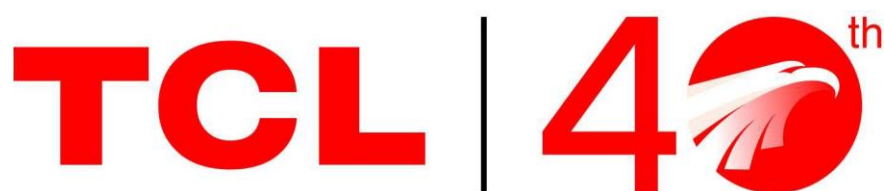


Stock Code: 000100

Stock Name: TCL Tech.

Announcement No. 2021-092

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



**INTERIM REPORT 2021(SUMMARY)**

**10 August 2021**

## Part I Important Notes

This Summary is based on the full text of the 2021 Interim Report of TCL Technology Group Corporation (together with its consolidated subsidiaries, the “Group” or “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial position and future development plans, investors should carefully read the aforesaid full text on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Independent auditor’s modified opinion:

Applicable  Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

Applicable  Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

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

Applicable  Not applicable

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

## Part II Key Corporate Information

### 1. Corporate Information

Stock name	TCL Tech.	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
Contact Information	Board Secretary		
Name	Liao Qian		
Office address	10/F, Tower G1, International E Town, TCL Science Park, 1001 Nanshan District, Shenzhen, Guangdong Province, China		
Tel.	0755-3331 1666		
Email address	ir@tcl.com		

### 2. Key Financial Information

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

Yes  No

Item	H1 2021	H1 2020	Change (%)
Revenue (RMB)	74,298,646,758	29,333,210,856	153.29%
Net profit attributable to the company's shareholders (RMB)	6,783,884,807	1,208,065,986	461.55%
Net profit attributable to the company's shareholders before non-recurring gains and losses (RMB)	5,497,817,947	181,862,847	2923.06%
Net cash generated from/used in operating activities (RMB)	13,895,714,157	7,347,810,779	89.11%
Basic earnings per share (RMB/share)	0.5026	0.0932	439.27 %
Diluted earnings per share (RMB/share)	0.4835	0.0893	441.43%
Weighted average return on equity (%)	18.96%	4.11 %	Up by 14.85 percentage points
	30 June 2021	31 December 2020	Change (%)
Total assets (RMB)	302,205,481,260	257,908,278,887	17.18%
Owners' equity attributable to the company's shareholders (RMB)	37,557,664,687	34,107,795,454	10.11%

### 3. Shareholders and Their Shareholdings at the End of the Reporting Period

Unit: share

Number of ordinary shareholders at the period-end		788,420		Number of preference shareholders with resumed voting rights at the period-end (if any)			
5% or greater ordinary shareholders or top 10 ordinary shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total ordinary shares held at the period-end	Restricted ordinary shares held	Shares in pledge, marked or frozen		
					Status	Shares	
Li Dongsheng and his acting-in-concert party	Domestic natural person/general legal person	8.26%	1,158,599,393	610,181,602	Put in pledge by Li Dongsheng	72,000,000	
					Put in pledge by Jiutian Liancheng	344,899,521	
Huizhou Investment Holding Co., Ltd.	State-owned legal person	5.30%	743,139,840	0			

Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal person	3.65%	511,508,951	511,508,951	In pledge	255,754,475
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.26%	457,823,997	0		
China Securities Finance Corporation Limited	Domestic general legal person	2.66%	373,231,553	0		
Tibet Tianfeng Enterprise Management Co., Ltd.	Domestic general legal person	1.75%	245,969,062	0		
Sinatay Life Insurance Co., Ltd.— Conventional Product	Fund, wealth management product, etc.	0.58%	81,958,072	0		
ICBC Credit Suisse Asset Management— Agricultural Bank of China— ICBC Credit Suisse China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53%	74,761,500	0		
Southern Asset Management— Agricultural Bank of China— Southern China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53%	74,761,500	0		

Zhong Ou Asset Management-Agricultural Bank of China-Zhong Ou China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53%	74,761,500	0	
Related or acting-in-concert parties among the shareholders above	Being acting-in-concert parties upon the signing of the Agreement on Acting in Concert, Mr. Li Dongsheng and Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership) (hereinafter referred to as "Jiutian Liancheng") are the biggest shareholder of the Company with a total of 1,158.5994 million shares.				
Top 10 ordinary shareholders involved in securities margin trading (if any)	Shareholder Tibet Tianfeng Enterprise Management Co., Ltd. held 163,223,537 shares in the Company in its general securities account and 82,745,525 shares in its securities margin account, totaling 245,969,062 shares.				

#### 4. Change of the Controlling Shareholder or the Actual Controller

Change of the Controlling Shareholder

Applicable  Not applicable

No change of the controlling shareholder during the Reporting Period.

Change of the Actual Shareholder

Applicable  Not applicable

No change of the actual shareholder during the Reporting Period.

#### 5. Number of Preference Shareholders and Shareholdings of Top 10 of Them

Applicable  Not applicable

No preference shareholders in the Reporting Period.

#### 6. Corporate Bonds

Applicable  Not applicable

##### (1) General Information of Corporate Bonds

Bond name	Abbr.	Bond code	Date of issuance	Value date	Outstanding balance (RMB'0,000)	Coupon rate (annualized)

TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 1)	17TCL01	112518	18 April 2017	19 April 2017	100,000	3.40%
TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 2)	17TCL02	112542	6 July 2017	7 July 2017	15,700	3.45%
TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1)	18TCL01	112717	5 June 2018	6 June 2018	17,001.90	4.00%
TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)	18TCL02	112747	17 August 2018	20 August 2018	200,000	5.30%
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1)	19TCL01	112905	17 May 2019	20 May 2019	100,000	4.33%

TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938	19 July 2019	23 July 2019	100,000	4.30%
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)	19TCL03	112983	17 October 2019	21 October 2019	200,000	4.20%
TCL Technology Groupo Corporation's Technology Innovation Short-Term Corporate Bonds Publicly Offered in 2021 to Qualified Investors (Tranche 1)	21TCLK1	149434	25 March 2021	29 March 2021	50,000	3.65%

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

Unit: RMB

Item	30 June 2021	31 December 2020	Change
Current ratio	105.64%	92.50%	13.14%
Debt/asset ratio	65.17%	65.08%	0.09%
Quick ratio	78.66%	66.36%	12.30%
	H1 2021	H1 2020	Change
Debt/EBITDA ratio	10.68%	5.12%	5.56%
Interest cover (times)	5.12	1.22	319.02%
Cash-to-interest cover (times)	7.23	5.81	24.48%
EBITDA-to-interest cover (times)	8.55	3.93	117.66%

Debt repayment ratio (%)	100%	100%	0.00
Interest payment ratio (%)	100%	100%	0.00

Explanation of why any financial indicator in the table above registered a year-on-year change of over 30%: In the Reporting Period, benefiting from growth in the industry, in addition to the Company's fast production ramp-up and acquisition of Zhonghuan, the Company saw a year-on-year surge in size, operating performance and profitability, resulting in great changes in the financial indicators in the table above.

## Part III Management Discussion and Analysis

### Overview

The COVID-19 epidemic has yet to subside, geopolitical relations have entered a new landscape and international trade frictions pose multiple challenges to global economic development. However, the fact that international division of labor and comparative advantage determine the basis for the allocation of production factors, industrial chain and value chain distribution will remain unchanged. As a sound industrial layout and sound supply chain systems have already been established in China, the complex and volatile internal and external environment will further consolidate the strategic direction of independent and controllable key and core technologies for scientific and technological enterprises, which will help accelerate the tackling of fundamental, high-end and core technologies fortification, and will promote the upgrading of the industrial chain and manufacturing industry, thus ushering in new development opportunities for China's technology sector.

Dedicated to national strategic sectors that are high-tech, asset-heavy and long-cycle, the Company focused on the development of its core main businesses: semiconductor displays, and semiconductor photovoltaics and semiconductor materials. With the accelerated trend of country-by-country shifts and concentration of leadership in the semiconductor display industry driven by operation and management efficiency, generations of production lines and scale effect, the competitive advantages of Chinese enterprises have been brought to the fore, and the Company's semiconductor display businesses have initiated a phase of overall leadership that spans from efficiency and products to technologies and ecology. Meanwhile, the Company, empowered and supported by continuous reform and innovation, extreme management efficiency and global operational capacity, has made remarkable achievements in the layout of the new industrial track for semiconductor photovoltaics and semiconductor materials businesses, and has successfully created a secondary growth curve once again.

During the reporting period, the Company achieved operating revenue of CNY 74.3 billion, a year-on-year increase of 153.3%; net profit of CNY 9.25 billion, a year-on-year increase of 765%; net profit of



CNY 6.78 billion attributable to the shareholders of listed companies, a year-on-year increase of 461.5%; comprehensively surpassing the budget. Wherein: (1) Benefiting from the upward prosperity of the industry, coupled with factors such as the fast-paced growth of its own capacity and the improvement of product structure, the Company achieved, from the semiconductor display business, operating revenue of CNY 40.8 billion, a year-on-year increase of 93.6% under the same conditions, and net profit of CNY 6.61 billion, a year-on-year increase of CNY 6.75 billion; (2) Leveraging advantages such as technological accumulation, leading capacity improvement and supply chain synergy, through the reform of mechanisms and systems and the stimulation of organizational vitality, the Company saw significant year-on-year increases in both revenue and profit from its semiconductor photovoltaics and semiconductor businesses. Zhonghuan Semiconductor achieved operating revenue of CNY 17.64 billion, a year-on-year increase of 104.1%, and net profit of CNY 1.89 billion, a year-on-year increase of 160.6%.

The Company focused on investment in the research and development of core techniques, basic technologies and new materials, to enhance the technical strength of key links in value chains and strategic control points. During the reporting period, the Company invested CNY 5.09 billion in research and development, accounting for 7.0% of operating revenue, a year-on-year increase of 76.9%. To date, the number of PCT patent applications reached 13,170, and the number of patent applications in the field of quantum dot electroluminescence technology and materials has reached 1,480, ranking second in the world. In the field of semiconductor displays, the Company focused on promoting the development of new display technologies such as printed OLED/QLED, Mini-LED and Micro-LED, achieving ecological leadership among next-generation display technologies; in the field of semiconductor photovoltaics and semiconductor materials, the Company has established advantages in 210 mm large silicon wafers and shingled photovoltaic modules, as well as the ecologies of related technologies, and is a leader in the technologies and production techniques of the 4-12-inch products in China.

Production capacity was further improved, scale advantage was increased, and structure of products and customers were continuously optimized. CSOT Suzhou t10 (formerly Samsung Suzhou LCD factory) and the supporting module factory (M10) were delivered and consolidated on April 1<sup>st</sup>; the Ultra High Definition (UHD) Display Project t7 ramped up as scheduled, and the Company focused on t9 investment and construction in the fields of high-end IT and commercial displays. The growth rate of the business scale for semiconductor displays will remain the highest in the industry. The Company has a total capacity of 70 GW for semiconductor photovoltaic materials, including a capacity of 39 GW for G12. The construction of the Ningxia Zhonghuan Phase VI Project began in March, the

Diamond Wire Cut Ultra-thin Silicon Wafer Intelligent Factory Project implemented in Tianjin and Inner Mongolia was put into operation smoothly, the Jiangsu G12 High-efficiency Shingled Photovoltaic Modules Project has achieved a production capacity of 6 GW, the G12 High-efficiency Shingled Photovoltaic Modules Project in Tianjin has entered the construction stage, and the manufacturing capacity of the semiconductor photovoltaics industrial chain has rapidly improved. The Company will increase investment in Zhonghuan Advanced bases in Inner Mongolia, Tianjin and Jiangsu, and promote the full coverage of all kinds of power semiconductor chips and integrated circuit chips; in addition, the Company has invested in the establishment of a semiconductor investment and operation platform in order to strengthen the synergy of industrial chains, and is looking for industrial investment and layout opportunities in related fields, such as semiconductor integrated circuits.

The Company has maintained a global supply chain management system and operation capabilities. The Company possesses globally unified management competencies in areas such as supply chain management, intellectual property protection, risk control and compliant operations. At present, the planned capacity of the CSOT factory in India is 8 million large-sized display modules and 30 million small and medium-sized display modules, which can meet the local supporting needs of strategic customers; Moka Technology, a subsidiary of the Company, has established the capacity to supply complete machines and modules in Mexico; Zhonghuan Semiconductor has set up module factories in Europe and Mexico, and deployed battery capacity in Malaysia, the Philippines and Singapore.

The Company accelerated digital transformation and continued to promote the upgrading of extreme cost efficiency and agile manufacturing. The Company continued to devote itself to cultivating the fields of intelligent manufacturing and Industry 4.0, building TCL CSOT into an example of an intelligent factory, and established the first industrial interconnection total solution in the industry; also, Zhonghuan Semiconductor's Industry 4.0 intelligent factory continued to promote digital and intelligent transformation and upgrading.

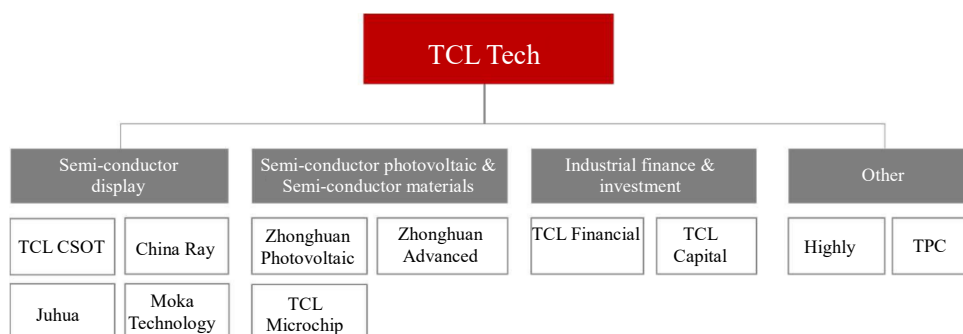
This year marks the 40th anniversary of TCL's founding. Over the past 40 years, TCL has loyally dedicated itself to the manufacturing industry and met the challenges brought about by change, traveling upstream along the electronics industrial chain all the way from processing trade and terminal production to display device manufacturing, new energy and core material layouts. The Company entered the semiconductor display industry in 2009 and gradually established TCL CSOT as a leader in efficiency, profits and scale effect; in 2020, the Company, by delisting Zhonghuan Electronic and shifting its layout to the semiconductor photovoltaics and semiconductor materials track, clearly defined its strategic direction, moving towards being a leading global technology group by

coordinating its two core industries. With the accumulation of gradually deepening leading technology, advanced techniques and financial underpinnings, the Company will also complete the transformation from being a follower to becoming a leader, thus guiding China's technology sector to global ecological leadership based on a more solid foundation.

Looking ahead, there will be two innate characters remaining unchanged in the semiconductor display industry, which are the improvement of the supply-demand relationship and the concentration of leadership. The cyclical weakening trend of the industry will be made clear, and the relative competitive advantage of TCL CSOT will be further strengthened; the global consensus on improving the quality and efficiency of clean energy will drive the rapid growth of the semiconductor photovoltaics industry; with the accelerated development of the semiconductor industry in China, historic opportunities and challenges coexist. The Company will build strategic control points in the fields of semiconductor displays, semiconductor photovoltaics and semiconductor materials, adhere to the business strategy of “Improving Business Quality and Efficiency, Strengthening Advantages and Making up for Disadvantages, Accelerating Global Layout, and Innovation-driven Development”, continuously improve competitiveness, develop sustainably and healthily, and become a global industry leader.

### Operation of main businesses

The Company's main business structure consists of its semiconductor display business, semiconductor photovoltaics and semiconductor materials businesses, industrial finance and investment platforms and other businesses. The Company will continue to optimize its business structure, and further concentrate its resources on the development of its main businesses, to achieve the strategic goal of being a global leader in its two core industries: semiconductor displays, and semiconductor photovoltaics and semiconductor materials.



## **(I) Semiconductor display business**

The supply-demand relationship of the semiconductor display industry has improved, industry concentration has increased, product prices have continued to rise, and the overall profitability of the industry has continued to improve. As a leading enterprise in the semiconductor display industry, TCL CSOT has fully benefited from the upward prosperity of the industry, while it continues to expand its scale through organic growth and inorganic mergers and acquisitions, maintaining a leading position of both efficiency and benefits in the global industry. During the reporting period, TCL CSOT achieved a sales area of 17.792 million square meters, a year-on-year increase of 25.3%, and TCL CSOT achieved, from the semiconductor display business, operating revenue of CNY 40.8 billion, a year-on-year increase of 93.6% under the same conditions, and net profit of CNY 6.61 billion, a year-on-year increase of CNY 6.75 billion, including net profit of CNY 4.21 billion in Q2 of 2021, an increase of 76% over Q1.

The business scale advantages of large-sized products were expanded, and the product structure continued to be enriched. Factories t1, t2 and t6 maintained full sales and produced at full capacity, and factory t7 ramped up as scheduled, factory t10 (formerly Samsung Suzhou LCD factory) began to be consolidated in Q2. With regard to market share, the Company ranked #2 globally in terms of TV panels, ranked #1 globally in terms of 55-inch products, ranked #2 globally in terms of 65-inch and 75-inch products, and ranked #3 globally in terms of 32-inch products, and leaped to #1 globally in terms of 8K and 120Hz high-end TV panels; the Company seized the rapid growth opportunities in the commercial display market, and is rapidly increasing its market share in the markets of interactive whiteboards, splicing screens and advertising machines, among which it ranked #1 globally in terms of its shipment volume for interactive whiteboards. During the reporting period, the structure of large-sized products was further optimized, and the proportion of non-TV screen operating revenue increased from 16% to 22%; also, the customer portfolio was further optimized.

Technical capacity in terms of small-sized products business was improved and the structure of products and customers was optimized. Factory t3 continued to optimize the product portfolio of the LTPS production line, enhanced product competitiveness, accelerated the development and import of medium-sized products, increased the proportion of shipment volume of medium-sized products for notebooks, vehicle-mounted devices and tablets to 23%, and maintained its position within the top four globally in terms of the shipment volume for LTPS mobile phone panels. The Phase I flexible AMOLED production line of Factory t4 was scheduled to produce at full capacity, and the move-in of Phase II and Phase III equipment was completed. Through differentiated technical reserves such as folding (screens), under-screen camera placement and LTPO, product development and customer

cooperation were accelerated in the high-end market, and the shipment volume more than doubled year-on-year.

Medium-sized products business grew rapidly in high-end market segments, and production capacity construction was accelerated. Through the production capacity adjustment of the existing production lines, the Company sped up the strategic layout of medium-sized products and laid the foundation for core customer cooperation. Focusing on high-end e-sports products in the display market, with the second largest market share in the world, the Company ranked #2 globally in terms of shipment volume for LTPS notebook panels, improved its ranking to #1 globally in terms of the shipment volume for LTPS tablet PC panels, and introduced a number of Chinese and foreign leading corporations as customers into the field of vehicle-mounted products, with a rapid increase in shipment volume. In order to meet the needs of customers and resolve the production capacity bottleneck of IT products, the Company has invested in the G8.6 Oxide Semiconductor-based New Display Device Production Line t9 Project, which is expected to be put into operation in 2023.

During the reporting period, the financial performance of the semiconductor display business consists of the following:

Project	Shipment area		Shipment volume		Revenue		Net profit	
	10,000 square meters	Year-on-year (%)	10,000 pieces / 10,000 sets	Year-on-year (%)	CNY 100 million	Year-on-year (%)	CNY 100 million	Year-on-year (%)
Large-sized products	1698.8	24.3%	2776.6	20.0%	282.0	131.9%	71.7	1384.6%
Medium-to-small sized products	80.4	51.1%	4898.7	25.4%	106.4	44.7%	-3.5	Loss reduced by CNY 20 million
Moka Technology (*)	-	-	229.3	-2.1%	35.6	38.1%	1.1	Increased by CNY 120 million
Other and offsets	-	-	-	-	(16.4)	-	(3.1)	-
Total	-	-	-	-	408	93.6%	66.1	Increased by CNY 6.75 billion

\* Note: The shipment volume, revenue and net profit of Moka Technology are Q2 2021 data, and the year-on-year data are for reference purposes only, including Moka Technology Q2 2020 data.

Looking ahead, there are bright prospects for the long-term development of the semiconductor display industry. The production capacity of mainland China's LCD display industry is highly concentrated within the leading enterprises, and the leading enterprises had significant advantages in terms of management efficiency, scale, technology, cost, supply chain, and so forth, significantly increasing the

barriers to entry; the demand for traditional displays such as those for TVs, IT and mobile phones maintained steady growth, while emerging displays such as commercial displays and vehicle-mounted LCDs developed rapidly, while the growth of demand for large-sized products slowed down in the second half of the year, but in the long run, the supply and demand of the LCD industry will move towards dynamic balance. TCL CSOT will maintain its continuous growth of revenue and consolidate the advantages of highly efficient operation and operating benefits. TCL CSOT still faces great challenges in the OLED industry. In the first half of the year, the Company focused its energy on breaking through the bottleneck of product technology, meeting the delivery needs of strategic customers, and making breakthroughs in key technologies such as foldable screens; it is expected that the sales volume will continue to grow in the second half of the year, which will gradually improve operating benefits.

In the context of the gradual stabilization of the industry landscape, the growth in capacity and structural optimization of TCL CSOT will be the main driving force for its future performance growth, and the Company will accelerate its advancement from being a global leader in the large-sized display field to becoming a leader across all sizes centered on "Optimizing Production Line Structure and Product Structure, Improving Customer Portfolio and Perfecting Industrial Ecology".

The capacity and revenue of TCL CSOT will continue to grow at a high rate. The Company will have grown from 3 high-generation lines (2 G8.5 lines and 1 G11 line) in 2020, to 4.5 lines by the end of the year (t10 has been consolidated and t7 Phase I has finished ramping up), and by 2025, the Company will have 6 high-generation lines (t7 and t9 will reach their designed capacity). The capacity of TCL CSOT high-generation lines will exceed a compound annual growth rate (CAGR) of 18% in the next five years. Meanwhile, the full-capacity production of t4 flexible OLED production lines from Phase I to Phase III will also bring significant revenue growth. Samsung Suzhou's module factory(M10), acquired by the Company, and Moka Technology, which provides integrated manufacturing of complete modules, will promote the extension of the Company's value chains to the downstream.

TCL CSOT will continue to optimize its business and product structures. With the replenishment of medium-sized product production capacity, TCL CSOT will form a full-product business layout of large, medium and small-sized products, with more balanced business and revenue structures, resulting in higher output value per unit area and revenue growth. Adhering to the high-end product strategy, TCL CSOT will give full play to the advantages of CSOT HVA technology and high-generation production lines, deepen cooperation with global leading brand customers, continue to increase its share in high-end markets such as oversized, 8K, 120Hz and curved-surface products, and deepen high-quality growth.

TCL CSOT will leverage its management advantages to remain an industry leader in efficiency and benefits. Through its extreme management capability and industrial synergy, TCL CSOT has consistently maintained industry-leading profitability levels since it began operations. With the expansion of capacity and the enrichment of production lines, the Company will actively adjust the layout strategies of production lines and products, giving full play to the advantages of production lines and reducing losses in capacity loss on production lines; the Company will strengthen digital and intelligent operation, improving intelligent manufacturing capability and improving the operational efficiency of the whole industrial chain; the Company will give play to scale effect, improving the integration of supplier resources and layout of the industrial chain, thus creating a more flexible and cost-competitive supply chain. With the depreciation of the existing production lines maturing one after another, it is expected that the proportion of depreciation accounting for revenue will gradually decline, and CSOT's profitability will be further enhanced.

TCL CSOT will continue to strengthen technological innovation, striving to become a leader in new display technology. Through the “National Printing and Flexible Display Innovation Center” of Guangdong Juhua, a subsidiary of the Company, and JOLED, of which TCL CSOT is a strategic shareholder, TCL CSOT is accelerating the research and development of mass production technology for printed display techniques, and actively promoting the development of OLED and QLED materials under its own IP through ChinaRay Optoelectronic, improving the construction of the printed display ecology. At the same time, by means of equity investment and strategic cooperation and other methods, the Company works with industrial chain partners to jointly promote the development of new display technologies such as Mini-LED and Micro-LED, leading the trend of future technology development.

## **(II) Semiconductor photovoltaics and semiconductor materials business**

As global resource consumption and ecological environment problems are becoming increasingly prominent, China's goals for “emissions peak” and “carbon neutrality” are clearly put to the fore in the national outline of the 14th Five-Year Plan(2021-2025), and the clean energy industry has entered a period of rapid growth. However, with the gradual controlling of the COVID-19 epidemic, global economic recovery is expected to strengthen, and with strong demand for industrial products pushing up the prices of bulk raw materials, the supply chain and cost management capabilities pose challenges for enterprises. In the face of external environmental fluctuations, Zhonghuan Semiconductor, through product technology improvement and capacity expansion, integration of supply chain resources, management efficiency improvement and manufacturing mode transformation, has improved business quality and efficiency, comprehensively improved corporate competitiveness, and firmly moved

towards the strategic goal of becoming a global leader in the photovoltaics industry and a leader in the semiconductor silicon wafer industry in China. During the reporting period, Zhonghuan Semiconductor experienced a total operating revenue of CNY 17.64 billion, a year-on-year increase of 104.1%, and net profit of CNY 1.89 billion, a year-on-year increase of 160.6%.

### **1. Semiconductor photovoltaics industry**

In the first half of the year, as the photovoltaics industry ushered in rapid development, the Company manifested its accumulated technological advantages, smoothly transformed its product structure, and continuously improved the scale of its production capacity. It continued to improve asset operation efficiency and investment income of production lines through technological innovation, process technology transformation and Industry 4.0 application in various operation scenarios. At the same time, through strategic supply chain synergy and cooperation built up over time, Zhonghuan Semiconductor effectively responded to the pressure of a tight supply-demand relationship for polysilicon raw materials and rapid short-term price increases, improved the material storage and supply system, and strengthened its ability to deal with external risks, ensuring the stable growth of product profits. During the reporting period, the operating revenue of the semiconductor photovoltaics business reached CNY 16.53 billion, a year-on-year increase of 106.9%.

In terms of semiconductor photovoltaic materials, Zhonghuan Semiconductor continued to promote the improvement of the production and marketing scale and quality of 210 mm products, and synergized the upstream and downstream ecology of the industrial chain, in order to effectively meet the needs of the whole photovoltaics industry chain in terms of benefits. At the end of the reporting period, the Company's production capacity of semiconductor photovoltaic materials increased to 70 GW, an increase of more than 55% compared with that of the end of 2020 (of which G12 capacity accounted for about 56%), and market share continued to increase. During the reporting period, silicon material consumed by unit product decreased by nearly 2% year-on-year, the A-class rating of silicon wafers increased significantly, and the gross profit margin per unit product continued to improve quarter-on-quarter, and the profitability continued to improve, through optimization of process technologies.

In terms of semiconductor photovoltaic modules, the Company continued to cooperate and innovate with leading G12 PERC battery manufacturers in China, focusing on the research and development of shingled photovoltaic modules, and implemented a differentiated competition strategy, promoting the expansion of large-sized and high-powered modules with "G12 + shingled photovoltaics" technology, thus improving the ability to win orders in China and abroad. The production capacity of the G12



High-Efficiency Shingled Photovoltaic Modules project in the Jiangsu Province reached 6 GW; the G12 High-Efficiency Shingled Photovoltaic Modules Project in Tianjin has officially entered the construction stage, with all equipment having entered the site simultaneously, and thus, overall capacity scale is steadily improving.

With the sound global layout of the Company, brand benefits are emerging, overseas business is growing significantly, and the Company ranks #1 globally in terms of share for export sales of silicon wafers. Maxeon, a subsidiary of the Company, expanded smoothly in the North American market and won orders for high-efficiency solar modules at the GW level from Primergy in the first half of the year. In the future, the Company will further expand its manufacturing system for batteries and modules and the businesses of ground-mounted power stations and distributed power stations all over the world.

## **2. Semiconductor materials industry**

As the COVID-19 epidemic continues its trend toward normalization, the global demand for industrial, automotive and consumer electronics has recovered robustly, coupled with the surging demand for a variety of emerging chip applications and the continuing shortage of chips, leading to a sharp rise in the price of upstream semiconductor materials. In the context of the shortage of key materials, the progress of importing domestic Chinese semiconductor materials has noticeably accelerated, and Chinese semiconductor material enterprises have also obtained considerable market substitution space.

During the reporting period, the Company seized opportunities in industry upturns and domestic Chinese market substitution, accelerated the verification of semiconductor material products and customer development, received recognition from major customers worldwide, rapidly expanded the scale of production and sales, and increased revenue by 65.8% year-on-year. At present, the production lines put into operation by the Company have achieved full-capacity production. During the reporting period, the Company added EPI routes to 6-inch products and began to plan its end-customer certification, continued to increase the certification of 8-inch products such as Logic and CIS for Chinese customers, accelerated the certification of new products for international customers, and comprehensively benchmarked 12-inch products against leading international products, with both product performance and quality receiving high praise by leading Chinese and foreign customers.

Under the established strategic plan “9205”, the company accelerated production capacity expansion and sped up business expansion in product areas of all sizes, and carried out the new investment projects in Tianjin and Yixing factories smoothly, laying the foundation for the accelerated development of the semiconductor business. On the basis of consolidating its advantages in traditional

power semiconductor products, the Company has become a powerful participant in digital logic products and storage products.

### **(III) Industrial finance and investment**

During the reporting period, the Company's financial and treasury businesses focused on ensuring the Company's demand for project funds, and further improved its ability to actively manage industrial funds and risks, reduced costs and increased efficiency, controlled corporate receivables and foreign exchange risks, and supported the Company's core main businesses to move towards global leadership. TCL Capital explored investment and deployment opportunities in key areas that drive the development of the science and technology industry, such as new display types, semiconductor and core materials and process equipment related to the industrial chain, and promoted technology and business synergy, concurrently creating investment income. At the end of the reporting period, the funds managed by TCL Capital reached a scale of about CNY 9.2 billion, with a total investment of 116 projects. At present, TCL Capital holds shares of listed companies such as CATL, DKEM, Cambricon, Newtouch Software, Innoviz, Petro-King, ZJBC Information and HyUnion Holding; Admiralty Harbour Capital Limited achieved steady growth in its investment banking and asset management business, completing 13 capital market and financial advisory projects during the reporting period and being approved as a member of Euroclear Bank to engage in related international securities clearing and custody business, further diversifying its business scope; China Innovative Capital continued to focus on the industrial chain layout opportunities of the two core main businesses of the Company, investing in more than 132 listed companies, with steadily growing performance.

### **Part IV Significant Events**

See the 2021 Interim Report for more details.