

Stock Code: 000100

Stock Abbreviation: TCL TECH.

Announcement No.: 2023-010

TCL 科技集团股份有限公司

TCL Technology Group Corporation

TCL

ANNUAL REPORT 2022 (Summary)

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

This summary is based on the full text of the 2022 Annual Report of TCL Technology Group Corporation. To obtain a full picture of the operating results, financial position and future development plans of the Company, investors should carefully read through the annual report released on the media designated by the China Securities Regulatory Commission.

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 version 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

Applicable Not applicable

The Board has approved a final dividend plan for the ordinary shareholders 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.

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

Applicable Not applicable

Part II Corporate Information

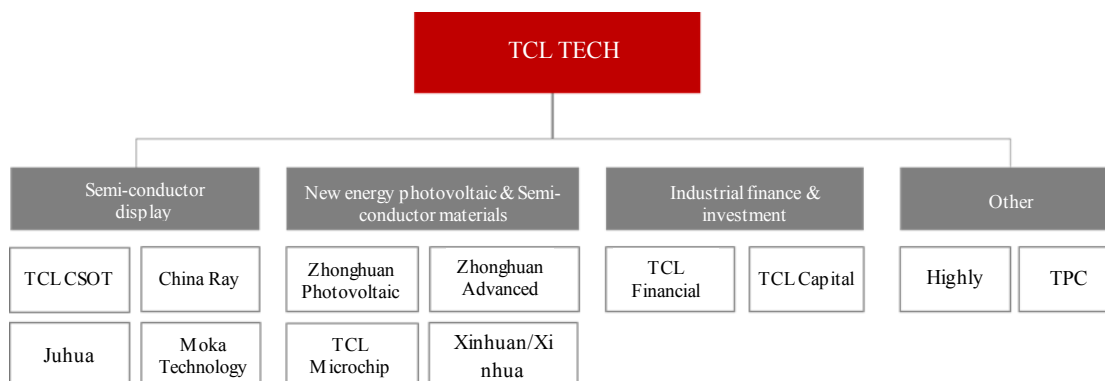
1. Stock Profile

Stock name	TCL TECH.	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 consists of 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.



For details of the Company's business, please refer to "Part III Management Discussion and Analysis" herein.

3. Key Accounting Data and Financial Indicators

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

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
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 before non-recurring gains and losses (RMB)	-2,698,210,800	9,437,240,976	9,444,050,566	-128.57%	2,933,248,153	2,933,248,153
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	0.0191	0.7463	0.7468	-97.44%	0.3366	0.3366

per share (RMB/share)						
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 2022	The end of 2021		Change	The end of 2020	
		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

(2) Main accounting data 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

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

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
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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 shares held	Number of non-restricted shares held at the period-end	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	Not applicable							

shareholders due to private placement of new shares (if any)	
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 <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.
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

(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 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	19TCL02	112938	July 19, 2019	July 23, 2019	July 23, 2024	100,000	3.05%	Interest payable annually and principal repayable in full	Shenzhen Stock Exchange

Qualified Investors (Tranche 2)								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	3.15%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)	18TCL02	112747	August 17, 2018	August 20, 2018	August 20, 2023	200,000	3.55%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 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								

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

Applicable Not applicable

(3) 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.

Part III Report of the Board

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.

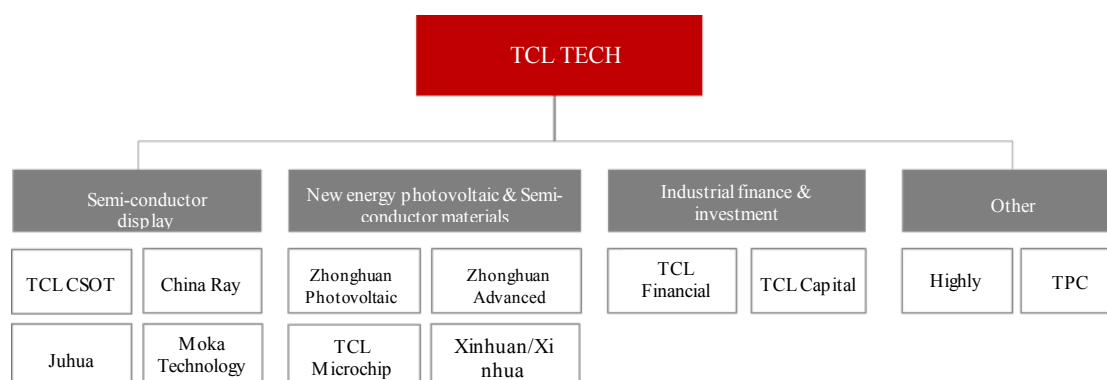
Based on “dual circulation” strategy, actively exploring overseas markets, and integrating

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.

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.

TCL Technology Group Corporation

March 30, 2023