

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



ANNUAL REPORT 2023

April 28, 2024

Amid rapids we beat the waves and sail steadily to reach far

ANNUAL REPORT 2023 Chairman's Statement

Amidst a tightening financial environment, intensifying geopolitical conflicts, and rapid restructuring of global supply chain, the world economy slowed down in 2023. In the wake of opportunities amid challenges, the economic restructuring brought new impetus to the transformation and upgrading of the technology industry, and the evolving global energy landscape further highlighted the importantly strategic position of the new energy industry.

With the strategic goal of becoming a global leading technology conglomerate, the Company pivoted on the development of high-tech, long-cycle, and capital-intensive businesses, strengthened the leading edge of its core businesses in display and new energy photovoltaics. Under the backdrop of a complex operating environment, the Company cemented its foundation, enhanced risk management capabilities, pursued extreme cost efficiency, and drove development through technology innovation. In 2023, the Company achieved a revenue of RMB174.367 billion, up 4.69% year on year; net profits of RMB4.781 billion, up 167.37% year on year; net profit attributable to shareholders of the listed company of RMB2.215 billion, up 747.60% year on year; and net operating cash flow of RMB25.315 billion.

During the Reporting Period, the sales of display at user-end market remained sluggish. On the supply side, the industry structure continued to optimize, competition tended to be benign, and the prices of major products rebounded amid stabilization. The Company's display business kept optimizing business strategies, and continued to implement the high-end strategy, with a stable growth in the market share of major products. TCL CSOT remained top 2nd globally by its market share of TV products, while its market share of e-sports monitors and LTPS tablet products ranked first globally. The t9 production line, positioned at mid-sized IT and vehicle-mounted display products, started serial production and shipments, and the proportion of OLED high-end product shipments rose quickly. During the Reporting Period, the display business achieved a revenue of RMB83.655 billion, with a year-on-year increase of 27.26%, and a net profit of negative RMB7 million, with a year-on-year improvement of RMB7.618 billion, among which a net profit of RMB3.441 billion was recorded in the second half of 2023, indicating steadily improving profitability.

In 2023, the global new energy photovoltaic industry and corporate development embarked on a new pattern. Affected by the capacity centrally released alongside the industrial chain, the supply and demand was unbalanced, with significant decline of product prices, and some low-efficient capacity faced the pressure of elimination. Overall, the industry structure was expected to be optimized. During the Reporting Period, TZE recorded a revenue of RMB59.146 billion, down by 11.74% year on year. Under the influence of the decreasing product price, loss from investees, provision for impairment loss and other factors, TZE reported a year-on-year decrease of 44.88% in net profit to RMB3.899 billion throughout the year. In the face of challenges, TZE maintained its strategic resolve and strengthened its competitiveness. On the one hand, it leveraged its differentiated advantages in G12, N-type silicon wafers, shingle components and intelligent manufacturing, and accelerated industry integration through technological innovation so as to pass through industrial cycles. On the other hand, TZE actively evaluated and explored the feasibility on localized manufacturing (e.g. the United States, Europe, and the Middle East) in key countries or regions around the world, and promoted the operational improvement of Maxeon to effectively use its patented technology and unique advantages in overseas markets with entry barriers. TZE continued to facilitate its efforts to develop photovoltaic business and localized manufacturing on the international arena, seized the global opportunities for the development of the new energy industry, and achieved a sustainable growth.

During the Reporting Period, the Company sustained robust operations and made steady progress in other business segments.

The Company has always emphasized research and development (R&D) investments in cutting-edge technologies and commercial application, with a focus on innovation to drive business transformation and upgrading. During the Reporting Period, the Company invested RMB10.309 billion in R&D, accounted for 5.91% of the Company's revenue. In 2023, the Company filed 590 new PCT applications, in total of 15,331 applications applied. Notably, the Company ranked second globally in terms of patent applications in the field of quantum dot displays. Furthermore, through continuous technological innovation, process advancements, and a strategic shift towards Industry 4.0 manufacturing, TZE has built its unique competitive edges in large-size, thin-film, and N-type silicon wafers. To implement the technology ecosystem strategy, the Company has proactively marshaled resources, made a breakthrough in key technologies and industrial production. This robust

technology ecosystem serves as a cornerstone for the Company's continued technological development.

Looking ahead, with intensive integration of several promising technologies, we will anticipate a surge of novel display applications and immersive scenarios, which will propel the growing demands in display industry. The inter-country transfer of LCD industry has gradually drawn to an end, and the competitive landscape tends to stabilize. Companies are transitioning from a scale-driven growth model to a high-quality development stage fueled by technological innovation, product upgrading, and an eco-system layout. The Company's display business aims at becoming a "world-leading provider of display solutions". To achieve this, we are implementing a comprehensive strategy that optimizes our business and product structure, strengthens our operational foundation, enhances operational excellence, differentiates our values, and drives continuous improvement in operational efficiency.

As climate change and energy issues escalate into pressing global challenges, there's a growing consensus on the urgent need to accelerate the green and low-carbon transformation of the energy sector. The photovoltaic industry will remain at the bottom of the market cycle in the near to medium term, featuring severely unbalanced supply and demand, acceleration of product and technology transformation, and elimination of outdated production capacity driven by the Matthew effect. Taking "ranking No.1 in global silicon wafer market share and achieving comprehensive global leadership" as the strategic vision, the Company's new energy photovoltaic business sticks to technological innovation, expands the leading edge in advanced production capabilities, strategically strengthens a layout across the photovoltaic industry chain, and capacity building worldwide, so as to go through the cycle by relative competitiveness and achieve a sustainable growth.

As a crucial pillar of the national economy, the manufacturing sector plays a key role in driving economic transformation and development. Technological manufacturing is especially vital for fostering economic transformation and upgrading, and nurturing new engines of growth. The Company remains focused on its core businesses in displays and new energy photovoltaics, unwavering in its pursuit of global leadership. With the courage of "venturing midstream and striving to win", embracing a culture of "relentless perseverance and decisive action", the Company guides its business units to solidify their competitive edges, ensuring steady progress and positioning the Company for long-term sustainable growth.

Committed to creating value for shareholders, the Company has a long-standing tradition of maintaining a prudent dividend policy. Following this commitment, the Board of Directors proposes a dividend of RMB0.80 per 10 shares for 2023, sharing the Company's growth success with all 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 28, 2024

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 Ms. Jing Chunmei, 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 profit distribution plan approved by the meeting of the Board of Directors is as follows: For every 10 shares held, shareholders will receive a cash dividend of RMB0.8 (including tax) based on the total number of outstanding shares of 18,779,080,767 (Any repurchased shares held by the Company upon profit distribution are exclusive of the distribution), without bonus shares or shares converted from capital reserve.

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
Company, the Company, the Group	Refers to	TCL Technology Group Corporation
The "Reporting Period", "current period"	Refers to	The period from January 1, 2023 to December 31, 2023.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
TCL Industrial	Refers to	TCL Industrial Holdings Co., Ltd.
TZE	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)
Shenzhen CSOT	Refers to	Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.
Wuhan CSOT	Refers to	Wuhan China Star Optoelectronics Technology Co., Ltd.
Wuhan China Star Optoelectronics Bandaoti	Refers to	Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.
Guangzhou CSOT	Refers to	Guangzhou China Star Optoelectronics Bandaoti 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 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 display 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 display 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	Renminbi

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. in English (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		

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.	0755-33311666
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	Shenzhen Stock Exchange http://www.szse.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 (http://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	<ol style="list-style-type: none"> In 2019, the Company focused on display devices by sold smart terminal businesses such as consumer electronics and household appliances and related supporting businesses. In 2020, the Company acquired 100% equity of Tianjin Zhonghuan Electronic through public delisting, shaping a business structure that

	focused on display, and new energy photovoltaic.
Changes of controlling shareholder since incorporation	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
Name of signing accountants	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

	2023	2022		2023- Over-2022 Change	2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Revenue (RMB)	174,366,657,015	166,552,785,829	166,552,785,829	4.69%	163,540,559,623	163,657,700,477
Net profit attributable to the company's shareholders (RMB)	2,214,935,302	261,319,451	261,319,451	747.60%	10,057,443,528	10,064,253,118
Net profits attributable to the company's shareholders after non-recurring gains and losses (RMB)	1,021,080,065	-2,698,210,800	-2,698,210,800	137.84%	9,437,240,976	9,444,050,566
Net cash generated from operating activities (RMB)	25,314,756,105	18,426,376,609	18,426,376,609	37.38%	32,878,450,437	32,878,450,437
Basic earnings per share (RMB/share)	0.1195	0.0191	0.0174	586.78%	0.7463	0.6789

Diluted earnings per share (RMB/share)	0.1179	0.0185	0.0168	601.79%	0.7354	0.6690
Weighted average return on equity (%)	4.27	0.52	0.52	Increase by 3.76 percentage points YoY	26.46	26.48
	The end of 2023	The end of 2022		Change	The end of 2021	
		Before adjustment	After adjustment	After adjustment	Before adjustment	After adjustment
Total assets (RMB)	382,859,086,727	359,996,232,668	359,996,232,668	6.35%	308,733,133,305	308,749,696,062
Owners' equity attributable to the company's shareholders (RMB)	52,921,867,086	50,678,520,477	50,678,520,477	4.43%	43,034,234,611	43,041,044,200

Reason for retrospective adjustment or restatement:

1. Shares were converted from capital reserve during the Reporting Period. The Company recalculated the basic earnings per share and diluted earnings per share in accordance with accounting standards and other regulations.

2. In accordance with the requirements of the Interpretations of Accounting Standards for Business Enterprises No. 15, Interpretations of Accounting Standards for Business Enterprises No. 16, and Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss (Revised in 2023), the Company has implemented the relevant provisions. These adjustments have no material impact on the Company's financial position and operating results.

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

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

There is no difference in net profit and net assets between the financial statements prepared in accordance with International Accounting Standards (IAS) and Chinese Accounting Standards (CAS) for the Reporting Period of the Company.

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

Applicable Not Applicable

There is no difference in net profit and net assets between the financial statements prepared in accordance with foreign accounting standards and Chinese Accounting Standards (CAS) for the Reporting Period of the Company.

3. Reasons for Accounting Data Differences Above

Applicable Not Applicable

VIII. Major Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	39,443,242,439	45,705,483,167	47,960,309,079	41,257,622,330
Net profit attributable to the company's shareholders	-548,999,154	889,492,743	1,270,918,405	603,523,308
Net profits attributable to the company's shareholders after non-recurring gains and losses	-729,931,586	129,864,746	1,107,560,913	513,585,992
Net cash generated from operating activities	4,495,356,538	5,920,811,609	5,727,844,866	9,170,743,092

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	2023	2022	2021
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	275,255,225	1,757,838,745	-184,525,551
Public subsidies charged to current profits and loss (except for public subsidies which are closely related to the Company's daily operations, comply with national policies, are granted based on determined standards, and have a continuous impact on the Company's profits or losses)	2,764,042,905	1,322,782,937	699,270,673
Gains and losses on change in fair value of financial assets and financial liabilities held by the non-financial companies, other than those valid hedging activities related to the normal operating business, as well as gains and losses from the disposal of financial assets and financial liabilities	-114,258,710	-127,233,837	238,629,291
Reversal of provision for impairment of receivables that have been individually tested for impairment	22,894,255	37,745,528	-
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
Non-operating income and expenses other than the above	228,994,235	758,599,650	275,789,900
Less: Corporate income tax	603,197,886	244,386,076	93,176,105

Non-controlling interests (net of tax)	1,379,874,787	545,816,696	356,085,235
Total	1,193,855,237	2,959,530,251	620,202,552

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

Applicable Not Applicable

The Company has no other profit and loss items that meet the definition of non-recurring profits and losses.

Notes on 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 shall be used to define Recurring Gain/Loss items

Applicable Not Applicable

The Company does not have any non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss that are defined as recurring profit and loss items.

Part III Management Discussion and Analysis

I. Company-related Industry Outlook During the Reporting Period

In 2023, the international political and economic situation was complex and volatile, with ongoing geopolitical conflicts. The global industrial supply chain faced a restructuring, further exacerbating economic fragmentation. Meanwhile, some economies implemented tight monetary policy, which further slowed down global economy. In response to the complicated and ever-changing challenges, the Company continued to focus on the development of display business and new energy photovoltaic business, enhance the resilience of its business, and optimize its competitive edge in pursuit of high-quality sustainable development. In 2023, TCL TECH. achieved a revenue of RMB174.367 billion, up 4.69% year-on-year; net profit of RMB4.781 billion, up 167.37% year-on-year; net profit attributable to shareholders of the listed company of RMB2.215 billion, up 747.60% year-on-year; and a net operating cash flow of RMB25.315 billion.

Major factors that influenced the Company's performance included: the positive turnaround of the supply-demand relationship in the display industry, the steady price appreciation of mainstream products, the Company's proactive optimization of business strategies, improving business structure, and significantly improved profitability. During the Reporting Period, the display business achieved a revenue of RMB83.655 billion, with a year-on-year increase of 27.26%, and a net profit of negative RMB7 million, with a year-on-year reducing loss of RMB7.618 billion. The display business turned losses into profits in Q3 2023 and continued to achieve strong profitability in Q4 2023, which resulted in a total profit of RMB3.441 billion for H2 2023. Fueled by China's "Dual Carbon" strategy, demand in the new energy photovoltaic industry maintained growth. However, industry-wide supply-demand imbalances led to a decline in product pricing. Furthermore, the TZE's performance was impacted by the investee Maxeon, such as investment losses associated with the Maxeon, as well as long-term equity investments and financial assets recognized as asset impairment loss and negative fair value change, respectively. As a result, TZE reported a revenue of RMB59.146 billion for the Reporting Period, down 11.74% year-on-year; a net profit of RMB3.899 billion, reflecting a year-on-year decline of 44.88%.

Leveraging technological innovation as a primary driver, the Company is poised for

building a robust portfolio of proprietary and cutting-edge technologies to ensure sustained industry leadership and drive continuous industrial upgrading. During the Reporting Period, the Company invested RMB10.309 billion in R&D, and filed 590 new PCT applications, for a total of 15,331 applications applied. The Company's display business strategically amplified R&D investments in ultra-large-sized, ultra-high-resolution, high refresh rate, and flexible display technologies. Establishing new-type display technology and application innovation as its core competitivenesses, the Company strove toward the high-end of the value chain. The Company's new energy photovoltaic business focused on groundbreaking innovation in solar cell technology with independently developed intellectual property rights, and led the industry transition towards significantly improved energy conversion efficiency through its long-term technological accumulation, ultimately securing high-quality development.

The Company ensured a steady and sustainable market position by fortifying core competencies and establishing a robust operational foundation, as well as optimizing production capacity and product structure. In conjunction with stable competition structure in the display industry, leading manufacturers possess an advantage in terms of economies of scale. During the Reporting Period, the Company strategically realigned its production capacity and product structure on the basis of incremental markets and continuously increased its market share, with its TV panel shipments ranking No. 2 globally, MNT panel shipments jumping to No. 3 globally, and flexible OLED shipments experiencing growth in leaps and bounds. At the end of the Reporting Period, the Company's photovoltaic materials business significantly expanded its crystal wafer production capacity to 183GW, capturing a 23.4% market share of the global market. The company accounted for 60% of the large-sized (210 series) wafer external sales market, 65% of the overseas wafer external sale market, and 36.4% of the N-type wafer segment, maintained No.1 in photovoltaic wafer external sales market share, and further consolidated the Company's leadership within the industry.

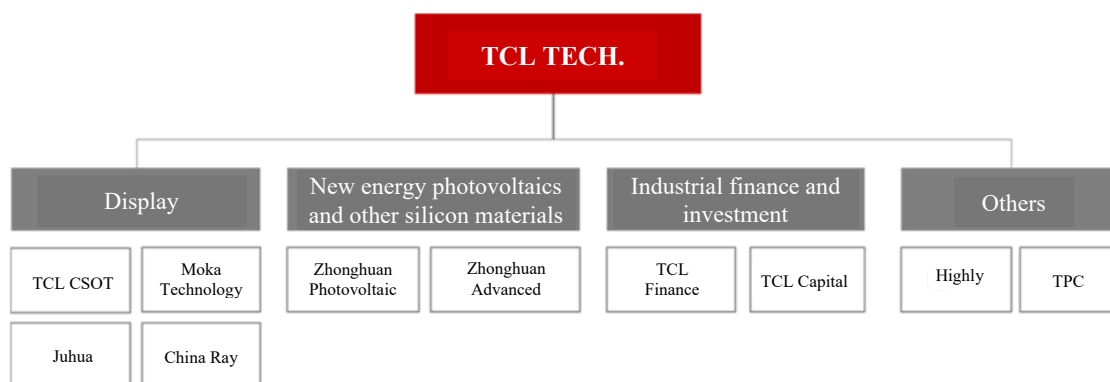
The Company implemented a strategic approach focused on fortifying its core competencies and rectifying shortcomings, to bolster the competitive advantage of its core business segments, and increase both efficiency and effectiveness. The Company's display business capitalized on the technological capabilities of its high-gen production lines to actively drive the development of larger-sized, higher-specification display products, and to grasp the iterative

demand for IT products fueled by the IT revolution, to fill the gap in its mid-sized production capacity (e.g., the t9 production line) and product layout. To enhance its operational efficiency, the small-sized OLED business has implemented a high-end, differentiated product strategy. Relying on its advantages in leading G12 and N-type wafer technology, Industry 4.0 and flexible manufacturing processes, the Company's new energy photovoltaic business played a synergistic role across the entire photovoltaic value chain, and ultimately shored up the relative advantages in cost efficiency.

Promoting globalization strategy, the Company transitioned from product export to industry capacity export, building a global industrial ecosystem. The Company's display business improved its layout in its panel module plant in India and overseas business platform, to strengthen its capacity to serve global customers and partners and satisfy the incremental needs of emerging markets worldwide. Due to the increasing complexity of the global economic and political landscape, the Company's new energy photovoltaic business prudently and steadfastly implemented its globalization strategy, where it actively evaluated and explored potential industrial projects in key global markets, such as the United States, Europe, and the Middle East. Various projects were rolled out, such as comprehensive project planning, strategic partner negotiation, and thorough feasibility studies. Concurrently, the business collaborated with strategic partners to expand its photovoltaic cell and module business in Malaysia, the Philippines, and other regions, further cementing its global competitiveness within the new energy photovoltaic sector.

II. Main Businesses of the Company During the Reporting Period

The Company focused on the development of the core business of displays and new energy photovoltaics and other silicon materials, and was committed to achieving the strategic goal of global leadership.



(I) Display business

In 2023, the user-end demand for displays products remained sluggish globally, and it showed seasonal fluctuation. However, the trend towards larger TV panels drove display area demand, while a just-in-time (“JIT”) production strategy became a consensus among major enterprises, fostering healthy industry development amid an increasingly favorable competitive landscape. Large-sized panel prices exhibited a seasonal pattern with significant peak-season recovery and a slight decline in the off-season, while mid-sized panel prices stabilized at low levels and small-sized panels experienced structural price increases in the second half of the year.

By leveraging its strengths in terms of scale and efficiency, TCL CSOT has consistently optimized its business and product mix, insisted on JIT production, and accelerated their business cycle. This, coupled with favorable price increases for key products, has significantly boosted operating performance. During the Reporting Period, **the display business achieved a revenue of RMB83.655 billion, with a year-on-year increase of 27.26%, and a net profit of negative RMB7 million, with a year-on-year reducing loss of RMB7.618 billion while recorded a profit of RMB3.441 billion in H2 2023. The display business achieved a net cash flow from operating activities of RMB20.12 billion.**

In its large-sized products business, **TCL CSOT leveraged its advantages in terms of high-gen production lines and synergy with the industry chain, and led the upgrading and high-end development of large-sized TV panels while actively developing commercial displays, such as interactive whiteboards, digital signage,** and splicing screens. Capitalizing on the manufacturing efficiency and process advantages of its G8.5 and G11 high-gen production lines, TCL CSOT collaborated with strategic customers to enhance the penetration of large-sized TVs in the market and elevate the value of key segments alongside the industry chain. The Company consolidated its No. 2 position in terms of global market share of TV panels. 79% of the shipment area for products above 55 inches, 51% of the shipment area for products above 65 inches; while 55-inch and 75-inch products ranked No. 1 in the world, the market share of 65-inch products ranked No. 2 globally. In commercial markets such as interactive whiteboards, digital signage, and splicing screens, the Company ranked among the top three in terms of global market share.

In its medium-sized product business, TCL CSOT accelerated its capacity construction in IT and vehicle-mounted screen products, while optimizing and enhancing product competitiveness

and optimizing customer structure to create a new engine for business growth. Dedicated to mid-sized displays for IT, vehicle-mounted devices and other business, the t9 production line (phase I) is now running at full capacity, propelling the Company to being ranked third globally in terms of display shipments. In this segment, the Company occupies the largest share in the global e-sports monitors market, while its laptop and vehicle-mounted devices are on track for branded customer introductions and gradual production increases. With the steady increase in 6th-gen LTPS capacity, the Company ranks No. 2 in LTPS laptop panels globally and No. 1 in LTPS tablets globally; and vehicle-mounted LTPS displays rank fifth worldwide. TCL CSOT's mid-sized business increased to 21% of its revenue, making it a key driver of future growth.

In the small-sized display segment, TCL CSOT is targeting the mid-to-high-end market with a portfolio of LTPS and flexible OLED production lines, driving continuous improvements in product competitiveness and market share. TCL CSOT ranked No. 3 in the world in terms of LTPS mobile panel shipments from the t3 production line. The independently developed 1512 PPI Mini-led LCD-VR screens achieved start of production (SoP) and shipment. The Company's t4 flexible OLED production line has experienced a significant ramp-up in both utilization rate and shipments. This operational excellence secured the Company's position as the fourth-largest supplier of flexible OLED smartphone panels globally in Q4 2023. Product and customer mix have undergone structural optimization, evidenced by the introduction of several brand customers during the Reporting Period. The Company's leadership in flexible OLED technologies extends to foldable, LTPO, and Pol-Less displays, driving a continuous increase in the share of high-end products within its portfolio. During the Reporting Period, the flexible OLED business segment achieved a two-fold growth in revenue, reflecting a sustained improvement in operational performance.

Looking ahead into the future, as major information carriers and interactive interfaces in the digital economy era, display industry will endure industrial value in the long run and are expected to unleash more value.

In the large-sized and mid-sized segments, display technology has entered a period of slow iteration, while LCD technology will remain the mainstream technology in the long term. In recent years, global TV sales have remained stable. Fueled by the size increase of large-sized screens, display area has maintained stable growth and industry cycle fluctuations have reduced. The supply-side industry has become further concentrated, and increasingly optimized competition will drive the

balanced development of industrial supply and demand. Corporate profitability will recover with reasonable business returns under favorable circumstances. Driven by product specification upgrades such as high refresh rates and lower energy consumption, IT panels are poised for significant structural growth. Capitalizing on this trend, the company's 8th-gen production lines specialized for IT products will leverage their cutting-edge capabilities to gradually become the main force in key markets.

Flexible OLED has firmly established its dominance in the smartphone market and gradually penetrated into new application scenarios. Foldable OLED displays are poised for a new growth frontier, fueled by rapidly unleashed demand. In the meantime, there exist certain factors that pose challenges to current capacity, manufacturing, and other aspects, such as capacity loss resulting from new technologies and the yield ramp-up of new products, which will further improve industry supply and demand relationships.

TCL CSOT, as a global leader in large-sized display panels, will continuously enhance its relative competitiveness and profitability; it will improve its medium-sized products portfolio, leverage the advantages of its high-generation production lines, seize the opportunities in incremental markets for high-specification products, and increase market share and revenue scale; TCL CSOT will optimize its small-sized products and customer structure, drive the high-end development of products through technological innovation, achieve business improvement in flexible OLED, and accelerate the transformation and upgrading from a large-sized display leader to leader across the full size of displays.

(II) New energy photovoltaics and other silicon materials business

In response to such challenges as climate change, energy security, and environmental pollution, the global energy industry is experiencing a rapid shift towards a more sustainable model, which drives the fast-growing new energy photovoltaic industry. In 2023, the global installed capacity surged by 72% year-on-year to 395GW, of which China accounted for approximately 216.9GW, while overseas markets contributed the remaining 178GW. The photovoltaic industry's compelling sustained growth prospects have spurred a wave of investment from both established players and new entrants. The influx of capital has accelerated capacity expansion across the photovoltaic industrial chain, leading to a product price downturn in major links while squeezing the profit margin of the industry as a whole.

In line with prudent accounting practices, the Company recognized long-term equity investments and financial assets in connection with the investee, Maxeon, as asset impairment losses and negative fair value change, respectively. These factors, along with investment recognized under the equity method on a consolidated basis, contributed to a negative impact on TZE's fourth-quarter performance. During the Reporting Period, TZE achieved a revenue of RMB59.146 billion, with a year-on-year decrease of 11.74%, and a net profit of RMB3.899 billion, with a year-on-year decrease of 44.88%. In the photovoltaic materials business, year-on-year shipment volume surged by 68% to 114GW, capturing a leading market share of 23.4% for silicon wafers and generating RMB43.791 billion in revenue. The comprehensive gross profit margin for this business also witnessed a significant improvement of 2.8 percentage points year-on-year to 21.8%; year-on-year shipment volume for photovoltaic cells and modules grew by 29.8% year-on-year to 8.6GW, generating RMB9.309 billion in revenue.

With an imbalance between demand and supply throughout the industrial chain, competition is evident within the industry from the lowest levelized cost of energy (LCOE) for photovoltaic modules to product (efficiency/power output) on the basis of integrated internal rate of return (IRR) and land-based balance-of-system (BOS) costs. Those products with higher energy conversion efficiency will become the mainstream in the industry. **TZE prioritizes technological innovation, securing a leading position in G12 and N-type photovoltaic materials technology. Through continuous cost reduction and efficiency optimization, the Company is actively strengthening its comparative competitiveness.** At the end of the Reporting Period, with comparative competitiveness created by technical innovation and lean manufacturing, the Company led the upgrade of large-sized, wafer, thinfilm process technologies for crystals and wafers. Metrics such as the consumption rate of silicone materials per crystalline unit, monthly crystal output per furnace, and wafer output quantities per kg are at the forefront of the industry and factor into the Company's ability to navigate industry chain fluctuations through sustainable technology and cost leadership. Leveraging its technological expertise in N-type material products, and its flexible manufacturing capabilities, aligned with the demands for the "multi-product, multi-customer, multi-process" in the N-type era, the Company is accelerating its transition to N-type materials and shingled modules. With the world's No. 1 external sales market share in N-type silicon wafer and a cost lower than the second-best cost in the industry

at around RMB0.03/W, the Company is establishing a differentiated competitive edge in the industry chain for next-gen technologies.

With the pursuit of autonomous and controllable energy by countries worldwide, coupled with the increasing localization of photovoltaic manufacturing and the reduction of international trade, there is a resulting degree of uncertainty in business operations. However, also present are novel strategic opportunities for enterprises with the capacity to expand into overseas markets. **TZE strengthened its Industry 4.0 intelligent manufacturing capabilities, continued to impel its global presence, developing industrial projects in key countries or regions around the world.** Reliant upon its long-term investment and accumulation in intelligent manufacturing, the Company has secured industry-leading levels of automation and labor productivity, resulting in a competitive advantage in localized manufacturing on a global scale. During the Reporting Period, the Company actively evaluated and pursued industrial expansion projects in key global markets, including the United States, Europe, and the Middle East. This included ongoing project planning, communication and negotiation with potential partners, and research into project implementation. The Company also prudently recognized an impairment loss on its investment in Maxeon, a company significantly impacted by a confluence of factors in its core markets, including a rapid decline in photovoltaic product prices, adjustments to photovoltaic subsidy policies, and a high interest rate. The Company is actively driving operational excellence initiatives at Maxeon, with an aim to fully capitalize on Maxeon's unique competitive advantages in its core markets and its proven technological innovation capabilities. By fostering a collaborative ecosystem between global production and distribution channels, the Company seeks to strengthen its competitive edge in the global marketplace.

Looking ahead into 2024, we anticipate further optimization of the industry structure, along with sustained growth in user-end market demand for display area, which suggests a favorable industry outlook, leading to enhanced operating performance within the Company's display business. While the photovoltaic industry remains at the bottom of the cycle, the Company's new energy photovoltaic business is taking a proactive stance. By strengthening its operational resilience, the Company aims to navigate through the industry cycles with a competitive edge. By upholding the spirit of "Venturing Midstream and Striving to Win", the Company will firmly grasp the opportunities brought by transformations in the technology manufacturing industry and the global energy structure, and continue to implement the business strategies of "improving operational quality and efficiency,

enhancing strengths to shore up weaknesses, innovation-driven development as well as accelerating global expansion" in order to achieve sustainable, high-quality development and take on a leading role in the global market.

III. Analysis of Core Competitiveness

Since its inception in 1981, TCL has embarked on a remarkable journey spanning 42 years, marked by a series of extraordinary achievements. Navigating industry cycles with resilience, TCL has become a leading technology manufacturing conglomerate in China. Among the numerous enterprises that have emerged since China implemented its reform and opening-up policy, TCL is one of a select few large corporations that have retained its vibrancy and vigor for nearly half a century.

In 2018, TCL introduced the most significant transformation in its corporate history, strategically restructuring from a diversified to a specialized business model, which entailed a clear focus on the development of high-tech, capital-intensive, and long-cycle technology industries. In line with China's strategy of transformation from a manufacturer of quantity to one of quality, the Company is committed to becoming a leading global technology conglomerate. To achieve this, it has divested its terminal business and non-core businesses, and shifted its focus to industrial upgrading and strategic expansion in upstream high-tech industries. In 2020, the Company officially changed its name to "TCL TECH.", delisting Zhonghuan Electronic in July 2020, which facilitated the Company's entry into the new energy photovoltaic and silicon materials sectors. In August 2020, the acquisition of Suzhou Samsung solidified TCL TECH.'s position and competitive edge within the display industry.

As it stands, leveraging its strengths in independent innovation and self-driven development, the Company has established a business structure centered on two core industries: displays and new energy photovoltaics. With a well-defined development roadmap, efficient operations, and a distinctive corporate culture, the Company has established itself as a global leader in its core industries, and is well-poised for building its core competitiveness and sustainable development capabilities.

Scale leadership: Transforming from a leader in large-sized displays to a full-size layout

As a leader in the global display industry and a trailblazer in domestic display line construction, the Company leverages its strategic "Twin Star" production line layout to maximize synergies with a focus on both endogenous growth and epitaxial mergers and acquisitions, enabling the Company to

continuously expand its production capacity. With a global footprint spanning nine high-gen production lines and five module plants, the Company serves a diverse customer base across major markets. In 2023, TCL CSOT ranked No. 2 globally in TV panel shipments, securing the No. 1 ranking in terms of both 55-inch and 75-inch TV panels. The Company is also accelerating its full-size strategy by investing in the t9 production line, which is geared towards high-value-added IT and commercial display products in medium-sized products segment. In 2023, TCL CSOT ranked No. 2 in the LTPS notebook market and No. 1 in the tablet market by market share; it ranked No. 3 in the global MNT display market, where it ranked No. 1 in the e-sports MNT segment. TCL CSOT reported a significant surge in flexible OLED shipments during Q4 2023. During 2023, TCL CSOT also actively enhanced its value chain structure, increased module capacity, and further elevated its position along the value chain and in terms of profitability. TCL CSOT has passed through several industry cycles, transforming from a follower to a peer and then to a front-runner, which is not merely a testament to its continuously high-quality growth in scale but also to its unwavering strategy to technological innovation and ecosystem development in the display sector.

Leading management: TCL CSOT aims to be a global leader in efficiency and traverse various cycles by comparative competitiveness

While establishing its leadership in market scale, technology, and ecosystem development, TCL CSOT has consistently maintained industry-leading efficiency and profitability metrics. Since its inception in 2011, TCL CSOT has successfully navigated two significant cycles in the display industry thanks to two critical contributors - extreme cost efficiency and lean management.

TCL CSOT leverages the synergy of its twin factories to optimize production line planning, maximize capacity expansion, implement end-to-end cost and expense control through lean management and extreme efficiency cost measures, establishing its competitiveness in the industry. TCL CSOT's proven risk mitigation capabilities, honed through multiple industry cycle fluctuations, will continue to propel the company's leadership position and steer its growth trajectory in the future.

Strategic new frontier: Cultivating a thriving second growth curve with new energy

On the basis of enterprise development and national planning for strategic emerging industries, the Company actively seeks new 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 acquired the Zhonghuan hybrid-ownership

reform project. TZE aligns perfectly with TCL's quest for new growth drivers, specializing in the research and development of new energy photovoltaics and other silicon materials.

Since 2021, TZE has unlocked growth potential and accelerated business development through institutional reform, optimizing capital structure and enhancing organizational vitality.

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

Relying on TCL CSOT and TZE, the Company has accelerated its vertical layout of the industrial chain and continuously improved its upstream capacity for technological innovation. The Company has strategically focused on building an ecosystem in areas such as basic materials, next-gen display materials, photovoltaic materials and critical equipment for new manufacturing processes. This is aimed at creating an ecosystem within the display market to establish a leading advantage based on next-gen display technology.

TCL TECH. boasts a global network of 32 R&D centers, serving as the only "National Printing and Flexible Display Innovation Center" appointed by the Ministry of Industry and Information Technology and the sole "National New Display Technology Innovation Center" designated by the Ministry of Science and Technology, with 9 national-level enterprise open innovation platforms and 33 provincial-level innovation platforms having obtained related qualifications.

Organizational and cultural assurance: Building the "Philosophy of Global Leadership" and strengthening corporate culture

Four decades of unwavering commitment to "Daring, Innovation, Tenacity, Transformation, and Vision" represents TCL's most valuable intangible asset over the last 42 years, serves as the motivation to push boundaries, and acts as the continuous driving force behind its ongoing advancement toward global leadership. At the beginning of 2020, the Company resolutely set forth the strategic goal of "accelerated growth, surpassing competitors, and achieving global leadership" and released the "Philosophy of Global Leadership" to exemplify its corporate culture in its new phase. With this goal as the driving force, the Company is committed to reshaping its organizational culture to one that is characterized by ownership, accountability, and a performance-driven mindset. TCL remains dedicated to continuously upgrading, exploring, and strengthening the core values embodied by TCL's spirit of "Daring, Innovation, Tenacity, Transformation, and Vision". The Company will further strengthen the development of organizational structure and corporate culture to foster a more

dynamic and agile work environment. By making its "Philosophy of Global Leadership" the cornerstone of every TCL employee's approach, the Company strides towards sustainable growth.

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

	2023		2022		Change (%)
	Amount	As % of total revenue (%)	Amount	As % of total revenue (%)	
Total revenue	174,366,657,015	100%	166,552,785,829	100%	4.69%
By operating division					
Display business	83,654,743,374	47.98%	65,717,154,752	39.46%	27.30%
New energy photovoltaics and other silicon materials business	59,146,463,193	33.92%	67,010,157,025	40.23%	-11.74%
Distribution business	30,109,528,571	17.27%	31,847,803,417	19.12%	-5.46%
Other and offsets	1,455,921,877	0.83%	1,977,670,635	1.19%	-26.38%
By product category					
Display devices	83,654,743,374	47.98%	65,717,154,752	39.46%	27.30%
New energy photovoltaics and other silicon materials	59,146,463,193	33.92%	67,010,157,025	40.23%	-11.74%
Distribution of electronics	30,109,528,571	17.27%	31,847,803,417	19.12%	-5.46%
Other and offsets	1,455,921,877	0.83%	1,977,670,635	1.19%	-26.38%
By operating segment					
Mainland China	119,940,276,585	68.79%	119,139,823,459	71.53%	0.67%
Overseas (including Hong Kong)	54,426,380,430	31.21%	47,412,962,370	28.47%	14.79%
Distribution mode					
Direct sales	149,146,033,585	85.54%	140,148,331,286	84.15%	6.42%
Distribution	24,805,129,036	14.23%	25,652,437,925	15.40%	-3.30%
Dealer	415,494,393	0.24%	752,016,618	0.45%	-44.75%

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

Applicable Not applicable

Unit: RMB

	Revenue	Operating cost	Gross profit margin	Change in revenue year-	Change in operating cost year-on-year	Change in gross profit margin year-

				on-year (%)	(%)	on-year (%)
By operating division						
Display business	83,654,743,374	72,095,222,728	13.82%	27.30%	10.66%	12.95%
New energy photovoltaics and other silicon materials business	59,146,463,193	47,170,528,471	20.25%	-11.74%	-13.96%	2.06%
Distribution business	30,109,528,571	28,949,391,997	3.85%	-5.46%	-5.32%	-0.15%
By product category						
Display devices	83,654,743,374	72,095,222,728	13.82%	27.30%	10.66%	12.95%
New energy photovoltaics and other silicon materials	59,146,463,193	47,170,528,471	20.25%	-11.74%	-13.96%	2.06%
Distribution of electronics	30,109,528,571	28,949,391,997	3.85%	-5.46%	-5.32%	-0.15%
By operating segment						
Mainland China	119,940,276,585	103,308,185,800	13.87%	0.67%	-4.49%	4.66%
Overseas (including Hong Kong)	54,426,380,430	45,459,410,741	16.48%	14.79%	3.89%	8.77%
Distribution mode						
Direct sales	149,146,033,585	124,301,367,797	16.66%	6.42%	-1.62%	6.81%
Distribution	24,805,129,036	24,159,455,454	2.60%	-3.30%	-3.24%	-0.07%
Dealer	415,494,393	306,773,290	26.17%	-44.75%	-49.39%	6.77%

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

Applicable Not Applicable

(3) Was revenue from product sales higher than service revenue?

Yes No

Operating division	Item	Unit	2023	2022	Change (%)
Display	Sales	10,000 square meters	5,304	4,275	24.06%
	Production volume	10,000 square meters	5,420	4,230	28.14%
	Inventory	10,000 square meters	240	124	93.49%
Modules and finished machines	Sales	10,000 sets	1,753	1,299	34.99%
	Production volume	10,000 sets	1,747	1,317	32.67%
	Inventory	10,000 sets	60	66	-9.76%
Photovoltaic silicon wafers	Sales	10,000 sets	1,630,718	1,064,653	53.17%
	Production volume	10,000 sets	1,671,530	1,084,730	54.10%
	Inventory	10,000 sets	72,914	32,102	127.13%
Other silicon materials	Sales	Million square inches	737	744	-0.96%

	Production volume	Million square inches	765	743	2.97%
	Inventory	Million square inches	53	24	117.48%
Energy	Sales	10,000 kWh	102,019	123,105	-17.13%
	Production volume	10,000 kWh	102,019	123,105	-17.13%
	Inventory	10,000 kWh			
Photovoltaic modules	Sales	MW	7,144	6,607	8.13%
	Production volume	MW	7,911	6,619	19.53%
	Inventory	MW	1,407	639	119.95%

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

Applicable Not applicable

1. The increase in inventory of display was mainly affected by the release of t9 capacity;
2. The increases in modules and finished machines and output was mainly a result of growth in business scale;
3. Photovoltaic silicon wafer sales increased by 53.17% and production increased by 54.10% compared to the previous year. Inventory increased by 127.13% compared to the previous year. This is mainly due to the Company's construction projects launching for production and the continuous improvement of advanced production capacity through technological innovation and Industry 4.0 flexible manufacturing. At the end of the year, crystal wafer production capacity reached 183GW, an increase of 31% over the beginning of the year, leading to an increase in the turnover of silicon wafer production, sales and inventory (solar silicon wafers are presented as converted to M6 products, including photovoltaic silicon rods converted from exported photovoltaic silicon rods);
4. Inventory of other silicon materials increased by 117.48% compared to the previous year mainly due to the increase in product inventory with the market downturn. In addition, as the production and sales of polished wafers and epitaxial wafers have increased, the inventory turnover rate has also increased;
5. Inventory of photovoltaic modules increased by 119.95% compared to the previous year mainly due to the severe overcapacity in the entire photovoltaic industry chain, the dire market conditions, and the slowdown in inventory turnover. In addition, as the scale of production and sales has increased, the inventory turnover rate has increased.

(4) Execution progress of major sales contracts and materials purchasing contracts signed into during the Reporting Period

Applicable Not Applicable

(5) Breakdown of operating cost

Operating division

Unit: RMB

Operating division	Item	2023		2022		YoY Change
		Amount	As % of total	Amount	As % of total	

			revenue		revenue	
Display business	Materials, salary, depreciation, etc.	72,095,222,728	48.46%	65,148,141,621	42.88%	10.66%
New energy photovoltaics and other silicon materials business	Materials, salary, depreciation, etc.	47,170,528,471	31.71%	54,822,913,894	36.09%	-13.96%
Distribution business	Finished goods, etc.	28,949,391,997	19.46%	30,574,483,912	20.12%	-5.32%
Others	Materials, salary, depreciation, etc.	552,453,346	0.37%	1,379,949,553	0.91%	-59.97%

Product category

Unit: RMB

Product category	Item	2023		2022		YoY Change
		Amount	As % of total revenue	Amount	As % of total revenue	
Display devices	Materials, salary, depreciation, etc.	72,095,222,728	48.46%	65,148,141,621	42.88%	10.66%
New energy photovoltaics and other silicon materials	Materials, salary, depreciation, etc.	47,170,528,471	31.71%	54,822,913,894	36.09%	-13.96%
Distribution of electronics	Finished goods, etc.	28,949,391,997	19.46%	30,574,483,912	20.12%	-5.32%
Others	Materials, salary, depreciation, etc.	552,453,346	0.37%	1,379,949,553	0.91%	-59.97%

(6) Were there changes in the scope of consolidated financial statements for the Reporting Period? Yes No

Compared with 2022, 39 subsidiaries (24 newly incorporated and 15 acquired) are newly included in the consolidation scope of 2023; and 18 subsidiaries (12 transferred and 6 de-registered) are excluded from the consolidation scope of 2023.

(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)	51,360,607,561
Total sales of top five customers as % of total sales of the Reporting Period (%)	29.46%
Total sales of related parties among top five customers as % of total sales of the Reporting Period (%)	10.09%

Top five customers

No.	Customer name	Sales revenue (RMB)	As % of total sales revenue (%)
1	Customer A	17,595,352,384	10.09%
2	Customer B	11,982,836,772	6.87%
3	Customer C	10,005,174,109	5.74%
4	Customer D	8,108,202,897	4.65%
5	Customer E	3,669,041,400	2.10%
Total	--	51,360,607,561	29.46%

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 platform for information disclosure.

Major suppliers

Total purchases from top five suppliers (RMB)	28,899,693,549
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	20.75%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	-

Top five suppliers

No.	Supplier name	Purchases in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	7,679,043,598	5.51%
2	Supplier B	6,838,857,510	4.91%
3	Supplier C	6,351,627,011	4.56%
4	Supplier D	4,425,255,517	3.18%
5	Supplier E	3,604,909,912	2.59%
Total	--	28,899,693,549	20.75%

Other information about major suppliers

Applicable Not Applicable

3. Expenses

Unit: RMB

	2023	2022	Change (%)	Main reason for change
Sales expenses	2,523,687,453	1,950,527,877	29.38%	
Administrative expenses	4,783,246,926	3,540,610,990	35.10%	Mainly caused by the growth in business scale, and increases in labor costs

Financial expenses	3,972,727,915	3,422,894,839	16.06%	
R&D expenses	9,522,837,963	8,633,638,171	10.30%	

4. R&D investments

Applicable Not applicable

Main R&D project name	Purpose	Progress	Preset goals	Anticipated impact on the future development of the Company
High-quality VR technology development	Enhance VR image quality to achieve high PPI	Develop ultra-high-resolution VR display technology with 2K*2K resolution per eye	Develop high-PPI LTPO VR technology, enhancing VR display quality and reducing power consumption	Leverage technological leadership to attract high-end customers, enhancing brand value and product competitiveness
Development of a 14-inch 2.8K flagship tablet	14-inch 2.8K in-cell active pen eye-care large-screen tablet	Realized industrial transformation	The world's first 14-inch 2.8K in-cell active pen eye-care large-screen tablet	Enhanced product competitiveness and industry influence
Star Intelligence Large Model Expert System	Empowering R&D efficiency and quality improvement through deep understanding and learning	Realized industrial transformation	Leveraged multi-modal large models in R&D design to empower panel development	Deep engagement in business activities, accelerated the R&D process, and improved R&D efficiency and product quality
Capitalized upon AI and big data for failure analysis and application simulation	Utilized AI algorithms to enhance yield analysis efficiency, swiftly pinpointed defect root causes, and accelerated improvement measures	Realized industrial transformation	Completed system implementation and deployment, and gradual roll-out to all plants	Used AI and big data algorithms to enhance yield analysis and improve manufacturing processes
WQHD LTPO display technology	Achieved a lower refresh rate and reduced power consumption	Realized industrial transformation	Achieved lower power consumption while effectively addressing visual fatigue.	Enhanced brand awareness and product competitiveness in the LTPO segment
AI-assisted R&D of OLED materials	Reduced costs while enhancing efficiency for R&D of OLED materials with AI technologies	AI-assisted R&D platform for OLED materials	Identified novel, high-performance, and stable OLED materials with AI-based generation and screening	Facilitated the industrialization of OLED materials
Developed proprietary high-speed CSPI national standard protocols and key display materials, e.g., color filters and polarizers	Achieved enhanced technological competitiveness through breakthroughs in POL material specifications, the development of material platforms, and proprietary research of membrane materials.	Realized industrial transformation	Breakthrough in POL specifications / development of material platforms; Proprietary R&D of POL membrane materials.	Reduced cost and enhanced efficiency
R&D of key technologies for N-type silicon single crystals designed	Met the market requirements for technical indicators of N-type monocrystalline	Promoted production process improvement and product quality consistency with	Improved the quality of monocrystalline silicon, met customer needs, further improved	Enhanced the core competitiveness of the company's main business

for solar cells and their applications	silicon technology and strengthened the Company's core competitiveness	ongoing mass production by enhancing Total Solution capabilities, participating in customer product and process design-in, and establishing IPD collaboration with N-type customers	efficiency, reduced costs and achieved an increase in market share of N-type monocrystalline silicon	
Researched and applied granular silicon in the single crystal silicon preparation process	Removed technical barriers in the use of granular silicon feedstock in single crystal pulling processes to reduce silicon costs and enhance product competitiveness	Having addressed the challenges associated with granular silicon feedstock through process innovation, the Company has mastered its application method, enabling the production of higher-quality single crystal silicon rods. This method can be applied to 100% of the Company's products, placing the Company at the forefront of the industry	Achieved 100% application by enhancing the quality of granular silicon feedstock and developed granular silicon application solutions	Reduced silicon costs and improved product competitiveness for the Company
R&D of G12 silicon wafer slicing technology	Researched and developed ultra-thin solar silicon wafer cutting technology to meet the demand for thin film in the downstream market and to improve unit output	Equipment upgrading and cutting process design have been completed; SoP has been realized for 130um and 120um G12 silicon wafers	Achieved the 130um thick SoP target for silicon wafers; and completed the 110um thick technical reserve for silicon wafers	Enhanced the core competitiveness of the main business
Developed the 4.0 technology platform for components	By successfully developing the 4.0 product and equipment platform, achieving SoP and obtaining product certification, the Company has further expanded its product portfolio to meet diverse market demands under various application scenarios	The development of the 4.0 technology platform designed for components was completed on schedule, resulting in components with superior power output, efficiency, and cost-effectiveness, paving the way for their market introduction	Increased our market share by successfully transitioning to N-type component products	Enhanced the core competitiveness of battery packs
Optimized battery graphic design	Reduced silver consumption by 0.03%, increasing efficiency, and enhancing both battery efficiency and component power with the optimized positive and negative circuit	The introduction of the new battery graphic design has resulted in a 0.07% increase in cell-level efficiency during large-scale trial production, while meeting component process yield requirements and achieving a 0.2% improvement in	Met customers' demands, while reducing cost and improving efficiency, as well as raising market share	Enhanced the core competitiveness of battery packs

		component CTM		
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R&D personnel

	2023	2022	Change (%)
Number of R&D employees	11,313	11,979	-5.56%
As % of R&D employees (%)	15.04%	17.16%	-2.12%
Education			
PhD	188	231	-18.61%
Master	2,131	2,442	-12.74%
Bachelor's degree and others	8,994	9,306	-3.35%
Age			
Under 30 years old	5,965	7,286	-18.13%
30~40 years old	4,696	4,280	9.72%
Over 40 years	652	413	57.87%

R&D investments

	2023	2022	Change (%)
R&D investment amount (RMB)	10,308,543,529	10,778,414,851	-4.36%
R&D investments as % of total revenue (%)	5.91%	6.47%	-0.56%
Capitalization amount of R&D investments (RMB)	3,560,255,965	4,287,426,803	-16.96%
Capitalization amount of R&D investments as % of total revenue (%)	34.54%	39.78%	-5.24%

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 explanation of rationale

Applicable Not Applicable

5. Cash flow

Unit: RMB

Item	2023	2022	Change (%)
Sub-total of cash generated from operating activities	155,010,648,305	155,632,096,991	-0.40%
Sub-total of cash used in operating activities	129,695,892,200	137,205,720,382	-5.47%
Net cash generated from operating activities	25,314,756,105	18,426,376,609	37.38%
Sub-total of cash generated from investment activities	61,202,286,515	51,431,426,776	19.00%
Subtotal of cash used in investing	101,999,341,466	98,267,398,620	3.80%

activities			
Net cash used in investing activities	-40,797,054,951	-46,835,971,844	12.89%
Sub-total of cash generated from financing activities	70,023,939,233	113,655,272,732	-38.39%
Subtotal of cash used in financing activities	68,232,173,839	82,254,617,585	-17.05%
Net cash generated from financing activities	1,791,765,394	31,400,655,147	-94.29%
Net increase in cash and cash equivalents	-13,678,809,131	3,593,919,427	-480.61%

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

Applicable Not applicable

Net cash generated from operating activities: Primarily due to the increase in scale of sales during the Reporting Period.

Net cash generated from financing activities: Primarily due to the decrease in scale of financing during the Reporting Period.

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

Applicable Not applicable

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	-4,813,965,478	-95.29%	Depreciation of inventory write-off in line with the market	No
Non-operating income	71,284,932	1.41%		No
Non-operating expenses	203,779,883	4.03%		No

VI. Analysis of Assets and Liabilities

1. Significant changes in asset composition

Unit: RMB

	The end of 2023		January 1, 2023		Change in percentage (%)	Main reason for change
	Amount	Total assets Percentage	Amount	Total assets Percentage		
Monetary assets	21,924,270,872	5.73%	35,378,501,261	9.83%	-4.10%	Primarily due to the purchase of low-risk wealth management products

Accounts receivable	22,003,651,259	5.75%	14,051,661,462	3.90%	1.85%	Primarily due to the increase in sales scale
Contract assets	343,907,118	0.09%	315,167,085	0.09%	0.00%	No significant change
Inventories	18,481,754,865	4.83%	18,001,121,855	5.00%	-0.17%	No significant change
Investment property	911,679,154	0.24%	946,449,125	0.26%	-0.02%	No significant change
Long-term equity investments	25,431,271,193	6.64%	29,256,215,804	8.13%	-1.49%	No significant change
Fixed assets	176,422,620,794	46.08%	132,477,671,844	36.80%	9.28%	Primarily due to construction in progress being converted into fixed assets, resulting in increase in fixed assets
Construction in progress	17,000,052,457	4.44%	52,053,833,629	14.46%	-10.02%	Primarily due to construction in progress being converted into fixed assets, resulting in decrease in construction in progress
Right-of-use assets	6,386,446,373	1.67%	5,110,123,904	1.42%	0.25%	No significant change
Short-term borrowings	8,473,582,304	2.21%	10,215,910,963	2.84%	-0.62%	No significant change
Contract liabilities	1,899,468,140	0.50%	2,336,008,164	0.65%	-0.15%	No significant change
Long-term borrowings	117,662,208,623	30.73%	118,603,164,839	32.95%	-2.21%	No significant change
Lease liabilities	5,737,287,693	1.50%	4,461,382,902	1.24%	0.26%	No significant change

Higher proportion of overseas assets

Applicable Not Applicable

2. Assets and liabilities at fair value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss of fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Impairment allowances established in the Reporting Period	Amount 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)	15,632,334,714	-82,730,184			36,690,131,991	26,084,053,319		26,155,683,203
2. Derivative financial assets	361,034,230	188,835,246	26,600,642				-468,462,515	108,007,603
3. Receivables financing	1,103,127,764						-148,718,206	954,409,558
4. Other debt investments								
5. Investments in other equity instruments	439,996,263		-55,954,756		1,720,000		886,911	386,648,418
Subtotal of financial assets	17,536,492,971	106,105,062	-29,354,114		36,691,851,991	26,084,053,319	-616,293,810	27,604,748,782
Total of the above	17,536,492,971	106,105,062	-29,354,114		36,691,851,991	26,084,053,319	-616,293,810	27,604,748,782
Financial liabilities	932,646,673	78,767,446	143,869,843		1,097,300,600	1,942,542,301		310,042,260

Other changed content

None

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	34,109	Deposited in the central bank as the required reserve
Monetary assets	158,637	Other monetary assets and restricted bank deposits
Notes receivable	50,364	Pledge
Fixed assets	9,347,914	As collateral for loan
Intangible assets	396,567	As collateral for loan
Held-for-trading financial assets	36,964	Pledge
Construction in progress	89,559	As collateral for loan
Accounts receivable	86,008	Pledge
Contract assets	34,321	Pledge
Investment property	974	As collateral for loan
Other non-current assets due within one year	43,049	Pledge
Total	10,278,465	

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 last year (RMB)	Change (%)
38,650,552,795	52,419,386,966	-26.27%

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 percentage (%)	Funding source	Partner	Term of investment	Type of products	Progress as of the balance sheet date	Anticipated income	Investment income/losses in the Reporting Period	Involve ment in lawsuit (s)	Date of disclosure	Index to disclosed information
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	Industrial investments	Equity investments	15.6	99.94%	Self-raised funds	Ningbo Jia'an Venture Capital Partnership (Limited Partnership)	Not applicable	Not applicable	Established	Not applicable	Not applicable	Not applicable	March 31, 2023	www.cninfo.com.cn
Total	--	--	15.6	--	--	--	--	--	--	Not applicable	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	Stock Code	Stock abbreviation	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss of fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Amount 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	25,258	8,466	0	0	0	8,466	33,724	Other non-current financial assets	Self-funded
Stocks	688469.SH	UNT	26,745	Fair value	-	-3,337	0	26,745	0	-3,337	23,408	Other non-current financial assets	Self-funded
Financial bonds	ZQTZ2303070002	Nanyang Commercial Bank	7,083	Measurement at amortized cost	-	0	0	7,083	0	426	7,251	Debt investments	Self-funded
Bonds	XS2560662541	LINK CB LTD	4,455	Fair value	4,791	-359	0	1,552	0	-95	6,064	Held-for-trading financial assets	Self-funded
Financial bonds	223001.IB	22 ICBC Macau Bond 01	5,000	Measurement at amortized cost	5,044	0	0	0	0	129	5,044	Debt investments	Self-funded
Bonds	USF2941JAA81	ELECTRICITE DE FRANCE SA	2,919	Fair value	-	171	0	5,312	730	379	4,754	Held-for-trading financial assets	Self-funded
Bonds	US279158AL39	ECOPETROL SA	2,421	Fair value	4,349	167	0	0	0	417	4,590	Held-for-trading financial	Self-funded

												assets	
Bonds	USG5975LAA47	MELCO RESORTS FINANCE	1,328	Fair value	1	45	0	5,145	1,360	90	3,832	Held-for-trading financial assets	Self-funded
Financial bonds	ZQTZ2303090003	China Taiping Insurance Holdings Company Limited	3,541	Measurement at amortized cost	-	0	0	3,541	0	184	3,613	Debt investments	Self-funded
U.S. Treasury bill	US912797HH31	TREASURY BILL	3,453	Fair value	-	27	0	3,453	0	27	3,480	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			705,553	--	258,430	393	-5,595	442,236	531,456	8,966	169,880	--	--
Total			764,929	--	297,874	5,574	-5,595	495,068	533,545	15,653	265,641	--	--
Disclosure date of the board announcement approving the securities investments			March 31, 2023										
Disclosure date of the general meeting announcement approving the securities investments (if any)			April 22, 2023										

(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 status in the 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	2,062,172	73,441	3,039,040	114,095	-12,814	20.92	0.79
2. Interest rate swaps	384,446	11,533	407,686	12,231		2.81	0.08
Total	2,446,618	84,974	3,446,726	126,326	-12,814	23.73	0.87
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, profit from changes in the fair value of hedged items amounted to RMB137.85 million; losses from the delivery of due forward exchange contracts amounted to negative RMB450.92 million; and profit from the valuation of outstanding forward exchange contracts amounted to RMB184.93 million.						
Description of the hedging effect	During the Reporting Period, the Company's main foreign exchange risk exposures included foreign currency asset and liability exposures arising from business activities such as outbound sales, raw materials procurement, and financing. The uncertain risks arising from the exchange rate fluctuations were effectively hedged by derivative contracts with the same purchase amounts and terms in the opposite direction.						
Funding source for derivative investment	Self-funded.						
Analysis of risks and control measures associated with derivative investments held in the Reporting Period (including but not limited to market risk,	<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 trends and predicting operations (including orders and capital plans), adopted forward foreign exchange contracts, options, and interest rate swaps to avoid future exchange rate and interest rate risks. As its business scale changes, the Company will adjust its exchange rate risk management strategy according to the actual market conditions and business plans.</p> <p>Risk analysis:</p> <p>1. Market risk: The financial derivatives business carried out by the Group is related to hedging and trading activities associated with the main business operations.</p>						

liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>There is a market risk associated with potential losses due to fluctuations in market prices, such as underlying interest rates and exchange rates, which affects the prices of financial derivatives.</p> <p>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 incurring losses due to paying fees to the bank for liquidating or selling the derivatives below the buying prices;</p> <p>3. Performance risk: The Group conducts its derivative business based on rolling budgets for risk management, and there is a risk of performance failure due to deviation arising between the actual operating results and budgets;</p> <p>4. Other risks: In the case of specific business operations, the failure of operational personnel to report and obtain approvals in accordance with established procedures or to accurately, promptly, and comprehensively record information related to financial derivative transactions may result in potential losses or missed trading opportunities in the derivatives business. Moreover, if the trading operator fails to fully understand the terms of transaction contracts or product information, the Group may face legal risks and transaction losses.</p> <p>Risk control measures:</p> <p>1. Basic management principles: The Group strictly adheres to hedging principles with the primary goals of fixing costs and avoiding risks. It is necessary for the financial derivatives business to align with the variety, size, direction, and duration of spot goods, and this should not involve any speculative trading. When selecting hedging instruments, only simple financial derivatives that are closely related to the main business operations and comply with the requirements of hedge accounting should be selected while avoiding engaging in complex business activities that go beyond the established scope of operations and involve risks and pricing that are difficult to understand;</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 operations, 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 operations and risk management system for derivatives. Before the holding company engages in derivative business activities, the holding company must submit detailed business reports to the competent department of the Group, including information about its internal approval, main product terms, operational necessity, preparations, risk analysis, risk management strategy, fair value analysis, and accounting methods. Additionally, a special summary report of previously conducted operations should be submitted. Only after obtaining the opinion of the relevant professional departments within the Group may the holding company proceed with the operations.</p> <p>3. Relevant departments should track the changes in the open market price or fair value of financial derivatives, promptly assess the risk exposure changes of invested financial derivatives, and compile reports to the board of directors on business development;</p> <p>4. The financial company should actively manage and disclose in a timely manner any confirmed gains and losses as well as unrealized losses from futures and derivative transactions of listed companies. When such losses account for 10% of the audited net profit attributable to the shareholders of the listed company in the last year and exceed RMB10 million, the financial company should make timely disclosure thereof.</p>
Changes in market prices or fair value of derivative investments in the Reporting Period (fair value analysis should include the measurement method and related assumptions and parameters)	<p>With the rapid expansion of overseas sales, the Company continued to follow the above rules in the operation of forward foreign exchange contracts and interest rate swap contracts, to avoid and hedge against foreign exchange risks arising from operations and financing. During the Reporting Period, there were profits and losses of RMB137.85 million from changes in the fair value of hedged items and losses of RMB265.99 million from derivatives. The fair value of derivatives is determined by the real-time quoted price of the foreign exchange market, and is based on the difference between the contractual price and the forward exchange rate quoted immediately on the foreign exchange market on the balance sheet date.</p>
Legal matters involved (if applicable)	Not applicable
Disclosure date of the board announcement approving the derivative investments (if any)	March 31, 2023
Disclosure date of the general meeting announcement approving	April 22, 2023

the derivative investments (if any)	
Opinion of independent directors on derivative investments and risk control	From January to December 2023, the financial derivatives transactions entered into by the Company were closely connected to the daily operational needs of the Company, and the risks therefrom were controllable. Such transactions conformed to the development needs of the Company, and the requirements of related 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	Method of raising	Total amount raised	Net amount raised	Used in the current period	Total amount used	Total amount of changed-purpose funds during the Reporting Period	Total amount of change d-purpose funds	Total amount of change d-purpose funds as a % of total amount raised	Total proceeds that have not been used	Purpose and location of the unused amount	Amount left idle for over two years
2022	Non-public offering of shares	959,695.94	947,469.47	244.99	947,714.46	Not applicable	Not applicable	Not applicable	0	Not applicable	0
Total	--	959,695.94	947,469.47	244.99	947,714.46	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 2,806,128,484 shares in a non-public manner, raising a total of RMB9,596,959,415.28 in 2022. After deducting issuance-related expenses, the actual available proceeds were RMB9,474,694,686.16. On December 6, 2022, the Company received the proceeds from the aforementioned share issue, which was confirmed by Da Hua CPAs (Special General Partnership) in its capital verification report of "Da Hua Yan Zi [2022] No. 000709".											
As of December 31, 2023, the Company utilized the proceeds of RMB9,477,144,603.75 (including net interest income of RMB2,449,917.59), in which RMB9,000,000,000.00 was used to repay the funds raised for the investment in previous projects, while the remaining amount was used to supplement the working capital. As of the date of this report issuance, the Company has successfully completed the closure procedures for the special account designated for the funds raised through this private placement.											

(2) Promised use of raised funds

Applicable Not applicable

Unit: RMB'0,000

Promised project funded with raised funds and investment with excess	Whether the project changed or not (including	Total promised investment amount with raised funds	Adjusted total investment amount (1)	Investment in the Reporting Period	Cumulative investment amount at the period-end (2)	Investment progress as at the period-end (3)=(2)/(1)	Date when the project is ready for its intended	Benefits derived in the Reporting	Whether it met the anticipated benefits	Whether there were significant changes to the project

funds raised	partial changes))	use	Period	or not	feasibility or not
Promised projects										
1. Generation 8.6 oxide display device production line project	No	900,000.00	900,000.00	0	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	244.99	47,714.46	100.52%	Not applicable	Not applicable	Not applicable	No
Subtotal of promised projects	--	947,469.47	947,469.47	244.99	947,714.46	--	--	Not applicable	--	--
Excess funds raised										
No excess funds raised										
Description of delayed progress and reasons for failure to achieve the planned progress and anticipated income (including the reasons for selecting "Not applicable" for "Whether anticipated benefits were met or not")	Not applicable, no income estimate is made for the item									
Description of major changes in project feasibility	Not applicable									
Amount, purpose, and use progress of excess funds raised	Not applicable									
Change in location of the project with raised funds	Not applicable									
Change in the project implementation method	Not applicable									
Advance investments in	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, the raised funds were									

promised projects funded with raised funds and subsequent swaps	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.
Temporary addition of idle raised funds to supplement working capital	Not applicable
Amount and reason for surplus raised funds during project implementation	Not applicable
Unused raised fund purpose and allocation	Not applicable
Issues or other situations regarding the use and disclosure of raised funds	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

Transaction counterpart	Assets sold	Announcement date	Transaction price (in RMB'000)	Net profit contributed by the asset to the company from the beginning of the period to the	Impact of sale on the Company (Note 3)	Percentage of the net profit from the sale of the asset contributed to the listed company to the total net	Pricing principles for the sale of the asset	Whether this was an affiliated-party transaction	Relationship with the affiliated party (if it is a affiliated-party transaction)	Whether all titles of the asset have been fully transferred	Whether all debts of the asset have been fully transferred	Has the project been implemented as planned and on schedule? If not, provide the reasons and the measure	Date of disclosure	Index to disclosed information

				date of the sale (in RMB'000)		profit						s taken by the Company		
Beijing E-Town Urban Renewal Co., Ltd.	Idle properties in No.2 courtyard, Bolin Road, Beijing Economic-Technological Development Area	December 28, 2023	25,269	Not applicable	Reduced operational costs while enhancing operational efficiency, which aligns with the development interests of the Company	Not applicable	Based on the negotiated evaluation price	No	Not applicable	Not applicable	Not applicable	Yes	December 28, 2023	www.cninfo.com.cn

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'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	Display	RMB33.08 billion	20,893,668	7,409,114	7,207,779	-90,039	-48,056
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	Subsidiary	New energy photovoltaics and other silicon materials business	RMB4.04 billion	12,506,304	6,023,711	5,914,646	456,547	389,889
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB0.42 billion	726,655	143,404	3,010,953	5,243	4,320

Acquisition and disposal of subsidiaries in the Reporting Period

Applicable Not applicable

Company name	How subsidiaries were obtained or disposed of in the Reporting Period	Effects on overall operations and operating performance
Lumetech North America Corporation	Newly incorporated	No significant effect

Suzhou Zhonghuan Photovoltaic Materials Co., Ltd.	Newly incorporated	No significant effect
Ningxia Huanou New Energy Technology Co., Ltd.	Newly incorporated	No significant effect
Ningxia Zhonghuan Industrial Park Management Co., Ltd.	Newly incorporated	No significant effect
Guangzhou TCL Industrial Research Institute Co., Ltd.	Newly incorporated	No significant effect
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	Newly incorporated	No significant effect
Ningbo Dongshen Zhixuan Equity Investment Partnership (Limited Partnership)	Newly incorporated	No significant effect
Huansheng Photovoltaic (Guangdong) Co., Ltd.	Newly incorporated	No significant effect
Xuzhou Huanneng New Energy Co., Ltd.	Newly incorporated	No significant effect
Lingwu Xuzhao New Energy Co., Ltd.	Newly incorporated	No significant effect
Ningxia Zhonghuan Yuelanshan Hotel Management Co., Ltd.	Newly incorporated	No significant effect
Zhangjiakou Shengming New Energy Co., Ltd.	Newly incorporated	No significant effect
Xi'an Maituo Technology Co., Ltd.	Newly incorporated	No significant effect
Xi'an Shengtai Technology Co., Ltd.	Newly incorporated	No significant effect
Xi'an Shengke Sunpie Technology Co., Ltd.	Newly incorporated	No significant effect
Urumqi Sunpie Fengshagn Trading Co., Ltd.	Newly incorporated	No significant effect
Urumqi Sunpie Zhixing Trading Co., Ltd.	Newly incorporated	No significant effect
Foshan Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Zhuhai Sunpiestore Technology Co., Ltd.	Newly incorporated	No significant effect
Ningxia Hongyuan New Energy Co., Ltd.	Newly incorporated	No significant effect
Ningxia Shengyao New Energy Co., Ltd.	Newly incorporated	No significant effect
Lingwu Shangyuan New Energy Co., Ltd.	Newly incorporated	No significant effect
Xiamen Dili Hongxin Equity Investment Partnership (Limited Partnership)	Newly incorporated	No significant effect
Xi'an Shengbo Sunpie Technology Co., Ltd.	Newly incorporated	No significant effect
Xinxin Bandaoti Technology Co., Ltd.	Acquisition	No significant effect
Jiangsu Mingjing Bandaoti Technology Co., Ltd.	Acquisition	No significant effect
Jiangsu Lixin Bandaoti Technology Co., Ltd.	Acquisition	No significant effect
Xuzhou Xinjing Bandaoti Technology Co., Ltd.	Acquisition	No significant effect
Jiangsu Huasheng Bandaoti Materials Co., Ltd.	Acquisition	No significant effect
Hong Kong NExcel Electronic Technology Co., Ltd.	Acquisition	No significant effect
Singapore NExcel Electronic Technology Pte.	Acquisition	No significant effect
Xuzhou Jingrui Bandaoti Equipment Technology Co., Ltd.	Acquisition	No significant effect

Meixin (Xuzhou) Silicon Material Technology Co., Ltd.	Acquisition	No significant effect
Suzhou Huaxin Environmental Technology Co., Ltd.	Acquisition	No significant effect
Inner Mongolia TCL Photoelectric Technology Co., Ltd.	Acquisition	No significant effect
TCL Financial Technology (Shenzhen) Co., Ltd.	Acquisition	No significant effect
Techigh Circuit Technology (Huizhou) Co., Ltd.	Acquisition	No significant effect
Techigh Circuit Technology (Zhuhai) Co., Ltd.	Acquisition	No significant effect
Tairui (Hong Kong) Limited	Acquisition	No significant effect
Yixing Huanxing New Energy Co., Ltd.	Transferred	No significant effect
Tianjin Binhai Huanneng New Energy Co., Ltd.	Transferred	No significant effect
Dushan Anju Photovoltaic Technology Co., Ltd.	Transferred	No significant effect
Shangyi Shengxin New Energy Development Co., Ltd.	Transferred	No significant effect
Gengma Huanxing New Energy Co., Ltd.	Transferred	No significant effect
Guyuan Shengju New Energy Co., Ltd.	Transferred	No significant effect
Zhangjiakou Shengyuan New Energy Co., Ltd.	Transferred	No significant effect
Qinhuangdao Tianhui Solar Energy Co., Ltd.	Transferred	No significant effect
Tianjin Zhonghuan Hengda Technology Co., Ltd.	Transferred	No significant effect
Tianjin Yingtuo Computer Control Technology Co., Ltd.	Transferred	No significant effect
Shangyi Shengyao New Energy Development Co., Ltd.	Transferred	No significant effect
Guangdong TCL New Technology Co., Ltd.	Transferred	No significant effect
Tianjin Huanhai Real Estate Development Co., Ltd.	De-registered	No significant effect
TCL Lighting (Wuhan) Co., Ltd.	De-registered	No significant effect
Inner Mongolia Huanneng Resources Development Co., Ltd.	De-registered	No significant effect
Inner Mongolia Zhonghuan Electronic Materials Co., Ltd.	De-registered	No significant effect
Meixin (Xuzhou) Silicon Material Technology Co., Ltd.	De-registered	No significant effect
Inner Mongolia Zhonghuan Energy Development Center (Limited Partnership)	De-registered	No significant effect

Explanation of Principal Subsidiaries and Joint Stock Companies

None

X. Structured Bodies Controlled by the Company

Applicable Not Applicable

XI. Prospects

As a high-tech manufacturer with a presence in multiple sectors, TCL accelerates its development by grasping strategic opportunities made available via China's high-quality economic development. With ample strategic resources, enhanced organizational efficiency, and presence in high-growth, high-potential industries, TCL embraces its 42nd year of development at a new historical starting point with a promising future.

With a strategic focus on displays and new energy photovoltaics, TCL is building core assets in the global technology industry

Following the spin-off of its consumer-end business in 2019 and repositioning as a global technology industry group, the Company has built its long-term competitive advantage through a focus on the core elements and critical growth drivers within the display and technology industries, in a combination of endogenous growth and epitaxial mergers and acquisitions.

As one of the leading players in the global display sector, the Company has seized industry growth opportunities by continuously refining its technology, and expanding its product portfolio across a full spectrum of sizes. With these efforts, the Company has established a global competitive edge. Concurrently, the Company is actively expanding into the new energy photovoltaic industry through the acquisition of TZE, aiming to establish a new growth pathway for the technology industry in the next decade. Since 2021, TZE has unlocked growth potential and accelerated business development through institutional reform, optimizing capital structure and enhancing organizational vitality.

With both TCL CSOT and TZE flourishing, the Company has entered a new phase driven by two business engines, establishing a foundation for long-term profitability that transcends industry cycles, enabling it to unlock long-term growth opportunities even amidst macroeconomic fluctuations.

Effectively implementing major strategic initiatives to achieve the goals of 2024's strategic planning

Building on the successes of the 2023 strategic plan, the Company's overall efforts this year will maintain the momentum of continuous improvement and ambitious growth through a key focus on solidifying our foundation and overcoming challenges to achieve breakthroughs. The Company will implement a business strategy guided by global leadership, prioritizing the enhancement of its

competitiveness, and driving high-quality development. By meticulously executing key tasks, the Company will ensure the successful realization of its strategic goals.

Standing on the solid foundation forged over 42 years, TCL aims to become a global leader. It will pool its efforts, being guided by science and technology and driven by innovation, to continue to ramp up, catch up, and achieve high-quality development and future-proof its success.

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

Applicable Not applicable

Time of reception	Time Location	Time Manner of communication	Type of communication party	Communication party	Primary focus of discussion and materials provided	Index to main information communicated
March 31, 2023	Futian Shangri-La Hotel, Shenzhen	Onsite + Video conferencing	Institution	E Funds, China Southern Fund, Harvest Fund, Dacheng Fund, and others	Performance and operations of TCL TECH. for 2022	Log Sheet No. 2023-001 on Investor Relations Activities dated March 31, 2023 disclosed by the Company at www.cninfo.com.cn on April 4, 2023.
May 8, 2023	Conference Room of TCL TECH. in Shenzhen	Video conferencing	Institution	E Funds, Aegon-Industrial Fund, Perseverance Asset Management, China Life, Taikang Asset Management, and others	Performance and operations of TCL TECH. for Q1 2023	Log Sheet No. 2023-002 on Investor Relations Activities dated May 8, 2023 disclosed by the Company at www.cninfo.com.cn on May 10, 2023.
August 30, 2023	Conference Room of TCL TECH. in Shenzhen	Video conferencing	Institution	Perseverance Asset Management, E Funds, China Southern Fund, CIB Fund, Dacheng Fund, Loyal Valley Capital, and others	2023 interim performance and operations of TCL TECH.	Log Sheet No. 2023-003 on Investor Relations Activities dated August 30, 2023 disclosed by the Company at www.cninfo.com.cn on September 1, 2023.
October 30, 2023	Conference Room of TCL TECH. in Shenzhen	Video conferencing	Institution	Perseverance Asset Management, Foresight Fund, E Funds, Huaxia Fund, Loyal Valley Capital, and others	Performance and operations of TCL TECH. for Q3 2023	Log Sheet No. 2023-004 on Investor Relations Activities dated October 30, 2023 disclosed by the Company at www.cninfo.com.cn on October 31, 2023.

January - December 2023	The Company's office	Investor hotline (telephone)	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	-
January - December 2023	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

XIII. Implementation of the "Joint Improvement of Quality and Investment Return" Action Plan

Whether the Company has disclosed the "Joint Improvement of Quality and Investment Returns" Action Plan.

Yes No

In line with the national emphasis on enhancing the quality and investment value of listed companies, the Company has developed the "Joint Improvement of Quality and Investment Returns" Action Plan, which is based upon in-depth research on industry trends and careful consideration of our future business trajectory. For a comprehensive overview, please refer to the Announcement on "Implementing the 'Joint Improvement of Quality and Investment Returns' Action Plan" disclosed on February 28, 2024.

Recognizing the unwavering support of our investors, the Company remains committed to its "investor-centric" approach, ensuring compliant and prudent operations while safeguarding investor interests.

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 governance 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.

In strict accordance with the provisions and requirements of the *Company Law*, the *Securities Law*, the *Articles of Associations*, the *Rules of Procedure for General Meeting of Shareholders*, and other laws, regulations and rules, the Company standardizes the procedures for the convening, participation and voting of the general meeting, combines in-person and online voting, provides convenience for all shareholders to exercise their rights, and ensure all shareholders, especially small and mid-size shareholders to fully exercise their rights; the board of director sets up four dedicated committees: 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 by attending general meetings, observing board meetings, regularly inspecting the Company's legal operations and financial status, and issuing supervisory board opinions, to effectively supervises the company's major matters, related transactions, financial status, and the performance of directors and executives, safeguarding the legitimate rights and interests of the company and its shareholders. 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. By providing regular specialized training based on the latest regulatory rules, the Company promptly informs directors, supervisors and senior management of supervisory

focuses, to strengthen self-discipline among the management team, and fulfill their duties with diligence. The Company effectively safeguards the interests of all shareholders, particularly minority shareholders, and strengthens the management's self-discipline capacity, make them diligently perform their duties, and effectively safeguards the interests of all shareholders, especially small and medium-sized shareholders. The Company has successively launched employee stock incentive plans with the participation of middle and senior managers and excellent employees, further improving corporate performance and continuous improvement of its value. The Company is devoted to public charitable undertakings and actively participates in social public charitable donations. Thanks to these measures, the Company takes a lead in corporate governance in the industry.

Currently, there is no difference between the actual status of the Company's corporate governance structure and the standard documents on the corporate governance for listed companies published by China Securities Regulatory Commission. The names of the policies are published on www.cninfo.com.cn. Details on the amendments to the policies in three years before the Reporting Period are as follows:

Year of amendment	Title of rules
2020	The Articles of Association of TCL Technology Group Corporation
	The Rules of Procedure for the Board of Directors of TCL Technology Group Corporation
	The Rules of Procedure for the Supervisory Committee of TCL Technology Group Corporation
	The Rules of Procedure for the General Meeting of TCL Technology Group Corporation
	The Rules Governing the Guarantees Provided for External Parties 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 Rules Governing the Use of Raised Funds of TCL Technology Group Corporation
2021	The Articles of Association of TCL Technology Group Corporation
	The Rules of Procedure for the Board of Directors of TCL Technology Group Corporation
2022	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

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

	Title of rules
Revised	The Internal Audit Charter of TCL Technology Group Corporation (March 2023)
	The Rules Governing Securities Investment of TCL Technology Group Corporation (March 2023)
	The Internal Control Rules for Investment in Derivative Financial Instruments of TCL Technology

 Group Corporation (March 2023)

 The Articles of Association of TCL Technology Group Corporation (May 2023)

 Risk Management Plan for Financial Transactions Between TCL Technology Group Financial Co., Ltd. and its Related Parties (August 2023)

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 2023	Extraordinary general meeting	15.03%	January 9, 2023	January 10, 2023	All proposals were adopted. Please refer to the Notice on the First Extraordinary General Meeting of 2023 disclosed on www.cninfo.com.cn on January 10, 2023 (Notice No.: 2023-001)
The 2022 Annual General Meeting	Annual general meeting	16.42%	April 21, 2023	April 22, 2023	All proposals were adopted. Please refer to the Notice on Resolutions of the 2022 Annual General Meeting disclosed on www.cninfo.com.cn on April 22, 2023 (Notice No.: 2023-029)
The Second Extraordinary General Meeting of 2023	Extraordinary general meeting	15.57%	June 16, 2023	June 17, 2023	All proposals were adopted. Please refer to the Notice on the Second Extraordinary General Meeting of 2023 disclosed on www.cninfo.com.cn on June 17, 2023 (Notice No.: 2023-046)
The Third Extraordinary General Meeting of 2023	Extraordinary general meeting	16.28%	September 15, 2023	September 16, 2023	All proposals were adopted. Please refer to the Notice on the 3rd Extraordinary General Meeting of 2023 disclosed on www.cninfo.com.cn on September 16, 2023 (Notice No.: 2023-057)

2. Extraordinary General Meetings Convened at the Request of Preferred 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	Number of shares held at the beginning of the year	Increase of shares during the reporting period	Decrease of shares during the reporting period	Other increase/decrease (share)	Number of shares held at the end of the year	Reason for change
Li Dongsheng	Chairman	Incumbent	Male	66	April 19, 2002	May 23, 2024	814,061,096	-	-	83,097,357	897,158,453	See the note below
	CEO				June 20, 2005							
Liang Weihua	Vice Chairman of the Board	Incumbent	Male	42	November 13, 2020	May 23, 2024	-	-	-	-	-	None
Wang Cheng	Director	Incumbent	Male	49	January 9, 2023	May 23, 2024	157,661	-	-	175,522	333,183	See the note below
	COO				August 9, 2021							
Shen Haoping	Director	Incumbent	Male	61	November 13, 2020	May 23, 2024	-	-	-	-	-	None
	Senior Vice President				November 14, 2020							
Liao Qian	Director	Incumbent	Male	43	September 1, 2017	May 23, 2024	481,306	-	-	807,769	1,289,075	See the note below
	Board Secretary				April 23, 2014							
	Senior Vice President				August 27, 2020							
Zhao Jun	Director	Incumbent	Male	51	January 9, 2023	May 23, 2024	200,482	-	-	742,372	942,854	See the note below
	Senior Vice President				December 23, 2022							
Lin Feng	Director	Incumbent	Male	38	April 29, 2022	May 23, 2024	-	-	-	-	-	None
Gan Yong	Independent director	Incumbent	Male	76	November 13, 2020	May 23, 2024	-	-	-	-	-	None
Chen Shiyi	Independent director	Incumbent	Male	67	November 13, 2020	May 23, 2024	-	-	-	-	-	None
Wan Liangyong	Independent director	Incumbent	Male	44	November 13, 2020	May 23, 2024	-	-	-	-	-	None
Liu Xunci	Independent director	Incumbent	Male	65	September 1, 2017	May 23, 2024	-	-	-	-	-	None
Zheng Tao	Chairman of the Supervisory Committee	Incumbent	Male	53	September 15, 2023	May 23, 2024	-	-	-	-	-	None
Qiu Haiyan	Supervisor	Incumbent	Female	49	September 1, 2014	May 23, 2024	-	-	-	-	-	None
Mao Tianxiang	Employee Supervisor	Incumbent	Male	43	September 1, 2017	May 23, 2024	229,583	-	-	336,992	566,575	See the note below
Li Jian	CFO	Incumbent	Female	51	August 9, 2021	May 23, 2024	294,513	-	-	674,108	968,621	See the note below
Yan Xiaolin	Senior Vice President	Incumbent	Male	57	September 1, 2014	May 23, 2024	1,303,302	-	-	1,038,963	2,342,265	See the note below
	CTO				December 6, 2012							
He Zhuohui	Former Chairman of the Supervisory Committee	Former	Male	58	September 2, 2015	September 14, 2023	-	-	-	-	-	None
Total	--	--	--	--	--	--	816,727,943	-	-	86,873,083	903,601,026	--

Note: 1. The Company will hold a general meeting on May 24, 2024, to deliberate on matters related to the change of directorship.

2. The increase in the number of shares held by Mr. Li Dongsheng, Mr. Wang Cheng, Mr. Liao Qian, Mr. Zhao Jun, Mr. Mao

Tianxiang, Ms. Li Jian, and Mr. Yan Xiaolin during the Reporting Period was due to the Company's shares converted from capital reserve, as well as the non-transactional transfer of shares (which are attributable to the participants of the Phase III Global Partnership Plan and the Employee Shareholding Plan) to their securities accounts.

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

Yes No

On August 29, 2023, the 22nd meeting of the 7th Supervisory Board of the Company reviewed and passed the "Proposal on Filling the Vacancy of Non-Employee Representative Supervisor of the 7th Supervisory Committee", as Mr. He Zhuohui, Chairman of the Supervisory Committee, submitted a written resignation report to the Supervisory Board due to work changes, requesting to resign from his positions as supervisor and chairman of the Supervisory Committee. He will no longer hold any positions in the Company after his resignation, and his resignation will take effect after the election of new supervisors by the Company's general meeting.

On September 15, 2023, the Company held its third extraordinary general meeting for the year 2023, reviewed and passed the "Proposal on Filling the Vacancy of Non-Employee Representative Supervisor of the 7th Supervisory Committee". Mr. He Zhuohui resigned as the supervisor of the Company and Chairman of the Supervisory Committee from September 15, 2023.

Change of Directors, Supervisors and Senior Management

Applicable Not applicable

2. Positions

Name	Office title	Type of change	Date of change	Reason for change
Wang Cheng	Director	Elected	January 9, 2023	Election at a general meeting
Zhao Jun	Director	Elected	January 9, 2023	Election at a general meeting
Zheng Tao	Supervisor and Chairman of the Supervisory Committee	Elected	September 15, 2023	Election at a general meeting and appointment by the Supervisory Committee
He Zhuohui	Former Supervisor and Chairman of the Supervisory Committee	Former	September 14, 2023	Change as a result of personal job arrangement

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, CEO and non-independent director; Mr. Li has held a number of prestigious positions: Vice Chairman of the China Chamber of International Commerce, First President of the China Manufacturing Innovation Alliance, Honorary President of South China University of Technology Education Development Foundation, Vice President of Alumni Association

South China University of Technology and Visiting Professor in Wuhan University.

Mr. Liang Weihua, Vice Chairman of TCL TECH. He was born in March 1981. He holds a master's degree 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. 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.

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

Mr. Shen Haoping, Non-independent Director and Senior Vice President of TCL TECH. Born in 1962, he holds a bachelor's degree. At present, he serves as Vic Chairman and General Manager of TCL Zhonghuan Renewable Energy Technology Co., Ltd (“TZE”) and General Manager of Tianjin Zhonghuan Electronics and Information Group Co., Ltd. He was ranked as one of the best CEOs by Forbes China in 2022. Mr. Shen has many years of experience in the design and manufacturing of photovoltaic mono silicon materials. He has presided over several key large-scale R&D projects, and led TZE to win the top industry honors such as China patent excellence award, China innovation-oriented enterprise and Forbes China potential enterprise. Under Mr. Shen’s leadership, TZE has built a world-leading photovoltaic silicon ingot and wafer R&D, manufacturing and sales organization.

Mr. Liao Qian, Non-independent 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 Highly Information Industry Co.,Ltd, Tonly Technology Co., Ltd. and CDOT (0334.HK); Vice Chairman of the Board of Tianjin Qiyier Communication & Broadcasting Co., Ltd. and Director of TCL Zhonghuan Renewable Energy Technology Co., Ltd (002129.SZ).

Mr. Zhao Jun, Non-independent Director and Senior Vice President of TCL TECH. He was born in Xianyang City, Shaanxi Province in November 1972. 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. 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-independent 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 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 and doctoral supervisor. He serves as President of the Chinese Society for Metals (CSM).

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). Currently, he is president of the Eastern Institute for Advanced Study, 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.

Mr. Wan Liangyong, Independent director of TCL TECH. 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.

Mr. Liu Xunci, Independent director of TCL TECH. He was born in Longhui County, Hunan Province, and was awarded a master's degree. With the Professorial Title, he is recognized as a High-level Management Talent in Huizhou City. In September 1976, he became an educated urban young man working in the countryside after graduation from high school. In 1983, he started to work upon graduation. He was an associate professor, professor, and teaching supervisor. He is now a member in the teaching supervisory panel.

Mr. Zheng Tao, Chairman of the Supervisory Committee of TCL TECH. Currently serving as the Chairman of the Board and the Supervisor of Huizhou Investment Development Co., Ltd. From September 2011 to September 2017, served as the General Manager of Huizhou Golden Leaf Comprehensive Trade Development Co., Ltd.; from September 2017 to June 2023, held the positions of Chairman and General Manager of Huizhou Golden Leaf Comprehensive Trade Development Limited Liability Company; since July 2022, concurrently serving as a Director of Huizhou Industrial Investment Development Fund Co., Ltd.; and since June 2023, has been the Chairman (Legal Representative) and Director of Huizhou Investment Development Co., Ltd.

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. From July 1995 to March 1998, she served as a finance officer in Huizhou Zongli Real Estate Company; from March 1998 to July 2002, she served as a finance officer at Huizhou Trust Investment Company; from July 2002 till now, she serves as accountant, deputy manager and manager of the Finance Department in Huizhou Investment Holding Co., Ltd.; from August 2008 to October 2023, she served as director of Huizhou Investment Holding and Asset Management 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 from July 2022 to October 2023, she has concurrently served as a director of Huizhou

Industrial Investment Development Master Fund Co., Ltd.; since July 2023, she has been the CFO at Huizhou Investment and Development Co., Ltd.

Mr. Mao Tianxiang, Employee Supervisor of TCL TECH. Mr. Mao is also 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; since September 2014, he has worked in TCL Tech Group and was 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 Qiyier Communication & Broadcasting Co., Ltd. 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 Renewable 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 of TCL Tech Group.

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, CTO and Senior Vice President of TCL TECH. Also serves as 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 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).

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	Representative	August 2014	Incumbent	No

	Equity Investment Partnership (Limited Partnership)	appointed by the executive partner			
Lin Feng	Wuhan Optics Valley Industrial Investment Co., Ltd.	Chairman and general manager	May 2018	Incumbent	Yes
Zheng Tao	Huizhou Investment Holding Co., Ltd.	Chairman	July 2023	Incumbent	No
	Huizhou Investment Development Co., Ltd.	Chairman	June 2023	Incumbent	Yes
Qiu Haiyan	Huizhou Investment Holding Co., Ltd.	Workers' Director	February 2014	Incumbent	Yes
Notes to positions held at the shareholding entity	Not applicable				

Positions held at other entities

 Applicable Not applicable

Name	Name of other entities	Office title at other entities	Start of tenure	End of tenure	Pay received from other entities
Li Dongsheng	TCL 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 Guoyou 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
Liao Qian	Tianjin Qiyier 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
Zheng Tao	Huizhou Guoyou Asset Management Co., Ltd.	Chairman	June 2023	Incumbent	No
Mao Tianxiang	Tianjin Qiyier Communication & Broadcasting Co., Ltd.	Supervisor	June 2019	Incumbent	No
Li Jian	Bank of Shanghai Co., Ltd.	Director	January 2022	Incumbent	No
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-tax remuneration from the Company	Remuneration from any related party or not
Li Dongsheng	Chairman, CEO	Male	66	Incumbent	1,241.97	Yes
Liang Weihua	Vice Chairman of the Board	Male	42	Incumbent	0	Yes
Wang Cheng	Director, COO	Male	49	Incumbent	970.24	No
Zhao Jun	Director, Senior Vice President	Male	51	Incumbent	915.53	No
Shen Haoping	Director, Senior Vice President	Male	61	Incumbent	Note	No
Liao Qian	Director, Board Secretary and Senior Vice President	Male	43	Incumbent	908.33	No
Lin Feng	Director	Male	38	Incumbent	0	Yes
Gan Yong	Independent director	Male	76	Incumbent	0	No
Chen Shiyi	Independent director	Male	67	Incumbent	30.13	No
Wan Liangyong	Independent director	Male	44	Incumbent	20.00	No
Liu Xunci	Independent director	Male	65	Incumbent	16.00	No
Zheng Tao	Chairman of the Supervisory Committee	Male	53	Incumbent	4.00	Yes
Qiu Haiyan	Supervisor	Female	49	Incumbent	10.00	Yes
Mao Tianxiang	Employee Supervisor	Male	43	Incumbent	227.32	No
Li Jian	CFO	Female	51	Incumbent	854.69	No
Yan Xiaolin	Senior Vice President, CTO	Male	57	Incumbent	895.17	No
He Zhuohui	Former Chairman of the Supervisory Committee	Male	58	Former	12.00	Yes
Total	--	--	--	--	6,105.38	

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 RMB501.3 thousand (before tax); the compensation for Mr. Chen Shiyi, an independent director listed above, includes a portion that was not received in previous years and was distributed in this Reporting Period; non-executive director Mr. Lin Feng gave up the allowance; Director Shen Haoping received a compensation from TZE. The specific data are subject to the announcements of TZE.

3. In 2023, 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.

Other Information

Applicable Not Applicable

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 28th meeting of the 7th Board of Directors	January 19, 2023	January 20, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 28th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on January 20, 2023 (Notice No.: 2023-004)
The 29th meeting of the 7th Board of Directors	March 30, 2023	March 31, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 29th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on March 31, 2023 (Notice No.: 2023-011)
The 30th meeting of the 7th Board of Directors	April 27, 2023	April 28, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 30th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on April 28, 2023 (Notice No.: 2023-032)
The 31st meeting of the 7th Board of Directors	May 15, 2023	May 17, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 31st Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on May 17, 2023 (Notice No.: 2023-035)
The 32nd meeting of the 7th Board of Directors	May 31, 2023	June 1, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 32nd Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on June 1, 2023 (Notice No.: 2023-039)
The 33rd meeting of the 7th Board of Directors	August 29, 2023	August 30, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 33rd Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on August 30, 2023 (Notice No.: 2023-051)
The 34th meeting of the 7th Board of Directors	September 28, 2023	September 29, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 34th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on September 29, 2023 (Notice No.: 2023-059)
The 35th meeting of the 7th Board of Directors	October 27, 2023	-	Passed the Proposal on the Text of the Company's Third Quarter 2023 Report.
The 36th meeting of the 7th Board of Directors	November 28, 2023	November 29, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 36th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on November 29, 2023 (Notice No.: 2023-066)
The 37th meeting of the 7th Board of	December 27, 2023	December 28, 2023	All proposals were adopted. Please refer to the <i>Notice on Resolutions adopted at the 37th Meeting of the 7th Board of Directors</i> disclosed on www.cninfo.com.cn on December 28, 2023 (Notice No.: 2023-070)

Directors			
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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	10	1	9	-	-	No	1
Liang Weihua	10	2	8	-	-	No	3
Wang Cheng	10	2	8	-	-	No	-
Shen Haoping	10	1	9	-	-	No	-
Liao Qian	10	2	8	-	-	No	1
Zhao Jun	10	1	9	-	-	No	-
Lin Feng	10	2	8	-	-	No	3
Gan Yong	10	1	9	-	-	No	-
Chen Shiyi	10	-	10	-	-	No	-
Wan Liangyong	10	1	9	-	-	No	2
Liu Xunci	10	2	8	-	-	No	4

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 *Measures for the Administration of Independent Directors of Listed Companies* and relevant laws and regulations, and issued independent and impartial opinions on major matters such as the Company's repurchase proposal, annual profit distribution, capital reserve transferred into share capital 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
Audit Committee	Wan Liangyong, Chen Shiyi, Wang Cheng	4	February 16, 2023	1. <i>2022 Audit Plan for Financial Statements of TCL Technology Group Corporation</i> ; 2. <i>2022 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	-	None
			March 30, 2023	1. <i>Proposal on the 2022 Annual Financial Report of the Company</i> ; 2. <i>Proposal on the Summary Report of the Audit Committee under the Board Regarding the 2022 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> .		-	None
			August 29, 2023	1. Text of the Company's 2023 Interim Report and Its Summary		-	None
			October 27, 2023	1. Text of the Company's Third Quarter 2023		-	None
Remuneration and Appraisal Committee	Gan Yong, Wan Liangyong, Liu Xunci, Wang Cheng	2	March 30, 2023	1. Proposal on the Remuneration of the Directors, Supervisors, and Senior Executives in 2022	All proposals were adopted upon deliberation.	-	None
			May 31, 2023	1. Proposal on the <i>TCL TECH. 2021-2023 Employee Stock Ownership Plan (Phase III) (Draft)</i> ; 2. Proposal on the <i>TCL TECH. 2021-2023 Employee Stock Ownership Plan (Phase III) and the Management Measures</i> .	All proposals were adopted upon deliberation.	-	None
Strategy Committee	Li Dongsheng, Liang Weihua, Wang Cheng, Liao Qian, Shen Haoping,	1	March 30, 2023	1. Proposal on the 2022 Environmental, Social and Governance Report	All proposals were adopted upon deliberation.	-	None

	Zhao Jun, Chen Shiyi						
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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	379
Number of in-services of the Company of major subsidiaries	74,838
Total number of in-services of the Company at the end of period	75,217
Total number of paid employees in the Reporting Period	75,217
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	762
Functions	
Function	Employees
Production	51,686
Sales	1,974
Technical	11,313
Financial	706
Administrative	469
Management	2,141
Others	6,928
Total	75,217
Educational backgrounds	
Educational background	Employees
PhD	243
Master	3,788
Bachelor's degree	14,393
Junior college and others	4,097
Total	22,521

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 changed to TCL Training Institute. The Institute was officially established. On August 16, 2005, TCL Training Institute changed its name to TCL Leadership Development Institute, which focused on training of management talent and development of leadership. In 2015, the institute was upgraded to TCL University. In 2021, TCL University was incorporated into the Group Organization Department and renamed the Learning and Development Group, focusing on business application and building talent pipeline for the organization. In 2023, to strengthen the accumulation of management experience and support strategic development, TCL University was re-established with a professional operation mechanism, positioned at carrying forward corporate culture, accumulating the experience and empowering talents, so as to contribute to the Company's continued business success.

In 2023, the Company continuously optimized and upgraded the "Elite" development program, to build a talent pool of general managers and directors with strategic thinking and comprehensive operating capabilities. In order to facilitate the transformation and upgrade of the supply chain, the Company established the "Supply Chain Elite" initiative, to train supply chain experts with both business acumen and the ability to solve problems across diverse functional areas. In support of strategic implementation, the Company also conducted three specialized training and frontline exercises.

In resource development, the Company places great emphasis on building a training resource system in support of talent development in all enterprises under the Group. Industry executives, outstanding management representatives, and business backbone personnel actively participated in course development, contributing a wealth of internal TCL experience and case studies.

TCL University will continue to build a more comprehensive training system, develop a program with the characteristics of TCL, and build a management and professional talent pool that meets the strategic requirements of the Company. TCL University 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) and Share Capital Converted from Capital Reserve

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

Applicable Not applicable

For details, see the Shareholder Dividend Reward Plan for the Next Three Years (2023-2025) disclosed by the Company on March 31, 2023.

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
Companies that do not distribute cash dividends shall disclose the specific reasons and the measures they intend to take to enhance investor returns in the next step:	Not applicable
Non-controlling interests were able to fully express their opinions and desires and their legal rights and interests were fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved were in compliance with applicable regulations and were transparent	Not applicable

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

Applicable Not Applicable

Final Dividend Plan and Share Capital Converted from Capital Reserve for the Reporting Period

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	0.8
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	18,779,080,767
Cash dividends (RMB) (tax inclusive)	1,502,326,461.36
Cash dividends in other forms (e.g. share repurchase) (RMB)	247,096,745.21
Total cash dividends (including those in other forms) (RMB)	1,749,423,206.57
Distributable profits (RMB)	17,871,649,164
Total cash dividends (including those in other forms) as a percentage of total profits to be distributed (%)	100%
Cash dividend plan	
Based on the Company's capital share as at April 28, 2024, i.e. 18,779,080,767 shares eligible to the profit distribution (in case the Company repurchases treasury shares upon equity distribution, that proportion will not be entitled to distribution), shareholders will receive a cash dividend of RMB0.8 for every 10 shares held (tax included).	
Details of profit distribution or capital reserve fund transfer plan	
In connection with the actual operations, the Company proposed a profit distribution plan that for every 10 shares held on April 28, 2024, shareholders will receive a cash dividend of RMB0.8 (tax included) based on the capital shares 18,779,080,767 to be eligible for profit distribution, (in case the Company repurchases treasury shares upon equity distribution, that proportion will not be entitled to distribution) with a total distributed profit of RMB1,502,326,461.36 and the remaining undistributed profit carried forward for distribution in future years.	
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 distribution amount under the same distribution ratio", subject to the actual distribution amount.	

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

Applicable Not applicable

1. Equity Incentives

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, talent appraisal development 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
2021-2023 Employee Stock Ownership Plan (Phase I)	The Company's middle and senior management and outstanding key staff	Less than 3,600	48,332,573	Not applicable	0.26%	Special incentive funds provisioned by the Company
2021-2023 Employee Stock Ownership Plan (Phase II)	The Company's middle and senior management and outstanding key staff	Less than 3,600	117,132,801	Not applicable	0.62%	Special incentive funds provisioned by the Company
2021-2023 Employee Stock	The Company's middle and senior	Less than 3,600	64,992,964	Not applicable	0.35%	Employees' legitimate income,

Ownership Plan (Phase III)	management and outstanding key staff					performance-based bonus or other distribution permitted by laws and regulations
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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, CEO	About 27.07 million shares	About 18.74 million shares	0.10%
Wang Cheng	Director, COO			
Zhao Jun	Director, Senior Vice President			
Liao Qian	Director, Board Secretary and 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

For details on change in shareholdings from non-trading transfer by directors, supervisors and senior managers under the ESOP, please see the "Change of Shareholdings of Directors, Supervisors and Senior Managers" in the report.

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

Based on the agreements under the Phase III Global Partner Program (Draft), the shares attributable to employees have been fully vested, sold and transferred to employees at the end of the reporting period. In March 2024, shares attributed to the Company in the scheme of the current period were sold.

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 Evaluation Report or Independent Auditor's Report on Internal Controls

1. Internal Control Evaluation Report

Disclosure date of the internal control self-evaluation report	April 30, 2024	
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		98%
Evaluated entities combined revenue as a percentage of consolidated revenue		98%
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	Material weaknesses: (1) an invalid control environment; (2) fraud of	Material weaknesses: (1) material violations of the country's laws or

	<p>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>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		None
Number of material weaknesses in internal controls not related to financial reporting		None
Number of serious weaknesses in internal controls over financial reporting		None
Number of serious weaknesses in internal controls not related to financial reporting		None

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, 2023, 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 April 30, 2024
Disclosure date	April 30, 2024
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

XV. Ad-hoc self-inspection and rectification for corporate governance of listed companies

Not applicable

Part V Environmental and Social Responsibility

I. Major Environmental Issues

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

Yes No

Industrial Discharge Standards, and Details on Pollutant Discharge from Production and Operation

Name of the Company or subsidiary	Key pollutants and types of specific pollutants	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge intensity	Governing discharge standards	Total discharge	Approved total discharge	Excessive discharge
Suzhou China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Continuously discharged to CSOT Environmental Technology Wastewater Treatment Plant	2	Within Suzhou CSOT Sewage Treatment Plant	86.92mg/L	500mg/L	106.37t	129.6t	None
		10.67mg/L		100mg/L		22.73t	449.82t	None		
		Ammonia nitrogen	1	1.15mg/L	6mg/L	3.34t	22.68t	None		
Suzhou China Star Optoelectronics Display Co., Ltd.	Waste water pollutants	COD	Continuously discharged to	1	South gate of the plant area	15.539mg/L	500mg/L	2.7694t	96.335t	None
		Ammonia nitrogen	Suzhou Industrial Park First Sewage Treatment Plant	1		0.316mg/L	45mg/L	0.0349t	5.65t	None
TCL China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Discharged to Guangming Sewage Plant	1	North of the plant area	153mg/L	260mg/L	105.694t	2071.12t	None
		COD	Discharge to Maozhou River	1	Artificial wetland	15mg/L	30mg/L	52.108t	174.89t	None
	Waste gas pollutants	Nitrogen oxides	Discharged to the atmosphere in an organized manner	50	Plant roof	1.5mg/Nm ³	120mg/Nm ³	5.57t	None	None
Shenzhen China Star Optoelectronics Display Technology Co., Ltd.	Waste water pollutants	COD	Discharged to Guangming Sewage Plant	2	Southeast corner of the plant	42mg/L	110mg/L	252.725t	1077.8t	None
	Waste gas pollutants	Nitrogen oxides	Discharged to the atmosphere in an organized manner	10	Plant roof	4.4mg/Nm ³	120mg/Nm ³	21.31t	38.86t	None
Wuhan China Star Optoelectronics Technology Co., Ltd. (t3)	Waste water pollutants	COD	Continuous discharge	1	t3	8.52mg/L	400mg/L	88.62t	315.78t	None
		Ammonia nitrogen		1	Northwest corner of the plant	0.165mg/L	30mg/L	0.83t	31.579t	None
	Waste gas pollutants	Nitrogen oxides	Continuous discharge	2	t3 Northwest	89.5 mg/m ³	150 mg/m ³	2.43t	10.17t	None

Name of the Company or subsidiary	Key pollutants and types of specific pollutants	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge intensity	Governing discharge standards	Total discharge	Approved total discharge	Excessive discharge
					corner of the plant					
Wuhan China Star Optoelectronics Technology Co., Ltd. (t5)	Waste water pollutants	COD	Continuous discharge	1	t5	8.3233mg/L	400mg/L	12.31t	524.56t	None
		Ammonia nitrogen		1	Northeastern corner of the plant	0.2767mg/L	30mg/L	0.41t	52.456t	None
Wuhan China Star Optoelectronics Display Technology Co., Ltd. (t4)	Waste water pollutants	COD	Continuous discharge	1	t4	8.52mg/L	400mg/L	353.566125t	570.8t	None
		Ammonia nitrogen		1	Northwest corner of the plant	0.165mg/L	30mg/L	1.31t	57.1t	None
	Waste gas pollutants	Nitrogen oxides	Continuous discharge	2	t4 Northwest corner of the plant	Not inspected	150 mg/m3	/	2.021t	None
TianJin Zhonghuan Advanced Material&Technology Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 Comprehensive Sewage Discharge Standard	160.84t	411.02t	None
		Ammonia nitrogen	Organized	1	General discharge outlet		DB12/356-2018 Comprehensive Sewage Discharge Standard	6.53t	22.17t	None
Tianjin Huan'Ou Material&Technology Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 Comprehensive Sewage Discharge Standard	3.47t	42.19t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			0.03t	2.14t	None
		Total nitrogen	Organized	1	General discharge outlet			1.779t	2.7t	None
Tianjin Huanzhi New Energy Technology Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	DB12/599-2015 Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant	9.05t	20.08t	None
		Total phosphorus	Organized	1	General discharge outlet			0.02t	0.45t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			0.09t	1.43t	None
		Total nitrogen	Organized	1	General discharge outlet			0.70t	8.78t	None
Tianjin Huanou New Energy	Waste water pollutants	Chemical oxygen	Organized	1	General discharge	As per emission	GB 39731-2020	12.68t	147.21t	None

Name of the Company or subsidiary	Key pollutants and types of specific pollutants	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge intensity	Governing discharge standards	Total discharge	Approved total discharge	Excessive discharge
Technology Co., Ltd		requirement			outlet	standard	Discharge Standard of Water Pollutants for Electronic Industry DB12/356-2018 Comprehensive Sewage Discharge Standard			
		Total phosphorus	Organized	1	General discharge outlet			0.04t	2.19t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			0.08t	15.11t	None
		Total nitrogen	Organized	1	General discharge outlet			4.75t	15.92t	None
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Waste gas pollutants	Particulate matter, nitrogen oxides, VOCs, fluoride	Not organizing	Multiple	Rooftops of plants and production workshops	As per emission standard	Integrated Emission Standard of Air Pollutants GB16297-1996	Not exceeding	Standard	None
	Waste water pollutants	COD, ammonia nitrogen, other specific pollutants (total phosphorus, pH, suspended solids, BOD ₅ , fluoride)	Organized	1	General discharge outlet	As per emission standard	GB8978-1996 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	None
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Waste water pollutants	Total phosphorus	Discharged to collective industrial sewage treatment plant	2	DW001DW003	As per emission standard	GB/T 31962 Water Quality Standard for Sewage Discharged into Urban Sewers GB8978-1996 Comprehensive Sewage Discharge Standard	0.14t	1.39t	None
		Total nitrogen	Discharged to collective industrial sewage treatment plant	2	DW001DW003			9.86t	151.48t	None
		COD	Discharged to collective industrial sewage treatment plant	2	DW001DW003			62.56t	1815.79t	None

Name of the Company or subsidiary	Key pollutants and types of specific pollutants	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge intensity	Governing discharge standards	Total discharge	Approved total discharge	Excessive discharge
		Ammonia nitrogen	Discharged to collective industrial sewage treatment plant	2	DW001DW003			0.11t	134.69t	None
Huansheng Solar (Jiangsu) Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	Discharged according to the standard	GB 30484-2013 <i>Discharge Standard for Battery Industry Pollutants</i>	11.43t	44.41t	None
		Flouride	Organized	1	General discharge outlet			1.24t	1.64t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			0.002t	0.06t	None
		Total nitrogen	Organized	1	General discharge outlet			0.15t	0.2t	None
		Total phosphorus	Organized	1	General discharge outlet			0.004t	0.006t	None
Wuxi Zhonghuan Applied Materials Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Discharged to urban sewage treatment plant	1	General discharge outlet	Discharged according to the standard	GB39731-2020 Discharge Standard of Water Pollutants for Electronic Industry	52.73t	72.72t	None
		Ammonia nitrogen	Discharged to urban sewage treatment plant	1	General discharge outlet			0.19t	1.1t	None
		Total nitrogen	Discharged to urban sewage treatment plant	1	General discharge outlet			4.32t	6.91t	None
		Total phosphorus	Discharged to urban sewage treatment plant	1	General discharge outlet			0.36t	0.55t	None

Disposing of pollutants

During the Reporting Period, the pollutants generated by the Company and its subsidiaries were discharged in accordance with the requirements of the pollutant discharge permit after treated by corresponding pollutant treatment facilities. All kinds of pollutant treatment facilities were in normal operation, and there were no incidents of notification or punishment received from government environmental supervision agencies. The discharge and disposal of waste water, waste gas, solid waste, and plant boundary noise generated in the operating process complied with the laws and regulations of the country and the place where the operation was located.

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; industrial waste water enters different treatment systems according to its characteristics, and is discharged after physical, chemical and biochemical treatment.

The air pollutants produced by the Company are mainly process waste gas in the production process. For different types of waste gases, the Company has constructed corresponding waste gas treatment systems, such as a waste gas stripping system, acidic waste gas treatment system, alkaline waste gas treatment system, organic waste gas treatment system, waste gas treatment system for waste water treatment station, etc. For the collection of waste gases through pipelines to the corresponding waste gas treatment system, where waste gases are discharged at a high altitude after meeting relative standards. The concentration and total amount of waste water and exhaust gas discharged meet the relevant national and local standards.

The solid wastes generated by the Company include general waste, hazardous waste and domestic garbage, of which, hazardous wastes are treated by an entrusted qualified hazardous waste disposal agency according to the regulations; general wastes are recycled and disposed of by a resource recycling manufacturer after being classified in the plant area; domestic garbage is handed over by qualified units to a domestic garbage landfill for sanitary landfill. All of the above disposals have been carried out according to laws and regulations.

The factory noises generated by the Company come from the mechanical noises of production and power equipment, including refrigerators, cooling towers, air compressors, fans, various pumps, etc. The Company reduces the impact of noise on the surrounding environment by the use of low-noise equipment, vibration reduction, noise reduction, etc., and noise reduction measures such as sound insulation and sound absorption in the factories and equipment rooms. The monitoring results show that the Company's factory noise emissions can stably reach the standards.

Environmental Self-Monitoring Program

The Company implements on-line monitoring of various pollutants based on the environmental impact assessment approval and pollution discharge permit, clarifies monitoring indicators, execution standards and their limits, conducts quarterly testing of various pollution factors such as waste water/waste gas/underground water/plant boundary noise, and develops a self-monitoring plan based on the Company's own situation, as well as regularly employing qualified third party to test various pollution factors with the reports kept on file. In addition to self-monitoring, the local environmental protection department also infrequently supervises the environmental testing to ensure that emissions meet standards.

Emergency Response Plan for Environmental Incidents

The Company regularly carries out environmental risk assessment and emergency material survey, prepares an Emergency Response Plan for Environmental Incidents and submits it to the local environmental protection department for recordation after being reviewed by experts. The Company regularly delivers employee training on emergency plans and carries out emergency drills for environmental emergencies to ensure timely and accurate response to environmental pollution emergencies.

The Plan shall be subject to changes in line with the actual situation and changes of various companies under the Group in a timely manner, and shall be prepared again in case of major changes or after every 3 years.

Relevant information on investments in environmental governance and protection and payments of environmental protection taxes

The Company pays the environmental protection taxes every quarter by the Financial Department, and the investments in environmental protection are calculated on an annual basis.

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

Applicable Not applicable

To address the challenge of global climate change and actively respond to the national strategic requirements of "emission peak"

and "carbon neutrality", the Company officially issued a Carbon Neutrality White Paper on the GPC 2023 on July 6, 2023, and unveiled the TCL Green, an action plan for carbon neutrality, making a "3050" pledge to achieve emission peak by 2030 and carbon neutrality by 2050. To deliver this commitment, TCL TECH. established an ad-hoc climate change response team, developed well-defined carbon reduction pathway and greenhouse gas management strategies, and continuously increased the use of renewable energy and the overall energy efficiency. TCL Technology Group managed its overall greenhouse gas emissions from five aspects: supervision of carbon accounting, carbon reduction management, carbon asset pooling, carbon trading services and carbon finance support. In addition, the Company also carried out the ISO 14064 Greenhouse Gas Accounting and Verification through third-party agencies, completed 2023 carbon verification and developed relevant improvement measures, as well as conducted annual self-evaluation to ensure the targets achieved.

In terms of energy management, a sound energy management system has been established for the main subsidiaries of TCL TECH., with multiple measures to proactively tap into the technology alternatives to reduce energy consumption. The Company also passed the ISO50001 certification. The units of TCL CSOT have implemented measures to reduce energy consumptions by process-based energy savings, energy conservation management and parameters optimization. In 2023, the Company carried out 638 energy conservation projects, saving 499 million kWh, and reducing carbon emission of 28.46 tons. Besides, TZE took an active stance to develop energy conservation technologies to enhance its capabilities in saving energy and water in a full scale. In 2023, the Company carried out 57 water conservation projects, saving 65 million kWh and saving 11.0759 million m³ of water.

Companies under TCL TECH. continue to develop and utilize renewable energy. TCL CSOT maximized its rollout of the rooftop PV. At the end of the Reporting Period, TCL CSOT has self-built capacity of 123.79MW generating a total of 100,486.33Mwh, and purchased 42.45 million kWh green power certificate in 2023. TZE has set "100% renewable electricity" as its commitment to sustainable development and a long-term goal for production and operation electricity consumption. In 2023, it achieved 100% coverage of distributed photovoltaic power generation systems on rooftops of its plants. It plans to build photovoltaic power stations with a total capacity of over 4GW by 2027 to directly supply its plants in Inner Mongolia and Ningxia, and to build a green manufacturing system featuring high efficiency, cleanness, low carbon, and circulation, and to set a benchmark of zero-carbon plants worldwide.

TCL Technology prioritizes the R&D of clean technologies and the manufacturing of environmentally friendly, low-carbon products. These initiatives are considered a critical pillar for achieving sustainable development and a key strategic focus for the Company's overall operations. The Company continuously updates green product design and production technologies, and promotes energy transformation. Ten display panels manufactured by TCL CSOT have been awarded the title of "Green Design Product" selected on the Ministry of Industry and Information Technology's "Green Manufacturing List", and TCL CSOT Shenzhen has been recognized as a "National Demonstration Enterprise for Green Design of Industrial Products". TZE's G12 and shingle solar panels have both been

certified for their carbon footprint by authoritative institutions, offering customers products that are both high-performing and low-carbon. Based on life cycle assessments, TZE's annual photovoltaic product shipments contribute significantly to a clean energy future. These products are estimated to generate over 4 trillion kWh of clean electricity throughout their life cycle, which translates to a reduction of approximately 2 billion tons of carbon dioxide equivalent emissions, which aligns with the Company's commitment to "zero-carbon energy" and drives carbon neutrality across the value chain ecosystem.

In December 2023, TCL attended the Blue Zone Finance Event of the 28th Conference of the Parties (COP28) to the United Nations Framework Convention on Climate Change (UNFCCC) and delivered a keynote speech. TCL shared its corporate strategies in response to climate change and its practical experiences in achieving sustainable development. The Company joined hands with global enterprises to engage in climate action, exploring green financial solutions to address climate change and biodiversity crises in a collaborative manner.

Other environment information that should be publicly disclosed

None

II. Social Responsibility

TCL TECH. actively responds to national calls and focuses on four major areas (i.e. science and technology, education, culture, 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. Leveraging its industrial strengths and resources, the Company has launched a series of initiatives, including "TCL Photovoltaic Low-Carbon Campus," "TCL Smart Classroom," "A.I. Homecoming," and "Little Music+."

Upholding the development concept of "dual-carbon", the TCL Charity Foundation has partnered with TZE to spearhead the "TCL Photovoltaic Low-Carbon Campus" program since 2022. In 2023, the foundation implemented a multifaceted photovoltaic initiative to promote sustainable development and education in Inner Mongolia, including donating photovoltaic rooftop power generation systems and their associated 25-year electricity generation income to nine schools in Hohhot and Linger County. A pilot project was also established at Hohhot No. 1 Middle School through a social value investment approach. Building on this foundation of rural and urban deployments, the project expands its reach to encompass diverse scenarios. It further aims to foster photovoltaic environmental education and establish a systematic new model for photovoltaic-assisted education, and advance the deep integration of science and technology with public welfare undertakings.

To facilitate the integration between technologies and public wellness and empower education equality with technologies, TCL Charity Foundation establishes TCL Smart Classrooms in urban and rural schools, including smart instructional equipment and software, to build multimedia smart classrooms, tailored and simultaneous classrooms between "urban and rural areas". In 2023, TCL Smart Classrooms successfully implemented at several schools, including Shenzhen Nanshan No. 2 Foreign Language School (Group)

Hyde School, Chiwan School, and Guangxi Guilin Longsheng Experiment Middle School, benefiting over 5,800 students.

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 help them with growing up. In 2023, the Foundation distributed over 300 customized "Eagle Storytelling Machines" to left-behind children and migrant children; the sixth batches of pilot schools were selected for the "Eagle Story Club" project. A total of 34 schools from 16 provinces including Xinjiang, Tibet, Guizhou, were selected as the "Eagle Story Club" pilot schools, and a total of 173 story boxes, accumulating the number to 293, were distributed, benefiting more than 26,000 students.

To address the shortage of 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, developed and designed the "Little Snow Music Machine", and carried out "Little Snow Music Class" in the rural schools to introduce both Chinese and international famous music works and appreciation to children who lack music resources and motivate kids to develop positive and optimistic characters. In 2023, the sixth batches of pilot schools were selected for the "Little Snow Music Class" project. A total of 35 schools from 15 provinces including Ningxia, Guangxi, Henan, were selected as the "Little Snow Music Class" pilot schools, and a total of 179 music boxes were distributed, benefiting more than 9,000 students.

Demonstrating a steadfast commitment to the educational development, the TCL Charity Foundation implemented a novel, pyramid-structured university donation program at the South China University of Technology in 2022, which ensures long-term, sustainable support for institutions of higher learning. Expanding its reach in 2023, the foundation established partnerships with six prestigious Chinese universities. Through these collaborations, the TCL Charity Foundation provided funding for nine TCL Science and Technology Innovation Fund projects, awarded five TCL Young Scholar fellowships, and supported 198 students through the Huameng Scholarship program.

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

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 across the country. Each of the winners received a personal award worth RMB9,500, including a cash reward and 7-day offline "Candlelight Class" training. The 9th "TCL Hope Project Candlelight Prize Program", held in 2023, recognized 400 excellent rural teachers who were selected from counties that serve as the key counties in the National Rural Revitalization, the targeted support counties of the Communist Youth League Central Committee, and the pairing support areas of Shenzhen. Since its implementation in 2013, this project has been successfully implemented for nine sessions, with project applicants

from 523 counties in 23 provinces across the country. More than 3400 outstanding rural teachers from 3000 schools have won the awards. A total investment of over RMB46 million has been made in this project.

In addition, TCL Charity Foundation continued to launch projects such as targeted assistance and community charity. It supported, consolidated and expanded the poverty alleviation achievements, built harmonious urban and rural communities, and contributed to social equity and harmonious development. With a focus on rural communities, the Company supported rural development through financial donations. It has carried out donation activities in targeted poverty alleviation villages in Guizhou, Ningxia, and Huizhou. The Company promoted rural revitalization through cultural co-creation, and developed the "TCL· Chen Xiangbo Aesthetic Education Space" in No. 325 village, Xunwu County, Jiangxi Province, to carry out various cultural and artistic activities in the immersive space so as to improve the cultural and artistic literacy of local residents. Also, rural public charitable projects were implemented, such as "Rural Elderly Photography Activities" and "TCL Volunteer Public Education Trip to Tibetan Areas of Qinghai Keba", to push the progress of cultural and ethical development in rural areas from multiple dimensions.

Part VI Significant Events

I. Fulfillment of Commitments

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

Applicable Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in 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) -	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 (the issue date of restricted shares is June 26, 2023)	Fulfilled

	<p>Gaoyi Xiaofeng No. 2 Zhixin Fund, China Life Asset Management 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 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. 3. If I/this partnership and the enterprises controlled by me/this partnership obtain the opportunity to engage in new business, which</p>	<p>December 7, 2018</p>	<p>During the period of being the largest shareholder of the Company</p>	<p>In continuous performance</p>

			<p>constitutes or may constitute horizontal competition with the main business of TCL Group and its affiliated enterprises. I/this partnership will, when it is possible, try my/our best to make this business opportunity available to TCL Group or its affiliated enterprises in the first place based on reasonable and fair terms and conditions.</p> <p>4. If the business of mine/this partnership and the enterprises controlled by me/this partnership coincides or may constitute horizontal competition with TCL Group's business due to my/this partnership's investment demand or TCL Group's business development, I/this partnership and the enterprises controlled by me/this partnership agree to solve the resulting horizontal competition within a specific time limit since as it is determined.</p> <p>5. During the period of being the largest shareholder of TCL Group, the aforementioned commitment is unconditional and irrevocable. If I/this partnership violate the aforementioned commitments, I/this partnership will make comprehensive, timely and full joint and several compensation for the losses to TCL Group caused thereby.</p>			
	The largest shareholder of the listed company and person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)	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</p>	December 7, 2018	During the period of being the largest shareholder of the Company	In continuous performance

			<p>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 Group caused thereby.</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>After this transaction, I/this partnership will continue to exercise shareholder's rights according to laws, regulations and the Articles of Association of TCL Group, and maintain the independence of TCL Group in terms of assets, personnel, finance, business and institutions. I/this partnership will ensure:</p> <p>(I) The independence of TCL Group personnel.</p> <p>I/this partnership promise(s) to maintain personnel independence with TCL Group. TCL Group's senior management, including the general manager, deputy general manager,</p>	<p>December 7, 2018</p>	<p>During the period of being the largest shareholder of the Company</p>	<p>In continuous performance</p>

			<p>chief financial officer, and secretary of the board of directors, shall not hold positions other than directors and supervisors in my/this partnership's subordinate wholly-owned, controlled or other enterprises with actual control (hereinafter referred to as "subordinate enterprises"), and shall not be paid in my/this partnership's subordinate enterprises. The financial personnel of TCL Group shall not work part-time in my/this partnership's subordinate enterprises.</p> <p>(II) The independence and integrity of TCL Group's assets.</p> <ol style="list-style-type: none"> 1. The independence and integrity of TCL Group's assets. 2. TCL Group does not have any funds or assets occupied by me/this partnership and my/this partnership's subordinate enterprises. <p>(III) The financial independence of TCL Group.</p> <ol style="list-style-type: none"> 1. TCL Group establishes an independent financial department and an independent financial accounting system. 2. TCL Group has a standardized and independent financial accounting system. 3. TCL Group opens an independent bank account and does not share a bank account with me/this partnership. 4. The financial personnel of TCL Group shall not work part-time in my/this partnership's subordinate enterprises. 5. TCL Group can make independent financial decisions, and I/this partnership shall not interfere with the use of TCL Group's funds. <p>(IV) The institutional independence of TCL Corporation.</p> <ol style="list-style-type: none"> 1. TCL Group has an independent and complete organization which can operate independently. 			
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			<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 subordinate enterprises, I/this partnership will bear the corresponding compensation liability according to the law.</p>			
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next steps	Not applicable					

2. Where there had been an 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 project with an earnings forecast	Forecast start time	Forecast end time	Current forecast performance (RMB'0,000)	Current actual performance (RMB'0,000)	Reasons for not reaching the forecast	Date of original forecast disclosure	Index to original forecast disclosure
Moka International Limited	January 1, 2021	December 31, 2023	28,765	56,756	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 *Assets Valuation Report for TCL Technology Group Corp. To Acquire the 100% Equity Interests of Moka International Limited*, 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 expected to be 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.

On April 28, 2024, the Company held its 39th meeting of the 7th Board of Directors and approved the "Proposal on the 2021-2023 Performance of Moka International Limited". For more details, please refer to the relevant announcements disclosed on the same day as this annual report.

Achievement of Performance Commitment and Its Influence on Goodwill Impairment Tests

According to the special audit report issued by Da Hua Certified Public Accountants (Special General Partnership), the target company Moka International Limited realized a net profit of RMB402.42 million, RMB510.99 million and RMB567.56 million in 2021, 2022 and 2023 (performance commitment periods), respectively, which exceeded the estimated amount in the Asset Evaluation Report of the TCL Technology Group Corporation to buy 100% Equity Interests of Moka International Limited. There was no sign of goodwill impairment, so it is not necessary to make provision for goodwill impairment.

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

Applicable Not Applicable

No such cases in the Reporting Period.

III. Irregularities in the Provision of Guarantees

Applicable Not Applicable

No such cases in the Reporting Period.

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not applicable

According to the relevant provisions of the Explanatory Announcement on Information Disclosure by

Companies Offering Securities to the Public No. 1 - Non-Recurring Profits and Losses (2023 Revision), any public subsidies that are closely related to the Company's day-to-day operations, comply with national policies, are granted based on established standards, and create a lasting impact on the Company's profit or loss, should be classified as recurring profit or loss. The change did not have any material impact on the Company's financial position and operation results.

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 during the comparable periods. Such change in accounting policies has no material impact on the Company's financial position and operating results.

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

Applicable Not applicable

Compared with 2022, 39 subsidiaries (24 newly incorporated and 15 acquired) are newly included in the consolidation scope of 2023; and 18 subsidiaries (12 transferred and 6 de-registered) are excluded from the consolidation scope of 2023.

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)	427.1
How many consecutive years the domestic independent auditor has provided audit services for the Company	16 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	5 years, 2 year
Name of the foreign independent auditor (if any)	Not applicable
The Company's payment to the foreign independent auditor (RMB'0,000) (if any)	Not applicable
How many consecutive years the foreign independent auditor has provided audit services for the Company (if any)	Not applicable
Names of the certified public accountants from the foreign independent auditor writing signatures on the auditor's report (if any)	Not applicable
How many consecutive years the certified public accountants have provided audit services for the Company (if any)	Not applicable

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

Yes No

Indicate whether the independent auditor was changed during the Audit Period.

Yes No

Independent auditor, financial advisor or sponsor hired for the audit of internal control:

Applicable Not applicable

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

IX. Delisting Faced After the Disclosure of the Annual Report

Applicable Not Applicable

X. Insolvency and Reorganization

Applicable Not Applicable

No such cases in the Reporting Period.

XI. Significant Lawsuits and Arbitrations:

Applicable Not Applicable

No such cases in the Reporting Period.

XII. Punishments and Rectifications

Applicable Not Applicable

No significant punishments or rectifications in the Reporting Period.

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

Applicable Not Applicable

XIV. Major Related-Party Transactions

1 Continuing Related-Party Transactions

Applicable Not Applicable

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

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

Applicable Not Applicable

During the Reporting Period, there is no related-party transactions regarding purchase or disposal of assets or equity investments.

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-operating purposes or not	Beginning balance (RMB'0,000)	Amount of new grants in current period (RMB'0,000)	Amount of recovered grants in current period (RMB'0,000)	Coupon rate	Interest in current period (RMB'0,000)	Ending balance (RMB'0,000)
TCL Industrial Holdings Co., Ltd.	Related corporation	Sale of equity investments	No	47,040	0	47,040	-	-	0
The Influence of Amounts Due to Related Parties on the Company's Operating Results and Financial Status		The Company sold 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 public 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 Announcement on the Disposal of Equity Interests in Partnership Enterprise and the Related-Party Transactions disclosed by the Company on www.cninfo.com.cn dated June 27, 2022.							

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'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'000)	Total withdrawal amount in current period (RMB'000)	
Subsidiary of TCL Industries	Related corporation	250,000.00	0.8%-1.15%	34,186.2	1,193,727.7	1,227,883.6	30.3

Holdings Co., Ltd.							
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Loans:

Related parties	Relationship with the Company	Loan limit (RMB'0,000)	Range of interest	Beginning balance (RMB'0,000)	Amount incurred in the current period		Ending balance (RMB'0,000)
					Total loan amount in current period (RMB'000)	Total repayment amount in current period (RMB'000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	250,000.00	-	-	-	-	-

Credit or other financial business:

Related parties	Relationship with the Company	Business type	Total	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 day shall not exceed RMB2.5 billion (including loans, notes discounting, and notes acceptance)	86,998.51
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill acceptance)		35,675.18

7. Other Major Related-Party Transactions

Applicable Not applicable

Title of announcement	Date of interim disclosure	Website for disclosure
Announcement on External Investments and Related-party Transactions of the Subsidiary - TZE	May 17, 2023	www.cninfo.com.cn
Announcement on the Related-party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2023	March 31, 2023	
Announcement on the Expected Daily Related-Party Transactions for 2023	March 31, 2023	
Announcement on Reducing the Limit of Financial Services Provided by TCL Technology Group Finance Co., Ltd. to Related Parties and Renewing the Financial Services Agreement for Related-party Transactions	March 31, 2023	
Announcement on the Launch of Accounts Receivable Factoring and the Related-party Transaction	March 31, 2023	
Report on the Execution of Daily Related-Party Transactions in 2022	March 31, 2023	

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 Industries Holdings (HK) Limited	April 28, 2022	514,629	-	-	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Air-Conditioner (Zhongshan) Co., Ltd.	April 28, 2022	80,991	March 31, 2021	1,969	Joint liability guarantee	/		78-134 days	No	Yes
TCL King Electrical Appliances (Huizhou) Co., Ltd.	April 28, 2022	327,138	August 29, 2019	7,332	Joint liability guarantee	/		241 days	No	Yes
Tonly Technology Co., Ltd.	April 28, 2022	39,496	November 4, 2021	315	Joint liability guarantee	/		311 days	No	Yes
TCL King Electrical Appliances (Chengdu) Co., Ltd.	April 28, 2022	51,653	-	-	Joint liability guarantee	/		-	Yes	-
Huizhou TCL Mobile Communication Co., Ltd.	April 28, 2022	212,507	-	-	Joint liability guarantee	/		-	Yes	-
TCL Mobile Communication (HK) Company Limited	April 28, 2022	29,225	-	-	Joint liability guarantee	/		-	Yes	-
TCL Home Appliances (Hefei) Co., Ltd.	April 28, 2022	68,280	-	-	Joint liability guarantee	/		-	Yes	-
TCL Home Appliances (Zhongshan) Co., Ltd.	April 28, 2022	4,929	-	-	Joint liability guarantee	/		-	Yes	-
TCL Air Conditioner (Wuhan) Co., Ltd.	April 28, 2022	13,480	-	-	Joint liability guarantee	/		-	Yes	-
Zhongshan TCL Refrigeration Equipment	April 28, 2022	31,749	-	-	Joint liability guarantee	/		-	Yes	-

Co., Ltd.										
Guangdong TCL Smart Heating & Ventilation Equipment Co., Ltd.	April 28, 2022	2,522	-	-	Joint liability guarantee	/		-	Yes	-
TCL Home Appliances (Huizhou) Co., Ltd.	April 28, 2022	10,000	-	-	Joint liability guarantee	/		-	Yes	-
TCL Air-Conditioner (Jiujiang) Co., Ltd.	April 28, 2022	5,488	-	-	Joint liability guarantee	/		-	Yes	-
TCL Very Lighting Technology (Huizhou) Co., Ltd.	April 28, 2022	1,034	-	-	Joint liability guarantee	/		-	Yes	-
SHIFENDAOJIA Online Service Co., Ltd.	April 28, 2022	77	-	-	Joint liability guarantee	/		-	Yes	-
Guangzhou TCL Science and Technology Development Co., Ltd.	April 28, 2022	84,700	-	-	Joint liability guarantee	/		-	Yes	-
Techigh Circuit Technology (Huizhou) Co., Ltd.	April 28, 2022	499	-	-	Joint liability guarantee	/		-	Yes	-
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	May 22, 2021	45,500	-	-	Joint liability guarantee	/	With counter- guarantee	-	Yes	-
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	April 22, 2023	35,000	April 28, 2020	23,055.92	Joint liability guarantee		Guarantee in proportion to shareholding percentage	8 years	No	No
Huizhou Yunxin Technology Co., Ltd.	April 22, 2023	15,000	-	-	Joint liability guarantee		With counter- guarantee	-	Yes	-
Qihang Import&Export Limited	April 22, 2023	6,000	-	-	Joint liability guarantee		With counter- guarantee	-	Yes	-
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	April 22, 2023	40,000	-	-	Joint liability guarantee		With counter- guarantee	-	Yes	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	April 22, 2023	110,000	March 1, 2023	48,048	Joint liability guarantee		With counter- guarantee	58-268 days	No	No
Qihang International Import and Export Co., Ltd.	April 22, 2023	50,000	-	-	Joint liability guarantee	/	With counter- guarantee	-	Yes	-
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	April 22, 2023	40,000	May 22, 2023	23,320	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	6.4 years	No	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	April 22, 2023	180,000	June 15, 2023	132,000	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	5.5 years	No	No
Total approved line for such guarantees in Reporting Period (A1)		476,000		Total actual amount of such guarantees in Reporting Period (A2)		242,817				
Total approved line for such guarantees at the end of the Reporting Period (A3)		1,999,897.00		Total actual balance of such guarantees at end of Reporting Period (A4)		236,040				
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
TCL MOKA INTERNATIONAL LIMITED	April 22, 2023	176,000	June 12, 2023	17,793	Joint liability guarantee	/	/	152 days-2.4 years	No	No
TCL Technology Investments Limited	April 22, 2023	400,000	July 14, 2020	212,481	Joint liability guarantee	/	/	1.5 years	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	1,580,000	December 22, 2022	1,613,759	Joint liability guarantee	/	/	112 days-9.0 years	No	No
TCL Technology Park (Huizhou) Co., Ltd.	April 22, 2023	97,000	-	-	Joint liability guarantee	/	/	-	Yes	-
TCL Technology Group	April 22, 2023	90,000	August 31, 2022	70,000	Joint liability	/	/	3.7 years	No	No

(Tianjin) Co., Ltd.*					guarantee					
TCL Technology Group Finance Co., Ltd.	April 22, 2023	200,000	-	-	Joint liability guarantee	/	/	-	Yes	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	April 22, 2023	10,000	September 2, 2022	10,000	Joint liability guarantee	/	/	246 days	No	No
Beijing Lingyun Data Technology Co., Ltd.	April 22, 2023	128,000	April 21, 2023	52,497	Joint liability guarantee	/	/	112-238 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	April 22, 2023	145,000	September 2, 2022	120,000	Joint liability guarantee	/	/	246 days	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	April 22, 2023	5,000	-	-	Joint liability guarantee	/	/	-	Yes	-
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 22, 2023	1,750,000	March 7, 2022	994,615	Joint liability guarantee	/	/	1 day-6.2 years	No	No
Highly (Tianjin) E-Commerce Co., Ltd.	April 22, 2023	5,000	April 21, 2023	3,971	Joint liability guarantee	/	/	112 days	No	No
Highly (Tianjin) Technology Co., Ltd.	April 22, 2023	115,000	April 21, 2023	96,245	Joint liability guarantee	/	/	112 days	No	No
Highly Information Industry Co., Ltd.	April 22, 2023	554,000	May 18, 2022	328,280	Joint liability guarantee	/	/	19 days-1.5 years	No	No
Huizhou China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	1,150,000	March 23, 2021	511,809	Joint liability guarantee	/	/	68 days-5.2 years	No	No
Huizhou Moka Technology Development Co., Ltd.	April 22, 2023	55,000	-	-	Joint liability guarantee	/	/	-	Yes	-
Moka Technology (Guangdong) Co., Ltd.	April 22, 2023	700,000	April 21, 2023	129,463	Joint liability guarantee	/	/	112 days-5.2 years	No	No
Qingdao Blue Business Consulting Co., Ltd.	April 22, 2023	5,000	June 19, 2023	389	Joint liability guarantee	/	/	49-237 days	No	No
Shaanxi Titi Electronic Technology Co., Ltd.	April 22, 2023	10,000	September 2, 2022	10,000	Joint liability guarantee	/	/	246 days	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 22, 2023	1,300,000	April 28, 2018	1,065,799	Joint liability guarantee	/	/	112 days-5.5 years	No	No
Suzhou China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	100,000	-	-	Joint liability guarantee	/	/	-	Yes	-
Suzhou China Star Optoelectronics Display Co., Ltd.	April 22, 2023	265,000	August 30, 2022	50,959	Joint liability guarantee	/	/	8.4 years	No	No
Tianjin Printronics Circuit Corporation	April 22, 2023	100,000	September 9, 2022	6,254	Joint liability guarantee	/	/	6.7 years	No	No
Tianjin TITi Yunchuang Technology Co., Ltd.	April 22, 2023	5,000	September 2, 2022	5,000	Joint liability guarantee	/	/	246 days	No	No
Tianjin WanfangNuoxin Technology Co., Ltd.	April 22, 2023	5,000	September 2, 2022	5,000	Joint liability guarantee	/	/	246 days	No	No
Tianjin Xincheng Pilot Technology Co., Ltd.	April 22, 2023	5,000	September 2, 2022	5,000	Joint liability guarantee	/	/	246 days	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	April 22, 2023	150,000	April 21, 2023	13,160	Joint liability guarantee	/	/	6-112 days	No	No
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 22, 2023	1,600,000	December 22, 2017	908,268	Joint liability guarantee	/	/	12 days-4.2 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	1,600,000	June 29, 2021	1,048,026	Joint liability guarantee	/	/	2 days-6.7 years	No	No

Chongqing Blue Business Consulting Co., Ltd.	April 22, 2023	1,000	-	-	Joint liability guarantee	/	/	-	Yes	-
China Star Optoelectronics International (HK) Limited	April 22, 2023	100,000	-	-	Joint liability guarantee	/	/	-	Yes	-
Total approved line for such guarantees in Reporting Period (B1)		12,406,000		Total actual amount of such guarantees in Reporting Period (B2)		3,873,168				
Total approved line for such guarantees at the end of the Reporting Period (B3)		12,406,000		Total actual balance of such guarantees at end of Reporting Period (B4)		7,278,769				
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counterparty (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
Otog Banner Huanju New Energy Co., Ltd.	June 24, 2017	15,276	August 30, 2017	15,276	Joint liability guarantee	/	/	3.7 years	No	No
Huhehaote Huanju New Energy Development Co., Ltd.*	November 26, 2014	9,529	December 11, 2015	9,529	Joint liability guarantee	/	/	287 days	No	No
Huansheng Solar (Jiangsu) Co., Ltd.	March 22, 2021	36,000	April 1, 2021	36,000	Joint liability guarantee	/	/	2 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	155,000	September 30, 2022	109,834	Joint liability guarantee	/	/	3.8-7.5 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021 May 26, 2022	542,492	April 30, 2021	423,382	Joint liability guarantee	/	/	4.3-5.5 years	No	No
Ningxia Zhonghuan Solar Material Co., Ltd.	January 23, 2022	748,000	May 30, 2022	600,000	Joint liability guarantee	/	/	5.4 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd	September 27, 2022	115,000	September 28, 2022	44,728	Joint liability guarantee	/	/	5.7 years	No	No
Tianjin Huanzhi New Energy Technology Co., Ltd.	January 21, 2021 May 26, 2022	59,703	August 2, 2021	38,603	Joint liability guarantee	/	/	3.8-4.0 years	No	No
Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	190,000	June 30, 2022	99,089	Joint liability guarantee	/	/	5.5 years	No	No
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	10,120	July 21, 2017	10,120	Joint liability guarantee	/	/	8.6 years	No	No
Zhonghuan Hong Kong Holding Limited	May 26, 2022	50,000	July 15, 2022	50,000	Joint liability guarantee	/	/	228 days	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 22, 2023	2,612,500	November 5, 2021	2,351,300	Joint liability guarantee	/	/	4.4 years	No	No
PANEL OPTODISPLAY TECHNOLOGY PRIVATE LIMITED	April 22, 2023	35,000	April 28, 2022	10,000	Joint liability guarantee	/	/	3.5 years	No	No
TCL MOKA INTERNATIONAL LIMITED	April 22, 2023	214,500	April 27, 2023	17,746	Joint liability guarantee	/	/	2.5 years	No	No
Total approved line for such guarantees in Reporting Period (C1)		2,862,000		Total actual amount of such guarantees in Reporting Period (C2)		219,030				
Total approved line for such guarantees at the end of the Reporting Period (C3)		4,793,121		Total actual balance of such guarantees at end of Reporting Period (C4)		3,815,607				
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		15,744,000		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		4,335,016				
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		19,199,018		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)		11,330,416				
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets		214.10%								
Of which:										
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)		9,616								
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)		1,638,911								

Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	11,330,151
Total of the three above amounts (D+E+F)	11,330,151
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees	-
Guarantees provided in breach of prescribed procedures	-

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:

The guarantee limit amounting to RMB 900 million offered to TCL China Star Optoelectronics Technology Co., Ltd. was transferred to TCL Technology Group (Tianjin) Co., Limited, another controlling subsidiary. The Company has performed internal review procedures for the above-mentioned guarantee transfers. It's found 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 2023 reviewed and approved at the 2022 Annual General Meeting held on April 21, 2023.

(3) In the table above, Shenzhen China Star Optoelectronics Bandaoti 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 RMB21.25217 billion. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively.

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 Renewable 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 RMB95.29 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	1,119,219.00	941,269.00	0	0
Securities firm's wealth management product	Self-funded	392,957.43	313,146.25	0	0
Trust plan	Self-funded	326,836.67	246,836.67	0	0
Other	Self-funded	74,040.05	70,640.05	0	0
Total		1,913,053.15	1,571,891.97	0	0

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

Applicable Not Applicable

Situation in which the Company fails to recover its principal for entrusted wealth management products, or other situations that may result in impairment

Applicable Not Applicable

(2) Loan Entrusted for Wealth Management

Applicable Not Applicable

During the Reporting Period, the Company did not have any entrusted loans.

4. Other Major Contracts

Applicable Not Applicable

XVI. Other Significant Events

Applicable Not Applicable

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	3,420,220,967	20.03%	0	0	342,022,097	-3,081,703,851	-2,739,681,754	680,539,213	3.62%
1. Shares held by state-owned legal entities	877,192,981	5.14%	0	0	87,719,297	-964,912,278	-877,192,981	0	0.00%
2. Shares held by other domestic investors	908,951,956	5.33%	0	0	90,895,196	-320,533,070	-229,637,874	679,314,082	3.62%
Among which: Shares held by domestic legal entities	187,134,502	1.10%	0	0	18,713,450	-205,847,952	-187,134,502	0	0.00%
Shares held by domestic individuals	721,817,454	4.23%	0	0	72,181,746	-114,685,118	-42,503,372	679,314,082	3.62%
3. Shares held by foreign investors	197,538,186	1.15%	0	0	19,753,819	-216,066,874	-196,313,055	1,225,131	0.007%
Among which: Shares held by foreign legal entities	196,783,625	1.15%	0	0	19,678,363	-216,461,988	-196,783,625	0	0.00%
Shares held by foreign individual	754,561	0.004%	0	0	75,456	395,114	470,570	1,225,131	0.007%
4. Fund, wealth management product, etc.	1,436,537,844	8.41%	0	0	143,653,785	-1,580,191,629	-1,436,537,844	0	0.00%
II. Non-restricted shares	13,651,670,640	79.97%	0	0	1,365,167,063	3,081,703,851	4,446,870,914	18,098,541,554	96.38%
1. RMB-denominated ordinary shares	13,651,670,640	79.97%	0	0	1,365,167,063	3,081,703,851	4,446,870,914	18,098,541,554	96.38%
III. Total shares	17,071,891,607	100.00%	0	0	1,707,189,160	0	1,707,189,160	18,779,080,767	100.00%

Reasons for changes in shares

 Applicable Not applicable

1. On April 26, 2023, the Company disclosed the Implementation Announcement on the 2022 Annual Equity Distribution, and after the completion of the capital reserve conversion, the total share capital of the Company increased from 17,071,891,607 shares to 18,779,080,767 shares.

2. On June 19, 2023, the Company disclosed the "Suggestive Announcement on Releasing from the Restriction on Non-publicly Offered Shares and Listing for Circulation". The non-publicly offered restricted shares were released from restriction and listed for circulation on June 26, 2023.

3. During the Reporting Period, locked-up shares held by senior management increased by 66,446,730 shares, as non-restricted shares decreased by the same amount.

Approval of changes in shares

Applicable Not Applicable

Transfer of share ownership

Applicable Not Applicable

Effects of changes in shares on the basic earnings per share, diluted earnings per share, Net asset 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 2023
Basic earnings per share (RMB/share)	0.1195
Diluted earnings per share (RMB/share)	0.1179
Item	December 31, 2023
Net asset per share attributable to ordinary shareholders of the Company (RMB)	2.8

Other information that the Company considers necessary or is required by the securities regulatory authorities 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.	280,701,754	28,070,175	308,771,929	0	The shares were within the lockup period of non-public offering (shares of the Company subscribed by investors in non-public offering shall not be transferred within 6 months from the date of listing)	June 26, 2023
Guotai Junan Securities Co., Ltd.	228,070,175	22,807,017	250,877,192	0		
Everbright Securities Company Limited	204,678,362	20,467,836	225,146,198	0		
UBS AG	196,783,625	19,678,363	216,461,988	0		
GF Securities Co., Ltd.	187,134,502	18,713,450	205,847,952	0		
Haitong Securities Co., Ltd.	163,742,690	16,374,269	180,116,959	0		

Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	131,578,947	13,157,895	144,736,842	0		
China Life Asset Management - Bank of China - China Life Asset - PIPE2020 Insurance Asset Management Product	116,959,064	11,695,906	128,654,970	0		
Shen Ruijin	108,479,532	10,847,953	119,327,485	0		
Huaxia Life Insurance Co., Ltd. - Self-owned funds	87,719,298	8,771,930	96,491,228	0		
Other shareholders participating in the non-public offering of the Company	1,100,280,535	110,028,054	1,210,308,589	0		
Others	614,092,483	66,446,730	0	680,539,213	Locked-up shares of senior management	Not applicable
Total	3,420,220,967	347,059,578	3,086,741,332	680,539,213	--	--

II. Issuance and Listing of Securities

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

Applicable Not Applicable

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

Liabilities

Applicable Not applicable

For Changes in the total number of shares and shareholder structure, see "I. Changes in Shares" in this part.

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	600,087	Number of	578,652	Total number	0	Number of preferred	0
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ordinary shareholders by the end of the reporting period		ordinary shareholders at the month-end prior to the disclosure of this Report		of preferred shareholders with resumed voting rights by the end of the reporting period		shareholders with resumed voting rights at the month-end prior to the disclosure of this Report		
Shareholders with 5% or above, and shareholdings of top 10 shareholders of ordinary shares (excluding the lending of shares under refinancing)								
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 ordinary shares held	Shares in pledge, marked or frozen	
							Status	Number
Li Dongsheng								
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)	Domestic individual/Domestic general legal entity	6.73%	1,264,053,189	104,968,170	672,868,839	591,184,350	Pledge	293,668,015
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	5.53%	1,037,612,543	649,114,066		1,037,612,543		
Huizhou Investment Holding Co., Ltd.	Municipal legal entity	4.35%	817,453,824	95,313,984		817,453,824		
Wuhan Optics Valley Industrial Investment Co., Ltd.	Provincial legal entity	2.83%	532,003,016	403,690,620		532,003,016	Pledge	249,000,000
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	410,554,710	37,323,157		410,554,710		
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Fund, wealth management product, etc.	1.21%	226,736,512	95,157,565		226,736,512		
CITIC Securities Co., Ltd.	Financial Institution	1.20%	225,726,798	-61,957,556		225,726,798		
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Fund, wealth management product, etc.	1.09%	204,079,760	204,079,760		204,079,760		
China Foreign Economy and Trade Trust Co.,	Fund, wealth management	0.90%	168,599,830	168,599,830		168,599,830		

Ltd. - Foreign trade trust - Gaoyi Xiaofeng Hongyuan Collective Fund Trust Scheme	t product, etc.							
Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares	Not applicable							
Note on the above shareholders' associations or concerted actions	Among the top 10 shareholders, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action. Mr. Li Dongsheng holds 897,158,453 shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 shares, representing 1,264,053,189 shares in total and becoming the largest shareholder of the Company.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	Not applicable							
Explanation on repurchase accounts among top 10 shareholders	Not applicable							
Shareholdings of 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	Quantity					
Hong Kong Securities Clearing Company Ltd.	1,037,612,543	RMB-denominated ordinary shares	1,037,612,543					
Huizhou Investment Holding Co., Ltd.	817,453,824	RMB-denominated ordinary shares	817,453,824					
Li Dongsheng								
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)	591,184,350	RMB-denominated ordinary shares	591,184,350					
Wuhan Optics Valley Industrial Investment Co., Ltd.	532,003,016	RMB-denominated ordinary shares	532,003,016					
China Securities Finance Corporation Limited	410,554,710	RMB-denominated ordinary shares	410,554,710					
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	226,736,512	RMB-denominated ordinary shares	226,736,512					
CITIC Securities Co., Ltd.	225,726,798	RMB-denominated ordinary shares	225,726,798					
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	204,079,760	RMB-denominated ordinary shares	204,079,760					
China Foreign Economy and	168,599,830	RMB-	168,599,830					

Trade Trust Co., Ltd. - Foreign trade trust - Gaoyi Xiaofeng Hongyuan Collective Fund Trust Scheme		denominated ordinary shares	
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	Among the top 10 shareholders with non-restricted shares, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action. Mr. Li Dongsheng holds 224,289,614 non-restricted shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 non-restricted shares, representing 591,184,350 non-restricted shares in total and becoming the largest shareholder of the Company.		
Explanation for the top 10 ordinary shareholders participating in securities margin trading	Not applicable		

Top 10 shareholders participating in the lending of shares under the refinancing business

Applicable Not applicable

Unit: Share

Top 10 shareholders participating in the lending of shares under the refinancing business								
Name of shareholder (full name)	Shares in the ordinary account and credit account at the beginning of the period		Shares lent under refinancing at the beginning of the period that have not been returned		Shares in the ordinary account and credit account at the end of the period		Shares lent under refinancing at the end of the period that have not been returned	
	Total number	Proportion to total share capital	Total number	Proportion to total share capital	Total number	Proportion to total share capital	Total number	Proportion to total share capital
Huizhou Investment Holding Co., Ltd.	722,139,840	4.23%	21,000,000	0.12%	817,453,824	4.35%	0	0%
Wuhan Optics Valley Industrial Investment Co., Ltd.	128,312,396	0.75%	430,240,000	2.52%	532,003,016	2.83%	0	0%
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Unknown (note)	Unknown (note)	0	0%	204,079,760	1.09%	1,602,800	0.01%

Note: The regular shareholder data provided by the China Securities Depository and Clearing Corporation Limited does not contain this information.

Changes in the top 10 shareholders compared with the previous period

Applicable Not applicable

Unit: Share

Changes in the top 10 shareholders compared with the end of previous period

Name of shareholder (full name)	Addition/exit during the Reporting Period	Number of shares lent under refinancing at the end of the period that have not been returned		Number of shares held in the ordinary account, credit account and lending through refinancing that have not been returned at the end of the period	
		Total number	Proportion to total share capital	Total number	Proportion to total share capital
Wuhan Optics Valley Industrial Investment Co., Ltd.	Addition	0	0%	532,003,016	2.83%
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Addition	0	0%	226,736,512	1.21%
Bank of China Limited - Huatai- Pinebridge CSI Photovoltaic Industry ETF	Addition	1,602,800	0.01%	205,682,560	1.09%
China Foreign Economy and Trade Trust Co., Ltd. - Foreign trade trust - Gaoyi Xiaofeng Hong Yuan Collective Fund Trust Scheme	Addition	0	0%	168,599,830	0.90%
Guotai Junan Securities Co., Ltd.	Exit	0	0%	8,794,061	0.05%
Everbright Securities Company Limited	Exit	0	0%	10,414,915	0.06%
UBS AG	Exit	0	0%	62,073,717	0.33%
GF Securities Co., Ltd.	Exit	0	0%	53,191,566	0.28%
Haitong Securities Co., Ltd.	Exit	Unknown (note)	Unknown (note)	Unknown (note)	Unknown (note)

Note: The regular shareholder data provided by the China Securities Depository and Clearing Corporation Limited does not contain this information.

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

2. The Company's 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 1,264,053,189 shares in total and becoming the largest shareholder of the Company.

As per related provisions 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 provisions above, the Company has no controlling shareholder or actual controller.

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 of shares pledged by the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties account for 80% of their shareholdings in the Company

Applicable Not Applicable

5. Other corporate shareholders with a holding percentage over 10%

Applicable Not Applicable

6. Limits on shareholding reduction of the Company's controlling shareholder, actual controller, reorganizer and other commitment entities

Applicable Not Applicable

IV. Specific Implementation of Share Repurchase During the Reporting Period

Progress on any share repurchase

Applicable Not applicable

Disclosure time of the plan	Number of shares to be repurchased	Proportion to total share capital	Proposed repurchase amount	Proposed repurchase period	Purpose of share repurchase	Number of repurchased shares	Proportion of repurchased

						(shares)	shares to the underlying shares involved in the equity incentive plan
June 1, 2023	With a total repurchase amount of RMB220 million to 250 million at a repurchase price of no more than RMB5.78 per share (inclusive), it is estimated that the number of shares that can be repurchased will be approximately 43.2526 million shares based on the upper limit of the total repurchase amount and the upper limit of the share repurchase price	Based on the approximately 43.2526 million of shares that can be repurchased, the proportion of the repurchased shares to the Company's total share capital approximately equals to 0.23%	The total amount of repurchase shall be no less than RMB220 million (inclusive) and no more than RMB250 million (inclusive)	Within 12 months after the 32nd Meeting of the Company's 7th Board of Directors deliberates and approves this share repurchase plan	For employee stock ownership plans or equity incentives	64,992,964	-
November 29, 2023	With a total repurchase amount of RMB400 million to 600 million at a repurchase price of no more than RMB6.04 per share (inclusive), it is estimated that the number of shares that can be repurchased will be approximately 99.3377 million shares based on the upper limit of the total repurchase amount and the upper limit of the share repurchase price	Based on the approximately 99.3377 million of shares that can be repurchased, the proportion of the repurchased shares to the Company's total share capital approximately equals to 0.53%	The total amount of repurchase shall be no less than RMB400 million (inclusive) and no more than RMB600 million (inclusive)	Within 12 months after the 36th Meeting of the Company's 7th Board of Directors deliberates and approves this share repurchase plan	For employee stock ownership plans or equity incentives	0	-

Progress on reducing the repurchased shares by means of centralized bidding

Applicable Not Applicable

Part VIII Preferred Shares

Applicable Not Applicable

During the reporting period, the Company did not have preferred shares.

Part IX 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 trading
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Phase 3)	19TCL03	112983.SZ	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 (Phase 2)	19TCL02	112938.SZ	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 Investors (Phase 1)	19TCL01	112905.SZ	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
Investor eligibility (if any)	For qualified investors / for professional investors; not applicable for foreign bonds								
Applicable trading mechanism	Match to trade, click to trade, inquire to trade, bid to trade, negotiate to trade; not applicable for foreign bonds								
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.
19TCL01, 19TCL02, 19TCL03	CITIC Securities Co., Ltd.	Citic Office Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Yang Fang, Deng Xiaoqiang, Chen Donghui, Zhou Junren	010 -60833575
19TCL01, 19TCL02, 19TCL03	Guotai Junan Securities Co., Ltd.	33F, One Museum Place, 669 Xinzha Road, Shanghai	-	Sun Miaoyue, Wu Lei, Li Hongyu, Wen Xiao, Liu Xuanhua	021-38031979
19TCL01, 19TCL02, 19TCL03	China Development Bank Securities Co., Ltd.	F1-8, CDB Building, 29 Fuchengmen Outer Avenue, Xicheng District, Beijing	-	Zhao Zhipeng	010 -88300907
19TCL01, 19TCL02, 19TCL03	TF Securities Co., Ltd.	21F, No. 2, Tianfeng Building, No.217 Zhongbei Road, Wuchang District, Wuhan City	-	Liu Yipei	027-87618889
19TCL01, 19TCL02, 19TCL03	Shenwan Hongyuan Securities Co., Ltd.	45F, Century Commercial Plaza, No. 989 Changle Road, Xuhui District, Shanghai	-	Yang Shangjun, Ouyang Wenjian, Cao Peixian	0755-23996949
19TCL01, 19TCL02, 19TCL03	Beijing Jia Yuan Law Offices	F408, Yuanyang Building , 158 Fuxingmen Inner Avenue, Beijing	-	Wen Liangjuan, Wang Ying	010 -66413377
19TCL01, 19TCL02, 19TCL03	Da Hua Certified Public Accountants (Special General Partnership)	Room 1101, Building 7, No. 16 Xi Si Huan Zhong Road, Haidian District, Beijing	Li Bingxin, Zhang Yuan yuan, Yang Chunxiang	Jiang Xianmin	0755 -82900734
19TCL01, 19TCL02, 19TCL03	China Chengxin International Credit Rating Co., Ltd.	Building 5, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Jia Xiaoqi, Guo Ziyue	010 -66428877

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	Used Amount	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
19TCL03	200,000	200,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
19TCL02	100,000	100,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
19TCL01	100,000	100,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	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: 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 trading
2023 Mid-Term	23TCL Group	1023801	Februa	Februa	Februa	150,000	4.10%	Interest	Inter-

Notes of TCL Technology Group Corporation (Phase 1) (Sci-Tech Innovation Notes)	MTN001 (Sci-Tech Innovation Notes)	51	ry 3, 2023	ry 7, 2023	ry 7, 2026			payable annually and principal repayable in full upon maturity	bank market
2022 Mid-Term Notes of TCL Technology Group Corporation (Phase 3) (Sci-Tech Innovation Notes)	22TCL Group MTN003 (Sci-Tech Innovation Notes)	102281474	July 4, 2022	July 6, 2022	July 6, 2025	200,000	3.45%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Green Notes of TCL Technology Group Corporation (Phase 2)	22TCL Group GN002	132280040	April 25, 2022	April 27, 2022	April 27, 2025	150,000	3.30%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Notes of TCL Technology Group Corporation (Phase 1)	22TCL Group MTN001	102280089	January 12, 2022	January 14, 2022	January 14, 2025	200,000	3.45%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2021 Mid-Term Notes of TCL Technology Group Corporation (Phase 1) (High-Growth Bonds)	21TCL Group MTN001 (High-Growth Bonds)	102100966	May 10, 2021	May 12, 2021	May 12, 2024	200,000	4.15%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
Investor eligibility (if any)			Mid-term notes are issued to institutional investors in the national interbank bond market (excluding those prohibited from purchasing by national laws and regulations)						
Applicable trading mechanism			Transaction inquiry, request for quotation and click-to-buy						
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.
21TCL Group MTN001 (High-Growth Bonds), 22TCL Group GN002, 22TCL Group MTN003 (Sci-Tech Innovation Notes)	Industrial and Commercial Bank of China	No.55 Fuxingmennei Avenue, Xicheng District, Beijing City	-	Wu Siyi	010-81012556
22TCL Group MTN001, 23TCL Group MTN001 (Sci-Tech Innovation Notes)	Agricultural Bank of China	No.69 Jianguomennei Avenue Dongcheng District, Beijing City	-	Liu Zhaoying	010-85109688
21TCL Group MTN001 (High-Growth Bonds), 22TCL Group MTN003 (Sci-Tech Innovation Notes), 23TCL Group MTN001 (Sci-Tech Innovation Notes)	China Construction Bank Corporation	No.25 Jinrong Avenue Xicheng District, Beijing City	-	Zhou Peng	010 - 67596478
22TCL Group MTN001	Bank of China Limited	No.1 Fuxingmennei Avenue Beijing City	-	Zhang Shun	010-66595482
22TCL Group GN002	Shanghai Pudong Development Bank Co., Ltd.	No.12 Zhongshan East 1st Road, Shanghai	-	Li Yansun	021-31884090
21TCL Group MTN001 (High-Growth Bonds), 22TCL Group MTN001, 22TCL Group GN002, 22TCL Group MTN003 (Sci-Tech Innovation Notes), 23TCL Group MTN001 (Sci-Tech Innovation Notes)	China Chengxin International Credit Rating Co., Ltd.	Building 5, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Jia Xiaoyi, Guo Ziyue	010 - 66428877
21TCL Group MTN001 (High-Growth Bonds), 22TCL Group MTN001, 22TCL Group GN002, 22TCL Group MTN003 (Sci-Tech Innovation Notes), 23TCL Group MTN001 (Sci-Tech Innovation Notes)	Da Hua Certified Public Accountants (Special General Partnership)	Room 1101, Building 7, No. 16 Xi Si Huan Zhong Road, Haidian District, Beijing	Qiu Junzhou, Jiang Xianmin, Xiong Xin	Jiang Xianmin	0755 - 82900734
21TCL Group MTN001 (High-Growth Bonds), 22TCL Group MTN001, 22TCL Group GN002, 22TCL Group MTN003 (Sci-Tech Innovation Notes), 23TCL Group MTN001 (Sci-	Beijing Jia Yuan Law Offices	F408, Yuanyang Building , 158 Fuxingmen Inner Avenue,	-	Wen Liangjuan, Wang Ying	010 - 66413377

Tech Innovation Notes)		Beijing			
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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
23TCL Group MTN001 (Sci-Tech Innovation Notes)	150,000	150,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
22TCL Group MTN003 (Sci-Tech Innovation Notes)	200,000	200,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
22TCL Group GN002	150,000	150,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
22TCL Group MTN001	200,000	200,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
21TCL Group MTN001 (High-Growth Bonds)	200,000	200,000	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	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

IV. Convertible Corporate Bonds

Applicable Not Applicable

During the reporting period, the Company did not have convertible corporate bonds.

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

Yes No

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

Item	End of the Reporting Period	December 31, 2022	Change
Current ratio	1.03	1.09	-5.50%
Debt/asset ratio	62.1%	63.3%	-1.23%
Quick ratio	0.75	0.78	-3.85%
	2023	2022	Change
Net profit after deducting non-recurring gains and losses (RMB0'000)	220,705	-171,729	228.52%
Debt to EBITDA ratio	15.0%	12.1%	2.9%
Interest coverage ratio	1.80	0.92	95.65%
Cash coverage ratio	5.55	4.32	28.67%
EBITDA coverage ratio	6.36	5.17	23.02%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

TCL Technology Group Corporation

Auditor's Report

DHSZ [2024] No. 0011018521

**Da Hua Certified Public Accountants (Special General
Partnership)**

Da Hua Certified Public Accountants (Special General Partnership)

TCL Technology Group Corporation
Auditor's Report and Financial Statements

(January 1, 2023 to December 31, 2023)

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Auditor's Report

DHSZ [2024] No. 0011018521

To all Shareholders of TCL Technology Group Corporation:

I. Opinion

We have audited the financial statements of TCL Technology Group Corporation (the “Company”), which include the consolidated and parent’s balance sheets as at December 31, 2023, the consolidated and parent’s statements on income, statements on cash flows and statements on changes in shareholders’ equity for the year then ended, as well as the notes to these financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent’s financial position of the Company as at December 31, 2023, and the consolidated and parent’s operations results and cash flows the year then ended 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 38. "Revenue recognition" under Note III to the financial statements and 57. "Revenue" under Note V to the financial statements.	
Key Audit Matters	Audit response
<p>The Company's revenue for the current period was approximately RMB174.4 billion, an increase of about RMB7.8 billion from the revenue of RMB166.6 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 26. "Fixed assets" and 27. "Construction in progress" under Note III to the financial statements and 20. "Fixed assets" and 21. "Construction in progress" under Note V to the financial statements.	
Key Audit Matters	Audit response
<p>As at December 31, 2023, the total amount of fixed assets and construction in progress presented in the Company's consolidated financial statements was RMB193.4 billion, accounting for 50.52% of the total assets. The fixed assets and construction in progress mainly included machinery and equipment and buildings required for display products, new energy photovoltaic products and 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 "XI. Related parties and related transactions" under the notes to the financial statements.	
Key Audit Matters	Audit response
<p>In 2023, the Company's routine related transactions amounted to about RMB36.1 billion, representing an increase of about 19.94% 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 pose an important impact on the fair presence of the financial statements. Therefore, we identify the related balance and transactions as key matters in this audit.</p>	<p>The important audit procedures we carried out in respect to related transactions include:</p> <ul style="list-style-type: none"> ● 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; ● 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; ● 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; ● compare 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; ● acquire the incurred 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; and conduct confirmation procedures for the incurred amounts and balances of the related transactions with important related parties.
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 2023 Annual Report, but does not cover 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 has 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. Identifying and assessing the risks of material misstatements in financial statements, and whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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. Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances.

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

4. Concluding on the appropriateness of the management's use of the going concern assumption of accounting and, based on the audit evidence obtained, drawing 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. Evaluating 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. Obtaining sufficient and 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 undertaking full responsibility for audit opinions.

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

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

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Da Hua Certified Public
Accountants (Special General
Partnership)

Beijing · China

Chinese CPA:

(Engagement
Partner)

Chinese CPA:

Jiang Xianmin

Xiong Xin

April 28, 2024

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

	Note V	December 31, 2023	January 1, 2023
Current assets			
Monetary assets	1	21,924,271	35,378,501
Held-for-trading financial assets	2	23,184,117	12,703,507
Derivative financial assets	3	108,008	361,034
Notes receivable	4	615,392	512,849
Accounts receivable	5	22,003,651	14,051,661
Receivables financing	6	954,410	1,103,128
Prepayments	7	2,946,288	3,593,857
Other receivables	8	5,706,855	4,033,248
Inventories	9	18,481,755	18,001,122
Contract assets	10	343,907	315,167
Held-for-sale assets	11	162,416	-
Non-current assets due within one year	12	580,695	-
Other current assets	13	5,286,534	5,438,936
Total current assets		102,298,299	95,493,010
Non-current assets			
Debt investments	14	122,349	741,703
Long-term receivables	15	720,281	631,373
Long-term equity investments	16	25,431,271	29,256,216
Investments in other equity instruments	17	386,648	439,996
Other non-current financial assets	18	2,971,566	2,928,827
Investment property	19	911,679	946,449
Fixed assets	20	176,422,621	132,477,672
Construction in progress	21	17,000,052	52,053,834
Right-of-use assets	22	6,386,446	5,110,124
Intangible assets	23	18,419,544	16,783,931
Development costs	24	2,541,493	3,179,207
Goodwill	25	10,516,742	9,161,852
Long-term deferred expenses	26	3,402,689	2,744,208
Deferred income tax assets	27	2,246,222	1,753,887
Other non-current assets	28	13,081,184	6,293,943
Total non-current assets		280,560,787	264,503,222
Total assets		382,859,086	359,996,232

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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, 2023	January 1, 2023
Current liabilities			
Short-term borrowings	29	8,473,582	10,215,911
Borrowings from the Central Bank	30	995,010	777,676
Customer deposits and deposits from other banks and financial institutions	31	270,929	603,423
Held-for-trading financial liabilities	32	251,451	861,912
Derivative financial liabilities	33	58,591	70,735
Notes payable	34	5,610,802	6,365,660
Accounts payable	35	29,402,493	26,381,912
Advances from customers	36	678	1,402
Contract liabilities	37	1,899,468	2,336,008
Employee compensation payable	38	3,034,497	2,376,933
Taxes and levies payable	39	861,342	1,215,591
Other payables	40	22,171,402	24,190,352
Non-current liabilities due within one year	41	24,631,659	10,957,321
Other current liabilities	42	1,563,245	1,185,848
Total current liabilities		99,225,149	87,540,684
Non-current liabilities			
Long-term borrowings	43	117,662,209	118,603,165
Bonds payable	44	9,113,848	12,006,851
Lease liabilities	45	5,737,288	4,461,383
Long-term payables	46	2,739,444	887,763
Long-term employee compensation payable	38	29,645	472,538
Deferred income	47	1,540,648	2,468,145
Deferred income tax liabilities	27	1,427,487	1,319,428
Estimated liabilities	48	117,395	97,522
Total non-current liabilities		138,367,964	140,316,795
Total liabilities		237,593,113	227,857,479
Share capital	49	18,779,081	17,071,892
Capital reserves	50	10,752,055	12,522,793
Less: Treasury share	51	1,094,943	1,314,581
Other comprehensive income	52	(945,798)	(811,822)
Surplus reserves	53	3,874,006	3,712,273
Specific reserves	54	11,343	2,301
General risk reserve	55	8,934	8,934
Retained earnings	56	21,537,188	19,486,730
Total equity attributable to shareholders of the parent company		52,921,866	50,678,520
Non-controlling interests		92,344,107	81,460,233
Total shareholders' equity		145,265,973	132,138,753
Total liabilities and shareholders' equity		382,859,086	359,996,232

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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	2023	2022
I. Total revenue		174,446,172	166,632,146
Including: Operating revenue	57	174,366,657	166,552,786
Interest income	58	79,515	79,360
Less: Operating cost	57	148,767,597	151,925,489
Interest expenditures	58	19,362	23,530
Taxes and levies	59	801,938	640,302
Sales expenses	60	2,523,687	1,950,528
Administrative expenses	61	4,783,247	3,540,611
R&D expenses	62	9,522,838	8,633,638
Financial expenses	63	3,972,728	3,422,895
Including: Interest expenses		4,922,120	4,468,008
Interest income		939,719	723,665
Plus: Other income	64	3,538,259	2,917,794
Return on investment	65	2,591,877	4,731,394
Including: Return on investment in joint ventures and associates		1,363,661	2,898,739
Exchange gain	58	516	17,914
Gain on changes in fair value	66	27,338	(139,244)
Credit impairment loss	67	(173,065)	(37,653)
Asset impairment loss	68	(4,813,965)	(3,486,523)
Asset disposal income	69	(41,416)	(79,825)
II. Operating profit		5,184,319	419,010
Plus: Non-operating income	70	71,285	790,112
Less: Non-operating expenses	71	203,780	152,071
III. Gross profit		5,051,824	1,057,051
Less: Income tax expenses	72	271,040	(731,008)
IV. Net profit		4,780,784	1,788,059
(I) Classification by business continuity			
1. Net profit from continuing operations		4,780,784	1,788,059
2. Net profit from discontinued operations		-	-
(II) Classification by ownership			
1. Net profit attributable to the owners of the parent company		2,214,934	261,319
2. Net profit attributable to non-controlling interests		2,565,850	1,526,740
V. Other comprehensive income, net of tax	52	(189,220)	(327,034)
(I) Other comprehensive income that cannot be subsequently reclassified into profit or loss		(48,773)	(18,149)
(II) Other comprehensive income that may be subsequently reclassified into profit or loss upon satisfaction of prescribed conditions		(140,447)	(308,885)
VI. Total comprehensive income		4,591,564	1,461,025
Total comprehensive income attributable to the shareholders of the parent company		2,080,958	(141,056)
Total comprehensive income attributable to non-controlling interests		2,510,606	1,602,081
VII. Earnings per share	73		
(I) Basic earnings per share (RMB yuan)		0.1195	0.0174
(II) Diluted earnings per share (RMB yuan)		0.1179	0.0168

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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	2023	2022
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		139,948,369	137,297,835
Net increase/(decrease) in deposits from customers, banks and other financial institutions		(332,494)	(62,633)
Net increase/(decrease) in borrowings from the Central Bank		217,333	(659,386)
Cash received from interest, handling charge and commission		79,515	79,360
Tax and levy rebates		8,198,667	11,020,947
Cash generated from other operating activities	74	6,899,258	7,955,973
		<hr/>	<hr/>
Sub-total of cash generated from operating activities		155,010,648	155,632,096
		<hr/>	<hr/>
Payments for commodities and services		(104,274,934)	(113,465,399)
Net (increase)/decrease in loans and advances to customers		(210,100)	558,603
Net (increase)/decrease in deposits with the Central Bank, banks and other financial institutions		(19,240)	36,327
Cash paid to and for employees		(12,223,510)	(10,696,682)
Taxes and levies paid		(4,194,531)	(3,916,226)
Cash used in other operating activities	75	(8,773,577)	(9,722,343)
		<hr/>	<hr/>
Sub-total of cash used in operating activities		(129,695,892)	(137,205,720)
		<hr/>	<hr/>
Net cash generated from operating activities	80	25,314,756	18,426,376
		<hr/>	<hr/>
II. Net cash generated from investment activities:			
Proceeds from disinvestments		55,718,288	48,642,124
Proceeds from return on investments		2,188,135	1,100,618
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		140,305	85,502
Net proceeds from disposal of subsidiaries and other business units	80	1,566,356	1,432,795
Cash generated from other investing activities	76	1,589,202	170,387
		<hr/>	<hr/>
Sub-total of cash generated from investment activities		61,202,286	51,431,426
		<hr/>	<hr/>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(29,574,296)	(40,762,787)
Payments for investments		(71,131,067)	(56,242,405)
Net payments for acquiring subsidiaries and other business units	80	(370,928)	(50,133)
Cash used in other investing activities	77	(923,051)	(1,212,074)
		<hr/>	<hr/>
Subtotal of cash used in investing activities		(101,999,342)	(98,267,399)
		<hr/>	<hr/>
Net cash used in investing activities		(40,797,056)	(46,835,973)
		<hr/>	<hr/>

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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	2023	2022
III. Cash flow generated from financing activities:			
Capital contributions received		3,182,627	17,981,473
Including: Net capital contributions by non-controlling interests to subsidiaries		3,182,627	8,509,514
Borrowings raised		61,391,001	87,581,519
Net cash received from bonds issue		1,500,000	7,820,000
Cash generated from other financing activities	78	3,950,311	272,281
Sub-total of cash generated from financing activities		70,023,939	113,655,273
Cash paid for debt repayment		(53,877,371)	(66,503,750)
Cash paid for dividend and profit distribution or repayment of interests		(6,317,209)	(9,640,363)
Including: Dividends and profit paid by subsidiaries to minority shareholders		(423,710)	(1,691,435)
Cash used in other financing activities	79	(8,037,595)	(6,110,504)
Subtotal of cash used in financing activities		(68,232,175)	(82,254,617)
Net cash generated from financing activities		1,791,764	31,400,656
IV. Effect of exchange rate changes on cash and cash equivalents		11,727	602,860
V. Net increase in cash and cash equivalents		(13,678,809)	3,593,919
Add: Opening balance of cash and cash equivalents		33,675,624	30,081,705
VI. Ending balance of cash and cash equivalents	80	19,996,815	33,675,624

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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)

	2023										
	Equity attributable to shareholders of the parent company									Non-controlling interests	Shareholder equity Total
	Share capital	Other equity instruments	Capital reserves	Treasury share	Special Reserves	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profit		
I. Balance at the end of the prior year	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
Add: Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning 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
III. Movement of the period	1,707,189	-	(1,770,738)	219,638	9,042	(133,976)	161,733	-	2,050,458	10,883,874	13,127,220
(I) Total comprehensive income	-	-	-	-	-	(136,719)	-	-	2,214,934	2,510,606	4,588,821
(II) Capital contributed and reduced by shareholders	-	-	(131,061)	219,638	-	-	-	-	-	8,791,175	8,879,752
1. Capital contributed by shareholders	-	-	-	-	-	-	-	-	-	8,815,929	8,815,929
2. Share-based payments included in owners' equity	-	-	242,757	466,809	-	-	-	-	-	336,118	1,045,684
3. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	(373,818)	(247,171)	-	-	-	-	-	(360,872)	(981,861)
(III) Profit distribution	-	-	-	-	9,042	-	161,733	-	(161,733)	(417,907)	(408,865)
1. Appropriation of surplus reserves	-	-	-	-	-	-	161,733	-	(161,733)	-	-
2. Appropriation of general risk reserve	-	-	-	-	32,220	-	-	-	-	76,587	108,807
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	-	(437,951)	(437,951)
4. Others	-	-	-	-	(23,178)	-	-	-	-	(56,543)	(79,721)
(IV) Internal transfer of owner's equity	1,707,189	-	(1,707,189)	-	-	2,743	-	-	(2,743)	-	-
1. Capitalization of capital reserves into capital (or share capital)	1,707,189	-	(1,707,189)	-	-	-	-	-	-	-	-
2. Other comprehensive income transferred into retained earnings	-	-	-	-	-	2,743	-	-	(2,743)	-	-
(V) Others	-	-	67,512	-	-	-	-	-	-	-	67,512
IV. Balance as at the end of the period	18,779,081	-	10,752,055	(1,094,943)	11,343	(945,798)	3,874,006	8,934	21,537,188	92,344,107	145,265,973

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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)

	2022										
	Equity attributable to shareholders of the parent company										
	Share capital	Other equity instruments	Capital reserves	Treasury share	Special Reserves	Other comprehensive income	Surplus reserves	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 policies	-	-	-	-	-	-	-	-	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) Total 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 contributed 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) Internal transfer of owner's 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 as 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: Jing Chunmei

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 XVII	December 31, 2023	January 1, 2023
Current assets			
Monetary assets		2,646,890	17,821,922
Held-for-trading financial assets		14,178,884	5,936,208
Derivative financial assets		66	15,578
Accounts receivable	1	350,788	353,812
Prepayments		9,241	3,693
Other receivables	2	19,614,272	4,961,948
Inventories		-	5,380
Other current assets		1,629	34,838
Total current assets		36,801,770	29,133,379
Non-current assets			
Long-term receivables		-	1,935,365
Long-term equity investments	3	79,664,992	76,360,371
Investments in other equity instruments	4	-	5,000
Other non-current financial assets	5	644,300	431,023
Investment property		77,364	81,034
Fixed assets		34,806	32,223
Construction in progress		-	-
Right-of-use assets		435,915	428,575
Intangible assets		96,319	109,605
Long-term deferred expenses		33,005	24,069
Deferred income tax assets		7	7
Total non-current assets		80,986,708	79,407,272
Total assets		117,788,478	108,540,651

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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 XVII	December 31,	January 1, 2023
Current liabilities			
Short-term borrowings		2,124,045	1,900,169
Accounts payable		202,691	140,563
Contract liabilities		6,750	308
Employee compensation payable		184,320	178,097
Taxes and levies payable		12,415	63,908
Other payables		26,818,710	22,036,683
Non-current liabilities due within one year		6,167,442	5,605,919
Other current liabilities		3,656	2,430
Total current liabilities		35,520,029	29,928,077
Non-current liabilities			
Long-term borrowings		19,963,555	15,280,955
Bonds payable		6,992,012	9,922,133
Lease liabilities		20,816	748
Long-term employee compensation payable		26,215	84,188
Deferred income		53,147	53,638
Total non-current liabilities		27,055,745	25,341,662
Total liabilities		62,575,774	55,269,739
Shareholders' equity			
Share capital		18,779,081	17,071,892
Capital reserves		16,127,030	17,715,533
Less: Treasury share		1,094,943	1,314,581
Other comprehensive income		(142,055)	(128,195)
Surplus reserves		3,671,942	3,510,209
Retained earnings		17,871,649	16,416,054
Total shareholders' equity		55,212,704	53,270,912
Total liabilities and shareholders' equity		117,788,478	108,540,651

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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 XVII	2023	2022
I. Operating revenue	6	1,719,960	1,593,213
Less: Operating cost	6	1,197,154	1,162,807
Taxes and levies		15,213	14,531
Sales expenses		32,997	54,059
Administrative expenses		496,759	323,594
R&D expenses		95,705	171,276
Financial expenses		1,126,842	1,282,688
Including: Interest expenses		1,581,566	2,252,721
Interest income		346,028	771,483
Plus: Other income		11,680	8,705
Return on investment	7	2,360,797	12,483,556
Of which: Share of profit or loss of joint ventures and associates	7	1,213,417	1,308,061
Gain on changes in fair value		492,641	(24,134)
Credit impairment loss		(1,192)	(266)
Asset disposal income		1,065	1,540
II. Operating profit		1,620,281	11,053,659
Plus: Non-operating income		3,372	575,077
Less: Non-operating expenses		6,325	7,737
III. Gross profit		1,617,328	11,620,999
Less: Income tax expenses		-	-
IV. Net profit		1,617,328	11,620,999
V. Other comprehensive income		(13,860)	(16,001)
VI. Total comprehensive income		1,603,468	11,604,998

Legal representative:	<u>Li Dongsheng</u>	Person-in-charge of Financial affairs:	<u>Li Jian</u>	Person-in-charge of the Financial Department:	<u>Jing Chunmei</u>
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The attached notes to the financial statements form an integral part of the financial statements.

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

	Note XVII	2023	2022
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		1,540,380	1,357,318
Tax and levy rebates		408	1,781
Cash generated from other operating activities		1,065,410	1,029,029
		<u>2,606,198</u>	<u>2,388,128</u>
Sub-total of cash generated from operating activities		<u>2,606,198</u>	<u>2,388,128</u>
Payments for commodities and services		(884,951)	(1,054,192)
Cash paid to and for employees		(179,035)	(215,412)
Taxes and levies paid		(175,341)	(205,575)
Cash used in other operating activities		(9,420,940)	(12,757,279)
		<u>(10,660,267)</u>	<u>(14,232,458)</u>
Sub-total of cash used in operating activities		<u>(10,660,267)</u>	<u>(14,232,458)</u>
Net cash generated from operating activities	8	<u>(8,054,069)</u>	<u>(11,844,330)</u>
II. Cash flow from investing activities:			
Proceeds from disinvestments		17,561,714	14,882,100
Proceeds from return on investments		1,359,286	10,461,727
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		-	24
		<u>18,921,000</u>	<u>25,343,851</u>
Sub-total of cash generated from investment activities		<u>18,921,000</u>	<u>25,343,851</u>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(13,483)	(39,001)
Payments for investments		(27,016,746)	(17,545,211)
Cash used in other investing activities		-	-
		<u>(27,030,229)</u>	<u>(17,584,212)</u>
Subtotal of cash used in investing activities		<u>(27,030,229)</u>	<u>(17,584,212)</u>
Net cash used in investing activities		<u>(8,109,229)</u>	<u>7,759,639</u>

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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 XVII	2023	2022
III. Cash flow generated from financing activities:			
Capital contributions received		-	9,471,959
Borrowings raised		18,920,000	23,388,555
Net cash received from bonds issue		1,500,000	7,820,000
Cash generated from other financing activities		205,647	991,657
		<u>20,625,647</u>	<u>41,672,171</u>
Sub-total of cash generated from financing activities		20,625,647	41,672,171
Cash paid for debt repayment		(17,827,419)	(26,733,600)
Cash paid for distribution of dividends and profits or repayment of interests		(1,284,988)	(3,195,747)
Cash used in other financing activities		(276,715)	(562,962)
		<u>(19,389,122)</u>	<u>(30,492,309)</u>
Subtotal of cash used in financing activities		(19,389,122)	(30,492,309)
Net cash generated from financing activities		1,236,525	11,179,862
IV. Effect of exchange rate changes on cash and cash equivalents		(1,382)	73,720
V. Net increase in cash and cash equivalents		(14,928,155)	7,168,891
Add: Opening balance of cash and cash equivalents		17,570,270	10,401,379
VI. Ending balance of cash and cash equivalents	9	2,642,115	17,570,270

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Financial Department: Jing Chunmei

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)

	2023							Total shareholders' equity
	Share capital	Other equity instruments	Capital reserves	Treasury share	Other comprehensive income	Surplus reserves	Retained earnings	
I. Balance at the end of the prior year	17,071,892	-	17,715,533	(1,314,581)	(128,195)	3,510,209	16,416,054	53,270,912
Add: Change in accounting policies	-	-	-	-	-	-	-	-
II. Balance at the beginning of the period	<u>17,071,892</u>	<u>-</u>	<u>17,715,533</u>	<u>(1,314,581)</u>	<u>(128,195)</u>	<u>3,510,209</u>	<u>16,416,054</u>	<u>53,270,912</u>
III. Movement of the period	1,707,189	-	(1,588,503)	219,638	(13,860)	161,733	1,455,595	1,941,792
(I) Total comprehensive income	-	-	-	-	(13,860)	-	1,617,328	1,603,468
(II) Capital contributed and reduced by shareholders	-	-	108,217	219,638	-	-	-	327,855
1. Capital contributed by owners	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	108,217	466,809	-	-	-	575,026
4. Amount of bond issue included in owners' equity	-	-	-	-	-	-	-	-
5. Others	-	-	-	(247,171)	-	-	-	(247,171)
(III) Profit distribution	-	-	-	-	-	161,733	(161,733)	-
1. Appropriation of surplus reserves	-	-	-	-	-	161,733	(161,733)	-
2. Appropriation to shareholders	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	1,707,189	-	(1,707,189)	-	-	-	-	-
1. Capitalization of capital reserves into capital (or share capital)	1,707,189	-	(1,707,189)	-	-	-	-	-
(V) Others	-	-	10,469	-	-	-	-	10,469
IV. Balance as at the end of the period	<u>18,779,081</u>	<u>-</u>	<u>16,127,030</u>	<u>(1,094,943)</u>	<u>(142,055)</u>	<u>3,671,942</u>	<u>17,871,649</u>	<u>55,212,704</u>
Legal representative:	<u>Li Dongsheng</u>	Person-in-charge of Financial affairs:		<u>Li Jian</u>	Person-in-charge of the Financial Department:			<u>Jing Chunmei</u>

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)

	2022							
	Share capital	Other equity instruments	Capital reserves	Treasury share	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 policies	-	-	-	-	-	-	-	-
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	3,041,250	(200,334)	7,810,865	570,976	(16,001)	1,162,100	8,394,725	20,763,581
(I) Total comprehensive income	-	-	-	-	(16,001)	-	11,620,999	11,604,998
(II) Capital contributed and reduced by shareholders	3,041,250	(200,334)	7,823,531	570,976	-	-	-	11,235,423
1. Capital contributed by owners	3,041,250	-	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 as at the end of the period	17,071,892	-	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: Jing Chunmei	

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, 2023
(RMB'000)

I General information

TCL Technology Group Corporation (hereinafter referred to as “the Company”) is a limited liability company established in Huizhou on July 17, 1997. It was changed to a limited liability company as a whole in 2002 and was listed on the Shenzhen Stock Exchange in January 2004. After years of new share placements, non-public reissuances, conversion into share capital, exercise of options and repurchase and cancellation of shares, etc., the registered capital and share capital of the Company were RMB18,779,080,767 as at December 31, 2023.

The main business structure of the Company and its subsidiaries consists of display, new energy photovoltaic and materials, industrial finance and other businesses. The relevant information of the Company's subsidiaries is detailed in Note VIII.

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

Approval and issue: These financial statements were authorized for issue by the Company’s Board of Directors on April 28, 2024.

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 VIII, 1, (1) “Breakdown of important subsidiaries”. For the changes to the scope of the consolidated financial statements of the Reporting Period, see

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

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 2023) 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.

3 Accounting Basis and Measurement Basis

The Company's accounting treatment is based on the accrual basis. Except certain financial instruments measured at fair value, the financial statements are measured at historical cost. If an asset is impaired, provision for impairment will be made accordingly based on relevant rules.

4 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.

5 Accounting period

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

6 Operations cycle

An operations cycle refers to a period from the purchase of assets by an enterprise for processing to the realization of cash or cash equivalents. The Company takes a 12 months' period as an operations cycle and take the operating cycle as the criteria for liquidity classification of assets and liabilities.

7 Functional currency for bookkeeping

The Company uses RMB as its functional currency. Its overseas subsidiaries use the currencies of the main economic environment in which they operate as their respective functional currencies and their financial statements are converted into RMB and presented in RMB thousands unless otherwise specified.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

8 Method and selection basis for determining importance criteria

Item	Importance criteria
The recovery, reversal and actual write-off of bad debt provisions for important receivables with bad debt provisions accrued on an individual basis	The amount of an individual item is greater than RMB50 million.
Important construction in progress	The ending carrying amount of an individual item exceeds RMB10 billion.
Important non-wholly-owned subsidiaries	The total asset of non-wholly-owned subsidiaries exceeds 10% of that of the Group or the total revenue of non-wholly-owned subsidiaries exceeds 10% of that of the Group.
Important joint ventures or associates	The carrying amount of long-term equity investments in a single investee exceeds 5% of the total asset of the Group.
Important prepayments, contract liabilities, accounts payable and other payables are aged for more than 1 year	The amount of an individual item exceeds 0.5% of the total asset of the Group.
Important capitalized research and development projects	The cumulative expenditure of an individual project exceeds 0.5% of the total asset of the Group.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

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

- (1) When the terms, conditions and economic influence of transactions in the process of a step-by-step combination conform to one or more of the following, accounting for multiple transactions is treated as a package transaction:
- (a) These transactions are made simultaneously or with consideration of influence on each other;
 - (b) These transactions can only achieve a complete business outcome when 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 combination of enterprises that are ultimately controlled by the same party or parties before and after the combination on a non-temporary basis constitutes a business combination under common control.

Assets and liabilities acquired by the Company in business combination are measured at the carrying amounts of assets and liabilities of the acquired party in the consolidated financial statements of the ultimate controlling party as at the date of combination (including the goodwill resulting from the acquisition of the acquired party by the ultimate controlling party). The difference between the carrying amount 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 share capital premium in the capital reserve, and when the share capital 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 estimated liabilities or assets, the difference between the amounts of the estimated liabilities or assets and the settlement amount of subsequent contingent consideration is used to adjust the capital reserve (capital premium or share capital premium), and when the capital reserve is insufficient, it is used to adjust the retained earnings.

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 carrying amount of long-term equity investments before the combination plus the carrying amount 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.

(3) Business combination not under common control

A combination of enterprises that are not ultimately controlled by the same party or parties before and after the combination constitutes a business combination not under common control.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

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

(3) Business combination not under common control (continued)

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 their carrying amount is recognized in profit or loss.

The difference between the higher combination cost and lower share in the fair value of net identifiable assets of the acquired party gained in the combination is recognized as goodwill. If the combination cost is lower than the share in the fair value of net identifiable assets of the acquired party gained in the combination, the fair values of the identifiable assets, liabilities and contingent liabilities of the acquired party gained and the measurement of the combination cost are first reviewed; and if it is reviewed that the combination cost is lower than the share in the fair value of net identifiable assets of the acquired party gained in the combination, the difference between the lower combination cost and higher share in the fair value of net identifiable assets of the acquired party gained in the combination is included in current profits and losses.

In the case where a business combination not under common control is realized through multiple exchanges and transactions, if it is a package transaction, each transaction will be accounted for as a transaction for acquiring control; in the case it is not a package transaction, if the equity investment held before the date of combination is accounted for using equity method, the sum of the carrying amount of equity investments of the acquired party held before the date of acquisition, plus the new investment cost on the date of acquisition will be recognized as the initial cost of the investment; the remaining comprehensive income recognized in equity investments using equity method before the date of acquisition will be recorded, when the investment is disposed of on the same basis as those the investee 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 carrying amount of the original equity, and the accumulated fair value changes originally included in other comprehensive income should be transferred to return on investment for the current period of the combination date.

(4) Expenses incurred from combination

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;

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III Significant accounting policies and accounting estimates (continued)

10 Methods for judging control and preparing consolidated financial statements

(1) Criteria for judging control

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.

The Company judges whether it controls the investee based on comprehensive consideration of all relevant facts and circumstances. Once any change in relevant facts and circumstances causes the relevant elements involved in the definition of control to be changed, the Company will conduct a reassessment. The relevant facts and circumstances mainly include:

- ① The purpose for which the investee is established;
- ② The relevant activities of the investee and how to make decisions on such activities;
- ③ Whether the rights enjoyed by the investor enable it to currently lead the relevant activities of the investee;
- ④ Whether the investor is entitled to variable returns by participating in the relevant activities of the investee;
- ⑤ Whether the investor has the ability to exercise its power over the investee to affect the amount of return;
- ⑥ The relationship between the investor and other parties.

(2) Consolidation scope

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 Company) are included into the consolidated financial statements.

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- III Significant accounting policies and accounting estimates (continued)
- 10 Methods for judging control and preparing consolidated financial statements (continued)
- (3) Consolidation procedure

The Company prepares the consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information. The Company prepares the consolidated financial statements in a manner that the whole group will be treated as an accounting entity to reflect the financial position, operating results, and cash flow of the group as a whole under unified accounting policies, in accordance with the recognition, measurement and presentation requirements of relevant accounting standards for business enterprises.

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 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. Where a transaction is recognized by the Company or its subsidiaries as the transaction subject, which is different from that under the consolidated financial statement of the group, the transaction should be adjusted at the group level.

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 balances of the consolidated balance sheet are adjusted; the income, expenses and profits of the subsidiary or business as 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 as from the beginning of the period of combination to the end of the Reporting Period are included in the consolidated cash flow statement, and the relevant items of the comparative statements are adjusted as if the reporting entity after the combination had existed since the time point when the ultimate controller began to control.

If the Company is able to exercise control over the investee under common control due to additional investment or for other reasons, it shall be deemed that the parties participating in the combination had made adjustments based on their current state when the ultimate controller began to control. For the equity investment held before obtaining the control over the acquired party, relevant gains and losses, other comprehensive income and other changes in net assets recognized between the date of obtaining the original equity or the date when the acquiring party and the acquired party are under common control, whichever later, and the date of combination shall be used to offset the beginning retained earnings or the profits and losses of the comparative statement period.

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Notes to Financial Statements
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- III Significant accounting policies and accounting estimates (continued)
- 10 Methods for judging control and preparing consolidated financial statements (continued)
- (3) Consolidation procedure (continued)

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.

If the Company is able to exercise control over the investee not under common control due to additional investment or for other reasons, the Company shall remeasure the equity, of the purchased party held before the purchase date, at its fair value as at the purchase date, and the difference between the fair value and its carrying amount shall be recognized in the return on investment of the current period. If the equity of the purchased party held before the purchase date involves other comprehensive income accounted for under the equity method and other changes in owner's equity other than net profit and loss, other comprehensive income, and profit distribution, the relevant other comprehensive income and other changes in owner's equity shall be converted into the return on investment of the current period of on the purchase date, except for other comprehensive income arising from the investee's remeasurement of the changes in net liabilities or net assets of defined benefit plans.

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

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III Significant accounting policies and accounting estimates (continued)

10 Methods for judging control and preparing consolidated financial statements (continued)

(3) Consolidation procedure (continued)

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.

When the equity investment in a subsidiary is disposed of step by step through multiple transactions until the loss of control, when the terms, conditions and economic influence of the transactions of the equity investment in the subsidiary conform to one or more of the following, it usually indicates that the multiple transaction items shall be accounted for as a transaction package:

- ① These transactions are made simultaneously or with consideration of influence on each other;
- ② These transactions can only achieve a complete business outcome when they are accounted for collectively;
- ③ The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- ④ A transaction is uneconomical individually, but is economical when considered collectively with other transactions.

If transactions through which the equity investment in a subsidiary is disposed of until the loss of control constitute a transaction package, the Company will account for such transactions as one transaction through which the subsidiary is disposed of with the loss of control over it; provided that the difference between the price for each disposal and the share in the net asset of the subsidiary corresponding to the investment disposed of, before the loss of control, is recognized as other comprehensive income in the consolidated financial statements and is transferred to the profits and losses of period in which the loss of control occurs.

When transactions through which the equity investment in a subsidiary is disposed of until the loss of control do not constitute a transaction package, such transactions shall be accounted for i) before the loss of control, in accordance with the relevant policies for partial disposal of an equity investments in a subsidiary without losing control; and ii) upon the loss of control, in accordance with the general accounting method for disposing of a subsidiary.

The difference, between the long-term equity investment obtained by the Company through the purchase of minority interests and the share in the net asset of the subsidiary calculated continuously from the purchase date (or combination date) based on the new shareholding percentage, shall be used to adjust i) the share capital premium under the capital reserve in the consolidated balance sheet or ii) the retained earnings, if the share capital premium under the capital reserve is insufficient to offset.

The difference, between the disposal price obtained from the partial disposal of a long-term equity investment in a subsidiary without losing control and the share, corresponding to the long-term equity investment disposed of, in the net asset of the subsidiary calculated continuously from the purchase date or combination date, shall be used to adjust i) the share capital premium under the capital reserve in the consolidated balance sheet or ii), the retained earnings, if the share capital premium under the capital reserve is insufficient to offset.

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III Significant accounting policies and accounting estimates (continued)

11 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 substantially all the output related to the joint arrangement, and the repayment of the liabilities relating to the arrangement continues relying on the support of the parties.

(2) Accounting treatment for joint operation

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)

12 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.

13 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 overseas operation listed in other comprehensive income in the balance sheet are transferred from the other comprehensive income to the profit and loss. When the disposal of a portion of the equity investment or otherwise causes a decrease in the proportion of equity held in the overseas operation without losing of control over the overseas operation, the translation differences in the foreign currency statements related to the part of the overseas operation disposed of will be attributed to minority interests, rather than to the profit and loss. When the overseas operation disposed of is a portion of the equity of an associate or joint venture, the translation difference of the foreign statements related to the overseas operation should be transferred to the profit or loss for the period in proportion to the disposal of the overseas operation.

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III Significant accounting policies and accounting estimates (continued)

14 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 those 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 those 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)

14 Financial instruments (continued)

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

(a) Financial assets classified as those measured at amortized cost (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 those 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.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

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

(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.

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 those measured at fair value through profit or loss

If failing to be classified as those 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 those 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.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

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

(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)

14 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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Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

14 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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Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

14 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.

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

① The carrying amount of the transferred financial asset on the date of derecognition.
② The sum of the consideration received for the transfer of financial assets and the amount of the 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)

14 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)

14 Financial instruments (continued)

(6) Impairment of financial instruments

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as those measured at amortized cost, financial assets classified as those 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 those measured at fair value through other comprehensive income, the credit loss reserve will offset the carrying amount of the financial assets. For any of financial assets classified as those 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)

14 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)

14 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)

14 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.

15 Notes receivable

For the determination method and accounting treatment method of the Company's expected credit loss on notes receivable, please refer to 14(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.

16 Accounts receivable

For the determination method and accounting treatment method of the Company's expected credit loss on accounts receivable, please refer to 14(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)

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III Significant accounting policies and accounting estimates (continued)

17 Receivables financing

Accounts receivable classified as those measured at fair value through other comprehensive income, with a maturity of i) less than one year (including one year) from the initial recognition date, are listed as receivables financing; or ii) more than one year from the initial recognition date, are listed as other debt investments. For the relevant accounting policies, please refer to 14(6) of note III Impairment of financial instruments.

18 Other receivables

For the determination method and accounting treatment method of the Company's expected credit loss of other receivables, please refer to 14(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.

19 Inventories

(1) Classification of inventories

Inventories refer to, among other things, finished products or goods held by the Company for sale in its daily activities, work in progress in production, materials and supplies consumed in the production or provision of labor services. Inventories mainly include but are not limited to raw materials, work in progress, finished products, and turnover materials.

(2) Valuation method for inventories shipped in transit

When acquired, inventory is initially measured at cost, including 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)

19 Inventories (continued)

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

After conducting a comprehensive counting at the end of the period, inventory valuation allowance shall be accrued or adjusted based on whichever lower of the cost and net realizable value of the inventory. 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 Sales 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's turnover materials are amortized by the one-time amortization method.

20 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 14(6) of note III Impairment of financial instruments.

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III Significant accounting policies and accounting estimates (continued)

21 Held-for-sale non-current assets or disposal groups

(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 treatment for held-for-sale assets

The Company shall not depreciate or amortize non-current assets or disposal groups held for sale. If the carrying amount 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.

22 Debt Investments

For the determination method and accounting treatment methods of the Company's expected credit loss of debt investments, please refer to 14(6) "Impairment of financial instruments" under Note III.

23 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 14(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 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)

24 Long-term equity investments

(1) Recognition of initial investment cost

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

For details on accounting policies, please refer to Note (III), 9 accounting treatments for business combinations involving enterprises under and not under common control.

(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.

For long-term equity investment acquired by issuing equity securities, the fair value of equity securities issued is recognized as initial investment cost; the transaction costs arising from issuing or acquiring the own equity instruments of the acquiring party will be offset from the equity in directly attributable transactions.

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 carrying amount 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.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

(2) Subsequent measurement and recognition of profit and loss

(a) Cost method

The long-term equity investment by which the Company exercises control over the investee is accounted for by the cost method and measured at the initial investment cost. When the long-term equity investment is added or recovered, its cost should be adjusted thereby.

In addition to the actual payment or the cash dividends or profits included in the consideration that have been declared but not yet paid when acquiring the investment, the Company recognizes the investment income for the period the investee's cash dividends or profits attributable to the Company will be recorded in gains from investment for the period.

(b) Equity method

The long-term equity investments made by the Company in affiliates and joint ventures are accounted for using the equity method. Among them, the portion of equity investments in affiliates, held indirectly through venture capital, mutual funds, trusts, or similar entities, including investment-linked insurance funds, are measured at fair value through profit or loss.

The difference between the higher initial cost of the long-term equity investment 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 higher 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.

After the Company acquires a long-term equity investment, the investment income and other comprehensive income should be recognized respectively based on the Company's share in the net profit and loss and other comprehensive income realized by the investee, and the carrying amount of the long-term equity investment should be adjusted accordingly; the Company's share in the profits or cash dividends declared by the investee should be calculated, and the carrying amount of the long-term equity investment should be reduced accordingly; the carrying amount of the long-term equity investment should be adjusted based on changes in owners' equity of the investee other than net profit and loss, other comprehensive income, and profit distribution, and included in owners' equity.

Before the Company recognizes its share in the net profit and loss of the investee, the net profit of the investee is adjusted based on the fair value of the identifiable assets of the investee as at the acquisition of the investment. Any unrealized profit and loss from internal transactions between the Company and its affiliates or joint ventures attributed to the Company based on the Company's, will be offset, and the investment profit and loss is recognized thereon.

When the Company recognizes its share in the losses incurred by the investee, the Company should, firstly, offset the carrying amount of the long-term equity investment. Then, if the carrying amount of the long-term equity investment is insufficient for the offset, the investment loss is continued to be recognized, and the carrying amount of long-term receivable items is offset, subject to other carrying amount of the long-term equity constitutes the net investment in 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 recognized liabilities and recover other long-term equity that substantially constitutes net investment of the investee and the carrying amount of the long-term equity, and then recover the recognition of the profit as return on investment.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

(3) Conversion accounting treatment of long-term equity investments

(a) Accounting treatment for the transfer from fair value measurement to equity method

For an equity investment, originally held by the Company without control, joint control or significant impact on the investee that is accounted for based on the financial instrument recognition and measurement standards, if as a result of additional investment or otherwise, the equity investment enables the Company to exercise significant impact on or joint control (rather than control) over the investee, the sum of the fair value of the originally held equity investment determined under the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the new investment cost should be deemed as the initial cost of the investment accounted for using equity method. The difference between the lower initial investment cost accounted for using equity method and the higher share of the fair value of the identifiable net assets of the investee as at the date of the additional investment calculated based on the new shareholding percentage after the additional investment is made, shall be used to adjust the carrying amount of the long-term equity investment and included in the non-operating income for the period.

(b) Transfer from fair value measurement or equity method to cost method

For an equity investment, originally held by the Company without control, joint control or significant impact on the investee that is accounted for based on the financial instrument recognition and measurement standards, or a long-term equity investment originally held by the Company in an affiliate or joint venture, if as a result additional investment or for other reasons, the investment enables the Company to exercise control over an investee that is not under the common control with Company, the sum of the carrying amount of the originally held equity investment and the new investment cost should be the initial cost of the investment accounted for using cost method in preparation of the individual financial statements of the Company.

The remaining comprehensive income recognized in the equity investments using equity method before the date of acquisition is accounted for, when the investment is disposed of, on the same basis as those the investee adopted directly to dispose of the underlying assets or liabilities.

If the equity investment held before the acquisition date is subject to the accounting treatment under the relevant provisions of the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the cumulative changes in fair value originally included in other comprehensive income should be transferred to the profit or loss for the period when the investment is accounted for using cost method.

(c) Transfer from equity method to fair value measurement

If the Company loses joint control or significant impact on the investee due to the disposal of part of the equity investment or otherwise, the equity remaining after the disposal should be accounted for under the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, and the difference between the fair value and carrying amount as at the date of losing the joint control or significant impact should be included in the profit or loss for the period.

Other comprehensive income recognized for the original equity investment accounted for using equity method should be accounted for on the same basis as the direct disposal of the underlying assets or liabilities by the investee when the equity method is terminated.

(d) Transfer from cost method to equity method

Where the Company loses control over the investee due to the disposal of part of the equity investment or otherwise, if the equity remaining after the disposal by which the Company can exercise joint control or significant impact on the investee in preparation of the individual financial statements of the Company, the investment will be accounted for using equity method, and such remaining equity will be adjusted as if it were accounted for using equity method from the time when it is acquired.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

(3) Conversion accounting treatment of long-term equity investments (continued)

(e) Transfer from cost method to fair value measurement

If the Company loses control over the investee due to the disposal of part of the equity investment or otherwise, the equity remaining after the disposal by which the Company cannot exercise joint control or significant impact on the investee should be accounted for based on the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, in preparation of the individual financial statements of the Company, and the difference between the fair value and carrying amount as at the date of losing the control should be included in profit or loss.

(4) Disposal of long-term equity investments

When a long-term equity investment is disposed of, the difference between the carrying amount of the long-term equity investment and the actual acquisition price shall be included in the profit or loss for the period. For a long-term equity investment accounted for using equity method, when the investment is disposed of, the part originally included in other comprehensive income should be accounted for in the corresponding proportion and on the same basis as the direct disposal of the underlying assets or liabilities by the investee.

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 carrying amount. 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.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

(4) Disposal of long-term equity investments (continued)

- (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 carrying amount 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.
- (5) Criteria for judgment of joint control and significant impact

If the Company exerts joint control over an arrangement with other participants in accordance with the relevant agreement, and decision on activities that has significant impact on the return of the arrangement requires the unanimous consent of the participants sharing the control, the Company and other participants will be deemed to have joint control over the arrangement - a joint venture arrangement.

If a joint venture arrangement is entered into through an independent entity, and the Company has right over the net assets of the independent entity based on the relevant agreements, the independent entity shall be deemed as a joint venture and accounted for using equity method. If based on the relevant agreement, the Company does not have rights to the net assets of the individual entity, the individual entity shall be deemed as a joint operation, and the items related to the share of interests in the joint operation should be recognized and accounted for in accordance with the provisions of relevant Accounting Standards for Business Enterprises.

Significant impact means the investor's power to participate in the decision-making of the financial and operating policies of the investee, but by which the investor cannot control or commonly control together with other parties the formulation of the policies. Significant impact on the investee will be determined based on one or more of the cases with reference to all facts and conditions:

- 1) Assigning a representative to the board of directors or similar authority of the investee;
- 2) Participating in formulation of the financial and operational policies of the investee;
- 3) Entering into a significant transaction with the investee;
- 4) Assigning an officer to the investee; or
- 5) Providing key technical information to the investee.

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III Significant accounting policies and accounting estimates (continued)

25 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.

An investment property of the Company will be recorded at its cost that comprises i) in case of a purchased investment property, the purchase price, relevant taxes and other expenses directly attributable to the asset; or ii) in case of a self-constructed investment property, the necessary expenses incurred before the asset is constructed to reach its intended serviceable state.

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.

When the purpose of an investment property is changed to self-use, the Company shall convert the investment property into a fixed asset or intangible asset from the date of change. When the purpose of a self-used property is changed to earning rent or capital appreciation, the Company will convert the fixed asset or intangible asset into an investment property from the date of change. When such a conversion occurs, the carrying amount before the conversion shall be used as the recorded value after the conversion.

When an investment property is disposed of, or when it permanently withdraws from use and no economic benefit is expected to be obtained from the disposal of it, the investment property shall be derecognized. The disposal income from the sale, transfer, scrapping or damage of an investment property, net of its carrying amount and related taxes and fees, is recognized in the profits and losses of the current period.

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III Significant accounting policies and accounting estimates (continued)

26 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	1.90%-5%
Machinery equipment	5-10 years	9.5%-20%
Office and electronic equipment	2-5 years	22.22%-50%
Transportation equipment	3-5 years	19.00%-33.33%
Power stations	20-25 years	3.80%-4.75%
Others	4-5 years	19.00%-31.67%

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.

The methods for impairment testing and accrual of impairment provisions of fixed assets are detailed in 31 "Long-term Asset Impairment" under Note III.

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III Significant accounting policies and accounting estimates (continued)

27 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.

The methods for impairment testing and accrual of impairment provisions of construction in progress are detailed in 31 “Long-term Asset Impairment” under Note III.

28 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 and other assets that require a substantial period of acquisition, construction or production activities to get ready for the intended use or sale status.

Borrowing costs become capitalized when:

- (1) The asset expenditure has occurred, including expenditure incurred in the form of cash payments, transfer of non-cash assets, or assuming interest-bearing debts for the purpose of acquisition, construction or production of assets that are eligible for capitalization;
- (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)

29 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 impairment reserves have been accrued are depreciated in future periods at their carrying amount net of impairment reserves, with reference to the above principles.

In accordance with the provisions of *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Company determines whether right-of-use assets have been impaired and accounts for the recognized impairment losses, as detailed in 31 “Long-term Asset Impairment” under Note III.

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III Significant accounting policies and accounting estimates (continued)

30 Intangible assets

Intangible assets refer to the identifiable non-monetary assets, owned or controlled by the Company, without physical form, including land use rights, intellectual property rights, and non-patented technologies, etc.

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.

The methods for impairment testing and accrual of impairment provisions of intangible assets are detailed in 31 “Long-term Asset Impairment” under Note III.

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)

31 Impairment of long-lived assets

The Company determines whether there is any sign of possible impairment of the long-term assets on the balance sheet date. If there is any sign of impairment in a long-term asset, the Company estimates the recoverable amount thereof based on the individual asset. If it is difficult to estimate the recoverable amount of the individual asset, the recoverable amount of the asset is determined based on the asset group to which the asset belongs.

The recoverable amount of an asset is determined based on the net amount of fair value of the asset less the disposal expenses, or the present value of estimated future cash flows of the asset, whichever is higher.

If the measurement results of the recoverable amount indicate that the recoverable amount of the long-term investment is lower than its carrying amount, the carrying amount of the long-term investment is written off to the recoverable amount, and the amount written by is recognized as asset impairment losses, which is included in the profit and loss, while provision for asset impairment is made. Once the asset impairment loss is confirmed, it cannot be reversed in the future accounting period.

After the asset impairment loss is recognized, the depreciation or amortization expense of the impaired assets will be adjusted accordingly in the future periods, so that the adjusted carrying amount of the asset (deducting the expected net residual value) will be systematically amortized over the remaining service life of the asset.

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.

In the impairment test of goodwill, the carrying amount of goodwill is apportioned to the asset group or asset group portfolio expected to benefit from the synergy of the business combination. When impairment tests are conducted on underlying asset groups or asset group portfolios that contain goodwill, impairment tests will be first conducted on the asset groups or asset group portfolios that do not contain goodwill, provided there is any sign of impairment in the asset groups or asset group portfolios related to the goodwill, and the recoverable amount will be calculated, and compared with the relevant carrying amount to recognize the corresponding impairment loss. Further impairment tests will be conducted on asset groups or asset group portfolios that contain goodwill, by comparing the carrying amount of such underlying asset groups or asset group portfolios (including the part of the carrying amount of the allocated goodwill) with their recoverable amount. If the recoverable amount of the underlying asset group or asset group portfolio is lower than its carrying amount, the impairment loss shall be recognized for goodwill.

32 Long-term deferred expenses

Long-term deferred expenses refer to various expenses that the Company has paid, should be amortized over the current and future periods, 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.

33 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)

34 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.

For other long-term employee benefits that meet the conditions of a defined contribution plan, the amount to be contributed shall be recognized as a liability during the accounting period when the employee provides services to the Company, and shall be included in profit or loss for the period or the underlying asset costs. For long-term employee benefits other than those mentioned above, on the balance sheet date, the benefit obligations arising from the defined benefit plan shall be attributed to the periods during which the employee provides services, and shall be included in profit or loss for the period or the underlying asset costs.

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III Significant accounting policies and accounting estimates (continued)

35 Estimated liabilities

(1) Recognition standards for estimated liabilities

An obligation related to product quality assurance, loss contracts, restructuring and other contingencies shall be recognized as provision, if i) it is a current obligation of the Company, ii) the fulfillment of this obligation is likely to result in an outflow of economic benefits, and iii) the amount of this obligation can be reliably measured.

(2) Measurement methods for estimated liabilities

The estimated liabilities of the Company are initially measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company considers factors such as risks, uncertainties and time value of money related to contingent events. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are handled as follows:

In case there is a continuous range (or interval) of required expenditures, within which the possibility of occurrence of various results is the same, the best estimate is determined by the average of the middle value of the range, that is, the average of the upper and lower limits.

In case there is no continuous range (or interval) of required expenditures, or there is a continuous range but the possibility of various results in the range is different, if the contingency involves a single item, the best estimate is determined based on the most probable amount; if a contingency involves multiple items, the best estimate is determined based on various possible outcomes and associated probabilities.

If all or part of the expenses required by the Company to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount should not exceed the carrying amount of the estimated liabilities.

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III Significant accounting policies and accounting estimates (continued)

36 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.

37 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)

38 Revenue recognition

(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)

38 Revenue recognition (continued)

(2) 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) Royalty income

Accounted for according to the time and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from photovoltaic power stations

a. Centralized power stations: Power stations are combined to the grid. The revenue is recognized 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 revenue is recognized based on the documents on settlement provided by the business departments of the Company.

(3) 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 for taking back commodities from the carrying amount of commodities predicted to be returned (including the impairment of value of returned commodities) shall be accounted for 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.

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III Significant accounting policies and accounting estimates (continued)

38 Revenue recognition (continued)

(3) Principles of handling revenues from specific transactions (continued)

- (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.
- (e) Major responsible person and agent: Based on whether the Company has control over the goods or service before transferring it to the customer, it is determined whether the Company is the major responsible person or an agent in the transactions. If the Company is able to control the goods or service before transferring it to the customer, the Company shall be deemed as major responsible person and the revenue shall be recognized at the total amount of the consideration received or receivable; otherwise the Company shall be deemed as an agent and the revenue shall be recognized at the amount of the commission or handling fee to which it expects to be entitled. The amount of the commission or handling fee is determined by deducting the amount payable to other relevant parties from the total amount of consideration received or receivable.

39 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; and
- (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, by adopting 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)

39 Contract costs (continued)

(4) Impairment of contract costs

For the asset related to the contract cost as mentioned above, if the carrying amount 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 carrying amount, it shall be restituted to previously established asset impairment allowances and included in current profit and loss. However, the carrying amount of restituted assets shall not exceed the carrying amount of the asset on the date of restitution without establishing impairment allowances.

40 Public grants

(1) Type of change

Public grants are transfers of monetary or non-monetary assets from the public body to the Group at nil consideration. According to the grants targets stipulated in the relevant policies documents, public grants are classified into public grants related to assets and public grants related to income.

(2) Recognition of public grants

If a public grant is a monetary asset, it is measured at the amount received or receivable. If a public 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). Public grants measured at nominal amounts are recognized directly in the current profits and losses.

(3) Accounting treatment

Public grants related to assets offset the carrying amount of the underlying assets.

If the public 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; public 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 public 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 public subsidies are included in other income; other public grants are written off against related costs based on the substance of economic activities. Public 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 public 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 public finance department directly appropriates the interest grant funds to the Company, the grants offset the related borrowing costs.

In case that a recognized public grant is required to be returned, the carrying amount of the asset is adjusted if the carrying amount 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; and 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)

41 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities shall be recognized based on the difference (temporary difference) between the tax basis and carrying amount of the underlying assets or liabilities. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured based on the tax rate applicable during the period when it is expected to recover the assets or pay off the liabilities.

(1) Basis for recognition of deferred income tax assets

The Company recognizes deferred income tax assets arising from deductible temporary differences to the extent that it is likely to acquire taxable income that can be used to offset the deductible temporary differences, deductible losses that can be carried forward to future years and tax credits. However, deferred income tax assets arising from the initial recognition of assets or liabilities in a transaction with all the following characteristics shall not be recognized: (1) the transaction is not a business combination; and (2) the occurrence of the transaction does not affect accounting profits or taxable income or deductible losses.

For a deductible temporary difference related to investments in affiliates, the corresponding deferred income tax asset will be recognized if the following criteria are met simultaneously: the temporary difference is likely to be reversed in the foreseeable future and it is likely to obtain taxable income that can be used to offset the deductible temporary difference in the future.

(2) Basis for recognition of deferred income tax liabilities

The Company recognizes the taxable temporary differences that should be paid but not paid for the current and previous periods as deferred income tax liabilities. But deferred tax liabilities do not include:

(a) Temporary differences arising from the initial recognition of goodwill;

(b) Temporary differences arising from transactions or events that are not formed by a business combination and do not affect accounting profits or taxable income (or deductible losses) upon their occurrence;

(c) For taxable temporary differences related to investments in subsidiaries and associates, 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.

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

(a) An enterprise has the legal right to settle current income tax assets and liabilities on a net basis;

(b) 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.

TCL Technology Group Corporation
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III Significant accounting policies and accounting estimates (continued)

42 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)

42 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, 29 and Note III, 36.

(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)
42 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 amount that is related to the use right acquired by the leaseback, and recognize 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.

43 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. Enterprises that are solely controlled by the state and do not have any other related party relationship shall not be deemed as related parties.

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III Significant accounting policies and accounting estimates (continued)

44 Discontinued operations

The Company will recognize a component that meets one of the following conditions, has been disposed of or classified as being held for sale, and can be separately identified, as a component of discontinued operation:

- (1) This component represents an independent main business or a separate main operation region.
- (2) This component is part of a related plan to dispose of an independent main business or a separate main operation region.
- (3) This component is a subsidiary acquired for the sole purpose of 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.

In the balance sheet, the Company presents, independently from other assets, the held-for-sale non-current assets or assets in held-for-sale disposal groups, and presents, independently from other liabilities, the liabilities in held-for-sale disposal groups. The held-for-sale non-current assets or assets in held-for-sale disposal groups and the liabilities in held-for-sale disposal groups shall not offset each other, but shall be presented as current assets and current liabilities respectively. In the income statement, the Company presents the profits and losses from going concern and the profits and losses from discontinued operations. For the discontinued operations reported in the current period, the Company represents in the financial statements for the current period, the information, previously presented as the profits and losses from going concern, as the profits and losses from discontinued operations for the comparable accounting period. If the discontinued operations are no longer eligible for being classified as held-for-sale categories, the Company will represent in the financial statements for the current period, the information, previously presented as the profits and losses from discontinued operations, as the profits and losses from going concern for the comparable accounting period.

45 Hedge Accounting

Hedge is classified as fair value hedge, cash flow hedge or net foreign investment hedge based on the hedging relationship.

- (1) A hedging relationship qualifies for hedge accounting only if all of the following criteria are met:
 - (a) The hedging relationship consists only of eligible hedging instruments and eligible hedged items.
 - (b) At the inception of the hedging relationship, there is formal designation of hedging instruments and hedged items, and documentation of the hedging relationship and the Company's risk management strategies and objectives for undertaking the hedge have been prepared.

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Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

45 Hedge Accounting (continued)

- (1) A hedging relationship qualifies for hedge accounting only if all of the following criteria are met (continued)
- (c) The hedging relationship meets the hedge effectiveness requirements.
The hedging relationship meets the hedge effectiveness requirements only if all of the following criteria are met:
- 1) There is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes opposite changes in the value of the hedging instrument and the hedged item in face of the identical hedged risk.
 - 2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
 - 3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.
- (2) Fair value hedge accounting
- (a) Gain or loss on the hedging instrument shall be recognised in profit or loss. If the hedging instrument hedges a non-trading equity instrument (or a component thereof) that the Company has elected to be measured at fair value through other comprehensive income, the hedging gain or loss generated by the hedging instrument shall be recognized in other comprehensive income.
- (b) Gain or loss generated by the hedged item due to the hedged risk exposure shall be recognized in profit or loss, and shall adjust the carrying amount of the recognized hedged item that is not measured at fair value. If the hedged item is a financial asset (or a component thereof) measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognized in profit or loss, and will not be required for adjustment since the carrying amount has been measured at fair value. However, if the hedged item is a non-trading equity instrument (or a component thereof) that the Company has elected to be measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognized in other comprehensive income, and will not be required for adjustment, since the carrying amount has been measured at fair value.
When a hedged item represents a defined commitment that has not been unrecognized (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation caused by the hedge relationship is recognized as an asset or a liability with a corresponding gain or loss recognized in profit or loss. When a defined commitment is made to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability is adjusted to include the cumulative change in the fair value of the hedged item that has been recognized.
- (c) If the hedged item is a financial instrument (or a component thereof) measured at amortized cost, the adjustment made to the carrying amount of the hedged item shall be amortized based on the effective interest rate recalculated on the amortization commencement date, and recognized in the profit or loss. This amortization can commence from the adjustment date, but not later than the time when the hedging gain or loss adjustment is made for the termination of the hedged item. If the hedged item is a financial asset (or a component thereof) measured at fair value through other comprehensive income, the cumulative recognized hedging gain or loss shall be amortized in the same manner and recognized in the profit or loss, but the carrying amount of the financial asset (or a component thereof) shall not be adjusted.

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III Significant accounting policies and accounting estimates (continued)

45 Hedge Accounting (continued)

(3) Accounting treatment of cash flow hedges

(a) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e., the portion that is offset by the change in the cash flow hedge reserve) shall be recognized in other comprehensive income. The amount of cash flow hedging reserves shall be determined based on the lower of the absolute amount of the following two items:

- 1) The cumulative gain or loss on the hedging instrument since the commencement of the hedge;
- 2) The cumulative change in the present value of expected future cash flows of the hedged item since the commencement of the hedge. The amount of cash flow hedging reserves recognized in other comprehensive income for each period is the change in cash flow hedging reserves for the period.

(b) The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge (i.e., other gain or loss after deducting that recognized in other comprehensive income) shall be recognized in profit or loss.

(c) The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:

1) if any hedged item as an expected transaction, and the expected transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a defined commitment for which fair value hedge accounting treatment is applied, the Company shall remove that amount from the cash flow hedge reserve previously recognized in other comprehensive income and include it in the initial cost of the asset or the liability.

2) for cash flow hedges other than those covered by 1), that amount from the cash flow hedge reserve previously recognized in other comprehensive income shall be reclassified from the cash flow hedge reserve to profit or loss in the same period or the period during which the hedged expected future cash flows affect profit or loss.

3) however, if that amount from the cash flow hedge reserve previously recognized in other comprehensive income is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered from other comprehensive income to profit or loss.

(4) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment shall be accounted for similarly to cash flow hedges:

(a) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income.

When disposing of all or part of the foreign operation, the gain or loss on the hedging instrument recognized in other comprehensive income shall be correspondingly transferred out and recognized in the profit or loss.

(b) The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge shall be recognized in the profit or loss.

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III Significant accounting policies and accounting estimates (continued)

45 Hedge Accounting (continued)

(5) Termination of hedge accounting

Hedge accounting will be terminated if one of the following situations occurs:

- (a) The hedging relationship no longer meets the risk management objectives due to changes in risk management objectives.
- (b) The hedging instrument has expired or been sold, or the contract has been terminated or has been exercised.
- (c) The economic relationship no longer exists between the hedged item and the hedging instrument, or the effect of credit risk start to dominate the value changes that result from that economic relationship.
- (d) The hedging relationship no longer meets other conditions for applying hedging accounting stipulated in this standard. In case that the rebalancing of the hedging relationship is applied, the Company shall first consider the rebalancing of the hedging relationship, and then evaluate whether the hedging relationship meets the conditions for applying hedging accounting stipulated in this standard.

Termination of hedge accounting may affect the whole or a portion of the hedging relationship, and when only a portion thereof is affected, hedge accounting remain applicable to the remaining unaffected portion.

(6) Fair value selection of credit risk exposure

When credit derivative instruments measured at fair value through profit or loss are used to manage the credit risk exposure of a financial instrument (or a component thereof), the financial instrument (or a component thereof) can be designated as a financial instrument measured at fair value through profit or loss during its initial recognition, subsequent measurement, or when not yet recognized, with written records made simultaneously, provided that the following criteria are met:

- (a) The subject (such as the borrower or the loan commitment holder) of the credit risk exposure of the financial instrument is consistent with the subject involved in the credit derivative;
- (b) The reimbursement level of the financial instrument is consistent with that of the instrument required to be delivered under the terms of the credit derivative.

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III Significant accounting policies and accounting estimates (continued)

46 Changes to major accounting policies and estimates

(1) Change of accounting policies

Impact of the adoption of the *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 “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”. The Interpretation No. 16 is effective from January 1, 2023, which allows voluntarily early adoption. The Company implemented accounting treatment related to such matter this year, and the implementation of the Interpretation No. 16 had no significant impact on the consolidation and the Company’s financial statements.

(2) Changes to accounting estimates

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

47 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)

5 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 public supports.

According to the relevant provisions of the *Announcement on the Preferential Income Tax Policies for Small and Micro Enterprises and Self-employed Businesses* (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) and the *Announcement of the Ministry of Finance and the State Taxation Administration on Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Self-employed Businesses* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), issued by the Ministry of Finance and the State Taxation Administration in 2023, from January 1, 2023 to December 31, 2027, the annual taxable income of small and low-profit enterprises not exceeding RMB1 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.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Suzhou China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Huizhou Kedate Smart Display Technology Co., Ltd.	15.00%	High-tech enterprise
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen Qianhai Maojia Software Technology Co., Ltd.	15.00%	High-tech enterprise
Qingdao Blue Business Consulting Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15.00%	High-tech enterprise
Techigh Circuit Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15.00%	High-tech enterprise
TCL Financial Technology (Shenzhen) Co., Ltd.	15.00%	High-tech enterprise
Suzhou China Star Environmental Protection Technology Co., Ltd.	15.00%	Corporate income tax is levied at a reduced rate of 15% on eligible third-party enterprises, engaged in pollution prevention and control
Tianjin Huan'Ou Bandaoti Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd.	15.00%	High-tech enterprise, encouraged business in West China

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IV Taxes (continued)

5 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
Wuxi Zhonghuan Applied Materials Co., Ltd.	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15.00%	High-tech enterprise, encouraged business in West China
Tianjin Huanzhi New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Jiangsu) Co., Ltd.	15.00%	High-tech enterprise
Xuzhou Jingrui Bandaoti Equipment Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanou New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Tianjin) Co., Ltd.	15.00%	High-tech enterprise
Ningxia Zhonghuan Solar Material Co., Ltd.	15.00%	Encouraged business in West China
Ningxia Zhonghuan New Energy Co., Ltd.	15.00%	Encouraged business in West China
Dushan Anju Photovoltaic Technology Co., Ltd.	15.00%	Encouraged business in West China
Otog Banner Huanju New Energy Co., Ltd.	15.00%	Encouraged business in West China
Sonid Left Banner Huanxin New Energy Co., Ltd.	15.00%	Encouraged business in West China
Ningxia Huanou New Energy Technology Co., Ltd.	15.00%	Encouraged business in West China
Inner Mongolia TCL Photoelectric Technology Co., Ltd.	15.00%	Encouraged business in West China
Shaanxi Huanshuo Green New Energy Co., Ltd.	15.00%	Encouraged business in West China
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	12.50%	A high-tech enterprise and an enterprise engaged in integrated circuit materials
Yixing Huanxing New Energy Co., Ltd.	12.50%	Public-supported infrastructure project public
Tianjin Binhai Huanneng New Energy Co., Ltd.	12.50%	Public-supported infrastructure project public
Qinhuangdao Tianhui Solar Energy Co., Ltd.	12.50%	Public-supported infrastructure project public
Guyuan Shengju New Energy Co., Ltd.	12.50%	Public-supported infrastructure project public
Zhangjiakou Shengyuan New Energy Co., Ltd.	12.50%	Public-supported infrastructure project public

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IV Taxes (continued)

5 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
Phase III project of Hohhot Huanju New Energy Development Co., Ltd.	7.50%	Public-supported infrastructure project, encouraged business in West China
Ongniud Banner Guangrun New Energy Co., Ltd.	7.50%	Public-supported infrastructure project, encouraged business in West China
Tuquan Guanghuan New Energy Co., Ltd.	7.50%	Public-supported infrastructure project, encouraged business in West China
Inner Mongolia New Huanyu Yangguang New Energy Technology Co., Ltd.	7.50%	Public-supported infrastructure project, encouraged business in West China
Gengma Huanxing New Energy Co., Ltd.	7.50%	Public-supported infrastructure project, encouraged business in West China
Dangxiong Youhao New Energy Development Co., Ltd.	7.50%	Public-supported infrastructure project, encouraged business in West China
Ningxia Huanneng New Energy Co., Ltd.	Tax-free	Public-supported infrastructure project, encouraged business in West China
Shangyi Shengyao New Energy Development Co., Ltd.	Tax-free	Public-supported public infrastructure project
Shaanxi Runhuan Tianyu Technology Co., Ltd.	Tax-free	Public-supported infrastructure project, encouraged business in West China
Hohhot Shuguang New Energy Co., Ltd.	Tax-free	Public-supported public infrastructure project, encouraged business in West China
Tianjin Binhai New Area Huanju New Energy Co., Ltd.	Tax-free	Public-supported public infrastructure project

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V Notes to Consolidated Financial Statements

1 Monetary assets

	December 31, 2023	January 1, 2023
Cash on hand	583	480
Bank deposits	19,807,150	33,161,505
Deposits with the central bank	397,191	381,137
Other monetary assets	1,719,347	1,835,379
	21,924,271	35,378,501

Note Monetary assets with restricted use rights

	December 31, 2023	January 1, 2023
TCL TECH Finance's statutory reserve deposits with the central bank	341,091	321,852
Other restricted monetary assets	1,586,365	1,381,025
	1,927,456	1,702,877

On December 31, 2023, the Company's bank deposits of RMB341,091,000 (December 31, 2022: RMB321,852,000) were statutory deposit reserves deposited with the Central Bank by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company.

On December 31, 2023, the Company's monetary assets offshore amounted to RMB1,533,937,000 (December 31, 2022: RMB2,230,135,000), all of which were owned by the overseas subsidiaries of the Company.

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

2 Held-for-trading financial assets

	December 31, 2023	January 1, 2023
Financial assets classified as those measured at fair value through profit or loss	23,184,117	12,703,507
Including: Debt instrument investments	23,131,691	12,483,274
Equity instrument investments	52,426	220,233
	23,184,117	12,703,507

3 Derivative financial assets

	December 31, 2023	January 1, 2023
Foreign exchange forwards and foreign exchange swaps	73,645	206,398
Interest rate swaps	34,363	154,636
	108,008	361,034

4 Notes receivable

(1) Notes receivable by category

	December 31, 2023	January 1, 2023
Bank acceptance notes	615,059	512,767
Trade acceptance notes	333	82
	615,392	512,849

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

4 Notes receivable (continued)

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

	December 31, 2023				January 1, 2023					
	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	615,392	100%	-	-	615,392	512,849	100%	-	-	512,849
Including: low-risk portfolio	615,059	99.95%	-	-	615,059	512,767	99.98%	-	-	512,767
By aging analysis	333	0.05%	-	-	333	82	0.02%	-	-	82
	<u>615,392</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>615,392</u>	<u>512,849</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>512,849</u>

(3) As at December 31, 2023, notes receivable in pledge were RMB499,930,000.

(4) As at December 31, 2023, endorsed or discounted notes receivable that were outstanding and derecognized amounted to RMB391,566,000 and endorsed or discounted notes receivable that were outstanding and not derecognized amounted to RMB9,923,000.

5 Accounts receivable

	December 31, 2023	January 1, 2023
Accounts receivable	22,362,875	14,505,731
Less: allowance for doubtful accounts	<u>359,224</u>	<u>454,070</u>
	<u>22,003,651</u>	<u>14,051,661</u>

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

5 Accounts receivable (continued)

- (1) Accounts receivable as at December 31, 2023 are classified as follows by how the doubtful debts were provisioned:

	December 31, 2023		
	Gross amount	Allowance	
		Lifetime ECL rate	Gross amount
Accounts receivable for which the related allowances for doubtful accounts were established on the individual basis	234,417	86.58%	202,962
Of which:			
Accounts receivable	234,417	86.58%	202,962
Accounts receivable for which the related allowances for doubtful accounts were established on the grouping basis	22,128,458	0.71%	156,262
Of which:			
Group 1: by aging analysis	16,628,590	0.39%	65,631
Group 2: by tariff	870,234	0.01%	61
Group 3: by photovoltaics	3,742,046	2.06%	77,006
Group 4: other silicon materials	887,588	1.53%	13,564
	<u>22,362,875</u>		<u>359,224</u>

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

	December 31, 2023		January 1, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	21,061,059	94.18%	13,254,660	91.37%
1 to 2 years	489,084	2.19%	350,702	2.42%
2 to 3 years	193,256	0.86%	339,078	2.34%
Over 3 years	619,476	2.77%	561,291	3.87%
	<u>22,362,875</u>	100%	<u>14,505,731</u>	100%

TCL Technology Group Corporation
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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, 2023

Beginning amount		454,070
New subsidiary		2,182
Accrued in current period		36,362
Reversal of current period		(91,224)
Write-off of current period		(42,199)
Reduced subsidiary		(372)
Exchange adjustment		405
		405
Ending amount		359,224

(4) On December 31, 2023, the accounts receivable of the top five balances are as follows:

	December 31, 2023	January 1, 2023
Total amount owed by the top five	10,129,405	5,422,959
Proportion of total accounts receivable	45.30%	37.38%

(5) Accounts receivable derecognized due to transfer of financial assets

		Amount	
Item	Methods of transfer of financial assets	derecognized for the period	Gain or loss on derecognition
Accounts receivable	Discounting and factoring	7,223,995	(47,893)

6 Receivables financing

	December 31, 2023	January 1, 2023
Notes receivable financing	954,410	1,103,128
	954,410	1,103,128

Note As at December 31, 2023, endorsed or discounted notes receivable that were outstanding and derecognized amounted to RMB16,096,035,000 and endorsed or discounted notes receivable that were outstanding and not derecognized amounted to RMB23,880,000.

As of December 31, 2023, the Company believes that financing for the receivables it held did not have significant credit risks 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, 2023
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V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	December 31, 2023	January 1, 2023
Within 1 year	2,798,957	3,586,208
1-2 years	138,561	5,556
2-3 years	7,423	1,530
Over 3 years	1,347	563
	<u>2,946,288</u>	<u>3,593,857</u>

(2) As of December 31, 2023, the prepayments of the top five balances are as follows:

	December 31, 2023	January 1, 2023
Total amount owed by the top five	1,790,548	2,655,698
As % of total prepayments	60.77%	73.90%

8 Other receivables

	December 31, 2023	January 1, 2023
Dividends receivable	1,381,490	1,226
Other receivables	<u>4,325,365</u>	<u>4,032,022</u>
	<u>5,706,855</u>	<u>4,033,248</u>

(1) Dividends receivable

	December 31, 2023	January 1, 2023
Others	1,398,536	1,226
Less: allowance for doubtful accounts	<u>17,046</u>	<u>-</u>
	<u>1,381,490</u>	<u>1,226</u>

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

8 Other receivables (continued)

(1) Dividends receivable (continued)

(a) Presentation of provision for bad debts on dividends receivable by category

Category	December 31, 2023					January 1, 2023				
	Gross amount		Allowance		Carrying amount	Gross amount		Allowance		Carrying amount
	Amount	Ratio (%)	Amount	Percentage		Amount	Ratio (%)	Amount	Percentage	
Allowances for bad debts accrued on an individual basis	1,398,536	100%	17,046	1.22%	1,381,490	1,226	100%	-	-	1,226
	<u>1,398,536</u>	<u>100%</u>	<u>17,046</u>	<u>1.22%</u>	<u>1,381,490</u>	<u>1,226</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>1,226</u>

(2) Other receivables

	December 31, 2023	January 1, 2023
Other receivables	4,691,149	4,259,495
Less: allowance for doubtful accounts	<u>365,784</u>	<u>227,473</u>
	<u>4,325,365</u>	<u>4,032,022</u>

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

	December 31, 2023	January 1, 2023
Subsidy receivables	2,342,535	1,868,634
Equity transfer receivables	618,752	1,073,246
Security and deposits	497,819	479,269
Others	<u>866,259</u>	<u>610,873</u>
	<u>4,325,365</u>	<u>4,032,022</u>

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

8 Other receivables (continued)

(2) Other receivables (continued)

(b) Presentation of provision for bad debts on other receivables by category

Category	December 31, 2023				Carrying amount	January 1, 2023				Carrying amount
	Gross amount Amount	Ratio (%)	Allowance Amount	Percent age		Gross amount Amount	Ratio (%)	Allowance Amount	Percent age	
Allowances for bad debts accrued on an individual basis	426,084	9.08%	293,600	68.91%	132,484	177,351	4.16%	160,740	90.63%	16,611
Provisions for bad debts accrued on a portfolio basis	4,265,065	90.92%	72,184	1.69%	4,192,881	4,082,144	95.84%	66,733	1.63%	4,015,411
	<u>4,691,149</u>	<u>100%</u>	<u>365,784</u>	<u>7.80%</u>	<u>4,325,365</u>	<u>4,259,495</u>	<u>100%</u>	<u>227,473</u>	<u>5.34%</u>	<u>4,032,022</u>

Among other receivables for which provisions for bad debts are accrued on an individual basis, important other receivables are RMB234,837,000, and the balance of the provisions for bad debts correspondingly accrued is RMB211,353,000.

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
January 1, 2023	68,114	134,786	24,573	227,473
Transfer into the stage 3	(8,019)	(105,368)	113,387	-
Return to the stage 1	127	(29)	(98)	-
Current accrual	13,657	-	204,386	218,043
Increase of new subsidiaries	794	-	-	794
Reversal of current period	(12,279)	-	(135)	(12,414)
Write-off of current period	-	(424)	(67,616)	(68,040)
Decrease due to disposal of subsidiaries	(61)	-	-	(61)
Exchange adjustment	(11)	-	-	(11)
December 31, 2023	<u>62,322</u>	<u>28,965</u>	<u>274,497</u>	<u>365,784</u>

Among the amount written off in the current period, single other receivables with significance were written off by RMB52,122,000.

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

8 Other receivables (continued)

(d) The aging of other receivables is analyzed as follows:

	December 31, 2023		January 1, 2023	
	Carrying amount	Ratio (%)	Carrying amount	Ratio (%)
Within 1 year	3,192,635	68.05%	3,209,877	75.35%
1 to 2 years	785,690	16.75%	417,448	9.80%
2 to 3 years	371,464	7.92%	258,284	6.07%
Over 3 years	341,360	7.28%	373,886	8.78%
	<u>4,691,149</u>	<u>100%</u>	<u>4,259,495</u>	<u>100%</u>

(e) As of December 31, 2023, the other receivables of the top five balances are as follows:

	December 31, 2023	January 1, 2023
Total amount owed by the top five	3,006,544	2,324,850
As % of total other receivables	64.09%	54.58%

(f) On December 31, 2023, 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
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V Notes to Consolidated Financial Statements (Continued)

9 Inventories

(1) Inventories are classified as follows:

	December 31, 2023			January 1, 2023		
	Carrying balance	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount	Carrying balance	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount
Raw materials	6,605,273	636,587	5,968,686	5,604,506	979,845	4,624,661
Work in progress	3,656,706	659,073	2,997,633	3,674,059	421,558	3,252,501
Finished Goods	10,640,524	1,536,291	9,104,233	11,512,597	1,705,750	9,806,847
Turnover materials	412,583	1,380	411,203	318,291	1,178	317,113
	<u>21,315,086</u>	<u>2,833,331</u>	<u>18,481,755</u>	<u>21,109,453</u>	<u>3,108,331</u>	<u>18,001,122</u>

As of December 31, 2023, the Company had no inventory for liabilities guarantee.

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

	January 1, 2023	Amount of increase in the current period		Amount of decrease in the current period			December 31, 2023
		Accrued in current period	Others	Reversal of current period	Write-off of current period	Others	
Raw materials	979,845	886,495	80,523	(494,111)	(813,741)	(2,424)	636,587
Work in progress	421,558	893,203	50,030	(117,074)	(588,911)	267	659,073
Finished Goods	1,705,750	2,804,069	31,144	(324,392)	(2,679,109)	(1,171)	1,536,291
Turnover materials	1,178	222	-	(20)	-	-	1,380
	<u>3,108,331</u>	<u>4,583,989</u>	<u>161,697</u>	<u>(935,597)</u>	<u>(4,081,761)</u>	<u>(3,328)</u>	<u>2,833,331</u>

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

10 Contract assets

(1) Contract assets are classified as follows:

	December 31, 2023			January 1, 2023		
	Carrying balance	Allowance for doubtful accounts	Carrying amount	Carrying balance	Allowance for doubtful accounts	Carrying amount
Electricity charges receivable	362,058	18,151	343,907	327,543	12,376	315,167

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

	January 1, 2023	Current Accrual	Current Reversal or write-off	Other increases and decreases	December 31, 2023
Electricity charges	12,376	11,493	(2,936)	(2,782)	18,151

11 Held-for-sale assets

Item	Ending balance	Impairment allowance	Ending carrying amount	Fair value	Estimated disposal cost	Estimated disposal period
Assets for sale	162,416	-	162,416	252,694	14,264	Within 1 year
assets	162,416	-	162,416	252,694	14,264	

12 Non-current assets due within one year

	December 31, 2023	January 1, 2023
Other non-current assets due within one year	461,179	-
Debt investments due within one year	119,516	-
	580,695	-

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V Notes to Consolidated Financial Statements (Continued)

13. Other current assets

	December 31, 2023	January 1, 2023
Short-term debt investments	28,563	939,864
VAT to be deducted, to be certified, etc.	4,244,948	3,775,842
Loans and advances to customers	845,764	640,917
Others	167,259	82,313
	5,286,534	5,438,936

14 Debt Investments

	December 31, 2023	January 1, 2023
Treasury bonds and corporate bonds	122,349	741,703

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V Notes to Consolidated Financial Statements (Continued)

15 Long-term receivables

	December 31, 2023			January 1, 2023			Discount rate
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	
Finance lease	720,281	-	720,281	631,373	-	631,373	
Including: Unrealized financing income	(518,000)	-	(518,000)	(781,934)	-	(781,934)	8.115%
	720,281	-	720,281	631,373	-	631,373	

16 Long-term equity investments

	December 31, 2023			January 1, 2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates (1)	26,404,102	1,452,985	24,951,117	29,065,027	329,479	28,735,548
Joint ventures (2)	529,657	49,503	480,154	570,171	49,503	520,668
	26,933,759	1,502,488	25,431,271	29,635,198	378,982	29,256,216

As of December 31, 2023, the Company made impairment allowances for long-term equity investments in investees with poor management and insolvent assets.

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

16 Long-term equity investments (continued)

(1) Associates

Name of investee	January 1, 2023	Increase or decrease in current period							December 31, 2023
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit	Accrued Impairment allowance	Other increases and decreases	
Bank of Shanghai Co., Ltd.	12,809,374	-	1,251,665	(7,708)	-	(327,157)	-	-	13,726,174
China Innovative Capital Management Limited	944,392	-	25,698	-	-	-	-	210	970,300
LG Electronics (Huizhou) Co., Ltd.	89,772	-	13,438	-	-	(13,400)	-	-	89,810
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	27,358	(40,000)	(1,144)	1,635	-	-	-	12,151	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	15,273	-	4,367	2	-	-	-	-	19,642
Shenzhen Tixiang Business Management Technology Co., Ltd.	1,147	-	216	-	-	-	-	12	1,375
TCL Air Conditioner (Wuhan) Co., Ltd.	40,610	-	372	-	-	-	-	-	40,982
TCL Finance (Hong Kong) Co., Limited	109,943	-	1,153	-	-	-	-	-	111,096
Urumqi TCL Equity Investment Management Co., Ltd.	1,090	-	(3)	-	-	-	-	-	1,087
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,413,073	(236,822)	(16,932)	-	-	-	-	-	1,159,319
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	365,511	44,177	45,027	(1)	-	(29,243)	-	-	425,471
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	126,213	(8,668)	31,573	-	-	-	-	-	149,118

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V Notes to Consolidated Financial Statements (Continued)

16 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2023	Increase or decrease in current period							December 31, 2023
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Provision for impairment	Other increases and decreases	
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	372,687	(19,173)	(42,773)	-	-	(35,798)	-	-	274,943
Wuxi TCL Aisikai Bandaoti Industry Investment Fund Partnership (Limited Partnership)	310,930	(5,061)	(27,116)	-	-	-	-	-	278,753
Wuxi TCL Venture Capital Partnership (Limited Partnership)	36,850	-	(34)	26	-	-	-	-	36,842
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	23,342	-	8,841	-	-	-	-	-	32,183
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership)	15,057	-	330	1,448	-	(1,069)	-	-	15,766
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	19,726	(321)	1,455	2	-	-	-	-	20,862
Huizhou Kaichuang Venture Investment Partnership (Limited Partnership)	8,695	-	(12)	220	-	-	-	-	8,903
Beijing A Dynamic Venture Capital Center (Limited Partnership)	7,636	-	(3,498)	-	-	-	-	-	4,138
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership)	4,820	-	(611)	3	-	-	-	-	4,212
Shenzhen Chuangdong New Industry Investment Fund Enterprise (Limited Partnership)	2,338	-	(3)	-	-	-	-	-	2,335
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	11,553	-	1,574	-	-	(3,000)	-	-	10,127
Huizhou Kaimeng Angel Investment Partnership (Limited Partnership)	2,543	-	(53)	-	-	-	-	-	2,490
Ningbo Jiutian Matrix Investment Management Co., Ltd.	2,597	6,800	455	-	-	-	-	-	9,852
Urumqi Qixinda Equity Investment Management Co., Ltd.	4,502	-	873	-	-	-	-	-	5,375

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V Notes to Consolidated Financial Statements (Continued)

16 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2023	Increase or decrease in current period						December 31, 2023		
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance		Other increases and decreases	
Urumqi TCL Create Dynamic Equity Investment Management Co., Ltd.	759	-	(1)	-	-	-	-	-	758	
Beijing A Dynamic Investment Consulting Co., Ltd.	467	-	(4)	-	-	-	-	-	463	
Shanghai Gen Auspicious Investment Management Co., Ltd.	2,511	-	(23)	-	-	(1,753)	-	-	735	
Nanjing A Dynamic Equity Investment Fund Management Co., Ltd.	279	-	(2)	-	-	-	-	-	277	
Wuxi TCL Medical Imaging Technology Co., Ltd.	25,837	(644)	(7,341)	-	-	-	-	153	18,005	
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	880,249	-	(19,476)	-	-	(3,700)	-	-	857,073	
TCL Ventures Fund L.P.	29,018	(19,698)	1,562	-	-	3,656	-	(14,538)	-	
Getech Ltd.	83,660	-	(1,560)	(5)	-	-	-	-	82,095	
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	502,444	328,430	59,337	-	-	-	(19,937)	-	-	870,274
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	167,809	-	13,024	-	-	-	-	-	-	180,833

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V Notes to Consolidated Financial Statements (Continued)

16 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2023	Increase/decrease in investment in current period	Increase or decrease in current period					December 31, 2023	
			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
Shenzhen Xinhuo yicheng Recreational and Sports Industry Co., Ltd.	1,388	-	(112)	-	-	-	-	-	1,276
JOLED Incorporation	159,302	-	(17,043)	-	-	-	(134,687)	(7,572)	-
Sichuan Shengtian New Energy Development Co., Ltd.	508,492	-	32,440	-	-	(9,128)	-	-	531,804
SunPower Systems International Limited	28,345	-	1,861	-	-	-	-	-	30,206
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	4,118	-	(1,625)	-	-	-	-	-	2,493
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	136,682	-	(357)	-	-	-	-	-	136,325
Hunan Guoxin Bandaoti Technology Co., Ltd.	9,825	-	64	-	-	-	-	-	9,889
Maxeon Solar Technologies, Ltd.	1,620,417	290,027	(338,643)	-	-	-	(1,013,423)	64,390	622,768
Xinjiang Goens Energy Technology Co., Ltd. (Note)	3,919,465	(1,123,330)	557,009	-	-	(3,353,144)	-	-	-
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	-	(12,000)	-	-	-	-	-	12,000	-
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	657,615	38,510	36,561	-	-	(4,986)	-	-	727,700
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	5,125	(2,000)	1,142	-	-	-	-	-	4,267
Ningbo Zhongxin Venture Capital Partnership (Limited Partnership)	144,968	(698)	(1,959)	-	-	-	-	-	142,311

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16 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2023	Increase/decrease in investment in current period	Increase or decrease in current period						December 31, 2023
			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 Bandaoti (Tianjin) Co., Ltd.	393,946	89,460	(52,272)	-	-	-	-	-	431,134
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	1,012	-	475	-	-	-	-	-	1,487
Inner Mongolia Huanye Material Co., Ltd.	6,163	-	1,059	-	-	-	-	-	7,222
Shenzhen Shutuo Technology Co., Ltd.	38,202	-	2,409	-	-	-	-	(1,364)	39,247
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	69,540	-	(42,523)	(44)	1,164	-	-	-	28,137
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	25,910	(7,202)	498	-	-	-	-	30,695	49,901
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	3,936	-	6,455	-	-	-	-	-	10,391
Purplevine Holdings Limited	1,629	-	(1,398)	-	-	-	-	10,164	10,395
Xinxin Bandaoti Technology Co., Ltd.	1,798,784	-	(34,120)	-	-	-	-	(1,764,664)	-
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	117,886	440,000	(9,984)	-	-	-	-	1,237	549,139
Inner Mongolia Xinhua Silicon Energy Technology Co., Ltd.	127,847	1,668,000	(50,230)	-	-	-	-	-	1,745,617
Shanghai Feilihua Shichuang Technology Co., Ltd.	41,054	-	2,035	-	-	-	-	6,703	49,792
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd.	-	-	3,628	-	-	-	-	8,787	12,415
Xi'an Simovi New Material Co., Ltd.	-	30,000	334	-	-	-	-	539	30,873
Guangdong TCL New Technology Co., Ltd.	-	1,767	-	-	-	-	-	-	1,767
Hubei Consumer Finance Co., Ltd.	166,077	-	13,332	-	-	-	-	-	179,409
Tianjin Qiyier Communication & Broadcasting Co., Ltd.	287,755	(58,722)	13,694	-	-	(2,548)	-	(56,696)	183,483
	<u>28,735,548</u>	<u>1,402,832</u>	<u>1,463,104</u>	<u>(4,422)</u>	<u>1,164</u>	<u>(3,801,207)</u>	<u>(1,148,110)</u>	<u>(1,697,792)</u>	<u>24,951,117</u>

Note: Xinjiang Xiexin New Energy Materials Technology Co., Ltd. was renamed as Xinjiang Goens Energy Technology Co., Ltd. in May 2023.

Note: Xinxin Bandaoti Technology Co., Ltd. was acquired by Zhonghuan Advanced Bandaoti Technology Co., Ltd., a subsidiary of the Company, in February 2023 and became a subsidiary of the Company.

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

16 Long-term equity investments (continued)

(2) Joint ventures

Name of investee	January 1, 2023	Increase/decrease in investment in current period	Increase or decrease in current period						December 31, 2023
			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	
Zhangjiakou Qixin Equity Investment Fund Partnership	86,975	-	(22,184)	-	-	(13,105)	-	-	51,686
Tianjin Huanyan Technology Co., Ltd.	140,793	-	(810)	-	-	-	-	-	139,983
TCL Huizhou City, Kai Enterprise Management Limited	1,347	-	12	-	-	-	-	-	1,359
Huizhou TCL Human Resources Service Co., Ltd.	6,274	-	2,656	-	-	-	-	-	8,930
TCL Microchip Technology (Guangdong) Co., Ltd.	285,279	60,000	(79,117)	-	12,034	-	-	-	278,196
	<u>520,668</u>	<u>60,000</u>	<u>(99,443)</u>	<u>-</u>	<u>12,034</u>	<u>(13,105)</u>	<u>-</u>	<u>-</u>	<u>480,154</u>

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

16 Long-term equity investments (continued)

(3) Impairment allowances for long-term equity investments

	January 1, 2023	Increase in the period	Decrease in the period	Other changes	December 31, 2023	Note
Pride Telecom Limited	1,624	-	-	(210)	1,414	Note 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	49,503	-	-	-	49,503	Note 1
JOLED Incorporation	318,604	134,687	-	(15,143)	438,148	Note 2
Maxeon Solar Technologies, Ltd.	-	1,013,423	-	-	1,013,423	Note 3
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	9,251	-	(9,251)	-	-	
	<u>378,982</u>	<u>1,148,110</u>	<u>(9,251)</u>	<u>(15,353)</u>	<u>1,502,488</u>	

Note 1 Provisions for impairment were accrued for the long-term equity investments in these investees at recoverable amounts because continuous operations loss occurred to these investees with poor management.

Note 2 This company has made an application to the Tokyo District Court for initiating a bankruptcy reorganization procedure named “civil regeneration”, and the Company has fully accrued provisions for impairment of long-term equity investments at their carrying amount.

Note 3 This company’s products were mainly affected by such factors of the market location as the economy, policies and prices, and its performance did not meet expectations. Since H2 2023, its stock price has began to decline significantly. With reference to the market price of this company’s stock (calculated at its closing price on NASDAQ as at December 29, 2023), the Company recognized a recoverable amount of RMB622,768,000 net of disposal costs and accrued A provision for impairment of RMB1,013,423,000 for long-term equity investments.

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V Notes to Consolidated Financial Statements (Continued)

17 Investments in other equity instruments

	December 31, 2023	January 1, 2023
Stocks	17,127	66,706
Equity of unlisted companies	369,521	373,290
	386,648	439,996

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
Stocks	-	3,243	(193,481)		Being held long term for strategic purposes
Equity of unlisted companies	-	10,561	(25,959)		Being held long term for strategic purposes
Total	-	13,804	(219,440)	-	-

18 Other non-current financial assets

	December 31, 2023	January 1, 2023
Equity investments	2,770,251	2,928,827
Debt investments	201,315	-
	2,971,566	2,928,827

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V Notes to Consolidated Financial Statements (Continued)

19 Investment property

	Houses and buildings	Land use rights	Total
Gross amount:			
January 1, 2023	1,067,479	205,633	1,273,112
Increase	109,863	15,961	125,824
Reclassified from fixed assets and intangible assets	109,863	15,961	125,824
Decreases	(55,862)	(1,918)	(57,780)
Reclassified to fixed assets and intangible assets	(50,022)	-	(50,022)
Other decreases	(5,840)	(1,918)	(7,758)
December 31, 2023	<u>1,121,480</u>	<u>219,676</u>	<u>1,341,156</u>
Accumulated depreciation and amortization:			
January 1, 2023	235,474	38,402	273,876
Increase	91,258	6,388	97,646
Accrued in current period	22,925	4,511	27,436
Reclassified from fixed assets and intangible assets	68,333	1,877	70,210
Decreases	(9,899)	(37)	(9,936)
Reclassified to fixed assets and intangible assets	(9,372)	-	(9,372)
Other decreases	(527)	(37)	(564)
December 31, 2023	<u>316,833</u>	<u>44,753</u>	<u>361,586</u>
Investment property, net:			
December 31, 2023	<u>804,647</u>	<u>174,923</u>	<u>979,570</u>
January 1, 2023	<u>832,005</u>	<u>167,231</u>	<u>999,236</u>
Impairment allowance:			
January 1, 2023	52,787	-	52,787
Increase	15,104	-	15,104
Increase in the period	15,104	-	15,104
Decreases	-	-	-
Decrease in the period	-	-	-
December 31, 2023	<u>67,891</u>	<u>-</u>	<u>67,891</u>
Investment property, net:			
December 31, 2023	<u>736,756</u>	<u>174,923</u>	<u>911,679</u>
January 1, 2023	<u>779,218</u>	<u>167,231</u>	<u>946,449</u>

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

20 Fixed assets

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Gross amount:							
January 1, 2023	44,979,606	174,755,648	2,737,234	261,094	2,361,429	27,226	225,122,237
Increase	10,408,101	60,125,440	600,019	51,401	119,609	8,972	71,313,542
Acquisition and other	111,974	880,705	120,988	31,689	1,000	4,422	1,150,778
New subsidiary	1,771,267	3,259,428	12,973	2,618	-	-	5,046,286
Reclassified from investment property	50,022	-	-	-	-	-	50,022
Reclassified from construction in progress	8,474,838	55,985,307	466,058	17,094	118,609	4,550	65,066,456
Decreases	(443,133)	(6,668,274)	(81,971)	(6,171)	(135,438)	(9,032)	(7,344,019)
Written down with public grants	(3,846)	(1,281,698)	(790)	-	-	-	(1,286,334)
Reclassified to investment property	(109,863)	-	-	-	-	-	(109,863)
Other decreases	(329,424)	(5,386,576)	(81,181)	(6,171)	(135,438)	(9,032)	(5,947,822)
Exchange adjustment	10,072	(2,214)	1,526	343	-	771	10,498
December 31, 2023	54,954,646	228,210,600	3,256,808	306,667	2,345,600	27,937	289,102,258
Accumulated depreciation:							
January 1, 2023	7,827,013	80,699,683	1,726,432	165,109	514,036	15,930	90,948,203
Increase	1,987,325	19,623,572	297,118	42,074	84,502	4,762	22,039,353
Accrual	1,851,730	18,753,835	287,124	40,812	84,502	4,762	21,022,765
New subsidiary	126,223	239,053	9,994	1,262	-	-	376,532
Reclassified from investment property	9,372	-	-	-	-	-	9,372
Other increases	-	630,684	-	-	-	-	630,684
Decreases	(149,952)	(1,680,893)	(56,278)	(4,043)	(18,972)	(5,799)	(1,915,937)
Reclassified to investment property	(68,333)	-	-	-	-	-	(68,333)
Other decreases	(81,619)	(1,680,893)	(56,278)	(4,043)	(18,972)	(5,799)	(1,847,604)
Exchange adjustment	1,146	501	722	245	-	286	2,900
December 31, 2023	9,665,532	98,642,863	1,967,994	203,385	579,566	15,179	111,074,519
Fixed assets, net:							
December 31, 2023	45,289,114	129,567,737	1,288,814	103,282	1,766,034	12,758	178,027,739
January 1, 2023	37,152,593	94,055,965	1,010,802	95,985	1,847,393	11,296	134,174,034

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V Notes to Consolidated Financial Statements (Continued)

20 Fixed assets (continued)

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Impairment allowance: January 1, 2023	766,317	832,173	35,290	111	62,059	412	1,696,362
Accrued in current period	-	3,407	-	-	-	-	3,407
Write-off of current period	(4,602)	(74,865)	(80)	-	-	-	(79,547)
Other transfers out	(15,104)	-	-	-	-	-	(15,104)
December 31, 2023	746,611	760,715	35,210	111	62,059	412	1,605,118
Fixed assets, carrying amount: December 31, 2023	44,542,503	128,807,022	1,253,604	103,171	1,703,975	12,346	176,422,621
January 1, 2023	36,386,276	93,223,792	975,512	95,874	1,785,334	10,884	132,477,672

Please refer to Item 82 of Note V for information on fixed asset pledge. As at December 31, 2023, the gross amount of the fixed assets that were fully depreciated and still in use was RMB50,139,955,000.

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)	18,258,415	Expected to be completed in 2024

Note As at December 31, 2023, the fixed assets with pending ownership certificates of the Company were mainly the buildings and constructions of CSOT's t3, t5 and t9 manufacturing bases, as well as the buildings and constructions of Inner Mongolia Zhonghuan Crystal Material Co., Ltd., Tianjin Zhonghuan Advanced Material&Technology Co., Ltd. and Tianjin Huanhai Industrial Park Co., Ltd.

21 Construction in progress

(1) Schedule of construction in progress

	December 31, 2023	January 1, 2023
Construction in progress	17,013,179	52,063,442
Less: Impairment allowance	13,127	9,608
	<u>17,000,052</u>	<u>52,053,834</u>

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V Notes to Consolidated Financial Statements (Continued)

21 Construction in progress (continued)

(2) Changes to construction in progress

Project name	Budget	January 1, 2023	Increase in the period	Transfer-in in current period Fixed assets	Other movements	December 31, 2023	Accumulated investment in the project as % of budget	Project progress	Cumulative capitalized interest	Including: capitalized interest in current period	Interest capitalization rate for current period	Funding source
t9 production line of LCD panel	31,500,000	10,383,892	3,368,415	(13,098,442)	(290,227)	363,638	74.77%	Under construction	274,494	130,108	3.68%	Proprietary funds, proceeds from share offering and loans
Large-diameter bandaoti silicon wafers for integrated circuit	5,410,520	1,630,505	2,069,243	(259,497)	(452,287)	2,987,964	79.36%	Under construction	5,326	4,688	3.35%	Self-funded and financed funds
50GW (G12) solar-grade monocrystalline silicon material smart factory project	10,979,740	3,667,153	3,153,523	(5,798,298)	(96,391)	925,986	96.83%	Under construction	152,096	59,997	2.26%	Self-funded and financed funds
Smart factory with an annual output of 35GW high-purity solar ultra-thin monocrystalline silicon	3,650,050	-	1,325,407	(332,793)	-	992,614	36.31%	Under construction	3,870	3,870	2.90%	Self-funded and financed funds
Bandaoti silicon wafers for integrated circuit	10,500,000	-	2,278,929	(744,148)	(351,462)	1,183,319	62.01%	Under construction	385,773	641	6.15%	Self-funded and financed funds
Production line of 8-12-inch bandaoti silicon wafers for integrated circuit	5,707,172	1,130,031	620,597	(457,989)	(33,164)	1,259,475	87.46%	Under construction	20,628	19,095	3.35%	Self-funded and financed funds
Others	Not applicable	35,242,253	19,586,151	(44,375,289)	(1,166,060)	9,287,055						
		<u>52,053,834</u>	<u>32,402,265</u>	<u>(65,066,456)</u>	<u>(2,389,591)</u>	<u>17,000,052</u>						

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V Notes to Consolidated Financial Statements (Continued)

22 Right-of-use assets

	Houses and buildings	Transportation equipment	Machinery equipment	Land use rights	Total
Gross amount:					
January 1, 2023	4,293,124	1,430	1,110,462	134,541	5,539,557
Increase	1,732,859	750	366,699	43,265	2,143,573
New subsidiary	35,402	-	212,139	-	247,541
Leased in	1,192,877	750	-	43,265	1,236,892
Other increases	504,580	-	154,560	-	659,140
Decreases	(70,742)	(302)	(280,790)	(55,039)	(406,873)
Reduced subsidiary	-	-	(241,052)	(55,039)	(296,091)
Reduction due to contract revision	(9,122)	-	-	-	(9,122)
Other decreases	(61,620)	(302)	(39,738)	-	(101,660)
Exchange adjustment	8,543	17	-	-	8,560
December 31, 2023	<u>5,963,784</u>	<u>1,895</u>	<u>1,196,371</u>	<u>122,767</u>	<u>7,284,817</u>
Accumulated depreciation:					
January 1, 2023	227,403	912	189,886	11,232	429,433
Increase	395,404	630	158,911	16,240	571,185
New subsidiary	13,212	-	32,082	-	45,294
Accrual	382,192	630	126,829	16,240	525,891
Decreases	(49,711)	(302)	(50,065)	(3,304)	(103,382)
Other decreases	(49,711)	(302)	(50,065)	(3,304)	(103,382)
Exchange adjustment	1,131	4	-	-	1,135
December 31, 2023	<u>574,227</u>	<u>1,244</u>	<u>298,732</u>	<u>24,168</u>	<u>898,371</u>
Right-of-use assets, carrying amount:					
December 31, 2023	<u>5,389,557</u>	<u>651</u>	<u>897,639</u>	<u>98,599</u>	<u>6,386,446</u>
January 1, 2023	<u>4,065,721</u>	<u>518</u>	<u>920,576</u>	<u>123,309</u>	<u>5,110,124</u>
Impairment allowance:					
January 1, 2023	-	-	-	-	-
December 31, 2023	-	-	-	-	-
Right-of-use assets, carrying amount					
December 31, 2023	<u>5,389,557</u>	<u>651</u>	<u>897,639</u>	<u>98,599</u>	<u>6,386,446</u>
January 1, 2023	<u>4,065,721</u>	<u>518</u>	<u>920,576</u>	<u>123,309</u>	<u>5,110,124</u>

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V Notes to Consolidated Financial Statements (Continued)

23 Intangible assets

	Land use rights	Non-patent technologies /patents	Others	Total
Gross amount:				
January 1, 2023	9,216,257	11,350,477	1,995,650	22,562,384
Increase	308,048	2,561,245	952,236	3,821,529
New subsidiary	306,180	405,374	170,486	882,040
Purchase	1,868	284,256	162,447	448,571
Reclassified from investment property	-	-	-	-
Reclassified from development costs	-	1,871,615	-	1,871,615
Others	-	-	619,303	619,303
Decreases	(138,422)	(100,663)	(16,359)	(255,444)
Sale and disposal	(43,966)	(14,625)	(7,786)	(66,377)
Reclassified to investment property	(15,961)	-	-	(15,961)
Reduced subsidiary	(3,144)	-	(426)	(3,570)
Other decreases	(75,351)	(86,038)	(8,147)	(169,536)
Exchange adjustment	-	1,496	465	1,961
December 31, 2023	<u>9,385,883</u>	<u>13,812,555</u>	<u>2,931,992</u>	<u>26,130,430</u>
Accumulated amortization:				
January 1, 2023	1,018,407	3,685,498	926,432	5,630,337
Increase	280,179	1,406,581	318,158	2,004,918
Accrual	264,541	1,382,848	259,956	1,907,345
New subsidiary	15,638	23,733	58,202	97,573
Decreases	(18,739)	(39,779)	(12,343)	(70,861)
Sale and disposal	(3,842)	(5,913)	(6,900)	(16,655)
Reclassified to investment property	(1,877)	-	-	(1,877)
Reduced subsidiary	(157)	-	(426)	(583)
Other decreases	(12,863)	(33,866)	(5,017)	(51,746)
Exchange adjustment	-	(2,484)	269	(2,215)
December 31, 2023	<u>1,279,847</u>	<u>5,049,816</u>	<u>1,232,516</u>	<u>7,562,179</u>
Intangible assets, net:				
December 31, 2023	<u>8,106,036</u>	<u>8,762,739</u>	<u>1,699,476</u>	<u>18,568,251</u>
January 1, 2023	<u>8,197,850</u>	<u>7,664,979</u>	<u>1,069,218</u>	<u>16,932,047</u>
Impairment allowance:				
January 1, 2023	23,562	113,406	11,148	148,116
Accrual	-	-	-	-
Exchange adjustment	-	591	-	591
December 31, 2023	<u>23,562</u>	<u>113,997</u>	<u>11,148</u>	<u>148,707</u>
Intangible assets, carrying amount:				
December 31, 2023	<u>8,082,474</u>	<u>8,648,742</u>	<u>1,688,328</u>	<u>18,419,544</u>
January 1, 2023	<u>8,174,288</u>	<u>7,551,573</u>	<u>1,058,070</u>	<u>16,783,931</u>

As at December 31, 2023, the total carrying amount of land use rights for which the title certificate has not been registered properly was RMB12,745,000.

Please refer to Item 82 of Note V for information on collateralized intangible assets.

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V Notes to Consolidated Financial Statements (Continued)

24 Development costs

Development expenditures are presented as follows:

	December 31, 2023	January 1, 2023
Display	1,455,110	2,172,507
New energy photovoltaic & materials	1,086,383	1,006,700
	2,541,493	3,179,207

25 Goodwill

(1) Gross amount of goodwill

		January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
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 Bandaoti 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
Suzhou China Star Environmental Protection Technology Co., Ltd.	Note 8	-	43,408	-	43,408
Xinxin Bandaoti Technology Co., Ltd.	Note 9	-	1,180,005	-	1,180,005
Techigh Circuit Technology (Huizhou) Co., Ltd.	Note 10	-	131,477	-	131,477
		9,190,819	1,354,890	-	10,545,709

(2) Goodwill impairment allowance

		January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
TCL Medical Radiological Technology (Beijing) Co., Ltd.		28,967	-	-	28,967
		28,967	-	-	28,967

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V Notes to Consolidated Financial Statements (Continued)

25 Goodwill (continued)

(2) Goodwill impairment allowance (continued)

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% equity) and the fair value of the net identifiable assets of TCL Medical Radiological Technology attributable to the Company on the settlement date (equal to RMB28,967,000) was recorded in the Company's goodwill. An impairment allowance of RMB 28,967,000 had been made on such goodwill in 2018.

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 this item.

Note 3 Tianjin Huan’Ou Bandaoti Material&Technology Co., Ltd. is a subsidiary of TCL Technology Group (Tianjin) Co., Ltd., 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% equity) and the fair value of the net identifiable assets of TCL Technology Group (Tianjin) Co., Ltd. attributable to the Company on the settlement date (equal to RMB6,726,130,000) was recorded in this item. The goodwill mainly consists of 2 asset groups: the new energy photovoltaic and other silicon 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% equity) 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 this item.

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% equity) 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 this item.

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% equity) and the fair value of the net identifiable assets of Huizhou Kedate Smart Display Technology Co., Ltd. attributable to the Company on the settlement date (equal to RMB3,011,000) was recorded in this item.

Note 8 Suzhou China Star Optoelectronics Technology Co., Ltd., a subsidiary of the Company, completed the acquisition of 100% equity of Suzhou China Star Environmental Protection Technology Co., Ltd. in May 2023 at a cash consideration of RMB344,942,000. As at the date of this transaction, the difference (RMB43,408,000) between the investment amount i.e. the 100% equity of Suzhou China Star Environmental Protection Technology Co., Ltd. held by Suzhou China Star Optoelectronics Technology Co., Ltd. and the fair value of the identifiable net assets of the equity was recorded in this item.

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V Notes to Consolidated Financial Statements (Continued)

25 Goodwill (continued)

(2) Goodwill impairment allowance (continued)

Note 9 Zhonghuan Advanced Bandaoti Technology Co., Ltd., formerly Zhonghuan Advanced Bandaoti Material Co., Ltd., a subsidiary of the Company, completed the acquisition of 100% equity of Xinxin Bandaoti Technology Co., Ltd. in February, 2023 at a consideration of RMB7,399,683,000 by issuing equity securities. As at the date of this transaction, the difference (RMB1,180,005,000) between the investment amount i.e. the 100% equity of Xinxin Bandaoti Technology Co., Ltd. held by Zhonghuan Advanced Bandaoti Technology Co., Ltd. and the fair value of the identifiable net assets of the equity was recorded in this item.

Note 10 Tianjin Printronics Circuit Corporation, a subsidiary of the Company, completed the acquisition of the equity of and increased investment in Techhigh Circuit Technology (Huizhou) Co., Ltd. in October 2023 at a consideration of RMB423,103,000 in cash. As at the date of this transaction, the difference (RMB131,477,000) between the investment amount i.e. the 51% equity of Techhigh Circuit Technology (Huizhou) Co., Ltd. held by the Company and the fair value of the identifiable net assets of the equity are recognized in this item.

(3) Goodwill impairment test

As at December 31, 2023, the recoverable amounts of the asset group of Blue Business Consulting business, asset group of new energy photovoltaic and material, asset group of Moka International Limited, asset group of Huizhou Kedate Smart Display Technology Co., Ltd., asset group of Suzhou China Star Optoelectronics Technology Co., Ltd., asset group of Suzhou China Star Environmental Protection Technology Co., Ltd., asset group of Xinxin Bandaoti Technology Co., Ltd., and asset group of Techhigh Circuit Technology (Huizhou) Co., Ltd., including goodwill, were calculated using the expected discounted future cash flow method based on the budget approved by the management (for a budget period of 5 to 10 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 and determines the EBITDA (mainly 2.62%-29.10%) based on historical experience and forecasts of market development, combined with the Company's future development strategic plan and adopt a discount rate (mainly 11.35%-14.19%) that reflects specific risks of the relevant asset groups. 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 groups as of December 31, 2023.

26 Long-term deferred expenses

	January 1, 2023	Increase in the period	Amortization in the period	Others	December 31, 2023
Improvement expense on leased fixed assets	1,441,265	425,924	(265,966)	(67)	1,601,156
Others	<u>1,302,943</u>	<u>2,381,820</u>	<u>(1,882,719)</u>	<u>(511)</u>	<u>1,801,533</u>
	<u>2,744,208</u>	<u>2,807,744</u>	<u>(2,148,685)</u>	<u>(578)</u>	<u>3,402,689</u>

V Notes to Consolidated Financial Statements (Continued)

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27 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	December 31, 2023		January 1, 2023	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	24,627,580	4,048,128	19,383,933	3,055,974
Asset impairment allowances	3,817,375	629,482	4,132,996	785,212
Provisions	831,604	130,466	559,584	91,408
Changes in fair value	143,302	22,170	15,398	2,792
Lease liabilities	4,309,382	486,276	195,722	29,358
Others	2,423,324	469,382	1,924,357	200,865
	36,152,567	5,785,904	26,211,990	4,165,609

(2) Un-offset deferred income tax liabilities

	December 31, 2023		January 1, 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	15,603,188	2,606,518	13,198,261	2,046,374
One-off tax deduction for fixed assets	7,829,922	1,172,285	6,818,647	1,021,284
Increase in value of assets as assessed in business combination not involving entities under common control	2,841,620	529,769	1,627,106	378,993
Changes in fair value	301,793	70,908	331,292	71,725
Right-of-use assets	4,083,249	472,463	1,139	171
Others	522,095	115,226	951,687	212,603
	31,181,867	4,967,169	22,928,132	3,731,150

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

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

(3) There were no deferred income 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	(3,539,682)	2,246,222
Deferred income tax liabilities	(3,539,682)	1,427,487

Item	Amount subject to mutual offset of deferred income tax assets against liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	(2,411,722)	1,753,887
Deferred income tax liabilities	(2,411,722)	1,319,428

(4) Unrecognized deferred income tax assets

	December 31, 2023	January 1, 2023
Deductible temporary difference	1,712,962	306,669
Deductible losses	13,284,658	10,302,065
	<u>14,997,620</u>	<u>10,608,734</u>

(5) Deductible losses in respect of unrecognized deferred income tax assets will expire in the following years:

	December 31, 2023	January 1, 2023
2022	-	268,388
2023	581	472,917
2024	129,992	472,157
2025	286,860	440,443
2026	952,925	1,242,203
2027 onwards	11,914,300	7,405,957
	<u>13,284,658</u>	<u>10,302,065</u>

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V Notes to Consolidated Financial Statements (Continued)

28 Other non-current assets

	December 31, 2023			January 1, 2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Other	<u>13,081,184</u>	<u>-</u>	<u>13,081,184</u>	<u>6,293,943</u>	<u>-</u>	<u>6,293,943</u>
	<u>13,081,184</u>	<u>-</u>	<u>13,081,184</u>	<u>6,293,943</u>	<u>-</u>	<u>6,293,943</u>

Note Other non-current assets mainly include prepayments for engineering equipment, payments for land use rights, etc.

29 Short-term borrowings

	December 31, 2023	January 1, 2023
Unsecured borrowings	8,437,478	10,214,632
Borrowings secured by pledge	19,076	-
Interest payable	<u>17,028</u>	<u>1,279</u>
	<u>8,473,582</u>	<u>10,215,911</u>

As at December 31, 2023, the Company's short-term pledged loans were equivalent to RMB19,076,000, pledged with held-for-trading financial assets equivalent to RMB21,143,000. As of December 31, 2023, the Company does not have any short-term borrowings that have expired and have not been repaid.

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V Notes to Consolidated Financial Statements (Continued)

30 Borrowings from the Central Bank

As at December 31, 2023, the balance of the borrowings of TCL Technology Group Finance Co., Ltd. (a subsidiary of the Company) from the Central Bank was RMB995,010,000 (December 31, 2022: RMB777,676,000).

31 Customer deposits and deposits from banks and other financial institutions

	December 31, 2023	January 1, 2023
Customer deposits and deposits from other banks and financial institutions	270,929	603,423
	<u>270,929</u>	<u>603,423</u>

Customer deposits and deposits from banks and other financial institutions are the deposits of related and nonrelated enterprises absorbed by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company, within the business scope approved by the regulatory authority.

32 Held-for-trading financial liabilities

	December 31, 2023	January 1, 2023
Financial liabilities measured at fair value through profit or loss.	251,451	861,912
	<u>251,451</u>	<u>861,912</u>

33 Derivative financial liabilities

	December 31, 2023	January 1, 2023
Derivative financial liabilities	58,591	70,735
	<u>58,591</u>	<u>70,735</u>

34 Notes payable

	December 31, 2023	January 1, 2023
Bank acceptance notes	5,518,113	5,731,632
Trade acceptance notes	92,689	634,028
	<u>5,610,802</u>	<u>6,365,660</u>

As of December 31, 2023, the Company had no notes payable that were due but not paid.

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V Notes to Consolidated Financial Statements (Continued)

35 Accounts payable

	December 31, 2023	January 1, 2023
Amounts due to suppliers	<u>29,402,493</u>	<u>26,381,912</u>

As of December 31, 2023, there were no significant accounts payable aged over one year.

36 Advances from customers

	December 31, 2023	January 1, 2023
Advances from customers	<u>678</u>	<u>1,402</u>

As of December 31, 2023, the Company had no significant accounts receivable aged over one year.

37 Contract liabilities

	December 31, 2023	January 1, 2023
Advances from customers	<u>1,899,468</u>	<u>2,336,008</u>

As at December 31, 2023, the Company had no significant contract liability aged over one year.

38 Employee benefits payable and long-term employee benefits payable

(1) Employee compensation payable

	December 31, 2023	January 1, 2023
Short-term employee benefits payable	3,016,708	2,341,429
Defined contribution plans payable	14,599	26,353
Dismissal benefits payable	<u>3,190</u>	<u>9,151</u>
	<u>3,034,497</u>	<u>2,376,933</u>

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V Notes to Consolidated Financial Statements (Continued)

38 Employee compensation payable and long-term employee compensation payable (continued)

(1) Employee benefits payable (continued)

(a) Short-term employee benefits presented

	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
Wages, bonuses, allowances and subsidies	2,034,238	10,940,235	(10,065,459)	2,909,014
Employee services and benefits	-	459,819	(459,819)	-
Social insurance benefits	38,105	377,454	(382,854)	32,705
Including: medical insurance premium	36,751	344,899	(349,642)	32,008
Employment injury insurance premiums	695	19,295	(19,311)	679
Maternity insurance	659	13,260	(13,901)	18
Housing fund	27,917	376,200	(385,390)	18,727
Trade union funds and staff education funds	49,418	209,842	(204,139)	55,121
Others	191,751	35,609	(226,219)	1,141
	<u>2,341,429</u>	<u>12,399,159</u>	<u>(11,723,880)</u>	<u>3,016,708</u>

(b) Defined contribution plans

	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
Basic pension insurance	25,381	755,073	(766,244)	14,210
Unemployment insurance	972	22,945	(23,528)	389
	<u>26,353</u>	<u>778,018</u>	<u>(789,772)</u>	<u>14,599</u>

(2) Long-term employee compensation payable

	December 31, 2023	January 1, 2023
Supplementary pension insurance	23,276	25,101
Other long-term benefits	6,369	447,437
	<u>29,645</u>	<u>472,538</u>

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V Notes to Consolidated Financial Statements (Continued)

39 Taxes and levies payable

	December 31, 2023	January 1, 2023
Corporate income tax	406,607	731,839
Value-added tax	112,854	211,873
Individual income tax	31,238	42,611
Urban maintenance and construction tax	72,993	60,858
Education surcharges	52,134	43,495
Others	185,516	124,915
	<u>861,342</u>	<u>1,215,591</u>

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

40 Other payables

	December 31, 2023	January 1, 2023
Dividends payable	54,251	40,010
Other payables	22,117,151	24,150,342
	<u>22,171,402</u>	<u>24,190,352</u>

(1) Dividends payable

	December 31, 2023	January 1, 2023
Other non-controlling interests	54,251	40,010
	<u>54,251</u>	<u>40,010</u>

(2) Other payables

	December 31, 2023	January 1, 2023
Payables for engineering equipment	16,886,446	19,130,372
Unpaid expenses	2,653,858	2,195,904
Security and deposits	396,797	353,207
Others	2,180,050	2,470,859
	<u>22,117,151</u>	<u>24,150,342</u>

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V Notes to Consolidated Financial Statements (Continued)			
41 Non-current liabilities due within one year			
		December 31, 2023	January 1, 2023
Long-term borrowings due within one year (Note 1)	43	18,603,703	4,341,300
Bonds payable due within one year (Note 2)	44	4,436,729	5,170,383
Lease liabilities due within one year	45	520,010	295,010
Long-term payables due within one year		377,513	179,127
Interest payable due within one year		391,958	552,181
Long-term employee compensation payable due within one year		301,746	419,320
		<u>24,631,659</u>	<u>10,957,321</u>

Note 1 The interest rates of the Company's long-term borrowing due within one year ranged from 2.3% to 4.8% in the current period (2022: from 2.7% to 5.91%).

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

- ① Corporate bond 19TCL 01: Issued in May 2019, with a term of 5 years, the closing balance as at December, 31 of RMB999,932,000.
- ② Medium-term note 21TCL Group MTN001 (high-growth bond): Issued in May 2021, with a term of 3 years, the closing balance as at December, 31 of RMB1,999,418,000.
- ③ Corporate bond 19TCL 02: Issued in July 2019, with a term of 5 years, the closing balance as at December, 31 of RMB998,749,000.
- ④ Corporate bond 19TCL 03: Issued in October 2019, with a term of 5 years, the closing balance as at December, 31 of RMB438,630,000.

42 Other current liabilities			
		December 31, 2023	January 1, 2023
After-sales service expense (note)		1,311,853	844,293
Output tax to be transferred		202,571	175,626
Others		48,821	165,929
		<u>1,563,245</u>	<u>1,185,848</u>

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

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V Notes to Consolidated Financial Statements (Continued)

43 Long-term borrowings

	December 31, 2023	January 1, 2023
Borrowings secured by collateral	39,851,294	42,317,366
Borrowings secured by pledge	5,595,835	6,675,371
Unsecured borrowings	<u>90,818,783</u>	<u>73,951,728</u>
	<u>136,265,912</u>	<u>122,944,465</u>
Including: long-term loans due within one year	<u>(18,603,703)</u>	<u>(4,341,300)</u>
	<u>117,662,209</u>	<u>118,603,165</u>

The maturities of the Company's long-term borrowings vary from 2023 to 2043.

As at December 31, 2023, the long-term borrowings secured by collateral were equivalent to RMB39,851,294,000 (December 31, 2022: RMB42,317,366,000), which were secured by the collaterals of the land use right, houses and buildings, machinery and equipment of about RMB97,095,652,000 (December 31, 2022: RMB110,182,749,000); the long-term pledged borrowings were equivalent to RMB5,595,835,000 (December 31, 2022: RMB6,675,371,000), 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 accounts receivable and contract assets of about RMB505,109,000 (December 31, 2022: RMB757,751,000).

The interest rates of the Company's long-term borrowing ranged from 2.30% to 7.79% in the current period (2022: from 2.40% to 7.75%).

44 Bonds payable

	December 31, 2023	January 1, 2023
Corporate bonds	2,121,837	4,518,438
MTN	<u>6,992,011</u>	<u>7,488,413</u>
	<u>9,113,848</u>	<u>12,006,851</u>

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V Notes to Consolidated Financial Statements (Continued)

44 Bonds payable (continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Maturity	Issued amount	January 1, 2023	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note)	December 31, 2023
19TCL01	1,000,000	May 20, 2019	5	1,000,000	1,000,264	-	31,500	(109)	-	(1,000,155)	-
19TCL02	1,000,000	July 23, 2019	5	1,000,000	996,522	-	30,500	1,104	-	(997,626)	-
19TCL03	2,000,000	October 21, 2019	5	2,000,000	436,934	-	12,980	1,268	-	(438,202)	-
TCL TEC1	1,957,483	July 14, 2020	5	1,957,483	2,084,718	-	39,840	6,507	-	30,612	2,121,837
21TCL Group MTN001 (High-Growth Bonds)	2,000,000	May 10, 2021	3	2,000,000	1,997,821	-	82,809	525	-	(1,998,346)	-
22TCL Group MTN001	2,000,000	January 14, 2022	3	2,000,000	1,997,392	-	68,841	1,148	-	-	1,998,540
22TCL Group GN002	1,500,000	April 27, 2022	3	1,500,000	1,497,217	-	49,386	1,198	-	-	1,498,415
22TCL Group MTN003 (Science and Technology Notes)	2,000,000	July 6, 2022	3	2,000,000	1,995,983	-	68,841	1,597	-	-	1,997,580
23TCL Group MTN001 (Science and Technology Notes)	1,500,000	February 7, 2023	3	1,500,000	-	1,500,000	55,124	(2,524)	-	-	1,497,476
Total	14,957,483	—	—	14,957,483	12,006,851	1,500,000	439,821	10,714	-	(4,403,717)	9,113,848

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

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V Notes to Consolidated Financial Statements (Continued)

45 Lease liabilities

	December 31, 2023	January 1, 2023
Total lease liabilities	<u>6,257,298</u>	<u>4,756,393</u>
Less: Current portion of lease liabilities	<u>520,010</u>	<u>295,010</u>
Total	<u>5,737,288</u>	<u>4,461,383</u>

46 Long-term payables

	December 31, 2023	January 1, 2023
Finance lease	<u>2,739,444</u>	<u>887,763</u>

47 Deferred income

	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
Public grants	<u>2,468,145</u>	<u>7,380,522</u>	<u>(8,308,019)</u>	<u>1,540,648</u>
	<u>2,468,145</u>	<u>7,380,522</u>	<u>(8,308,019)</u>	<u>1,540,648</u>

Items involving public grants

	January 1, 2023	New grants in current period	Amount recorded in other income in current period	Amount used to offset costs and expenses in current period	Other changes (note)	December 31, 2023
Public grants related to assets	953,042	1,012,020	(3,196)	(174,754)	(1,545,932)	241,180
Public grants related to income	<u>1,515,103</u>	<u>6,368,502</u>	<u>(2,904,735)</u>	<u>(3,375,689)</u>	<u>(303,713)</u>	<u>1,299,468</u>
	<u>2,468,145</u>	<u>7,380,522</u>	<u>(2,907,931)</u>	<u>(3,550,443)</u>	<u>(1,849,645)</u>	<u>1,540,648</u>

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

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V Notes to Consolidated Financial Statements (Continued)

48 Estimated liabilities

	December 31, 2023	January 1, 2023
After-sales service fee of products	55,426	27,105
Pending litigation	61,969	70,379
Onerous contract	-	38
	117,395	97,522

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V Notes to Consolidated Financial Statements (Continued)

49 Share capital

	January 1, 2023		Increase or decrease in current period				December 31, 2023	
	Amount	Ratio (%)	New issues	Shares converted from capital reserve	Others	Subtotal	Amount	Ratio (%)
I. Restricted Shares	3,420,220	20.03%	-	342,022	(3,081,704)	(2,739,682)	680,538	3.62%
II. Non-restricted shares	13,651,672	79.97%	-	1,365,167	3,081,704	4,446,871	18,098,543	96.38%
III. Total shares	17,071,892	100%	-	1,707,189	-	1,707,189	18,779,081	100%

As at December 31, 2023, the Company's total share capital was 18,779,081,000 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
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V Notes to Consolidated Financial Statements (Continued)

50 Capital reserves

	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
Share capital premium	12,437,990	423,212	(2,371,931)	10,489,271
Other capital reserves	<u>84,803</u>	<u>182,935</u>	<u>(4,954)</u>	<u>262,784</u>
	<u>12,522,793</u>	<u>606,147</u>	<u>(2,376,885)</u>	<u>10,752,055</u>

51 Treasury share

	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
Treasury share	<u>1,314,581</u>	<u>247,171</u>	<u>(466,809)</u>	<u>1,094,943</u>

Increase in the period is mainly stock repurchases for the employee stock ownership plan or the equity incentives of the Company. On May 31, 2023, the 32nd meeting of the Seven-term Board of Directors was held to deliberate and approve the *Proposal on the Repurchase of Certain Shares from the Social Public in 2023*. The Company will repurchase its own shares via centralized bidding, and the Company's shares repurchased will be used for the employee stock ownership plans or equity incentives. As of December 31, 2023, the total number of shares repurchased was 64,993,000 shares at the total consideration of RMB247,171,000.

Decrease in the year is mainly caused by the non-trading transfer and sale of the employee portion of the employee stock ownership plan.

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

52 Other comprehensive income

(1) Other comprehensive income items, income tax effects and reclassifications to profit or loss

	2023	2022
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	8,024	(3,568)
Share of the period	5,281	(3,568)
Previous other comprehensive income reclassified to retained earnings for current period	2,743	-
2. Changes in fair value of other equity instruments	(56,797)	(14,581)
Current gain/(loss)	(55,956)	(19,688)
Previous other comprehensive income reclassified to retained earnings for current period	-	16,811
Income tax effects recorded in other comprehensive income	(841)	(11,704)
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	(12,446)	(13,936)
Share of the period	(12,446)	(13,936)
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	(109,900)	91,730
Current gain/(loss)	(117,269)	163,220
Previous other comprehensive income reclassified to profit for current period	(7,580)	(58,996)
Income tax effects recorded in other comprehensive income	14,949	(12,494)
4. Differences arising from translation of foreign currency financial statements of overseas operations	(18,101)	(386,679)
5. Net income arising from disposal of overseas operations through profit or loss	-	-
	(189,220)	(327,034)

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

52 Other comprehensive income (continued)

(2) Changes in other comprehensive income items

	Equity attributable to shareholders of the parent company										
	Change of accounting policies	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, 2022	334,950	46,888	(350,569)	62,546	(239,179)	(141,290)	-	(122,793)	(409,447)	899	(408,548)
Movement of 2022	-	(17,501)	-	15,615	(397,531)	(16,420)	-	13,462	(402,375)	75,341	(327,034)
January 1, 2023	334,950	29,387	(350,569)	78,161	(636,710)	(157,710)	-	(109,331)	(811,822)	76,240	(735,582)
Movement of 2023	-	(4,422)	-	(49,418)	(24,180)	(58,699)	-	2,743	(133,976)	(55,244)	(189,220)
December 31, 2023	334,950	24,965	(350,569)	28,743	(660,890)	(216,409)	-	(106,588)	(945,798)	20,996	(924,802)

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

53 Surplus reserves

	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
Statutory surplus reserves	3,529,403	161,733	-	3,691,136
Discretionary surplus reserves	182,870	-	-	182,870
	<u>3,712,273</u>	<u>161,733</u>	<u>-</u>	<u>3,874,006</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.

54 Specific reserves

	January 1, 2023	Appropriation in the period	Decrease in the period	December 31, 2023
Production safety reserve	<u>2,301</u>	<u>32,220</u>	<u>(23,178)</u>	<u>11,343</u>

55 General risk reserve

	January 1, 2023	Appropriation in the period	Decrease in the period	December 31, 2023
General risk reserve	<u>8,934</u>	<u>-</u>	<u>-</u>	<u>8,934</u>

As per *the General Rules on Financial Affairs of Financial Enterprises* and *the Guide to the Implementation of the General Rules on Financial Affairs of Financial Enterprises* promulgated by the Ministry of Finance, as well as *the Articles of Association of TCL Technology Group Corporation*, 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
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V Notes to Consolidated Financial Statements (Continued)

56 Retained earnings

	2023	2022
Beginning retained earnings	19,486,730	22,458,340
Change of accounting policies	-	6,810
Net profit for current period	2,214,934	261,319
Decrease in the period	(164,476)	(3,239,739)
Including: Appropriation of surplus reserves	(161,733)	(1,162,100)
Distributed to ordinary shareholders as dividends	-	(2,050,003)
Others	(2,743)	(27,636)
Retained earnings at the end of the period	<u>21,537,188</u>	<u>19,486,730</u>

57 Operating income and operating costs

	2023		2022	
	Revenue	Operating cost	Revenue	Operating cost
Core business	168,869,605	144,899,893	162,197,543	148,928,769
Non-core business	<u>5,497,052</u>	<u>3,867,704</u>	<u>4,355,243</u>	<u>2,996,720</u>
	<u>174,366,657</u>	<u>148,767,597</u>	<u>166,552,786</u>	<u>151,925,489</u>

(1) Business by operating segment

	Revenue		Operating cost		Gross profit	
	2023	2022	2023	2022	2023	2022
Domestic sales	119,940,278	119,139,823	103,308,186	108,166,269	16,632,092	10,973,554
Foreign sales	<u>54,426,379</u>	<u>47,412,963</u>	<u>45,459,411</u>	<u>43,759,220</u>	<u>8,966,968</u>	<u>3,653,743</u>
	<u>174,366,657</u>	<u>166,552,786</u>	<u>148,767,597</u>	<u>151,925,489</u>	<u>25,599,060</u>	<u>14,627,297</u>

- (2) The total revenue from the sales to the top five customers was RMB51,360,608,000 and RMB50,092,171,000 respectively for 2023 and 2022, accounting for 29.5% and 30.1% of the revenue.

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

57 Revenue and operating costs (continued)

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

	2023	2022
Revenue	1,447,163	739,823
Operating cost	1,139,976	721,126

58 Interest income/expense and exchange gain

	2023	2022
Interest income	79,515	79,360
Interest expenditures	19,362	23,530
Exchange gain/(loss)	516	17,914

The interest income, interest expense and exchange gain/(loss) above occurred with the Company's subsidiary TCL Technology Group Finance Co., Ltd., which are presented separately herein as required for a financial enterprise.

59 Taxes and levies

	2023	2022
Property tax	406,693	265,880
Stamp tax	224,364	218,367
Urban maintenance and construction tax	74,151	68,890
Education surcharges	36,420	35,730
Land use tax	34,477	30,732
Others	25,833	20,703
	<u>801,938</u>	<u>640,302</u>

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

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

60 Sales expenses

	2023	2022
Employee salaries and benefits	668,705	601,948
After-sales service expense	841,951	400,771
Promotional and marketing expenses	272,074	298,422
Others	740,957	649,387
	<u>2,523,687</u>	<u>1,950,528</u>

61 General and administrative expense

	2023	2022
Employee salaries and benefits	2,014,617	1,337,491
Depreciation and amortization expenses	777,394	792,780
Expenses for hiring intermediaries	445,436	401,832
Digital development expenses	225,051	315,537
Others	1,320,749	692,971
	<u>4,783,247</u>	<u>3,540,611</u>

62 R&D expenses

	2023	2022
Depreciation and amortization expenses	4,132,169	2,983,043
Material expenses	1,979,550	2,940,584
Employee salaries and benefits	2,108,597	1,767,546
Others	1,302,522	942,465
	<u>9,522,838</u>	<u>8,633,638</u>

63 Financial expenses

	2023	2022
Interest expenditures	4,922,120	4,468,008
Interest income	(939,719)	(723,665)
Exchange loss / (gain)	(137,852)	(447,876)
Others	128,179	126,428
	<u>3,972,728</u>	<u>3,422,895</u>

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V Notes to Consolidated Financial Statements (Continued)			
64	Other income	2023	2022
	R&D subsidies	2,536,169	2,454,585
	VAT rebates on software	50,605	44,280
	Over-deduction in taxable amount for VAT	408,348	1,381
	Others	543,137	417,548
		<u>3,538,259</u>	<u>2,917,794</u>
65	Return on investment	2023	2022
	Gain on disposal of debt instruments at fair value through profit or loss	38,850	238,803
	Gain on disposal of equity instruments at fair value through profit or loss	51,291	(15,097)
	Gain on holding of equity instruments at fair value through profit or loss	116,577	18,758
	Gain on holding of debt instruments at fair value through profit or loss	366,008	69,748
	Share of net income of associates	1,463,104	2,958,218
	Share of net income of joint ventures	(99,443)	(59,479)
	Net income from disposal of long-term equity investments	(51,685)	1,823,568
	Return on investment generated from the disposal of equity in coal resource companies	699,071	-
	Others	8,104	(303,125)
		<u>2,591,877</u>	<u>4,731,394</u>
66	Gain on changes in fair value	2023	2022
	Held-for-trading financial assets	(82,730)	(257,067)
	Derivative financial assets	188,835	23,437
	Held-for-trading financial liabilities	(73,859)	(1,678)
	Derivative financial liabilities	(4,908)	96,064
		<u>27,338</u>	<u>(139,244)</u>

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V Notes to Consolidated Financial Statements (Continued)

67 Credit impairment loss

	2023	2022
Loss on uncollectible accounts receivable	54,862	(44,955)
Loss on uncollectible other receivables	(222,675)	(6,172)
Other financial assets	(5,252)	13,474
	(173,065)	(37,653)

68 Asset impairment loss

	2023	2022
Inventory valuation loss	(3,648,392)	(3,083,928)
Impairment loss on long-term equity investments	(1,148,110)	(319,981)
Others	(17,463)	(82,614)
	(4,813,965)	(3,486,523)

69 Asset disposal income

	2023	2022
Income/(loss) from disposal of fixed assets	(42,660)	(71,718)
Others	1,244	(8,107)
	(41,416)	(79,825)

70 Non-operating income

	2023	2022	Amount through current non- recurring gains and losses
Gains on retired or damaged non-current assets	220	117	220
Public grants and others	71,065	789,995	71,065
	71,285	790,112	71,285

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V Notes to Consolidated Financial Statements (Continued)

71 Non-operating expense

	2023	2022	Amount through current non-recurring gains and losses
Losses on retired or damaged non-current assets	56,603	19,377	56,603
Donation	58,144	70,222	58,144
Others	89,033	62,472	89,033
	203,780	152,071	203,780

72 Income tax expenses

(1) Table of income tax expenses

	2023	2022
Current income tax expense	817,257	734,639
Deferred income tax expense	(546,217)	(1,465,647)
	271,040	(731,008)

(2) Accounting profit and income tax adjustment process

	2023	2022
Gross profit	5,051,824	1,057,051
Income tax expense calculated at statutory/applicable tax rate	757,774	158,558
Impact of different tax rates applied to subsidiaries	302,867	383,590
Impact of adjusting income tax in previous periods	(227,744)	(12,613)
Impact of non-taxable income	(953,093)	(704,581)
Impact of non-deductible costs, expenses and losses	68,559	107,325
Impact of the use of deductible losses on deferred income tax assets that were not recognized in the previous periods	(213,931)	(576,264)
Impact of unrecognized deferred income tax assets of deductible temporary differences or deductible losses in the current period	677,201	730,522
Others	(140,593)	(817,545)
	271,040	(731,008)

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

73 Earnings per share

(1) Basic earnings per share

	2023	2022
Net profit attributable to shareholders of the parent company	2,214,934	261,319
Weighted average outstanding ordinary shares (in thousand shares)	18,533,341	15,054,601
Basic earnings per share (RMB yuan)	0.1195	0.0174

(2) Diluted earnings per share

	2023	2022
Net profit attributable to shareholders of the parent company	2,214,934	261,319
Diluted weighted average outstanding ordinary shares (in thousand shares)	18,779,081	15,558,525
Diluted earnings per share (RMB yuan)	0.1179	0.0168

74 Cash generated from other operating activities

Other cash received from operating activities in the consolidated cash flow statement was RMB6,899,258,000 (year-on-year: RMB7,955,973,000), which primarily consisted of current payments received, public grants and special appropriation, etc.

75 Cash used in other operating activities

Other cash paid for other operating activities in the consolidated cash flow statement was RMB8,773,577,000 (year-on-year: RMB9,722,343,000), which primarily consisted of various expenses and current payments, etc.

76 Cash generated from other investing activities

Other cash received from investing activities in the consolidated cash flow statement was RMB1,589,202,000 (year-on-year: RMB170,387,000), which primarily consisted of net cash received from subsidiaries and the receipt of project bid bonds, etc.

77 Cash used in other investing activities

Other cash paid for investing activities in the consolidated cash flow statement was RMB923,051,000 (year-on-year: RMB1,212,074,000), which primarily consisted of the refund of project bid bonds and payments for foreign exchange forward delivery.

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V Notes to Consolidated Financial Statements (Continued)

78 Cash generated from other financing activities

Other cash received from financing activities in the consolidated cash flow statement was RMB3,950,311,000 (year-on-year: RMB272,281,000), which primarily consisted of finance lease payments received, and deposits, etc.

79 Cash used in other financing activities

Other cash paid for financing activities in the consolidated cash flow statement was RMB8,037,595,000 (year-on-year: RMB6,110,504,000), primarily consisted of the payments for the repurchase of minority interests in subsidiaries, repurchase of the Company's shares, and financial lease payments, etc.

80 Supplementary information for the cash flow statement

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

	2023	2022
Net profit	4,780,784	1,788,059
Add: Asset impairment allowance	4,987,030	3,524,176
Depreciation of fixed assets	21,034,479	19,290,088
Depreciation of right-of-use assets	525,891	322,032
Amortization of intangible assets	1,879,947	1,473,104
Amortization of long-term prepaid expense	2,148,685	1,613,307
Loss/(Gain) on disposal of fixed assets, intangible assets and other long-term assets	41,416	79,825
Loss/(Gain) on retired or damaged fixed assets	56,383	19,260
Loss/(Gain) on changes in fair value	(27,338)	139,244
Financial expenses	4,803,114	4,025,748
Return on investment	(2,591,877)	(4,731,394)
Decrease/(Increase) in deferred income tax assets	(492,335)	399,459
Increase/(Decrease) in deferred income tax liabilities	108,059	(1,839,558)
Decrease/(Increase) in inventory	(4,129,025)	(4,643,791)
Decrease/(Increase) in operating receivables	(7,629,570)	4,576,161
Increase/(Decrease) in operating payables	(906,091)	(7,139,434)
Others	725,204	(469,910)
	<u>25,314,756</u>	<u>18,426,376</u>
Net cash generated from operating activities	<u>25,314,756</u>	<u>18,426,376</u>

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V Notes to Consolidated Financial Statements (Continued)

80 Supplementary information for the cash flow statement (continued)

(2) Net cash payments for acquisition of subsidiaries in the current period		2023	2022
Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	571,830	51,000	
Less: cash and cash equivalents held by subsidiary on acquisition date	85,844	867	
Add: Payments of cash and cash equivalents made in current period due to business combinations incurred in previous periods	-	-	
	<u>485,986</u>	<u>50,133</u>	
(3) Net cash proceeds from disposal of subsidiaries in the current period		2023	2022
Cash or cash equivalents received in current period due to disposal of subsidiary in current period	366,568	174,803	
Less: cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	17,454	2,298	
Add: Cash or cash equivalents received in current period due to disposal of subsidiaries in prior periods	10,848	1,260,290	
	<u>359,962</u>	<u>1,432,795</u>	
(4) Breakdown of cash and cash equivalents			
		December 31, 2023	January 1, 2023
I. Cash	19,996,815	33,675,624	
Including: Cash on hand	583	480	
Bank deposits available for payment on demand	19,807,150	32,696,213	
Other monetary assets available for payment on demand	132,982	919,646	
Deposits with the central bank available for payment	56,100	59,285	
II. Cash equivalents	-	-	
III. Ending balance of cash and cash equivalents	<u>19,996,815</u>	<u>33,675,624</u>	

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V Notes to Consolidated Financial Statements (Continued)

81 Net changes in cash and cash equivalents

	2023	2022
Ending cash and cash equivalents	19,996,815	33,675,624
Less: Cash at the beginning of the year	<u>33,675,624</u>	<u>30,081,705</u>
Net increase in cash and cash equivalents	<u>(13,678,809)</u>	<u>3,593,919</u>
Analysis of ending cash and cash equivalents:		
Monetary assets at the end of the period	21,924,271	35,378,501
Less: Non-cash equivalents at the end of the period (note)	<u>1,927,456</u>	<u>1,702,877</u>
Ending cash and cash equivalents	<u>19,996,815</u>	<u>33,675,624</u>

Note: The closing non-cash equivalents primarily included interest receivable on bank deposits, the statutory reserve deposits placed by TCL Technology Group Finance Co., Ltd. in the central bank and other monetary assets, detailed in Annex V, 1.

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V Notes to Consolidated Financial Statements (Continued)

82 Assets with restricted ownership or use rights

	December 31, 2023		Reason for restriction
	Gross carrying amount	Carrying amount	
Monetary assets	341,091	341,091	Deposited in the central bank as the required reserve
Monetary assets	1,586,365	1,586,365	Other monetary funds and restricted bank deposits
Notes receivable	503,636	503,636	Pledge
Fixed assets	119,355,891	93,479,143	As collateral for loan
Intangible assets	4,595,320	3,965,665	As collateral for loan
Held-for-trading financial assets	369,642	369,642	Pledge
Construction in progress	895,589	895,589	As collateral for loan
Accounts receivable	860,084	860,084	Pledge
Contract assets	361,312	343,205	Pledge
Investment property	9,909	9,738	As collateral for loan
Other non-current assets due within one year	430,493	430,493	Pledge
	<u>129,309,332</u>	<u>102,784,651</u>	

83 Foreign currency monetary items

	December 31, 2023		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	603,022	7.0827	4,271,024
HKD	126,889	0.9064	115,012
EUR	6,582	7.8469	51,648
JPY	2,596,554	0.0501	130,087
SGD	845	5.3750	4,542
INR	3,123,115	0.0850	265,465
Accounts receivable			
Including: USD	948,093	7.0827	6,715,058
HKD	470	0.9064	426
INR	4,593,510	0.0850	390,448
EUR	319	7.8469	2,503
JPY	13,200	0.0501	661

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

83 Foreign currency monetary items (continued)

	December 31, 2023		
	Foreign currency balance	Conversion rate	RMB balance
Accounts payable			
Including: USD	525,082	7.0827	3,718,998
HKD	330,406	0.9064	299,480
EUR	7,813	7.8469	61,308
JPY	12,634,961	0.0501	633,012
INR	581,489	0.0850	49,427
Other receivables			
Including: USD	14,016	7.0827	99,271
HKD	15,539	0.9064	14,085
EUR	1,590	7.8469	12,477
JPY	83,383	0.0501	4,177
PLN	865	1.8079	1,564
INR	70,348	0.0850	5,980
KRW	102,590	0.0055	564
MXN	20,849	0.4175	8,704
SGD	92	5.3750	495
Other payables			
Including: USD	602,878	7.0827	4,270,004
HKD	417,938	0.9064	378,819
JPY	16,867,145	0.0501	845,044
INR	651,058	0.0850	55,340
PLN	28	1.8079	51
KRW	309,677	0.0055	1,701
MXN	24,202	0.4175	10,104
EUR	169	7.8469	1,326
TWD	266	0.2307	61
Short-term borrowings			
Including: USD	2,693	7.0827	19,074
Long-term borrowings			
Including: USD	91,448	7.0827	647,699

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

84 Leases

(1) The Company acting as a lessee

In 2023, short-term lease rents, low-value asset rents and income obtained from subleasing right-of-use assets, for which the Group, acting as a lessee, chose simplified accounting, were not significant.

(2) The Company acting as a lessor

① Operating leases where the Company acts as a lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Houses and buildings	294,156	-
Machinery equipment	7,848	-
Total	302,004	-

② Finance leases where the Company acts as a lessor

Item	Sales gains and losses	Financing income	Income related to variable lease payments not included in net lease investment
Finance lease	-	62,878	-
Total	-	62,878	-

Annual undiscounted lease receipts for the next five years

Item	Annual undiscounted lease receipts	
	Ending amount	Beginning amount
Year 1	95,518	88,974
Year 2	88,031	88,543
Year 3	86,910	88,031
Year 4	86,910	86,910
Year 5	86,910	86,910
Total undiscounted lease receipts after five years	904,691	991,602

TCL Technology Group Corporation
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VI R&D expenses

1 Presentation by nature of expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Material costs	3,855,668	4,945,218
Labor costs	2,951,412	2,559,974
Depreciations and amortizations	2,323,024	2,030,079
Others	1,178,440	1,243,144
Total	10,308,544	10,778,415
Including: Expensed R&D expenses	6,748,288	6,490,988
Capitalized R&D expenses	3,560,256	4,287,427

2 Development expenses of R&D projects eligible for capitalization

Item	Balance at the beginning of the period	Increase in the period		Decrease in the period			Ending balance
		Internal development costs	Others	Recognized as intangible assets	Included in profits and losses	Others	
Display	2,172,507	2,837,141	-	(1,228,183)	(404,696)	(1,921,659)	1,455,110
New energy photovoltaic & materials	1,006,700	723,115	-	(643,432)	-	-	1,086,383
Total	3,179,207	3,560,256	-	(1,871,615)	(404,696)	(1,921,659)	2,541,493

3. The Company had no significant outsourced projects under research.

VII Changes to the Consolidation Scope

1 Newly consolidated entities for current period

Name of investee	Reason for change	Registered capital (RMB)	Contribution ratio
Lumotech North America Corporation	Newly incorporated	USD10,000,000	100.00%
Suzhou Zhonghuan Photovoltaic Materials Co., Ltd.	Newly incorporated	RMB50,000,000	100.00%
Ningxia Huanou New Energy Technology Co., Ltd.	Newly incorporated	RMB1,250,000,000	100.00%
Xinxin Bandaoti Technology Co., Ltd.	Acquisition	RMB6,513,000,000	100.00%
Jiangsu Mingjing Bandaoti Technology Co., Ltd.	Acquisition	RMB120,000,000	100.00%
Jiangsu Lixin Bandaoti Technology Co., Ltd.	Acquisition	RMB4,210,000,000	100.00%

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

Name of investee	Reason for change	Registered capital (RMB)	Contribution ratio
Xuzhou Xinjing Bandaoti Technology Co., Ltd.	Acquisition	RMB4,210,000,000	100.00%
Jiangsu Huasheng Bandaoti Materials Co., Ltd.	Acquisition	RMB200,000,000	100.00%
Hong Kong NExcel Electronic Technology Co., Ltd.	Acquisition	USD5,000,000	100.00%
Singapore NExcel Electronic Technology Co., Ltd.	Acquisition	SGD100,000	100.00%
Xuzhou Jingrui Bandaoti Equipment Technology Co., Ltd.	Acquisition	RMB150,000,000	100.00%
Meixin (Xuzhou) Silicon Material Technology Co., Ltd.	Acquisition	RMB22,000,000	100.00%
Ningxia Zhonghuan Industrial Park Management Co., Ltd.	Newly incorporated	RMB10,000,000	100.00%
Guangzhou TCL Industrial Research Institute Co., Ltd.	Newly incorporated	RMB20,000,000	100.00%
Suzhou China Star Environmental Protection Technology Co., Ltd.	Acquisition	RMB100,000,000	100.00%
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	Newly incorporated	RMB1,561,000,000	99.94%
Inner Mongolia TCL Photoelectric Technology Co., Ltd.	Acquisition	RMB200,000,000	100.00%
Ningbo Dongshen Zhixuan Equity Investment Partnership (Limited Partnership)	Newly incorporated	RMB551,000,000	90.74%
TCL Financial Technology (Shenzhen) Co., Ltd.	Acquisition	RMB5,000,000	100.00%
Huansheng Photovoltaic (Guangdong) Co., Ltd.	Newly incorporated	RMB10,000,000	100.00%
Xuzhou Huanneng New Energy Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%
Lingwu Xuzhao New Energy Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

Name of investee	Reason for change	Registered capital (RMB)	Contribution ratio
Techhigh Circuit Technology (Huizhou) Co., Ltd.	Acquisition	RMB146,938,776	51.00%
Techhigh Circuit Technology (Zhuhai) Co., Ltd.	Acquisition	RMB100,000,000	100.00%
Tairui (Hong Kong) Limited	Acquisition	HKD100,000	100.00%
Ningxia Zhonghuan Yuelanshan Hotel Management Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%
Zhangjiakou Shengming New Energy Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%
Xiamen Dili Hongxin Venture Capital Partnership Enterprise (Limited Partnership)	Newly incorporated	RMB131,000,000	95.80%
Xi'an Maituo Sunpie Technology Co., Ltd.	Newly incorporated	RMB300,000	100.00%
Xi'an Shengtai Sunpie Technology Co., Ltd.	Newly incorporated	RMB300,000	100.00%
Xi'an Shengke Sunpie Technology Co., Ltd.	Newly incorporated	RMB300,000	100.00%
Urumqi Sunpie Fengshang Trading Co., Ltd.	Newly incorporated	RMB500,000	100.00%
Urumqi Sunpie Zhixing Trading Co., Ltd.	Newly incorporated	RMB500,000	100.00%
Foshan Sunpiestore Technology Co., Ltd.	Newly incorporated	RMB100,000	100.00%
Zhuhai Sunpiestore Technology Co., Ltd.	Newly incorporated	RMB100,000	100.00%
Ningxia Hongyuan New Energy Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%
Ningxia Shengyao New Energy Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%
Lingwu Shangyuan New Energy Co., Ltd.	Newly incorporated	RMB1,000,000	100.00%
Xi'an Shengbo Sunpie Technology Co., Ltd.	Newly incorporated	RMB300,000	100.00%

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

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

(1) Acquisition of shares of Suzhou China Star Environmental Protection Technology Co., Ltd.

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

On May 31, 2023 (the “Acquisition Date”), the Group acquired 100% equity of Suzhou China Star Environmental Protection Technology Co., Ltd. at a cash consideration of RMB344,942,000, and included such company into the scope of consolidation.

Cash consideration	344,942
Less: Share of fair value of identifiable net assets acquired	301,534
Goodwill amount	43,408

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

	Fair value at acquisition date	Carrying amount as at the acquisition date
Total assets	358,206	175,775
Total liabilities	56,672	29,307
Net assets	301,534	146,468
Less: non-controlling interests	-	-
Net assets acquired	301,534	146,468

③ Jiangsu Tiandi Heng’an Real Estate Land Asset Appraisal Co., Ltd. has appraised the information above using the income method, and issued an asset appraisal report (TDHA [2022] ZPZ No. 1065), with an appraised value of RMB344,942,000.

(2) Acquisition of shares in TCL Internet Technology (Shenzhen) Co., Ltd.

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

On June 30, 2023 (the “Acquisition Date”), the Group acquired 100% equity of TCL Internet Technology (Shenzhen) Co., Ltd. with a cash consideration of RMB15,036,000, and included such company into the scope of consolidation.

Cash consideration	15,036
Less: Share of fair value of identifiable net assets acquired	15,036
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	-

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

Item	Fair value at acquisition date	Carrying amount as at the acquisition date
Total assets	61,034	56,435
Total liabilities	45,998	45,998
Net assets	15,036	10,437
Less: non-controlling interests	-	-
Net assets acquired	15,036	10,437

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

(3) Acquisition of shares in Xinxin Bandaoti Technology Co., Ltd.

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

On February 28, 2023 (the “Acquisition Date”), the Group acquired 100% equity of Xinxin Bandaoti Technology Co., Ltd. by issuing equity securities, and included such company into the scope of consolidation.

Fair value of equity securities issued	7,399,683
Less: Share of fair value of identifiable net assets acquired	6,219,678
Goodwill amount	1,180,005

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

Item	Fair value at acquisition date	Carrying amount as at the acquisition date
Total assets	8,320,672	7,752,700
Total liabilities	2,100,994	2,313,890
Net assets	6,219,678	5,438,810
Less: non-controlling interests	-	-
Net assets acquired	6,219,678	5,438,810

(4) Acquisition of shares in Inner Mongolia TCL Photoelectric Technology Co., Ltd.

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

On May 1, 2023 (the “Acquisition Date”), the Group acquired 100% equity of Inner Mongolia TCL Photoelectric Technology Co., Ltd. at a cash consideration of RMB119,039,000, and included such company into the scope of consolidation.

Cash consideration	119,039
Less: Share of fair value of identifiable net assets acquired	119,039
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	-

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

Item	Fair value at acquisition date	Carrying amount as at the acquisition date
Total assets	213,871	194,735
Total liabilities	94,832	94,832
Net assets	119,039	99,903
Less: non-controlling interests	-	-
Net assets acquired	119,039	99,903

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

(5) Acquisition of the equity of Techigh Circuit Technology (Huizhou) Co., Ltd.

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

On October 31, 2023 (the “Acquisition Date”), the Group acquired 51% equity of Techigh Circuit Technology (Huizhou) Co., Ltd. with a cash consideration of RMB423,103,000, and included the acquisition of the equity of such company into the scope of consolidation.

Cash consideration	423,103
Less: Share of fair value of identifiable net assets acquired	291,626
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	131,477

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

Item	Fair value at acquisition date	Carrying amount as at the acquisition date
Total assets	591,880	531,819
Total liabilities	270,888	270,907
Net assets	320,992	260,913
Less: non-controlling interests	157,286	127,847
Net assets acquired (note)	163,706	133,066

Note: The net asset obtained does not include amounts that have not been contributed.

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 [2024] No. 20), with an appraised value of RMB320,992,000.

2 Deconsolidated entities for current period

Name of investee	Time of deconsolidation	Reason for change
Yixing Huanxing New Energy Co., Ltd.	April 2023	Transferred
Tianjin Binhai Huanneng New Energy Co., Ltd.	April 2023	Transferred
Dushan Anju Photovoltaic Technology Co., Ltd.	April 2023	Transferred
Shangyi Shengxin New Energy Development Co., Ltd.	April 2023	Transferred
Gengma Huanxing New Energy Co., Ltd.	April 2023	Transferred
Guyuan Shengju New Energy Co., Ltd.	April 2023	Transferred
Zhangjiakou Shengyuan New Energy Co., Ltd.	April 2023	Transferred

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

2 Deconsolidated entities for current period
(continued)

Name of investee	Time of deconsolidation	Reason for change
Qinhuangdao Tianhui Solar Energy Co., Ltd.	April 2023	Transferred
Tianjin Huanhai Real Estate Development Co., Ltd.	September 2023	De-registered
Tianjin Zhonghuan Hengda Technology Co., Ltd.	October 2023	Transferred
TCL Lighting (Wuhan) Co., Ltd.	October 2023	De-registered
Inner Mongolia Huanneng Resources Development Co., Ltd.	October 2023	De-registered
Inner Mongolia Zhonghuan Electronic Materials Co., Ltd.	October 2023	De-registered
Tianjin Yingtuo Computer Control Technology Co., Ltd.	November 2023	Transferred
Meixin (Xuzhou) Silicon Material Technology Co., Ltd.	December 2023	De-registered
Shangyi Shengyao New Energy Development Co., Ltd.	December 2023	Transferred
Inner Mongolia Zhonghuan Energy Development Center (Limited Partnership)	December 2023	De-registered
Guangdong TCL New Technology Co., Ltd.	December 2023	Transferred

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

3 Subsidiaries disposed in current period

Name of subsidiary	Yixing Huanxing New Energy Co., Ltd.	Tianjin Binhai Huanneng New Energy Co., Ltd.	Dushan Anju Photovoltaic Technology Co., Ltd.	Shangyi Shengxin New Energy Development Co., Ltd.
Price for equity interest disposal	37,710	29,708	52,460	79,060
% equity interest disposed	100%	100%	99%	100%
Way of equity interest disposal	Sale	Sale	Sale	Sale
Time of loss of control	April 2023	April 2023	April 2023	April 2023
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred	The operating risk has been transferred	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	12,705	25,960	(21,827)	83,248
Name of subsidiary	Gengma Huanxing New Energy Co., Ltd.	Guyuan Shengju New Energy Co., Ltd.	Zhangjiakou Shengyuan New Energy Co., Ltd.	Qinhuangdao Tianhui Solar Energy Co., Ltd.
Price for equity interest disposal	31,830	57,490	58,290	84,060
% equity interest disposed	99%	99%	99%	99%
Way of equity interest disposal	Sale	Sale	Sale	Sale
Time of loss of control	April 2023	April 2023	April 2023	April 2023
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred	The operating risk has been transferred	The operating risk has been 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	(13,808)	(9,721)	(9,376)	(37,954)

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VII Changes to Consolidation Scope (continued)

3 Subsidiaries disposed in current period (continued)

Name of subsidiary	Tianjin Zhonghuan Hengda Technology Co., Ltd.	Tianjin Yingtuo Computer Control Technology Co., Ltd.	Guangdong TCL New Technology Co., Ltd.	Shangyi Shengyao New Energy Development Co., Ltd.
Price for equity interest disposal	2,702	474	7,069	81,810
% equity interest disposed	100%	100%	80%	99%
Way of equity interest disposal	Sale	Sale	Sale	Sale
Time of loss of control	November 2023	November 2023	December 2023	December 2023
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred	The operating risk has been transferred	The operating risk has been 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	(512)	1,329	(2,475)	12,629

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VIII 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	79.17%	-	Incorporated
Shenzhen China Star Optoelectronics Bandaoti 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	-	96.67%	Incorporated
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	57.14%	Incorporated
China Star Optoelectronics International (HK) Limited	Hong Kong	Sales	Hong Kong	-	100%	Incorporated
China Display Optoelectronics Technology Holdings Limited	Bermuda	Investment holding	Bermuda	-	64.20%	Business combination not under common control
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100%	Incorporated
Wuhan China Display Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	100%	Incorporated
Suzhou China Star Optoelectronics Technology Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	55.00%	Incorporated
TCL Culture Media (Shenzhen) Co., Ltd.	Shenzhen	Ad planning	Shenzhen	100%	-	Incorporated
Highly Information Industry Co., Ltd.	Beijing	Product distribution	Beijing	66.46%	-	Incorporated
Beijing Sunpiestore Technology Co., Ltd.	Beijing	Sales	Beijing	-	53.45%	Incorporated
Beijing Lingyun Data Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
TCL Technology Group Finance Co., Ltd.	Huizhou	Financial	Huizhou	82.00%	18.00%	Incorporated

TCL Technology Group Corporation
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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	
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd. (Formerly Xinjiang TCL Equity Investment Co., Ltd.)	Shenzhen	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
TCL Research America Inc.	U.S.	Research and development	U.S.	-	100%	Incorporated
TCL Industrial Technology Research Institute (Hong Kong) Limited	Hong Kong	Research and development	Hong Kong	-	100%	Incorporated
TCL Technology Investments Limited	Hong Kong	Investment business	Hong Kong	100%	-	Incorporated
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	2.55%	27.36%	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 Bandaoti 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
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

TCL Technology Group Corporation
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VIII 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	
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 Crystal Materials Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	59.32%	Business combination not under common control
Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	100%	Business combination not under common control
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Wuxi	Manufacturing and sales	Wuxi	7.35%	35.30%	Business combination not under common control
Moka International Limited	BVI	Investment holding	BVI	-	100%	Business combination not under common control
Moka Technology (Guangdong) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100%	Business combination not under common control

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Non-controlling shareholding ratio (%)	Profit or loss attributable to non-controlling shareholders in the current period	Dividends distributed to non-controlling shareholders in the current period	Closing equity of non-controlling interests
TCL China Star Optoelectron Technology Co., Ltd.	20.83%	(443,697)	-	43,769,170
TCL Zhonghuan Renewable Ener Technology Co., Ltd.	70.09%	2,882,278	355,925	47,631,075
Highly Information Industry Co., Ltd.	33.54%	29,505	34,990	552,086

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VIII 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, 2023						January 1, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TCL China Star Optoelectronics Technology Co., Ltd.	55,759,259	153,177,418	208,936,677	66,215,558	68,629,981	134,845,539	40,115,151	152,441,917	192,557,068	45,523,242	73,184,255	118,707,497
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	34,627,478	90,435,565	125,063,043	22,324,095	42,501,836	64,825,931	31,829,523	76,483,400	108,312,923	23,020,082	38,232,999	61,253,081
Highly Information Industry Co., Ltd.	7,086,563	179,985	7,266,548	5,807,990	24,523	5,832,513	8,563,285	149,390	8,712,675	7,191,610	39,961	7,231,571
	2023				2022							
	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	Revenue	Net profit	Total comprehensive income	Net cash generate from/used in operating activities
TCL China Star Optoelectronics Technology Co., Ltd.	72,077,792	(480,560)	(524,501)	18,507,307	56,256,417	(8,352,833)	(8,445,005)	11,012,565				
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	59,146,463	3,898,892	3,899,066	5,181,163	67,010,157	7,073,043	7,073,043	5,056,839				
Highly Information Industry Co., Ltd.	30,109,529	43,200	43,200	(205,171)	31,847,803	264,253	264,253	(574,296)				

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VIII 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
<u>Associate</u>					
Bank of Shanghai Co., Ltd.	Shanghai	Financial	Yes	5.76%	-

(2) Key financial information of major associates

	<u>December 31, 2023</u>	<u>January 1, 2023</u>
	Bank of Shanghai Co., Ltd.	Bank of Shanghai Co., Ltd.
Total assets	3,085,516,473	2,878,524,759
Total liabilities	2,846,467,311	2,656,876,235
Non-controlling interests	470,332	594,465
Equity attributable to shareholders of the parent company	238,578,830	221,054,059
Carrying amount of investment in associate	13,726,174	12,809,374
	<u>2023</u>	<u>2022</u>
	Bank of Shanghai Co., Ltd.	Bank of Shanghai Co., Ltd.
Revenue	50,564,474	53,112,478
Net profit attributable to the parent company	22,544,789	22,280,215
Dividends from associate to the Group in current period	327,157	327,157

(3) The Company had no significant joint ventures in the Reporting Period.

TCL Technology Group Corporation
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IX 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 at December 31, 2023, 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, 2023, the Group had no liquidity risk events.

TCL Technology Group Corporation
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IX Risks Related to Financial Instruments (continued)

(3) Market risk

(a) Foreign exchange risk

The Group has carried out various economic activities around the world including manufacturing, selling, investment and financing etc., and corresponding interest rate fluctuation risks exist in the Group's foreign currency assets and liabilities and future foreign currency transactions.

The Group always regards "Locking the Cost and Avoiding Possible Risks" as the foreign currency risk management goal. Through the natural hedging of settlement currency, matching with the foreign currency liabilities, signing simple derivative products closely related to the owner's operation and meeting corresponding hedge accounting treatment requirements and applying other management methods, the foreign currency risk exposure can be controlled within a reasonable scope and the impact of interest rate fluctuations on the Group's overall profit and loss will be reduced.

On December 31, 2023, 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 USD186,459,000, equivalent to RMB1,320,635,000 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	Exchange rate at period-end
	2023	December 31, 2023
USD/RMB	7.0558	7.0827

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 RMB66,032,000 in shareholders' equity and net profit respectively of the Group on December 31, 2023.

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, 2023, the Group's liabilities with floating interest rates accounted for 66.06% 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.

(4) Offset of financial assets and financial liabilities

As at the end of the reporting period, the amount offset between the financial assets and financial liabilities recognized under executable master netting arrangements or similar agreements was RMB11,966,787,000.

TCL Technology Group Corporation
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X 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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X 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)	1,111,814	22,067,808	4,495	23,184,117
Derivative financial assets (see Note V.3)	-	108,008	-	108,008
Receivables financing (see Note V.6)	-	-	954,410	954,410
Investments in other equity instruments (see Note V. 17)	17,127	-	369,521	386,648
Other non-current financial assets (see Note V. 18)	1,520,553	155,428	1,295,585	2,971,566
	<u>2,649,494</u>	<u>22,331,244</u>	<u>2,624,011</u>	<u>27,604,749</u>
Total assets continuously measured at fair value				

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V, 32)	-	56,589	194,862	251,451
Derivative financial liabilities (see Note V, 33)	-	58,591	-	58,591
	<u>-</u>	<u>115,180</u>	<u>194,862</u>	<u>310,042</u>
Total liabilities continuously measured at fair value				

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XI 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 1,264,053,189 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 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
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Tianjin Huanyan Technology Co., Ltd.	Joint venture
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	Joint venture
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	Joint venture's subsidiary
Jiangsu Huanxin Bandaoti Co., Ltd.	Joint venture's subsidiary
Moxing Bandaoti (Guangdong) Co., Ltd.	Joint venture's subsidiary
Moxun Bandaoti Technology (Shanghai) Co., Ltd.	Joint venture's subsidiary
SunPower Systems International Limited	Associate
MAXEON SOLAR TECHNOLOGIES, LTD.	Associate
Inner Mongolia Zhongjing Science and Technology Research	Associate
Inner Mongolia Shengou Electromechanical Engineering Co.,	Associate
TCL Intelligent Technology (Ningbo) Co., Ltd.	Associate
Aijiexu 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	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

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

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

Company name	Relationship with the Company
LG Electronics (Huizhou) Co., Ltd.	Associate
Wuxi TCL Medical Imaging Technology Co., Ltd.	Associate
China Innovative Capital Management Limited	Associate
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	Associate
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	Associate
JOLED Incorporation	Associate
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd.	Associate
Getech Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Purplevine Holdings Limited and its subsidiaries	Associate and its subsidiaries
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	Joint ventures and its subsidiaries
SunPower Corporation	Associate's subsidiary
SunPower Phils.Manufacture Ltd	Associate's subsidiary
SunPower Systems Sarl	Associate's subsidiary
SunPower Malaysia Manufacturing Sdn.Bhd.	Associate's subsidiary
Elite Excellent Investments Limited	Associate's subsidiary
Esteem Venture Investment Limited	Associate's subsidiary
Huixing Holdings Limited	Associate's subsidiary
Marvel Paradise Limited	Associate's subsidiary
Union Dynamic Investment Limited	Associate's subsidiary
Zijinshan Investment Co., Ltd.	Associate's subsidiary
Ningxia Zhongjing New Material Technology Co., Ltd.	Associate's subsidiary
TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	Other relationships

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XI	Related Parties and Related-Party Transactions (Continued)	
3	Major related-party transactions	
(1)	Selling raw materials and finished goods (Note 1)	
	2023	2022
	TCL Industries Holdings Co., Ltd. and its subsidiaries	10,607,152
	SunPower Systems Sarl	1,912,424
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	1,631,738
	SunPower Malaysia Manufacturing Sdn.Bhd.	482,562
	TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	50,095
	SunPower Systems International Limited	195,077
	Inner Mongolia Huanye Material Co., Ltd.	-
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	5,443
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	2,658
	LG Electronics (Huizhou) Co., Ltd.	-
	Getech Ltd. and its subsidiaries	4,704
	Purplevine Holdings Limited and its subsidiaries	-
	Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	39
	MAXEON SOLAR TECHNOLOGIES, LTD.	1,691
	Moxing Bandaoti (Guangdong) Co., Ltd.	44
	SunPower Corporation	37
	Sunpower Phils.Manufacture Ltd	10
	<u>21,127,933</u>	<u>14,893,674</u>
(2)	Purchasing raw materials and finished products (Note 2)	
	2023	2022
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	2,768,083
	Xinjiang Goens Energy Technology Co., Ltd.	5,741,285
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,439,403
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	1,235,277
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	766,831
	Inner Mongolia Huanye Material Co., Ltd.	-
	JOLED Incorporation	-
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	228,127

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XI	Related Parties and Related-Party Transactions (Continued)		
3	Major related-party transactions		
(2)	Purchasing raw materials and finished products (Note 2) (continued)		
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	161,355	178,523
	Jiangsu Huanxin Bandaoti Co., Ltd.	150,506	-
	Ningxia Zhongjing New Material Technology Co., Ltd.	28,697	-
	TCL Intelligent Technology (Ningbo) Co., Ltd.	11,130	1,309
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	1,671	-
	Inner Mongolia Xinhua Silicon Energy Technology Co., Ltd.	1,416	-
		11,797,458	12,358,838
(3)	Receiving funding (Note 3)		
		2023	2022
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	195,405	148,664
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	119,091	70,998
	Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	36,962	22,413
	Elite Excellent Investments Limited	8,892	8,762
	TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	7,406	8
	Esteem Venture Investment Limited	5,500	5,416
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	820	34,228
	Huixing Holdings Limited	670	673
	Marvel Paradise Limited	611	612
	Union Dynamic Investment Limited	389	401
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	205	300,000
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	98	41,862
	Jiangsu Huanxin Bandaoti Co., Ltd.	98	42,552
	Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	33
	Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	-	15,730
		376,180	692,352

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XI	Related Parties and Transactions (Continued)	Related-Party		
	3	Major related-party transactions (continued)		
	(4)	Leases		
			2023	2022
		Rental income		
		TCL Industries Holdings Co., Ltd. and its subsidiaries	63,067	76,368
		Aijiexu New Electronic Display Glass Inner Mongolia Huanye Material Co., Ltd.	62,878	66,902
		TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	22,274	16,063
		Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	3,669	4,323
		Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	885	-
		Getech Ltd. and its subsidiaries	748	837
		Jiangsu Huanxin Bandaoti Co., Ltd.	669	1,065
		Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	466	-
		Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd.	400	368
		TCL Intelligent Technology (Ningbo) Co., Ltd.	144	-
			-	1
			<u>155,200</u>	<u>165,927</u>
		Rental expense		
		TCL Industries Holdings Co., Ltd. and its subsidiaries	60,396	62,456
		Huaxia CPV (Inner Mongolia) Power Co., Ltd.	10,036	5,147
		TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	1,427	1,927
		Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	283	-
		TCL Intelligent Technology (Ningbo) Co., Ltd.	122	-
			<u>72,264</u>	<u>69,530</u>
	(5)	Rendering or receipt of services		
			2023	2022
		Providing labour service for related parties	327,066	293,468
		Receipt of services	2,116,609	1,534,144

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XI	Related Parties and Related-Party		
3	Major related-party transactions		
(6)	Receiving interest or paying interest (Note 3)		
		2023	2022
	Interest received	15,619	22,837
	Interest paid	43,049	18,040
(7)	Remuneration of key management personnel (Note 4)		
		2023	2022
	Remuneration of key management personnel	67,919	48,071
(8)	Other related transactions		
(a)	In May 2023, the Group signed an equity transfer agreement with TCL Ace (Huizhou) Co., Ltd., a subsidiary of TCL Industries Holdings Co., Ltd., to acquire 100% equity of Inner Mongolia TCL Optoelectronic Technology Co., Ltd. held by TCL Ace (Huizhou) Co., Ltd. at a transaction price of RMB119,039,000.		
(b)	In June 2023, the Group signed an equity transfer agreement with TCL Financial Holding Group (Guangzhou) Co., Ltd., a subsidiary of TCL Industries Holdings Co., Ltd., to acquire 100% equity of TCL Financial Technology (Shenzhen) Co., Ltd. held by TCL Financial Holding Group (Guangzhou) Co., Ltd. at a transaction price of RMB15,036,000.		
(c)	In June 2023, the Group signed an equity transfer agreement with Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. to transfer 40% equity of Shenzhen Qianhai Sailing Supply Chain Management Co., Ltd. to Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. at a transaction price of RMB21,940,000.		
(d)	In October 2023, the Group signed an equity transfer agreement with TCL Digital Technology (Shenzhen) Co., Ltd., a subsidiary of TCL Industries Holdings Co., Ltd., to acquire 20% equity of Techhigh Circuit Technology (Huizhou) Co., Ltd. held by TCL Digital Technology (Shenzhen) Co., Ltd. at a transaction price of RMB101,628,000.		
(e)	According to the terms of the Agreement by and between TCL TECHNOLOGY INVESTMENTS LIMITED and T.C.L. INDUSTRIES HOLDINGS (H.K.) LIMITED on the Transfer of the 100% Equity of Moka International Limited (“Equity Transfer Agreement”), when the net profit actually realized by Moka International Limited during the agreed performance commitment period exceeds the committed RMB760,000,000, the Company will reward the transferor with 50% of the excess profit as an additional performance bonus (the total amount of the additional bonus will not exceed 20% of the equity transfer price). During the commitment period, Moka International Limited realized a consolidated net profit of RMB1,480,966,000. According to the said Equity Transfer Agreement, the performance bonus recognized for the current period is RMB360,483,000.		

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

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 Technology Group 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 remunerations of key management personnel 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, but do not include share-based payments.

Note 5 Transactions taken by TCL Financial Technology (Shenzhen) Co., Ltd. with the Group between January and June 2023 are recorded into TCL Industries Holdings Co., Ltd. and its subsidiaries.

Note 6 The transactions between Xinjiang Goens Energy Technology Co., Ltd. and the Group in 2023 are related party transactions.

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XI Related Parties and Related-Party Transactions (Continued)

4 Balances due from and to related parties (continued)

(1) Accounts receivable

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	3,686,514	2,149,032
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	144,349	292,275
SunPower Systems Sarl	46,943	258,443
SunPower Systems International Limited	13,163	76,749
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	12,527	12,651
Inner Mongolia Huanye Material Co., Ltd.	10,095	6,398
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	2,500	1,522
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	785	-
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	658	-
LG Electronics (Huizhou) Co., Ltd.	478	-
Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	54	44
Jiangsu Huanxin Bandaoti Co., Ltd.	32	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	22	183
SunPower Malaysia Manufacturing Sdn.Bhd.	6	2
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	1,163
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	-	969
Tianjin Huayan Technology Co., Ltd.	-	289
Getech Ltd. and its subsidiaries	-	281
MAXEON SOLAR TECHNOLOGIES, LTD.	-	104
	3,918,126	2,800,105

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XI	Related Parties and Related-Party Transactions (Continued)	December 31, 2023	January 1, 2023
4	Balances due from and to related parties (continued)		
(2)	Accounts payable		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,246,215	1,311,176
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,113,639	699,954
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	284,721	272,288
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	198,697	110,703
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	46,226	57,847
	Getech Ltd. and its subsidiaries	34,963	112,831
	Inner Mongolia Huanye Material Co., Ltd.	31,915	25,090
	Ningxia Zhongjing New Material Technology Co., Ltd.	26,819	-
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	22,521	63,818
	Jiangsu Huanxin Bandaoti Co., Ltd.	21,437	-
	Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	2,671	-
	TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	936	968
	TCL Intelligent Technology (Ningbo) Co., Ltd.	244	-
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	-	10
		3,031,004	2,654,685

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XI Related parties and related-party transactions (continued)

4 Balances due from and to related parties

(3) Other receivables

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	133,502	576,402
Ningxia Zhongjing New Material Technology Co., Ltd.	12,251	-
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	9,114	5,550
Inner Mongolia Huanye Material Co., Ltd.	8,120	4,061
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	7,791	7,987
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	7,363	2,058
Getech Ltd. and its subsidiaries	5,127	3,994
Moxun Bandaoti Technology (Shanghai) Co., Ltd.	4,265	-
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	3,053	3,101
JOLED Incorporation	2,823	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	1,898	777
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,629	-
MAXEON SOLAR TECHNOLOGIES,LTD.	1,105	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	775	15
Jiangsu Huanxin Bandaoti Co., Ltd.	707	-
LG Electronics (Huizhou) Co., Ltd.	336	212
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	219	-
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd.	215	-
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	170	-
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	29	-
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	-	20,181
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	9
Wuxi TCL Medical Imaging Technology Co., Ltd.	-	6
	200,492	624,353

TCL Technology Group Corporation
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XI Related parties and related-party transactions
(continued)

4 Balances due from and to related parties

(4) Other payables

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	607,576	81,858
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	428,100	428,100
Getech Ltd. and its subsidiaries	112,086	166,525
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	82,487	120,677
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	77,143	35,350
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	46,151	22,462
Aijiexu New Electronic Display Glass (Shenzhen) Co.,	9,317	9,317
Elite Excellent Investments Limited	8,892	8,762
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	5,591	5,564
Esteem Venture Investment Limited	5,500	5,416
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	2,796	1,444
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	2,575	1,924
Moxun Bandaoti Technology (Shanghai) Co., Ltd.	1,042	4,057
Huixing Holdings Limited	670	673
Marvel Paradise Limited	611	612
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	401	-
Union Dynamic Investment Limited	389	401
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	273	18,762
Jiangsu Huanxin Bandaoti Co., Ltd.	134	-
China Innovative Capital Management Limited	86	29
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	66	66
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	60	55
Ningxia Zhongjing New Material Technology Co., Ltd.	58	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	45	45
TCL Intelligent Technology (Ningbo) Co., Ltd.	24	75
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd.	20	-
CJ Speedex Logistics Co., Ltd.	-	102
	1,392,093	912,276

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(RMB'000)

XI Related parties and related-party transactions
(continued)

4 Balances due from and to related parties
(continued)

(5) Non-current liabilities due within one year

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	14,042	19,555
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	2,775	4,972
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	-	957
	16,817	25,484

(6) Prepayments

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	46,682	75
Getech Ltd. and its subsidiaries	15,695	16,890
Tianjin Huanyan Technology Co., Ltd.	6,466	30,438
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	399	2,862
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	156	-
Xinjiang Goens Energy Technology Co., Ltd.	152	8,386
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	133	-
TCL Intelligent Technology (Ningbo) Co., Ltd.	44	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	-	2,633
	69,727	61,284

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XI Related parties and related-party transactions
(continued)

4 Balances due from and to related parties
(continued)

(7) Advances from customers

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	304	214
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	110	-
	414	214

(8) Contract liabilities

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	71,842	56,969
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	1,424	148,237
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	67	-
SunPower Corporation	46	-
Inner Mongolia Huanye Material Co., Ltd.	32	-
	73,411	205,206

(9) Lease liabilities

	December 31, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	40,772	1,345
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	8,690	1,260
	49,462	2,605

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XI Related parties and related-party transactions

4 Balances due from and to related parties

(10) Deposits from related parties (note)

	December 31, 2023	January 1, 2023
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	195,470	148,707
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	60,899	36,117
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	7,407	8
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	6,134	2,616
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	547	15,722
Zihui Xinyuan Commercial (Huizhou) Co., Ltd.	269	300,086
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	98	41,867
Jiangsu Huanxin Bandaoti Co., Ltd.	98	42,553
TCL Intelligent Technology (Ningbo) Co., Ltd.	1	-
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	-	-
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	-	15,734
	<u>270,923</u>	<u>603,410</u>

Note: These deposits are made by related parties in the Company's subsidiary TCL Technology Group Finance Co., Ltd.

(11) Other non-current assets

	December 31, 2023	January 1, 2023
Purplevine Holdings Limited and its subsidiaries	174,422	216,468
Getech Ltd. and its subsidiaries	4,429	3,176
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	297	-
TCL Industries Holdings Co., Ltd. and its subsidiaries	68	-
	<u>179,217</u>	<u>219,644</u>

TCL Technology Group Corporation
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XII Share-based payments

1 General conditions of share-based payment

Total amount of each equity instrument granted by the Company in the current period	247,100
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	88
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	-

(1) Employee Stock Ownership Plan (Phase II) 2021-2023

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 Meeting of the Seventh-term Board of Directors and the 14th Meeting of the Seventh-term Board of Supervisors*, 32.6211 million shares were granted to no more than 3,600 awardees at the price of RMB4.35/share on July 22, 2022. In 2023, a total of 20,000 shares granted by the Company became void due to the awardees' resignation.

(2) Employee Stock Ownership Plan (Phase III) 2021-2023

According to the *Proposal on the Management Measures of the Company's Employee Stock Ownership Plan (Phase III) 2021-2023* deliberated and adopted at the *Second Extraordinary Meeting 2023*, and the *Proposal on the Company's Employee Stock Purchase Plan (Phase III) 2021-2023 (Draft)* adopted by the resolution of the *32nd Meeting of the Seventh-term Board of Directors and the 21st Meeting of the Seventh-term Board of Supervisors*, 64.99 million shares were granted to no more than 3,600 awardees at the price of RMB3.94 on June 16, 2023.

The vesting arrangement of the restricted stock granted under the above 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	The Group determined the fair value of equity instruments on the grant date based on the fair value of the shares.
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	None
Accumulated amount of equity-settled share-based payment included in capital reserve	RMB134,949,000
Total expense recognized for equity-settled share-based payments in the current period	RMB108,217,000

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

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

TCL Technology Group Corporation
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XII Share-based payments

5 Share-based payments by the controlling subsidiaries TZE and Zhonghuan Advanced

(1) Stock option incentive plan

(a) Changes in stock options during the year

Number of stock options outstanding as at the beginning of the year	2,752
Number of stock options granted by the Company in the current period	-
Number of stock options of the Company exercised in the current period	840
Number of stock options of the Company voided in the current period	-
Others	646
Number of stock options outstanding as at the end of the year	2,558

On July 6, 2021, TZE held its third extraordinary general meeting of 2021 where the *Proposal for the 2021 Stock Option Incentive Plans (Draft) and Its Summary* (hereinafter referred to as the “Stock Option Incentive Plans for 2021”) was deliberated and adopted. On July 9, 2021, TZE held the 15th meeting of its 6th Board of Directors and the 7th meeting of its 6th Board of Supervisors, where the *Proposal for Granting Stock Options to the Incentive Objects of the Stock Option Incentive Plans for 2021* was deliberated and adopted. As of December 31, 2023, all Stock Option Incentive Plans for 2021 had entered the exercisable period.

(2) Employee stock ownership plan

(a) TZE’s employee stock ownership plan for 2021

On July 6, 2021, TZE held its third extraordinary general meeting of 2021 where the *Proposal for the Employee Stock Ownership Plan (Draft) and Its Summary for 2021* (hereinafter referred to as the “Employee Stock Ownership Plan for 2021”) was deliberated and adopted. In 2021, TZE repurchased a total of 9,137,521 shares by centralized bidding through the securities account opened specially for repurchasing shares, at an average repurchase price of RMB36.11 per share. Among the repurchased shares, 8,975,906 shares were used for the Employee Stock Ownership Plan for 2021.

(b) Employee equity incentives of Zhonghuan Advanced

On February 10, 2022, TZE held its first extraordinary general meeting of 2022, where the *Proposal for Capital and Share Increase and Related Party Transactions of the Controlling Subsidiary Zhonghuan Advanced Bandaoti Material Co., Ltd.* was deliberated and adopted. Zhonghuan Advanced Bandaoti Material Co., Ltd. (hereinafter referred to as “Zhonghuan Leading”), a subsidiary of the Company, intended to implement employee stock ownership through capital and share increase (hereinafter referred to as “Stock Ownership Plan of Zhonghuan Advanced”). In 2022 and 2023, Zhonghuan Advanced granted, in lump sum respectively, 969,480,000 shares and 155,520,000 shares to the operation management team, backbone employees and persons who had made significant contributions to its business development, at a grant price of RMB1.04 per share.

(c) TZE’s employee stock ownership plan for 2022

On August 30, 2022, TZE held its second extraordinary general meeting of 2022 where the *Proposal for the Employee Stock Ownership Plan (Draft) and Its Summary for 2022* (hereinafter referred to as the “Employee Stock Ownership Plan for 2022”) was deliberated and adopted. In 2022, TZE repurchased a total of 9,515,263 shares by centralized bidding through the securities account opened specially for repurchasing shares, at an average repurchase price of RMB41.09 per share. Among the repurchased shares, 9,492,797 shares were used for the Employee Stock Ownership Plan for 2022. The remaining 161,615 shares repurchased in 2021 were also used for the Employee Stock Ownership Plan for 2022. In summary, a total of 9,654,412 shares were used for the Employee Stock Ownership Plan for 2022. The lock up period for the shares purchased for the Employee Stock Ownership Plan for 2022 is

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XII Share-based payments (continued)

5 Share-based payments by the controlling subsidiaries TZE and Zhonghuan Advanced (continued)

(2) Employee stock ownership plan (continued)

(c) TZE's employee stock ownership plan for 2022 (continued)

the period from September 8, 2022 to September 7, 2023. On June 30, 2023, the Management Committee for the Employee Stock Ownership Plan for 2022 determined that the grant date of stock quota under the Employee Stock Ownership Plan for 2022 should be July 1, 2023, and agreed to grant a total of approximately 9,654,412 shares to employees who met the conditions of the Employee Stock Ownership Plan for 2022. As of December 31, 2023, all the shares held under the Employee Stock Ownership Plan for 2022 had been granted to the holders.

(d) TZE's employee stock ownership plan for 2023

On June 8, 2023, TZE held its second extraordinary general meeting of 2023 where the *Proposal for the Employee Stock Ownership Plan (Draft) and Its Summary for 2023* (hereinafter referred to as the "Employee Stock Ownership Plan for 2023") was deliberated and adopted. In the year, TZE repurchased a total of 14,381,400 shares by centralized bidding through the securities account opened specially for repurchasing shares, at an average repurchase price of RMB48.65 per share. Among the repurchased shares, 14,369,514 shares were used for the Employee Stock Ownership Plan for 2023. The remaining 22,466 shares repurchased in 2022 were also used for the Employee Stock Ownership Plan for 2023. In summary, a total of 14,391,980 shares were used for the Employee Stock Ownership Plan for 2023. The lock up period for the shares acquired for the Employee Stock Ownership Plan for 2023 is from June 9, 2023 to June 8, 2024. As no grant date is specified in the Agreement on Granting the Employee Stock Ownership Plan for 2023 signed by and between TZE and its employees in the year, no shares had been granted under the Employee Stock Ownership Plan for 2023 as at December 31, 2023.

(3) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	The Group determined the fair value of equity instruments on the grant date based on the fair value of the shares.	
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		None
Accumulated amount of equity-settled share-based payment included in capital reserve		RMB500,835,000
Total expense recognized for equity-settled share-based payments in the current period		RMB456,400,000

(4) TZE has no cash-settled share-based payments.

(5) Modification or termination of TZE's share-based payment.

On August 23, 2023, the Employee Stock Ownership Plan for 2021 changed share-based payments settled in cash to share-based payments settled in equity, with a decrease of expenses by RMB29,227,000 in 2023.

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XIII Commitments

1 Capital commitments

December 31, 2023

Contracted but not provisioned	Note 1	33,203,372
Approved by Board but not contracted	Note 2	1,524,475
		34,727,847

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 were not under contractual obligations in the current period primarily consist of new energy photovoltaic and material production projects and CSOT's LCD panel projects.

As of December 31, 2023, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

XIV Contingencies

Guarantees Provided for External Parties

As at December 31, 2023, the guarantee provided by the Company for the related party's bank loans, commercial drafts, letters of credit, etc., was RMB2,360,399,000.

Obligor	Actual guarantee amount	Type of guarantee	Actual occurrence date	Term of guarantee	Expired or not
Subsidiary of TCL Industries Holdings Co., Ltd.	96,160	Joint liability guarantee	August 29, 2019 March 2, 2021 November 4, 2021		No
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	230,559	Joint liability guarantee	April 28, 2020	8 years	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	480,480	Joint liability guarantee	March 1, 2023	58 days to 1 year	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	233,200	Joint liability guarantee	May 22, 2023	6.4 years	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,320,000	Joint liability guarantee	June 15, 2023	5.5 years	No
	2,360,399				

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XIV Contingencies (continued)

As at December 31, 2023, the amount of credit granted by the Group for the note discounting, note acceptance, and non-financing guarantees of related parties was RMB1,248,737,000.

XV Events after the Balance Sheet Date

- 1 From January 29 to February 6, 2024, TCL TECH completed the issuance of the 2024 Technology Innovation Corporate Bond (Digital Economy) (Phase I), with a value date of February 6, 2024, an issuance scale of RMB1.5 billion, with a duration of 2 years and a coupon rate of 2.64%.
- 2 From April 8 to April 11, 2024, TCL TECH completed the issuance of the 2024 Technology Innovation Corporate Bond (Digital Economy) (Phase II), with a value date of February 11, 2024, an issuance scale of RMB1.5 billion, with a duration of 5 years and a coupon rate of 2.69%.
- 3 According to the proposal for profit distribution for 2023 deliberated and approved by the Board of Directors, the Company intends to distribute a cash dividend of RMB0.8 (tax-inclusive) to all its shareholders for every 10 shares in its total share capital consisting of 18,779,080,767 shares that were eligible for profit distribution as at April 28, 2024 (if the Company repurchased treasury shares during equity distribution, such shares would not be eligible for the profit distribution), with no bonus shares given and no capital reserve converted into share capital, and with a total profit of RMB1,502,326,000 distributed.

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XVI Other Important Matters

(I) 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 display business, the new energy photovoltaic and 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) Display business: mainly includes the research and development, manufacturing and sales of display panels and display modules, as well as complete display processing.
- (2) New energy photovoltaic and display materials business: mainly includes the manufacture and sales of silicon materials, display 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.

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XVI Other Important Matters (Continued)

(I) Segment reporting (continued)

2 Financial information of reporting segments

	For the 12 months ending on December 31, 2023				
	display business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	assets
Revenue	83,654,743	59,146,463	30,109,529	1,455,922	174,366,657
Net profit	(7,407)	3,898,892	43,200	846,099	4,780,784
Total assets	235,586,824	125,063,043	7,266,548	14,942,671	382,859,086
Total liabilities	159,403,780	64,825,931	5,832,513	7,530,889	237,593,113

	For the 12 months ending on December 31, 2022				
	Display and materials business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	assets
Revenue	65,717,155	67,010,157	31,847,803	1,977,671	166,552,786
Net profit	(7,625,065)	7,073,042	264,253	2,075,829	1,788,059
Total assets	175,429,564	108,312,923	8,712,675	67,541,070	359,996,232
Total liabilities	99,999,637	61,253,081	7,231,569	59,373,192	227,857,479

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

1 Accounts receivable

	December 31, 2023				January 1, 2023			
	Amount	Ratio (%)	Allowance	Accrual Ratio (%)	Amount	Ratio (%)	Allowance	Percentage
Within 1 year	351,594	100%	806	0.23%	353,877	100%	65	0.02%

2 Other receivables

	December 31, 2023	January 1, 2023
Dividends receivable	-	-
Other receivables	19,614,272	4,961,948
	<u>19,614,272</u>	<u>4,961,948</u>

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

	December 31, 2023	January 1, 2023
Equity transfer receivables	610	470,628
Security and deposits	2,841	1,795
Others	19,610,821	4,489,525
	<u>19,614,272</u>	<u>4,961,948</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, 2023	1,075	-	31,718	32,793
Accrued in current period	532	-	-	532
Reversal of current period	-	-	(82)	(82)
Write-off of current period	-	-	-	-
December 31, 2023	<u>1,607</u>	<u>-</u>	<u>31,636</u>	<u>33,243</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

XVII 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, 2023		January 1, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	17,998,302	91.61%	3,944,909	78.98%
1 to 2 years	673,321	3.43%	23,902	0.48%
2 to 3 years	12,776	0.06%	225,690	4.52%
Over 3 years	963,116	4.90%	800,240	16.02%
	<u>19,647,515</u>	<u>100.00%</u>	<u>4,994,741</u>	<u>100.00%</u>

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

The top five other receivables of the Company amounted to approximately RMB18,826,190,000 (December 31, 2022: RMB4,008,688,000), accounting for 95.82% of the total other receivables of the Company (December 31, 2022: 80.26 %).

3 Long-term equity investments

	December 31, 2023			January 1, 2023		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	16,717,864	-	16,717,864	17,171,275	-	17,171,275
Subsidiaries (2)	62,947,128	-	62,947,128	59,189,096	-	59,189,096
	<u>79,664,992</u>	<u>-</u>	<u>79,664,992</u>	<u>76,360,371</u>	<u>-</u>	<u>76,360,371</u>

As of December 31, 2023, 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
For the period from January 1 to December 31, 2023
(RMB'000)

XVII Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(1) Associates and joint ventures

	January 1, 2023	Increase or decrease in current period						December 31, 2023	
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Provision for impairment		Other increases and decreases
Bank of Shanghai Co., Ltd.	12,809,374	-	1,251,665	(7,708)	-	(327,157)	-	-	13,726,174
China Innovative Capital Management Limited	944,392	-	25,698	-	-	-	-	210	970,300
LG Electronics (Huizhou) Co., Ltd.	89,772	-	13,438	-	-	(13,400)	-	-	89,810
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	27,358	(40,000)	(1,144)	1,638	-	-	-	12,148	-
Shenzhen Tixiang Business Management Technology Co., Ltd.	1,147	-	216	-	-	-	-	12	1,375
Shenzhen Jucai Supply Chain Technology Co., Ltd.	15,273	-	4,367	2	-	-	-	-	19,642
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	502,444	328,430	59,337	-	-	(19,937)	-	-	870,274
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	167,809	-	13,024	-	-	-	-	-	180,833
Xinxin Bandaoti Technology Co., Ltd.	1,798,784	-	(34,120)	-	-	-	-	(1,764,664)	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	69,540	-	(42,523)	(44)	1,164	-	-	-	28,137
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	-	163,760	(14,642)	-	-	-	-	-	149,118
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	-	44,646	(12,464)	-	-	-	-	-	32,182
Huizhou TCL Human Resources Service Co., Ltd.	6,274	-	2,656	-	-	-	-	-	8,930
TCL Microchip Technology (Guangdong) Co., Ltd.	285,279	60,000	(79,117)	-	12,034	-	-	-	278,196
Others	453,829	(58,722)	27,026	-	-	(2,548)	-	(56,692)	362,893
	<u>17,171,275</u>	<u>498,114</u>	<u>1,213,417</u>	<u>(6,112)</u>	<u>13,198</u>	<u>(363,042)</u>	<u>-</u>	<u>(1,808,986)</u>	<u>16,717,864</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

XVII Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries

	Direct shareholding ratio (%)	January 1, 2023	Increase in the period	Decrease in the period	December 31, 2023
TCL China Star Optoelectronics Technology Co., Ltd.	79.17%	33,780,853	268,400	-	34,049,253
TCL Technology Group Finance Co., Ltd.	82.00%	1,256,003	-	-	1,256,003
TCL Technology Group (Tianjin) Co., Ltd.	100%	15,000,000	1,200,000	-	16,200,000
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	2.55%	1,752,635	177,098	-	1,929,733
TCL Culture Media (Shenzhen) Co., Ltd.	100%	361,414	-	-	361,414
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd.	100%	200,000	-	-	200,000
Guangdong TCL Juxiang Technology Co., Ltd. (Formerly Huizhou Sailuote Communication Co., Ltd.)	100%	110,000	-	-	110,000
Highly Information Industry Co., Ltd.	66.46%	107,296	-	-	107,296
TCL Communication Equipment (Huizhou) Co., Ltd.	75.00%	79,500	-	-	79,500
TCL Medical Radiological Technology (Beijing) Co., Ltd.	100%	58,497	-	-	58,497
Shenzhen TCL Strategic Equity Investment Fund Partnership (Limited Partnership)	100%	71,010	-	-	71,010
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
Tianjin Silica Material Technology Co., Ltd.	100%	2,800,000	-	-	2,800,000
Xiamen TCL Technology Industrial Investment Co., Ltd.	100%	211,000	253,397	-	464,397
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
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	99.94%	-	10,000	-	10,000
TCL Financial Technology (Shenzhen) Co., Ltd.	100%	-	15,036	-	15,036
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	7.35%	-	1,790,312	-	1,790,312
Equity incentives of subsidiaries		16,595	43,789	-	60,384
		<u>59,189,096</u>	<u>3,758,032</u>	<u>-</u>	<u>62,947,128</u>

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

TCL Technology Group Corporation
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(RMB'000)

XVII Notes to Financial Statements of the Parent Company (Continued)

4	Investments in other equity instruments				
			December 31, 2023	January 1, 2023	
	Equity of unlisted companies		-	5,000	
5	Other non-current financial assets				
			December 31, 2023	January 1, 2023	
	Equity investments		442,985	431,023	
	Debt investments		201,315	-	
			<u>644,300</u>	<u>431,023</u>	
6	Operating income and operating costs				
		2023	2022		
		Revenue	Operating cost	Revenue	Operating cost
	Core business	1,051,958	1,049,587	1,019,036	1,009,786
	Non-core business	<u>668,002</u>	<u>147,567</u>	<u>574,177</u>	<u>153,021</u>
		<u>1,719,960</u>	<u>1,197,154</u>	<u>1,593,213</u>	<u>1,162,807</u>
7	Return on investment				
			2023	2022	
	Gain on disposal of debt instruments at fair value through profit or loss		-	244,997	
	Gain on disposal of equity instruments at fair value through profit or loss		298	-	
	Profit from holding debt instruments at fair value through profit or loss		140,134	-	
	Debt instruments at amortized cost through profit or loss		-	-	
	Profit from holding equity instruments at fair value through profit or loss		-	3,953	
	Gain on disposal of derivative financial assets/liabilities		9,659	-	
	Dividends from subsidiaries		713,047	9,340,042	
	Share of profit of associates for current period		1,289,878	1,358,727	
	Share of profit of joint ventures for current period		(76,461)	(50,667)	
	Net income from disposal of long-term investments		<u>284,242</u>	<u>1,586,504</u>	
			<u>2,360,797</u>	<u>12,483,556</u>	

As of December 31, 2023, there were no significant restrictions on the collection of return on investment.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
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XVII Notes to Financial Statements of the Parent Company (Continued)

8 Net cash generated from operating activities

Net cash used in operating activities of the Company was (RMB8,054,069,000).

9 Ending balance of cash and cash equivalents

The ending balance of cash and cash equivalents of the Company was RMB2,642,115,000.

10 Contingent liabilities

As of December 31, 2023, the contingent liabilities not provided for in the financial report were as follows:

	December 31, 2023
Guarantees for bank loans of subsidiaries	48,112,186
Guarantees such as trade notes, letters of credit and letters of guarantee for subsidiaries	24,675,501
Guarantees for bank loans, trade notes, letters of credit, etc. of related parties	2,360,399

XVIII Comparative Figures

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to December 31, 2023
(RMB'000)

IX Non-recurring profit and loss items and amount

	2023	2022
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	275,255	1,757,839
Public grants through profit or loss (exclusive of public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses)	2,764,043	1,322,783
The profits or losses generated from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and the profits or losses from the disposal of such financial assets and financial liabilities, except for the effective hedging business related to the company's normal business operations	(114,259)	(127,234)
Reversal of provision for impairment of receivables that have been individually tested for impairment	22,894	37,746
Non-operating income and expenses other than the above	228,994	758,600
Income tax	(603,198)	(244,386)
Non-controlling interests effects	<u>(1,379,875)</u>	<u>(545,817)</u>
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	<u>1,193,854</u>	<u>2,959,531</u>

According to the relevant provisions of the Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public - Non-recurring Profits and Losses (Revised in 2023), public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses shall be presented as recurring profits and losses. The public grants presented as recurring profits and losses by the Group in 2022 include asset-related public grants of RMB150,765,000, which comply with the relevant provisions of Interpretative Announcement No. 1 (Revised in 2023) and shall be presented as recurring profits and losses. This change has no significant impact on the Company's financial position and operating results.

TCL Technology Group Corporation
Notes to Financial Statements
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(RMB'000)

XX 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 (%)	Earnings per share (RMB yuan)	
			Basic earnings per share	Diluted earnings per share income
Net profit attributable to ordinary shareholders of the Company	2,214,934	4.27%	0.1195	0.1179
Net profit attributable to ordinary shareholders of the Company before non-recurring gains and losses	1,021,080	1.97%	0.0551	0.0544

Company Name: TCL Technology Group Corporation

Date: April 28, 2024

The financial statements and the notes thereto from page 1 to page 178 are signed by:

Legal representative: <u>Li Dongsheng</u>	Person-in-charge of Financial affairs: <u>Li Jian</u>	Person-in-charge of the Financial Department: <u>Jing Chunmei</u>
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