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TCL 科技集团股份有限公司

TCL Technology Group Corporation

TCL

First Quarter 2023 Report

April 27, 2023

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Section I Important Notices and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee, directors, supervisors and senior management of TCL Technology Group Corporation (hereinafter referred to as the “Company”) hereby guarantee that this quarterly report is factual, accurate and complete, and shall be jointly and severally liable for any misrepresentations, misleading statements, or material omissions therein.

Mr. Li Dongsheng, the Chairman of the Board, Ms. Li Jian, the person-in-charge of financial affairs (Chief Financial Officer), and Mr. Peng Pan, the person-in-charge of the financial department, hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

All the Company’s directors attended the board meeting for the review of this Report.

The future plans, development strategies or other forward-looking statements mentioned in this Report shall NOT be considered as promises of the Company to investors. Therefore, investors are kindly reminded to pay attention to possible investment risks.

This Report has not been audited. This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Definitions

Term	Refers to	Definition
Company, the Company, group	Refers to	TCL Technology Group Corporation
The “Reporting Period”, “current period”	Refers to	The period from January 1, 2023 to March 31, 2023.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
TCL Zhonghuan	Refers to	TCL Zhonghuan Renewable Energy Technology Co., Ltd., a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002129.SZ)
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

Section II Key Financial Information

I. Key accounting data and financial indicators

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

Yes No

	Q1 2023	Q1 2022	Change (%)
Revenue (RMB)	39,443,242,439	40,566,851,319	-2.77%
Net profit attributable to the company's shareholders (RMB)	-548,999,154	1,352,533,125	-140.59%
Net profits attributable to the company's shareholders before non-recurring gains and losses (RMB)	-729,931,586	611,554,193	-219.36%
Net cash generated from operating activities (RMB)	4,495,356,538	3,863,953,881	16.34%
Basic earnings per share (RMB/share)	-0.0326	0.1008	-132.34%
Diluted earnings per share (RMB/share)	-0.0322	0.0993	-132.43%
Weighted average return on equity (%)	-1.09%	3.16%	-4.25%
	At the end of the reporting period	December 31, 2022	Change (%)
Total assets (RMB)	379,396,714,372	359,996,232,668	5.39%
Owner's equity attributable to the company's shareholders (RMB)	49,663,049,661	50,678,520,477	-2.00%

The total share capital at the end of the last trading session before the disclosure of this Report:

The total share capital at the end of the last trading session before the disclosure of this Report: (share)	17,071,891,607
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Fully diluted earnings per share based on the latest total share capital above:

Fully diluted earnings per share based on the latest total share capital above (RMB/share)	-0.0322
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II. Non-recurring profit and loss items and amounts

Applicable Not applicable

Unit: RMB

Item	Amount in the reporting period
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	10,833,557
Government subsidies charged to current profits and loss (except for government subsidies closely related to the Company's normal business which comply with national policies and regulations and are enjoyed on an ongoing basis according to certain standard quotas or quantities)	341,941,846
The profits and losses generated from changes in fair value arising from holding marketable financial assets and marketable financial liabilities, as well as the investment-related income from the disposal of marketable financial assets, marketable financial liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal business operation.	38,869,586
Non-operating income and expenses other than the above	2,962,918
Less: Corporate income tax	68,908,196
Non-controlling interests (net of tax)	144,767,279
Total	180,932,432

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.

Note on 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* defined as 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.

III. Changes of key accounting data and financial indicators and reasons therefor

Applicable Not applicable

Unit: RMB

Balance Sheet items	Ending balance	Beginning balance	Increase / decrease ratio (%)	Reason for change
Receivables financing	3,502,980,188	1,103,127,764	217.5	Mainly due to the increase in bank acceptances held by the Company
Other non-current financial assets	6,897,248,599	2,928,827,232	135.5	Mainly due to the increase in investments in equity instruments
Deferred income tax assets	2,333,080,519	1,753,887,430	33.0	Mainly due to the increase in deductible losses for the period
Non-current liabilities due within one year	7,594,431,650	10,957,320,562	-30.7	Mainly due to the repayment of maturing liabilities
Long-term payables	1,533,196,765	887,762,713	72.7	Mainly due to the expansion in consolidation scope
Deferred income	3,809,748,717	2,468,144,649	54.4	Mainly due to the receipt of government subsidies
Deferred income tax liabilities	1,811,280,797	1,319,428,442	37.3	Due the business combinations under non-common control during the period
Income Statement items	January-March, 2023	January-March, 2022	Increase / decrease ratio (%)	Reason for change
Other income	531,668,577	976,625,863	-45.6	Mainly due to the decrease in amortization of government subsidies
Gain on changes in fair value (loss is indicated by "-")	151,543,005	-136,683,550	210.9	Mainly due to the increase in change in fair value of financial assets
Asset impairment loss (loss is indicated by "-")	-338,223,994	-246,385,486	37.3	Mainly due to provisions made for the diminution in value of inventory led by market price fluctuation
Cash Flow Statement items	January-March, 2023	January-March, 2022	Increase / decrease ratio (%)	Reason for change
Net cash used in investing activities	-5,200,472,661	-12,591,690,089	-58.7	Mainly due to the increase in recovery of investments

Section III Management Discussion and Analysis

The global political and economic situation remains both complicated and challenging thus far this year. With developed economies still experiencing inflation pressure, overseas economy growth is expected to slow down, while China's economy has generally shown sound momentum. In the face of a complicated and volatile external business environment, the Company continues to maintain its strategic position with a focus on developing semiconductor displays, new energy photovoltaic and semiconductor materials along with other related semiconductor industries. On the basis of its operating strategy of “enhancing the quality and efficiency of operations, playing to strengths whilst shoring up weaknesses, accelerating global strategic development and driving development with innovation”, the Company continues to improve its comparative competitiveness, strengthen risk control and maintain robust operations.

During the reporting period, the Company registered revenue of RMB39.44 billion, representing a decline of 2.8% year-on-year; net profit of RMB110 million; net profit attributable to shareholders of the listed company of -RMB550 million; and a net operating cash flow of RMB4.5 billion. The Company's declines in performance are mainly due to the following reasons: the average price of mainstream semiconductor display products was significantly lower than that during the same period of last year, and industry profit margins hit cyclical lows, which resulted in the performance of the semiconductor display business dropping significantly year-on-year. However, the Company has managed to stabilize performance compared with the fourth quarter of last year, gradually improving profitability in step with the continuously rising price of major products since the end of the first quarter. During the reporting period, return on investment was significantly reduced in comparison with that of the previous year due to the impact of project exit and revenue recognition. In terms of new energy photovoltaic and semiconductor materials business, the Company continues to cement its leadership positioning through advantages in products and technologies, registering rapid growth in revenue and performance.

Semiconductor display business

During the first quarter, the semiconductor industry, as a whole, experienced seasonal lows, but the supply-demand relationship tended to be sound, with the price of mainstream panels rebounding.

Emphasizing cost efficiency in its operations, the Company continued to optimize its business and product structure, driving the operational improvement of semiconductor display business, and expedited the strategic shift from large-sized displays to full-sized displays. During the reporting period, the Company's semiconductor display business realized revenue of RMB15.12 billion, recording a year-on-year decline of 24.5%; TCL CSOT sold 11,323,000 sq.m of display panels, up 0.7% year-on-year.

In the field of large-sized displays, TCL CSOT sustained its premium products strategy to consolidate its leading position in TV panels. By market share, the Company secured its top 2 position in TV panels, of which it ranked No.1 in both 55-inch and 75-inch products, and top 2 in 65-inch products, while being a top-tier player in commercial displays. The Company consistently took the lead in trends related to large-sized displays in the industry, and more than 45% of the shipment area of TV products are above 65-inch. The Company has enhanced the competitiveness of its mid-sized products, and delivered products to IT brands through its t9 production line; during the reporting period, the Company ranked No.1 in MNT e-sports displays and No.2 in LTPS tablets and LTPS laptops by global market share, while maintaining the rapid development of vehicle-mounted device business. In terms of small-sized products, TCL COST focused on differential technologies and pushed ahead with product structure upgrading. The Company jumped to the second place among LTPS mobile phones by global market share, supplying flexible LTPO OLED products for a number of high-end models launched by various brands.

With a surging global digital economy, the Company is optimistic about the development and industrial value of semiconductor displays as the key information carrier and major interactive interface. The Matthew effect has further optimized the industry, top-tier enterprises have constantly enhanced their economies of scale, laying a solid foundation for future long-term and healthy development. Along with the steady price rebound of mainstream products, led by TV panels, the industry mid-range ROE is expected to be restored, and the Company's semiconductor display business will also gradually experience operational improvements.

New energy photovoltaic and semiconductor materials business

In the first quarter, the photovoltaic industry increasingly improved its upstream materials supply. The Company's large-sized silicon wafers were in short supply, catalyzing the high-speed

development of new energy photovoltaic materials. During the reporting period, TCL Zhonghuan recorded revenue of RMB17.62 billion, represented an increase of 31.8% year-on-year, and net profit of RMB2.46 billion, up 69.2% year-on-year.

TCL Zhonghuan seized the initiative for future development, fortified its competitive advantage through its "G12 + Shingled PV" dual technology platform, and increased its capacity for advanced manufacturing with a stabilized and strengthened supply chain, continuously improved its product competitiveness as well as the scale of production and sales. At the end of the reporting period, the Company's total monocrystalline silicon capacity was up to 150GW, with the production utilization rate climbing sharply month-over-month. The Company consolidated its leading position in the global market share of photovoltaic silicon wafers and N-type wafers, and consistently developed large-sized, flake-oriented and N-type technologies for photovoltaic materials. Using metrics such as consumption rate of silicone materials per crystalline unit, monthly output per furnace, wafer output per kg and other indicators, the Company has managed to maintain an industry leadership position with the remarkable cost and market advantages of G12 strategic products. Upholding the concept of differentiated development, the Company has built an intelligent plant for 25GW N-type TOPCON batteries, working to integrate the advanced technologies of photovoltaic materials, imbrication components and N-type TOPCON batteries, so as to enhance synergistic effects along the industrial chain and strengthen the comprehensive competitiveness of new energy photovoltaic business.

With the aim of cementing a leadership position in new energy photovoltaic products, the Company will continue to focus on the development of photovoltaic materials, building a differentiated business ecosystem for batteries and components, and deepen the industry 4.0 system and the application of flexible manufacturing.

Looking ahead to the year, the Company's semiconductor display business is expected to see improved operational performance aided by balanced supply and demand throughout the industry. Driven by the high-speed development of the industry and TCL Zhonghuan's competitive edges, the new energy photovoltaic business will maintain its high-quality development, making contributions to the steady growth of the Company. Through both internal development and M&As of the semiconductor materials business, the Company will develop into a leader in semiconductor silicon wafer production within China.

With a focus on a wide range of semiconductor businesses, including semiconductor displays,

new energy photovoltaic and semiconductor materials, the Company will continue to seize opportunities arising from the technical and manufacturing transformation of China and global energy restructuring, so as to build its core competitive strength based on product and technology innovation, giving full play to the advantages of lean management and economies of scale, leading to its accelerated development into a leading international tech industry group.

Section IV Shareholder Information

I. Table of the total number of ordinary shareholders and the number of preferred shareholders with resumed voting rights as well as the shareholdings of the top 10 shareholders

Unit: Share

Total number of ordinary shareholders by the end of the reporting period		677,632		Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any)		-	
Shareholdings of top 10 shareholders of ordinary shares							
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held at the period-end	Number of restricted ordinary shares held	Shares in pledge, marked or frozen		
					Status	Shares	
Li Dongsheng and his acting-in-concert party	Domestic individual/Domestic general legal entity	6.79%	1,159,085,019	610,545,822	Put in pledge by Li Dongsheng	143,665,800	
					Put in pledge by Jiutian Liancheng	280,052,495	
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	4.52%	771,411,684				
Huizhou Investment Holding Co., Ltd. and its acting-in-concert party	State-owned legal entity	4.23%	722,144,427				
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	373,231,553				
CITIC Securities Co., Ltd.	State-owned legal entity	1.75%	298,947,808	280,701,754			
Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal entity	1.63%	277,932,396				
Guotai Junan Securities Co., Ltd.	State-owned legal entity	1.38%	235,511,984	228,070,175			
UBS AG	Foreign legal entity	1.27%	217,197,549	196,783,625			
Everbright Securities Company Limited	State-owned legal entity	1.24%	212,006,577	204,678,362			
GF Securities Co., Ltd.	Domestic general legal entity	1.11%	190,079,302	187,134,502			
Shareholdings of top 10 non-restricted ordinary shareholders							
Name of shareholder	Number of non-restricted ordinary shares held at the end of reporting period			Type of shares			
				Type	Shares		
Hong Kong Securities Clearing Company Ltd.	771,411,684			RMB-denominated ordinary shares	771,411,684		
Huizhou Investment Holding Co., Ltd. and its acting-in-concert party	722,144,427			RMB-denominated ordinary shares	722,144,427		
Li Dongsheng and his acting-in-concert party	548,539,197			RMB-denominated ordinary shares	548,539,197		

China Securities Finance Corporation Limited	373,231,553	RMB-denominated ordinary shares	373,231,553
Wuhan Optics Valley Industrial Investment Co., Ltd.	277,932,396	RMB-denominated ordinary shares	277,932,396
Goldman Sachs International - Self-owned funds	137,149,490	RMB-denominated ordinary shares	137,149,490
TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase I)	113,143,154	RMB-denominated ordinary shares	113,143,154
TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase II)	106,484,364	RMB-denominated ordinary shares	106,484,364
Sinatay Life Insurance Co., Ltd. - Conventional Product	104,190,172	RMB-denominated ordinary shares	104,190,172
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	74,761,500	RMB-denominated ordinary shares	74,761,500
Explanation on the above shareholders' associations or concerted actions	Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the <i>Agreement on Concerted Action</i> , holding 1,159,085,019 shares in total and becoming the largest shareholder of the Company. Huizhou Investment Development Co., Ltd., and Huizhou Investment Holding Co., Ltd. constitute persons acting in concert based on the ownership relationship.		
Explanation on the top 10 ordinary shareholders participating in securities margin trading (if any)	As at the end of the Reporting Period, a shareholder of the Company, i.e., Huizhou Investment Holding Co., Ltd. and its person acting in concert, i.e., Huizhou Investment Development Co., Ltd., decreased the number of shares by 66,500,000 shares due to their participation in the refinancing business; the shareholder Wuhan Optical Valley Industrial Investment Co., Ltd. decreased the number of shares by 280,620,000 shares due to its participation in the refinancing business.		

II. Total number of preferred shareholders and shareholdings of the top 10 preferred shareholders

Applicable Not applicable

Section V Other Significant Events

Applicable Not applicable

1. Derivative investment for hedging purposes during the reporting period

Unit: RMB'0,000

Type of contract	Beginning amount		Ending amount		Gain/loss in Reporting Period	Ending contractual amount as % of the Company's ending net assets	
	Contractual amount	Transaction limit	Contractual amount	Transaction limit		Contractual amount	Transaction limit
1. Forward forex contracts	2,062,172	73,441	2,539,419	97,032	-3,066	18.41%	0.70%
2. Interest rate swaps	384,446	11,533	373,303	11,199		2.71%	0.08%
Total	2,446,618	84,974	2,912,722	108,231	-3,066	21.11%	0.78%
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 change in fair value of hedged items was RMB58.25 million; profit from settlement of maturing forward exchange contracts was RMB34.02 million; and profit arising from valuation of effective forward exchange contracts was -RMB122.93 million.						
Description of the hedging effect	During the Reporting Period, the Company's main foreign exchange risk exposures include exposures of assets and liabilities denominated in foreign currencies arising from business such as outbound sales, raw material procurement and financing. The uncertain risks arising from the exchange rate fluctuations were effectively hedged by derivative contracts with the same purchase amounts and maturities in opposite directions.						

2. Other material matters during the reporting period

Title of announcement	Date of disclosure	Website for disclosure
Announcement on the Exhaustion of Proceeds from IPOs and the Deregistration of Special Funding Accounts	January 10, 2023	www.cninfo.com.cn
Announcement on Capital Increase and Additional Share Issuance of Subsidiary Zhonghuan Advanced Semiconductor Materials Co., Ltd. and the Acquisition of Xinxin Semiconductor Technology Co., Ltd.	January 20, 2023	

Section VI Quarterly Financial Statements

I. Financial statements

1. Consolidated Balance Sheet

Prepared by: TCL Technology Group Corporation

Unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary assets	38,048,025,406	35,378,501,261
Settlement reserves	-	-
Funds on loan	-	-
Held-for-trading financial assets	10,246,426,895	12,703,507,482
Derivative financial assets	251,359,134	361,034,230
Notes receivable	514,711,416	512,848,988
Accounts receivable	15,727,488,133	14,051,661,462
Receivables financing	3,502,980,188	1,103,127,764
Prepayments	3,573,085,834	3,593,856,572
Premiums receivable	-	-
Reinsurance accounts receivable	-	-
Reinsurance contract provisions receivable	-	-
Other receivables	3,178,673,010	4,033,248,387
Of which: Interests receivable	-	-
Dividends receivable	216,000,000	1,226,086
Financial assets purchased under sale-back agreement	-	-
Inventories	18,668,473,927	18,001,121,855
Contract assets	330,463,809	315,167,085
Held-for-sale assets	-	-
Non-current assets due within one year	-	-
Other current assets	6,521,842,373	5,438,935,717
Total current assets	100,563,530,125	95,493,010,803
Non-current assets:		
Loans and advances to customers	-	-
Debt investments	848,232,539	741,703,137
Other debt investments	-	-
Long-term receivables	626,912,691	631,372,701
Long-term equity investments	28,442,902,804	29,256,215,804
Investments in other equity instruments	419,510,042	439,996,263
Other non-current financial assets	6,897,248,599	2,928,827,232
Investment property	1,010,441,283	946,449,125
Fixed assets	144,919,311,705	132,477,671,844
Construction in progress	46,302,522,741	52,053,833,629
Productive biological assets	-	-
Oil and gas assets	-	-
Right-of-use assets	5,437,319,261	5,110,123,904
Intangible assets	17,868,534,073	16,783,930,537
Development costs	2,493,497,183	3,179,207,056
Goodwill	10,341,857,559	9,161,852,161
Long-term deferred expenses	3,078,161,896	2,744,208,125
Deferred income tax assets	2,333,080,519	1,753,887,430
Other non-current assets	7,813,651,352	6,293,942,917
Total non-current assets	278,833,184,247	264,503,221,865
Total assets	379,396,714,372	359,996,232,668
Current liabilities:		

Short-term borrowings	10,494,805,699	10,215,910,963
Borrowings from the Central Bank	911,820,354	777,676,330
Borrowed funds	500,112,500	-
Held-for-trading financial liabilities	684,837,401	861,911,768
Derivative financial liabilities	74,642,812	70,734,905
Notes payable	7,907,085,234	6,365,659,580
Accounts payable	26,790,963,084	26,381,911,940
Advances from customers	660,363	1,402,178
Contract liabilities	2,586,278,480	2,336,008,164
Financial assets sold under repurchase agreements	-	-
Customer deposits and deposits from other banks and financial institutions	188,428,347	603,423,212
Funds for brokering securities transaction	-	-
Funds for brokering securities underwriting	-	-
Remunerations payable	2,658,656,331	2,376,932,722
Taxes and levies payable	1,230,369,499	1,215,591,227
Other payables	23,671,698,141	24,190,353,350
Of which: Interests payable	-	-
Dividends payable	40,010,315	40,010,329
Service charges and commissions payable	-	-
Reinsurance accounts payable	-	-
Held-for-sale liabilities	-	-
Non-current liabilities due within one year	7,594,431,650	10,957,320,562
Other current liabilities	1,315,322,728	1,185,847,619
Total current liabilities	86,610,112,623	87,540,684,520
Non-current liabilities:		
Insurance contract provisions	-	-
Long-term borrowings	128,772,688,397	118,603,164,839
Bonds payable	13,478,276,808	12,006,850,805
Of which: Preferred shares	-	-
Perpetual bonds	-	-
Lease liabilities	4,839,131,901	4,461,382,902
Long-term payables	1,533,196,765	887,762,713
Long-term employee compensation payable	482,150,813	472,538,409
Estimated liabilities	100,856,119	97,521,975
Deferred income	3,809,748,717	2,468,144,649
Deferred income tax liabilities	1,811,280,797	1,319,428,442
Other non-current liabilities	-	-
Total non-current liabilities	154,827,330,317	140,316,794,734
Total liabilities	241,437,442,940	227,857,479,254
Owner's equity:		
Capital share	17,071,891,607	17,071,891,607
Other equity instruments	-	-
Of which: Preferred shares	-	-
Perpetual bonds	-	-
Capital reserves	12,006,084,762	12,522,792,596
Less: Treasury share	1,314,581,308	1,314,581,308
Other comprehensive income	-763,814,827	-811,821,600
Specific reserves	4,530,430	2,301,029
Surplus reserves	3,712,272,814	3,712,272,814
General risk reserve	8,933,515	8,933,515
Retained earnings	18,937,732,668	19,486,731,824
Total equity attributable to the owners of the parent company	49,663,049,661	50,678,520,477
Non-controlling interests	88,296,221,771	81,460,232,937
Total owner's equity	137,959,271,432	132,138,753,414
Total liabilities and owner's equity	379,396,714,372	359,996,232,668

Legal representative: Li Dongsheng Person-in-charge of Financial affairs: Li Jian Person-in-charge of the Accounting Department: Peng Pan

2. Consolidated Income Statement

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Total revenue	39,465,731,391	40,597,535,003
Of which: Operating revenue	39,443,242,439	40,566,851,319
Interest income	22,488,952	30,683,684
Earned premiums	-	-
Service charge and commission income	-	-
II. Total costs	40,491,139,667	40,004,606,380
Of which: Operating cost	35,357,669,407	35,594,751,040
Interest expenditures	5,205,619	9,336,013
Service charge and commission expenditures	-	-
Surrender value	-	-
Net claims payment	-	-
Net insurance liability provisions accrued	-	-
Policy dividend expenditures	-	-
Reinsurance expenses	-	-
Taxes and levies	171,412,685	137,883,718
Sales expenses	520,726,236	471,927,285
Administrative expenses	937,229,625	756,873,715
R&D expenses	2,593,998,005	2,042,751,101
Financial expenses	904,898,090	991,083,508
Including: Interest expenses	1,145,570,837	999,858,819
Interest income	213,027,337	176,470,746
Plus: Other income	531,668,577	976,625,863
Return on investment (losses are indicated by "-")	765,964,042	661,221,895
Of which: Share of profit or loss of joint ventures and associates	633,769,440	804,480,527
Income from derecognition of financial assets measured at amortised costs	-	-
Exchange gains (losses are indicated by "-")	-2,828,841	14,068,652
Gain on net exposure hedging (losses are indicated by "-")	-	-
Gain on changes in fair value (losses are indicated by "-")	151,543,005	-136,683,550
Credit impairment losses (losses are indicated by "-")	-23,968,551	5,829,571
Asset impairment losses (losses are indicated by "-")	-338,223,994	-246,385,486
Income from asset disposal (losses are indicated by "-")	-15,124,996	-4,567,331
III. Operating profit (loss is indicated by "-")	43,620,966	1,863,038,237
Plus: Non-operating income	10,152,922	581,485,774

Less: Non-operating expenses	3,266,785	8,873,689
IV. Gross profit (gross loss is indicated by "-")	50,507,103	2,435,650,322
Less: Income tax expenses	-60,849,759	89,681,571
V. Net profits (net losses are indicated by "-")	111,356,862	2,345,968,751
(1) Classification by business continuity		
1. Net profits from continuing operations (net losses are indicated by "-")	111,356,862	2,345,968,751
2. Net profits from discontinued operations (net losses are indicated by "-")	-	-
(2) Classification by ownership		
1. Net profit attributable to owners of the parent company	-548,999,154	1,352,533,125
2. Net profit attributable to non-controlling interests	660,356,016	993,435,626
VI. Other comprehensive income, net of tax	25,847,967	107,592,545
Other comprehensive income attributable to the owners of the parent company, net of tax	48,006,773	58,368,839
(1) Other comprehensive income that will not be reclassified to profit or loss	-19,294,731	-18,244,588
1. Changes arising from remeasurement of defined benefit plans	-	-
2. Other comprehensive income that cannot be subsequently reclassified into profits and losses under the equity method	682,618	-
3. Changes in fair value of investments in other equity instruments	-19,977,349	-18,244,588
4. Changes in fair value of the enterprise's own credit risks	-	-
5. Others	-	-
(2) Other comprehensive income that may subsequently reclassified into profit and losses	67,301,504	76,613,427
1. Other comprehensive income that can be transferred to profits and losses under the equity method	-670,638	129,581
2. Changes in fair value of other debt investments	-	-
3. Amount of financial assets reclassified into other comprehensive income	-	-
4. Provisions for credit impairment of other debt investments	-	-
5. Reserves for cash flow hedging	32,625,420	27,994,488
6. Conversion differences in foreign currency financial statements	35,346,722	48,489,358
7. Others	-	-
Other net comprehensive income attributable to minority interests, net of tax	-22,158,806	49,223,706
VII. Total comprehensive income	137,204,829	2,453,561,296
Total comprehensive income attributable to the shareholders of the parent company	-500,992,380	1,410,901,964
Total comprehensive income attributable to non-controlling interests	638,197,209	1,042,659,332
VIII. Earnings per share:		
(1) Basic earnings per share	-0.0326	0.1008
(2) Diluted earnings per share	-0.0322	0.0993

Legal representative:
Li Dongsheng

Person-in-charge of Financial affairs:
Li Jian

Person-in-charge of the Accounting Department:
Peng Pan

3. Consolidated Cash Flow Statement

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Net cash generated from operating activities:		
Proceeds from sale of commodities and rendering of services	28,874,162,646	32,479,892,087
Net increase of deposits from customers, banks and other financial institutions	-414,994,865	579,446,754
Net increase of borrowings from the Central Bank	134,144,024	-505,812,976
Net increase of borrowings from other financial institutions	500,112,500	490,296,314
Cash received from collecting premiums for original insurance contracts	-	-
Net cash received for reinsurance business	-	-
Net increase of deposits and investments of policyholders	-	-
Cash received from interest, service charges and commissions	22,488,952	30,683,684
Net increase of borrowed funds from banks and other financial institutions	-	-
Net increase of repurchase business funds	-	-
Net cash received from brokering securities transaction	-	-
Tax and levy rebates	1,661,519,549	1,801,281,700
Cash generated from other operating activities	3,130,400,647	1,752,565,605
Sub-total of cash generated from operating activities	33,907,833,453	36,628,353,168
Payments for commodities and services	23,587,210,982	25,746,314,393
Net increase of loans and advances to customers	-558,602,998	-291,363,670
Net increase of deposits with the Central Bank, banks and other financial institutions	105,682,459	202,991,230
Cash paid for claims for original insurance contracts	-	-
Net increase of funds on loan	-	-
Cash paid for interest, service charges and commissions	-	-
Cash paid for policy dividends	-	-
Cash paid to and for employees	2,733,093,133	3,158,375,360
Taxes and levies paid	915,275,257	806,447,479
Cash used in other operating activities	2,629,818,082	3,141,634,495
Sub-total of cash used in operating activities	29,412,476,915	32,764,399,287
Net cash generated from operating activities	4,495,356,538	3,863,953,881
II. Net cash used in investing activities:		
Proceeds from disinvestments	15,215,716,206	9,653,344,653
Proceeds from return on investments	380,580,542	239,383,580
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	38,716,274	3,422,583
Net proceeds from disposal of subsidiaries and other business units	-	-
Cash generated from other investing activities	1,451,281,370	50,123,919
Sub-total of cash generated from investment activities	17,086,294,392	9,946,274,735
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets	8,748,893,383	10,941,138,741
Payments for investments	13,350,111,306	11,495,911,476

Net increase of pledged loans	-	-
Net payments for acquiring subsidiaries and other business units	-	-
Cash used in other investing activities	187,762,364	100,914,607
Subtotal of cash used in investing activities	22,286,767,053	22,537,964,824
Net cash used in investing activities	-5,200,472,661	-12,591,690,089
III. Net cash generated from financing activities:		
Capital contributions received	15,215,716,206	2,571,180,000
Of which: Capital contributions by non-controlling interests to subsidiaries	380,580,542	2,571,180,000
Borrowings raised	38,716,274	18,821,994,041
Cash generated from other financing activities	-	-
Sub-total of cash generated from financing activities	1,451,281,370	21,393,174,041
Cash paid for debt repayment	17,086,294,392	13,689,241,447
Cash paid for distribution of dividends and profits or the repayment of interest	8,748,893,383	1,111,330,624
Of which: Dividends and profits distributed by subsidiaries to minority shareholders	13,350,111,306	19,790,027
Cash used in other financing activities	4,287,733,637	1,979,130,282
Subtotal of cash used in financing activities	24,109,212,434	16,779,702,353
Net cash generated from financing activities	3,261,004,745	4,613,471,688
IV. Effect of exchange rate changes on cash and cash equivalents	-124,222,607	-27,326,776
V. Net increase in cash and cash equivalents	2,431,666,015	-4,141,591,296
Plus: Beginning balance of cash and cash equivalents	33,675,624,291	30,081,704,864
VI. Ending balance of cash and cash equivalents	36,107,290,306	25,940,113,568

Legal representative:

Li Dongsheng

Person-in-charge of Financial affairs:

Li Jian

Person-in-charge of the Accounting Department:

Peng Pan

II. Auditor's report

Whether the First Quarter Report has been audited or not?

 Yes No

TCL Technology Group Corporation

Board of Directors

April 27, 2023