institute to launch the “A.I. Home” project, developed and designed the “Eagle Storytelling Machine”, and delivered the “Eagle Story Club” campaign in rural schools, bringing together children from rural schools, to improve their wellbeing and assist their growth. In 2022, the fourth and fifth batches of pilot schools were selected for the “Eagle Story Club” project. A total of 14 schools from 6 provinces such as Shaanxi, Guangxi, and Hubei, were selected as the “Eagle Story Club” pilot schools, and a total of 70 story boxes were distributed, benefiting 4655 students.

To provide high-quality music education resources for children, TCL Charity Foundation and the Education Foundation of the Beijing Central Conservatory of Music launched the “Little Music+” project. Through the “Little Snow Music Machine”, the “Little Snow Music Class” was delivered to introduce both Chinese and international famous music works to students and motivate kids to develop positive and optimistic characters. In 2022, the fourth and fifth batches of pilot schools were selected for the “Little Snow Music Class”. A total of 15 schools from 7 provinces such as Shaanxi, Guangxi, and Guizhou were selected as the “Little Snow Music Class” pilot schools, and a total of 70 music boxes were distributed, benefiting 6301 students.

To promote the development of rural education, TCL Charity Foundation continues to implement the “TCL Hope Project Candlelight Award Plan” to recruit and encourage rural teachers to stay in their jobs and contribute to rural education. The project solicited excellent teachers from 194 counties and districts in 14 provinces that serve as the key counties in the National Rural

Revitalization and the pairing support areas of Shenzhen. Each of the winners received a personal award worth RMB9,500, including a cash reward and 7-day offline “Candlelight Class” training. Till now, this project has been successfully implemented for eight sessions, with applicants from 523 counties in 23 provinces across the country. More than 3000 outstanding rural teachers from 2000 schools have won the awards. A total investment of over RMB42 million has been made in this project.

In addition, TCL Charity Foundation continues to launch projects such as targeted assistance and community charity. Through actions such as helping the needy, and pairing assistance, it supports, consolidates and expands the poverty alleviation achievements, builds harmonious urban and rural communities, and contributes to social equity and harmonious development. In 2022, the Foundation launched projects such as pairing assistance donations to Taimei Town, Boluo County, Huizhou, donations to Jingjia Village, Erwangzhuang Town, Baodi District, Tianjin, donations to Mutouwo, Lianzhuang Town, Ninghe District, Tianjin, and donations to the Red Cross of Anlong County, Guizhou, in support of local poverty alleviation achievements, improving rural infrastructure, and revitalizing tourism and other industries. In addition, the Company attached importance to rural population, paid attention to the cultural-ethical development in rural areas, and launched community public charitable projects such as wedding photos for rural women, to bridge the gap between urban and rural areas from multiple aspects.

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

(1) Details of commitment

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
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 the Company with its subsidiaries.	August 30, 2013	During the tenure of the Company's director, supervisor or senior management	In continuous performance
	Citic Securities Company Limited, Nuode Asset Management Co., Ltd., Guotai Junan Securities Co., Ltd., Everbright Securities Company Limited, UBS AG, Caitong Fund Management Co., Ltd., GF Securities Co., Ltd., Haitong Securities Co., Ltd., Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund, China Life Asset Management	About restriction on sales of shares	The shares of TCL Tech subscribed shall not be transferred within 6 months from the date of listing.	December 5, 2022	6 months from the date of listing of the new shares	In continuous performance

	<p>Co., Ltd. - China Life Asset Management - Bank of China - China Life Asset - PIPE2020 Insurance Asset Management Product, China Southern Asset Management Co., Ltd., Shen Ruijin, Dacheng Fund Management Co., Ltd., Golden Eagle Asset Management Co., Ltd., Huaxia Life Insurance Co., Ltd., Taikang Asset Management Co., Ltd. - Taikang Life Insurance Co., Ltd. - Unit Link - Industry Configuration, Guang Dong Zheng Yuan Private Fund Investment Management Co., Ltd. - Zhengyuan Saturday Private Equity Investment Fund, Bank of Communications Schroder Fund Management Co., Ltd., Foresight Fund Co., Ltd.</p>					
<p>Commitments made in selling major assets</p>	<p>The largest shareholder of the listed company and person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)</p>	<p>About avoiding horizontal competition</p>	<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. 2. After this transaction, I/this partnership will take active measures to avoid any business or activity that</p>	<p>December 7, 2018</p>	<p>During the period of being the largest shareholder of TCL Group</p>	<p>In continuous performance</p>

		<p>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,</p>			
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			timely and full joint and several compensation for the losses to TCL Group caused thereby.			
		Commitments on reducing and regulating related party transactions	<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 compensation for the losses to TCL</p>	December 7, 2018	During the period of being the largest shareholder of TCL Group	In continuous performance

			<p>Group caused thereby.</p> <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.</p> <p>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 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> <p>1. The independence and integrity of TCL Group's assets.</p> <p>2. TCL Group does not have any funds or assets occupied by me/this partnership and my/this partnership's subordinate enterprises.</p> <p>(III) The financial independence of TCL Group.</p> <p>1. TCL Group establishes an independent financial department and an independent financial accounting system.</p>	<p>December 7, 2018</p>	<p>During the period of being the largest shareholder of TCL Group</p>	<p>In continuous performance</p>
	<p>The largest shareholder of the listed company and person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)</p>	<p>Commitments on maintaining the independence of listed companies</p>				

			<p>2. TCL Group has a standardized and independent financial accounting system.</p> <p>3. TCL Group opens an independent bank account and does not share a bank account with me/this partnership.</p> <p>4. The financial personnel of TCL Group shall not work part-time in my/this partnership's subordinate enterprises.</p> <p>5. TCL Group can make independent financial decisions, and I/this partnership shall not interfere with the use of TCL Group's funds.</p> <p>(IV) The institutional independence of TCL Corporation.</p> <p>1. TCL Group has an independent and complete organization which can operate independently.</p> <p>2. TCL Group's office and premises for production and operations are separated from my subordinate enterprises/this partnership.</p> <p>3. The Board of Directors, Board of Supervisors and various functional departments of TCL Group 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</p>			
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			subordinate enterprises, I/this partnership will bear the corresponding compensation liability according to the law.			
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next steps	Not applicable					

(2) Fulfillment of commitments

In October 2022, the largest shareholder of the Company and his person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng) received the *Decision on Administrative Supervision Measures* issued by the Guangdong Office of China Securities Regulatory Commission. It was found in the Decision that the commitments made by the largest shareholder of the Company and his person acting in concert, upon significant asset restructuring in 2018, to reduce related party transactions and maintain the independence of the listed company were not fully fulfilled. So the administrative supervision measures were taken to order the largest shareholders of the Company and their persons acting in concert to make rectification thereof.

The largest shareholders of the Company and their persons acting in concert attached great importance to the Decision, and based on the actual situation, they studied and comprehensively sorted out relevant problems item by item, and formulated practical and feasible rectification plans detailed as follows, in accordance with the *Company Law*, the *Securities Law*, the *Rules for the Listing of Stocks on the Shenzhen Stock Exchange*, the *Self-regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standard Operation of Companies Listed on the Main Board*, as well as other relevant laws, regulations, normative documents, and the *Articles of Association*:

1. In 2020 and 2021, the total amount of daily related party transactions between TCL Tech and TCL Industrial was RMB13.226 billion and RMB 18.349 billion respectively, an increase of 157% and 218% over 2019, which indicates that the commitment to reduce related party transactions was not fully fulfilled.

The daily related party transactions between the Company and TCL Industrial mainly involved the sales of large-sized LCD panels and related products by a subsidiary of the Company TCL CSOT to subordinated enterprises of TCL Industrial, and the procurement of components and materials by TCL CSOT from subordinated enterprises of TCL Industrial. As manufacturers from the Chinese mainland, such as TCL CSOT, continuously put new lines into operation, the concentration of the display panel industry continued to increase. In 2022, the global top three panel manufacturers, including TCL CSOT, had a market share of nearly 60% in the TV panel market, among which TCL CSOT's market share reached 18%. TCL CSOT ranked second in terms of the TV panel market share in the world, first in terms of the market share of 55-inch and 75-inch market in the world, and second in terms of the market share of 32-inch and 65-inch market in the world. TCL Electronics, a controlling subsidiary of TCL Industrial Holdings, is one of the global top three TV manufacturers and a key target customer for panel companies including TCL CSOT. With the increasing concentration of the TV industry, and changes in the competition and ecosystem of the display industry chain, it is crucial for TCL CSOT's operations to consolidate and enhance cooperation with the existing customers. TCL Electronics is one of the global top three TV manufacturers and a key target customer for panel companies including TCL CSOT.

The largest shareholders of the Company and their persons acting in concert will continue to minimize the related party transactions between the enterprises controlled by them and the Company. The transactions that are unavoidable or reasonably existing will be transacted with related parties, based on fair market principles and normal commercial conditions to ensure the fairness of the

prices of such related party transactions, and the decision-making procedures for related party transactions shall be gone through in accordance with laws. For related party transactions taken on the basis of the development trend of the industrial market and necessary for the going concern of enterprises, the Company will strengthen the review procedure and information disclosure management in connection with such transactions, disclose the implementation of the daily related party transactions taken with TCL Industrial in the previous year from this year, and submit them to the Board of Directors for review. The Company will also continue to explore other methods to supervise related party transactions that are consistent with the Company's actual business, ensure that the Company's related party transactions with TCL Industrial are just and fair, without harming the interests of the Company and its shareholders, especially those of small and medium shareholders.

In addition, the largest shareholders of the Company and their persons acting in concert have formulated plans to reduce related party guarantees and related party financial services: TCL Tech's related party guarantees for the target companies of TCL Industrial's significant asset restructuring taken in 2019 was reduced to no more than RMB5 billion as at the end of 2022, and will be further reduced to no more than RMB3.5 billion by the end of 2023, and be liquidated by the end of 2024; The TCL Tech's deposit loan limit for related party transactions with TCL Industrial will drop to no more than RMB2.5 billion in 2023.

2. Some personnel of TCL Tech participated in relevant business of TCL Industrial, office systems (hereinafter referred to as OA Systems) of TCL Tech and TCL Industrial were not completely separated, and TCL Tech, TCL Industrial, and TCL Group were not strictly distinguished in external publicity, which indicates inadequate fulfillment of the commitment to maintain the independence of listed companies.

In accordance with the *Company Law*, the *Securities Law*, the *Governance Standards for Listed Companies*, the *Rules for the Listing of Stocks on the Shenzhen Stock Exchange*, the *Self-regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standard Operation of Companies Listed on the Main Board*, as well as relevant rules and regulations of the China Securities Regulatory Commission, the largest shareholders of the Company and their persons acting in concert require TCL Industrial and advise TCL Tech to fully implement the personnel independence requirements, and conduct a comprehensive inventory on functional responsibilities, organizational structure, business processes, and personnel of the functional lines to ensure strictly independent staffing, management, and office, etc.

The largest shareholders of the Company and their persons acting in concert have required TCL Industrial and advised TCL Tech to sort out the permissions of the office systems and strengthen the management of the entrusted system service companies. According to the relevant plan, TCL Tech and TCL Industrial will comprehensively check the organizations, identity authentications, and permissions of all the OA accounts before June 2023, to solve the problem of employee affiliation caused by untimely data update for reasons such as legacy reasons, organizational changes, and job adjustments. TCL Tech and TCL Industrial have started to build their own independent OA systems to be physically isolated from each other. Due to the complexity of system construction, it is planned that this work will be completed before November 2023.

The largest shareholders of the Company and their persons acting in concert required TCL Industrial and urge TCL Tech to strengthen the management of their external publicity platforms, develop standardized systems, identify the standard abbreviations of legal entities and the use scenarios and explanations. The business data of TCL Tech used by TCL Industrial for publicity must be those that have been publicly disclosed. They should continue to improve the corresponding communication management system and process, manage and supervise the information content, entities' use scenarios, and publication procedures throughout the process.

The Company attaches great importance to the improvement of the standardization level, and will comprehensively sort out and complete the rectification as soon as possible in strict accordance with the requirements, and continue to maintain independence in terms of aspects such as assets, personnel, finance, business, and institution in accordance with laws, regulations, and the Articles of Association.

2. Where there had been an earnings 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	Forecast start	Forecast end	Current	Current	Reasons for not	Date of	Index to original
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project with an earnings forecast	time	time	forecast performance (RMB'0,000)	actual performance (RMB'0,000)	reaching the forecast (if applicable)	original forecast disclosure	forecast disclosure
Moka International Limited	January 1, 2021	December 31, 2023	24,607	51,099	Not applicable	December 12, 2020	<i>Announcement on the Acquisition of the 100% Equity Interests of Moka International Limited & the Related-Party Transactions (2020-166)</i>

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 2022, the target company Moka International Limited realized a net profit of RMB510.99 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. 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

On December 31, 2021, the Ministry of Finance issued the *Notice on Printing and Distributing the 'Interpretation of Accounting Standards for Business Enterprises No. 15'* (Cai Kuai [2021] No. 35) (hereinafter referred to as "Interpretation No. 15"), to specify the accounting treatment for external sales of products or by-products produced before fixed assets reach their intended serviceable condition or during the research and development process, the related presentation of centralized fund management, and the judgment on onerous contracts. The Company will make adjustments to its accounting policies in accordance with the above requirements. The Company started to implement the provisions of Interpretation No. 15 on the accounting treatment for external sales of products or by-products produced before fixed assets reach their intended serviceable condition or during the research and development process, and the judgment on onerous contracts from January 1, 2022 and the related presentation of centralized fund management from December 31, 2021.

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

Applicable Not applicable

Compared with 2021, 36 subsidiaries (36 newly incorporated) are newly included in and 5 subsidiaries (4 transferred and 1 de-registered) are excluded from the consolidation scope of 2022.

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)	381.40
How many consecutive years the domestic independent auditor has provided audit services for the Company	15 years
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Jiang Xianmin and Xiong Xin
How many consecutive years the certified public accountants have provided audit services for the Company	4 years, 1 year
Name of the foreign independent auditor (if any)	Not applicable
The Company's payment to the foreign independent auditor	Not applicable

(RMB'0,000) (if any)	
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

Indicate whether the independent auditor was changed during the Audit 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.

During the Reporting Period, the Company engaged Shenwan Hongyuan Financing Services Co., Ltd. as the sponsor at a recommendation fee of RMB3 million in connection with the non-public offering of shares.

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

Name	Type of change	Reason for change	Investigation punishment type	Conclusion (if any)	Date of disclosure	Index to disclosed information
The Company and relevant responsible persons	The Company and some senior executives	Some construction in progress were not promptly transferred into fixed assets and not depreciated, and thus caused depreciation to be less accrued by the Company for 2021. Expenses of some outsourced R&D projects were inappropriately capitalized. The provision for impairment of large assets accrued from January to May 2021 was not disclosed in a timely manner, and it was not disclosed until	Administrative supervision measures taken by the Guangdong Office of China Securities Regulatory Commission	Administrative supervision measures were taken to order the Company to correct the violations, and issue warning letters to relevant responsible persons	October 29, 2022	www.cninfo.com.cn (2022-109)

		the publication of the 2021 semi-annual report in August 2021				
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Description of rectifications

Applicable Not applicable

The Company attaches great importance to standard operation and high-quality development. After receiving the *Decision on Administrative Supervision Measures* (hereinafter, “the Decision”), the Company comprehensively sorted out and analyzed relevant problems, and made a comprehensive self-inspection on relevant matters, formulated practical and feasible rectification plans, and identified responsibilities in accordance with the *Governance Standards for Listed Companies*, the *Measures for the Administration of Information Disclosure by Listed Companies*, the *Rules for the Listing of Stocks on the Shenzhen Stock Exchange*, the *Self-regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standard Operation of Companies Listed on the Main Board*, and the *Accounting Standards for Business Enterprises*, as well as other relevant laws, regulations, normative documents, and the *Articles of Association*, and made the rectifications item by item in strict accordance with the requirements of the *Decision*. On December 23, 2022, the Company held the 27th meeting of the 7th Board of Directors to review and approve the *Proposal on the Reporting Rectification according to the ‘Decision on Administrative Supervision Measures’ Issued by the Guangdong Office of China Securities Regulatory Commission*, detailed in the relevant announcements disclosed by the Company on designated media. This rectification neither had an impact on the Company’s financial statements for previous years, nor involved any adjustment to the disclosed financial statements.

Other notes: see "Fulfillment of Commitments" under Part VI of this report for details.

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

During the Reporting Period, the Company’s daily related-party transactions is found in the related announcements disclosed on www.cninfo.com.cn.

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

Applicable Not applicable

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No related-party transactions regarding significant 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-	Beginning balance (RMB’0,00	Amount of new grants in current	Amount of recovered grants in	Coupon rate	Interest in current period	Ending balance (RMB’0,000
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			operating purposes or not	0)	period (RMB'0,00 0)	current period (RMB'0,00 0)		(RMB'0,00 0))
TCL Industrial Holdings Co., Ltd.	Related corporation	Sale of equity investments	No	126,029	96,000	174,989	0.00%	0	47,040
The Influence of Amounts Due to Related Parties on the Company's Operating Results and Financial Status		<p>1. The Company sold 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 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 <i>Announcement on the Disposal of Equity Interests in Guangzhou Financial and the Related-party Transactions</i> disclosed by the Company on www.cninfo.com.cn dated May 22, 2021.</p> <p>2. The Company sold 100% held equity of Chongqing Zhongxin Rongxin to TCL Industries Holdings Inc. in order to further optimize its business structure and focus resources on the development of its primary high-tech business in line with the government policy guidance and in accordance with the needs 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 before June 30, 2022. The remaining equity transfer price will be paid before June 30, 2023. Refer to the <i>Announcement on the Disposal of Equity Interests in Partnership Enterprise and the Related-Party Transactions</i> disclosed by the Company on www.cninfo.com.cn dated June 27, 2022.</p>							

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	0.01-1.83%	2,127.79	626,195.69	594,137.27	34,186.2

Loans

Related	Relationship	Loan limit	Range of	Beginning	Amount incurred in the	Ending
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parties	with the Company	(RMB'0,000)	interest	balance (RMB'0,000)	current period		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	The balance of comprehensive credit on any one day shall not exceed RMB6 billion (including loans, notes discounting, and notes acceptance)	-	-	-	-	-

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 on any one day shall not exceed RMB6 billion (including loans, notes discounting, and notes acceptance)	36,153.16
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill acceptance)		27,566.97

7. Other Major Related-Party Transactions

Title of announcement	Date of disclosure	Website for disclosure
Announcement on the Subscription of Convertible Bonds of Maxeon Solar Technologies, Ltd. by a Controlling Subsidiary TCL Zhonghuan and the Related-Party Transaction	August 13, 2022	www.cninfo.com.cn
Announcement on the Disposal of Equity Interests in Partnership Enterprises and the Related-Party Transaction	June 27, 2022	
Announcement on the Expected Continuing Related-Party Transactions for 2022	April 28, 2022	
Announcement on the Launch of Accounts Receivable Factoring and the Related-party Transaction	April 28, 2022	
Announcement on the Related-party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2022	April 28, 2022	
Announcement of TCL Technology Group Finance Co., Ltd. on Continuing to Provide Financial Services to Related	April 28, 2022	

Parties and Renewing the <i>Financial Service Agreement</i>	
Announcement on Progress of Additional Placement and Share Issue in Subsidiaries and the Related-Party Transaction	March 22, 2022
Announcement on Additional Placement and Share Issue in Subsidiaries and the Related-Party Transaction	January 24, 2022

XV. Major Contracts and Execution Thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

(2) Contracting

Applicable Not applicable

(3) Leases

Applicable Not applicable

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)	Counterguarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
TCL King Electrical Appliances (Huizhou) Co., Ltd.	April 28, 2022	327,138	August 29, 2019	10,997	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	3.6-5 years	No	Yes
TCL King Electrical Appliances (Chengdu) Co., Ltd.	April 28, 2022	51,653	-	-	Joint liability guarantee	/		-	Yes	Yes
Huizhou TCL Mobile Communication Co., Ltd.	April 28, 2022	212,507	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Mobile Communication (HK) Company Limited	April 28, 2022	29,225	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Home Appliances (Hefei) Co., Ltd.	April 28, 2022	68,280	March 2, 2021	3,800	Joint liability	/		1-2 years	No	Yes

					guarante e					
TCL Home Appliances (Zhongshan) Co., Ltd.	April 28, 2022	4,929	-		Joint liability guarantee	/		-	Yes	Yes
TCL Air-Conditioner (Zhongshan) Co., Ltd.	April 28, 2022	80,991	March 13, 2020	31,617	Joint liability guarantee	/		0.37-3 years	No	Yes
TCL Air Conditioner (Wuhan) Co., Ltd.	April 28, 2022	13,480	-		Joint liability guarantee	/		-	Yes	Yes
Zhongshan TCL Refrigeration Equipment Co., Ltd.	April 28, 2022	31,749	-		Joint liability guarantee	/		-	Yes	Yes
Guangdong TCL Smart Heating & Ventilation Equipment Co., Ltd.	April 28, 2022	2,522	-		Joint liability guarantee	/		-	Yes	Yes
TCL Home Appliances (Huizhou) Co., Ltd.	April 28, 2022	10,000	-		Joint liability guarantee	/		-	Yes	Yes
TCL Air-Conditioner (Jiujiang) Co., Ltd.	April 28, 2022	5,488	-		Joint liability guarantee	/		-	Yes	Yes
Tonly Technology Co., Ltd.	April 28, 2022	39,496	April 23, 2021	34,448	Joint liability guarantee	/		3 years	No	Yes
TCL Very Lighting Technology (Huizhou) Co., Ltd.	April 28, 2022	1,034	-		Joint liability guarantee	/		-	Yes	Yes
SHIFENDAOJI A Online Service Co., Ltd.	April 28, 2022	77	-		Joint liability guarantee	/		-	Yes	Yes

Guangzhou TCL Science and Technology Development Co., Ltd.	April 28, 2022	84,700	December 27, 2018	28,800	Joint liability guarantee	/		13 years	No	Yes
TCL Industries Holdings (HK) Limited	April 28, 2022	514,629	December 21, 2021	139,284	Joint liability guarantee	/		3 years	No	Yes
Techhigh Circuit Technology (Huizhou) Co., Ltd.	April 28, 2022	499	-	-	Joint liability guarantee	/		-	Yes	No
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	April 28, 2022	40,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	No
Qihang Import&Export Limited	April 28, 2022	6,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	April 28, 2022	110,000	August 22, 2022	20,541	Joint liability guarantee	/	With counter-guarantee	50 days-1 year	No	No
Aijexu New Electronic Display Glass (Shenzhen) Co., Ltd.	April 28, 2022	80,000	April 28, 2020	30,378	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	9 years	No	No
Qihang International Import & Export Limited	April 28, 2022	50,000	January 1, 2022	13,928	Joint liability guarantee	/	With counter-guarantee	1 year	No	No
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	May 22, 2021	45,500	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	Yes

Total approved line for such guarantees in Reporting Period (A1)		1,764,397	Total actual amount of such guarantees in Reporting Period (A2)		74,264					
Total approved line for such guarantees at the end of the Reporting Period (A3)		1,809,897	Total actual balance of such guarantees at end of Reporting Period (A4)		313,793					
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)	Counterguarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
Wuhan China Star Optoelectronics Technology Co., Ltd.	April 28, 2022	1,600,000	July 26, 2019	574,124	Joint liability guarantee	/	/	20 days-3 years	No	No
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 28, 2022	1,550,000	April 28, 2018	1,126,598	Joint liability guarantee	/	/	1 month-8 years	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	April 28, 2022	679,500	February 17, 2022	137,116	Joint liability guarantee	/	/	4 days-10 years	No	No
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 28, 2022	2,000,000	December 22, 2017	1,051,156	Joint liability guarantee	/	/	3 months-8 years	No	No
Huizhou China Star Optoelectronics Technology Co., Ltd.	April 28, 2022	1,150,000	January 1, 2021	710,362	Joint liability guarantee	/	/	3 months-8 years	No	No

China Star Optoelectronics International (HK) Limited	April 28, 2022	500,000	-	-	Joint liability guarantee	/	/	-	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	April 28, 2022	150,000	November 19, 2021	41,550	Joint liability guarantee	/	/	43 days-7.39 years	No	No
Wuhan China Display Optoelectronics Technology Co., Ltd.	April 28, 2022	50,000	-	-	Joint liability guarantee	/	/	-	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	April 28, 2022	40,000	May 31, 2022	1,490	Joint liability guarantee	/	/	240 days - 15 months	No	No
TCL Technology Group Finance Co., Ltd.	April 28, 2022	300,000	January 25, 2022	60,974	Joint liability guarantee	/	/	95-409 days	No	No
Highly Information Industry Co., Ltd.	April 28, 2022	480,000	January 17, 2022	464,880	Joint liability guarantee	/	/	1 day-2.5 years	No	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	April 28, 2022	10,000	September 27, 2022	5,000	Joint liability guarantee	/	/	1 year	No	No
Beijing Lingyun Data Technology Co., Ltd.	April 28, 2022	131,500	June 14, 2022	70,278	Joint liability guarantee	/	/	86-364 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	April 28, 2022	130,000	July 19, 2022	97,000	Joint liability guarantee	/	/	1 year	No	No
Shaanxi Titi Electronic Technology Co., Ltd.	April 28, 2022	10,000	September 27, 2022	3,000	Joint liability guarantee	/	/	1 year	No	No

TCL Technology Park (Huizhou) Co., Ltd.	April 28, 2022	172,600	April 24, 2020	99,400	Joint liability guarantee	/	/	1-10 years	No	No
TCL Technology Investments Limited	April 28, 2022	400,000	July 14, 2020	208,926	Joint liability guarantee	/	/	5 years	No	No
Ningbo TCL Equity Investment Ltd.	April 28, 2022	50,000	-	-	Joint liability guarantee	/	/	-	No	No
TCL Moka International Limited	April 28, 2022	176,000	May 20, 2022	43,061	Joint liability guarantee	/	/	1 year	No	No
Huizhou Moka Technology Development Co., Ltd.	April 28, 2022	55,000	-	-	Joint liability guarantee	/	/	-	No	No
Moka Technology (Guangdong) Co., Ltd.	April 28, 2022	700,000	June 29, 2022	85,566	Joint liability guarantee	/	/	1-8 months	No	No
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 28, 2022	1,750,000	March 4, 2022	1,006,692	Joint liability guarantee	/	/	1-8 years	No	No
Suzhou China Star Optoelectronics Display Co., Ltd.	April 28, 2022	265,000	August 30, 2022	16,444	Joint liability guarantee	/	/	10 years	No	No
Suzhou China Star Optoelectronics Technology Co., Ltd.	April 28, 2022	57,000	-	-	Joint liability guarantee	/	/	-	No	No
Highly (Tianjin) Technology Co., Ltd.	April 28, 2022	50,000	July 9, 2022	97,207	Joint liability guarantee	/	/	40-61 days	No	No

Highly (Tianjin) E-Commerce Co., Ltd.	April 28, 2022	5,000	-	-	Joint liability guarantee	/	/	-	No	No
Qingdao Blue Business Consulting Co., Ltd.	April 28, 2022	5,000	July 27, 2022	395	Joint liability guarantee	/	/	242 days	No	No
Tianjin Printronics Circuit Corporation	April 28, 2022	100,000	October 12, 2022	1,521	Joint liability guarantee	/	/	8 years	No	No
TCL Technology Group (Tianjin) Co., Ltd.*	April 28, 2022	200,000	August 31, 2022	90,000	Joint liability guarantee	/	/	5 years	No	No
Tianjin TiTi Yunchuang Technology Co., Ltd.*	April 28, 2022	5,000	September 27, 2022	5,000	Joint liability guarantee	/	/	1 year	No	No
Tianjin Xincheng Pilot Technology Co., Ltd.*	April 28, 2022	5,000	September 27, 2022	5,000	Joint liability guarantee	/	/	1 year	No	No
Tianjin WanfangNuoxin Technology Co., Ltd. *	April 28, 2022	5,000	September 27, 2022	5,000	Joint liability guarantee	/	/	1 year	No	No
Total approved line for such guarantees in the Reporting Period (B1)		12,781,600		Total actual amount of such guarantees in the Reporting Period (B2)						3,880,593
Total approved line for such guarantees at the end of the Reporting Period (B3)		12,781,600		Total actual balance of such guarantees at the end of the Reporting Period (B4)						6,007,740
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counterguarantee (if any)	Term of guarantee	Expired or not	Guarantee for related

	announcement									parties or not
Huhehaote Huanju New Energy Development Co., Ltd.*	November 26, 2014	19,529	December 11, 2015	19,529	Joint liability guarantee	/	/	9.5 years	No	No
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	11,240	July 21, 2017	11,240	Joint liability guarantee	/	/	15 years	No	No
Otog Banner Huanju New Energy Co., Ltd.	June 24, 2017	18,324	August 30, 2017	18,324	Joint liability guarantee	/	/	10 years	No	No
Qinhuangdao Tianhui Solar Energy Co., Ltd.	November 11, 2017 September 6, 2018	21,279	January 19, 2018	21,279	Joint liability guarantee	/	/	10-12 years	No	No
Guyuan Shengju New Energy Co., Ltd.	September 6, 2018	9,369	October 8, 2018	9,369	Joint liability guarantee	/	/	11 years	No	No
Zhangjiakou Shengyuan New Energy Co., Ltd.	September 6, 2018	12,840	October 8, 2018	12,840	Joint liability guarantee	/	/	11 years	No	No
Zhonghuan Hong Kong Holding Limited	March 22, 2021	65,000	March 26, 2021	50,000	Joint liability guarantee	/	/	3 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021 May 26, 2022	582,497	April 30, 2021	463,497	Joint liability guarantee	/	/	7 years	No	No
Huansheng Solar (Jiangsu) Co., Ltd.	March 22, 2021	48,000	April 1, 2021	48,000	Joint liability guarantee	/	/	5 years	No	No
Tianjin Huanzhi New Energy Technology Co., Ltd.	January 21, 2021	171,500	July 20, 2021	45,283	Joint liability guarantee	/	/	7 years	No	No

Ningxia Zhonghuan Solar Material Co., Ltd.	January 23, 2022	748,000	May 30, 2022	470,000	Joint liability guarantee	/	/	7 years	No	No
Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	190,000	June 30, 2022	101,589	Joint liability guarantee	/	/	7 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	55,000	September 30, 2022	31,822	Joint liability guarantee	/	/	5 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd	May 26, 2022	115,000	September 28, 2022	26,000	Joint liability guarantee	/	/	7 years	No	No
Subsidiaries within the consolidated scope (retained)	May 26, 2022	450,000	-	-	Joint liability guarantee	/	/	-	No	No
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.*	April 28, 2022	2,612,500	April 28, 2018	1,062,350	Joint liability guarantee	/	/	8 years	No	No
PANEL OPTODISPLAY TECHNOLOGY PRIVATE LIMITED	April 28, 2022	8,200	-	-	Joint liability guarantee	/	/	-	No	No
TCL Moka International Limited	April 28, 2022	214,500	April 29, 2022	26,046	Joint liability guarantee	/	/	26-87 days	No	No
China Star Optoelectronics International (HK) Limited	April 28, 2022	500,000	November 24, 2020	87,058	Joint liability guarantee	/	/	3 years	No	No
Total approved line for such guarantees in the Reporting Period (C1)			5,083,200	Total actual amount of such guarantees in the						898,926

		Reporting Period (C2)	
Total approved line for such guarantees at the end of the Reporting Period (C3)	5,852,779	Total actual balance of such guarantees at the end of the Reporting Period (C4)	2,504,227
Total guarantee amount (total of the three kinds of guarantees above)			
Total guarantee line approved in the Reporting Period (A1+B1+C1)	19,629,197	Total actual guarantee amount in the Reporting Period (A2+B2+C2)	4,853,782
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)	20,444,276	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	8,825,760
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets			66.79%
Of which:			
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)			248,946
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)			2,769,974
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)			2,218,823
Total of the three above amounts (D+E+F)			2,218,823
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) 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.

(2) During the Reporting Period, the Company adjusts the guarantee limit to its controlling subsidiaries based on their demands. The details are outlined as follows:

① The guarantee limit amounting to RMB2 billion offered to Suzhou China Star Optoelectronics Technology Co., Ltd. was transferred to TCL Technology Group (Tianjin) Co., Limited, another controlling subsidiary.

② The guarantee limit amounting to RMB50 million offered to Beijing Sunpiestore Technology Co., Ltd. was transferred to Tianjin Wanfang Nuoxin Technology Co., Ltd., Tianjin TiTi Yunchuang Technology Co., Ltd., and Tianjin Xincheng Pilot Technology

Co., Ltd., all of which are wholly-owned subsidiaries of the Company.

The Company has performed internal review procedures for the above-mentioned guarantee transfers, finding that they did not violate the legal provisions on listed companies, and complied with the relevant requirements of the *Proposal on Providing Guarantees for Subsidiaries in 2022* reviewed and approved at the 2021 annual shareholders' meeting held on May 19, 2022.

(3) In the table above, Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd., a subsidiary controlled by the Company, was jointly guaranteed by the Company and its subsidiary TCL China Star Optoelectronics Technology Co., Ltd. in an external syndicated loan, in which the Company provided certain percentage of guarantee, while TCL China Star Optoelectronics Technology Co., Ltd. provided full guarantee.

(4) As at the end of the Reporting Period, the debt portion under joint guarantee amounted to RMB10.6234955 billion. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively. The "total guarantee accrued at the end of the reporting period" and "total balance of guarantee accrued at the end of the Reporting Period" including the debt portion under the joint guarantee amounted to RMB10.6234955 billion.

In the "guarantee among subsidiaries", the guaranteed entity and Huhehaote Huanju New Energy Development Co., Ltd. were provided with the guarantee under joint and several liability by TCL Technology Group (Tianjin) Co., Ltd. and TCL Zhonghuan New Energy Technology Co., Ltd., both of which were subsidiaries. As at the end of the Reporting Period, the debt portion under joint guarantee amounted to RMB195.29 million.

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	Impairment allowance for unrecovered overdue amount of wealth management products
Bank's wealth management product	Self-funded	628,075.00	856,786.41	-	-
Securities firm's wealth management product	Self-funded	236,962.99	236,962.99	-	-
Trust plan	Self-funded	110,000.00	80,000.00	-	-
Other	Self-funded	37,969.76	37,969.76	-	-
Total		1,013,007.75	1,211,719.16	-	-

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

Applicable Not applicable

(2) Loan Entrusted for Wealth Management

Applicable Not applicable

4. Other Major Contracts

Applicable Not applicable

XVI. Other Significant Events

Applicable Not applicable

There are no other significant events that need to be explained for the Reporting Period.

XVII. Significant Events of Subsidiaries

Applicable Not applicable

Part VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before change		Increase/decrease in the Reporting Period (+/-)					After change	
	Shares	Percentage	New issues	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Shares	Percentage
I. Restricted Shares	612,110,488	4.36%	2,806,128,484	0	0	1,981,995	2,808,110,479	3,420,220,967	20.03%
1. Shares held by state-owned legal entities	0	0.00%	877,192,981	0	0	0	877,192,981	877,192,981	5.14%
2. Shares held by other domestic investors	611,718,990	4.36%	295,614,034	0	0	1,618,932	297,232,966	908,951,956	5.33%
Among which: Shares held by domestic legal entities	0	0.00%	187,134,502	0	0	0	187,134,502	187,134,502	1.10%
Shares held by domestic natural persons	611,718,990	4.36%	108,479,532	0	0	1,618,932	110,098,464	721,817,454	4.23%
3. Shares held by foreign investors	391,498	0.003%	196,783,625	0	0	363,063	197,146,688	197,538,186	1.15%
Among which: Shares held by foreign legal entities	0	0.00%	196,783,625	0	0	0	196,783,625	196,783,625	1.15%
Shares held by foreign natural persons	391,498	0.003%	0	0	0	363,063	363,063	754,561	0.004%
4. Fund, wealth management product, etc.	0	0.00%	1,436,537,844	0	0	0	1,436,537,844	1,436,537,844	8.41%
II. Non-restricted shares	13,418,531,933	95.64%	235,120,702	0	0	- 1,981,995	233,138,707	13,651,670,640	79.97%
1. RMB-denominated ordinary stock	13,418,531,933	95.64%	235,120,702	0	0	- 1,981,995	233,138,707	13,651,670,640	79.97%
III. Total shares	14,030,642,421	100.00%	3,041,249,186	0	0	0	3,041,249,186	17,071,891,607	100.00%

Reasons for changes in shares

Applicable Not applicable

1. During the Reporting Period, locked-up shares held by senior management increased by 1,981,995 shares, as non-restricted shares decreased by the same amount;
2. During the Reporting Period, part of the convertible corporate bonds “TCL Private Convertible 2” issued by the Company were converted to shares, among which 235,120,702 shares were newly added from conversion of the bonds by investors, resulting in an increase of 235,120,702 shares of the Company without restrictions on sale.
3. During the Reporting Period, the Company issued 2,806,128,484 RMB-denominated ordinary stock in non-public offering, resulting in an increase of 2,806,128,484 shares of the Company with restrictions on sale.

Approval of changes in shares

Applicable Not applicable

Upon approval by the China Securities Regulatory Commission under the document Zheng Jian Xu Ke [2020] No. 2521 and with the consent of the Shenzhen Stock Exchange, the Company issued 26,000,000 convertible corporate bonds to specific investors on November 30, 2020, which were converted to 235,120,702 new shares by the investors. The total share capital of the Company was increased from 14,030,642,421 shares to 14,265,763,123 shares.

Upon approval by the China Securities Regulatory Commission under the document Zheng Jian Xu Ke [2022] No. 1658, the Company issued a non-public offering of 2,806,128,484 RMB-denominated ordinary stock to specific investors, resulting in an increase of 2,806,128,484 shares of the Company’s total share capital, which increased from 14,265,763,123 shares to 17,071,891,607 shares.

Transfer of share ownership

Applicable Not applicable

Effects of changes in shares 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 2022
Basic earnings per share (RMB/share)	0.0191
Diluted earnings per share (RMB/share)	0.0185
Item	December 31, 2022
Net profit attributable to ordinary shareholders of the Company (RMB)	2.97

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

Name of Shareholder	Number of restricted shares at period-begin	Number of increased restricted shares of the period	Number of released restricted shares of the period	Number of restricted shares at period-end	Reason for restriction	Date of restriction release
CITIC Securities Co., Ltd.	0	280,701,754	0	280,701,754	The shares were within the lockup period of non-public	The restriction on the sale of new shares will be released after 6 months from the
Guotai Junan Securities Co., Ltd.	0	228,070,175	0	228,070,175		

Everbright Securities Company Limited	0	204,678,362	0	204,678,362	offering (shares of the Company subscribed by investors in non-public offering shall not be transferred within 6 months from the date of listing)	date of listing (December 22, 2022)
UBS AG	0	196,783,625	0	196,783,625		
GF Securities Co., Ltd.	0	187,134,502	0	187,134,502		
Haitong Securities Co., Ltd.	0	163,742,690	0	163,742,690		
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	0	131,578,947	0	131,578,947		
China Life Asset Management - Bank of China - China Life Asset - PIPE2020 Insurance Asset Management Product	0	116,959,064	0	116,959,064		
Shen Ruijin	0	108,479,532	0	108,479,532		
Huaxia Life Insurance Co., Ltd. - Self-owned funds	0	87,719,298	0	87,719,298		
Other shareholders participating in the non-public offering of the Company	0	1,100,280,535	0	1,100,280,535		
Other	612,110,488	1,981,995	0	614,092,483	Locked-up shares of senior management	Not applicable
Total	612,110,488	2,808,110,479	0	3,420,220,967	--	--

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								
Conversion of directional convertible bonds to shares	November 2022	RMB 4.10/share	235,120,702	November 2022	235,120,702	Not applicable	Please refer to www.cninfo.com.cn	November 24, 2022
Non-public offering of A-shares	November 28, 2022	RMB 3.42/share	2,806,128,484	December 22, 2022	2,806,128,484	Not applicable		December 16, 2022, December 21, 2022
Convertible corporate bonds, convertible corporate bonds with attached warrants, corporate bonds								
Not applicable								
Other derivative securities								
Not applicable								

Notes on Issuance of Securities (Preferred Shares Exclusive) in the Reporting Period

Upon approval by the China Securities Regulatory Commission under the document Zheng Jian Xu Ke [2020] No. 2521 and with the consent of the Shenzhen Stock Exchange, the Company issued 26,000,000 convertible corporate bonds to specific investors on November 30, 2020, which were converted to 235,120,702 new shares by the investors. The total share capital of the Company was increased from 14,030,642,421 shares to 14,265,763,123 shares.

Upon approval by the China Securities Regulatory Commission under the document Zheng Jian Xu Ke [2022] No. 1658, the Company issued a non-public offering of 2,806,128,484 RMB-denominated ordinary stock to specific investors, resulting in an increase of 2,806,128,484 shares of the Company's total share capital, which increased from 14,265,763,123 shares to 17,071,891,607 shares.

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. Changes in Shares" in this part.
- (2) The total assets and net assets increased during the Reporting Period, as some of the convertible corporate bonds "TCL Private Convertible 2" issued by the Company were converted to shares by the investors and the funds raised through the non-public offering of shares were received.

3. Existing Staff-Held Shares

Applicable ✓ Not applicable

III. Shareholders and Actual Controller

1. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders by the end of the reporting period	731,411	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	698,567	Total number of preference shareholders with resumed voting rights by the end of the reporting period (if any)	0	Number of preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0	
Shareholdings of ordinary shareholders with more than 5% or the top 10 shareholders of ordinary shares								
Name of Shareholder	Nature of Shareholder	Shareholding percentage (%)	Number of shares held at the period-end	Increase/decrease during the Reporting Period	Number of restricted ordinary shares held	Number of non-restricted ordinary shares held	Shares in pledge, marked or frozen	
							Status	Shares
Li Dongsheng and his acting-in-concert party	Domestic individual/Domestic general legal entity	6.79%	1,159,085,019		610,545,821	548,539,198	Put in pledge by Li Dongsheng	143,665,800
							Put in pledge by Jiutian Liancheng	253,620,000
Huizhou Investment Holding Co., Ltd. and its acting-in-concert parties	State-owned legal entity	4.23%	722,144,427		0	722,144,427		
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	2.28%	388,498,477		0	388,498,477		
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	373,231,553		0	373,231,553		
CITIC Securities Co., Ltd.	State-owned legal entity	1.71%	292,681,754		280,701,754	11,980,000		
Guotai Junan Securities Co., Ltd.	State-owned legal entity	1.34%	228,563,475		228,070,175	493,300		
Everbright Securities Company Limited	State-owned legal entity	1.20%	205,004,054		204,678,362	325,692		
UBS AG	Foreign legal entity	1.15%	196,842,825		196,783,625	59,200		

GF Securities Co., Ltd.	Domestic general legal entity	1.12%	190,658,402		187,134,502	3,523,900		
Haitong Securities Co., Ltd.	State-owned legal entity	0.96%	163,749,690		163,742,690	7,000		
Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares (if any)		Not applicable						
Note on the above shareholders' associations or concerted actions		<p>Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the <i>Agreement on Concerted Action</i>, holding 1,159,085,019 shares in total and becoming the largest shareholder of the Company.</p> <p>Huizhou Investment Development Co., Ltd. and Huizhou Investment Holding Co., Ltd. became persons acting in concert due to equity relations. As at the end of the Reporting Period, there were 4,587 shares registered by Huizhou Investment Development Co., Ltd. with the China Securities Depository and Clearing Corporation Limited and 722,139,840 shares registered by Huizhou Investment Holding Co., Ltd. with the China Securities Depository and Clearing Corporation Limited</p>						
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights		Not applicable						
Explanation on repurchase accounts among top 10 shareholders (if any)		Not applicable						
Top 10 non-restricted ordinary shareholders								
Name of Shareholder	Number of non-restricted ordinary shares held at the end of the reporting period	Type of shares						
		Type	Shares					
Huizhou Investment Holding Co., Ltd. and its acting-in-concert parties	722,144,427	RMB-denominated ordinary shares	722,144,427					
Li Dongsheng and his acting-in-concert party	548,539,198	RMB-denominated ordinary shares	548,539,198					
Hong Kong Securities Clearing Company Ltd.	388,498,477	RMB-denominated ordinary shares	388,498,477					
China Securities Finance Corporation Limited	373,231,553	RMB-denominated ordinary shares	373,231,553					
Wuhan Optics Valley Industrial Investment Co., Ltd.	128,312,396	RMB-denominated ordinary shares	128,312,396					
TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase I)	113,143,154	RMB-denominated ordinary shares	113,143,154					
National Social Security Fund 113	107,093,876	RMB-	107,093,876					

Portfolio		denominated ordinary shares	
TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase II)	106,484,364	RMB-denominated ordinary shares	106,484,364
Sinatay Life Insurance Co., Ltd. - Conventional Product	104,190,172	RMB-denominated ordinary shares	104,190,172
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	74,761,500	RMB-denominated ordinary shares	74,761,500
Related or acting-in-concert parties among top 10 non-restricted outstanding shareholders, as well as between top 10 non-restricted 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 <i>Agreement on Concerted Action</i> , holding 1,159,085,019 shares in total and becoming the largest shareholder of the Company. Huizhou Investment Development Co., Ltd. and Huizhou Investment Holding Co., Ltd. became persons acting in concert due to equity relations. As at the end of the Reporting Period, there were 4,587 shares registered by Huizhou Investment Development Co., Ltd. with the China Securities Depository and Clearing Corporation Limited and 722,139,840 shares registered by Huizhou Investment Holding Co., Ltd. with the China Securities Depository and Clearing Corporation Limited		
Explanation for the top 10 ordinary shareholders participating in securities margin trading (if any)	As at the end of the Reporting Period, a shareholder of the Company, i.e., Huizhou Investment Holding Co., Ltd. and its person acting in concert, i.e., Huizhou Investment Development Co., Ltd., decreased the number of shares by 66,500,000 shares due to their participation in the refinancing business; the shareholder Wuhan Optical Valley Industrial Investment Co., Ltd. decreased the number of shares by 430,240,000 shares due to its participation in the refinancing business.		

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

Yes No

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 Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the *Agreement on Concerted Action*, holding 1,159,085,019 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.

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

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 holding more than 10% of the shares at the ultimate control level of the Company

Yes No

Change of the actual controller in the Reporting Period

Applicable Not applicable

The actual controller controls the Company through trust or other asset management methods

Applicable Not applicable

4. The cumulative number 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 with a Holding Percentage over 10%

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 (shares)	Proportion to total share capital	Amount of shares to be repurchased	Proposed repurchase period	Purpose of share repurchase	Number of repurchased shares (shares)	The proportion of repurchased shares to the underlying shares involved in the equity incentive plan (if any)
March 21, 2022	With a total repurchase amount of RMB450 million to 550 million at a repurchase price of no more than RMB8.00 per share (inclusive), it is estimated that the number of shares that can be	Based on the approximately 68.75 million of shares that can be repurchased, the proportion of the repurchased shares to the Company's total share capital	The total amount of repurchase shall be no less than RMB450 million (inclusive) and no more than RMB550 million	Within 12 months after the 16th Meeting of the Company's 7th Board of Directors deliberates and approves this share	For employee stock ownership plans or equity incentives	106,484,364	-

	repurchased will be approximately 68.75 million shares based on the upper limit of the total repurchase amount and the upper limit of the share repurchase price	approximately equals to 0.49%	(inclusive)	repurchase plan			
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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 2019 to Qualified Investors (Tranche 3)	19TCL03	112983	October 17, 2019	October 21, 2019	October 21, 2024	44,000	2.95%	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	3.05%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified	19TCL01	112905	May 17, 2019	May 20, 2019	May 20, 2024	100,000	3.15%	Interest payable annually and principal repayable in full upon	Shenzhen Stock Exchange

Investors (Tranche 1)								maturity	
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 2018 to Qualified Investors (Tranche 1)	18TCL01	112717	June 5, 2018	June 6, 2018	June 6, 2023	17,002	4.00%	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	Match to trade, click to trade, inquire to trade, bid to trade, negotiate to trade								
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 2019 to Qualified Investors (Tranche 1)*, the bondholders of 19TCL01 elected to sell back all or part of their 19TCL01 to TCL Technology Group Corporation during the sell-back registration period (April 19, 2022 to April 25, 2022) at the sell-back price of RMB100/bond (excluding interest). The coupon rate adjusted from 4.33% to 3.15% two years after the existence period, and the sell-back fund was released on May 20, 2022. According to the data provided by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the number of 19TCL01 sold back during the sell-back registration period was 10,000,000, and the sell-back amount was RMB1,000,000,000 (excluding interest). As indicated in the *Announcement on Resale Implementation Results*, the Company resold the sold-back bonds from May 23, 2022 to June 20, 2022, and the number of bonds proposed to be resold would be no more than 10,000,000. The number of bonds resold in this tranche was 10,000,000, and the average resale price was RMB100.2534/bond, and all of which had been resold through manual transfer. Upon the completion of the resales, no bonds pending for resales remain, and there are 10,000,000 bonds of 19TCL01 outstanding in depository.

In accordance with the provisions of the *Prospectus for TCL Technology Group Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)*, the bondholders of 19TCL02 elected to sell back all or part of their 19TCL02 to TCL

Technology Group Corporation during the sell-back registration period (June 27, 2022 to July 1, 2022) at the sell-back price of RMB100/bond (excluding interest). The coupon rate adjusted from 4.30% to 3.05% two years after the existence period, and the sell-back fund was released on July 25, 2022. According to the data provided by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the number of 19TCL02 sold back during the sell-back registration period was 9,800,000, and the sell-back amount was RMB980,000,000 (excluding interest). As indicated in the *Announcement on Resale Implementation Results*, the Company resold the sold-back bonds from July 26, 2022 to August 22, 2022, and the number of bonds proposed to be resold would be no more than 9,800,000. The number of bonds resold in this period was 9,800,000, with a net weighted average resale price of RMB100.0000 per bond. Among them, the number of bonds resold through the “sell-back and resale” column of the Shenzhen Stock Exchange trading system was 9,800,000. Upon the completion of the resales, no bonds pending for resales remain, and there are 10,000,000 bonds of 19TCL01 outstanding in depository.

In accordance with the provisions of the *Prospectus for TCL Technology Group Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)*, the bondholders of 19TCL03 elected to sell back all or part of their 19TCL03 to TCL Technology Group Corporation during the sell-back registration period (September 16, 2022 to September 22, 2022) at the sell-back price of RMB100/bond (excluding interest). The coupon rate adjusted from 4.20% to 2.95% two years after the existence period, and the sell-back fund was released on October 21, 2022. According to the data provided by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the number of 19TCL03 sold back during the sell-back registration period was 19,000,000, and the sell-back amount was RMB1,900,000,000 (excluding interest). As indicated in the *Announcement on Resale Implementation Results*, the Company resold the sold-back bonds from October 24, 2022 to November 18, 2022 according to relevant regulations, and the number of bonds to be resold would be no more than 19,000,000. The number of bonds resold in this period was 3,400,000, with a full weighted average resale price of RMB99.6724 per bond. Among them, the number of bonds resold through the “sell-back and resale” column of the Shenzhen Stock Exchange trading system was 3,400,000. After the implementation of the resale of the 19TCL03 bonds, the Company applied to the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited for the cancellation of the 15,600,000 bonds that had not been resold. After the cancellation, the number of remaining 19TCL03 depository bonds was 4,400,000.

3. Intermediary Organizations

Name of bond project	Name of intermediary organization	Office address	Name of signing accountants	Contact of intermediary organization	Tel.
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	Guotai Junan Securities Co., Ltd.	33F, One Museum Place, 669 Xinzha Road, Shanghai	-	Xu Lei, Wu Lei, Li Hongyu	021 -38032198
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	CITIC Securities Co., Ltd.	Citic Office Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Yang Fang, Deng Xiaoqiang, Chen Donghui, Zhou Junren, Shi Chunli	010 -60833575
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	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
19TCL01,	TF Securities Co.,	5F, 83	-	Huang Yike, Liu	010 -56702804

Name of bond project	Name of intermediary organization	Office address	Name of signing accountants	Contact of intermediary organization	Tel.
19TCL02, 19TCL03	Ltd.	Deshengmen Outer Avenue, Xicheng District, Beijing		Yue	
19TCL01, 19TCL02, 19TCL03	Shenwan Hongyuan Securities Underwriting Co., Ltd.	19 Taipingqiao Avenue, Xicheng District, Beijing	-	Zhou Fan, Ouyang Wenjian	010 -88085933
18TCL01, 18TCL02	Huatai United Securities Co., Ltd.	26F, China Travel Hong Kong Building, CBD Central Plaza, Futian District, Shenzhen	-	Yu Shouxiang, Tian Jianrong	0755 -82492000
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	Beijing Jia Yuan Law Offices	F408, Yuanyang Building , 158 Fuxingmen Inner Avenue, Beijing	-	Wen Liangjuan, Wang Ying	010 -66413377
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Yan Yan	010 -66428877
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	Da Hua Certified Public Accountants (Special General Partnership)	Building 7, Yard 16, West Fourth Ring Middle Road, Haidian District, Beijing	Li Bingxin, Zhang Yuanyuan, Yang Chunxiang	Jiang Xianmin	0755 -82900734

Whether the above organizations are changed in the Reporting Period

Yes No

4. Use of the Capital Raised

Unit: RMB'0,000

Name of bond project	Total amount of raised funds	Amount spent	Unused amount	Operation of special fund-raising account (if any)	Rectification of illegal use of raised funds (if any)	Whether consistent with the purpose, usage plan and other agreements promised in the prospectus
18TCL01, 18TCL02, 19TCL01, 19TCL02, 19TCL03	700,000	700,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	Not applicable	Consistent

The raised funds were used for construction projects

Applicable Not applicable

The Company changed the usage of above funds raised from bonds during the Reporting Period

Applicable Not applicable

5. Adjustments of credit rating results during the Reporting Period

Applicable Not applicable

6. The implementation and changes of guarantees, debt repayment plans and other safeguard measures regarding debt repayment during the Reporting Period, and their impact on bond investor equity

Applicable Not applicable

III. Debt Financing Instruments of Non-Financial Enterprises

Applicable Not applicable

1. General information of debt financing instruments of non-financial enterprises

Unit: RMB100 million

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
2022 Mid-Term Notes of TCL Technology Group Corporation	22TCL Ji MTN003 (Scientific innovation notes)	102281474	July 4, 2022	July 6, 2022	July 6, 2025	20.00	3.45%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market

(Tranche 3) (Scientific innovation notes)									
2022 Mid-Term Green Notes of TCL Technology Group Corporation (Tranche 2)	22TCL Ji GN002	132280040	April 25, 2022	April 27, 2022	April 27, 2025	15.00	3.30%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Notes of TCL Technology Group Corporation (Tranche 1)	22TCL Ji MTN001	102280089	January 12, 2022	January 14, 2022	January 14, 2025	20.00	3.45%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2021 Mid-Term Notes of TCL Technology Group Corporation (Tranche 1) (High-growth bonds)	21TCL-MTN001 (High-Growth Bonds)	102100966	May 10, 2021	May 12, 2021	May 12, 2024	20.00	4.15%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2020 Mid-	20TCL Ji MTN001	102000509	March 25, 2020	March 27, 2020	March 27, 2023	30.00	3.60%	Interest payable	Inter-bank

Term Notes of TCL Technology Group Corporation (Tranche 1)								annually and principal repayable in full upon maturity	market
Investor eligibility (if any)	Not applicable								
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

3. Intermediary Organizations

Name of bond project	Name of intermediary organization	Office address	Name of signing accountants	Contact of intermediary organization	Tel.
20TCL Ji MTN001, 21TCL Ji MTN001, 22TCL Ji GN002, 22TCL Ji MTN003 (Scientific innovation notes)	Industrial and Commercial Bank of China	55 Fuxingmen Inner Avenue, Xicheng District, Beijing	-	Dai Ying	010 -66109649
20TCL Ji MTN001, 22TCL Ji MTN001	Agricultural Bank of China	69 Jianguomen Inner Avenue, Dongcheng District, Beijing	-	An Liwei	010 -85109045
21TCL Ji MTN001, 22TCL Ji MTN003 (Scientific innovation notes)	China Construction Bank Corporation	25 Jinrong Avenue, Xicheng District, Beijing	-	Zhou Peng	010 -67596478
22TCL Ji MTN001	Bank of China Limited	1 Fuxingmen Inner Avenue, Beijing	-	Wang Chong	010 -66592195
22TCL Ji GN002	Shanghai Pudong Development	12 Zhongshan East 1st Road,	-	Lin Jie	021 -61616388

	Bank Co., Ltd.	Shanghai			
20TCL Ji MTN001, 21TCL Ji MTN001, 22TCL Ji MTN001, 22TCL Ji GN002, 22TCL Ji MTN003 (Scientific innovation notes)	China Chengxin International Credit Rating Co., Ltd.	Building 6, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Yan Yan	010 -66428877
20TCL Ji MTN001, 21TCL Ji MTN001, 22TCL Ji MTN001, 22TCL Ji GN002, 22TCL Ji MTN003 (Scientific innovation notes)	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 were changed during the Reporting Period

Yes No

4. Use of the Capital Raised

Unit: RMB'0,000

Name of bond project	Total amount of raised funds	Amount spent	Unused amount	Operation of special fund-raising account (if any)	Rectification of illegal use of raised funds (if any)	Whether consistent with the purpose, usage plan and other agreements promised in the prospectus
20TCL Ji MTN001, 21TCL Ji MTN001, 22TCL Ji MTN001, 22TCL Ji GN002, 22TCL Ji MTN003 (Scientific innovation notes)	1,050,000	1,050,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	Not applicable	Consistent

The raised funds were used for construction projects

Applicable Not applicable

The Company changed the usage of above funds raised from bonds during the Reporting Period

Applicable Not applicable

5. Adjustments of credit ratings results during the Reporting Period

Applicable Not applicable

6. The implementation and changes of guarantees, debt repayment plans and other safeguard measures regarding debt repayment during the Reporting Period, and their impact on bond investor equity

Applicable Not applicable

IV. Convertible Corporate Bonds

Applicable Not applicable

1. Conversion price adjustments

Name	Price before adjustment (RMB/share)	Adjusted price (RMB/share)	Start date for the adjustment
TCL Private Convertible 2 (convertible bond code: 124017)	8.00	7.88	May 19, 2021
TCL Private Convertible 2 (convertible bond code: 124017)	7.88	7.73	June 2, 2022
TCL Private Convertible 2 (convertible bond code: 124017)	7.73	4.10	July 25, 2022

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 2	May 31, 2021 to November 29, 2022	26,000,000	2,600,000,000	2,166,999,871	528,536,554	3.767%	0	0

As of November 30, 2022, TCL Private Convertible 2 has been matured and delisted, as detailed in the *Announcement on Honoring Upon Maturity and Delisting of "TCL Private Convertible 2"*.

3. Top 10 holders of convertible corporate bonds

Applicable Not applicable

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

Applicable Not applicable

5. Liabilities and change in credit of the Company at the end of the Reporting Period, as well as future cash arrangements for repayment

Applicable Not applicable

V. Consolidated loss of the Reporting Period exceeding 10% of 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

Applicable Not applicable

VIII. Key Accounting Data and Financial Indicators of the Company for the past two years as at the end of the Reporting Period

Unit: RMB'0,000

Item	End of the Reporting Period	December 31, 2021	Change
Current ratio	1.09	1.08	0.93%
Debt/asset ratio	63.3%	61.2%	2.05%
Quick ratio	0.78	0.80	-3%
	2022	2021	Change
Net profit before non-recurring gains and losses	-171,729	1,399,924	-112.27%
Debt to EBITDA ratio	12.12%	20.86%	-8.74%
Interest coverage ratio	0.92	4.57	-79.89%
Cash coverage ratio	4.32	8.54	-49.48%
EBITDA coverage ratio	5.17	8.39	-38.35%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

During the Reporting Period, the operating performance and profitability of the Company's subsidiaries decreased year-on-year due to the cyclical impact of the panel industry, resulting in large changes in the Company's accounting data and financial indicators.

TCL Technology Group Corporation
Auditor's Report
DHSZ[2023] No. 002888

大华会计师事务所(特殊普通合伙)

Da Hua Certified Public Accountants (Special General Partnership)

TCL Technology Group Corporation
Auditor's Report and Financial Statements

(For the period from January 1, 2022 to December 31, 2022)

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Auditor's Report

DHSZ [2023] No. 002888

To all Shareholders of TCL Technology Group Corporation:

I. Opinion

We have audited the financial statements of TCL Technology Group Corporation (TCL TECH.), which include the balance sheets of the consolidated company and parent company (the parent company exclusive of subsidiaries) as of December 31, 2022, the statements on income, cash flow and changes in shareholders' equity of the consolidated company and parent company for the year then ended, as well as the notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the consolidated company and parent company of the Company as of December 31, 2022, and the consolidated company and parent company operations results and cash flow for the year ended December 31, 2022 in accordance with the Accounting Standards for Business Enterprises.

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 56. 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 RMB166.6 billion, an increase of about RMB2.9 billion from the revenue of RMB163.7 billion for the previous period.</p> <p>As operating revenue is one of the Company's key operating indicators with the inherent 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 material 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"> understand and assess whether the management's design and operation of key internal controls in respect to revenue recognition are effective; understand and assess whether the management's selection and implementation of the policies related to revenue recognition complied with the Accounting Standards for Business Enterprises; select 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, bills of lading and fund receipt proofs; select 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 has been recorded for the appropriate accounting period; obtain 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; conduct confirmation procedures with key accounts and inquired about the sales amount and the account receivable balance incurred for the current period; examine whether the information in connection with revenue 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 Accounting Standards for Business Enterprises.	

III. Key Audit Matters (continued)

Measurement of fixed assets and construction in progress	
Please refer to the accounting policies as stated in 23. "Fixed assets" and 24. "Construction in progress" under Note III to the financial statements and 18. "Fixed assets" and 19. "Construction in progress" under Note V to the financial statements.	
Key Audit Matters	Audit response
<p>As of December 31, 2022, the total amount of fixed assets and construction in progress presented in the Company's consolidated financial statements was RMB184.5 billion, accounting for 51.26% of total assets. These fixed assets mainly include machinery and equipment and buildings required for semiconductor display products, new energy photovoltaic products and semiconductor materials. Matters such as the eligibility of assets for capitalization, the point of time at which construction in progress is transferred to fixed assets and depreciation is provisioned, and the useful life and residual value of the respective fixed assets involve management's judgment, so we identified the measurement of fixed assets and construction in progress as key audit matters.</p>	<p>The important audit procedures we carried out in respect to the measurement of fixed assets and construction in progress include:</p> <ul style="list-style-type: none"> understand and evaluate the effectiveness of the design of internal controls related to fixed assets and construction in progress, and test the effectiveness of the implementation of key controls; obtain a list of new assets in the current period, and carry out a spot check of procurement contracts, payment documents, invoices and acceptance slips for large-value assets; obtain the new settlement statements for construction in the current period, examine them against the amounts recorded in the books, and review the accuracy and completeness of the entries; discuss with the management and judge the accuracy of the point of time when the construction in progress is transferred to fixed assets and the reasonableness of the expected useful life of fixed assets; inspect the construction-in-progress site when approaching the balance sheet date, understanding and evaluate the progress of the work and checking it against the entries in the book; obtain the ownership certificate of fixed assets and the company inventory sheet, and conduct on-site checks of important assets; obtain the statement of depreciation provision for fixed assets and recalculating whether the depreciation has been provisioned accurately; examine that the information in connection with fixed assets and construction in progress has been duly presented and disclosed in the financial statements.
Based on the audit work executed, we believe that the Company measured the fixed assets and construction in progress in accordance with relevant requirements of the Accounting Standards for Business Enterprises.	

III. Key Audit Matters (continued)

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 2022, the Company's routine related transactions amounted to about RMB30.1 billion, representing an increase of about 1.25 % from the previous 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> <p>Examine and evaluate the internal controls adopted by management for identifying and disclosing the relationships between related parties and related transactions, and review the effectiveness of the design and implementation of the internal controls;</p> <p>Acquire the statements of management on the integrity of the relationships between related parties and related transactions, etc., as well as the list of relationships between related parties provided by the management, and examined this with the information acquired from other public channels;</p> <p>examine the customers, suppliers and other stakeholders that deal with the Company to identify whether there were any omissions for the related parties. acquire the resolutions of the board of directors and the general meeting in connection with related transactions, examine the decision-making authority and procedures of the related transactions, judged the legality and compliance of the related transactions, and determine whether they had been properly authorized and approved;</p> <p>compared the prices for selling goods to the related parties with those of similar products sold to unrelated parties to determine the fairness of the prices of related transactions;</p> <p>acquired the accrued amount and balance details of related transactions, and examine 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; conduct confirmation procedures for the amounts and balances of the related transactions with important related parties;</p>
Based on audit procedures conducted, we are of the opinion that management has made reasonable disclosure on the completeness of related party relationship, authenticity of related transactions and fairness of consideration.	

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 2022 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 the Accounting Standards for Business Enterprises, 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. Obtain 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 directing, supervising and performing the Company audits and accepting full responsibility for 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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DHSZ [2023] No. 002888)

Da Hua Certified Public Accountants (Special
General Partnership)

Beijing ·China

Chinese CPA:
(Engagement Partner) _____
Jiang Xianmin

Chinese CPA: _____
Xiong Xin

March 30, 2023

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

	Note V	December 31, 2022	January 1, 2022
Current assets			
Monetary assets	1	35,378,501	31,393,692
Held-for-trading financial assets	2	12,703,507	7,601,256
Derivative financial assets	3	361,034	70,929
Notes receivable	4	512,849	776,202
Accounts receivable	5	14,051,661	18,238,782
Receivables financing	6	1,103,128	2,217,639
Prepayments	7	3,593,857	2,306,325
Other receivables	8	4,033,248	4,458,621
Inventories	9	18,001,122	14,083,357
Contract assets	10	315,167	233,529
Other current assets	11	5,438,936	5,802,960
Total current assets		95,493,010	87,183,292
Non-current assets			
Debt investments	12	741,703	-
Long-term receivables	13	631,373	651,118
Long-term equity investments	14	29,256,216	25,640,578
Investments in other equity instruments	15	439,996	927,319
Other non-current financial assets	16	2,928,827	2,704,038
Investment property	17	946,449	761,902
Fixed assets	18	132,477,672	113,598,783
Construction in progress	19	52,053,834	36,965,885
Right-of-use assets	20	5,110,124	2,426,911
Intangible assets	21	16,783,931	13,982,647
Development costs	22	3,179,207	2,508,419
Goodwill	23	9,161,852	9,158,841
Long-term deferred expenses	24	2,744,208	2,640,530
Deferred income tax assets	25	1,753,887	2,150,423
Other non-current assets	26	6,293,943	7,449,009
Total non-current assets		264,503,222	221,566,403
Total assets		359,996,232	308,749,695

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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 shareholders' equity:	Note V	December 31, 2022	January 1, 2022
Current liabilities			
Short-term borrowings	27	10,215,911	9,341,427
Borrowings from the Central Bank	28	777,676	1,437,062
Customer deposits and deposits from other banks and financial institutions	29	603,423	666,056
Held-for-trading financial liabilities	30	861,912	925,035
Derivative financial liabilities	31	70,735	22,205
Notes payable	32	6,365,660	3,275,296
Accounts payable	33	26,381,912	24,297,860
Advances from customers	34	1,402	5,794
Contract liabilities	35	2,336,008	2,593,882
Employee compensation payable	36	2,376,933	3,311,933
Taxes and levies payable	37	1,215,591	1,238,849
Other payables	38	24,190,352	19,386,888
Non-current liabilities due within a one-year period	39	10,957,321	13,006,765
Other current liabilities	40	1,185,848	1,269,887
Total current liabilities		87,540,684	80,778,939
Non-current liabilities			
Long-term borrowings	41	118,603,165	87,279,082
Bonds payable	42	12,006,851	13,066,281
Lease liabilities	43	4,461,383	1,102,072
Long-term payables	44	887,763	671,344
Long-term employee compensation payable	36	472,538	669,931
Deferred income	45	2,468,145	2,361,205
Deferred income tax liabilities	25	1,319,428	3,158,986
Estimated liabilities	46	97,522	-
Total non-current liabilities		140,316,795	108,308,901
Total liabilities		227,857,479	189,087,840
Share capital	47	17,071,892	14,030,642
Other equity instruments	48	-	200,334
Capital reserves	49	12,522,793	6,079,267
Less: Treasury stock	50	1,314,581	1,885,557
Other comprehensive income	51	(811,822)	(409,447)
Surplus reserves	52	3,712,273	2,550,173
Specific reserves	53	2,301	1,549
General risk reserve	54	8,934	8,934
Retained earnings	55	19,486,730	22,465,150
Total equity attributable to shareholders of the parent company		50,678,520	43,041,045
Non-controlling interests		81,460,233	76,620,810
Total shareholders' equity		132,138,753	119,661,855
Total liabilities and shareholders' equity		359,996,232	308,749,695

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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	2022	2021
I. Total revenue		166,632,146	163,807,783
Including: Operating revenue	56	166,552,786	163,657,700
Interest income	57	79,360	150,083
Less: Cost of sales	56	151,925,489	131,156,314
Interest expenditures	57	23,530	34,936
Taxes and levies	58	640,302	647,935
Selling expenses	59	1,950,528	1,919,285
General and administrative expenses	60	3,540,611	4,393,320
R&D expenses	61	8,633,638	7,236,341
Financial expenses	62	3,422,895	3,727,915
Including: Interest expenses		4,468,008	4,125,399
Interest income		723,665	446,450
Add: Other income	63	2,917,794	1,967,750
Return on investment	64	4,731,394	3,904,526
Including: Return on investment in joint ventures and associates		2,898,739	3,217,871
Exchange gain	57	17,914	(1,224)
Gain on changes in fair value	65	(139,244)	(146,584)
Credit impairment loss	66	(37,653)	(92,256)
Asset impairment loss	67	(3,486,523)	(2,911,464)
Asset disposal income	68	(79,825)	(40,434)
II. Operating profit		419,010	17,372,050
Add: Non-operating income	69	790,112	351,980
Less: Non-operating expenses	70	152,071	140,454
III. Gross profit		1,057,051	17,583,577
Less: Income tax expenses	71	(731,008)	2,608,048
IV. Net profit		1,788,059	14,975,529
(I) Classification by business continuity			
1. Net profit from continuing operations		1,788,059	14,917,233
2. Net profit from discontinued operations		-	58,296
(II) Classification by ownership			
1. Net profits attributable to the shareholders of the parent company		261,319	10,064,253
2. Net profit attributable to non-controlling interests		1,526,740	4,911,276
5. Other comprehensive income, net of tax	51	(327,034)	(244,003)
(I) Other comprehensive income that cannot be reclassified into profit or loss		(18,149)	(286,219)
(II) Other comprehensive income that may subsequently be reclassified to profit or loss upon satisfaction of prescribed condition		(308,885)	42,216
VI. Total comprehensive income		1,461,025	14,731,526
Total comprehensive income attributable to the shareholders of the parent company		(141,056)	9,800,380
Total comprehensive income attributable to non-controlling interests		1,602,081	4,931,146
VII. Earnings per share	72		
(I) Basic earnings per share (RMB yuan/share)		0.0191	0.7468
(II) Diluted earnings per share (RMB yuan/share)		0.0185	0.7359

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the accounting department: Peng Pan

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	2022	2021
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		137,297,835	140,078,647
Net increase/(decrease) in customer deposits and deposits from other banks and financial institutions		(62,633)	(2,184,083)
Net increase/(decrease) in borrowings from central bank		(659,386)	967,228
Interest, fees and commissions received		79,360	150,083
Tax and levy rebates		11,020,947	7,001,327
Cash generated from other operating activities	73	7,955,973	7,013,673
Sub-total of cash generated from operating activities		155,632,096	153,026,875
Payments for commodities and services		(113,465,399)	(100,881,893)
Net (increase)/decrease in loans and advances to customers		558,603	1,085,486
Net (increase)/decrease in deposits in central bank and other banks and financial institutions		36,327	(148,200)
Cash paid to and for employees		(10,696,682)	(8,145,698)
Taxes and levies paid		(3,916,226)	(4,211,870)
Cash used in other operating activities	74	(9,722,343)	(7,846,247)
Sub-total of cash used in operating activities		(137,205,720)	(120,148,422)
Net cash generated from operating activities	79	18,426,376	32,878,453
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		48,642,124	40,260,161
Proceeds from return on investments		1,100,618	2,125,675
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		85,502	188,900
Net proceeds from disposal of subsidiaries and other business units	79	1,432,795	1,164,590
Cash generated from other investing activities	75	170,387	33,083
Sub-total of cash generated from investment activities		51,431,426	43,772,409
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(40,762,787)	(30,855,133)
Payments for investments		(56,242,405)	(41,931,051)
Net payments for acquiring subsidiaries and other business units	79	(50,133)	(4,139,505)
Cash used in other investing activities	76	(1,212,074)	(479,761)
Subtotal of cash used in investing activities		(98,267,399)	(77,405,450)
Net cash used in investing activities		(46,835,973)	(33,633,041)

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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	2022	2021
III. Cash flow generated from financing activities:			
Capital contributions received		17,981,473	19,804,515
Including: Capital contributions by non-controlling interests to subsidiaries		8,509,514	19,804,515
Borrowings raised		87,581,519	52,186,527
Net cash received from bonds issue		7,820,000	3,686,905
Cash generated from other financing activities	77	272,281	256,271
Sub-total of cash generated from financing activities		113,655,273	75,934,218
Cash paid for debt repayment		(66,503,750)	(49,819,646)
Cash paid for dividend and profit distribution or repayment of interests		(9,640,363)	(7,296,551)
Including: Dividends and profit paid by subsidiaries to minority shareholders		(1,691,435)	(362,852)
Cash used in other financing activities	78	(6,110,504)	(6,035,517)
Subtotal of cash used in financing activities		(82,254,617)	(63,151,714)
Net cash generated from financing activities		31,400,656	12,782,504
IV. Effect of exchange rate changes on cash and cash equivalents		602,860	(154,628)
V. Net increase in cash and cash equivalents		3,593,919	11,873,288
Add: Opening balance of cash and cash equivalents		30,081,705	18,208,417
VI. Closing balance of cash and cash equivalents	79	33,675,624	30,081,705

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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)

	2022										
	Equity attributable to shareholders of the parent company										
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Special Reserves	Other comprehensive income	Surplus reserves	Appropriation to general risk reserve	Undistributed profit	Non-controlling interests	Shareholder equity Total
I. Balance at the end of the prior year	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
Add: Change in accounting policy	-	-	-	-	-	-	-	-	6,809	9,753	16,562
II. Balance at the beginning of the period	14,030,642	200,334	6,079,267	(1,885,557)	1,549	(409,447)	2,550,173	8,934	22,465,149	76,620,810	119,661,854
III. Movement of the period	3,041,250	(200,334)	6,443,526	570,976	752	(402,375)	1,162,100	-	(2,978,420)	4,839,423	12,476,897
(I) Comprehensive income	-	-	-	-	-	(415,837)	-	-	261,319	1,602,081	1,447,564
(II) Capital contributed and reduced by shareholders	3,041,250	(200,334)	7,822,900	570,976	-	-	-	-	-	8,109,948	19,344,740
1. Capital increased by shareholders	3,041,250	-	6,668,566	-	-	-	-	-	-	8,109,948	17,819,764
2. Share-based payments included in owners' equity	-	-	26,559	76,664	-	-	-	-	-	-	103,223
3. Amount of bond issuance included in owners' equity	-	(200,334)	1,127,775	997,083	-	-	-	-	-	-	1,924,524
4. Others	-	-	-	(502,771)	-	-	-	-	-	-	(502,771)
(III) Profit distribution	-	-	-	-	752	-	1,162,100	-	(3,212,103)	(2,962,104)	(5,011,355)
1. Appropriation of surplus reserves	-	-	-	-	-	-	1,162,100	-	(1,162,100)	(381,108)	(381,108)
2. Appropriation of general risk reserve	-	-	-	-	752	-	-	-	-	-	752
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	(2,050,003)	(2,580,996)	(4,630,999)
4. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	13,461	-	-	(13,461)	-	-
1. Other comprehensive income transferred into retained earnings	-	-	-	-	-	13,461	-	-	(13,461)	-	-
(V) Others	-	-	(1,379,374)	-	-	-	-	-	(14,174)	(1,910,502)	(3,304,050)
IV. Balance at the end of the period	17,071,892	-	12,522,793	(1,314,581)	2,301	(811,822)	3,712,273	8,934	19,486,730	81,460,233	132,138,753

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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 (Continued)
(RMB'000)

	2021										
	Equity attributable to shareholders of the parent company										
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Special Reserves	Other comprehensive income	Surplus reserves	Appropriation to general risk reserve	Undistributed profit	Non-controlling interests	Shareholder equity Total
I. Balance 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: Change in accounting policy	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning 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
III. Movement of the period	(146)	(29,907)	636,882	27,472	1,338	(263,874)	97,281	8,548	8,455,655	20,671,538	29,604,787
(I) Comprehensive income	-	-	-	-	-	(141,053)	-	-	10,064,253	4,931,148	14,854,348
(II) Capital contributed 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 contributed by holders of other equity instruments	-	(29,907)	75,461	537,972	-	-	-	-	-	-	583,526
3. Share-based payments included in owners' equity	(146)	-	2,823	118,559	-	-	-	-	-	-	121,236
4. Others	-	-	558,598	(629,059)	-	-	-	-	-	(1,878,122)	(1,948,583)
(III) 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 risk reserve	-	-	-	-	1,338	-	-	8,548	(8,548)	-	1,338
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,625,590)	(287,220)	(1,912,810)
4. Others	-	-	-	-	-	-	-	-	-	(244,272)	(244,272)
(IV) Transfers within owners' equity	-	-	-	-	-	(122,821)	(550)	-	123,371	-	-
1. Other comprehensive income transferred to retained earnings	-	-	-	-	-	(122,821)	(550)	-	123,371	-	-
IV. Balance 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	22,465,149	76,620,810	119,661,854

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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

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

assets	Note XV	December 31, 2022	January 1, 2022
Current assets			
Monetary assets		17,821,922	10,467,962
Held-for-trading financial assets		5,936,208	4,372,557
Derivative financial assets		15,578	-
Accounts receivable	1	353,812	93,566
Prepayments		3,693	47,333
Other receivables	2	4,961,948	13,819,512
Inventories		5,380	41,029
Other current assets		<u>34,838</u>	<u>15,011</u>
Total current assets		<u>29,133,379</u>	<u>28,856,970</u>
Non-current assets			
Long-term receivables		1,935,365	-
Long-term equity investments	3	76,360,371	71,303,126
Investments in other equity instruments	4	5,000	5,000
Other non-current financial assets	5	431,023	1,051,536
Investment property		81,034	84,795
Fixed assets		32,223	37,402
Construction in progress		-	1,360
Right-of-use assets		428,575	452,398
Intangible assets		109,605	93,324
Long-term deferred expenses		24,069	26,079
Deferred income tax assets		<u>7</u>	<u>12</u>
Total non-current assets		<u>79,407,272</u>	<u>73,055,032</u>
Total assets		<u>108,540,651</u>	<u>101,912,002</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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 shareholders' equity:	Note XV	December 31, 2022	January 1, 2022
Current liabilities			
Short-term borrowings		1,900,169	1,250,989
Accounts payable		140,563	141,877
Contract liabilities		308	23,823
Employee compensation payable		178,097	294,653
Taxes and levies payable		63,908	13,076
Other payables		22,036,683	38,597,139
Non-current liabilities due within a one-year period		5,605,919	4,843,348
Other current liabilities		<u>2,430</u>	<u>4,284</u>
Total current liabilities		<u>29,928,077</u>	<u>45,169,189</u>
Non-current liabilities			
Long-term borrowings		15,280,955	12,898,000
Bonds payable		9,922,133	11,159,524
Lease liabilities		748	13,365
Long-term employee compensation payable		84,188	108,384
Deferred income		<u>53,638</u>	<u>60,198</u>
Total non-current liabilities		<u>25,341,662</u>	<u>24,239,471</u>
Total liabilities		<u>55,269,739</u>	<u>69,408,660</u>
Shareholders' equity			
Share capital		17,071,892	14,030,642
Other equity instruments		-	200,334
Capital reserves		17,715,533	9,900,679
Less: Treasury stock		1,314,581	1,885,557
Other comprehensive income		(128,195)	(112,194)
Surplus reserves		3,510,209	2,348,109
Retained earnings		<u>16,416,054</u>	<u>8,021,329</u>
Total shareholders' equity		<u>53,270,912</u>	<u>32,503,342</u>
Total liabilities and shareholders' equity		<u>108,540,651</u>	<u>101,912,002</u>

Person-in-charge of the financial department

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian : Peng Pan

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

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

	Note XV	2022	2021
I. Operating revenue	6	1,593,213	1,490,937
Less: Cost of sales	6	1,162,807	1,111,439
Taxes and levies		14,531	15,832
Selling expenses		54,059	35,458
General and administrative expenses		323,594	550,668
R&D expenses		171,276	171,151
Financial expenses		1,282,688	1,824,650
Including: Interest expenses		2,252,721	2,441,346
Interest income		771,483	685,498
Add: Other income		8,705	2,057
Return on investment	7	12,483,556	3,005,570
Including: Share of profit or loss of joint ventures and associates	7	1,308,061	1,406,116
Gain on changes in fair value		(24,134)	26,134
Credit impairment loss		(266)	(187)
Asset disposal income		1,540	36
II. Operating profit		11,053,659	815,349
Add: Non-operating income		575,077	223,830
Less: Non-operating expenses		7,737	60,875
III. Gross profit		11,620,999	978,304
Less: Income tax expenses		-	-
IV. Net profit		11,620,999	978,304
V. Other comprehensive income		(16,001)	(259,693)
VI. Total comprehensive income		11,604,998	718,611

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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
(RMB'000)

	Note XV	2022	2021
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		1,357,318	1,286,514
Tax and levy rebates		1,781	-
Cash generated from other operating activities		<u>1,029,029</u>	<u>30,834,436</u>
Sub-total of cash generated from operating activities		<u>2,388,128</u>	<u>32,120,950</u>
Payments for commodities and services		(1,054,192)	(1,002,839)
Cash paid to and for employees		(215,412)	(162,489)
Taxes and levies paid		(205,575)	(196,647)
Cash used in other operating activities		<u>(12,757,279)</u>	<u>(3,099,415)</u>
Sub-total of cash used in operating activities		<u>(14,232,458)</u>	<u>(4,461,390)</u>
Net cash generated from operating activities	8	<u>(11,844,330)</u>	<u>27,659,560</u>
II. Cash flow from investing activities:			
Proceeds from disinvestments		14,882,100	27,292,959
Proceeds from return on investments		10,461,727	2,384,221
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		24	-
Sub-total of cash generated from investment activities		<u>25,343,851</u>	<u>29,677,180</u>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(39,001)	(69,121)
Payments for investments		(17,545,211)	(35,551,461)
Cash used in other investing activities		<u>-</u>	<u>-</u>
Subtotal of cash used in investing activities		<u>(17,584,212)</u>	<u>(35,620,582)</u>
Net cash used in investing activities		<u>7,759,639</u>	<u>(5,943,402)</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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 (Continued)
(RMB'000)

	Note XV	2022	2021
III. Cash flow generated from financing activities:			
Capital contributions received		9,471,959	-
Borrowings raised		23,388,555	11,900,000
Net cash received from bonds issue		7,820,000	3,686,905
Cash generated from other financing activities		<u>991,657</u>	<u>-</u>
Sub-total of cash generated from financing activities		<u>41,672,171</u>	<u>15,586,905</u>
Cash paid for debt repayment		(26,733,600)	(25,430,014)
Cash paid for distribution of dividends and profits or payment of interests		(3,195,747)	(2,971,569)
Cash used in other financing activities		<u>(562,962)</u>	<u>(642,381)</u>
Subtotal of cash used in financing activities		<u>(30,492,309)</u>	<u>(29,043,964)</u>
Net cash generated from financing activities		<u>11,179,862</u>	<u>(13,457,059)</u>
IV. Effect of exchange rate changes on cash and cash equivalents		<u>73,720</u>	<u>(54,006)</u>
V. Net increase in cash and cash equivalents		7,168,891	8,205,093
Add: Opening balance of cash and cash equivalents		<u>10,401,379</u>	<u>2,196,283</u>
VI. Closing balance of cash and cash equivalents	9	<u>17,570,270</u>	<u>10,401,376</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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
(RMB'000)

	2022							
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
I. Balance at the end of the prior year	14,030,642	200,334	9,900,679	(1,885,557)	(112,194)	2,348,109	8,021,329	32,503,342
Add: Change in accounting policy	-	-	-	-	-	-	-	-
II. Balance at the beginning 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
III. Movement of the period	3,041,249	(200,334)	7,810,865	570,976	(16,001)	1,162,100	8,394,725	20,763,581
(I) Comprehensive income	-	-	-	-	(16,001)	-	11,620,999	11,604,998
(II) Capital contributed and reduced by shareholders	3,041,249	(200,334)	7,823,531	570,976	-	-	-	11,235,423
1. Capital contributed by owners	3,041,249	-	6,668,566	-	-	-	-	9,709,816
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	27,190	76,664	-	-	-	103,854
4. Amount of bond issue included in owners' equity	-	(200,334)	1,127,775	997,083	-	-	-	1,924,524
5. Others	-	-	-	(502,771)	-	-	-	(502,771)
(III) Profit distribution	-	-	(12,666)	-	-	1,162,100	(3,212,103)	(2,062,669)
1. Appropriation of surplus reserves	-	-	-	-	-	1,162,100	(1,162,100)	-
2. Appropriation to shareholders	-	-	-	-	-	-	(2,050,003)	(2,050,003)
3. Others	-	-	(12,666)	-	-	-	-	(12,666)
(IV) Others	-	-	3,989	-	-	-	(14,171)	(10,182)
IV. Balance at the end of the period	17,071,891	-	17,715,533	(1,314,581)	(128,195)	3,510,209	16,416,054	53,270,912

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Peng Pan

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 Company (Continued)
(RMB'000)

	2021							Total shareholders' equity
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	
I. Balance 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: Change in accounting policy	-	-	-	-	-	-	-	-
II. Balance at the beginning 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
III. Movement of the period	(146)	(29,907)	53,844	27,472	(254,192)	97,281	(750,065)	(855,713)
(I) Comprehensive income	-	-	-	-	(259,690)	-	978,304	718,614
(II) Capital contributed and reduced by shareholders	(146)	(29,907)	53,844	27,472	-	-	-	51,263
1. Capital contributed by owners	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	(29,907)	75,461	537,972	-	-	-	583,526
3. Share-based payments included in owners' equity	(146)	-	(3,278)	118,560	-	-	-	115,136
4. Others	-	-	(18,339)	(629,060)	-	-	-	(647,399)
(III) 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. Others	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	5,498	(550)	(4,948)	-
1. Other comprehensive income transferred into retained earnings	-	-	-	-	5,498	(550)	(4,948)	-
IV. Balance at 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:

Peng Pan

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 to December 31, 2022
(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 YJM [2002] No. 112 and YJM [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 the issue, 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 to December 31, 2022
(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 April 30, 2014, 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 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 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 the 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 to December 31, 2022
(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.

During 2022, investors of TCL Directional II Convertible bonds exercised their rights of conversion resulting in additional issue of 235,120,702 shares, and the total share capital of the Company increased from 14,030,642,421 shares to 14,265,763,123 shares.

In December 2022, the Company issued 2,806,128,484 ordinary shares denominated in RMB to specific investors in a non-public offering with the approval of the ZJXX [2022] No. 1658 issued by the China Securities Regulatory Commission, resulting in an increase of 2,806,128,484 shares in total share capital of the Company to 17,071,891,607 shares from 14,265,763,123 shares.

As of December 31, 2022, the total issued share capital of the Company was 17,071,891,607 shares. See note V. 46 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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

These financial statements were authorized for issue by the Company's Board of Directors on March 30, 2023.

II Scope of consolidated financial statements

As at 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 "Accounting Standards for Business Enterprises - 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 to December 31, 2022
(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 Accounting Standards for Business Enterprises, and truly and completely reflect the financial position, 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 its 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 Functional currency for bookkeeping

The functional currency for bookkeeping and the preparation of financial statements are all denominated 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, multiple transactions will be accounted for 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 they are accounted for collectively;
 - (c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
 - (d) A transaction is uneconomical individually, but is economical when considered collectively 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 based on 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 that 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 provision 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 to December 31, 2022
(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 owners' equity attributable to the parent company 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 based on the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party.
- In 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.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(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)

(3) Combination not under common control

The assets paid and liabilities incurred or assumed by 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 net identifiable 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 net identifiable assets of the acquired party gained in the combination, and the difference is still less than the fair value of net identifiable assets of the acquired party gain in the combination after review, the difference is included in the current profit and loss by the Company.

In 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 using 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 using 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 based on 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.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

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 those of the Company. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those of 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 intracompany transactions between the Company and its subsidiaries, and intracompany transactions between subsidiaries, on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' 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 owners' 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 based on 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 owners' 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.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

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 all the output substantially 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 method for joint operations

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 "Retained earnings" 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 initially whether similar mixed contracts need to be split, it is substantially 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 substance 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, provided:

- 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 hereof, and loan commitments that do not fall under category (1) hereof 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 any of the following conditions is met:

- 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 risks and rewards of the financial asset ownership are substantially retained, such financial asset shall continue to be recognized.
- (c) In circumstances where the Company neither transfers nor retains risks and rewards of the financial asset ownership substantially (i.e. circumstances other than ① and ② of this article), based on 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.

- 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:
- (a)
 - 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 respective 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 expected credit losses of financial instruments is assessed individually and collectively. 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, work in progress, finished goods, 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 expenses 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 expenses 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 income 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 shareholders' 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 net identifiable 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 net identifiable 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 provision 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 owners' 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 they are accounted for collectively;
- (c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- (d) A transaction is uneconomical individually, but is economical when considered collectively 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 "Accounting Standards for Business Enterprises 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	2.22%-5%
Machinery equipment	5-10 years	11.11%-20%
Office and electronic equipment	2-5 years	22.22%-50%
Transportation equipment	3-5 years	22.22%-33.33%
Photovoltaic power stations	20-25 years	4.44%-5%
Others	4-5 years	22.22%-25%

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
Others	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 deferred expenses

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 provision.

(1) Recognition standards for provision

When an obligation related to the contingent events satisfies all the following conditions, it is recognized by the Company as provision:

- (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 provision

The provision 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 provision 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 provision.

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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 owners' 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 day-to-day activities of the enterprise, the R&D and VAT-related subsidies and the taxation, or operation-based incentive government subsidies are included in other income; other government grants are written off against related costs based on the substance 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.

Deferred income tax assets and liabilities are presented on a net basis after, provided the following conditions are met:

- (1) An enterprise has the legal right to settle current income tax assets and liabilities on a net basis; Deferred income tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same taxable entity or different taxable entities which intend to either settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are reversed.
- (2)

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III Significant accounting policies and accounting estimates (continued)
40 Leases

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.

(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

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- III Significant accounting policies and accounting estimates (continued)
- 40 Leases (continued)
- (3) Accounting treatment with the Company as lessee (continued)
- 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.
- (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)

40 Leases (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.

41 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.

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III Significant accounting policies and accounting estimates (continued)

42 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.

43 Changes to major accounting policies and estimates

(1) Change of accounting policy

(a) Impact of the adoption of the *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* (Cai Kuai [2021] No. 35, hereinafter referred to as the "Interpretation No. 15"). Interpretation No. 15 outlined that "the accounting treatment of the external sales of products or by-products produced before the fixed assets reach the intended serviceable state or during the R&D process" (hereinafter referred to as "trial sales") and "the judgment on loss-making contracts", effective from January 1, 2022.

① Accounting treatment of the external sales of products or by-products produced before the fixed assets reach the intended serviceable state or during the R&D process

For trial sales that occurred from January 1, 2021 to the first implementation date, the Company has made retrospective adjustments in accordance with Interpretation No. 15.

According to the provisions of Interpretation No. 15, the Company adjusted the relevant items of the balance sheet as follows:

Balance Sheet items	Before the Change	December 31, 2021	
		Accumulated amount impacted before change	After the Change
Fixed assets	113,579,297	19,486	113,598,783
Deferred income tax assets	2,153,346	(2,923)	2,150,423
Retained earnings	22,458,340	6,810	22,465,150
Non-controlling interests	76,611,057	9,753	76,620,810

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III Significant accounting policies and accounting estimates (continued)

43 Changes to Major Accounting Policies and Estimates (continued)

(1) Changes to Accounting Policies (continued)

The Company adjusted the relevant items presented in the income statement and the cash flow statement as follows:

Items presented in the income statement and cash flow statement	2021		
	Before the Change	Accumulated amount impacted before change	After the Change
Revenue	163,540,560	117,140	163,657,700
Cost of sales	131,058,658	97,656	131,156,314
Income tax expense	2,605,125	2,923	2,608,048

② Judgment on onerous contracts

The Company has not fulfilled all obligations when it first implemented Interpretation No. 15 (January 1, 2022), and the implementation of this provision has no significant impact on the Company's financial statements for comparable periods.

(b) Impact of the adoption of Interpretation to Accounting Standards for Business Enterprises No. 16 on the Company

On December 13, 2022, the Ministry of Finance ("MOF") issued *the Interpretation No. 16 of the Accounting Standards for Business Enterprises* (CK [2022] No. 31, hereinafter referred to as the "Interpretation No. 16"), clarifying the accounting treatment for three items thereof: "Accounting treatment that the deferred income taxes associated with assets and liabilities arising from a single transaction is not subject to the initial recognition exemption" is effective from January 1, 2023, which allows companies to implement the exemption earlier than the year of publication, but the Company did not implement the accounting treatment earlier than the year of publication; "Accounting treatment for the income tax effect of dividends related to financial instruments classified as equity instruments by the Issuer" and "Accounting treatment for the revision of cash-settled share-based payment to equity-settled share-based payment" are effective as of the date of publication. The Implementation Interpretation No. 16 has no significant impact on the consolidated financial statements and the Company's financial statements.

(2) Changes to accounting estimates

No significant change occurred to the major accounting estimates in the Reporting Period.

44 Correction of previous accounting errors

No previous accounting errors were identified and corrected in the Reporting Period.

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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 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.

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IV Taxes (continued)

6 Corporate income tax

The corporate income tax rate for the Company was 15% in the current period.

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.

According to the *Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises* issued by the Ministry of Finance and the State Administration of Taxation on March 14, 2022 (Announcement No. 13 [2022] of the Ministry of Finance and the State Administration of Taxation), from January 1, 2022 to December 31, 2024, the annual taxable income of small and low-profit enterprises exceeding RMB1 million but at no more than RMB3 million will be included in the taxable income at a reduced rate of 25%, and the enterprise income tax will be paid at the rate of 20%.

Except for the following subsidiaries entitling to preferential tax treatment and the overseas subsidiaries that adopt local applicable tax rate, other entities under the Company are subject to the applicable tax rate of 25%, or the preferential tax rate for small and micro enterprises.

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
Suzhou China Star Optoelectronics 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
TianJin Zhonghuan 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 Huanzhi New Energy Technology 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
Shenzhen Qianhai MaojiaSoftware Technology Co., Ltd.	15%	High-tech enterprise
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15%	High-tech enterprise, encouraged business in West China

TCL Technology Group Corporation
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IV	Taxes (continued)	
6	Corporate income tax (continued)	
Company Name	Preferential tax rate	Reason
Ningxia Zhonghuan Solar Material Co., Ltd.	15%	Encouraged business in West China
Phase I projects of Hohhot Huanju New Energy Development Co., Ltd.	15%	State-supported public infrastructure project, encouraged business in West China
Phase II and Phase III projects of Hohhot Huanju New Energy Development Co., Ltd.	7.5%	State-supported public infrastructure project, encouraged business in West China
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	12.5%	Encouraged business in West China
Yixing Huanxing New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Guyuan Shengju New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Shangqiu Yaowei Photovoltaic Power Generation Co., Ltd.	12.5%	State-supported public infrastructure project
Tianjin Huanyu Yangguang New Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
Huludao Zhongrun Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
Phase II and Phase III projects of Qinhuangdao Tianhui Solar Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Huludao Xincheng 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
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
Gengma Huanxing New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, encouraged business in West China
Ongniud Banner Guangrun New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, encouraged business in West China
Tuquan Guanghuan New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, encouraged business in West China
Dangxiong Youhao New Energy Development Co., Ltd.	7.5%	State-supported public infrastructure project, encouraged business in West China

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

IV Taxes (continued)

6 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
Shaanxi Runhuan Tianyu 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
Gaoqing Huanyuan Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project
Gaoqing Chengguang Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project
Ningjin Jincheng New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project

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
Notes to Financial Statements
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V Notes to Consolidated Financial Statements

1 Monetary assets

	December 31, 2022	January 1, 2022
Cash on hand	480	789
Bank deposits	33,161,505	29,049,850
Deposits with the central bank	381,137	481,162
Other monetary assets	1,835,379	1,861,891
	35,378,501	31,393,692

Note Monetary assets with restricted use rights

	December 31, 2022	January 1, 2022
TCL Tech Finance's statutory reserve deposits with the central bank	321,852	358,178
Other restricted monetary assets	1,381,025	953,809
	1,702,877	1,311,987

On December 31, 2022, the Company's bank deposits of RMB321,852,000 (December 31, 2021: RMB358,178,000) were statutory deposit reserves deposited with the Central Bank by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company.

On December 31, 2022, the Company's monetary assets offshore amounted to RMB2,230,135,000 (December 31, 2021: RMB2,817,430,000), all of which were owned by the overseas subsidiaries of the Company.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

2 Held-for-trading financial assets

	December 31, 2022	January 1, 2022
Financial assets classified as measured at fair value through profit or loss	12,703,507	7,601,256
Including: Debt instrument investments	12,483,274	7,288,741
Equity instrument investments	220,233	312,515
	12,703,507	7,601,256

3 Derivative financial assets

	December 31, 2022	January 1, 2022
Foreign exchange forwards	206,398	59,063
Interest rate swaps	154,636	11,866
	361,034	70,929

4 Notes receivable

(1) Notes receivable by category

	December 31, 2022	January 1, 2022
Bank acceptance notes	512,767	775,423
Trade acceptance notes	82	779
	512,849	776,202

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (continued)

(2) Presentation of provision for bad debts on notes receivable by category (continued)

	December 31, 2022				January 1, 2022					
	Gross amount Amount	Ratio (%)	Allowance Amount	Percentage	Carrying amount	Gross amount Amount	Ratio (%)	Allowance Amount	Percentage	Carrying amount
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis	512,849	100%	-	-	512,849	776,202	100%	-	-	776,202
Including: low-risk portfolio	512,767	99.98%	-	-	512,767	775,423	99.90%	-	-	775,423
By aging analysis	82	0.02%	-	-	82	779	0.10%	-	-	779
	<u>512,849</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>512,849</u>	<u>776,202</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>776,202</u>

(3) As at December 31, 2022, notes receivable in pledge were RMB264,599,000.

(4) Endorsed or discounted notes receivable that were outstanding on the balance sheet date and were derecognized as at December 31, 2022 amounted to RMB724,952,000. Endorsed or discounted notes receivable that were not outstanding on the balance sheet date and were not derecognized as at December 31, 2022 amounted to RMB148,271,000.

5 Accounts receivable

	December 31, 2022	January 1, 2022
Accounts receivable	14,505,731	18,657,744
Less: allowance for doubtful accounts	<u>454,070</u>	<u>418,962</u>
	<u>14,051,661</u>	<u>18,238,782</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (1) Accounts receivable in the period from January 1, 2022 to December 31 are classified as follows by how the allowances for doubtful accounts were established:

	December 31, 2022		
	Gross amount	Allowance Lifetime ECL rate	Gross amount
Accounts receivable for which the related allowances for doubtful accounts were established on the individual basis	257,358	99.48%	256,017
Of which:			
Accounts receivable	257,358	99.48%	256,017
Accounts receivable for which the related allowances for doubtful accounts are established on the grouping basis	14,248,373	1.39%	198,053
Of which:			
Group 1: by aging analysis	7,514,694	0.61%	45,889
Group 2: by related parties	2,787,683	0.65%	18,224
Group 3: by tariff	1,006,665	0.34%	3,470
Group 4: by photovoltaics	2,120,277	5.51%	116,795
Group 5: by semiconductor	819,054	1.67%	13,675
	<u>14,505,731</u>		<u>454,070</u>

- (2) The aging of accounts receivable is analysed as follows:

	December 31, 2022		January 1, 2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	13,254,660	91.37%	17,493,941	93.76%
1 to 2 years	350,702	2.42%	465,391	2.49%
2 to 3 years	339,078	2.34%	309,150	1.66%
Over 3 years	561,291	3.87%	389,262	2.09%
	<u>14,505,731</u>	100%	<u>18,657,744</u>	100%

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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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, 2022	January 1, 2022
Balance at the beginning of the period	418,962	281,281
New subsidiary	-	33,745
Accrued in current period	155,662	209,480
Reversal of current period	(110,707)	(86,588)
Write-off of current period	(11,298)	(12,759)
Reduced subsidiary	-	(5,381)
Exchange adjustment	1,451	(816)
	454,070	418,962
Ending amount	454,070	418,962

(4) As of December 31, 2022, balance of the top five accounts receivable are as follows:

	December 31, 2022	January 1, 2022
Total amount owed by the top five	5,422,959	8,922,641
Proportion of total accounts receivable	37.38%	47.82%

6 Receivables financing

	December 31, 2022	January 1, 2022
Notes receivable financing	1,103,128	2,217,639
	1,103,128	2,217,639
	1,103,128	2,217,639

Note Endorsed or discounted notes receivable that were outstanding on the balance sheet date and were derecognized on December 31, 2022 amounted to RMB24,453,841,000.
As of December 31, 2022, the Company believes that financing for the receivables it held did not have significant credit risk and will not cause significant losses due to default.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)
7 Prepayments

(1) Prepayments are analyzed as follows:

	December 31, 2022	January 1, 2022
Within 1 year	3,586,208	2,297,910
1-2 years	5,556	6,560
2-3 years	1,530	1,376
Over 3 years	563	479
	3,593,857	2,306,325

(2) As of December 31, 2022, balance of the top five prepayments are as follows:

	December 31, 2022	January 1, 2022
Total amount owed by the top five	2,655,698	1,681,650
As % of total prepayments	73.90%	72.91%

8 Other receivables

	December 31, 2022	January 1, 2022
Dividends receivable	1,226	-
Other receivables	4,032,022	4,458,621
	4,033,248	4,458,621

(1) Dividends receivable

	December 31, 2022	January 1, 2022
Others	1,226	-
	1,226	-

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(2) Other receivables

	December 31, 2022	January 1, 2022
Other receivables	4,259,495	4,681,100
Less: allowance for doubtful accounts	<u>227,473</u>	<u>222,479</u>
	<u>4,032,022</u>	<u>4,458,621</u>

(a) Nature of other receivables is analyzed as follows:

	December 31, 2022	January 1, 2022
Subsidy receivable	1,868,634	1,696,203
Equity transfer receivables	1,073,246	1,480,960
Security deposits	479,269	421,430
Others	<u>610,873</u>	<u>860,028</u>
	<u>4,032,022</u>	<u>4,458,621</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	76,254	120,291	25,934	222,479
Current accrual	13,530	15,147	201	28,878
Reversal of current period	(21,665)	(652)	(389)	(22,706)
Write-off of current period	-	-	(1,173)	(1,173)
Exchange adjustment	<u>(5)</u>	<u>-</u>	<u>-</u>	<u>(5)</u>
December 31, 2022	<u>68,114</u>	<u>134,786</u>	<u>24,573</u>	<u>227,473</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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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, 2022		January 1, 2022	
	Carrying amount	Ratio (%)	Carrying amount	Ratio (%)
Within 1 year	3,209,877	75.35%	3,991,248	85.26%
1 to 2 years	417,448	9.80%	292,805	6.26%
2 to 3 years	258,284	6.07%	228,974	4.89%
Over 3 years	373,886	8.78%	168,073	3.59%
	4,259,495	100%	4,681,100	100%

(d) As of December 31, 2022, the other receivables of the top five balances are as follows:

	December 31, 2022	December 31, 2021
Total amount owed by the top five	2,324,850	3,381,203
As % of total other receivables	54.58%	72.23%

(e) On December 31, 2022, there was no transfer of other receivables that did 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 was the subject of securitization and did not conform to the conditions for derecognition.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)
9 Inventories

(1) Inventories are classified as follows:

	December 31, 2022			January 1, 2022		
	Book balance	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount
Raw materials	5,604,506	979,845	4,624,661	4,247,095	652,265	3,594,830
Work in progress	3,674,059	421,558	3,252,501	2,705,288	321,606	2,383,682
Finished Goods	11,512,597	1,705,750	9,806,847	8,541,513	823,701	7,717,812
Turnover materials	318,291	1,178	317,113	388,135	1,102	387,033
	<u>21,109,453</u>	<u>3,108,331</u>	<u>18,001,122</u>	<u>15,882,031</u>	<u>1,798,674</u>	<u>14,083,357</u>

As of December 31, 2022, the Company had no inventory for liabilities guarantee.

(2) Provision for depreciation of inventories / provision for impairment of contract performance costs:

	December 31, 2021	Current Accrual	Current Reversal	Current Write-off	Exchange Adjustment	December 31, 2022
Raw materials	652,265	930,055	(139,458)	(462,874)	(143)	979,845
Work in progress	321,606	507,456	(69,697)	(337,694)	(113)	421,558
Finished Goods	823,701	1,884,201	(28,705)	(974,866)	1,419	1,705,750
Turnover materials	1,102	76	-	-	-	1,178
	<u>1,798,674</u>	<u>3,321,788</u>	<u>(237,860)</u>	<u>(1,775,434)</u>	<u>1,163</u>	<u>3,108,331</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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V Notes to Consolidated Financial Statements (Continued)
10 Contract assets

(1) Contract assets are classified as follows:

	December 31, 2022			January 1, 2022		
	Book balance	Allowance for doubtful accounts	Carrying amount	Book balance	Allowance for doubtful accounts	Carrying amount
Electricity charges receivable	327,543	12,376	315,167	239,753	6,224	233,529

(2) Valuation allowances for contract assets are analyzed as follows:

	January 1, 2022	Current Accrual	Current Reversal or write-off	Other increases and decreases	December 31, 2022
Electricity charges	6,224	6,152	-	-	12,376

11. Other current assets

	December 31, 2022	January 1, 2022
Short-term debt investments	939,864	571,140
VAT to be deducted, to be certified, etc.	3,775,842	3,931,095
Current portion of loans and advances to customers (note)	640,917	1,169,487
Others	82,313	131,238
	<u>5,438,936</u>	<u>5,802,960</u>

Note: The loans and advances due within one year are loans due within the next year issued by subsidiary TCL Tech Finance Co., Ltd., of which interest receivable is RMB2,281,000.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)
12 Debt Investments

	December 31, 2022	January 1, 2022
National debt and secondary market debt	741,703	-

13 Long-term receivables

	December 31, 2022			January 1, 2022			Discount rate Interval
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	
Finance lease	631,373	-	631,373	651,118	-	651,118	
Including: Unrealized financing income	(781,934)	-	(781,934)	(848,837)	-	(848,837)	7.125% - 8.115%
	631,373	-	631,373	651,118	-	651,118	

14 Long-term equity investments

	December 31, 2022			January 1, 2022		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates (1)	29,065,027	329,479	28,735,548	25,086,945	1,624	25,085,321
Joint ventures (2)	570,171	49,503	520,668	604,760	49,503	555,257
	29,635,198	378,982	29,256,216	25,691,705	51,127	25,640,578

As of December 31, 2022, the Company made impairment allowances for long-term equity investments in investees with poor management and insolvent assets.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

14 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, 2022
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit	Accrued Impairment allowance	Other increases and decreases	
China Innovative Capital Management Limited	1,063,219	-	(109,998)	(11,926)	3,097	-	-	-	944,392
LG Electronics (Huizhou) Co., Ltd.	92,079	-	10,693			(13,000)	-	-	89,772
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	36,160	-	(9,912)	1,110		-	-	-	27,358
Shenzhen Jucai Supply Chain Technology Co., Ltd.	10,706	-	4,562	5		-	-	-	15,273
Shenzhen Tixiang Business Management Technology Co., Ltd.	3,620	(1,500)	(1,127)			-	-	154	1,147
TCL Air Conditioner (Wuhan) Co., Ltd.	38,605	-	2,005			-	-	-	40,610
TCL Finance (Hong Kong) Co., Limited	109,317	-	626			-	-	-	109,943
Urumqi TCL Equity Investment Management Co., Ltd.	71	-	1,019			-	-	-	1,090
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,555,876	(93,374)	(49,429)			-	-	-	1,413,073
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	396,773	(5,072)	29,651	30		(87,391)	-	31,520	365,511
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	192,956	(3,704)	(25,170)			(37,869)	-	-	126,213

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

14 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period						December 31, 2022
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Provision for impairment	Other increases and decreases	
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	463,294	(182,620)	143,470	-	-	(51,457)	-	-	372,687
Wuxi TCL Aisikai Semi-conductor Industry Investment Fund Partnership (Limited Partnership)	232,764	(15,730)	93,896	-	-	-	-	-	310,930
Wuxi TCL Venture Capital Partnership (Limited Partnership)	35,580	-	1,219	51	-	-	-	-	36,850
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	64,975	-	(41,633)	-	-	-	-	-	23,342
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership)	29,945	-	3,485	422	-	(18,795)	-	-	15,057
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	19,725	(401)	391	11	-	-	-	-	19,726
Huizhou Kaichuang Venture Investment Partnership (Limited Partnership)	8,700	-	(5)	-	-	-	-	-	8,695
Beijing A Dynamic Venture Capital Center (Limited Partnership)	6,415	-	3,279	(2,058)	-	-	-	-	7,636
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership)	3,750	-	1,054	16	-	-	-	-	4,820
Shenzhen Chuangdong New Industry Investment Fund Enterprise (Limited Partnership)	2,341	-	(3)	-	-	-	-	-	2,338
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	6,006	-	5,547	-	-	-	-	-	11,553
Huizhou Kaimeng Angel Investment Partnership (Limited Partnership)	2,595	-	(52)	-	-	-	-	-	2,543
Ningbo Jiutian Matrix Investment Management Co., Ltd. (note)	2,851	-	(254)	-	-	-	-	-	2,597
Urumqi Qixinda Equity Investment Management Co., Ltd.	1,137	-	3,365	-	-	-	-	-	4,502

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V Notes to Consolidated Financial Statements (Continued)

14 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period					December 31, 2022	
			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.	761	-	(2)	-	-	-	-	-	759
Beijing A Dynamic Investment Consulting Co., Ltd.	469	-	(2)	-	-	-	-	-	467
Shanghai Gen Auspicious Investment Management Co., Ltd.	918	-	1,956	-	-	(363)	-	-	2,511
Nanjing A Dynamic Equity Investment Fund Management Co., Ltd.	283	-	(4)	-	-	-	-	-	279
Wuxi TCL Medical Imaging Technology Co., Ltd.	29,235	7,661	(11,274)	-	-	-	-	215	25,837
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	635,360	162,003	5,383	-	77,503	-	-	-	880,249
TCL Ventures Fund L.P.	53,019	(45,171)	20,823	-	-	(3,640)	-	3,987	29,018
Getech Ltd.	21,032	-	889	25	61,714	-	-	-	83,660
TCL Environmental Technology Co., Ltd.	130,643	(103,246)	4,842	-	-	-	-	(32,239)	-
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	372,976	-	129,468	-	-	-	-	-	502,444
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	151,026	(279)	17,062	-	-	-	-	-	167,809

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V Notes to Consolidated Financial Statements (Continued)

14 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Increase or decrease in current period					December 31, 2022
				Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance	Other increases and decreases	
Shenzhen Xinhuoicheng Recreational and Sports Industry Co., Ltd.	1,417	-	(29)	-	-	-	-	-	1,388
Pride Telecom Limited	-	-	-	-	-	-	-	-	-
JOLED Incorporation	869,073	80,960	(420,741)	-	-	-	(318,604)	(51,386)	159,302
Sichuan Shengtian New Energy Development Co., Ltd.	478,264	-	30,228	-	-	-	-	-	508,492
Yanyuan Fengguang New Energy Co., Ltd.	62,528	(41,823)	(4,453)	-	-	-	-	(16,252)	-
SunPower Systems International Limited	27,792	-	553	-	-	-	-	-	28,345
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	6,843	-	(2,725)	-	-	-	-	-	4,118
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	122,960	-	13,722	-	-	-	-	-	136,682
Hunan Guoxin Semiconductor Technology Co., Ltd.	9,758	-	67	-	-	-	-	-	9,825
Maxeon Solar Technologies, Ltd.	2,020,194	-	(399,777)	-	-	-	-	-	1,620,417
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	1,691,361	-	2,228,104	-	-	-	-	-	3,919,465
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	5,896	-	3,355	-	-	-	(9,251)	-	-
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	659,630	4,990	(7,005)	-	-	-	-	-	657,615
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	4,722	-	403	-	-	-	-	-	5,125
Ningbo Zhongxin Venture Capital Partnership Tianjin Huanxin	58,278	90,000	(3,310)	-	-	-	-	-	144,968

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V Notes to Consolidated Financial Statements (Continued)

14 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase/decrease in investment in current period	Increase or decrease in current period					December 31, 2022	
			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.(Note)	421,762	-	(27,816)			-	-	-	393,946
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	2,914	-	386			(2,288)	-	-	1,012
Inner Mongolia Huanye Material Co., Ltd.	4,109	-	2,054			-	-	-	6,163
Shenzhen Shutuo Technology Co., Ltd.	38,038	-	(1,202)			-	-	1,366	38,202
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	49,964	-	18,692	884		-	-	-	69,540
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	24,744	-	1,166			-	-	-	25,910
TCL Intelligent Technology (Ningbo) Co., Ltd.	-	-	-			-	-	-	-
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	-	-	3,936			-	-	-	3,936
Purplevine Holdings Limited	-	3,789	(2,249)			-	-	89	1,629
Xinxin Semiconductor Technology Co., Ltd.		1,790,073	8,312	-	-	-	-	399	1,798,784
Inner Mongolia Xinhua Semiconductor Technology Co., Ltd.		120,000	(2,114)			-	-	-	117,886
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.		132,000	(4,153)			-	-	-	127,847
Shanghai Feilihua Shichuang Technology Co., Ltd.		40,000	854			-	-	200	41,054
Others	12,749,892	(237,044)	1,286,140	(6,074)	-	(334,934)	-	(194,774)	13,263,206
	<u>25,085,321</u>	<u>1,701,512</u>	<u>2,958,218</u>	<u>(17,504)</u>	<u>142,314</u>	<u>(549,737)</u>	<u>(327,855)</u>	<u>(256,721)</u>	<u>28,735,548</u>

Note 1: Tianjin Huanxin Technology & Development Co., Ltd. was renamed as TCL Huanxin Semi-conductor (Tianjin) Co., Ltd in April 2022.

Note 2: Others are mainly investments in listed companies that have not yet announced their annual reports for 2022.

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V Notes to Consolidated Financial Statements (Continued)

14 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, 2022
			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	
TCL Huizhou City, Kai Enterprise Management Limited	1,329	-	18	-	-	-	-	-	1,347
Huizhou TCL Human Resources Service Co., Ltd.	3,296	-	2,978	-	-	-	-	-	6,274
Zhangjiakou Qixin Equity Investment Fund Partnership	92,681	-	(5,106)	-	-	(600)	-	-	86,975
Huaxia CPV (Inner Mongolia) Power Co., Ltd. (Note 1)	-	-	-	-	-	-	-	-	-
Tianjin Huanyan Technology Co., Ltd.	144,517	-	(3,724)	-	-	-	-	-	140,793
TCL Microchip Technology (Guangdong) Co., Ltd.	313,433	25,000	(53,645)	-	491	-	-	-	285,279
	<u>555,256</u>	<u>25,000</u>	<u>(59,479)</u>	<u>-</u>	<u>491</u>	<u>(600)</u>	<u>-</u>	<u>-</u>	<u>520,668</u>

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V Notes to Consolidated Financial Statements (Continued)

14 Long-term equity investments (continued)

(3) Impairment allowances for long-term equity investments

	January 1, 2022	Increase in current period	Decrease in current period	Other chang es	December 31, 2022	Note
Pride Telecom Limited	1,624	-	-	-	1,624	ote 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	49,503	-	-	-	49,503	ote 1
OLED Incorporation uihuan (Inner Mongolia) Solar Power Co., Ltd.	-	310,730	-	7,874	318,604	ote 1
	-	9,251	-	-	9,251	ote 1
	<u>51,127</u>	<u>319,981</u>	<u>-</u>	<u>7,874</u>	<u>378,982</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.

15 Investments in other equity instruments

	December 31, 2022	January 1, 2022
Stocks	66,706	109,011
Equity of unlisted companies	<u>373,290</u>	<u>818,308</u>
	<u>439,996</u>	<u>927,319</u>

Item name	Confirmed Dividend income recognized	Accumulated Profits	Accumulated 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	-	3,524	(142,087)	-	Being held long term for strategic purposes	Sold in current period
Equity of unlisted companies	349	10,172	(19,270)	(16,811)	Being held long term for strategic purposes	Sold in current period
Total	<u>349</u>	<u>13,696</u>	<u>(161,357)</u>	<u>(16,811)</u>		

16 Other non-current financial assets

	December 31, 2022	January 1, 2022
Equity investments	2,928,827	2,149,781
Debt investments	-	<u>554,257</u>
	<u>2,928,827</u>	<u>2,704,038</u>

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V Notes to Consolidated Financial Statements (Continued)			
17 Investment property			
	Houses and buildings	Land use rights	Total
Gross amount:			
January 1, 2022	896,416	92,817	989,233
Increase			
Other increases	68,252	-	68,252
Reclassified from fixed assets and intangible assets	140,311	112,816	253,127
Decreases			
Reduced subsidiary	(2,967)	-	(2,967)
Reclassified to fixed assets and intangible assets	(34,226)	-	(34,226)
Other decreases	(307)	-	(307)
December 31, 2022	<u>1,067,479</u>	<u>205,633</u>	<u>1,273,112</u>
Accumulated depreciation and amortization:			
January 1, 2022	165,990	8,376	174,366
Increase			
Accrued in current period	29,363	3,081	32,444
Reclassified from fixed assets and intangible assets	44,290	26,945	71,235
Decreases			
Reduced subsidiary	(343)	-	(343)
Reclassified to fixed assets and intangible assets	(3,826)	-	(3,826)
December 31, 2022	<u>235,474</u>	<u>38,402</u>	<u>273,876</u>
Investment property, net:			
December 31, 2022	<u>832,005</u>	<u>167,231</u>	<u>999,236</u>
January 1, 2022	<u>730,426</u>	<u>84,441</u>	<u>814,867</u>
Impairment allowance:			
January 1, 2022	52,965	-	52,965
Increase			
Increase in current period	-	-	-
Decreases			
Decrease in current period	(178)	-	(178)
December 31, 2022	<u>52,787</u>	<u>-</u>	<u>52,787</u>
Investment property, net:			
December 31, 2022	<u>779,218</u>	<u>167,231</u>	<u>946,449</u>
January 1, 2022	<u>677,461</u>	<u>84,441</u>	<u>761,902</u>

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V Notes to Consolidated Financial Statements (Continued)
18 Fixed assets

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Gross amount:							
December 31, 2021	36,809,487	144,268,573	6,141,205	228,961	2,361,036	21,576	189,830,838
Change of accounting policy	-	19,486	-	-	-	-	19,486
January 1, 2022	<u>36,809,487</u>	<u>144,288,059</u>	<u>6,141,205</u>	<u>228,961</u>	<u>2,361,036</u>	<u>21,576</u>	<u>189,850,324</u>
Increase							
Acquisition and other	8,122	1,968,396	122,532	33,922	1,682	4,800	2,139,454
New subsidiary	-	-	414	-	-	-	414
Reclassified from investment property	34,226	-	-	-	-	-	34,226
Reclassified from construction in progress	9,006,963	28,617,693	182,497	26,054	125	932	37,834,264
Other increases	-	3,650,892	-	-	-	-	3,650,892
Decreases							
Written down with government grants	(721,216)	(887,720)	-	-	-	-	(1,608,936)
Reclassified to investment property	(140,311)	-	-	-	-	-	(140,311)
Other decreases	(25,992)	(2,881,363)	(3,710,126)	(28,258)	(1,414)	(909)	(6,648,062)
Exchange adjustment	<u>8,327</u>	<u>(309)</u>	<u>712</u>	<u>415</u>	<u>-</u>	<u>827</u>	<u>9,972</u>
December 31, 2022	<u>44,979,606</u>	<u>174,755,648</u>	<u>2,737,234</u>	<u>261,094</u>	<u>2,361,429</u>	<u>27,226</u>	<u>225,122,237</u>
Accumulated depreciation:							
December 31, 2021	6,424,323	64,912,283	2,500,253	145,498	426,922	13,504	74,422,783
Change of accounting policy	-	-	-	-	-	-	-
January 1, 2022	<u>6,424,323</u>	<u>64,912,283</u>	<u>2,500,253</u>	<u>145,498</u>	<u>426,922</u>	<u>13,504</u>	<u>74,422,783</u>
Increase							
Accrual	1,451,233	15,537,599	238,755	37,730	87,530	2,307	17,355,154
New subsidiary	-	-	223	-	-	-	223
Reclassified from investment property	3,826	-	-	-	-	-	3,826
Other increases	-	1,902,490	-	-	-	-	1,902,490
Decreases							
Reclassified to investment property	(44,290)	-	-	-	-	-	(44,290)
Other decreases	(8,804)	(1,654,778)	(1,013,390)	(18,348)	(416)	(117)	(2,695,853)
Exchange adjustment	<u>725</u>	<u>2,089</u>	<u>591</u>	<u>229</u>	<u>-</u>	<u>236</u>	<u>3,870</u>
December 31, 2022	<u>7,827,013</u>	<u>80,699,683</u>	<u>1,726,432</u>	<u>165,109</u>	<u>514,036</u>	<u>15,930</u>	<u>90,948,203</u>
Fixed assets, net:							
December 31, 2022	<u>37,152,593</u>	<u>94,055,965</u>	<u>1,010,802</u>	<u>95,985</u>	<u>1,847,393</u>	<u>11,296</u>	<u>134,174,034</u>
January 1, 2022	<u>30,385,164</u>	<u>79,375,776</u>	<u>3,640,952</u>	<u>83,463</u>	<u>1,934,114</u>	<u>8,072</u>	<u>115,427,541</u>
December 31, 2021	<u>30,385,164</u>	<u>79,356,290</u>	<u>3,640,952</u>	<u>83,463</u>	<u>1,934,114</u>	<u>8,072</u>	<u>115,408,055</u>

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V Notes to Consolidated Financial Statements (Continued)

18 Fixed assets (continued)

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Impairment allowance: December 31, 2021	771,541	653,840	338,477	2,429	62,059	412	1,828,758
Change of accounting policy January 1, 2022		305,387	(305,387)				
Accrued in current period	771,541	959,227	33,090	2,429	62,059	412	1,828,758
Write-off of current period	-	50,195	3,673	22	-	-	53,890
Other transfers out	(5,224)	(177,249)	(1,473)	(2,340)	-	-	(186,286)
December 31, 2022	766,317	832,173	35,290	111	62,059	412	1,696,362
Fixed assets, carrying amount:							
December 31, 2022	36,386,276	93,223,792	975,512	95,874	1,785,334	10,884	132,477,672
January 1, 2022	29,613,623	78,721,936	3,302,475	81,034	1,872,055	7,660	113,598,783
December 31, 2021	29,613,623	78,702,450	3,302,475	81,034	1,872,055	7,660	113,579,297

Please refer to Item 81 of Note V for information on fixed asset pledge. As of December 31, 2022, the gross amount of the fixed assets that were fully depreciated and still in use was RMB34,259,086,000.

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)	15,275,634	Expected to be completed in 2023

Note As of December 31, 2022, the fixed assets with pending ownership certificates of the Company were mainly the buildings and constructions of CSOT's t3, t4, t6, and t9 manufacturing bases, as well as the buildings and constructions of Inner Mongolia Zhonghuan Crystal Material Co., Ltd., Inner Mongolia Zhonghuan Advanced Semi-conductor Material Co., Ltd. and Tianjin Huanhai Industrial Park Co., Ltd.

19 Construction in progress

(1) Schedule of construction in progress

	December 31, 2022	January 1, 2022
Construction in progress	52,063,442	37,112,045
Less: Impairment allowance	9,608	146,160
	<u>52,053,834</u>	<u>36,965,885</u>

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V Notes to Consolidated Financial Statements (Continued)

19 Construction in progress (continued)

(2) Changes to construction in progress

Project name	Budget	Beginning amount	Increase in current period	Transfer-in in current period Fixed assets	Other decreases	December 31, 2022	Project input Investment as % of budget	Project progress	Cumulative capitalized interest	Including: capitalized interest in current period	Interest capitalizat ion rate for current period	Funding source
t7 production line of LCD panel	35,337,000	3,362,350	6,559,254	(8,802,841)	(15,022)	1,103,741	75%	75%	515,456	123,023	1.04%	Proprietary fund and loans
t5 production line of LCD panel	11,321,000	739,416	4,367,946	(2,353)	(65,608)	5,039,401	80%	80%	-	-	-	Proprietary fund and loans
t4 production line of LCD panel	35,000,000	17,226,269	2,068,560	(2,489,529)	(566,209)	16,239,091	96%	96%	295,941	295,941	2.33%	Proprietary fund and loans Proceeds from equity issue and loans
t9 production line of LCD panel	31,500,000	3,916,693	13,761,271	(7,294,072)	-	10,383,892	58%	58%	144,387	144,387	3.00%	Proprietary fund and loans
Huizhou modular integration project	7,066,680	620,802	1,842,898	(1,228,426)	(21,916)	1,213,358	100%	100%	-	-	-	Proprietary fund and loans
Production line of 8-12-inch semiconductor silicon wafers for integrated circuit	5,707,172	1,307,446	1,049,821	(1,196,270)	(28,576)	1,132,421	77%	77%	-	-	-	Self-financing
50GW (G12) solar-grade monocrystalline silicon material smart factory project	10,979,740	543,611	6,934,838	(3,805,653)	(5,644)	3,667,152	68%	68%	-	-	-	Self-financing
High-performing shingled solar module intelligent plant project	3,045,000	407,609	824,398	(499,785)	(2,770)	729,452	86%	86%	-	-	-	Self-financing
High-performing ultra-thin silicon solar single-crystal wafer intelligent plant project	1,949,870	-	883,977	-	-	883,977	45%	45%	-	-	-	Self-financing
Large-diameter semiconductor silicon wafers for integrated circuit	5,385,000	355,184	1,624,967	(212,666)	(136,980)	1,630,505	41%	41%	-	-	-	Self-financing
Others	Not applicable	8,486,505	14,039,483	(12,302,669)	(19,2475)	10,030,844						
		<u>36,965,885</u>	<u>53,957,413</u>	<u>(37,834,264)</u>	<u>(1,035,200)</u>	<u>52,053,834</u>						

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V Notes to Consolidated Financial Statements (Continued)

20 Right-of-use assets

	Houses and buildings	Transportation equipment	Machinery equipment	Land use rights	Total
Gross amount:					
January 1, 2022	867,511	1,164	1,982,380	13,335	2,864,390
Increase					
Leased in	3,482,164	139	254,198	123,136	3,859,637
Other increases	-	462	-	-	462
Decreases					
Other decreases	(61,025)	(339)	(1,126,116)	(1,930)	(1,189,410)
Exchange adjustment	4,474	4	-	-	4,478
December 31, 2022	<u>4,293,124</u>	<u>1,430</u>	<u>1,110,462</u>	<u>134,541</u>	<u>5,539,557</u>
Accumulated depreciation:					
January 1, 2022	101,348	522	335,526	83	437,479
Increase					
Accrual	170,477	497	139,909	11,149	322,032
Decreases					
Other decreases	(45,988)	(110)	(285,549)	-	(331,647)
Exchange adjustment	1,566	3	-	-	1,569
December 31, 2022	<u>227,403</u>	<u>912</u>	<u>189,886</u>	<u>11,232</u>	<u>429,433</u>
Right-of-use assets, carrying amount:					
December 31, 2022	<u>4,065,721</u>	<u>518</u>	<u>920,576</u>	<u>123,309</u>	<u>5,110,124</u>
January 1, 2022	<u>766,163</u>	<u>642</u>	<u>1,646,854</u>	<u>13,252</u>	<u>2,426,911</u>
Impairment allowance:					
January 1, 2022	-	-	-	-	-
December 31, 2022	-	-	-	-	-
Right-of-use assets, carrying amount					
December 31, 2022	<u>4,065,721</u>	<u>518</u>	<u>920,576</u>	<u>123,309</u>	<u>5,110,124</u>
January 1, 2022	<u>766,163</u>	<u>642</u>	<u>1,646,854</u>	<u>13,252</u>	<u>2,426,911</u>

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V Notes to Consolidated Financial Statements (Continued)

21 Intangible assets

	Land use rights	Non-patent technologies /patents	Others	Total
Gross amount:				
January 1, 2022	8,649,646	8,083,664	1,590,550	18,323,860
Increase				
New subsidiary	-	13,358	-	13,358
Purchase	841,929	1,296,125	228,373	2,366,427
Reclassified from construction in progress	4,715	-	185,918	190,633
Reclassified from development costs	-	1,961,331	-	1,961,331
Decreases				
Sale and disposal	(167,217)	(39)	(2,664)	(169,920)
Reclassified to investment property	(112,816)	-	-	(112,816)
Other decreases	-	-	(6,855)	(6,855)
Exchange adjustment	-	(3,962)	328	(3,634)
December 31, 2022	<u>9,216,257</u>	<u>11,350,477</u>	<u>1,995,650</u>	<u>22,562,384</u>
Accumulated amortization:				
January 1, 2022	802,839	2,654,155	739,490	4,196,484
Increase				
Accrual	257,146	1,027,834	188,124	1,473,104
New subsidiary	-	891	-	891
Decreases				
Sale and disposal	(6,400)	-	(520)	(6,920)
Reclassified to investment property	(26,945)	-	-	(26,945)
Other decreases	(8,233)	-	(850)	(9,083)
Exchange adjustment	-	2,618	188	2,806
December 31, 2022	<u>1,018,407</u>	<u>3,685,498</u>	<u>926,432</u>	<u>5,630,337</u>
Intangible assets, net:				
December 31, 2022	<u>8,197,850</u>	<u>7,664,979</u>	<u>1,069,218</u>	<u>16,932,047</u>
January 1, 2022	<u>7,846,807</u>	<u>5,429,509</u>	<u>851,060</u>	<u>14,127,376</u>
Impairment allowance:				
January 1, 2022	23,562	110,019	11,148	144,729
Accrual	-	442	-	442
Exchange adjustment	-	2,945	-	2,945
December 31, 2022	<u>23,562</u>	<u>113,406</u>	<u>11,148</u>	<u>148,116</u>
Intangible assets, carrying amount:				
December 31, 2022	<u>8,174,288</u>	<u>7,551,573</u>	<u>1,058,070</u>	<u>16,783,931</u>
January 1, 2022	<u>7,823,245</u>	<u>5,319,490</u>	<u>839,912</u>	<u>13,982,647</u>

As of December 31, 2022, the total book value of land use rights for which the title certificate has not been registered properly was RMB2,076,000.

Please refer to Item 81 of Note V for information on collateralized intangible assets.

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

22 Development costs

Development expenditures are presented as follows:

	December 31, 2022	January 1, 2022
Semi-conductor display	2,172,507	1,266,973
New energy photovoltaic & semi-conductor materials	1,006,700	1,241,446
	<u>3,179,207</u>	<u>2,508,419</u>

23 Goodwill

(1) Gross amount of goodwill

Name of investee or item incurring goodwill	January 1, 2022	Increase in current period	Decrease in current period	December 31, 2022
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
TCL Technology Group (Tianjin) 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
Huizhou Kedate Smart Display Technology Co., Ltd. Note 7	-	3,011	-	3,011
	<u>9,187,808</u>	<u>3,011</u>	<u>-</u>	<u>9,190,819</u>

(2) Goodwill impairment allowance

Name of investee	January 1, 2022	Increase in current period	Decrease in current period	December 31, 2022
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 52,319,000. 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 net identifiable assets of TCL Medical Radiological Technology attributable to the Company on the settlement date (equal to RMB 28,967,000) was recorded in the Company's goodwill. An impairment allowance of RMB 28,967,000 had been made on such goodwill in 2018.

TCL Technology Group Corporation
Notes to Financial Statements
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- V Notes to Consolidated Financial Statements (Continued)
- 23 Goodwill (continued)
- Note 2 In October 2016, Highly Information Industry Co., Ltd., a subsidiary of the Company, acquired 60% interest in Qingdao Blue Business Consulting Co., Ltd. (hereinafter referred to as "Blue Business Consulting") with consideration of RMB 10,000,000. 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 net identifiable assets of Blue Business Consulting attributable to Highly Information Industry Co., Ltd. on the settlement date (equivalent to RMB2,452,000) 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 completed its acquisition of 100% stake in TCL Technology Group (Tianjin) Co., Ltd. (former name: Tianjin Zhonghuan Electronic Information Group Co., Ltd.) on October 1, 2020 with a cash consideration of RMB12,500,000,000. At the date of acquisition, the Group obtained the effective control of TCL Technology Group (Tianjin) Co., Ltd., and included such company into the consolidated financial statements. On the date of transaction, the difference between the accumulated investment of the Company in TCL Technology Group (Tianjin) Co., Ltd. (corresponding to the 100% interest) and the fair value of the net identifiable assets of Zhonghuan Electronics attributable to the Company on the settlement date (equal to RMB6,726,130,000) was recorded in the Company's goodwill. The goodwill mainly consists of 2 asset groups: the new energy photovoltaic and semiconductor materials and the Tianjin Printronics Circuit Corp.
- Note 5 In April 2021, the Company acquired 100% interest in Moka International Limited with a cash consideration of RMB2,800,000,000. 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 net identifiable assets of Moka International Limited attributable to the Company on the settlement date (equal to RMB1,728,973,000) was recorded in the Company's goodwill.
- Note 6 In April 2021, the Company acquired 60% interest in Suzhou China Star Optoelectronics Technology Co., Ltd. (formerly known as "Samsung Suzhou LCD Co. Ltd.") with a cash consideration of RMB4,757,727,000. 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 (equivalent to RMB486,603,000) was recorded in the Company's goodwill.
- Note 7 In August 2022, the Company acquired in 100% interest in Huizhou Kedate Smart Display Technology Co., Ltd. with a cash consideration of RMB51,000,000. As such, the difference between the investment of the Company in Huizhou Kedate Smart Display Technology Co., Ltd. (corresponding to the 100% interest) and the fair value of the net identifiable assets of Zhonghuan Electronics attributable to the Company on the settlement date (equal to RMB3,011,000) was recorded in the Company's goodwill.
- (III) Goodwill impairment test
- The Company carried out an impairment test of its goodwill on December 31, 2022. The recoverable amount of the Qingdao Blue Business Consulting Co., Ltd., Tianjin Zhonghuan Advanced Materials & Technology Co., Ltd., new energy photovoltaic and semiconductor materials, Moka International Limited and Suzhou China Star Optoelectronics Technology Co., Ltd.'s asset groups 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% - 3%) adopted by the management was consistent with predicted data on the industry. The management determines the revenue growth rate (mainly 1.45%-29.62%) and determines the EBITDA (mainly 3.51%-13.30%) based on historical experience and forecasts of market development, combined with the Company's future development strategic plan and adopt a specific risk discount rate (mainly 8%-13.5%) that reflects the relevant asset group. The recoverable amount of the Tianjin Printronics Circuit Corp asset group is determined based on the higher of the present value of the estimated future cash flows of the asset or the fair value less costs of disposal. After the management analyzed the recoverable amount of each asset group based on these assumptions, no provision for impairment was required for the goodwill of any of the above asset group as of December 31, 2022.

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V Notes to Consolidated Financial Statements (Continued)

24 Long-term deferred expenses

	January 1, 2022	Increase in current period	Amortization in current period	Others	December 31, 2022
Improvement expense on leased fixed assets	1,629,475	163,652	(351,972)	110	1,441,265
Others	1,011,055	1,678,488	(1,261,335)	(125,265)	1,302,943
	<u>2,640,530</u>	<u>1,842,140</u>	<u>(1,613,307)</u>	<u>(125,155)</u>	<u>2,744,208</u>

25 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	December 31, 2022		January 1, 2022	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	19,383,933	3,055,974	6,739,226	1,087,993
Asset impairment allowances	4,132,996	785,212	3,038,745	633,013
Provisions	559,584	91,408	744,189	117,497
Changes in fair value	15,398	2,792	55,287	13,230
Others	2,120,079	230,223	1,546,420	298,690
	<u>26,211,990</u>	<u>4,165,609</u>	<u>12,123,867</u>	<u>2,150,423</u>
			December 31, 2021	
			Deductible temporary difference	Deferred income tax assets
Deductible losses			6,758,713	1,090,916
Asset impairment allowances			3,038,745	633,013
Provisions			744,189	117,497
Changes in fair value			55,287	13,230
Others			1,546,420	298,690
			<u>12,143,354</u>	<u>2,153,346</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

25 Deferred income tax assets and deferred income tax liabilities (continued)

(2) Un-offset deferred income tax liabilities

	December 31, 2022		January 1, 2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	13,198,261	2,046,374	11,471,272	1,787,699
One-off tax deduction for fixed assets	6,818,647	1,021,284	3,184,144	501,290
Increase in value of assets as assessed in business combination not involving entities under common control	1,627,106	378,993	2,491,577	531,018
Changes in fair value	331,292	71,725	527,471	129,006
Government grants	126,141	18,921	273,470	41,021
Others	826,685	193,853	721,284	168,952
	<u>22,928,132</u>	<u>3,731,150</u>	<u>18,669,218</u>	<u>3,158,986</u>

(3) There were no deferred tax assets or liabilities presented on a net basis after offsetting

Item	Amount subject to mutual offset of deferred income tax assets against liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	(2,411,722)	1,753,887
Deferred income tax liabilities	<u>(2,411,722)</u>	<u>1,319,428</u>

(4) Unrecognized deferred income tax assets

	December 31, 2022	January 1, 2022
Deductible temporary difference	306,669	181,612
Deductible losses	<u>10,302,065</u>	<u>5,840,378</u>
	<u>10,608,734</u>	<u>6,021,990</u>

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

25 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, 2022	January 1, 2022
2021	-	178,533
2022	268,388	268,913
2023	472,917	477,404
2024	472,157	476,543
2025	440,443	464,426
2026 onwards	8,648,160	3,974,559
	10,302,065	5,840,378

26 Other non-current assets

	December 31, 2022			January 1, 2022		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Advance payment for equipment and land use rights (Note)	5,426,643	-	5,426,643	6,310,004	-	6,310,004
Advance payment for patents	273,348	-	273,348	211,606	-	211,606
Others	593,952	-	593,952	927,399	-	927,399
	6,293,943	-	6,293,943	7,449,009	-	7,449,009

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.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

27 Short-term borrowings

	December 31, 2022	January 1, 2022
Unsecured borrowings	10,214,632	9,315,505
Borrowings secured by pledge	-	22,549
Interest payable	1,279	3,373
	10,215,911	9,341,427

As of December 31, 2022, the Company has no pledged short-term loans.

As of December 31, 2022, the Company does not have any short-term borrowings that have expired and have not been repaid.

28 Borrowings from the Central Bank

As of December 31, 2022, the balance of the borrowings of TCL Tech Finance Co., Ltd. (a subsidiary of the Company) from the central bank was RMB777,676,000 (December 31, 2021: RMB1,437,062,000).

29 Customer deposits and deposits from banks and other financial institutions

	December 31, 2022	January 1, 2022
Customer deposits and deposits from other banks and financial institutions	603,423	666,056

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.

TCL Technology Group Corporation
Notes to Financial Statements
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V	Notes to Consolidated Financial Statements (Continued)	
30	Held-for-trading financial liabilities	
	December 31, 2022	January 1, 2022
	Measured at fair value with changes included	
	Financial liabilities at fair value through profit or loss.	
	<u>861,912</u>	<u>925,035</u>
31	Derivative financial liabilities	
	December 31, 2022	January 1, 2022
	Derivative financial liabilities	
	<u>70,735</u>	<u>22,205</u>
32	Notes payable	
	December 31, 2022	January 1, 2022
	Bank acceptance notes	
	5,731,632	2,877,554
	Trade acceptance notes	
	<u>634,028</u>	<u>397,742</u>
	<u>6,365,660</u>	<u>3,275,296</u>
	As of December 31, 2022, the Company had no notes payable that were due but not paid.	
33	Accounts payable	
	December 31, 2022	January 1, 2022
	Amounts due to suppliers	
	<u>26,381,912</u>	<u>24,297,860</u>
	As of December 31, 2022, there were no significant accounts payable aged over one year.	

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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V Notes to Consolidated Financial Statements (Continued)

34 Advances from customers

	December 31, 2022	January 1, 2022
Advances from customers	<u>1,402</u>	<u>5,794</u>

As of December 31, 2022, the Company had no significant accounts receivable aged over one year.

35 Contract liabilities

	December 31, 2022	January 1, 2022
Advances from customers	<u>2,336,008</u>	<u>2,593,882</u>

36 Employee benefits payable and long-term employee benefits payable

(1) Employee compensation payable

	December 31, 2022	January 1, 2022
Short-term employee benefits payable	2,341,429	3,274,021
Defined contribution plans payable	26,353	34,383
Dismissal benefits payable	<u>9,151</u>	<u>3,529</u>
	<u>2,376,933</u>	<u>3,311,933</u>

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

36 Employee benefits payable and long-term employee benefits payable (continued)

(1) Employee benefits payable (continued)

(a) Short-term employee benefits presented

	January 1, 2022	Increase in current period	Decrease in current period	December 31, 2022
Wages, bonuses, allowances and subsidies	2,885,187	9,034,445	(9,885,394)	2,034,238
Employee services and benefits	27,664	457,363	(485,027)	-
Social insurance benefits	46,565	363,378	(371,838)	38,105
Including: medical insurance premium	44,622	333,609	(341,480)	36,751
Employment injury insurance premiums	953	17,863	(18,121)	695
Maternity insurance	990	11,906	(12,237)	659
Housing fund	30,326	328,930	(331,339)	27,917
Trade union funds and staff education funds	27,575	186,515	(164,672)	49,418
Others	256,704	3,408	(68,361)	191,751
	<u>3,274,021</u>	<u>10,374,039</u>	<u>(11,306,631)</u>	<u>2,341,429</u>

(b) Defined contribution plans

	January 1, 2022	Increase in current period	Decrease in current period	December 31, 2022
Basic pension insurance	32,979	702,985	(710,583)	25,381
Unemployment insurance	1,404	21,162	(21,594)	972
	<u>34,383</u>	<u>724,147</u>	<u>(732,177)</u>	<u>26,353</u>

(2) Long-term employee compensation payable

	December 31, 2022	January 1, 2022
Supplementary pension insurance	25,101	26,595
Other long-term benefits	<u>447,437</u>	<u>643,336</u>
	<u>472,538</u>	<u>669,931</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

37 Taxes and levies payable

	December 31, 2022	January 1, 2022
Corporate income tax	731,839	1,020,711
Value-added tax	211,873	30,967
Individual income tax	42,611	39,920
Urban maintenance and construction tax	60,858	43,081
Education surcharges	43,495	30,800
Others	124,915	73,370
	<u>1,215,591</u>	<u>1,238,849</u>

Please refer to Note IV for the standards for provisions for taxes and the applicable tax rates.

38 Other payables

	December 31, 2022	January 1, 2022
Dividends payable	40,010	34,607
Other payables	24,150,342	19,352,281
	<u>24,190,352</u>	<u>19,386,888</u>

(1) Dividends payable

	December 31, 2022	January 1, 2022
Other non-controlling interests	40,010	34,607
	<u>40,010</u>	<u>34,607</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

38 Other payables (continued)

(2) Other payables	December 31, 2022	January 1, 2022
Payables for engineering equipment	19,130,372	13,368,026
Unpaid expenses	2,195,904	1,531,544
Security deposits	353,207	210,975
Others	<u>2,470,859</u>	<u>4,241,736</u>
	<u>24,150,342</u>	<u>19,352,281</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

39	Non-current liabilities due within one year		December 31, 2022	January 1, 2022
	Long-term borrowings due within one year (Note 1)	41	4,341,300	6,062,928
	Bonds payable due within one year (Note 2)	42	5,170,383	5,646,822
	Current portion of lease liabilities	43	295,010	681,087
	Current portion of long-term payables		179,127	168,132
	Current portion of interest payable		552,181	447,796
	Long-term employee compensation payable due within one year		419,320	-
			10,957,321	13,006,765

Note 1 The interest rates of the Company's long-term borrowing ranged from 2.7% to -5.91% in the current period (2021: 0.46% - 4.15%).

Note 2 The Company's bonds payable due within one year are mainly as follows:

①Medium-term note 20TCL Technology MTN001: Issued in March 2020, with a term of 3 years, the closing balance as of December 31 was RMB2,999,441,000.

②Corporate bond 18TCL 01: Issued in June 2018, with a term of 5 years, the closing balance as of December 31 was RMB169,761,000.

③Corporate bond 18TCL 02: Issued in August 2018, with a term of 5 years, the closing balance as of December 31 was RMB2,001,181,000.

40	Other current liabilities		December 31, 2022	January 1, 2022
	After-sales service expense (note)		844,293	792,847
	Output tax to be transferred		175,626	286,384
	Others		165,929	190,656
			1,185,848	1,269,887

Note After-sales service expense expected to occur within 1 year is presented in other current liabilities.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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V Notes to Consolidated Financial Statements (Continued)

41	Long-term borrowings	December 31, 2022	January 1, 2022
	Borrowings secured by collateral	42,317,366	39,633,561
	Borrowings secured by pledge	6,675,371	928,156
	Unsecured borrowings	<u>73,951,728</u>	<u>52,780,293</u>
		<u>122,944,465</u>	<u>93,342,010</u>
	Including: long-term loans due within one year	<u>(4,341,300)</u>	<u>(6,062,928)</u>
		<u>118,603,165</u>	<u>87,279,082</u>

The maturities of the Company's long-term borrowings vary from 2023 to 2037.

As of December 31, 2022, the long-term borrowings secured by collateral were equivalent to RMB42,317,366,000 (including amounts translated from other currencies) (December 31, 2021: RMB39,633,561,000), which were secured by the collaterals of the land use right, houses and buildings, machinery and equipment of about RMB110,182,749,000 (including amounts translated from other currencies) (December 31, 2021: RMB66,737,167,000); the long-term pledged borrowings were equivalent to RMB6,675,371,000 (December 31, 2021: RMB928,156,000), which were pledged by the collaterals of the 60% equity in Suzhou China Star Optoelectronics Technology Co., Ltd., 100% equity in Suzhou China Star Optoelectronics Display Co., Ltd. and 40% equity in Huansheng Solar (Jiangsu) Co., Ltd. and accounts receivable and contract assets of about RMB757,751,000 (December 31, 2021: RMB328,069,000).

The interest rates of the Company's long-term borrowing ranged from 2.40% to -7.75% in the current period (2021: 1.3% - 5.70%).

42	Bonds payable	December 31, 2022	January 1, 2022
	Corporate bonds	4,518,438	8,073,016
	MTN	<u>7,488,413</u>	<u>4,993,265</u>
		<u>12,006,851</u>	<u>13,066,281</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)
42 Bonds payable (continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Maturity	Issued amount	Balance at the beginning of the period	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note 1)	December 31, 2022
18TCL01	1,000,000	June 6, 2018	5	1,000,000	169,162	-	6,462	248	-	(169,410)	-
18TCL02	2,000,000	August 20, 2018	5	2,000,000	2,003,039	-	72,269	(1,079)	-	(2,001,960)	-
19TCL01	1,000,000	May 20, 2019	5	1,000,000	998,630	1,000,000	34,249	1,634	(1,000,000)	-	1,000,264
19TCL02	1,000,000	July 23, 2019	5	1,000,000	998,568	980,000	37,061	(2,046)	(980,000)	-	996,522
19TCL03	2,000,000	October 21, 2019	5	2,000,000	1,996,860	340,000	69,365	74	(1,900,000)	-	436,934
20TCL 科技 MTN001	3,000,000	March 27, 2020	3	3,000,000	2,997,041	-	108,888	388	-	(2,997,429)	-
TCL TEC1	1,957,483	July 14, 2020	5	1,957,483	1,906,757	-	39,176	1,369	-	176,592	2,084,718
21TCL Ji MTN001 (High-Growth Debt)	2,000,000	May 10, 2021	3	2,000,000	1,996,224	-	83,227	1,597	-	-	1,997,821
22TCL 集 MTN001	2,000,000	January 14, 2022	3	2,000,000	-	2,000,000	66,542	(2,608)	-	-	1,997,392
22TCL 集 GN002	1,500,000	April 27, 2022	3	1,500,000	-	1,500,000	33,768	(2,783)	-	-	1,497,217
22TCL Group MTN003 (Science and Technology Notes)	2,000,000	July 6, 2022	3	2,000,000	-	2,000,000	33,838	(4,017)	-	-	1,995,983
Total	19,457,483			19,457,483	13,066,281	7,820,000	584,845	(7,223)	(3,880,000)	(4,992,207)	12,006,851

Note 1 Others are bonds payable within one year which are reclassified to non-current liabilities due within one year and exchange adjustment.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)				
43 Lease liabilities		December 31, 2022	January 1, 2022	
Total lease liabilities		4,756,393	1,783,159	
Less: current portion of lease liabilities		295,010	681,087	
Total		4,461,383	1,102,072	
44 Long-term payables		December 31, 2022	January 1, 2022	
Finance lease		887,763	671,344	
45 Deferred income		Increase in current period	Decrease in current period	December 31, 2022
	January 1, 2022			
Government grants	2,361,171	7,178,621	(7,071,647)	2,468,145
Others	34	-	(34)	-
	2,361,205	7,178,621	(7,071,681)	2,468,145

Items involving government grants

	January 1, 2022	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, 2022
Government grants related to assets	1,273,978	2,351,183	(2,329)	(240,723)	(217,641)	(2,211,426)	953,042
Government grants related to income	1,087,193	4,827,438	(5,225)	(2,513,186)	(1,801,310)	(79,807)	1,515,103
	2,361,171	7,178,621	(7,554)	(2,753,909)	(2,018,951)	(2,291,233)	2,468,145

Note "Other changes" were deferred income offset by the carrying amounts of relevant assets.

V Notes to Consolidated Financial Statements (Continued)

TCL Technology Group Corporation
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46 Estimated liabilities

	December 31, 2022	January 1, 2022
After-sales service fee of products	27,105	-
Pending litigation	70,379	-
Onerous contract	38	-
	<u>97,522</u>	<u>-</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

47 Share capital

	January 1, 2022		Increase or decrease in current period			December 31, 2022	
	Amount	Ratio (%)	New issues	Others	Subtotal	Amount	Ratio (%)
I. Restricted shares	612,110	4.36%	2,806,128	1,982	2,808,110	3,420,220	20.03%
II. Unrestricted shares	13,418,532	95.64%	235,122	(1,982)	233,140	13,651,672	79.97%
III. Total shares	14,030,642	100%	3,041,250	-	3,041,250	17,071,892	100%

As of December 31, 2022, the Company's total share capital was 17,071,892 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.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
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V Notes to Consolidated Financial Statements (Continued)

48 Other equity instruments

	January 1, 2022	Increase in current period	Decrease in current period	December 31, 2022
Convertible bonds	200,334	-	200,334	-
49 Capital reserves		Increase in current period	Decrease in current period	December 31, 2022
Share premium	6,068,268	8,414,593	(2,044,871)	12,437,990
Other capital reserves	10,999	90,516	(16,712)	84,803
	<u>6,079,267</u>	<u>8,505,109</u>	<u>(2,061,583)</u>	<u>12,522,793</u>
50 Treasury stock		Increase in current period	Decrease in current period	December 31, 2022
Treasury stock	1,885,557	502,771	(1,073,747)	1,314,581

Increase in the period is the result of repurchase of shares from the Company's Employee Stock Ownership Plan. The 16th meeting of the Seventh Session of the Board of Directors held by the Company on March 18, 2022 deliberated on and approved the *Repurchase Report on the Repurchase of Some Public Shares in 2022*. The repurchase of the company shares will be used for the Employee Stock Ownership Plans or equity incentives. As of December 31, 2022, the total number of shares repurchased was 106,484,000 shares at the total consideration of RMB502,771,000.

Decrease in this year is mainly due to reduction of RMB997,082,000 in the conversion of convertible bond TCL fixed conversion 2, and the number of shares converted by 293,416,000.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V	Notes to Consolidated Financial Statements (Continued)	
51	Other comprehensive income	
(1)	Other comprehensive income items, income tax effects and reclassifications to profit or loss	
	2022	2021
	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	
	(3,568)	1,626
	Share of the period	
	(3,568)	1,626
	Previous other comprehensive income reclassified to retained earnings for current period	
		-
	2. Changes in fair value of other equity instruments	
	(14,581)	(287,845)
	Current gain/(loss)	
	(19,688)	(212,104)
	Previous other comprehensive income reclassified to retained earnings for current period	
	16,811	(122,821)
	Income tax effects recorded in other comprehensive income	
	(11,704)	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	
	(13,936)	(268,688)
	Share of the period	
	(13,936)	(268,688)
	Income tax effects recorded in other comprehensive income	
		-
	2. Changes in fair value of financial assets recorded in other comprehensive income	
	-	-
	Current gain/(loss)	
	-	-
	3. Cash flow hedges	
	91,730	65,566
	Current gain/(loss)	
	163,220	77,992
	Previous other comprehensive income reclassified to profit for current period	
	(58,996)	-
	Income tax effects recorded in other comprehensive income	
	(12,494)	(12,426)
	4. Differences arising from translation of foreign currency financial statements of overseas operations	
	(386,679)	245,338
	5. Net income arising from disposal of overseas operations through profit or loss	
	-	-
	(327,034)	(244,003)

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

51 Other comprehensive income (continued)
(2) Changes in other comprehensive income items

Equity attributable to shareholders of the parent company											
	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, 2021	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)
January 1, 2022	334,950	46,888	(350,569)	62,546	(239,179)	(141,290)	-	(122,793)	(409,447)	899	(408,548)
Increase and decrease for 2022	-	(17,501)	-	15,615	(397,531)	(16,420)	-	13,462	(402,375)	75,341	(327,034)
December 31, 2022	334,950	29,387	(350,569)	78,161	(636,710)	(157,710)	-	(109,331)	(811,822)	76,240	(735,582)

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

52 Surplus reserves

	January 1, 2022	Increase in current period	Decrease in current period	December 31, 2022
Statutory surplus reserves	2,367,303	1,162,100	-	3,529,403
Discretionary surplus reserves	182,870	-	-	182,870
	<u>2,550,173</u>	<u>1,162,100</u>	<u>-</u>	<u>3,712,273</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.

53 Specific reserves

	January 1, 2022	Appropriation in current period	Decrease in current period	December 31, 2022
Production safety reserve	1,549	752	-	2,301

54 General risk reserve

	January 1, 2022	Appropriation in current period	Decrease in current period	December 31, 2022
General risk reserve	8,934	-	-	8,934

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, the Company's subsidiary - TCL Technology Group Corporation - appropriated 1% of its net profit as general risk reserve in the previous years.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

55 Retained earnings

	2022	2021
Beginning retained earnings	22,458,340	14,009,494
Change in accounting policies (Note)	6,810	-
Net profit for current period	261,319	10,064,254
Decrease in current period	(3,239,739)	(1,608,598)
Including: Appropriated as surplus reserves	(1,162,100)	(97,831)
Distributed to ordinary shareholders as dividends	(2,050,003)	(1,625,590)
Others	(27,636)	114,823
Ending retained earnings	<u>19,486,730</u>	<u>22,465,150</u>

Due to changes in accounting policies, there were RMB6,810,000 undistributed profits at the beginning of the period (see Note III. 43 for details).

56 Operating income and operating costs

	2022		2021	
	Revenue	Cost of sales	Revenue	Cost of sales
Core business	162,197,543	148,928,769	161,111,860	129,716,187
Non-core business	4,355,243	2,996,720	2,545,840	1,440,127
	<u>166,552,786</u>	<u>151,925,489</u>	<u>163,657,700</u>	<u>131,156,314</u>

(1) Breakdown of operating income deductions

	Amount incurred in the current period	Details of deductions	Amount incurred in the previous period	Details of deductions
Amount of operating income	166,552,786		163,657,700	
Total amount of operating income deductions	4,355,243		2,714,152.	
Proportion of the total amount of operating income deductions to operating income	2.61 %		1.66%	
(a) Business income from operations not related to the principal activities				
1) Other business income from activities other than normal operations. Such income consists of income from leasing fixed assets, intangible assets, packaging, sales of materials, exchange of materials for non-monetary assets, operations of managed business, as well as income that is included in the revenue from main operations but from operations other than normal operations of the listed company.	4,355,243	Note 1	2,545,840	

TCL Technology Group Corporation
Notes to Financial Statements
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V	Notes to Consolidated Financial Statements (Continued)				
56	Operating income and operating costs (continued)				
(1)	Breakdown of operating income deductions (continued)				
	Item	Amount incurred in the current period	Details of deductions	Amount incurred in the previous period	Details of deductions
	2) Income from unqualified financial businesses, such as interest income from lending funds; income from quasi-financial businesses added in the accounting year as well as the previous accounting year, such as guarantees, commercial factoring, small loans, financial leasing, pawning, except for financial leasing business carried out for the sale of main products.	-		168,312	Note 2
	3) Income from new trading business in the current accounting year and the previous accounting year.	-		-	
	4) Income from related transactions not related to the listed company's existing normal operations.	-		-	
	5) Income from the beginning of the period to the merger date for subsidiaries under the common control.	-		-	
	6) Income from businesses that have not formed or are difficult to form a stable business model.	-		-	
	Subtotal of income from the business not related to principal activities	4,355,243		2,714,152	
(b)	Income without commercial substance				
	1) Income from transactions or events in which risk, time distribution or amount of future cash flows of the enterprise are not changed significantly.	-	Note 3	-	
	2) Income from transactions that do not have a real business. For example, false income realized by self-trading or from transactions formed by Internet technology or other methods.	-		-	
	3) Income from operations in which the transaction price is obviously unfair.	-		-	
	4) Income from subsidiaries or businesses acquired through business combination with obviously unfair consideration or non-transactional means in this accounting year.	-		-	
	5) Income involved in non-standard audit opinions.	-		-	

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

56 Operating income and operating costs (continued)

(1) Breakdown of operating income deductions (continued)

Item	Amount incurred in the current period	Details of deductions	Amount incurred in the previous period	Details of deductions
6) Income from other transactions or events that are not commercially reasonable.	-		-	
Subtotal of income without commercial substance	-		-	
(c) Other income that is irrelevant to the principal activities or without commercial substance	-	Note 4	-	
Amount after deducting operating income	<u>162,197,5434</u>		<u>160,943,548</u>	

Note 1 TCL TECH. is mainly engaged in the production of semiconductor display, new energy photovoltaic, semiconductor materials, and other products. Since other income from sales of raw materials, scraps, lease, and processing are that realized from the operation other than the principal activities, it will be deducted.

Note 2 In May 2021, the second extraordinary meeting of TCL TECH. deliberated and approved the disposal of 100% stake in TCL Financial Holding Group (Guangzhou) Co., Ltd., and the income from quasi-financial business realized by such company in January-May 2021 was deducted.

Note 3 TCL TECH. does not have such income deductions in 2022 (2021: Nil)

Note 4 TCL TECH. exercised its duties in sales contracts, and recognized revenue when customers obtained control of related goods or services. In 2022, all TCL TECH.'s sales contracts are of commercial substance, and no income was without commercial substance was recognized (2021: Nil).

(2) Business by operating segment

	Revenue		Cost of sales		Gross profit	
	2022	2021	2022	2021	2022	2021
Domestic sales	119,139,823	104,781,994	108,166,269	85,584,452	10,973,554	19,197,542
Foreign sales	<u>47,412,963</u>	<u>58,875,706</u>	<u>43,759,220</u>	<u>45,571,862</u>	<u>3,653,743</u>	<u>13,303,844</u>
	<u>166,552,786</u>	<u>163,657,700</u>	<u>151,925,489</u>	<u>131,156,314</u>	<u>14,627,297</u>	<u>32,501,386</u>

(3) The sales revenue from the top five customers combined was RMB50,108,344,000 and RMB57,063,520,000 respectively for 2022 and 2021, accounting for 30.9% and 35.4% of the core business revenue.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

56 Operating income and operating costs (continued)

(4) Revenue and costs generated from the Company's trial sales are as follows:

	2022	2021
Revenue	739,823	117,141
Cost of sales	721,126	79,064

57 Interest income/expense and exchange gain

	2022	2021
Interest income	79,360	150,083
Interest expenditures	23,530	34,936
Exchange gain/(loss)	17,914	(1,224)

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.

58 Taxes and levies

	2022	2021
Property tax	265,880	221,506
Stamp tax	218,367	161,505
Urban maintenance and construction tax	68,890	126,384
Education surcharges	35,730	90,303
Land use tax	30,732	27,531
Others	20,703	20,706
	640,302	647,935

The applicable tax and levy standards are detailed in Note IV.

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)				
66	Credit impairment loss	2022	2021	
	Loss on uncollectible accounts receivable	(44,955)	(122,892)	
	Loss on uncollectible other receivables	(6,172)	(17,349)	
	Other financial assets	13,474	47,985	
		<u>(37,653)</u>	<u>(92,256)</u>	
67	Asset impairment loss	2022	2021	
	Inventory valuation loss	(3,083,928)	(1,924,306)	
	Impairment loss on long-term equity investments	(319,981)	-	
	Loss on impairments of fixed assets	(53,890)	(592,497)	
	Impairment loss on contract assets	(6,151)	-	
	Loss on impairments of intangible assets	(442)	(78,909)	
	Loss on impairments of construction in progress	-	(146,160)	
	Others	(22,131)	(169,592)	
		<u>(3,486,523)</u>	<u>(2,911,464)</u>	
68	Asset disposal income	2022	2021	
	Income/(loss) from disposal of fixed assets	(71,718)	(60,496)	
	Others	(8,107)	20,062	
		<u>(79,825)</u>	<u>(40,434)</u>	
69	Non-operating income	2022	2021	Amount through current non- recurring gains and losses
	Gains on retired or damaged non-current assets	117	259	117
	Government grants and others	789,995	351,721	789,995
		<u>790,112</u>	<u>351,980</u>	<u>790,112</u>

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V Notes to Consolidated Financial Statements (Continued)				Amount through
70 Non-operating expense	2022	2021	current non-recurring gains and losses	
Losses on retired or damaged non-current assets	19,377	21,233	19,377	
Donation	70,222	-	70,222	
Others	62,472	119,221	62,472	
	<u>152,071</u>	<u>140,454</u>	<u>152,071</u>	
71 Income tax expenses				
(1) Table of income tax expenses				
		2022	2021	
Current income tax expense		734,639	2,274,141	
Deferred income tax expense		(1,465,647)	333,907	
		<u>(731,008)</u>	<u>2,608,048</u>	
(2) Accounting profit and income tax adjustment process				
		2022	2021	
Gross profit		1,057,051	17,583,577	
Income tax expense calculated at statutory/applicable tax rate		158,558	4,395,894	
Impact of different tax rates applied to subsidiaries		383,590	(1,121,466)	
Impact of adjusting income tax in previous periods		(12,613)	(102,803)	
Impact of non-taxable income		(704,581)	(340,956)	
Impact of non-deductible costs, expenses and losses		107,325	112,433	
Impact of the use of deductible losses carry forward without recognize deferred tax assets in the previous periods		(576,264)	(424,609)	
Impact of unrecognized deferred tax assets of deductible temporary differences or deductible losses in the current period		730,522	652,219	
Others		(817,545)	(562,664)	
Income tax expense		<u>(731,008)</u>	<u>2,608,048</u>	

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
_____(RMB'000)_____

V	Notes to Consolidated Financial Statements (Continued)		
72	Earnings per share		
(1)	Basic EPS	2022	2021
	Net profit attributable to shareholders of the parent company	261,319	10,064,253
	Weighted average outstanding ordinary shares (in thousand shares)	13,686,001	13,476,907
	Basic earnings per share (RMB yuan/share)	0.0191	0.7468
(2)	Diluted EPS	2022	2021
	Net profit attributable to shareholders of the parent company	261,319	10,064,253
	Diluted weighted average outstanding ordinary shares (in thousand shares)	14,144,114	13,675,916
	Diluted earnings per share (RMB yuan/share)	0.0185	0.7359
73	Cash generated from other operating activities		
	Cash received from other related operating activities in the consolidated cash flow statement was RMB7,955,973,000 (the same period of the previous year: RMB 7,013,673,000), which primarily consisted of current payments received, government grants and special appropriation, etc.		
74	Cash used in other operating activities		
	Cash paid in other operating activities in the consolidated cash flow statement was RMB 9,722,343,000 (the same period of the previous year: RMB7,846,247,000), which primarily consisted of various expenses and current payments.		
75	Cash generated from other investing activities		
	Cash received from other related investing activities in the Company's consolidated cash flow statement amounted to RMB170,387,000 (the same period of the previous year: RMB33,083,000), mainly due to the receipt of project bid bonds.		
76	Cash used in other investing activities		
	Cash paid for other related investing activities in the Company's consolidated cash flow statement amounted to RMB1,212,074,000 (the same period of the previous year: RMB479,761,000), mainly due to the refund of project bid bonds and payments for foreign exchange forward delivery.		

TCL Technology Group Corporation
Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

77 Cash generated from other financing activities

Cash received from other related financing activities in the consolidated cash flow statement of the Company amounted to RMB272,281,000 (the same period of the previous year: RMB256,271,000), mainly including deposits received.

78 Cash used in other financing activities

Cash paid for other related financing activities in the Company's consolidated cash flow statement amounted to RMB6,110,504,000 (the same period of the previous year: RMB6,035,517,000), mainly for the repurchase of minority interests in subsidiaries, repurchase of company shares, and payment of financial lease payments.

79 Supplementary information for the cash flow statement

(1) Reconciliation of net profit to net cash generated from/used in operating activities

	2022	2021
Net profit	1,788,059	14,975,529
Add: Asset impairment allowance	3,524,176	3,003,720
Depreciation of fixed assets	19,290,088	15,244,644
Depreciation of right-of-use assets	322,032	225,599
Amortization of intangible assets	1,473,104	1,177,003
Amortization of long-term prepaid expense	1,613,307	1,280,074
Loss/(Gain) on disposal of fixed assets, intangible assets and other long-lived assets	79,825	40,434
Loss on retired or damaged fixed assets	19,260	20,974
Loss/(Gain) on changes in fair value	139,244	146,584
Financial expenses	4,025,748	4,106,202
Return on investment	(4,731,394)	(3,904,526)
Decrease/(Increase) in deferred income tax assets	399,459	(575,258)
Increase/(Decrease) in deferred income tax liabilities	(1,839,558)	772,489
Decrease/(Increase) in inventory	(4,643,791)	(7,172,706)
Decrease/(Increase) in operating receivables	4,576,161	(8,678,460)
Increase/(Decrease) in operating receivables	(7,139,434)	13,055,727
Others	(469,910)	(839,576)
Net cash generated from operating activities	<u>18,426,376</u>	<u>32,878,453</u>

TCL Technology Group Corporation
Notes to Financial Statements
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V	Notes to Consolidated Financial Statements (Continued)	
79	Supplementary information for the cash flow statement (continued)	
(2)	Net cash payments for acquisition of subsidiaries in the current period	
	2022	2021
	Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	9,768,401
	51,000	
	Less: cash and cash equivalents held by subsidiary on acquisition date	5,628,896
	867	
	Add: Payments of cash and cash equivalents made in current period due to business combinations incurred in previous periods	-
	-	
	<u>50,133</u>	<u>4,139,505</u>
(3)	Net cash proceeds from disposal of subsidiaries in the current period	
	2022	2021
	Cash or cash equivalents received in current period due to disposal of subsidiary in current period	1,984,421
	174,803	
	Less: cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	900,316
	2,298	
V	Notes to Consolidated Financial Statements (Continued)	
79	Supplementary information for the cash flow statement (continued)	
(3)	Net cash proceeds from disposal of subsidiaries in the current period (continued)	
	2022	2021
	Add: Cash or cash equivalents received in current period due to disposal of subsidiaries in prior periods	80,485
	1,260,290	
	<u>1,432,795</u>	<u>1,164,590</u>
(4)	Breakdown of cash and cash equivalents	
	December 31, 2022	January 1, 2022
	I. Cash	30,081,705
	33,675,624	
	Including: Cash on hand	789
	480	
	Bank deposits available for payment on demand	28,970,585
	32,696,213	
	Other monetary assets available for payment on demand	987,347
	919,646	
	Deposits with the central bank available for payment	122,984
	59,285	
	II. Cash equivalents	-
	-	
	III. Cash and cash equivalents, end of the period	<u>30,081,705</u>
	<u>33,675,624</u>	

TCL Technology Group Corporation
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80	Net changes in cash and cash equivalents	2022	2021
	Ending cash and cash equivalents	33,675,624	30,081,705
	Less: Beginning cash	<u>30,081,705</u>	<u>18,208,417</u>
	Net increase in cash and cash equivalents	<u>3,593,919</u>	<u>11,873,288</u>
	Analysis of ending cash and cash equivalents:		
	Ending monetary assets	35,378,501	31,393,692
	Less: Ending non-cash equivalents (note)	<u>1,702,877</u>	<u>1,311,987</u>
	Ending cash and cash equivalents	<u>33,675,624</u>	<u>30,081,705</u>

Note: The closing 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, 1.

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

81 Assets with restricted ownership or use rights

	December 31, 2022	Reason for restriction
Monetary assets	321,852	Deposited in the central bank as the required reserve
Monetary assets	1,381,025	Other restricted monetary assets
Notes receivable	264,599	Pledge
Fixed assets	96,479,546	As collateral for loan
Intangible assets	4,177,833	As collateral for loan
Held-for-trading financial assets	255,173	Put in pledge for loan
Construction in progress	10,383,892	As collateral for loan
Right-of-use assets	18,617	As collateral for lease
Accounts receivable	1,609,334	Pledge
Contract assets	271,682	Pledge
	<u>115,163,553</u>	

82 Foreign currency monetary items

	December 31, 2022		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	615,534	6.9646	4,286,948
HKD	240,958	0.8933	215,248
EUR	8,787	7.4250	65,243
JPY	1,540,910	0.0526	81,052
SGD	242	5.1824	1,254
Accounts receivable			
Including: USD	565,703	6.9646	3,939,895
HKD	368,734	0.8933	329,390
INR	652,819	0.0841	54,902
MXN	6,756	0.3570	2,412
Receivables financing			
Including: USD	83,321	6.9646	580,297
Accounts payable			
Including: USD	317,613	6.9646	2,212,047
HKD	622,434	0.8933	556,020
JPY	5,779,166	0.0526	303,984
INR	118,083	0.0841	9,931
EUR	43	7.4250	319

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V Notes to Consolidated Financial Statements (Continued)

82 Foreign currency monetary items (continued)

	December 31, 2022		
	Foreign currency balance	Conversion rate	RMB balance
Other receivables			
Including: USD	24,135	6.9646	168,091
HKD	37,377	0.8933	33,389
JPY	12,574	0.0526	661
PLN	1,812	1.5886	2,879
INR	60,781	0.0841	5,112
KRW	102,590	5.4956	563,794
EUR	6	7.4250	45
MXN	7,361	0.3570	2,628
SGD	62	5.1824	321
Other payables			
Including: USD	89	6.9646	620
HKD	686,511	0.8933	613,260
JPY	3,131,530	0.0526	164,718
INR	1,476,163	0.0841	124,145
PLN	350	1.5886	556
KRW	130,620	5.4956	717,835
MXN	11,730	0.3570	4,188
EUR	19	7.4250	141
Short-term borrowings			
Including: USD	43,956	6.9646	306,136
Long-term borrowings			
Including: USD	702,350	6.9646	4,891,587

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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)	Contribution ratio
Zhonghuan Advanced Semiconductor (Tianjin) Co., Ltd.	January - December 2022	Newly incorporated	RMB10,000,000	100.00%
Huanou (Wuxi) New Energy Materials Co., Ltd.	February-December 2022	Newly incorporated	RMB10,000,000	100.00%
Huaian Municipal Huanxin New Energy Co., Ltd.	February-December 2022	Newly incorporated	RMB1,000,000	100.00%
Lingwu Huanju New Energy Co., Ltd.	March-December 2022	Newly incorporated	RMB1,000,000	100.00%
Inner Mongolia Zhonghuan Electronic Materials Co., Ltd.	April - December 2022	Newly incorporated	RMB10,000,000	100.00%
Tianjin Zhonghuan Industrial Park Co., Ltd.	April - December 2022	Newly incorporated	RMB39,000,000	100.00%
Tianjin Huanrui Technology Co., Ltd.	May-December 2022	Newly incorporated	RMB100,000,000	100.00%
Shaanxi Huanyu Green New Energy Co., Ltd.	June-December 2022	Newly incorporated	RMB1,000,000	100.00%
Shaanxi Huanshuo Green New Energy Co., Ltd.	June-December 2022	Newly incorporated	RMB1,000,000	100.00%
Admiralty Harbor Investment Holdings Co., Ltd.	July-December 2022	Newly incorporated	HKD1,000,000	100.00%
Admiralty Harbor Enterprise Services (Shenzhen) Co., Ltd.	July-December 2022	Newly incorporated	RMB2,000,000	100.00%
Huizhou Kedate Smart Display Technology Co., Ltd.	August-December 2022	Newly acquired	RMB50,000,000	100.00%
Ningxia Huaneng New Energy Co., Ltd.	August-December 2022	Newly incorporated	RMB1,000,000	100.00%
Zhonghuan Advanced Japan Co., Ltd.	August-December 2022	Newly incorporated	JPY1,000,000	100.00%
TCLCSOTAMERICACORP.	September-December 2022	Newly incorporated	US\$100	100.00%
Xi'an Shangpai Technology Co., Ltd.	September-December 2022	Newly incorporated	RMB100,000	100.00%
Weinan Sunpiestore Technology Co., Ltd.	September-December 2022	Newly incorporated	RMB100,000	100.00%
Guiyang Sunpiestore Technology Co., Ltd.	September-December 2022	Newly incorporated	RMB500,000	100.00%

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VI Changes to Consolidation Scope

Newly consolidated entities for current period 1 (continued)					
Name of investee	Consolidated period	Reason for change	Registered (RMB)	capital	Contribution ratio
Lanzhou Sunpiestore Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB200,000		100.00%
Urumqi Sunpiestore Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB500,000		100.00%
Baoji Shangpai Sidao Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB300,000		100.00%
Urumqi Shangpai Xinhui Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB500,000		100.00%
Xi'an Maike Shangpai Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB300,000		100.00%
Shenzhen Sunpiestore Electronics Co., Ltd.	September- December 2022	Newly incorporated	RMB100,000		100.00%
Shenzhen Sunpiestore Industrial Co., Ltd.	September- December 2022	Newly incorporated	RMB100,000		100.00%
Donguan Sunpiestore Digital Co., Ltd.	September- December 2022	Newly incorporated	RMB100,000		100.00%
Donguan Sunpiestore Electronics Co., Ltd.	September- December 2022	Newly incorporated	RMB100,000		100.00%
Guangzhou Sunpiestore Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB100,000		100.00%
Lanzhou Hongmao Sunpiestore Technology Co., Ltd.	September- December 2022	Newly incorporated	RMB200,000		100.00%
Xiamen TCL Technology Industry Investment Partnership (Limited Partnership)	October- December 2022	Newly incorporated	RMB1,000,000,000		99.00%
TCLCSOTSGPTE.LTD.	October- December 2022	Newly incorporated	SGD160,000		100.00%
Beijing Youyi Online Technology Co., Ltd.	October- December 2022	Newly incorporated	RMB30,000,000		100.00%
	November- December 2022	Newly acquired	USD1,000		100.00%
PLMOKASp.zo.o.					
Urumqi Shangpai Zhishang Trading Co., Ltd.	December 2022	Newly incorporated	RMB500,000		100.00%
Urumqi Shangpai Maiqi Trading Co., Ltd.	December 2022	Newly incorporated	RMB500,000		100.00%
Lanzhou Hongsheng Sunpiestore Electronic Technology Co., Ltd.	December 2022	Newly incorporated	RMB200,000		100.00%

Note: Business combinations not under the common control occurred in the current period

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VI. Changes to Consolidation Scope (continued)

1 Newly consolidated entities in the current period (continued)

(1) Acquisition of shares in Huizhou Kedate Smart Display Technology Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

On August 31, 2022, the Group acquired 100% equity in Huizhou Kedate Smart Display Technology Co., Ltd. with a cash consideration of RMB51,000,000, and included such company into the scope of consolidation.

Cash consideration	51,0	00
		47,9
Less: Share of fair value of identifiable net assets acquired		89
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired		3,01
		1

② Assets and liabilities of the acquiree as at the acquisition date are presented as follows:

	Fair value at acquisition date	Carrying value at acquisition date
Current assets	37,486	37,486
Non-current assets	13,549	127
Net assets	47,989	36,581
Less: non-controlling interests	-	-
Net assets acquired	47,989	36,581

③ SHENZHEN CHINA UNITED ASSETS APPRAISAL GROUP CO., LTD. has evaluated the information above using the asset-based method, and issued an asset appraisal report (SCUPB Zi [2022] No. 118), with an appraised value of RMB51,003,000.

2 Deconsolidated entities for current period

Name of investee	Time of deconsolidation	Reason for change
Tongliao Guangdong New Energy Co., Ltd.	January 2022	De-registered
Beijing Zhiqijia Technology Co., Ltd.	December 2022	Transferred
Huizhou Shengyao New Energy Technology Co., Ltd.	December 2022	Transferred
Ningjin Jincheng New Energy Co., Ltd.	December 2022	Transferred
Lingwu Huanju New Energy Co., Ltd.	December 2022	Transferred

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VI. Changes to Consolidation Scope (continued)

3 Subsidiaries disposed in current period

Name of subsidiary	Beijing Zhiqujia Technology Co., Ltd.
Price for equity interest disposal	194,226
% equity interest disposed	100%
Way of disposal	Equity transfer
Time of loss of control	December 2022
Determination basis for time of loss of control	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	186,170

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	80.03%	-	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	-	93.93%	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

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Suzhou China Star Optoelectronics Technology Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
VII Interests in Other Entities (Continued)						
1 Interests in subsidiaries (Continued)						
(1) Composition of key subsidiaries (Continued)						
Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	55%	Incorporated
Beijing HAWK Cloud Information Technology Co., Ltd.	Beijing	Internet service	Beijing	100%	-	Incorporated
TCL Culture Media (Shenzhen) Co., Ltd.	Shenzhen	Ad planning Product	Shenzhen	100%	-	Incorporated
Highly Information Industry Co., Ltd.	Beijing	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 Technology Group Finance Co., Ltd.	Huizhou	Financial Investment business	Huizhou	82.00%	18.00%	Incorporated
Xinjiang TCL Equity Investment Ltd.	Xinjiang	Investment business	Shenzhen	100%	-	Incorporated
Ningbo TCL Equity Investment Ltd.	Ningbo	Investment business	Shenzhen	100%	-	Incorporated
TCL Technology Park (Huizhou) Co., Ltd.	Huizhou	Property management	Huizhou	-	100%	Incorporated
TCLResearchAmericaInc.	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
TCLTechnologyInvestmentsLimited	Hong Kong	Investment business	Hong Kong	100%	-	Incorporated
TCL Zhonghuan New Energy Technology Co., Ltd. (Note)	Tianjin	Manufacturing and sales	Tianjin	2.41%	27.37%	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	-	98.08%	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 Huanzhi New Energy Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	62.00%	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
Tianjin Zhonghuan 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	-	83.73%	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
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Procurement & sales	Tianjin	-	100%	Business combination not under common control
Inner Mongolia Zhonghuan Xiexin 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	-	58.79%	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

Note: Tianjin Zhonghuan Semiconductor Co., Ltd. changed its name to TCL Zhonghuan New Energy Technology Co., Ltd. on June 16, 2022.

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_____(RMB'000)_____

VII Interests in Other Entities (continued)

1 Interests in subsidiaries (Continued)

(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.	19.97%	(3,592,778)	1,946,283	43,984,814
TCL Zhonghuan New Energy Technology Co., Ltd.	70.22%	5,054,868	589,019	35,856,582
Highly Information Industry Co., Ltd.	33.54%	105,734	45,309	512,656

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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, 2022						January 1, 2022					
	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.	40,115,151	152,441,917	192,557,068	45,523,242	73,184,255	118,707,497	68,597,560	135,290,612	203,888,172	53,275,700	66,065,421	119,341,121
TCL Zhonghuan New Energy Technology Co., Ltd.	31,829,523	77,304,246	109,133,769	23,020,082	39,053,844	62,073,926	24,458,844	53,758,790	78,217,634	20,443,660	15,865,920	36,309,580
Highly Information Industry Co., Ltd.	8,563,285	149,390	8,712,675	7,191,610	39,961	7,231,571	6,035,827	100,060	6,135,887	4,782,662	22,603	4,805,265
	2022						2021					
	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.	56,256,417	(8,352,833)	(8,445,005)	11,012,565			80,168,858	10,127,192	10,205,670	27,060,041		
TCL Zhonghuan New Energy Technology Co., Ltd.	67,010,157	7,073,043	7,073,043	5,056,839			41,104,685	4,435,128	4,435,128	4,281,641		
Highly Information Industry Co., Ltd.	31,847,803	264,253	264,253	(574,296)			31,932,016	272,046	272,046	(103,091)		

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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					
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Xinjiang	R&D, production & sale of polycrystalline & monocrystalline silicon;	Yes	-	27%

(2) Key financial information of major associates

	December 31, 2022	January 1, 2022
	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Xinjiang Xiexin New Energy Material Technology Co., Ltd.
Total assets	18,250,952	11,377,813
Total liabilities	3,992,915	5,110,841
Non-controlling interests Equity attributable to shareholders of the parent company	Not applicable 14,258,037	Not applicable 6,266,973
Share of equity in proportion to the Company's interest Carrying amount of investment in associate	3,849,670 3,919,465	1,692,083 1,691,361

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VII Interests in Other Entities
(Continued)

2 Interests in joint ventures and associates (continued)

(2) Key financial information of major associates (continued)

	2022	2021
	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Xinjiang Xiexin New Energy Material Technology Co., Ltd.
Revenue	13,523,962	2,905,071
Net profit attributable to the parent company	7,991,046	1,322,643

Dividends from associate to the Group in current period

- -

(3) Financial information of other joint ventures and associates combined respectively

	2022	2021
Joint ventures:		
Aggregated carrying amount of investments	520,668	555,257
Aggregate of following items calculated in proportion to the Company's interest		
Net profit (note)	(59,479)	65,001
Other comprehensive income (note)	-	-
Total comprehensive income	(59,479)	65,001

Associate:

Aggregated carrying amount of investments	24,816,083	23,393,960
Aggregate of following items calculated in proportion to the Company's interest		
Net profit (note)	730,114	(1,269,007)
Other comprehensive income (note)	(17,504)	910,473
Total comprehensive income	712,610	(358,534)

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.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (mainly foreign exchange risk and 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, notes receivable, accounts receivable, loans and advances to customers 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, 2022, 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 headquarter 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.

As of December 31, 2022, the Group had no liquidity risk events.

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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.

(a) On December 31, 2022, 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 USD348,049,000, equivalent to RMB2,424,025,000 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 2022	Exchange rate at period-end December 31, 2022
USD/RMB	<u>6.7573</u>	<u>6.9646</u>

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 RMB121,201,000 in shareholders' equity and net profit respectively of the Group on December 31, 2022.

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, 2022, the Group's liabilities with floating interest rates accounted for 69.31% 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)	988,403	11,647,404	67,700	12,703,507
Derivative financial assets (see Note V.3)	-	361,034		361,034
Receivables financing (see Note V.6)	-	1,103,128		1,103,128
Investments in other equity instruments (see Note V. 15)	66,706	-	373,290	439,996
Other non-current financial assets (see Note V. 16)	<u>1,852,623</u>	<u>-</u>	<u>1,076,204</u>	<u>2,928,827</u>
Total assets continuously measured at fair value	<u>2,907,732</u>	<u>13,111,566</u>	<u>1,517,194</u>	<u>17,536,492</u>

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V, 30)	-	397,024	464,888	861,912
Derivative financial liabilities (see Note V, 31)	-	<u>70,735</u>	<u>-</u>	<u>70,735</u>
Total liabilities continuously measured at fair value	<u>-</u>	<u>467,759</u>	<u>464,888</u>	<u>932,647</u>

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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

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 1,159,085,019 shares in total and becoming the largest shareholder of the Company.

As per Article 217 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 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
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	Joint venture
Huizhou TCL Human Resources Service Co., Ltd.	Joint venture
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Tianjin Huayan Technology Co., Ltd.	Joint venture
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	Joint venture
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	Joint venture's subsidiary
Moxing Semi-conductor (Guangdong) 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
Peer College Education Technology (Huizhou) Co., Ltd.	Joint venture's subsidiary
Shanxi Shengwei Enterprise Management Co., Ltd.	Joint venture's subsidiary
Anhui Dangzhuo Enterprise Management Co., Ltd.	Joint venture's subsidiary
Hubei Shifen Sharing Technology Co., Ltd.	Joint venture's subsidiary
Moxun Semiconductor Technology (Shanghai) Co., Ltd.	Joint venture's subsidiary
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	Associate
SunPower Systems International Limited	Associate
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	Associate
Shenzhen Jucai Supply Chain Technology Co., Ltd.	Associate
MAXEON SOLAR TECHNOLOGIES PTE.LTD	Associate
Tianjin 712 Communication & Broadcasting Co., Ltd.	Associate
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	Associate
Shenzhen Tixiang Business Management Technology Co., Ltd.	Associate
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Associate
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	Associate

X X. Related parties and related-party transactions (continued)

2

2 The nature of related parties without control relationship (continued)

TCL Intelligent Technology (Ningbo) Co., Ltd.	Associate
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	Associate
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	Associate
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	Associate
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	Associate
TCL Finance (Hong Kong) Co., Limited	Associate
Inner Mongolia Huanye Material Co., Ltd.	Associate
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	Associate
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	Associate
LG Electronics (Huizhou) Co., Ltd.	Associate

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Wuxi TCL Medical Imaging Technology Co., Ltd.	Associate
China Innovative Capital Management Limited	Associate
TCL Environmental Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Getech Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	Associate and its subsidiaries
SunPower Corporation	Associate's subsidiary
SunPower Phils.Manufacture Ltd	Associate's subsidiary
SunPower Systems Sarl	Associate's subsidiary
Qihang International Import & Export Limited	Associate's subsidiary
Qihang Import&Export Limited	Associate's subsidiary
Jucai Supply Chain International (Hong Kong) Co., Ltd.	Associate's subsidiary
Shenzhen Xirang International Network Information Technology Co., Ltd.	Associate's subsidiary
Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	Associate's subsidiary
Elite Excellent Investments Limited	Associate's subsidiary
Esteem Venture Investment Limited	Associate's subsidiary
Shenzhen Juchuang Zhilian Information Technology Co., Ltd.	Associate's subsidiary
Huixing Holdings Limited	Associate's subsidiary
Marvel Paradise Limited	Associate's subsidiary
Union Dynamic Investment Limited	Associate's subsidiary
Dalian Tixiang Enterprise Management Consulting Co., Ltd.	Associate's subsidiary
Zijinshan Investment Co., Ltd.	Associate's subsidiary
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	Associate's subsidiary
Huizhou Tixiang Enterprise Management Consulting Co., Ltd.	Associate's subsidiary
SunPower Malaysia Manufacturing Sdn.Bhd.	Associate's subsidiary
TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships
CJ Speedex Logistics Co., Ltd.	Significantly influenced by the Company's senior management

TCL Technology Group Corporation
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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

	2022	2021
TCL Industries Holdings Co., Ltd. and its subsidiaries	10,460,136	15,594,088
SunPower Systems Sarl	1,912,424	1,434,224
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	1,014,946	641,810
Qihang International Import & Export Limited	520,330	528,883
SunPower Malaysia Manufacturing Sdn.Bhd.	482,562	41,403
SunPower Systems International Limited	195,077	323,973
TCL Environmental Technology Co., Ltd. and its subsidiaries	147,016	48,858
Qihang Import&Export Limited	91,498	5,728
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	50,095	35,337
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	5,443	3,355
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	4,964	-
Getech Ltd. and its subsidiaries	4,704	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	2,658	843
MAXEON SOLAR TECHNOLOGIES ,PTE.LTD	1,691	-
Moxing Semi-conductor (Guangdong) Co., Ltd.	44	-
Tianjin 712 Communication & Broadcasting Co., Ltd.	39	671
SunPower Corporation	37	-
Sunpower Phils.Manufacture Ltd	10	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	-	333
Shenzhen Tixiang Business Management Technology Co., Ltd.	-	17
	<u>14,893,674</u>	<u>18,659,523</u>

(2) Purchasing raw materials and finished products from related parties Note 2

	2022	2021
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	5,741,285	2,440,128
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	2,768,083	3,288,681
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,437,095	1,556,530
Shenzhen Jucai Supply Chain Technology Co., Ltd.	1,230,135	960,377
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	573,491	128,872
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	228,127	142,865
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	178,523	213,923
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	144,809	29,348
Qihang Import&Export Limited	48,531	-
Jucai Supply Chain International (Hong Kong) Co., Ltd.	5,142	6,951
TCL Environmental Technology Co., Ltd. and its subsidiaries	2,308	51,335
TCL Intelligent Technology (Ningbo) Co., Ltd.	1,309	1,521
	<u>12,358,838</u>	<u>8,820,531</u>

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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		
		2022	2021
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	300,000	-
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	132,577	101,130
	Jiangsu Huanxin Semiconductor Co., Ltd.	42,552	109,384
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	41,862	40
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	34,228	162,982
	Qihang International Import & Export Limited	25,811	3,234
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	20,731	44,945
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	15,367	24,975
	Shenzhen Xirang International Network Information Technology Co., Ltd.	11,952	7,555
	Anhui TCL Human Resources Service Co., Ltd.	9,983	5,740
	Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	9,920	4,937
	Qihang Import&Export Limited	9,089	12,779
	Elite Excellent Investments Limited	8,762	3,860
	Shenzhen Tixiang Business Management Technology Co., Ltd.	5,764	7,868
	Esteem Venture Investment Limited	5,416	41
	Shenzhen Juchuang Zhilian Information Technology Co., Ltd.	4,135	-
	Peer College Education Technology (Huizhou) Co., Ltd.	3,881	3,410
	Shanxi Shengwei Enterprise Management Co., Ltd.	3,197	725
	Anhui Dangzhuo Enterprise Management Co., Ltd.	2,751	-
	Huizhou TCL Human Resources Service Co., Ltd.	2,516	371
	Huixing Holdings Limited	673	672
	Marvel Paradise Limited	612	570
	Union Dynamic Investment Limited	401	377
	Hubei Shifen Sharing Technology Co., Ltd.	85	-
	Dalian Tixiang Enterprise Management Consulting Co., Ltd.	46	-
	Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	-
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	8	229,133
	TCL Finance (Hong Kong) Co., Limited	-	21,238
		<u>692,352</u>	<u>745,966</u>

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X	Related Parties and Related-Party Transactions (Continued)		
3	Major related-party transactions (continued)		
(4)	Leases		
		2022	2021
	Rental income		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	75,322	72,763
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	66,902	80,552
	Inner Mongolia Huanye Material Co., Ltd.	16,063	509
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	4,323	1,949
	Getech Ltd. and its subsidiaries	1,065	532
	TCI Environmental Technology Co., Ltd. and its subsidiaries	1,046	988
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	837	812
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	368	350
	TCL Intelligent Technology (Ningbo) Co., Ltd.	1	460
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	-	886
	Huizhou TCL Real Estate Development Co., Ltd.	-	367
		<u>165,927</u>	<u>160,168</u>
	Rental expense		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	62,456	52,989
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	5,147	232
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	1,927	834
		<u>69,530</u>	<u>54,055</u>
(5)	Providing labour service for or accepting labour service from related parties		
		2022	2021
	Providing labour service for related parties	293,468	242,517
	Accepting labour service from related parties	1,534,144	885,757

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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(6)	Receiving interest from or paying interest to related parties Note 3		
		2022	2021
	Interest received	22,837	81,607
	Interest paid	18,040	18,244
(7)	Remuneration of key management personnel		
		2022	2021
	Remuneration of key management personnel	48,071	58,199

(8) Other related transactions

In June 2022, the Group signed a property share transfer agreement with TCL Industrial Holdings Co., Ltd. to transfer all the property shares held by the Group in Chongqing Zhongxin Rongxin Investment Center (Limited Partnership) to TCL Industrial Holdings Co., Ltd., with the transaction price of RMB960,000,000.

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.

Note 4 The transactions between Maojia International Co., Ltd. and its subsidiaries and the Company from January to March 2021 are included in TCL Industrial Holdings Co., Ltd. and its subsidiaries.

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X	Related Parties and Related-Party Transactions (Continued)	
3	Major related-party transactions (continued)	
Note 5	Transactions between TCL Financial Holding (Guangzhou) Group Co., Ltd. and its subsidiaries with the Company in June 2021 are recorded into TCL Industrial Holdings Co., Ltd. and its subsidiaries.	
Note 6	The transaction between TCL Huanxin Semiconductor (Tianjin) Co., Ltd. and the Company in June 2021 is a related-party transaction.	
Note 7	Remuneration of key management personnel does not include share-based payment.	
4	Balances due from and to related parties (continued)	
(1)	Notes receivable	
	December 31,	January 1, 2022
	2022	
	-	13,441
	-	13,441
(2)	Accounts receivable	
	December	January 1,
	31,	2022
	2022	
	2,143,258	2,230,056
	258,443	281,163
	249,860	276,090
	76,749	119,817
	36,224	-
	12,651	24,710
	6,398	-
	6,163	235,474
	5,774	-
	1,522	1,569
	1,163	-
	969	-
	289	-
	281	-
	183	1
	104	-
	44	40
	28	-
	2	2,183
	-	199
	<u>2,800,105</u>	<u>3,171,302</u>

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(3)	Receivables financing	December 31, 2022	January 1, 2022
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	-	500
		-	500
(4)	Accounts payable	December 31, 2022	January 1, 2022
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,295,863	448,553
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	699,954	552,883
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	268,519	274,366
	Getech Ltd. and its subsidiaries	112,831	10,762
	Qihang Import&Export Limited	73,130	-
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	63,818	5,246
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	57,847	30,029
	Inner Mongolia Huanye Material Co., Ltd.	25,090	1,457
	Qihang International Import & Export Limited	20,058	-
	TCL Environmental Technology Co., Ltd. and its subsidiaries	15,313	24,033
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	9,534	-
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	7,981	2,240
	Jucai Supply Chain International (Hong Kong) Co., Ltd.	3,769	6,503
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	968	-
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	10	-
	Shenzhen Xirang International Network Information Technology Co., Ltd.	-	1,195
	Peer College Education Technology (Huizhou) Co., Ltd.	-	38
		<u>2,654,685</u>	<u>1,357,305</u>
(5)	Other receivables	December 31, 2022	January 1, 2022
	TCL Industries Holdings Co., Ltd. and its subsidiaries	545,760	1,390,733
	TCL Environmental Technology Co., Ltd. and its subsidiaries	30,642	2,139
	Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	20,181	-
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	7,987	-
	Inner Mongolia Huanye Material Co., Ltd.	4,061	-
	Getech Ltd. and its subsidiaries	3,994	404
	Shenzhen Xirang International Network Information Technology Co., Ltd.	3,825	1,185
	Zhonghuan Aineng (Beijing) Technology Co., Ltd.	3,101	3,099
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	2,058	663

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(5)	Other receivables (continued)	December 31, 2022	January 1, 2022
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	1,725	-
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	559	-
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	218	8
	LG Electronics (Huizhou) Co., Ltd.	212	109
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	15	524
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	9	-
	Wuxi TCL Medical Imaging Technology Co., Ltd.	6	-
	TCL Intelligent Technology (Ningbo) Co., Ltd.	-	3,777
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	-	64
	Moxing Semi-conductor (Guangdong) Co., Ltd.	-	7
		624,353	1,402,712
(6)	Other payables	December 31, 2022	January 1, 2022
	Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	428,100	428,100
	Getech Ltd. and its subsidiaries	166,525	118,911
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	115,220	84,988
	TCL Industries Holdings Co., Ltd. and its subsidiaries	67,456	39,554
	Qihang International Import & Export Limited	25,812	3,234
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	18,762	48,969
	TCL Environmental Technology Co., Ltd. and its subsidiaries	14,402	1,365
	Anhui TCL Human Resources Service Co., Ltd.	11,009	6,073
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	9,317	1,330
	Qihang Import&Export Limited	9,089	12,779
	Elite Excellent Investments Limited	8,762	3,860
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	5,564	5,316
	Esteem Venture Investment Limited	5,416	41
	Moxun Semiconductor Technology (Shanghai) Co., Ltd.	4,057	1,000
	Peer College Education Technology (Huizhou) Co., Ltd.	3,881	3,624
	Shenzhen Xirang International Network Information Technology Co., Ltd.	3,124	-
	Anhui Dangzhuo Enterprise Management Co., Ltd.	2,751	-
	Huizhou TCL Human Resources Service Co., Ltd.	2,515	370
	Jucai Supply Chain International (Hong Kong) Co., Ltd.	2,333	-
	Shanxi Shengwei Enterprise Management Co., Ltd.	2,221	725

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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, 2022	January 1, 2022
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	1,924	-
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	1,444	-
	Huixing Holdings Limited	673	672
	Marvel Paradise Limited	612	570
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	449	245
	Union Dynamic Investment Limited	401	377
	CJ Speedex Logistics Co., Ltd.	102	1,772
	Hubei Shifen Sharing Technology Co., Ltd.	85	-
	TCL Intelligent Technology (Ningbo) Co., Ltd.	75	-
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	55	-
	Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	66	33
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	45	45
	China Innovative Capital Management Limited	29	-
	Shenzhen Tixiang Business Management Technology Co., Ltd.	-	197
	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	-	4
		<u>912,276</u>	<u>764,154</u>
(7)	Non-current liabilities due within a one-year period	December 31, 2022	January 1, 2022
	TCL Industries Holdings Co., Ltd. and its subsidiaries	19,555	6,346
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	4,972	4,648
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	957	957
		<u>25,484</u>	<u>11,951</u>
(8)	Prepayments	December 31, 2022	January 1, 2022
	Tianjin Huanyan Technology Co., Ltd.	30,438	-
	Getech Ltd. and its subsidiaries	16,890	4,850
	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	8,386	74,672
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	2,633	-
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	1,446	-

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(8)	Advance payments (continued)		
		December 31, 2022	January 1, 2022
	Shenzhen Xirang International Network Information Technology Co., Ltd.	1,416	-
	TCL Industries Holdings Co., Ltd. and its subsidiaries	<u>75</u>	<u>40</u>
		<u>61,284</u>	<u>79,562</u>
(9)	Advances from customers		
		December 31, 2022	January 1, 2022
	TCL Industries Holdings Co., Ltd. and its subsidiaries	<u>214</u>	<u>-</u>
		<u>214</u>	<u>-</u>
(10)	Contract liabilities		
		December 31, 2022	Januar y 1, 2022
	Shenzhen Qianhai Sailing International Supply Chain Manag ement Co., Ltd.	148,237	111
	TCL Industries Holdings Co., Ltd. and its subsidiaries	53,736	10,633
	TCL Environmental Technology Co., Ltd. and its subsidiaries	<u>3,233</u>	<u>2,885</u>
		<u>205,206</u>	<u>13,629</u>
(11)	Lease liabilities		
		December 31, 2022	January 1, 2022
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,345	6,576
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	1,260	6,242
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	<u>-</u>	<u>275</u>
		<u>2,605</u>	<u>13,093</u>

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)

(12) Deposits from related parties (note)

	December 31, 2022	January 1, 2022
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	300,086	185
Shenzhen Jucai Supply Chain Technology Co., Ltd.	132,615	101,181
Jiangsu Huanxin Semiconductor Co., Ltd.	42,553	109,395
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	41,867	46
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	20,735	45,018
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	15,722	114,413
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	15,382	25,040
Shenzhen Xirang International Network Information Technology Co., Ltd.	11,956	7,559
Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	9,923	4,940
Shenzhen Tixiang Business Management Technology Co., Ltd.	5,766	7,873
Shenzhen Juchuang Zhilian Information Technology Co., Ltd.	4,136	-
Anhui TCL Human Resources Service Co., Ltd.	1,637	-
Shanxi Shengwei Enterprise Management Co., Ltd.	978	-
Dalian Tixiang Enterprise Management Consulting Co., Ltd.	46	-
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	8	229,154
TCL Finance (Hong Kong) Co., Limited	-	21,241
	<u>603,410</u>	<u>666,045</u>

These deposits are made by related parties in the Company's subsidiary TCL Tech Finance Co., Ltd.

(13) Other non-current assets

	December 31, 2022	January 1, 2022
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	216,468	-
Getech Ltd. and its subsidiaries	3,176	-
	<u>219,644</u>	<u>-</u>

TCL Technology Group Corporation
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XI Share-based payments

1 General conditions of share-based payment

Total amount of each equity instrument granted by the Company in the current period	-
Total amount of each equity instrument exercised by the Company in the current period	-
Total amount of the Company's equity instruments that expired in the current period	-
Range of exercise prices of the Company's stock options outstanding and remaining contract term at the end of the period	---
Range of exercise prices of the Company's other equity instruments outstanding and remaining contract term at the end of the period	---

According to the *Proposal on the Management Measures of the Company's Employee Stock Ownership Plan (Phase II) 2021-2023* deliberated and adopted at the Second Extraordinary Meeting 2022, and the *Proposal on the Company's Employee Stock Purchase Plan (Phase II) 2021-2023 (Draft)* adopted by the resolution of the 19th and 14th Meetings of the Seventh-term Board of Directors, the grant date of this share incentive was July 22, 2022; the grant price was RMB4.35; 32.6211 million shares were granted to no more than 3,600 awardees at the price of RMB4.35 on July 22,

The vesting arrangement of the restricted stock granted under this incentive plan is shown in the following table:

Number of times	Vesting period and ratio
First non-trade transfer or sale	After 12 months from the date of vesting of the holder's respective quota of the underlying shares, the Shareholding Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's respective shares to the account of the holder of the Shareholding Plan, provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation;
Second non-trade transfer or sale	After 24 months from the date of vesting of the holder's corresponding quota of the underlying shares, the Shareholding Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's corresponding shares to the account of the holder of the Shareholding Plan provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation
2 Equity-settled share-based payments	
Method of determining the fair value of equity instruments on the date of grant	Restricted shares: The Group determined the fair value of equity instruments on the grant date based on the fair value of shares, RMB4.35 per share thereon.
Basis for determining the number of exercisable equity instruments	On each balance sheet date within the vesting period, the Group determines the best estimate based on the latest number of employees eligible to exercise their options, and revise the estimated number of exercisable equity instruments.
Reasons for significant differences between current and previous estimates	Not applicable
Accumulated amount of equity-settled share-based payment included in capital reserve	RMB26,559,000
Total expense recognized for equity-settled share-based payments in the current period	RMB26,559,000

3 The Company has no cash-settled share-based payments.

4 The Company has no share-based payment modification or termination.

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XII Commitments

1 Capital commitments

				December 31, 2022	January 1, 2022
	Under obligations provided for	contractual but not	Note 1	12,563,851	17,764,772
	Approved by Board but not under obligations	contractual	Note 2	3,248,000	172,384
				15,811,851	17,937,156

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, 2022, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

XIII Contingencies

Guarantees Provided for External Parties

The guaranteed amount for related party bank loan, commercial drafts, letters of credit, etc. is RMB3,137,934,000.

XIV Events after Balance Sheet Date

1 From February 3 to 6, 2023, TCL TECH. completed the issue of the first phase of medium-term notes (science and technology Notes) in 2023, with interest valued from February 7, 2023, an issue scale of RMB1.5 billion, a term of 3 years, and a coupon rate of 4.1%.

2 According to 2022 profit distribution and the proposal for conversion of capital reserve to share capital reviewed and approved by the resolution of the Company's board of directors: Based on 17,071,891,607 share capital of the Company as of March 30, 2023, all shareholders will be issued one share for every 10 shares they hold from the capital reserve, and subsequently, the total share capital of the Company will be changed to 18,779,080,767 shares. No cash dividends and no bonus shares are declared for the year.

3 Zhonghuan Advanced Semiconductor Materials Co., Ltd., a holding subsidiary of the Company, acquired 100% equity of Xinxin Semiconductor Technology Co., Ltd. (hereinafter referred to as "Xinxin Semiconductor") by means of newly increased registered capital (hereinafter referred to as "the transaction"). Through deliberation and approval by the board of directors of the Company, Zhonghuan Advanced Semiconductor Materials Co., Ltd. signed the *Equity Acquisition and Capital Increase Agreement* with the shareholders of Xinxin Semiconductor. As of the date of approval of these financial statements, the closing conditions of the transaction have been fulfilled and Xinxin Semiconductor has become a wholly-owned subsidiary of Zhonghuan Advanced Semiconductor Materials Co., Ltd. Consideration for the transaction is RMB7,756,983,000, and after the completion of the transaction, shareholders of Xinxin Semiconductor hold a total of 32.50% equity interest in Zhonghuan Advanced Semiconductor Materials Co., Ltd. □

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XV Other Important Matters

(I) Discontinued operations

In May 2021, the Company's second extraordinary general meeting reviewed and approved the proposal to sell 100% equity of TCL Financial Holding (Guangzhou) Group Co., Ltd.: to sell 100% of the Company's equity to TCL Industrial Holdings Co., Ltd. at RMB2,572,020,000. The Company completed the closing at the end of May.

	2022	2021
Revenue from discontinued operations	-	168,312
Gross profit of discontinued operations	-	63,259
Income tax expense of discontinued operations	-	15,502
Net profit of discontinued operations	-	47,757
Add: Net gain/loss on disposal of discontinued operations	-	10,539
Total net profit of discontinued operations	-	58,296

(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) Semiconductor display business: mainly includes the research and development, manufacturing and sales of semiconductor display panels and semiconductor display modules, as well as complete display processing.
- (2) New energy photovoltaic and semiconductor materials business: mainly includes the manufacture and sales of semiconductor materials, semiconductor devices, new energy materials, and new energy; development, and operation of high-efficiency 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, return on investment, 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
Notes to Financial Statements
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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, 2022				
	Semi-conductor display	New energy photovoltaics and semi-conductor materials business	Distribution business	Other and offsets	Total
Revenue	65,717,155	67,010,157	31,847,803	1,977,671	166,552,786
Gross profit	(8,994,284)	7,449,331	351,040	2,250,964	1,057,051
Income tax expense	(1,330,043)	376,289	86,787	135,959	(731,008)
Net profit	(7,625,065)	7,073,042	264,253	2,075,829	1,788,059
Total assets	175,429,564	109,133,768	8,712,675	66,720,225	359,996,232
Total liabilities	99,999,637	62,073,927	7,231,569	58,552,346	227,857,479
Other items					
Depreciation and amortization	15,514,561	4,581,580	56,980	1,603,733	21,756,854
Capital expenditure	29,340,453	11,212,723	-	209,611	40,762,787
Net interest expense	1,215,925	951,451	88,754	1,432,383	3,688,513
	For the 12 months ending on December 31, 2021				
	Semi-conductor display and materials business	New energy photovoltaics and semi-conductor materials business	Distribution business	Other and offsets	Total
Revenue	88,220,062	41,104,685	31,932,016	2,400,938	163,657,701
Gross profit	12,402,514	5,000,031	366,835	(185,801)	17,583,579
Income tax expense	1,738,017	564,903	94,789	210,339	2,608,048
Net profit	10,664,497	4,435,128	272,046	(396,140)	14,975,531
Total assets	206,597,444	77,979,359	6,135,887	18,037,005	308,749,695
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

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XVI Notes to the key items presented in the financial statements of the Company

1 Accounts receivable

	December 31, 2022				January 1, 2022			
	Amount	Ratio (%)	Allowance	Accrual Ratio (%)	Amount	Ratio (%)	Allowance	Percentage
Within 1 year	353,877	100%	65	0.02%	93,929	100%	363	0.39%

2 Other receivables

	December 31, 2022	January 1, 2022
Dividends receivable	-	-
Other receivables	4,961,948	13,819,512
	<u>4,961,948</u>	<u>13,819,512</u>

(a) Nature of other receivables is analyzed as follows:

	December 31, 2022	January 1, 2022
Equity transfer receivables	470,628	1,260,290
Receivables from external entities	-	107,708
Security deposits	1,795	1,407
Others	4,489,525	12,450,107
	<u>4,961,948</u>	<u>13,819,512</u>

(b) Allowance for doubtful other receivables is analyzed as follows:

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
January 1, 2022	962	-	31,966	32,928
Accrued in current period	113	-	-	113
Reversal of current period	-	-	(158)	(158)
Write-off of current period	-	-	(90)	(90)
December 31, 2022	<u>1,075</u>	<u>-</u>	<u>31,718</u>	<u>32,793</u>

TCL Technology Group Corporation
Notes to Financial Statements
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XVI 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, 2022		January 1, 2022	
	Amount	Ratio (%)	Amount	Ratio (%)
Within				
1 year	3,944,909	78.98%	12,536,263	90.50%
1 to 2				
years	23,902	0.48%	363,773	2.63%
2 to 3				
years	225,690	4.52%	587,773	4.24%
Over 3				
years	800,240	16.02%	364,631	2.63%
	4,994,741	100%	13,852,440	100%

The outstanding other receivables were mostly current accounts with related parties.

The top five other receivables of the Company amounted to approximately RMB4,008,688,000 (December 31, 2021: RMB12,357,035,000), accounting for 80.26 % of the total other receivables of the Company (December 31, 2021: 89.20%).

3 Long-term equity investments

	December 31, 2022			January 1, 2022		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures						
(1)	17,171,275	-	17,171,275	14,968,764	-	14,968,764
Subsidiaries (2)	59,189,096	-	59,189,096	56,334,362	-	56,334,362
	76,360,371	-	76,360,371	71,303,126	-	71,303,126

As of December 31, 2022, there are no major restrictions on the realization of investment and the remittance of return on long-term equity investments.

TCL Technology Group Corporation
Notes to Financial Statements
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XVI 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, 2022
			Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Provision for impairment	Other increases and decreases	
China Innovative Capital Management Limited	1,063,219	-	(109,998)	(11,926)	3,097	-	-	-	944,392
LG Electronics (Huizhou) Co., Ltd.	92,079	-	10,693	-	-	(13,000)	-	-	89,772
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	36,160	-	(9,912)	1,110	-	-	-	-	27,358
Shenzhen Tixiang Business Management Technology Co., Ltd.	3,620	(1,500)	(1,127)	-	-	-	-	154	1,147
Shenzhen Jucai Supply Chain Technology Co., Ltd.	10,706	-	4,562	5	-	-	-	-	15,273
TCL Environmental Technology Co., Ltd.	122,391	(103,246)	4,842	-	-	-	-	(23,987)	-
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	372,976	-	129,468	-	-	-	-	-	502,444
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	151,026	(279)	17,062	-	-	-	-	-	167,809
Xinxin Semiconductor Technology Co., Ltd.	-	1,790,073	8,312	-	-	-	-	399	1,798,784
Huizhou TCL Human Resources Service Co., Ltd.	3,296	-	2,978	-	-	-	-	-	6,274
TCL Microchip Technology (Guangdong) Co., Ltd.	313,434	25,000	(53,645)	-	491	-	-	-	285,280
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	49,964	-	18,692	884	-	-	-	-	69,540
Others	12,749,892	(237,044)	1,286,133	(6,074)	-	(334,934)	-	(194,772)	13,263,201
	14,968,764	1,473,004	1,308,060	(16,001)	3,588	(347,934)	-	(218,206)	17,171,275

Note: Others are mainly investments in listed companies that have not yet announced their annual reports for 2022.

TCL Technology Group Corporation
Notes to Financial Statements
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XVI Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries

	Direct shareholding Ratio (%)	Beginning amount	Increase in current period	Decrease in current period	December 31, 2022
TCL China Star Optoelectronics Technology Co., Ltd.	80.03%	32,700,898	1,079,955	-	33,780,853
TCL Technology Group Finance Co., Ltd.	82%	1,256,003	-	-	1,256,003
TCL Technology Group (Tianjin) Co., Ltd.	100%	15,000,000	-	-	15,000,000
TCL Zhonghuan New Energy Technology Co., Ltd.	2.41%	1,752,635	-	-	1,752,635
Wuhan China Star Optoelectronics Technology Co., Ltd.	-	-	-	-	-
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%	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%	70,826	183	-	71,009
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
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	1,800,000	-	2,800,000
Xiamen TCL Technology Industrial Investment Co., Ltd.	100%	-	211,000	-	211,000
TCL Internet Technology (Shenzhen) Co., Ltd.	100%	-	15,000	-	15,000
Ningbo TCL Equity Investment Ltd.	100%	300,000	-	-	300,000
TCL Technology Investments Limited	100%	2,988,293	-	-	2,988,293
Equity incentives of subsidiaries		10,373	6,223	-	16,596
		<u>56,334,362</u>	<u>3,112,361</u>	<u>(257,627)</u>	<u>59,189,096</u>

For the registered capital of subsidiaries and the Company's equity interests in the subsidiaries, see Note VII.

TCL Technology Group Corporation
Notes to Financial Statements
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XVI Notes to Financial Statements of the Parent Company (Continued)

4	Investments in other equity instruments		December 31, 2022	January 1, 2022
	Equity of unlisted companies		<u>5,000</u>	<u>5,000</u>
5	Other non-current financial assets		December 31, 2022	January 1, 2022
	Equity investments		<u>431,023</u>	<u>1,051,536</u>
6	Operating income and operating costs			
		2022	2021	
		Revenue	Cost of sales	Revenue
				Cost of sales
	Core business	1,019,036	1,009,786	1,133,244
	Non-core business	<u>574,177</u>	<u>153,021</u>	<u>357,693</u>
		<u>1,593,213</u>	<u>1,162,807</u>	<u>1,490,937</u>
7	Return on investment		2022	2021
	Gain on disposal of debt instruments at fair value through profit or loss		244,997	253,698
	Gain on disposal of equity instruments at fair value through profit or loss		-	24,321
	Profit from holding debt instruments at fair value through profit or loss		-	84,124
	Debt instruments at amortized cost through profit or loss		-	877
	Profit from holding equity instruments at fair value through profit or loss		3,953	-
	Dividends from subsidiaries		9,340,042	410,500
	Share of profit of associates for current period		1,358,727	1,427,874
	Share of profit of joint ventures for current period		(50,667)	(21,758)
	Net income from disposal of long-term investments		<u>1,586,504</u>	<u>825,934</u>
			<u>12,483,556</u>	<u>3,005,570</u>

As of December 31, 2022, there were no significant restrictions on the collection of return on investment.

TCL Technology Group Corporation
Notes to Financial Statements
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XVI Notes to Financial Statements of the Parent Company (Continued)

8 Net cash generated from operating activities

Net cash used in operating activities of the parent company was RMB11,844,330,000.

9 Cash and cash equivalents, end of the period

Cash and cash equivalents at end of the period of the Company was RMB17,570,270,000.

10 Contingent liabilities

As of December 31, 2022, the contingent liabilities not provided for in the financial report were as follows:

	December 31, 2022	January 1, 2022
Guarantees for trade notes and letters of guarantee of subsidiaries	17,329,299	10,025,125
Guarantees for bank loans of subsidiaries	42,748,105	29,542,641
Guarantees for bank loans, trade notes, letters of credit, etc. of related parties	3,137,934	15,991,207

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XVII Comparative Figures

Certain comparative data have been reclassified to comply with the presentation of the current period.

XVIII Non-Recurring Gains and Losses

	2022	2021
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	1,757,839	(184,526)
Government subsidies charged to current profits and 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)	1,322,783	699,271
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;	-	40,300
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.	(127,234)	238,629
Reversal of provision for impairment of receivables that have been individually tested for impairment	37,746	-
Non-operating income and expenses other than the above	758,600	275,790
Income tax effects	(244,386)	(93,176)
Non-controlling interests effects	<u>(545,817)</u>	<u>(356,085)</u>
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	<u>2,959,531</u>	<u>620,203</u>

The Company recognizes non-recurring gain and loss items in accordance with the provisions of (2008) No.43 *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss(2008)* issued by the China Securities Regulatory Commission.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2022
(RMB'000)

XIX 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 the China Securities Regulatory Commission and relevant provisions of accounting standards:

Item	Reporting 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 income
Net profit attributable to ordinary shareholders of the Company	261,319	0.52%	0.0191	0.0185
Net profit attributable to ordinary shareholders of the Company before non-recurring gains and losses	(2,698,212)	(5.34 %)	(0.1972)	(0.1908)

Company Name: TCL Technology Group Corporation
Date: March 30, 2023

The financial statements and the notes thereto from page 1 to page 161 are signed by:

Legal representative:	Li Dongsheng	Person-in-charge of financial affairs:	Li Jian	Accounting Person-in-charge of the accounting department:	Peng Pan
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