

Stock Code: 000100

Stock Abbreviation: TCL 科技

Announcement No.: 2022-030

# **TCL 科技集团股份有限公司**

## **TCL Technology Group Corporation**

The logo consists of the letters 'TCL' in a bold, red, sans-serif font. The 'T' and 'L' are solid red, while the 'C' is a red outline.

# **ANNUAL REPORT 2021 (SUMMARY)**

**April 27, 2022**

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

### **ANNUAL REPORT 2021 Chairman's Statement**

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

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

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

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

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

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

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

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

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

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

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

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

李东生

April 27, 2022

## Part I Important Notes

This summary is based on the full text of the 2021 Annual Report of TCL Technology Group Corporation. In order for a full understanding of the Company's operating results, financial status and future development plan, investors should carefully read through the aforesaid full text of the annual report on the media designated by the China Securities Regulatory Commission (the "CSRC").

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

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

### Independent auditor's modified opinion

Applicable  Not applicable

### Board-approved final cash and/or stock dividend plan for ordinary shareholders

Applicable  Not applicable

### Any capital reserves converted into share capital or not

Yes  No

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

subject to the actual payout amount.

### Board-approved final cash and/or stock dividend plan for preference shareholders

Applicable  Not applicable

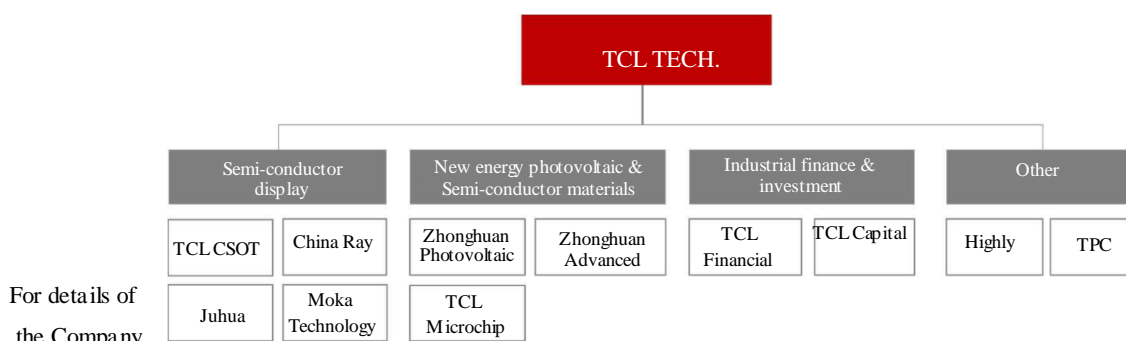
## Part II Company Profiles

### 1. Corporate Information

Stock name	TCL 科技	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
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		

### 2. Main businesses or products of the Company during the Reporting Period

The Company's main business structure contains semiconductor display business, new energy photovoltaic and semiconductor materials business, industrial finance and other businesses. The Company will continue to optimize its business structure and concentrate its resources on its main business, so as to achieve the strategic goal of two global leading core industries: semiconductor display, new energy photovoltaic and semiconductor materials.



### 3. Key Financial Information

#### (1) Main accounting data and financial indicators in the past three years

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

Yes  No

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

## (2) Main accounting data by quarter

Unit: RMB

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

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

Yes  No

## 4. Equity and Shareholders

### (1) Table of the total number of ordinary shareholders and preference shareholders with resumed voting rights as well as

## shareholding of the top ten shareholders

Unit: share

Name of Shareholder	Nature of shareholder	Shareholding ratio (%)	Total shares held at the period-end	Restricted shares held	Shares in pledge, marked or frozen	
					Share Status	Shares
Li Dongsheng and his acting-in-concert party	Domestic natural person/general legal person	8.26	1,158,599,393	610,181,602	Put in pledge by Li Dongsheng	198,838,800
					Put in pledge by Jiutian Liancheng	344,899,521
Huizhou Investment Holding Co., Ltd.	State-owned legal person	5.30	743,139,840	0		
Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal person	3.98	558,552,396	0	Pledge	255,754,475
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.19	447,848,011	0		
China Securities Finance Corporation Limited	Domestic general legal person	2.66	373,231,553	0		
Tibet Tianfeng Enterprise Management Co., Ltd.	Domestic general legal person	1.76	246,568,838	0		
TCL	Fund, wealth	0.81				



Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase I)	management product, etc.		113,143,154	0		
Sinatay Life Insurance Co., Ltd. - Conventional Product	Fund, wealth management product, etc.	0.74	104,190,172	0		
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53	74,761,500	0		
Southern Asset Management Agricultural Bank of China Southern China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53	74,761,500	0		
Note on the above shareholders' associations or concerted actions	Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,158,599,393 shares in total and becoming the largest shareholder of the Company.					
Top 10 ordinary shareholders involved in securities margin trading	Tibet Tianfeng Enterprise Management Co., Ltd., a shareholder of the Company, holds 154,173,746 shares through the general securities account, and holds 92,395,092 shares through the credit securities account, with a total of 246,568,838 shares actually held.					
Special account for share repurchases among the top 10 shareholders	The top 10 shareholders above include "The Securities Account of TCL Technology Group Corporation for Repurchases", but they are not listed in the above top 10 shareholders. As of the end of the Reporting Period, there were 293,415,852 shares in the account.					

**(2) Total number of preferred shareholders and top 10 preferred shareholders**□ Applicable  Not applicable**(3) Disclosure of property rights and control relationship between the Company and the actual controller with block diagram**□ Applicable  Not applicable**5. Existing bonds on the date of approval and disclosure of the annual report** Applicable □ Not applicable

## (1) General Information on Corporate Bonds

Unit: RMB'0,000

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

Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)								and principal repayable in full upon maturity	
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1)	19TCL01	112905	May 17, 2019	May 20, 2019	May 20, 2024	100,000	4.33%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938	July 19, 2019	July 23, 2019	July 23, 2024	100,000	4.30%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)	19TCL03	112983	October 17, 2019	October 21, 2019	October 21, 2024	200,000	4.20%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Investor eligibility (if any)	For qualified investors / For professional investors								
Trading system applicable	Not applicable								
Risk of termination of listing and trading (if any) and countermeasures	No								

(2) The latest tracking ratings and rating changes of bonds

Applicable  Not applicable

(3) Selected financial information of the Company in the past two years:

Unit: RMB'0,000

Item	At the end of the Reporting Period	December 31, 2020	Change of December 31, 2021 over December 31, 2020

Current ratio	1.08	0.92	15.43%
Debt/asset ratio	61.2%	65.1%	-3.84%
Quick ratio	0.83	0.66	16.95%
	2021	2020	YoY change
Net profit before non-recurring gains and losses	1,398,268	351,280	298.05%
Debt to EBITDA ratio	20.86%	11.36%	9.50%
Interest coverage ratio	4.57	2.58	77.50%
Cash coverage ratio	8.54	6.45	32.52%
EBITDA coverage ratio	8.39	5.98	40.28%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

### Part III Report of the Board

#### I. Principal Activity of the Company in the Reporting Period

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

During the reporting period, the semiconductor display business, and new energy photovoltaic and semiconductor materials business drove the growth of the Company. Both the operating scale

and financial revenue hit a new high. The Company achieved an operating revenue of RMB163.54 billion, a year-on-year increase of 113.3%; achieved a net profit of RMB 14.96 billion, a year-on-year increase of 195.3%; achieved a net profit attributable to the shareholders of the listed company of RMB10.06 billion, a year-on-year increase of 129.2%. Benefiting from the overall higher prosperity in the industry, the Company's capacity scale increased and its structure was optimized, as the Company's display business saw its revenue increase by 88.4% year-on-year and the net profit increase by 339.6%. The Company seized the development opportunity in the new energy photovoltaic industry and gave full play to the advantages of intelligent manufacturing, advanced technology and production capacity. G12 silicon wafer ranked top in global market shares. The semiconductor material business continued to maintain strong growth, and shipments of 8-12-inch polished wafers and epitaxial wafers rose quickly. The new energy photovoltaics and semiconductor materials businesses achieved an operating revenue of a year-on-year increase of 115.7%, and a net profit of a year-on-year increase of 200.6%.

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

**Strengthen the integration of intelligent technology and industrial manufacturing, and build future competitiveness based on digitization and intelligence.** The Company has greatly

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

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

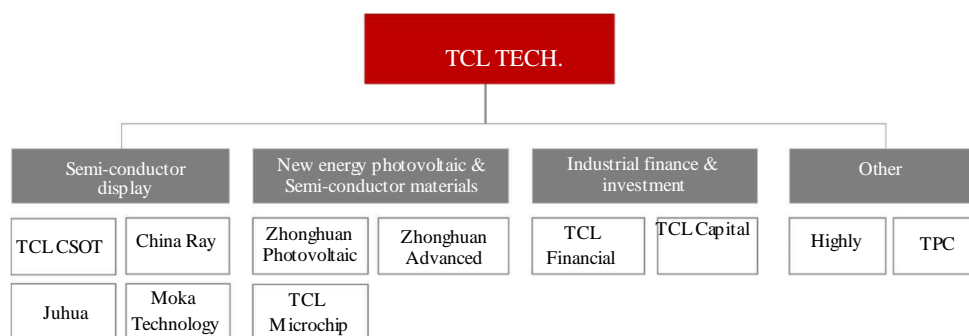
**In order to actively implement CSR and achieve high-quality development, the Company upgraded its corporate culture and took on "leading technology, realizing harmony and coexistence" as its vision and mission to promote sustainable social development.** The Company advocates a green development model and promotes low-carbon at the production and final-user ends. TCL CSOT improves the use of clean energy by building a photovoltaic power generation system on the plant roof. HVA, 1G1D display and other technologies can effectively

improve the transmission of light, improving image quality while saving energy. The G12 silicon wafer of TCL Zhonghuan can achieve higher photoelectric conversion and manufacturing efficiency. The Company continues to devote itself to poverty alleviation, student aid, disaster relief and other charitable activities in an innovative manner. The funds and materials with a total of RMB300 million are used for normalized charitable services to promote joint social progress.

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

## II. Main businesses of the Company during the reporting period

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



### (I) Semiconductor display business

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

million square meters, a year-on-year increase of 36%, and semi-conductor display business achieved a revenue of RMB88.1 billion, a year-on-year growth of 88.4% and a net profit of RMB10.65 billion, a year-on-year increase of 339.6%.

**In the large-size segment, TCL CSOT continued to expand its scale, adhering to the strategy of high-end products and enhanced its competitive advantage.** Factories t1, t2 and t6 maintained effective operations, Factory t7 ramped up as scheduled; Factory t10 (formerly Samsung Suzhou LCD factory) has been consolidated since Q2 and the acquisition of the remaining 30% minority equity was completed at the end of September, thus becoming a wholly-owned subsidiary of TCL CSOT. The Company's leading position in large-size panels was further reinforced, ranking 2nd globally in terms of market share of TV panels, ranking 1st globally in terms of market share of 55-inch products; the high-end strategy has achieved remarkable results, with the shipment area of 65 inch and above products exceeding 47% of the total shipment area, 65-inch and 75-inch products ranked No.2 in terms of market share, and the Company ranked 1st globally in terms of market share of 8K and 120 HZ high-end TV panels; the Company has accelerated the adjustment of its product structure, with non-TV business exceeded 23%, and become the core supplier for the leading customers in terms of commercial display markets such as interactive whiteboards, digital signage and splicing screens, among which the market share of interactive whiteboards increased to No.1 globally.

**In the medium-sized segment, TCL CSOT diversified its product structure, actively introduced leading customers, invested in new production capacity and developed a new engine for business growth.** The Company has seized opportunities for rapid growth in the market of medium-sized products and increased its market share through optimizing existing production lines. The Company ranks 1st globally in terms of market share of e-sports displays in Q4, Factory t3 production line accelerated the medium-sized transformation, and the revenue of non-mobile phone products increased to 41%, 2nd globally in terms of shipment volume of LTPS notebook panels, and 1st globally in terms of shipment volume of LTPS tablet PC panels; the shipment volume of vehicle-mounted panels has increased rapidly by introducing a number of Chinese and foreign leading customers; the Company has achieved cooperation with brand customers with respect to display and laptop products equipped with Mini LED backlighting. To meet the needs of



customers, the Company is expanding its 6th generation LTPS LCD display panel production line. The plant of t9 project has been constructed for 8.6th generation oxide semi-conductor new display device production line and SoP is expected in 2023. The Company's medium-sized business layout will be gradually improved to explore a new drive for business growth.

**In the field of small-sized product businesses, TCL CSOT has improved productivity through technological differentiation, improved the customer portfolio and improved the operating indicators.** The shipment volume of LTPS mobile phone panels of Factory t3 production line ranked fourth in the world, and the new VR/AR display products were expanded to improve the profitability. The first phase of t4 project has successfully reached production capacity, and the second and third phases of production capacity are constructed as scheduled. The differentiation advantage has been realized thanks to folding screens, under screen camera technology and LTPO technology. The folding screen has successfully realized the SoP and supplied to the first-tier brand manufacturer, and made a breakthrough in the development of new customers. Affected by high R&D investments in the early stage and the fixed expenditure in the production capacity increase period, t4 operating efficiency did not meet expectations. The Company will focus on improving technical capacity of products, meeting the needs of strategic customers and gradually improving operating efficiency.

Breakdown of semi-conductor display business :

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

<b>Other and offsets</b>	-	-	-	-	-38.5	Not applicable	-8.7	Not applicable
<b>Total</b>	-	-	-	-	<b>881.0</b>	<b>88.4%</b>	<b>106.5</b>	<b>339.6%</b>

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

In the long term, the LCD display industry will remain centered on Mainland China with an optimized competitive pattern. The leading enterprises had significant advantages in terms of management efficiency, scale, technology, research and development, supply chain, and so forth, significantly increasing industry entry barriers. In the short term, affected by the turbulent international political and economic situation, economic growth has slowed down, and market demands have become sluggish. The semi-conductor display industry faces huge operating challenges.

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

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

## **(II) New energy photovoltaic and semiconductor materials business**

The global energy structure is undergoing transformation. Renewable energy ushers in new opportunities for development, and semi-conductor materials, as the upstream of the electronic industry chain, ushering in fast development following the trend of domestic substitution. Since 2021, as the raw material price keeps rising, the manufacturers face pressure in the short term. In the face of both opportunities and challenges, TCL Zhonghuan adopts a "9215" development plan, resolutely implementing "global leading strategies for new energy photovoltaic materials and the strategy of catching up and surpassing for semiconductor materials", to deepen institutional reform, comprehensively improve organizational capacity and release corporate vitality. TCL Zhonghuan pushes ahead with technological innovation and deeply participates in the governance of global intellectual property rights; builds a scientific and orderly manufacturing mode of transformation to ensure high-quality corporate development.

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

### **1. New energy photovoltaics industry**

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

In terms of modules, benefiting from the rapid increase of overseas high-power and distributed products, the Company has expanded its international market through patented technology of

shingle 3.0, making it the benchmark in power generation efficiency of high-power modules. During the reporting period, the production capacity of photovoltaic modules increased to 11GW, with a year-on-year increase of 120%. The G12 high-efficiency shingled PV module project has realized SoP in Jiangsu Province, while the G12 high-efficiency shingled PV module project in Tianjin has hastened its SoP.

Based on long-term technological development and the comprehensive application of industry 4.0, the Company has established its differentiated competitiveness in production efficiency and product reliability. During the reporting period, the consumption rate of silicon material per unit decreased by nearly 3% year-on-year, the monthly production of silicon rod per unit increased by 30%, the labor productivity and the first pass yield (FPY) of G12 production line increased significantly, and the monthly production and output per single unit took a lead in the industry. Relying on industry 4.0, the Company has cooperated with upstream and downstream customers to establish a flexible cooperation mode, which has effectively driven the production and marketing scale and improved product quality.

## **2. Semiconductor materials industry**

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

Looking into the future, the dual carbon policy will drive the high-efficiency and high-quality development of the global economy, and the global economic pattern is bound to drive the reconstruction of the high-tech industrial chain dominated by electronic information. The Company

will seize strategic opportunities, increase investment in new energy photovoltaic and semi-conductor fields, strengthen the control of key links and strategic nodes alongside the industrial chain, and contribute to the high-tech industry breakthrough under the trend of energy structure transformation.

The Company is maintaining steady development in other aspects of corporate development. TCL financial company focused on ensuring the Company's project capital demand, reducing costs and increasing efficiency, improving its active management of industrial funds and risks, and supporting the high-quality development of the industry. TCL Capital explored investment and deployment opportunities in key areas that drive the development of the science and technology industry, such as new display types, semiconductor and core materials and process equipment related to the industrial chain, and promoted technology and business synergy. Highly and TPC stably improved their operation benefits, significantly enhancing both quality and efficiency.

TCL Technology Group Corporation  
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