

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

TCL

INTERIM REPORT 2023

August 29, 2023

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 Mr. Peng Pan, the person-in-charge of the financial department, hereby guarantee that the financial statements carried in this Interim Report are factual, accurate, and complete.

All the Company’s directors attended the Board meeting for the review of this Interim 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 Company has no interim dividend plan, either in the form of cash or stock, nor for the conversion of capital reserve into share capital.

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

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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 originals of all company documents and announcements that were disclosed to the public during the Reporting Period.

Definitions

Term	Refers to	Definition
The “Company”, the “Group”, “TCL”, “TCL Tech.” or “we”	Refers to	TCL Technology Group Corporation
The “Reporting Period”, “current period”	Refers to	The period from January 1, 2023 to June 30, 2023.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
Zhonghuan Electronics	Refers to	TCL Technology Group (Tianjin) Co., Ltd.
TCL Industrial	Refers to	TCL Industrial Holdings 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)
TPC	Refers to	Tianjin Printronics Circuit Corporation, a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002134.SZ)
Highly	Refers to	Highly Information Industry Co., Ltd., a majority-owned subsidiary of the Company listed on the National Equities Exchange and Quotations (stock code: 835281)
Shenzhen CSOT	Refers to	Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.
Wuhan CSOT	Refers to	Wuhan China Star Optoelectronics Technology Co., Ltd.
Wuhan China Star Optoelectronics Semiconductor	Refers to	Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.
Guangzhou CSOT	Refers to	Guangzhou China Star Optoelectronics Semiconductor 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 (including oxide semiconductor) 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 semiconductor 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 semiconductor 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
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	TCL 科技集团股份有限公司		
Abbr. in Chinese (if any)	TCL 科技		
Company name in English (if any)	TCL Technology Group Corporation		
Abbr. in English (if any)	TCL TECH.		
Legal representative	Li Dongsheng		

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. Other Information

1. Contact Information of the Company

Whether the registered address, office address and their zip codes, website address and email address of the Company changed during the Reporting Period.

Applicable Not applicable

No changes occurred to the registered address, office address and their zip codes, website address, email address and other contact information of the Company during the Reporting Period. Please refer to the Annual Report 2022 for details.

2. Media for Information Disclosure and Place Where This Report is Lodged

Whether the media for information disclosure and place where this report is lodged changed during the Reporting Period.

Applicable Not applicable

No changes occurred to the name and website of the stock exchange website and media on which the Company discloses its Interim Report and the place for lodging such reports during the Reporting Period. Please refer to the Annual Report 2022 for details.

3. Other Information

Whether other information changed during the Reporting Period.

Applicable Not applicable

IV. Key Accounting Data and Financial Indicators

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

√ Yes No

Earnings per share in the first half of 2022 were adjusted due to the conversion of capital reserves into share capital during the Reporting Period

	H1 2023	H1 2022		Change
		Before adjustment	After adjustment	After adjustment
Revenue (RMB)	85,148,725,606	84,522,181,128	84,522,181,128	0.74%
Net profit attributable to the company's shareholders (RMB)	340,493,589	663,522,871	663,522,871	-48.68%
Net profits attributable to the company's shareholders before non-recurring gains and losses (RMB)	-600,066,840	-626,869,385	-626,869,385	4.28%
Net cash generated from operating activities (RMB)	10,416,168,147	9,016,635,743	9,016,635,743	15.52%
Basic earnings per share (RMB/share)	0.0184	0.0489	0.0445	-58.65%
Diluted earnings per share (RMB/share)	0.0181	0.0485	0.0441	-58.96%
Weighted average return on equity (%)	0.67	1.71	1.71	Decreased by 1.04 percentage points year on year
	End of the Reporting Period	December 31, 2022		Change
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	381,324,490,388	359,996,232,668	359,996,232,668	5.92%
Owners' equity attributable to the company's shareholders (RMB)	50,464,207,958	50,678,520,477	50,678,520,477	-0.42%

Note: The Company converted its capital reserve into share capital in May 2023, at a rate of 1 share for every 10 shares to all shareholders. The Company recalculated the basic earnings per share and diluted earnings per share for the first half of 2022 in accordance with accounting standards and other regulations.

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

The Total share capital of the Company at the end of the last trading session before the disclosure of this Report (share)	18,779,080,767
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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)	0.0181
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V. Accounting Data Differences under China 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

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

Applicable Not applicable

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VI. Non-Recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	321,753,442
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)	1,267,258,979
The profits or 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.	-42,740,098
Reversal of provision for impairment of receivables that have been individually tested for impairment	2,500,000
Non-operating income and expenses other than the above	707,420,655
Less: Corporate income tax	364,521,716
Non-controlling interests (net of tax)	951,110,833
Total	940,560,429

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 in the Reporting Period

In the first half of the year, the global economy slowed down significantly with continued geopolitical conflicts and a high rate of inflation. The complex and severe external environment has increased the uncertainty of domestic economic development. In response to these challenges, the Company continuously laid out its business in the pan-semiconductor industry on a basis of semiconductor displays, new energy photovoltaics, and semiconductor materials, enhanced the resilience of its business and optimized its business strategies to pursue sustainable high-quality development.

During the Reporting Period, the Company achieved an operating revenue of RMB85.15 billion, with a year-on-year increase of 0.7%; net profit of RMB2.39 billion, with a year-on-year increase of 24.1%; net profit attributable to shareholders of the listed company of RMB0.34 billion; and a net operating cash flow of RMB10.42 billion. Benefiting from an improving industry landscape, the supply and demand relationship in the semiconductor display industry was optimized, inventories along the industry chain remained at a healthy level and mainstream product prices steadily increased, the operating revenue and profit in the Company's semiconductor display business significantly improved. The Company continued to consolidate its advantages in terms of product and technology leadership in new energy photovoltaics and semiconductor materials businesses, enhanced its industrial chain synergy, and achieved rapid growth in terms of operating revenue and profit.

Maintaining strategic focus, optimizing the business strategy, enhancing differentiated competitiveness, and improving operational benefits. With the improved industrial concentration, the leading manufacturers illustrated their advantages in terms of economies of scale, and the semiconductor display industry entered a new stage of development. During the Reporting Period, the demand area steadily increased, product prices stabilized and rebounded, and the operating income of the semiconductor display business increased by 34.9% quarter-on-quarter in the second quarter, the profitability has steadily improved. TCL Zhonghuan implemented a differentiation strategy, which focused on the high-growth market such as N-type and G12 products in the field of photovoltaic materials. In doing so, it occupied leading global market share and achieved significant

growth in revenue and profit. In the field of cells and modules, the Company further consolidated the technological advantages of the "G12+Shingled" dual-platform, and strengthened the competitiveness of the photovoltaic industry chain by adopting a differentiated layout.

Building business barriers based on technological innovation, deepening intelligent and digital manufacturing capabilities, and accelerating high-quality industrial transformations and upgrades. During the Reporting Period, the Company invested RMB5.47 billion in R&D, a year-on-year increase of 4.1%. The Company also filed a total of 177 new international patent applications under the PCT, increasing the total number of applications filed to 14,927. The Company continued to lead product technology upgrades and built a leading technological advantage in the semiconductor display business in the fields of ultra-high definition, high refresh rates, large screen sizes and flexible displays, top global customers achieved a leap in industrial value through high-end product line of the company. In the new energy photovoltaic business, the Company continued to lead the industry upgrading in the field of large-size, thin slicing, thin line, shingled and other technical processes. The Company advanced the manufacturing transformation and upgrade through digitalization and intelligentization, and applied AI intelligent detection systems in the semiconductor display business to identify defects in LCD panel production, further improving production efficiency. In addition, the Company deepened the application of the industry 4.0 system in the new energy photovoltaic business, with industry-leading flexible manufacturing capabilities, thus promoting high-quality development within the industry.

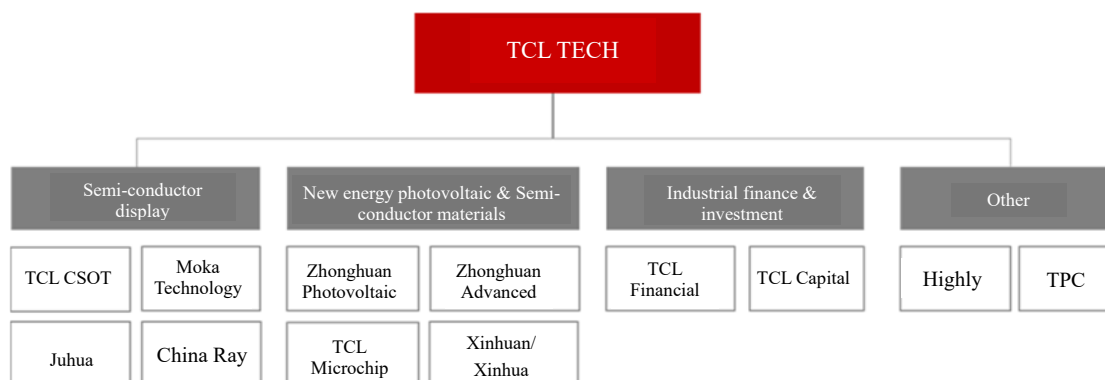
Pushing localized operations of the global industrial chain, strengthening the construction of overseas business platforms, and exploring a new globalization model. The Company actively promoted the localized operations of its industrial chain. The TCL CSOT India Display Module Factory continued to expand both its production and sales capacity. TCL Zhonghuan planned to establish production capacity of crystals and chips in the Middle East through establishing a joint venture with Saudi Vision Industries, and strengthened collaboration with partners in some target markets. The Company continued to strengthen its overseas business development and explored a new globalization model to enhance its competitiveness.

The Company will respond to any challenges with its own operational capabilities and strategic management, continue to improve the profitability of semiconductor display business, and steadily grow its new energy photovoltaic business. The Company will firmly grasp the opportunities brought

by the transformations and upgrades in the technology manufacturing industry and the global energy structure, and shall 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 a lead in the global market.

II. Main businesses of the Company during the Reporting Period

The Company focused on the development of the core business of semiconductor display, new energy photovoltaic and semiconductor materials, and committed to achieving the strategic goal of global leadership.



(I) Semiconductor display business

In the first half of the year, the downstream demand for displays remained sluggish, but it has increased quarter on quarter. The trend toward large-sized products has driven a steady increase in demand area. On the supply side, the large-size panel industry has become increasingly concentrated, industrial competition has shifted from rapid scale expansion and market share growth driven by investment to a focus on technology and profitability as key guiding factors, the industry achieved healthy development. The prices of large-sized panels have continued to rise since March this year, while the prices of small and medium-sized panels have gradually stabilized at a low level.

During the Reporting Period, the Company achieved an operating revenue of RMB35.53 billion in its semiconductor display business, with a year-on-year decrease of 4.7%. Among this, the display business achieved an operating revenue of RMB20.41 billion in the second quarter, with a year-on-year increase of 18.5%, and a quarter-on-quarter increase of 34.9%. The net loss of display business

in the second quarter reduced by RMB 2.15 billion compared to the first quarter.

In its large-sized product business, TCL CSOT made the best use of its own strengths and industry chain advantages, and firmly adopted the strategies of large-sized and high-end TV panels while actively developing commercial displays, such as interactive whiteboards, digital signage, and splicing screens. The layout of TCL CSOT's high-generation production lines covered the factories of the G8 production lines of t1, t2, t9, and t10, and the factories of the G11 production lines (the highest generation in the world) of t6 and t7. The market share of TV panels steadily ranked among the top two in the world. By giving play to the production efficiency and cutting cost efficiency of high-generation production lines, the Company led the development of large-sized and high-end products in collaboration with strategic customers, and in doing so, improved the value of the whole industry chain. The Company's 55-inch TV panels and above increased to 78% in terms of sales area proportion, while the market share of 55-inch and 75-inch products ranked first in the world, the market share of 65-inch products ranked second in the world, and the market share of high-end TV panels such as shadowless screens and 120HZ screens steadily ranked first in the world. In commercial markets such as interactive whiteboards, digital signages, and splicing screens, TCL CSOT ranked among the top level in terms of global market share.

In its medium-sized product business, TCL CSOT accelerated the layout of its new businesses, including IT and vehicle-mounted screen products, while enhancing product competitiveness and optimizing customer structure to create new driving forces for business growth. The G6 LTPS production line was expanded as planned, and the t9 production line, positioned at medium-size IT and vehicle-mounted screen products, successfully achieved a capacity increase in SoP, with brand customer introduced for commercial displays, monitor and laptops. TCL CSOT's medium-sized panel business developed rapidly, reaching a revenue share of 21%. The Company's shipments of monitors jumped to the top third in the world, with e-sports monitor having the largest market share globally. The market share of LTPS laptops and LTPS tablets ranked second globally. With the rapid penetration of LTPS panels in the field of new energy vehicles, the Company's shipment of LTPS vehicle-mounted screens also significantly increased. The Company's Mini-led backlight products for monitor, laptop, vehicle-mounted screen and other products achieved SoP to continuously satisfy the various needs of customers.

In its small-sized product business, TCL CSOT consolidated its position in the market of

LTPS mobile phone panels, drove the growth of the flexible OLED business with product innovations, and expanded the VR/AR and professional display markets. TCL CSOT ranked third 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 SoP. The Company actively expanded into professional display fields such as healthcare, smart homes, and learning machines. TCL CSOT ranked fifth in the world in terms of the shipments of flexible OLED mobile phone panels from the t4 production line. During the Reporting Period, TCL CSOT began cooperating with several new brands, which further improved its customer structure. Flexible OLED folding, LTPO, Pol-Less, and other new technologies have now reached an industry-leading level, and TCL CSOT has achieved SoP and supplied high-end flagship models to brand customers, with high-end products achieving remarkable progress and laying the foundation for business improvement.

Looking ahead to the second half of the year, consumer demand is expected to rebound due to the seasonal effect. Currently, the prices of large-sized display products continue to rise, while the prices of some medium-sized products have begun to bottom out. Meanwhile, the prices of small-sized products have stabilized. **Thanks to favorable industry trends and the optimization of the Company's business structure, the Company is confident that its semiconductor display business will achieve significant improvement in the second half of the year.**

In the long term, as major information carriers and interactive interfaces in the digital economy era, semiconductor displays will further increase in industrial value, the trend toward large-sized TVs will drive steady growth in the display demand area. Maintaining a reasonable level of profitability is the foundation for the sustainable development of the industry, the industry will move toward more rational competition. TCL CSOT will continue to promote the healthy and sustainable development of the industry. Efficiency and profitability will remain the cornerstone of its operations, allowing for the continuous improvement of its relative competitiveness. It will also improve the layout of small and medium-sized products, improve its customer structure and business performance, and accelerate its transformation and upgrade from the leading manufacturer of large-sized displays to a leading manufacturer of full-sized displays.

(II) New energy photovoltaics and semiconductor materials business

In the first half of the year, as the capacity of upstream raw materials and various links in the

photovoltaic industry chain were released, product prices decreased. However, the economic viability of photovoltaic power generation improved, driving a steady increase in terminal demand. TCL Zhonghuan grasped the opportunity of the growing market, gave full play to its advanced production capacity and flexible manufacturing, and achieved rapid growth in production and sales scale. During the Reporting Period, TCL Zhonghuan achieved an operating revenue of RMB34.9 billion, with a year-on-year increase of 10.1%, and a net profit of RMB4.84 billion, with a year-on-year increase of 50%.

Relying on its technical advantages of G12 and N-type photovoltaic materials, TCL Zhonghuan consolidated its leading position in the market, enhanced the layout of TOPCON batteries and shingled modules, and strengthened its differentiated competitiveness. The Company continued to expand its advanced production capacity, and gave full play to the scale advantages, cost advantages, and market advantages of G12 products to expand its leading position in the field of photovoltaic materials. At the end of the Reporting Period, the Company's total monocrystalline silicon capacity reached 165GW, with its market share of photovoltaic silicon wafers ranked top in the world. The Company led the upgrade of large-size, thin slicing, thin line process technologies for crystals and wafers. Metrics such as the consumption rate of silicone materials per crystalline unit, monthly crystal output per furnace, number of wafer output per kg, and other indicators, the Company managed to maintain a leading position in the industry. With the increasing demand for energy efficiency and upgrading photovoltaic products to N-type technology, the Company has built a deep technical barrier. The Company also built a smart factory for 25GW N-type TOPCON batteries and continuously improved the production capacity of shingled modules, leading to the development of a differentiated industrial chain based on next-generation technology, enhancing its competitiveness.

TCL Zhonghuan increasingly applied Industry 4.0 technology in flexible manufacturing and accelerated the layout of its international business to seize a high-value market share. As global trade barriers increase, it is becoming much more important to build a global manufacturing layout. Having relied on long-term investment and development in smart manufacturing over the years, the Company has achieved industry-leading capabilities in applying Industry 4.0 in flexible manufacturing and has satisfied its customers' demands for customization and differentiation. Furthermore, the Company has collaborated with the supply chain and manufacturing sector to

enhance its end-to-end traceability capabilities, securing a significant share in high-premium markets. The Company has fully introduced the Industry 4.0 system in all links of the industrial chain, creating autonomously coordinated and highly efficient dark factories. This has allowed it to achieve industry-leading productivity and automated production, establishing a competitive advantage in localized manufacturing on a global scale. During the Reporting Period, the Company signed cooperation terms and lists with Vision Industries Company, with a view to jointly establish a joint venture and invest in a photovoltaic crystal and wafer factory in Saudi Arabia. This initiative marks the start of an overseas localized manufacturing strategy for crystals and wafers. The Company and Maxeon have achieved mutually promoted and coordinated development in terms of production and channels around the world. These efforts will further facilitate the accelerated growth of the Company's overseas business in the future.

III. Analysis of core competitiveness

Over the past 42 years, TCL TECH has developed an industrial layout that focuses on semiconductor displays, new energy photovoltaics, and semiconductor materials by maintaining innovation, change, and transformation, and has achieved leapfrog development in the pan-semiconductor segment from zero to one and one to N. In this process, TCL TECH has continued to enhance its own core competitiveness and sustainability. By upholding its mission of "leading technology and mutually beneficial cooperation", the Company has continued to increase its investment in leading technology to create a better life for people, and build an open and mutually beneficial industry ecosystem with partners characterized by a people-oriented approach and mutual cooperation.

Leading in scale: rapid growth of production capacity and improvement of value chain layout

As a global semiconductor display leader, the Company has two 11th-generation, four 8th-generation, and two 6th-generation semiconductor panel production lines, and is ranked second in the world in terms of capacity. The Company has continuously expanded its capacity through an endogenous growth and M&A strategy. By establishing two 8.5th-generation OEM lines, CSOT has secured its foothold in TV panels, further boosted its capacity in large-sized panels, and maintained a leading position globally with two 11th-generation OEM lines and a merger with the Samsung t10

production line. CSOT ranks among top 2 globally by market share of TV panels. In 2021, the Company established a mid-sized t9 production line with high added value to expedite its strategic layout across all product sizes. At present, products from the t9 production line have been delivered to IT brand customers. The Company has successfully increased its competitiveness in its mid-sized business, which is evidenced by securing first place by market share of e-sport MNT products and second place by market share of LTPS tablets and LTPS notebooks globally. In addition, the Company has also maintained high-speed development in vehicle-mounted devices. In the small-sized segment, the Company has focused on mid and high-end products in LTPS and flexible OLED technologies through its two 6th-generation production lines, i.e. t3 and t4. In the first half of the year, the Company ranked third by market share of LTPS mobile panels, and fifth by flexible OLED mobile panels. The Company has also actively extended its value chain, increased module capacity, acquired Moka Technology, and further scaled up its position along the value chain and in terms of profitability. Based on its upgraded scale, management, and synergy with the industrial chain, the Company will further shore up its industry status and overall competitiveness in the future.

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

Relying on TCL CSOT, 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-generation display materials, and critical equipment for new manufacturing processes. This is aimed at creating a TCL ecosystem within the display market to establish a leading advantage based on next-generation display technology. The Company has actively invested in quantum dot display technologies, and increased its research and industrial cooperation efforts in areas such as quantum dot display materials, new device structures, and ink-jet printing. In doing so, it aims to tap into the key technologies of the next generation of displays. The subsidiary of the Company, Guangdong Juhua, has the only national innovation center "National Printing and Flexible Display Innovation Center" in the display industry within China, which has provided a globally-leading public platform for G4.5 printed display R&D. This has helped integrate industrial chain resources from all links, including materials, techniques, processes, and application verification to enable the integration of cutting-edge technology

development into industrial applications. In addition, the Company has continued to invest in Micro-LED display technologies to help promote the Company's ecological layout in this field from materials, techniques, equipment, and production line solutions to independent intellectual property.

New Strategic Growth Engines: Seizing Development Opportunities and Promoting the Rapid Development of the New Energy Photovoltaic Industry

The Company has boosted the rapid development of TCL Zhonghuan based on its excellent management experience that it has accumulated from the high-tech, asset-heavy, and long-cycle industry for years. By invigorating the organization through systematic and institutional reform, the Company has optimized its assets structure to enhance its operation efficiency, and has unleashed the growth potential of new energy photovoltaics business through industrial synergy. TCL Zhonghuan has further consolidated its leading position in the industry, with high-quality and growth performance, and has become one of the key engines driving the Company's core businesses. In 2022, TCL Zhonghuan was awarded the title of "National Championship Enterprises with Leading Products in the Manufacturing Industry", and was ranked top in the world in terms of its capacity and shipment of photovoltaic monocrystalline silicon wafers. Furthermore, it secured the leading market share worldwide for G12 large-size photovoltaic monocrystalline silicon wafers. Driven by its efforts in semiconductor displays and new energy photovoltaics, the Company aims to become a world-leading tech conglomerate.

Upgrading Corporate Culture: Taking the Company to a New Development Stage by upholding the Mission and Vision of "Leading Technology and Mutually Beneficial Cooperation"

The Company put forward its mission of "leading technology and mutually beneficial cooperation" in the new period. Guided by this mission, the Company is committed to creating an organizational culture of "reform, innovation, responsibility, and excellence", and continues to deepen its team building and improve its corporate culture. TCL Technology will continue to invest in fields closely related to human life (such as intelligence, health, carbon reduction, and energy saving), and build its leading advantages in technology and products to deliver a wonderful experience and better life to people. Bearing the sustainable development and people-oriented approach in mind, the Company is dedicated to environmental friendliness, employee engagement, and social trust, as well as the harmonious development between humanity, nature, and society. The

Company has also joined hands with stakeholders to develop an open and win-win industrial ecosystem that emphasizes healthy competition and synergistic development.

IV. Analysis of Core Businesses

Overview

Is it the same as the disclosure of the Company's main business during the reporting period?

Yes No

See the relevant contents in "I. Main businesses of the Company during the reporting period".

Year-on-year changes in key financial data

Unit: RMB

	H1 2023	H1 2022	Change (%)	Reason for change
Revenue	85,148,725,606	84,522,181,128	0.74%	No significant change
Operating cost	74,267,599,102	76,522,943,519	-2.95%	No significant change
Sales expenses	1,206,697,982	1,053,369,277	14.56%	No significant change
Administrative expenses	2,015,923,674	1,716,379,375	17.45%	No significant change
R&D expenses	4,892,353,793	4,451,763,611	9.90%	No significant change
Financial expenses	1,613,162,624	1,720,157,252	-6.22%	No significant change
Income tax expenses	-99,798,639	-88,397,544	-12.90%	No significant change
R&D investments	5,465,280,784	5,252,157,387	4.06%	No significant change
Net cash generated from operating activities	10,416,168,147	9,016,635,743	15.52%	No significant change
Net cash generated from investing activities	-19,540,957,320	-17,613,551,791	-10.94%	No significant change
Net cash generated from financing activities	3,101,455,669	9,930,162,074	-68.77%	Mainly caused by a decrease in financing activities
Net increase in cash and cash equivalents	-5,931,375,972	1,594,616,564	-471.96%	Mainly caused by a year-on-year decrease in cash flow from investing activities and financing activities

Significant changes to the profit structure or sources of the Company during the Reporting Period:

Applicable Not applicable

No significant changes to the profit structure or sources of the Company during the Reporting Period.

Breakdown of revenue:

Unit: RMB

	H1 2023		H1 2022		Change (%)
	Amount	As % of total revenue (%)	Amount	As % of total revenue (%)	
Total	85,148,725,606	100%	84,522,181,128	100%	0.74%
By operating division					
Semi-conductor display	35,528,426,910	41.73%	37,262,161,646	44.09%	-4.65%
New energy photovoltaics	34,897,789,200	40.98%	31,698,336,741	37.50%	10.09%
Distribution business	13,812,824,911	16.22%	14,728,215,432	17.43%	-6.22%
Other businesses and internally offset accounts	909,684,585	1.07%	833,467,309	0.98%	9.14%
By product category					
Semi-conductor display devices	35,528,426,910	41.73%	37,262,161,646	44.09%	-4.65%
New energy photovoltaics & semi-conductor materials	34,897,789,200	40.98%	31,698,336,741	37.50%	10.09%
Distribution of electronics	13,812,824,911	16.22%	14,728,215,432	17.43%	-6.22%
Other businesses and internally offset accounts	909,684,585	1.07%	833,467,309	0.98%	9.14%
By operating segment					
Mainland China	58,816,018,766	69.07%	57,379,449,518	67.89%	2.50%
Overseas (Including Hong Kong)	26,332,706,840	30.93%	27,142,731,610	32.11%	-2.98%

Operating division, product category, or region contributing over 10% of revenue or operating profit

√ Applicable □ Not applicable

Unit: RMB

	Revenue	Operating cost	Gross profit margin	Change in revenue year-on-year (%)	Change in cost of sales year-on-year (%)	Change in gross profit margin year-on-year (%)
By operating division						
Semi-conductor display	35,528,426,910	33,690,861,747	5.17%	-4.65%	-5.93%	1.28%
New energy photovoltaics	34,897,789,200	26,797,901,799	23.21%	10.09%	2.71%	5.52%
Distribution business	13,812,824,911	13,293,638,124	3.76%	-6.22%	-5.90%	-0.32%
By product category						
Semi-conductor display devices	35,528,426,910	33,690,861,747	5.17%	-4.65%	-5.93%	1.28%
New energy photovoltaics &	34,897,789,200	26,797,901,799	23.21%	10.09%	2.71%	5.52%

semi-conductor materials						
Distribution of electronics	13,812,824,911	13,293,638,124	3.76%	-6.22%	-5.90%	-0.32%
By operating segment						
Mainland China	58,816,018,766	53,121,546,522	9.68%	2.50%	3.61%	-0.96%
Offshore (Including Hong Kong)	26,332,706,840	21,146,052,580	19.70%	-2.98%	-16.26%	12.73%

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

Applicable Not applicable

V. Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Sustainability
Asset impairment	-2,358,955,686	-102.98%	Falling price of inventory write-off in line with the market	No
Non-operating income	26,029,772	1.14%	-	No
Non-operating expenses	49,159,778	2.15%	-	No

VI. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of the Reporting Period		December 31, 2022		Change in percentage (%)	Main reason for change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	29,286,644,892	7.68%	35,378,501,261	9.83%	-2.15%	No significant change
Accounts receivable	21,286,401,458	5.58%	14,051,661,462	3.90%	1.68%	No significant change
Contract assets	298,866,599	0.08%	315,167,085	0.09%	-0.01%	No significant change
Inventories	18,113,675,417	4.75%	18,001,121,855	5.00%	-0.25%	No significant change
Investment property	889,134,656	0.23%	946,449,125	0.26%	-0.03%	No significant change
Long-term equity investments	30,354,398,223	7.96%	29,256,215,804	8.13%	-0.17%	No significant change
Fixed assets	149,680,214,988	39.25%	132,477,671,844	36.80%	2.45%	No significant change
Construction in progress	42,114,759,176	11.04%	52,053,833,629	14.46%	-3.42%	No significant change

Right-of-use assets	5,744,716,659	1.51%	5,110,123,904	1.42%	0.09%	No significant change
Short-term borrowings	9,613,991,211	2.52%	10,215,910,963	2.84%	-0.32%	No significant change
Contract liabilities	2,245,240,166	0.59%	2,336,008,164	0.65%	-0.06%	No significant change
Long-term borrowings	127,571,442,182	33.45%	118,603,164,839	32.95%	0.51%	No significant change
Lease liabilities	5,058,333,644	1.33%	4,461,382,902	1.24%	0.09%	No significant change

2. Major Assets Overseas

Applicable Not applicable

3. 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	421,433,335			17,692,666,357	15,012,782,463		18,733,651,943
2. Derivative financial assets	361,034,230	37,767,673	-47,188,601				-226,409,725	125,203,577
3. Accounts receivables financing	1,103,127,764						2,204,805,702	3,307,933,466
4. Investments in other equity instruments	439,996,263		-20,061,981		1,720,000		-550,603	421,103,679
Subtotal of financial assets	17,536,492,971	459,201,008	-67,250,582		17,694,386,357	15,012,782,463	1,977,845,374	22,587,892,665
Total of the above	17,536,492,971	459,201,008	-67,250,582		17,694,386,357	15,012,782,463	1,977,845,374	22,587,892,665
Financial liabilities	932,646,673	6,800,298	293,602,807		804,379,934	1,034,731,409	33,986,709	1,036,685,012

Significant changes to the measurement attributes of the major assets in the Reporting Period:

□ Yes √ No

4. Restricted Asset Rights as of the Period-End

Restricted assets	Carrying amount (RMB'0,000)	Reason for restriction
Monetary assets	26,697	Central bank statutory deposit reserve
Monetary assets	127,543	Other monetary funds and restricted bank deposits
Notes receivable	17,523	Pledge
Fixed assets	10,073,210	As collateral for loan
Intangible assets	410,416	As collateral for loan
Held-for-trading financial assets	45,254	Pledge
Construction in progress	509,929	As collateral for loan
Right-of-use assets	1,813	As collateral for lease
Accounts receivable	135,830	Pledge
Contract assets	29,804	Pledge
Total	11,378,019	

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 (%)
19,514,629,660	21,824,233,385	-10.58%

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	Estimated income	Investment income/loss in the Reporting Period	Involvement in lawsuit(s)	Date (if any) of disclosure	Index (if any) 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) Stock Investments

√ Applicable □ Not applicable

Unit: RMB'0,000

Stock 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	17,697	0	0	0	17,697	42,955	Other non-current financial assets	Self-funded
Stocks	688469.SH	Chip integration	26,745	Fair value	-	-94	0	26,745	0	-94	26,651	Other non-current financial assets	Self-funded
Government bonds	220016IB	22 Interest-bearing government bonds 16	20,000	Measurement at amortized cost	20,327	0	0	0	0	236	20,563	Debt investments	Self-funded
Government bonds	220016IB	22 Interest-bearing government bonds 16	20,000	Measurement at amortized cost	20,327	0	0	0	0	236	20,563	Debt investments	Self-funded
ETFs	US4642885135	ISHARES IBOXX HIGH YLD CORP	13,734	Fair value	11,025	90	0	15,049	11,563	275	15,018	Held-for-trading financial assets	Self-funded
Government bonds	220016IB	22 Interest-bearing government bonds 16	10,000	Measurement at amortized cost	10,158	0	0	0	0	119	10,276	Debt investments	Self-funded
Government bonds	220016.IB	22 Interest-bearing government bonds 16	10,000	Measurement at amortized cost	10,152	0	0	0	0	119	10,271	Debt investments	Self-funded
Stocks	688728	Galaxycore Inc.	4,284	Fair value	18,404	-629	0	0	1,884	-168	9,494	Other non-current financial assets	Self-funded
Financial bonds	XS2587421681	NANYAN 7.35 PERP Corp	7,226	Measurement at amortized cost	-	0	0	7,226	0	165	7,397	Debt investments	Self-funded
Bonds	XS2560662541	LINK CB LTD	4,622	Fair value	4,791	-406	0	1,583	0	-276	6,134	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			402,509	-	177,432	350	-2,461	215,886	229,370	3,179	161,851		
Total			521,552	-	297,874	17,007	-2,461	266,490	242,817	21,487	331,174		
Disclosure date of the board announcement approving securities investments			March 31, 2023										
Date for disclosure and announcement on approving securities investment by the general meeting			April 22, 2023										

(2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: RMB'0,000

Type of contract	Beginning amount		Ending amount		Gain/loss 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	2,959,775	112,977	21,148	21.21	0.81
2. Interest rate swaps	384,446	11,533	247,122	7,413		1.77	0.05
Total	2,446,618	84,974	3,206,897	120,390	21,148	22.97	0.86
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 RMB360.35 million; losses from the delivery of due forward exchange contracts amounted to negative RMB189.00 million; and profit from the valuation of outstanding forward exchange contracts amounted to RMB40.13 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 using derivative contracts with the same purchase amounts and maturities in opposite directions.						
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, liquidity risk, credit risk, operational risk, legal risk, etc.)	<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> <ol style="list-style-type: none"> 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. 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. 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; 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; 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 derivative 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>Risk control measures:</p> <ol style="list-style-type: none"> 1. Basic management principles: the Group strictly follows the hedging principle mainly to fix costs and avoid 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. Avoid engaging in complex business activities that go beyond the established scope of operations and involve risks and pricing that are difficult to understand; 2. The Group has formulated a special risk management system tailored to the risk characteristics of the financial 						

	<p>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 of 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).	With the rapid expansion of overseas sales, the Company continued to follow the above rules in the operation of forward foreign exchange contracts, interest rate swap contracts, and futures contracts to avoid and hedge against foreign exchange risks arising from operations and financing. During the Reporting Period, there were profits and losses of RMB360.35 million from changes in the fair value of hedged items and negative RMB148.87 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.
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 the derivative investments (if any)	April 22, 2023
Opinion of independent directors on derivative investments and risk control	From January to June 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.

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	Total amount raised	Used in the current period	Total amount used	Total amount of	Total amount of	Total amount of	Total procee	Purpose and	Amount left idle
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	raising				changed- purpose funds during the Reporting Period	changed- purpose funds	changed- purpose funds as a % of total amount raised	ds that have not been used	location of the unused amount	for over two years
2022	Non- public offering of shares	947,469.47	244.99	947,714.46	Not applicable	Not applicable	Not applicable	0	Not applicable	0
Total	--	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 no more than 2,806,128,484 shares in a non-public manner. 2,806,128,484 shares were issued in the offering. As of December 6, 2022, the Company raised RMB9,596,959,415.28, or RMB122,264,729.12 after deducting the cost in connection with issuing shares (not including VAT). The proceeds that can be utilized amounted to 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 June 30, 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 make up 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 over-raised funds	Whether the project changed or not (including partial changes)	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)	Time when the project is ready for its intended use	Benefits derived in the Reporting Period	Whether it met the expected benefits or not	Whether there were significant changes to the project feasibility or not
Promised projects										
1. 8.6th generation oxide semiconductor new 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	--	--	--	--	--
Over-raised funds										
None										
Description of delayed	Not applicable									

progress and reasons for failure to achieve the planned progress and expected income	
Description of major changes in project feasibility	Not applicable
Over-raised funds amount, purpose, and use progress	Not applicable
Change in location of the project with raised funds	Not applicable
Change in the project implementation method	Not applicable
Advance investments in promised projects funded with raised funds and subsequent swaps	On December 12, 2022, the Proposal on Using Raised Funds to Swap Self-raised Funds Previously Invested in Projects that should be Funded with Raised Funds was approved at the 26th Meeting of the Company's 7th Board of Directors. As such, the raised funds were 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	Not applicable

disclosure of
raised funds**(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**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'0,000

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	Semi-conductor display	RMB33.08 billion	19,479,825	7,084,528	3,060,062	-447,534	-361,917
TCL Zhonghuan New Energy Technology Co., Ltd.	Subsidiary	Semiconductor photovoltaics and semiconductor materials	RMB4.04 billion	12,232,749	5,840,731	3,489,779	539,836	483,888
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB0.42 billion	883,358	146,954	1,381,282	10,628	7,871

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
Xinxin Semiconductor Technology Co., Ltd.	Acquisition	No significant effect
Jiangsu Mingjing Semiconductor Technology Co., Ltd.	Acquisition	No significant effect
Jiangsu Lixin Semiconductor Technology Co., Ltd.	Acquisition	No significant effect
Xuzhou Xinjing Semiconductor Technology Co., Ltd.	Acquisition	No significant effect
Jiangsu Huasheng Semiconductor 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 Semiconductor Equipment Technology Co., Ltd.	Acquisition	No significant effect

Meixin (Xuzhou) Silicon Material Technology Co., Ltd.	Acquisition	No significant effect
Ningxia Zhonghuan Industrial Park Management Co., Ltd.	Newly incorporated	No significant effect
Shanghai Zhonghuan Photovoltaic Materials Co., Ltd.	Newly incorporated	No significant effect
Guangzhou TCL Industrial Research Institute Co., Ltd.	Newly incorporated	No significant effect
Xiaoyuzaixian (Beijing) Technology Co., Ltd.	Newly incorporated	No significant effect
Suzhou Huaxin Environmental Technology Co., Ltd.	Acquisition	No significant effect
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	Newly incorporated	No significant effect
Inner Mongolia TCL Photoelectric Technology Co., Ltd.	Acquisition	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
TCL Financial Technology (Shenzhen) Co., Ltd.	Acquisition	No significant effect
Yixing Huanxing New Energy Co., Ltd.	Disposal	No significant effect
Tianjin Binhai Huanneng New Energy Co., Ltd.	Disposal	No significant effect
Dushan Anju Photovoltaic Technology Co., Ltd.	Disposal	No significant effect
Shangyi Shengxin New Energy Development Co., Ltd.	Disposal	No significant effect
Gengma Huanxing New Energy Co., Ltd.	Disposal	No significant effect
Guyuan Shengju New Energy Co., Ltd.	Disposal	No significant effect
Zhangjiakou Shengyuan New Energy Co., Ltd.	Disposal	No significant effect
Qinhuangdao Tianhui Solar Energy Co., Ltd.	Disposal	No significant effect

X. Structured Bodies Controlled by the Company

Applicable Not applicable

XI. Risks and Responses

1. Risk of Macroeconomic Fluctuations

In recent years, a series of factors have brought about potential financial risks, including trade barriers, the Russia-Ukraine geopolitical conflict, and increasing uncertainty of global economic development, as well as measures adopted by countries to address stubbornly high inflation. In this context, the Company has committed to driving innovation and implementing a strategy of technological self-reliance, while also following the national roadmap of "fostering a new development paradigm with domestic circulation as the mainstay and the mutual promotion of domestic-international dual circulation". To achieve this, the Company has focused on a specialized operation strategy for its core businesses, playing to its advantages in industrial chains, consolidating its leading position in the country, and implementing the "going global" strategy. This approach aims to establish a more resilient global supply chain layout, enabling the Company to engage in the international economy and effectively respond to economic uncertainties.

2. Risk of Industry Climate Fluctuations

Due to a slowdown in global consumer demand, there has been a significant impact on panel demand and shipments. Although the panel industry has shown some signs of recovery in recent times, it is still in the overall phase of climbing out of a cyclical trough. The Company will dynamically

analyze the development trend between supply and demand, and will proactively anticipate shifts in production capacity allocation to ensure profitability. Meanwhile, the Company will strengthen its investment in R&D, and expand its advantages in terms of size and effectiveness by creating high barriers to competition and broadening its business moat.

3. Risk of Changing Technologies and Application Scenarios

The application scenarios of end consumers are constantly evolving. For instance, semiconductor displays serve as gateways to connect the real world with the virtual one, and in the future, they will give rise to various products driven by innovative technologies and products. In addition, under the consensus of carbon neutrality, paperless and recyclable electronic products, and other low-carbon footprint concepts will also become a new trend on the demand side. The Company's products therefore need to continuously innovate to adapt to evolving application requirements. The Company will continue to focus on the demands of the industry and end customers, strengthen R&D investment, optimize business structure driven by technology innovation, and enhance product competitiveness. Based on more thorough research and analysis of market segments, the Company will explore more emerging fields, actively make arrangements regarding emerging market segments, and develop new driving forces for growth.

4. Intellectual Property and Legal Risks

As the Company's business scale expands and its technology footprint continues to grow, the risks associated with intellectual property will become more significant. The Company will continue to maintain high-intensity R&D investment, continuously enhance the professional capabilities of its core technical team, and continuously improve the patent layout of key technologies and products through the model of "independent research + cooperative R&D". The Company will also improve its intellectual property management and protection mechanisms, and comprehensively mitigate intellectual property risks by engaging in strategic partnerships with external professional organizations in the field of intellectual property. Furthermore, international trade barriers and market access complexities are continuously increasing, as well as rising compliance risks in overseas markets. The Company will therefore intensify its research into international laws, regulations, and standards, and further improve its compliance management system to ensure its operations remain compliant. It will also maintain close communication with local partners to mitigate potential legal risks.

Part IV Corporate Governance

I. 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 1st 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 General Meeting of 2022 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 2nd Extraordinary General Meeting of 2023 disclosed on www.cninfo.com.cn on June 17, 2023 (Notice No.: 2023--046)

2. Extraordinary General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable Not applicable

II. Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Wang Cheng	Director	Elected	January 9, 2023	Election at a shareholders' meeting
Zhao Jun	Director	Elected	January 9, 2023	Election at a shareholders' meeting

III. Interim Dividend Plan

Applicable Not applicable

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

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

Applicable Not applicable

1. Equity Incentives

Applicable Not applicable

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

Note: 1. Based on the agreements under the Tranche 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.

2. At the end of the reporting period, 2021-2023 ESOP (Tranche III) (Draft) and other related matters have been deliberated and approved by the general meeting.

The underlying shares under the ESOP have not been transferred.

Shareholdings of Directors, Supervisors and Senior Management under the Employee Stock Ownership Plan during the Reporting Period

Name	Position	Opening shareholding (shares)	Closing shareholding (shares)	Proportion to total share capital of listed companies
Li Dongsheng	Chairman, CEO	About 27.07 million shares	About 20 million shares	0.11%
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 Tranche 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.

3. Other Employee Incentives

Applicable 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

Policies and Industrial Standards in connection with Environmental Protection

The Company complies with a number of environmental protection policies, including: Law of the People's Republic of China on Environmental Protection, Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, Law of the People's Republic of China on Soil Pollution Prevention, Law of the People's Republic of China on Noise Pollution Prevention, Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution.

Industrial standards referred by the Company in environmental protection include: the Electronic Industry Water Pollutant Discharge Standards, Battery Industry Pollutant Discharge Standards, Pollutant Discharge Standards for Urban Sewage Treatment Plants, Environmental Noise Discharge Standards for Industrial Enterprise and Factories, Pollutant Discharge Standards for Urban Sewage Treatment Plants, Hazardous Waste Storage Pollution Control Standards and Malodorous Pollutant Discharge Standards.

Administrative License for Environmental Protection

The Company complies with the laws and regulations related to environmental protection license during its construction, carries out environmental impact evaluation, obtains sewage discharge permits, and files with the provincial and municipal regulators for its operation on a timely basis.

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
TianJin Zhonghuan Advanced Material&Technology Co., Ltd.	Waste water pollutants	COD, ammonia nitrogen, other specific pollutants (total nitrogen, total phosphorus, pH, suspended solids, BOD ₅ , flow, fluoride, petroleum)	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	Not applicable

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
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd.	Waste water pollutants	COD, ammonia nitrogen, other specific pollutants (total nitrogen, total phosphorus, pH, suspended solids, BOD ₅ , flow, fluoride, petroleum)	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	Not applicable
Tianjin Huanzhi New Energy Technology Co., Ltd.	Waste water pollutants	Chemical oxygen demand, total phosphorus (measured by P), ammonia nitrogen (NH ₃ -N), total nitrogen (measured by N), pH, suspended solids, petroleum, anionic surfactants, 5-day BOD	Organized	1	General discharge outlet	As per emission standard	DB12/599-2015 Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant	Not exceeding	Standard	Not applicable
Tianjin Huanou New Energy Technology Co., Ltd	Waste water pollutants	Chemical oxygen demand, ammonia nitrogen (NH ₃ -N), total nitrogen (measured by N), total phosphorus (measured by P), pH, flitage, 5-day BOD, total organic carbon, anionic surfactants, petroleum, animal and vegetable oils, suspended solids	Organized	1	General discharge outlet	As per emission standard	Discharge Standard of Water Pollutants for Electronic Industry GB39731-2020, Integrated Wastewater Discharge Standard DB12/356-2018	Not exceeding	Standard	Not applicable
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	Not applicable
	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	Not applicable
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	Waste water pollutants	COD, ammonia nitrogen, other specific pollutants (fluoride, total nitrogen, total phosphorus, suspended solids, pH, BOD ₅)	Organized	1	General discharge outlet	As per emission standard	Wastewater Quality Standards for Discharge to Municipal Sewers GB/T31962 GB8978-1996 Comprehensive Sewage Discharge Standard	Not exceeding	Standard	Not applicable
Huansheng Solar (Jiangsu) Co., Ltd.	Waste water pollutants	COD, ammonia nitrogen, other specific pollutants (fluoride, total nitrogen, total phosphorus, suspended solids, pH)	Organized	1	General discharge outlet	Discharged according to the standard	Emission Standard of Pollutants for Battery Industry GB30484-2013	Not exceeding	Standard	Not applicable
Wuxi Zhonghuan Applied Materials Co., Ltd.	Waste water pollutants	COD, ammonia nitrogen, other specific pollutants (total nitrogen, total phosphorus, suspended solids, pH)	Organized	1	General discharge outlet	Discharged according to the standard	Emission Standard of Pollutants for Battery Industry GB30484-2013	Not exceeding	Standard	Not applicable
TCL China Star Optoelectronics Technology Co.,	Waste water pollutants	COD	Discharged to Guangming Sewage Plant	1	North of the plant area	145.3mg/L	260mg/L	538.47t	2071.12t	Not applicable

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
Ltd.		COD	Discharged to the artificial wetland	1	Artificial wetland	14.09mg/L	30mg/L	23.3t	174.89t	Not applicable
	Waste gas pollutants	Nitrogen oxides	Discharged to the atmosphere in an organized manner	50	Plant roof	28.3mg/Nm ³	120mg/Nm ³	14.73t	Not applicable	Not applicable
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Waste water pollutants	COD	Discharged to Guangming Sewage Plant	2	Southeast corner of the plant	39.85mg/L	110mg/L	149.778t	1077.8t	Not applicable
	Waste gas pollutants	Nitrogen oxides	Discharged to the atmosphere in an organized manner	10	Plant roof	2.375mg/Nm ³	120mg/Nm ³	3.7194t	38.86t	Not applicable
Suzhou China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Continuously discharged to CSSD Environmental Technology Wastewater Treatment Plant	2	In CSSD Environmental Technology Wastewater Treatment Plant	60mg/L	500mg/L	66.39t	129.6t	Not applicable
						14mg/L	100mg/L	12.52t	449.82t	Not applicable
		Ammonia nitrogen	1	1.84mg/L	6mg/L	1.43t	22.68t	Not applicable		
Suzhou China Star Optoelectronics Display Co., Ltd.	Waste water pollutants	COD	Continuously discharged to Suzhou Industrial Park First Sewage Treatment Plant	1	South gate of the plant area	16mg/L	500mg/L	1.73t	96.335t	Not applicable
		Ammonia nitrogen		1		0.308mg/L	45mg/L	0.0201t	5.65t	Not applicable
Wuhan China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Intermittently discharged	1	Southwestern corner of the plant	23.93mg/L	400mg/L	54.59t	353.55t	Not applicable
		Ammonia nitrogen		1		19.42mg/L	30mg/L	12.74t	35.36t	Not applicable
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Waste water pollutants	COD	Intermittently discharged	1	Northeastern corner of the plant	69.83mg/L	400mg/L	224.36t	570.8t	Not applicable
		Ammonia nitrogen		1		12.01mg/L	30mg/L	17.39t	57.1t	Not applicable

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 environmental pollution or complaints from surrounding residents, nor any 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 the property company 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.

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.

Name of subsidiary	Filing No. of the Emergency Response Plan
TCL China Star Optoelectronics Technology Co., Ltd.	440311-2023-0005-M
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	440311-2020-0030-M
Suzhou China Star Optoelectronics Technology Co., Ltd. (t10)	320509-2022-464-M
Suzhou China Star Optoelectronics Display Co., Ltd. (M10)	320509-2022-423-L
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd. (t4)	420111-GX-2020-014-H
Wuhan China Star Optoelectronics Technology Co., Ltd. (t3)	420111-GX-2020-013-H

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.

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/ground water/soil/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.

Administrative punishments received with respect to environmental issues in the Reporting Period

No such matters to be disclosed

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 July 6, 2023, making a "3050" pledge to achieve emission peak by 2030 and carbon neutrality by 2050. In response to these targets, TCL Technology Group has established a management framework, set up a working group to deal with climate change, and effectively managed greenhouse gas emissions based on the Company's actual situation, market environment, and policy trends, and implemented tasks, supervision, and execution responsibilities from

senior management to shop-floor employees. TCL Technology Group manages 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 carries out the ISO 14064 Greenhouse Gas Accounting and Verification through third-party agencies, scientifically sets carbon emission targets and develops relevant improvement measures. The Group's dual carbon targets are further specified with annual self-evaluation conducted to ensure the targets achieved.

The Company actively responds to the national strategic requirements of carbon reduction, always upholds the business philosophy of green and sustainable development, and implements a series of measures such as selection of energy-efficient equipment (100% major equipment equipped with frequency conversion and automation equipment), smart energy system management and optimization of power supply to effectively reduce equipment energy consumption, and recovers waste heat and ice water energy and uses solar energy for power generation, thereby reducing carbon emissions. In order to achieve energy saving and emission reduction, TianJin ZhongHuan Advanced Material&Technology Co., Ltd. renovated Fab3 Compressed Air Supply Station and Fab2 Litian Water Station, saving about 1.16 million KWH of electricity annually, and the renovation was completed on June 25, 2023. At Huangsheng Photovoltaic (Jiangsu) Co., Ltd., the PV panels are installed in the plant-wide open space (such as car sheds and roofs), saving approximately 780,000 KWH of electricity annually, and the renovation was completed on June 30, 2023.

In the future, all companies of TCL Technology will forge ahead in sustainable development, and constantly explore and implement the carbon reduction strategy, leading the industry and the whole value chain towards green and low carbon.

II. Social Responsibility

Plan for consolidating and extending the achievements of poverty alleviation and pushing forward rural revitalization

TCL Tech actively responds to national calls and focuses on four major areas (i.e. science and technology, education, culture and sports, 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. The Company has combined its advantageous industrial resources to implement projects such as “TCL Photovoltaic Low-carbon School”, “TCL Smart Classroom”, “A.I. Home”, “Little Music+”, and “TCL Hope Project Candlelight Award Plan”, in assistance with the revitalization of rural education from such aspect as rural school educational

resources and infrastructure.

Annual summary of consolidating and extending the achievements of poverty alleviation and pushing forward rural revitalization

To address the sustainable development issues for rural schools, TCL Charity Foundation cooperated with TCL Zhonghuan to implement the TCL Photovoltaic Low-carbon School Project, building solar photovoltaic power generation systems free of charge on the roofs of the rural schools and donating the income from such power generation to the schools. The electricity so generated is fully integrated into the power grid, and the power generation income is used for improving the instructional environment and funding for students from poor families, creating a sustainable educational aid model. In June 2023, the Foundation donated roof-based photovoltaic power generation systems and income from 25 years of power generation by such equipment, to a total of 9 rural schools in Horinger County, Hohhot City, Inner Mongolia respectively. The installed power generation capacity of the roof-based photovoltaic power generation system for each of the school is 55 KW, and it is expected that the photovoltaic power generation systems in the 9 schools will generate 17.19 million KWH of electricity throughout their life cycles. Up to now, the Foundation has donated 19 Photovoltaic Low-carbon Schools in Shaanxi, Ningxia, and Inner Mongolia, benefiting over 5,000 students.

To address the inequity of educational resources between urban and rural areas, 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 June 2023, the Foundation started the donation for Smart Classrooms in Shenzhen Chiwan School. Up to now, the Foundation has donated 3 Smart Classrooms in Shenzhen, Guangdong and Guilin, Guangxi, benefiting more than 3,000 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 200 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 145 story boxes were distributed, benefiting 11,000 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 150 music boxes and 720 music picture books were distributed, benefiting more than 9,000 students.

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 from 194 counties and districts in 14 provinces that serve as the key counties in the National Rural Revitalization and the pairing support areas of Shenzhen. Each of the winners received a personal award worth RMB9,500, including a cash reward and 7-day offline “Candlelight Class” training. In the first half of 2023, the 9th “TCL Hope Project Candlelight Award Plan” started its candidate selection, and finally 400 outstanding rural teachers won the awards. Till now, the project applicants cover 523 counties in 23 provinces across the country. More than 3,400 outstanding rural teachers from 2,000 schools have won the awards. A total investment of over RMB46 million has been made in this project.

In addition, TCL Charity Foundation continues to launch projects such as targeted assistance and community charity. Through actions such as helping the needy, and pairing assistance, it supports, consolidates and expands the poverty alleviation achievements, builds harmonious urban and rural communities, and contributes to social equity and harmonious development. The Company focused on rural groups to promote 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. 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	Citic Securities Company Limited, Nuode Asset Management Co., Ltd., Guotai Junan Securities Co., Ltd., Everbright Securities Company Limited, UBSAG, Caitong Fund Management Co., Ltd., GF Securities Co., Ltd., Haitong Securities Co., Ltd., Perseverance Asset Management Partnership (Limited Partnership) - 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.	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	Fulfilled
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next steps	Not applicable					

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. Engagement and Disengagement of Independent Auditor

Whether the semi-annual financial report has been audited

Yes No

The interim financial statements are unaudited.

V. Explanation of the Board of Directors and Board of Supervisors on the “Non-Standard Auditor’s Report”

Applicable Not applicable

VI. Explanation of the Board of Directors on the “Non-Standard Auditor’s Report” for the Previous Year

Applicable Not applicable

VII. Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

VIII. Lawsuits

No such cases in the Reporting Period.

IX. Punishments and Rectifications

Applicable Not applicable

No significant punishments or rectifications in the Reporting Period.

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

Applicable Not applicable

XI. Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

Please refer to the relevant announcements disclosed by the Company on the designated media.

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

Applicable Not applicable

Please refer to the relevant announcements disclosed by the Company on the designated media.

3. Related-Party Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

The Company did not engage in any related-party transactions regarding joint investments in third parties that should be disclosed

during the 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 100% held 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 government 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

Deposit business

Related parties	Relationship with the Company	Daily deposit ceiling (RMB'0,000)	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'0,000)	Total withdrawal amount in current period (RMB'0,000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	250,000	0.8%-1.15%	34,186.2	465,729.22	464,846.56	35,068.86

Loans:

Related parties	Relationship with the Company	Loan limit	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'0,000)	Total repayment amount in current period (RMB'0,000)	

Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	The balance of comprehensive credit on any day shall not exceed RMB2.5 billion (including loans, notes discounting, and notes acceptance)	-	-	-	-	-
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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)	60,998.79
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill acceptance)		44,338.16

7. Other Major Related-Party Transactions

Applicable Not applicable

Title of announcement	Date of interim disclosure	Website for disclosure
Report on the Execution of Daily Related-Party Transactions in 2022	March 31, 2023	www.cninfo.com.cn
Announcement on Daily Related-party Leases in 2023	March 31, 2023	
Announcement on the Launch of Accounts Receivable Factoring and the Related-party Transaction	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 Expected Continuing Related-Party Transactions for 2023	March 31, 2023	
Announcement on the Related-party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2023	March 31, 2023	
Announcement on External Investments and Related-party Transactions of the Subsidiary - TCL Zhonghuan	May 17, 2023	

XII. 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)	Counter-guarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
TCL King Electrical Appliances (Huizhou) Co., Ltd.	April 28, 2022	327,138	August 29, 2019	9,531	Joint liability guarantee	/	Counter-guarantee provided by TCL Industrial Holding Co., Ltd.	1.2 years	No	Yes
TCL King Electrical Appliances (Chengdu) Co., Ltd.	April 28, 2022	51,653	-	-	Joint liability guarantee	/		-	Yes	Yes
Huizhou TCL Mobile Communication Co., Ltd.	April 28, 2022	212,507	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Mobile Communication (HK) Company Limited	April 28, 2022	29,225	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Home Appliances (Hefei) Co., Ltd.	April 28, 2022	68,280	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Home Appliances (Zhongshan) Co., Ltd.	April 28, 2022	4,929	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Air-Conditioner (Zhongshan) Co., Ltd.	April 28, 2022	80,991	March 31, 2021	2,867	Joint liability guarantee	/		10 days-7.8 years	No	Yes
TCL Air Conditioner (Wuhan) Co., Ltd.	April 28, 2022	13,480	-	-	Joint liability guarantee	/		-	Yes	Yes
Zhongshan TCL Refrigeration Equipment Co., Ltd.	April 28, 2022	31,749	-	-	Joint liability guarantee	/		-	Yes	Yes
Guangdong TCL Smart Heating & Ventilation Equipment Co., Ltd.	April 28, 2022	2,522	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Home Appliances (Huizhou) Co., Ltd.	April 28, 2022	10,000	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Air-Conditioner (Jiujiang) Co., Ltd.	April 28, 2022	5,488	-	-	Joint liability guarantee	/		-	Yes	Yes
Tonly Technology Co., Ltd.	April 28, 2022	39,496	November 4, 2021	322	Joint liability guarantee	/		1.4 years	No	Yes
TCL Very Lighting Technology (Huizhou) Co., Ltd.	April 28, 2022	1,034	-	-	Joint liability guarantee	/		-	Yes	Yes
SHIFENDAOJIA Online Service Co., Ltd.	April 28, 2022	77	-	-	Joint liability guarantee	/		-	Yes	Yes
Guangzhou TCL Science and Technology Development Co., Ltd.	April 28, 2022	84,700	-	-	Joint liability guarantee	/		-	Yes	Yes
TCL Industries Holdings (HK) Limited	April 28, 2022	514,629	December 21, 2021	144,516	Joint liability guarantee	/		1.5 years	No	Yes
Techigh Circuit Technology (Huizhou) Co., Ltd.	April 28, 2022	499	-	-	Joint liability guarantee	/		-	Yes	Yes
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	May 22, 2021	45,500	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	Yes
Huizhou Yunxin Technology Co., Ltd.	April 22, 2023	15,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	No

Qihang Import&Export Limited	April 22, 2023	6,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	No
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	April 22, 2023	40,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	April 22, 2023	110,000	August 24, 2022	50,123	Joint liability guarantee	/	With counter-guarantee	49-296 days	No	No
Qihang International Import and Export Co., Ltd.	April 22, 2023	50,000	-	-	Joint liability guarantee	/	With counter-guarantee	-	Yes	No
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	April 22, 2023	35,000	April 28, 2020	25,274.91	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	8.5 years	No	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	April 22, 2023	180,000	-	-	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	-	Yes	No
Inner Mongolia Xinhua Semiconductor Technology Co., Ltd.	April 22, 2023	40,000	-	-	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	-	Yes	No
Total approved line for such guarantees in Reporting Period (A1)			476,000		Total actual amount of such guarantees in Reporting Period (A2)					56,311
Total approved line for such guarantees at the end of the Reporting Period (A3)			1,999,897		Total actual balance of such guarantees at end of Reporting Period (A4)					232,634
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
TCLMOKAINTERNATION ALLIMITED	April 22, 2023	176,000	May 31, 2023	17,040	Joint liability guarantee	/	/	336 days	No	No
TCLTechnologyInvestments Limited	April 22, 2023	400,000	July 14, 2020	216,774	Joint liability guarantee	/	/	2 years	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	1,580,000	December 22, 2022	1,233,058	Joint liability guarantee	/	/	296 days-9.5 years	No	No
TCL Technology Park (Huizhou) Co., Ltd.	April 22, 2023	97,000	June 21, 2021	48,000	Joint liability guarantee	/	/	7.5-7.5 years	No	No
TCL Technology Group (Tianjin) Co., Ltd.	April 22, 2023	90,000	August 31, 2022	80,000	Joint liability guarantee	/	/	4.2 years	No	No
TCL Technology Group Finance Co., Ltd.	April 22, 2023	200,000	April 15, 2022	11,556	Joint liability guarantee	/	/	3-33 days	No	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	April 22, 2023	10,000	September 2, 2022	10,000	Joint liability guarantee	/	/	66 days	No	No
Beijing Lingyun Data Technology Co., Ltd.	April 22, 2023	128,000	July 14, 2022	33,843	Joint liability guarantee	/	/	13-296 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	April 22, 2023	145,000	July 19, 2022	115,000	Joint liability guarantee	/	/	18-139 days	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	April 22, 2023	5,000	-	-	Joint liability guarantee	/	/	-	Yes	No
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 22, 2023	1,750,000	March 7, 2022	865,918	Joint liability guarantee	/	/	6 days-6.7 years	No	No
Highly (Tianjin) E-Commerce Co., Ltd.	April 22, 2023	5,000	-	-	Joint liability guarantee	/	/	-	Yes	No
Highly (Tianjin) Technology Co., Ltd.	April 22, 2023	115,000	April 21, 2023	32,708	Joint liability guarantee	/	/	296 days	No	No
Highly Information Industry Co., Ltd.	April 22, 2023	554,000	May 18, 2022	432,174	Joint liability guarantee	/	/	25 days-2.0 years	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	April 22, 2023	150,000	October 18, 2022	31,247	Joint liability guarantee	/	/	3-296 days	No	No

Huizhou China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	1,150,000	January 1, 2021	530,007	Joint liability guarantee	/	/	21 days-5.7 years	No	No
Huizhou Moka Technology Development Co., Ltd.	April 22, 2023	55,000	-	-	Joint liability guarantee	/	/	-	Yes	No
Moka Technology (Guangdong) Co., Ltd.	April 22, 2023	700,000	April 21, 2023	78,206	Joint liability guarantee	/	/	296 days	No	No
Qingdao Blue Business Consulting Co., Ltd.	April 22, 2023	5,000	June 19, 2023	125	Joint liability guarantee	/	/	233-238 days	No	No
Shaanxi Titi Electronic Technology Co., Ltd.	April 22, 2023	10,000	September 2, 2022	10,000	Joint liability guarantee	/	/	66 days	No	No
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 22, 2023	1,300,000	April 28, 2018	1,107,059	Joint liability guarantee	/	/	34 days-6.0 years	No	No
Suzhou China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	100,000	April 21, 2023	13	Joint liability guarantee	/	/	3-296 days	No	No
Suzhou China Star Optoelectronics Display Co., Ltd.	April 22, 2023	265,000	August 30, 2022	42,655	Joint liability guarantee	/	/	8.9 years	No	No
Tianjin Printronics Circuit Corporation	April 22, 2023	100,000	September 9, 2022	4,358	Joint liability guarantee	/	/	7.2 years	No	No
Tianjin TiTi Yunchuang Technology Co., Ltd.	April 22, 2023	5,000	September 2, 2022	5,000	Joint liability guarantee	/	/	66 days	No	No
Tianjin WanfangNuoxin Technology Co., Ltd.	April 22, 2023	5,000	September 2, 2022	5,000	Joint liability guarantee	/	/	66 days	No	No
Tianjin Xincheng Pilot Technology Co., Ltd.	April 22, 2023	5,000	September 2, 2022	5,000	Joint liability guarantee	/	/	66 days	No	No
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 22, 2023	1,600,000	December 22, 2017	1,010,437	Joint liability guarantee	/	/	7 days-4.7 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	April 22, 2023	1,600,000	June 29, 2021	913,885	Joint liability guarantee	/	/	4 days-7.2 years	No	No
Chongqing Blue Business Consulting Co., Ltd.	April 22, 2023	1,000	-	-	Joint liability guarantee	/	/	-	Yes	No
China Star Optoelectronics International (HK) Limited	April 22, 2023	100,000	-	-	Joint liability guarantee	/	/	-	Yes	No
Total approved line for such guarantees in Reporting Period (B1)		12,406,000		Total actual amount of such guarantees in Reporting Period (B2)		1,612,058				
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)		6,839,064				
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)	Counterguarantee (if any)	Term of guarantee	Expired or not	Guarantee for related parties or not
Huhehaote Huanju New Energy Development Co., Ltd.*	November 26, 2014	14,529	December 11, 2015	14,529	Joint liability guarantee	/	/	1.3 years	No	No
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	10,680	July 21, 2017	10,680	Joint liability guarantee	/	/	9 years	No	No
Otog Banner Huanju New Energy Co., Ltd.	June 24, 2017	16,807	August 30, 2017	16,808	Joint liability guarantee	/	/	4.13 years	No	No
Tianjin Huanzhi New Energy Technology Co., Ltd.	January 21, 2021	62,493	July 20, 2021	42,460	Joint liability guarantee	/	/	4.5 years	No	No
Zhonghuan Hong Kong Holding Limited	March 22, 2021	100,000	March 26, 2021	50,000	Joint liability guarantee	/	/	1 year	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021 May 26, 2022	562,495	April 30, 2021	443,440	Joint liability guarantee	/	/	6 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd.	May 26, 2022	402,000	September 28, 2022	44,728	Joint liability guarantee	/	/	6.16 years	No	No

Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	190,000	June 30, 2022	101,589	Joint liability guarantee	/	/	6 years	No	No	
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	155,000	September 30, 2022	89,834	Joint liability guarantee	/	/	6 years	No	No	
Huansheng Solar (Jiangsu) Co., Ltd.	March 22, 2021	47,000	April 1, 2021	47,000	Joint liability guarantee	/	/	2.5 years	No	No	
Ningxia Zhonghuan Solar Material Co., Ltd.	March 22, 2021	748,000	May 30, 2022	575,000	Joint liability guarantee	/	/	6 years	No	No	
TCLMokaInternationalLimited	April 22, 2023	214,500	April 27, 2023	5,436	Joint liability guarantee	/	/	26-87 days	No	No	
China Star Optoelectronics International (HK) Limited	April 22, 2023	90,000	November 24, 2020	87,058	Joint liability guarantee	/	/	69 days	No	No	
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	April 22, 2023	3,022,500	November 5, 2021	2,197,925	Joint liability guarantee	/	/	2.87-5 years	No	No	
Subsidiaries within the consolidated scope (retained)	April 22, 2023	100,000	-	-							
Total approved line for such guarantees in Reporting Period (C1)			3,427,000	Total actual amount of such guarantees in Reporting Period (C2)						128,930	
Total approved line for such guarantees at the end of the Reporting Period (C3)			5,736,004	Total actual balance of such guarantees at end of Reporting Period (C4)						3,726,486	
Total guarantee amount (total of the three kinds of guarantees above)											
Total guarantee line approved in the Reporting Period (A1+B1+C1)			16,309,000	Total actual guarantee amount in the Reporting Period (A2+B2+C2)						1,797,299	
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			20,141,901	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)						10,798,185	
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets											81.72%
Of which:											
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)											157,236
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)											1,908,647
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)											4,191,247
Total of the three above amounts (D+E+F)											4,191,247
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)											-
Guarantees provided in breach of prescribed procedures (if any)											-

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 2023 annual shareholders' meeting held on April 21, 2023.

(3) In the table above, Shenzhen China Star Optoelectronics Semiconductor 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 RMB21.97925 billion. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively. The "total guarantee accrued at the end of the reporting period" and "total balance of guarantee accrued at the end of the Reporting Period" including the debt portion under the joint guarantee amounted to RMB21.97925 billion.

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 New 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 RMB145.29 million.

3. Cash Entrusted for Wealth Management

Applicable Not applicable

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	1,035,315.41	913,900.21	-	-
Securities firm's wealth management product	Self-funded	386,962.99	283,286.43	-	-
Trust plan	Self-funded	212,100.00	212,100.00	-	-
Other	Self-funded	130,685.49	47,040.05	-	-
Total		1,765,063.89	1,456,326.69	-	-

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

Applicable Not applicable

4. Other Major Contracts

Applicable Not applicable

XIII. Other Significant Events

Applicable Not applicable

There are no other significant events that need to be explained for the Reporting Period.

XIV. Significant Events of Subsidiaries

Applicable Not applicable

1. During the Reporting Period, the subsidiary - TCL Zhonghuan issued relevant proposals such as the "Plan for Issuing Convertible Corporate Bonds to Non-specific Investors". Currently, relevant works are implemented in an orderly manner, as detailed in the relevant information disclosed by TCL Zhonghuan on designated media.
2. During the Reporting Period, the subsidiary - Tianjin Printronics issued relevant proposals such as the "Report on Major Asset Purchase and Capital Increase and Related Party Transactions (Draft)". Currently, relevant works are carried out in an orderly manner, as detailed in the relevant information disclosed by Tianjin Printronics on designated media.

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 natural persons	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

Progress on any share repurchase

Applicable Not applicable

The 32nd meeting of the 7th Board of Directors of the Company reviewed and approved the Proposal on the Repurchase of Part Shares Held by the Public in 2023. On June 28, 2023, the Company repurchased shares of the Company for the first time through centralized bidding from the special securities account for repurchase and completed the transaction, with 64,992,964 shares repurchased, accounting for 0.35% of the total share capital of the Company. The highest and lowest trading price were RMB3.86 per share and RMB3.73 per share, respectively, and the total payment approximated to RMB247 million (excluding transaction fees). For details, please refer to the "Announcement on the First Repurchase of Shares Held by the Public in 2023 and the Transaction Completion" released by the Company on designated media.

Progress on reducing the repurchased shares by means of centralized bidding

Applicable Not applicable

Effects of changes in shares on the basic earnings per share, diluted earnings per share, net asset value per share attributable to the Company's ordinary shareholders and other financial indicators for the most recent period

Applicable Not applicable

Item	H1 2023
Basic earnings per share (RMB/share)	0.0184
Diluted earnings per share (RMB/share)	0.0181
Item	June 30, 2023
Net assets per share attributable to ordinary shareholders of the Company (RMB)	2.69

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 (note)	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		
UBSAG	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	--	--

Note: During the reporting period, the Company increased one share for every 10 shares to all shareholders with capital reserves, resulting in a corresponding increase in restricted shares during the reporting period.

II. Issuance and Listing of Securities

Applicable Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders by the end of the reporting period		667,265		Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any)		0		
Shareholdings of ordinary shareholders with more than 5% or the top 10 shareholders of ordinary shares								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held at the period-end	Increase/decrease during the reporting period	Number of restricted ordinary shares held	Number of non-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	6.80%	1,276,684,768	117,599,749	672,868,839	603,815,929	Put in pledge by Li Dongsheng	158,032,380
							Put in pledge by Jiutian Liancheng	308,057,743
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	4.39%	823,982,122	435,483,645				
Huizhou Investment Holding Co., Ltd.	State-owned legal entity	3.88%	728,193,724	6,053,884				
Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal entity	2.88%	540,632,616	412,320,220				
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	410,554,710	37,323,157				
CITIC Securities Co., Ltd.	State-owned legal entity	2.12%	397,627,664	109,943,310				
GF Securities Co., Ltd.	Domestic general legal entity	1.16%	218,691,155	28,125,553				
Perseverance Asset	Fund, wealth management	1.05%	197,236,701	65,657,754				

Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	product, etc.							
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry Trading Open Index Securities Investment Fund	Fund, wealth management product, etc.	0.93%	175,414,610	175,414,610				
China Life Asset Management - Bank of China - China Life Asset - PIPE2020 Insurance Asset Management Product	Fund, wealth management product, etc.	0.69%	128,654,970	11,695,906				
Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares (if any)	Not applicable							
Note on the above shareholders' associations or concerted actions	Mr. Li Dongsheng, one of the top 10 shareholders, and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,276,684,768 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 (if any)	Not applicable							
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	Shares					
Hong Kong Securities Clearing Company Ltd.	823,982,122	RMB-denominated ordinary shares	823,982,122					
Huizhou Investment Holding Co., Ltd.	728,193,724	RMB-denominated	728,193,724					

		ordinary shares	
Li Dongsheng and his acting-in-concert party	603,815,929	RMB-denominated ordinary shares	603,815,929
Wuhan Optics Valley Industrial Investment Co., Ltd.	540,632,616	RMB-denominated ordinary shares	540,632,616
China Securities Finance Corporation Limited	410,554,710	RMB-denominated ordinary shares	410,554,710
CITIC Securities Co., Ltd.	397,627,664	RMB-denominated ordinary shares	397,627,664
GF Securities Co., Ltd.	218,691,155	RMB-denominated ordinary shares	218,691,155
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	197,236,701	RMB-denominated ordinary shares	197,236,701
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry Trading Open Index Securities Investment Fund	175,414,610	RMB-denominated ordinary shares	175,414,610
China Life Asset Management - Bank of China - China Life Asset - PIPE2020 Insurance Asset Management Product	128,654,970	RMB-denominated ordinary shares	128,654,970
Related or acting-in-concert parties among top 10 non-restricted ordinary shareholders, as well as between top 10 non-restricted ordinary shareholders and top 10 ordinary shareholders	Mr. Li Dongsheng, one of the top 10 shareholders, and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,276,684,768 shares in total and becoming the largest shareholder of the Company.		
Explanation for the top 10 ordinary shareholders participating in securities margin trading (if any)	As at the end of the Reporting Period, Huizhou Investment Holding Co., Ltd., one of the top 10 shareholders of the Company, decreased the number of registered shares by 89,260,000 shares due to their participation in the refinancing business; the shareholder Wuhan Optical Valley Industrial Investment Co., Ltd. decreased the number of registered shares by 61,000,000 shares due to its participation in the refinancing business.		

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

No such cases in the Reporting Period.

IV. Change in Shareholdings of Directors, Supervisors, and Senior Management

Applicable Not applicable

Name	Position	Position Status	Number of shares held at the beginning of the reporting period	Increase of shares during the reporting period	Decrease of shares during the reporting period	Number of shares held at the end of the reporting period	Number of restricted shares granted at the beginning of the reporting period	Number of restricted shares granted during the reporting period	Number of restricted shares granted at the end of the reporting period
Li Dongsheng	Chairman, CEO	Incumbent	814,061,096	83,097,357	-	897,158,453	-	-	-
Wang Cheng	Director, COO	Incumbent	157,661	175,522	-	333,183	-	-	-
Zhao Jun	Director, Senior Vice President	Incumbent	200,482	742,372	-	942,854	-	-	-
Liao Qian	Director, Senior Vice President, Board Secretary	Incumbent	481,306	807,769	-	1,289,075	-	-	-
Mao Tianxiang	Employee Supervisor	Incumbent	229,583	336,992	-	566,575	-	-	-
Yan Xiaolin	Senior Vice President, CTO	Incumbent	1,303,302	1,038,963	-	2,342,265	-	-	-
Li Jian	CFO	Incumbent	294,513	674,108	-	968,621	-	-	-
Total	--	--	816,727,943	86,873,083	-	903,601,026	-	-	-

Note: The increase in the number of shares held by the Company's directors, supervisors, and executives during the Reporting Period was due to the Company's conversion of capital reserves into share capital, as well as the non-transactional transfer of shares (which are attributable to the participants of the Tranche III Global Partnership Plan and the 2021-2023 Employee Shareholding Plan (first tranche)) to their securities accounts.

V. Change of the Controlling Shareholder or the Actual Controller

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 1,276,684,768 shares in total and becoming the largest shareholder of the Company.

Part VIII Preferred Shares

Applicable Not applicable

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

Part IX Bonds

√ Applicable □ Not applicable

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 (Tranche 3)	19TCL03	112983	October 17, 2019	October 21, 2019	October 21, 2024	44,000	2.95%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938	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 (Tranche 1)	19TCL01	112905	May 17, 2019	May 20, 2019	May 20, 2024	100,000	3.15%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
TCL Corporation	18TCL02	112747	August 17, 2018	August 20, 2018	August 20, 2023	200,000	3.55%	Interest payable	Shenzhen Stock

Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)								annually and principal repayable in full upon maturity	Exchange
Investor eligibility (if any)	For qualified investors / For professional investors								
Applicable trading mechanism	Match to trade, click to trade, inquire to trade, bid to trade, negotiate to trade								
Risk of termination of listing and trading (if any) and countermeasures	No								

Overdue bonds

Applicable Not applicable

2. Triggering and implementation of issuer or investor option clauses and investor protection clauses

Applicable Not applicable

3. Adjustments of credit rating results during the Reporting Period

Applicable Not applicable

4. 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 Notes of TCL Technology Group Corporation (Tranche 1) (Scientific Innovation Notes)	23TCL Group MTN001 (Scientific Innovation Notes)	102380151	February 3, 2023	February 7, 2023	February 7, 2026	150,000	4.10%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Notes of TCL Technology Group Corporation	22TCL Group MTN003 (Scientific Innovation)	102281474	July 4, 2022	July 6, 2022	July 6, 2025	200,000	3.45%	Interest payable annually and principal repayable in	Inter-bank market

(Tranche 3) (Scientific Innovation Notes)	Notes)							full upon maturity	
2022 Mid-Term Green Notes of TCL Technology Group Corporation (Tranche 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 (Tranche 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 (Tranche 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)			Not applicable						
Applicable trading mechanism			Not applicable						
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. Adjustments to credit ratings in the Reporting Period

Applicable Not applicable

4. Execution and changes of guarantees, repayment plans and other repayment guarantee measures in the Reporting Period, as well as the impact on the equity of bond investor

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. Key accounting data and financial indicators of the Company for the past two years as at the end of the Reporting Period

Unit: RMB'0,000

Item	End of the Reporting Period	December 31, 2022	Change
Current ratio	1.09	1.09	0.00%
Debt/asset ratio	63.4%	63.3%	0.09%
Quick ratio	0.8	0.8	2.6%
	H1 2023	H1 2022	Change
Net profit before non-recurring gains and losses	49,891	54,269	-8.07%
Debt to EBITDA ratio	6.82%	6.99%	-0.17%
Interest coverage ratio	1.70	1.46	16.44%
Cash coverage ratio	4.76	4.90	-2.80%
EBITDA coverage ratio	6.01	6.45	-6.82%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

Section X Unaudited Financial Report

(For the period from January 1, 2023 to June 30, 2023)

I. Auditor's Report

Whether the 2023 interim report has been audited or not?

Yes No

The Company's 2023 interim financial report has not yet been audited.

II. Financial Statements

The unit of the notes to the financial report is: RMB'000.

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

	Note V	June 30, 2023	January 1, 2023
Current assets			
Monetary assets	1	29,286,645	35,378,501
Held-for-trading financial assets	2	14,371,775	12,703,507
Derivative financial assets	3	125,204	361,034
Notes receivable	4	353,633	512,849
Accounts receivable	5	21,286,401	14,051,661
Receivables financing	6	3,307,933	1,103,128
Prepayments	7	3,523,684	3,593,857
Other receivables	8	3,590,396	4,033,248
Inventories	9	18,113,675	18,001,122
Contract assets	10	298,867	315,167
Other current assets	11	5,258,026	5,438,936
Total current assets		<u>99,516,239</u>	<u>95,493,010</u>
Non-current assets			
Debt investments	12	859,062	741,703
Long-term receivables	13	624,341	631,373
Long-term equity investments	14	30,354,398	29,256,216
Investments in other equity instruments	15	421,104	439,996
Other non-current financial assets	16	4,361,877	2,928,827
Investment property	17	889,135	946,449
Fixed assets	18	149,680,215	132,477,672
Construction in progress	19	42,114,759	52,053,834
Right-of-use assets	20	5,744,717	5,110,124
Intangible assets	21	18,149,218	16,783,931
Development costs	22	2,487,554	3,179,207
Goodwill	23	10,385,265	9,161,852
Long-term deferred expenses	24	3,112,378	2,744,208
Deferred income tax assets	25	2,762,750	1,753,887
Other non-current assets	26	9,861,480	6,293,943
Total non-current assets		<u>281,808,253</u>	<u>264,503,222</u>
Total assets		<u>381,324,492</u>	<u>359,996,232</u>

Person in charge of the financial department: Peng Pan

Person in charge of financial affairs: Li Jian

Legal representative: Li Dongsheng

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	June 30, 2023	January 1, 2023
Current liabilities			
Short-term borrowings	27	9,613,991	10,215,911
Borrowings from the Central Bank	28	727,203	777,676
Customer deposits and deposits from other banks and financial institutions	29	563,135	603,423
Held-for-trading financial liabilities	30	726,942	861,912
Derivative financial liabilities	31	309,743	70,735
Notes payable	32	5,386,999	6,365,660
Accounts payable	33	30,475,619	26,381,912
Advances from customers	34	569	1,402
Contract liabilities	35	2,245,240	2,336,008
Employee compensation payable	36	2,333,712	2,376,933
Taxes and levies payable	37	1,133,659	1,215,591
Other payables	38	23,333,685	24,190,352
Non-current liabilities due within one year	39	12,645,566	10,957,321
Other current liabilities	40	1,416,235	1,185,848
Total current liabilities		90,912,298	87,540,684
Non-current liabilities			
Long-term borrowings	41	127,571,442	118,603,165
Bonds payable	42	10,588,471	12,006,851
Lease liabilities	43	5,058,334	4,461,383
Long-term payables	44	2,431,551	887,763
Long-term employee compensation payable	36	191,800	472,538
Deferred income	45	3,012,860	2,468,145
Deferred income tax liabilities	25	1,816,071	1,319,428
Estimated liabilities	46	108,359	97,522
Total non-current liabilities		150,778,888	140,316,795
Total liabilities		241,691,186	227,857,479
Shareholders' equity			
Share capital	47	18,779,081	17,071,892
Capital reserves	48	10,425,008	12,522,793
Less: Treasury share	49	1,119,036	1,314,581
Other comprehensive income	50	(1,176,068)	(811,822)
Surplus reserves	51	3,712,273	3,712,273
Specific reserves	52	6,791	2,301
General risk reserve	53	8,934	8,934
Retained earnings	54	19,827,223	19,486,730
Total equity attributable to shareholders of the parent company		50,464,206	50,678,520
Non-controlling interests		89,169,100	81,460,233
Total shareholders' equity		139,633,306	132,138,753
Total liabilities and shareholders' equity		381,324,492	359,996,232

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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	January - June 2023	January - June 2022
I. Total revenue		85,190,189	84,560,760
Including: Operating revenue	55	85,148,726	84,522,181
Interest income	56	41,463	38,579
Less: Operating cost	55	74,267,599	76,522,944
Interest expenditures	56	9,976	14,292
Taxes and levies	57	391,897	289,081
Sales expenses	58	1,206,698	1,053,369
Administrative expenses	59	2,015,924	1,716,379
R&D expenses	60	4,892,354	4,451,764
Financial expenses	61	1,613,163	1,720,157
Including: Interest expenses		2,325,785	2,031,269
Interest income		415,285	325,439
Plus: Other income	62	1,199,925	1,643,110
Return on investment	63	2,313,775	1,780,515
Including: Return on investment in joint ventures and associates		1,220,326	1,757,650
Exchange gain	56	(295)	24,351
Gain on changes in fair value	64	452,401	114,495
Credit impairment loss	65	(45,502)	(27,157)
Asset impairment loss	66	(2,358,956)	(1,010,287)
Asset disposal income	67	(40,012)	(23,631)
II. Operating profit		2,313,914	1,294,170
Plus: Non-operating income	68	26,030	596,540
Less: Non-operating expenses	69	49,160	52,392
III. Gross profit		2,290,784	1,838,318
Less: Income tax expenses	70	(99,799)	(88,398)
IV. Net profit		2,390,583	1,926,716
(I) Classification by business continuity			
1. Net profit from continuing operations		2,390,583	1,926,716
2. Net profit from discontinued operations		-	-
(II) Classification by ownership			
1. Net profits attributable to the shareholders of the parent company		340,493	663,521
2. Net profit attributable to non-controlling interests		2,050,090	1,263,195
V. Other comprehensive income, net of tax	50	(451,010)	(372,997)
(I) Other comprehensive income that cannot be reclassified into profit or loss		(19,415)	(13,285)
(II) Other comprehensive income that may subsequently be reclassified into profit or loss upon satisfaction of prescribed condition		(431,595)	(359,712)
VI. Total comprehensive income		1,939,573	1,553,719
Total comprehensive income attributable to the shareholders of the parent company		(23,753)	308,506
Total comprehensive income attributable to non-controlling interests		1,963,326	1,245,213
VII. Earnings per share	71		
(I) Basic earnings per share (RMB yuan)		0.0184	0.0445
(II) Diluted earnings per share (RMB yuan)		0.0181	0.0441

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the accounting department: Peng Pan

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	January - June 2023	January - June 2022
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		61,503,988	65,932,012
Net increase/(decrease) in customer deposits and deposits from other banks and financial institutions		(40,289)	(400,311)
Net increase/(decrease) in borrowings from central bank		(50,474)	(708,318)
Cash received from interest, handling charge and commission		41,463	38,579
Tax and levy rebates		4,842,869	7,032,417
Cash generated from other operating activities	72	5,588,817	5,538,379
Sub-total of cash generated from operating activities		71,886,374	77,432,758
Payments for commodities and services		(48,233,115)	(54,309,690)
Net (increase)/decrease in loans and advances to customers		27,311	(40,873)
Net (increase)/decrease in deposits in central bank and other banks and financial institutions		54,883	(73,909)
Cash paid to and for employees		(6,043,453)	(6,631,511)
Taxes and levies paid		(2,226,234)	(1,689,737)
Cash used in other operating activities	73	(5,049,598)	(5,670,402)
Sub-total of cash used in operating activities		(61,470,206)	(68,416,122)
Net cash generated from operating activities	78	10,416,168	9,016,636
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		26,691,189	22,017,628
Proceeds from return on investments		1,202,097	254,501
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		39,062	10,504
Net proceeds from disposal of subsidiaries and other business units	78	-	-
Cash generated from other investing activities	74	1,640,766	73,748
Sub-total of cash generated from investment activities		29,573,114	22,356,381
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(16,465,349)	(18,251,636)
Cash paid for investments		(31,830,252)	(21,384,892)
Net payments for acquiring subsidiaries and other business units	78	(342,527)	-
Cash used in other investing activities	75	(475,943)	(333,406)
Subtotal of cash used in investing activities		(49,114,071)	(39,969,934)
Net cash used in investing activities		(19,540,957)	(17,613,553)

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian

Person in charge of the financial department: Peng Pan

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	January - June 2023	January - June 2022
III. Cash flow generated from financing activities:			
Capital contributions received		1,047,506	5,365,010
Including: Capital contributions by non-controlling interests to subsidiaries		1,047,506	5,365,010
Borrowings raised		41,697,801	37,672,460
Net cash received from bonds issue		1,500,000	4,500,000
Cash generated from other financing activities	76	<u>1,895,912</u>	<u>6,000</u>
Sub-total of cash generated from financing activities		<u>46,141,219</u>	<u>47,543,470</u>
Cash paid for debt repayment		(33,255,720)	(28,355,640)
Cash paid for dividend and profit distribution or repayment of interests		(3,471,466)	(4,802,831)
Including: Dividends and profit paid by subsidiaries to minority shareholders		(325,152)	(289,774)
Cash used in other financing activities	77	<u>(6,312,578)</u>	<u>(4,454,836)</u>
Subtotal of cash used in financing activities		<u>(43,039,764)</u>	<u>(37,613,307)</u>
Net cash generated from financing activities		<u>3,101,455</u>	<u>9,930,163</u>
IV. Effect of exchange rate changes on cash and cash equivalents			
		<u>91,958</u>	<u>261,370</u>
V. Net increase in cash and cash equivalents		(5,931,376)	1,594,616
Add: Opening balance of cash and cash equivalents		<u>33,675,624</u>	<u>30,081,705</u>
VI. Ending balance of cash and cash equivalents	78	<u><u>27,744,248</u></u>	<u><u>31,676,321</u></u>

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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)

	January - June 2023										
	Equity attributable to shareholders of the parent company										Shareholder equity Total
	Share capital	Other equity instruments	Capital reserves	Treasury share	Special Reserves	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profit	Non-controlling interests	
I. Balance at the end of the prior year	17,071,892	-	12,522,792	(1,314,581)	2,301	(811,822)	3,712,273	8,934	19,486,730	81,460,234	132,138,753
Add: Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the period	17,071,892	-	12,522,792	(1,314,581)	2,301	(811,822)	3,712,273	8,934	19,486,730	81,460,234	132,138,753
III. Movement of the period	1,707,189	-	(2,097,784)	195,545	4,490	(364,246)	-	-	340,493	7,708,866	7,494,553
(I) Total comprehensive income	-	-	-	-	-	(364,246)	-	-	340,493	1,963,326	1,939,573
(II) Capital contributed and reduced by shareholders	-	-	(426,700)	219,638	-	-	-	-	-	6,011,113	5,804,051
1. Capital increased by shareholders	-	-	-	-	-	-	-	-	-	6,657,075	6,657,075
2. Share-based payments included in owners' equity	-	-	20,868	466,809	-	-	-	-	-	-	487,677
3. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	(447,568)	(247,171)	-	-	-	-	-	(645,962)	(1,340,701)
(III) Profit distribution	-	-	-	-	4,490	-	-	-	-	(315,559)	(311,069)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	16,191	-	-	-	-	34,588	50,779
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	-	(325,152)	(325,152)
4. Others	-	-	-	-	(11,701)	-	-	-	-	(24,995)	(36,696)
(IV) Transfers within owners' equity	1,707,189	-	(1,683,096)	(24,093)	-	-	-	-	-	-	-
1. Capitalization of capital reserves into capital (or share capital)	1,707,189	-	(1,683,096)	(24,093)	-	-	-	-	-	-	-
(V) Others	-	-	12,012	-	-	-	-	-	-	49,986	61,998
IV. Balance as at the end of the period	18,779,081	-	10,425,008	(1,119,036)	6,791	(1,176,068)	3,712,273	8,934	19,827,223	89,169,100	139,633,306

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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)

	January - June 2022										
	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	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	-	-	-	-	-	-	-	-	69,346	185,491	254,837
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	22,527,686	76,796,548	119,900,129
III. Movement of the period	-	(5,933)	(1,893,692)	(426,107)	1,919	(355,015)	-	-	(1,400,656)	3,317,639	(761,845)
(I) Total comprehensive income	-	-	-	-	-	(355,015)	-	-	663,521	1,245,213	1,553,719
(II) Capital contributed and reduced by shareholders	-	(5,933)	(1,893,692)	(426,107)	-	-	-	-	-	4,249,509	1,923,777
1. Capital increased by shareholders	-	-	-	-	-	-	-	-	-	4,735,695	4,735,695
2. Capital contributed by holders of other equity instruments	-	(5,933)	3,902	-	-	-	-	-	-	-	(2,031)
3. Share-based payments included in owners' equity	-	-	492	76,664	-	-	-	-	-	-	77,156
4. Others	-	-	(1,898,086)	(502,771)	-	-	-	-	-	(486,186)	(2,887,043)
(III) Profit distribution	-	-	-	-	1,919	-	-	-	(2,050,003)	(2,177,083)	(4,225,167)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	1,919	-	-	-	-	-	1,919
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	(2,050,003)	(2,177,083)	(4,227,086)
4. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Others	-	-	-	-	-	-	-	-	(14,174)	-	(14,174)
IV. Balance as at the end of the period	14,030,642	194,401	4,185,575	(2,311,664)	3,468	(764,462)	2,550,173	8,934	21,127,030	80,114,187	119,138,284

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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 XVI	June 30, 2023	January 1, 2023
Current assets			
Monetary assets		12,917,668	17,821,922
Held-for-trading financial assets		9,647,246	5,936,208
Derivative financial assets		4,918	15,578
Accounts receivable	1	365,860	353,812
Prepayments		18,451	3,693
Other receivables	2	5,504,163	4,961,948
Inventories		-	5,380
Other current assets		<u>36,275</u>	<u>34,838</u>
Total current assets		<u>28,494,581</u>	<u>29,133,379</u>
Non-current assets			
Long-term receivables		1,988,096	1,935,365
Long-term equity investments	3	77,496,501	76,360,371
Investments in other equity instruments	4	5,000	5,000
Other non-current financial assets	5	1,218,353	431,023
Investment property		79,196	81,034
Fixed assets		33,055	32,223
Construction in progress		-	-
Right-of-use assets		445,650	428,575
Intangible assets		103,923	109,605
Long-term deferred expenses		37,446	24,069
Deferred income tax assets		<u>7</u>	<u>7</u>
Total non-current assets		<u>81,407,227</u>	<u>79,407,272</u>
Total assets		<u>109,901,808</u>	<u>108,540,651</u>

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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 XVI	June 30, 2023	January 1, 2023
Current liabilities			
Short-term borrowings		1,961,839	1,900,169
Accounts payable		169,446	140,563
Contract liabilities		822	308
Employee compensation payable		100,677	178,097
Taxes and levies payable		59,944	63,908
Other payables		17,679,838	22,036,683
Non-current liabilities due within one year		5,372,565	5,605,919
Other current liabilities		<u>11,465</u>	<u>2,430</u>
Total current liabilities		<u>25,356,596</u>	<u>29,928,077</u>
Non-current liabilities			
Long-term borrowings		20,965,355	15,280,955
Bonds payable		8,424,693	9,922,133
Lease liabilities		24,455	748
Long-term employee compensation payable		22,660	84,188
Deferred income		<u>54,343</u>	<u>53,638</u>
Total non-current liabilities		<u>29,491,506</u>	<u>25,341,662</u>
Total liabilities		<u>54,848,102</u>	<u>55,269,739</u>
Shareholders' equity			
Share capital		18,779,081	17,071,892
Other equity instruments		-	-
Capital reserves		16,029,964	17,715,533
Less: Treasury share		1,119,036	1,314,581
Other comprehensive income		(95,863)	(128,195)
Surplus reserves		3,510,209	3,510,209
Retained earnings		<u>17,949,351</u>	<u>16,416,054</u>
Total shareholders' equity		<u>55,053,706</u>	<u>53,270,912</u>
Total liabilities and shareholders' equity		<u>109,901,808</u>	<u>108,540,651</u>

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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 XVI	January - June 2023	January - June 2022
I. Operating revenue	6	736,414	589,571
Less: Operating cost	6	504,204	412,401
Taxes and levies		8,793	1,961
Sales expenses		17,908	31,939
Administrative expenses		165,184	136,116
R&D expenses		22,282	78,136
Financial expenses		390,668	876,773
Including: Interest expenses		807,654	1,271,057
Interest income		321,244	391,725
Plus: Other income		4,995	2,901
Return on investment	7	1,788,747	10,607,557
Of which: Share of profit or loss of joint ventures and associates	7	682,026	690,201
Gain on changes in fair value		117,382	24,470
Credit impairment loss		10	26
Asset disposal income		1,093	987
II. Operating profit		1,539,602	9,688,186
Plus: Non-operating income		15	574,945
Less: Non-operating expenses		6,321	7,360
III. Gross profit		1,533,296	10,255,771
Less: Income tax expenses		-	12
IV. Net profit		1,533,296	10,255,759
V. Other comprehensive income		32,333	4,068
VI. Total comprehensive income		1,565,629	10,259,827

		Person in charge of financial affairs:	Person in charge of the financial department:
Legal representative:	<u>Li Dongsheng</u>	<u>Li Jian</u>	<u>Peng Pan</u>

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 XVI	January - June 2023	January - June 2022
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		687,718	421,044
Tax and levy rebates		1	1,714
Cash generated from other operating activities		<u>420,249</u>	<u>1,592,522</u>
Sub-total of cash generated from operating activities		<u>1,107,968</u>	<u>2,015,280</u>
Payments for commodities and services		(397,613)	(453,962)
Cash paid to and for employees		(114,193)	(141,860)
Taxes and levies paid		(77,503)	(36,637)
Cash used in other operating activities		<u>(5,065,900)</u>	<u>(407,266)</u>
Sub-total of cash used in operating activities		<u>(5,655,209)</u>	<u>(1,039,725)</u>
Net cash generated from operating activities	8	<u>(4,547,241)</u>	<u>975,555</u>
II. Cash flow from investing activities:			
Proceeds from disinvestments		8,180,269	6,242,022
Proceeds from return on investments		1,131,472	70,898
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		<u>-</u>	<u>24</u>
Sub-total of cash generated from investment activities		<u>9,311,741</u>	<u>6,312,944</u>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(6,631)	(5,860)
Payments for investments		(12,791,025)	(6,974,584)
Cash used in other investing activities		<u>-</u>	<u>-</u>
Subtotal of cash used in investing activities		<u>(12,797,656)</u>	<u>(6,980,444)</u>
Net cash used in investing activities		<u>(3,485,915)</u>	<u>(667,500)</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>Peng Pan</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 (Continued)
(RMB'000)

	Note XVI	January - June 2023	January - June 2022
III. Cash flow generated from financing activities:			
Capital contributions received		-	-
Borrowings raised		11,780,000	14,931,000
Net cash received from bonds issue		1,500,000	4,500,000
Cash generated from other financing activities		<u>54,267</u>	<u>106,878</u>
Sub-total of cash generated from financing activities		<u>13,334,267</u>	<u>19,537,878</u>
Cash paid for debt repayment		(9,203,619)	(12,364,006)
Cash paid for distribution of dividends and profits or repayment of interests		(715,827)	(2,625,194)
Cash used in other financing activities		<u>(269,708)</u>	<u>(535,295)</u>
Subtotal of cash used in financing activities		<u>(10,189,154)</u>	<u>(15,524,495)</u>
Net cash generated from financing activities		<u>3,145,113</u>	<u>4,013,383</u>
IV. Effect of exchange rate changes on cash and cash equivalents		<u>(53,755)</u>	<u>15,223</u>
V. Net increase in cash and cash equivalents		(4,941,798)	4,336,661
Add: Opening balance of cash and cash equivalents		<u>17,570,270</u>	<u>10,401,379</u>
VI. Ending balance of cash and cash equivalents	9	<u>12,628,472</u>	<u>14,738,040</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>Peng Pan</u>
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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)

	January - June 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	-	(1,685,569)	195,545	32,332	-	1,533,297	1,782,794
(I) Total comprehensive income	-	-	-	-	32,332	-	1,533,297	1,565,629
(II) Capital contributed and reduced by shareholders	-	-	17,836	219,638	-	-	-	237,474
1. Capital contributed by owners	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	17,836	466,809	-	-	-	484,645
4. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-
5. Others	-	-	-	(247,171)	-	-	-	(247,171)
(III) Profit distribution	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	1,707,189	-	(1,683,096)	(24,093)	-	-	-	-
1. Capitalization of capital reserves into capital (or share capital)	1,707,189	-	(1,683,096)	(24,093)	-	-	-	-
(V) Others	-	-	(20,308)	-	-	-	-	(20,308)
IV. Balance as at the end of the period	<u>18,779,081</u>	<u>-</u>	<u>16,029,964</u>	<u>(1,119,036)</u>	<u>(95,863)</u>	<u>3,510,209</u>	<u>17,949,351</u>	<u>55,053,706</u>

Legal representative: Li Dongsheng Person in charge of financial affairs: Li Jian Person in charge of the financial department: Peng Pan

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)

	January - June 2022							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	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	-	(5,933)	(313)	(426,107)	4,067	-	8,191,582	7,763,296
(I) Total comprehensive income	-	-	-	-	4,067	-	10,255,759	10,259,826
(II) Capital contributed and reduced by shareholders	-	(5,933)	(313)	(426,107)	-	-	-	(432,353)
1. Capital contributed by owners	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	(5,933)	3,902	-	-	-	-	(2,031)
3. Share-based payments included in owners' equity	-	-	492	76,664	-	-	-	77,156
4. Others	-	-	(4,707)	(502,771)	-	-	-	(507,478)
(III) Profit distribution	-	-	-	-	-	-	(2,050,003)	(2,050,003)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	(2,050,003)	(2,050,003)
3. Others	-	-	-	-	-	-	-	-
(IV) Others	-	-	-	-	-	-	(14,174)	(14,174)
IV. Balance as at the end of the period	14,030,642	194,401	9,900,366	(2,311,664)	(108,127)	2,348,109	16,212,911	40,266,638

Legal
representative:

Li Dongsheng

Person in charge of
financial affairs:

Li Jian

Person in charge of
the financial
department:

Peng Pan

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 June 30, 2023
(RMB'000)

I General information

(I) Place of incorporation and organizational structure

TCL Technology Group Corporation (hereinafter referred to as the “Company”) is a limited liability company incorporated in the People's Republic of China (hereinafter referred to as "China") on July 17, 1997 under the Corporate Law of the People's Republic of China (hereinafter referred to as “Corporate Law”). As per the approval documents of YBH [2002] No. 94 and YFH [2002] No. 134 issued by the People’s Government of Guangdong Province, and YJMH [2002] No. 112 and YJMH [2002] No. 184 issued by the Economic and Trade Commission of Guangdong Province, the Company was changed to a joint stock limited company with a registered capital of RMB1,591,935,200, which was approved by Guangdong Province Administration for Industry and Commerce on April 19, 2002. The registration number is 4400001009990.

Upon approval of ZJFXZ [2004] Document No. 1 issued by the China Securities Regulatory Commission (CSRC) on January 2, 2004, the Company was permitted to issue 590,000,000 shares to the public on January 7, 2004 and 404,395,944 ordinary shares denominated in RMB (A shares) to all public shareholders of TCL Communication Equipment Co., Ltd. (hereinafter referred to as "TCL Communication Equipment") in a stock-for-stock deal, which were listed on the Shenzhen Stock Exchange on January 30, 2004. The shares issued to the public were all priced online, with a par value of RMB1 and an issue price of RMB4.26 per share, raising a total of RMB2,513,400,000. Upon the completion of this deal, the registered capital of the Company increased to RMB2,586,331,144, and on July 16, 2004, the Company was approved by the Guangdong Province Administration for Industry and Commerce to change its business license to Business License QGYZZ No. 003362. Upon the completion of the shareholder structure reform and the expiration of the share lockup period, the foreign shareholding ratio in the Company was less than 10%. On September 11, 2007, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

Upon the approval of the CSRC on January 7, 2009 with the ZJXK [2009] Document No. 12, the Company privately placed 350,600,000 ordinary shares denominated in RMB (A shares) to designated investors on April 23, 2009, with a par value of RMB1 and an issue price of RMB2.58 per share, raising a total of RMB904,548,000. Upon the completion of the issue, the registered capital of the Company increased from RMB2,586,331,144 to RMB2,936,931,144, and on June 2, 2009, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

Upon the approval of the CSRC on May 27, 2010 with the ZJXK [2010] Document No. 719, the Company privately placed 1,301,178,273 ordinary shares denominated in RMB (A shares) to designated investors on July 26, 2010, with a par value of RMB1 and an issue price of RMB3.46 per share, raising a total of RMB4,502,076,824.58. Upon the completion of this deal, the registered capital of the Company increased from RMB2,936,931,144 to RMB4,238,109,417, and on September 19, 2010, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

On May 19, 2011, the Company carried out a bonus issue of 10 additional shares for every 10 shares to all the shareholders with capital reserves, representing a total of 4,238,109,417 new shares, with a par value of RMB1 per share. Upon the completion of this bonus issue, the registered capital of the Company increased from RMB4,238,109,417 to RMB8,476,218,834, and on June 27, 2011, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

During the years of 2013 and 2014, the exercise of 58,870,080 stock options increased the total share capital of the Company from 8,476,218,834 shares to 8,535,088,914 shares.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

I General information (continued)

(I) Place of incorporation and organizational structure (continued)

Upon the approval of the CSRC on February 13, 2014 with the ZJXX [2014] Document No. 201, the Company privately placed 917,324,357 ordinary shares denominated in RMB (A-share) to designated investors on April 30, 2014, with a par value of RMB1 and an issue price of RMB2.18 per share, raising a total of RMB1,999,767,098.26. Upon the completion of this deal, the registered capital of the Company increased from RMB8,535,088,914 to RMB9,452,413,271, and on June 10, 2014, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

In 2015, 48,357,920 stock options were exercised under an incentive plan of the Company, and upon approval by the CSRC on January 28, 2015 with the ZJXX [2015] Document No.151, the Company issued 2,727,588,511 shares in a private placement. As such, the total share capital of the Company increased from 9,452,413,271 shares to 12,228,359,702 shares.

In 2016, 923,340 stock options were exercised under an incentive plan of the Company, and the share capital of the Company increased from 12,228,359,702 shares to 12,229,283,042 shares. Later, 15,601,300 shares were repurchased and retired, and the share capital of the Company decreased from 12,229,283,042 shares to 12,213,681,742 shares. On April 26, 2016, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 91441300195971850Y (unified social credit code).

In 2017, the Company purchased an interest in subsidiary TCL China Star Optoelectronics Technology Co., Ltd. by means of a new issue of 1,301,290,321 shares. Upon the completion of this deal, the total share capital of the Company increased from 12,213,681,742 shares to 13,514,972,063 shares.

In 2018, the Proposal on the Grant of Restricted Stock to Awardees was approved at the 7th Meeting of the 6th Board of Directors, and a total of 34,676,444 shares were subscribed for under the restricted stock incentive plan. Upon the completion of this deal, the total share capital of the Company increased from 13,514,972,063 shares to 13,549,648,507 shares.

In 2019, the Company repurchased and retired 21,209,788 restricted shares that had been granted to certain awardees under the 2018 Restricted Stock Incentive Plan & Global Innovation Partner Plan but were still in lockup. As such, the total share capital of the Company decreased from 13,549,648,507 to 13,528,438,719 shares.

In 2020, the Proposal on the Intended Change of the Company's Full Name and Stock Name were approved respectively at the 23rd Meeting of the 6th Board of Directors and the First Extraordinary General Meeting of 2020. The name of the Company was then changed from "TCL Corporation" to "TCL Technology Group Corporation" (abbreviation from "TCL CORP." to "TCL TECH.") since February 7, 2020, with the stock name changed from "TCL CORP." to "TCL TECH.", while the stock code "000100" remained unchanged.

In July 2020, the Company repurchased and retired 9,159,308 restricted shares that had been granted under the 2018 and 2019 Restricted Stock Incentive Plans but were still in lockup. As such, the total share capital of the Company decreased from 13,528,438,719 to 13,519,279,411 shares.

In October 2020, the Company issued 511,508,951 new shares to acquire the non-controlling interest in subsidiary Wuhan China Star Optoelectronics Technology Co., Ltd. Upon the completion of this deal, the total share capital of the Company increased from 13,519,279,411 shares to 14,030,788,362 shares.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

I. General information (continued)

(I) I Place of incorporation and organizational structure (continued)

In September 2021, the Company repurchased and retired 145,941 restricted shares that had been granted under the 2019 Restricted Stock Incentive Plans but were still locked up. As such, the total share capital of the Company decreased from 14,030,788,362 to 14,030,642,421 shares.

During 2022, investors of TCL Directional II Convertible bonds exercised their rights of conversion resulting in additional issue of 235,120,702 shares, and the total share capital of the Company increased from 14,030,642,421 shares to 14,265,763,123 shares.

In December 2022, the Company issued 2,806,128,484 ordinary shares denominated in RMB to specific investors in a non-public offering with the approval of the ZJXX [2022] No. 1658 issued by the China Securities Regulatory Commission, resulting in an increase of 2,806,128,484 shares in total share capital of the Company to 17,071,891,607 shares from 14,265,763,123 shares.

On May 8, 2023, the Company issued shares to all shareholders with one share for every 10 shares through capital reserves, representing a total of 1,707,189,160 new shares, with a par value of RMB1 per share. Upon the completion of this bonus issue, the registered capital of the Company was increased from RMB17,071,891,607 to RMB18,779,080,767.

As of June 30, 2023, the total issued share capital of the Company was 18,779,080,767 shares. See note V. 47 for details.

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

(II) Scope of business

The Company and its subsidiaries (collectively referred to as the “Company”) are primarily engaged in the research, development, production and sales of semi-conductors, electronic products and communication devices, new optoelectronic products, liquid crystal display devices, import and export of goods and technologies (excluding goods and technologies that are prohibited from import and export or require an administrative approval for import and export), venture capital business and venture capital consultation, entrepreneurial management services for start-up enterprises, participation in the initiation of venture capital institutions and investment management advisory institutions, immovable property leasing, IT services, conference services, computer technical services and development service of electronic products and technologies, development and sale of software, patent transfer, customs clearance services, consulting services, payments and settlements (where any approval from any relevant department is required according to law, it must be obtained before carrying out the relevant operations activities).

(III) Authorization of financial statements for issue

These financial statements were authorized for issue by the Company’s Board of Directors on August 29, 2023.

TCL Technology Group Corporation
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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 VII, 1, (1) "Breakdown of important subsidiaries". For the changes to the scope of the consolidated financial statements of the Reporting Period, see Note VI.

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 2014) 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

The Company does not take the operating cycle as the criteria for liquidity classification of assets and liabilities.

7 Functional currency for bookkeeping

The functional currency for bookkeeping and the preparation of financial statements are all denominated in RMB, and are presented in the unit of RMB'000 in all the tables herein unless otherwise specified.

TCL Technology Group Corporation
Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

8 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) Individual financial statement

Assets and liabilities acquired by the Company in business combinations are measured at the carrying amount of assets and liabilities of the acquiree on the date of combination (including the goodwill of the ultimate controlling party resulting from the acquiree). 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 capital stock premium in the capital reserve, and when the capital stock 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 the provision or assets, the difference between the estimated amount of liabilities or assets and the settlement amount of subsequent contingent consideration is used to adjust the capital reserve (capital stock 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.

The agency fees paid for audits, legal services, assessments and consultations and other direct related expenses incurred in the business combination are recognized in profit or loss in the period in which they were 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; transaction costs directly related to the issuance of a debt instrument as a combination consideration are treated as an initial recognized amount included in the debt instrument.

If the combined party has a consolidated financial statement, the initial investment cost of the long-term equity investment is determined based on the owners' equity attributable to the parent company in the consolidated financial statements of the combined party.

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III Significant accounting policies and accounting estimates (continued)

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

(2) Business combinations involving enterprises under common control (continued)

(b) Consolidated financial statements

Assets and liabilities acquired by the acquirer in the business combination are measured based on the carrying amount of the owner's equity of the acquiree in the consolidated financial statements of the ultimate controlling party.

In the case where a business combination is finally realized through multiple transactions, if it is a package transaction, each transaction is treated as a transaction for acquiring control; if it is not a package transaction, the long-term equity investments held by the combined party before the combination, the gains and losses, other comprehensive income and other changes in owners' equity have been recognized between the date of acquisition or the date of the combining party and the combined party under the final control of the same party, whichever is later, and the date of combination. These are used to offset the initial retained earnings or current profit and loss during the comparative reporting periods respectively.

If the accounting policies adopted by the acquiree are inconsistent with those adopted by the Company, the Company shall make adjustments in accordance with the accounting policies of the Company on the date of combination, and on this basis, confirm the consolidated financial statements in accordance with the provisions of Accounting Standards for Business Enterprises.

(3) Business combination not under common control

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. Where a future event that may affect the combination costs is agreed in the combination contract, if the estimated future events are likely to occur on the date of purchase and the amount of the impact on combination costs can be reliably measured, it is also included in the combination costs.

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;

The difference between the higher combination cost and lower fair value of net identifiable assets of the acquired party gained in the combination is recognized as goodwill by the Company. In case that the cost of combination is less than the fair value of the net identifiable assets of the acquired party gained in the combination, and the difference is still less than the fair value of net identifiable assets of the acquired party gain in the combination after review, the difference is included in the current profit and loss by the Company.

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III Significant accounting policies and accounting estimates (continued)

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

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

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 acquiree 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 in the current period of 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;

9 Method for preparing consolidated financial statements

(1) 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.

(2) 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.

TCL Technology Group Corporation
Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

9 Method for preparing consolidated financial statements (continued)

(2) Consolidation procedure (continued)

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 balance of the consolidated balance sheet is adjusted; the income, expenses and profits of the subsidiary or business 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 from the beginning of the period of combination to the end of the Reporting Period are included in the consolidated cash flow statement. 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.

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.

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

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.

10 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.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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III Significant accounting policies and accounting estimates (continued)

10 Classification of joint arrangements and accounting treatment method for joint operations (continued)

(1) Classification of joint arrangements (continued)

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 all the output substantially 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.

TCL Technology Group Corporation
Notes to Financial Statements
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III Significant accounting policies and accounting estimates (continued)

11 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.

12 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)

13 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)

13 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.

TCL Technology Group Corporation
Notes to Financial Statements
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(RMB'000)

III Significant accounting policies and accounting estimates (continued)

13 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.

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

13 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.

TCL Technology Group Corporation
Notes to Financial Statements
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(RMB'000)

III Significant accounting policies and accounting estimates (continued)

13 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.

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

13 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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III Significant accounting policies and accounting estimates (continued)

13 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)

13 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)

13 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 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)

13 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)

13 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)

13 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.

14 Notes receivable

For the determination method and accounting treatment method of the Company's expected credit loss on notes receivable, please refer to 13(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.

15 Accounts receivable

For the determination method and accounting treatment method of the Company's expected credit loss on accounts receivable, please refer to 13(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)

16 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 13(6) of note III Impairment of financial instruments.

17 Other receivables

For the determination method and accounting treatment method of the Company's expected credit loss of other receivables, please refer to 13(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.

18 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)

18 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.

19 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 13(6) of note III Impairment of financial instruments.

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III Significant accounting policies and accounting estimates (continued)

20 Held-for-sale assets

(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.

21 Other debt investments

For the determination method and accounting treatment methods of the Company's expected credit loss of other debt investments, please refer to 13(6) of note III Impairment of financial instruments.

22 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 13(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 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)

23 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 (VII) 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 acquirer 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)

23 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)

23 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)

23 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)

23 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)

24 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.

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.

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III Significant accounting policies and accounting estimates (continued)

25 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%
Photovoltaic 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.

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III Significant accounting policies and accounting estimates (continued)

26 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.

27 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)

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

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III Significant accounting policies and accounting estimates (continued)

29 Intangible assets

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.

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)

30 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.

31 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.

32 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)

33 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)

34 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 provision 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 provision.

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III Significant accounting policies and accounting estimates (continued)

35 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.

36 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)

37 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)

37 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) Royalties 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 income will be confirmed 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 income will be confirmed 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 from taking back commodities from the carrying amount of commodities predicted to be returned (including the impairment of value of returned commodities) shall be checked and calculated 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)

37 Revenue recognition (continued)

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

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.

(d)

38 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.
- (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 adopt 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)

38 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.

39 Government grants

(1) Type of change

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

(2) Recognition of government grants

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

(3) Accounting treatment

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

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

In case that a confirmed government 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; 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)
40 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;

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.

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III Significant accounting policies and accounting estimates (continued)

41 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 recognizes 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)

41 Leases (continued)

(3) Accounting treatment with the Company as lessee (continued)

The Company recognizes 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, 26 and Note III, 34.

(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 recognizes 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)
41 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 recognize the transferred asset and at the same time recognize 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 recognize a financial asset equivalent to the transfer income.

42 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)

43 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.

44 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.
 - (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.

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III Significant accounting policies and accounting estimates (continued)

44 Hedge Accounting (continued)

(2) Fair value hedge accounting

(a) Gain or loss on the hedging instrument shall be recognized 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)

44 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)

44 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)

45 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.

46 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.

TCL Technology Group Corporation
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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 government supports.

According to the Announcement on Further Implementing Preferential Income Tax Policies for Small and Micro Enterprises issued by the Ministry of Finance and the State Administration of Taxation on March, 2022 (Announcement No. 13 [2022] of the Ministry of Finance and the State Administration of Taxation), from January 1, 2022 to December 31, 2024, the annual taxable income of small and low-profit enterprises exceeding RMB1 million but at no more than RMB3 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%.

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%	High-tech enterprise
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	15%	High-tech enterprise
Wuhan China Star Optoelectronics Technology Co., Ltd.	15%	High-tech enterprise
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	15%	High-tech enterprise
Suzhou China Star Optoelectronics Technology Co., Ltd.	15%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15%	High-tech enterprise
Qingdao Blue Business Consulting Co., Ltd.	15%	High-tech enterprise
Shenzhen Qianhai Maojia Software Technology Co., Ltd.	15%	High-tech enterprise
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd.	15%	High-tech enterprise
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	15%	High-tech enterprise
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15%	High-tech enterprise
Zhangjiakou Huan? Ou International New Energy Technology Co., Ltd.	15%	High-tech enterprise
Wuxi Zhonghuan Applied Materials Co., Ltd.	15%	High-tech enterprise
Tianjin Huanzhi New Energy Technology Co., Ltd.	15%	High-tech enterprise
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	15%	High-tech enterprise
Huansheng New Energy (Jiangsu) Co., Ltd.	15%	High-tech enterprise
Xuzhou Jingrui Semiconductor Equipment Technology Co., Ltd.	15%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15%	High-tech enterprise
Tianjin Zhonghuan Electronics Computer Co., Ltd.	15%	High-tech enterprise

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IV Taxes (continued)

5 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
Guangdong TCL New Technology Co., Ltd.	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15.00%	High-tech enterprise, encouraged business in West China
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	15.00%	High-tech enterprise, encouraged business in West China
Ningxia Zhonghuan Solar Material Co., Ltd.	15.00%	Encouraged business in West China
Dushan Anju Photovoltaic Technology Co., Ltd.	15.00%	Encouraged business in West China
Sonid Left Banner Huanxin New Energy Co., Ltd.	15.00%	Encouraged business in West China
Otog Banner Huanju New Energy Co., Ltd.	15.00%	Encouraged business in West China
Zhonghuan Advanced Semiconductor (Tianjin) Co., Ltd.	15.00%	Encouraged business in West China
Ningxia Huanneng New Energy Co., Ltd.	15.00%	Encouraged business in West China
Shaanxi Huanyu Green New Energy Co., Ltd.	15.00%	Encouraged business in West China
Shaanxi Huanshuo Green New Energy Co., Ltd.	15.00%	Encouraged business in West China
Shaanxi Huanbo Xinneng Power Engineering Construction Co., Ltd.	15.00%	Encouraged business in West China
Ningxia Zhonghuan Industrial Park Management 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
Qinhuangdao Tianhui Solar Energy Co., Ltd.	12.50%	State-supported infrastructure project public
Yixing Huanxing New Energy Co., Ltd.	12.50%	State-supported infrastructure project public
Tianjin Binhai Huanneng New Energy Co., Ltd.	12.50%	State-supported infrastructure project public
Zhangjiakou Shengyuan New Energy Co., Ltd.	12.50%	State-supported infrastructure project public
Phase III project of Hohhot Huanju New Energy Development Co., Ltd.	7.50%	State-supported infrastructure project, encouraged business in West China public

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IV Taxes (continued)

5 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
Guyuan Shengju New Energy Co., Ltd.	7.50%	State-supported infrastructure project public
Ongniud Banner Guangrun New Energy Co., Ltd.	7.50%	State-supported infrastructure project, encouraged business in West China public
Tuquan Guanghuan New Energy Co., Ltd.	7.50%	State-supported infrastructure project, encouraged business in West China public
Inner Mongolia New Huanyu Yangguang New Energy Technology Co., Ltd.	7.50%	State-supported infrastructure project, encouraged business in West China public
Gengma Huanxing New Energy Co., Ltd.	7.50%	State-supported infrastructure project, encouraged business in West China public
Dangxiong Youhao New Energy Development Co., Ltd.	7.50%	State-supported infrastructure project, encouraged business in West China public
Shaanxi Runhuan Tianyu Technology Co., Ltd.	Tax-free	State-supported infrastructure project, encouraged business in West China public
Shangyi Shengyao New Energy Development Co., Ltd.	Tax-free	State-supported infrastructure project public
Hohhot Shuguang New Energy Co., Ltd.	Tax-free	State-supported infrastructure project, encouraged business in West China public

6 Individual income tax

Individual income tax of income paid to employees by the Company is withheld by the Company on behalf of employees in accordance with to the relevant national tax regulations.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements

1 Monetary assets

	June 30, 2023	January 1, 2023
Cash on hand	456	480
Bank deposits	27,307,262	33,161,505
Deposits with the central bank	268,149	381,137
Other monetary assets	1,710,778	1,835,379
	29,286,645	35,378,501

Note Monetary assets with restricted use rights

	June 30, 2023	January 1, 2023
TCL Tech Finance's statutory reserve deposits with the central bank	266,969	321,852
Other restricted monetary assets	1,275,428	1,381,025
	1,542,397	1,702,877

On June 30, 2023, the Company's bank deposits of RMB266,969,000 (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 June 30, 2023, the Company's monetary assets offshore amounted to RMB1,517,330,000 (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
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

2 Held-for-trading financial assets

	June 30, 2023	January 1, 2023
Financial assets classified as those measured at fair value through profit or loss	14,371,775	12,703,507
Including: Debt instrument investments	14,159,396	12,483,274
Equity instrument investments	212,379	220,233
	14,371,775	12,703,507

3 Derivative financial assets

	June 30, 2023	January 1, 2023
Foreign exchange forwards and foreign exchange swaps	27,216	206,398
Interest rate swaps	97,192	154,636
Others	796	-
	125,204	361,034

4 Notes receivable

(1) Notes receivable by category

	June 30, 2023	January 1, 2023
Bank acceptance notes	353,621	512,767
Trade acceptance notes	12	82
	353,633	512,849

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (continued)

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

	Gross amount		June 30, 2023 Allowance		Carrying amount	Gross amount		January 1, 2023 Allowance		Carrying amount
	Amount	Ratio (%)	Amount	Percentage		Amount	Ratio (%)	Amount	Percentage	
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis	353,633	100%	-	-	353,633	512,849	100%	-	-	512,849
Including: low-risk portfolio	353,621	100%	-	-	353,621	512,767	99.98%	-	-	512,767
By aging analysis	12	0%	-	-	12	82	0.02%	-	-	82
	<u>353,633</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>353,633</u>	<u>512,849</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>512,849</u>

(3) As at June 30, 2023, notes receivable in pledge were RMB175,227,000.

(4) Endorsed or discounted notes receivable that were outstanding on the balance sheet date and were derecognized as at June 30, 2023 amounted to RMB86,344,000. Endorsed or discounted notes receivable that were not outstanding on the balance sheet date and were not derecognized as at June 30, 2023 amounted to RMB73,763,000.

5 Accounts receivable

	June 30, 2023	January 1, 2023
Accounts receivable	21,783,813	14,505,731
Less: allowance for doubtful accounts	<u>497,412</u>	<u>454,070</u>
	<u>21,286,401</u>	<u>14,051,661</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (1) Accounts receivable as at June 30, 2023 are classified as follows by how the doubtful debts were provisioned:

	June 30, 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	339,949	92.89%	315,791
Of which:			
Accounts receivable	339,949	92.89%	315,791
Accounts receivable for which the related allowances for doubtful accounts were established on the grouping basis	21,443,864	0.85%	181,621
Of which:			
Group 1: by aging analysis	11,977,890	0.14%	16,437
Group 2: by related parties	3,965,901	0.00%	-
Group 3: by tariff	892,388	0.01%	62
Group 4: by photovoltaics	3,944,963	3.84%	151,554
Group 5: other silicon materials	662,722	2.05%	13,568
	<u>21,783,813</u>		<u>497,412</u>

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

	June 30, 2023		January 1, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	20,424,806	93.77%	13,254,660	91.37%
1 to 2 years	451,371	2.07%	350,702	2.42%
2 to 3 years	320,684	1.47%	339,078	2.34%
Over 3 years	586,952	2.69%	561,291	3.87%
	<u>21,783,813</u>	100%	<u>14,505,731</u>	100%

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (3) Allowances for doubtful accounts receivable are analyzed as follows:
June 30, 2023

Beginning amount	454,070
Accrued in current period	59114
Reversal of current period	(16,689)
Write-off of current period	-
Exchange adjustment	917
	<hr/>
Ending amount	<u>497,412</u>

- (4) On June 30, 2023, the accounts receivable of the top five balances are as follows:

	June 30, 2023	January 1, 2023
Total amount owed by the top five	7,505,291	5,422,959
Proportion of total accounts receivable	34.45%	37.38%

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

Item	Methods of transfer of financial assets	Amount derecognized for the period	Gain or loss on derecognition
Accounts receivable	Factoring	1,786,496	(17,689)

6 Receivables financing

	June 30, 2023	January 1, 2023
Notes receivable financing	3,136,525	1,103,128
Receivable financing	171,408	-
	<hr/>	<hr/>
	<u>3,307,933</u>	<u>1,103,128</u>

- Note Endorsed or discounted notes receivable that were outstanding on the balance sheet date and were derecognized on June 30, 2023 amounted to RMB26,295,768,000.
As of June 30, 2023, the Company believes that financing for the receivables it held did not have significant credit risk and will not cause significant losses due to default.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	June 30, 2023	January 1, 2023
Within 1 year	3,389,564	3,586,208
1-2 years	124,786	5,556
2-3 years	8,405	1,530
Over 3 years	929	563
	<u>3,523,684</u>	<u>3,593,857</u>

(2) As of June 30, 2023, the prepayments of the top five balances are as follows:

	June 30, 2023	January 1, 2023
Total amount owed by the top five	2,103,785	2,655,698
As % of total prepayments	59.70%	73.90%

8 Other receivables

	June 30, 2023	January 1, 2023
Dividends receivable	-	1,226
Other receivables	<u>3,590,396</u>	<u>4,032,022</u>
	<u>3,590,396</u>	<u>4,033,248</u>

(1) Dividends receivable

	June 30, 2023	January 1, 2023
Others	<u>-</u>	<u>1,226</u>
	<u>-</u>	<u>1,226</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(2) Other receivables

	June 30, 2023	January 1, 2023
Other receivables	3,821,451	4,259,495
Less: allowance for doubtful accounts	<u>231,055</u>	<u>227,473</u>
	<u>3,590,396</u>	<u>4,032,022</u>

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

	June 30, 2023	January 1, 2023
Subsidy receivable	1,582,263	1,868,634
Equity transfer receivables	526,178	1,073,246
Security and deposits	536,848	479,269
Others	<u>945,107</u>	<u>610,873</u>
	<u>3,590,396</u>	<u>4,032,022</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	68,114	134,786	24,573	227,473
Current accrual	3,529	508	-	4,037
Increase of new subsidiaries	-	790	-	790
Reversal of current period	(226)	-	(51)	(277)
Write-off of current period	-	-	(960)	(960)
Exchange adjustment	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>(8)</u>
June 30, 2023	<u>71,409</u>	<u>136,084</u>	<u>23,562</u>	<u>231,055</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

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

	June 30, 2023		January 1, 2023	
	Carrying amount	Ratio (%)	Carrying amount	Ratio (%)
Within 1 year	2,587,390	67.70%	3,209,877	75.35%
1 to 2 years	708,937	18.55%	417,448	9.80%
2 to 3 years	212,727	5.58%	258,284	6.07%
Over 3 years	312,397	8.17%	373,886	8.78%
	<u>3,821,451</u>	<u>100.00%</u>	<u>4,259,495</u>	<u>100%</u>

(d) As of June 30, 2023, the other receivables of the top five balances are as follows:

	June 30, 2023	January 1, 2023
Total amount owed by the top five	1,925,635	2,324,850
As % of total other receivables	50.39%	54.58%

(e) On June 30, 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
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

9 Inventories

(1) Inventories are classified as follows:

	June 30, 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	4,703,654	815,985	3,887,669	5,604,506	979,845	4,624,661
Work in progress	2,898,920	403,663	2,495,257	3,674,059	421,558	3,252,501
Finished Goods	13,345,469	1,961,524	11,383,945	11,512,597	1,705,750	9,806,847
Turnover materials	347,982	1,178	346,804	318,291	1,178	317,113
	21,296,025	3,182,350	18,113,675	21,109,453	3,108,331	18,001,122

As of June 30, 2023, the Company had no inventory for liabilities guarantee.

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

	January 1, 2023	Current Accrual	Increase Subsidiary	Current Reversal	Current Write-off	Exchange Adjustment	June 30, 2023
Raw materials	979,845	288,958	80,509	(36,748)	(496,921)	342	815,985
Work in progress	421,558	336,539	50,003	(43,558)	(360,932)	53	403,663
Finished Goods	1,705,750	1,681,956	29,941	(9,236)	(1,448,031)	1,144	1,961,524
Turnover materials	1,178	-	-	-	-	-	1,178
	3,108,331	2,307,453	160,453	(89,542)	(2,305,884)	1,539	3,182,350

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

10 Contract assets

(1) Contract assets are classified as follows:

	June 30, 2023			January 1, 2023		
	Carrying balance	Allowance for doubtful accounts	Carrying amount	Carrying balance	Allowance for doubtful accounts	Carrying amount
Electricity charges receivable	312,131	13,264	298,867	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	June 30, 2023
Electricity charges	12,376	3,671	(2,783)	-	13,264

11 Other current assets

	June 30, 2023	January 1, 2023
Short-term debt investments	926,970	939,864
VAT to be deducted, to be certified, etc.	3,480,160	3,775,842
Current portion of loans and advances to customers (note)	614,704	640,917
Others	236,192	82,313
	5,258,026	5,438,936

Note: The loans and advances due within one year are loans due within the next year issued by subsidiary TCL Tech Finance Co., Ltd., of which interest receivable is RMB416,000.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

12 Debt Investments

	June 30, 2023	January 1, 2023
National debt and secondary market debt	<u>859,062</u>	<u>741,703</u>

13 Long-term receivables

	June 30, 2023			January 1, 2023			Discount rate Interval
	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Carrying amount	
Finance lease	624,341	-	624,341	631,373	-	631,373	
Including: Unrealized financing income	(751,763)	-	(751,763)	(781,934)	-	(781,934)	7.125%- 8.115%
	<u>624,341</u>	<u>-</u>	<u>624,341</u>	<u>631,373</u>	<u>-</u>	<u>631,373</u>	

14 Long-term equity investments

	June 30, 2023			January 1, 2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates (1)	30,347,995	459,722	29,888,273	29,065,027	329,479	28,735,548
Joint ventures (2)	<u>515,628</u>	<u>49,503</u>	<u>466,125</u>	<u>570,171</u>	<u>49,503</u>	<u>520,668</u>
	<u>30,863,623</u>	<u>509,225</u>	<u>30,354,398</u>	<u>29,635,198</u>	<u>378,982</u>	<u>29,256,216</u>

As of June 30, 2023, the Company made impairment allowances for long-term equity investments in investees with poor management and insolvent assets.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

14 Long-term equity investments (continued)

(1) Associates

Name of investee	January 1, 2023	Increase/decrease in investment in current period	Increase or decrease in current period						June 30, 2023
			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	
China Innovative Capital Management Limited	944,392	-	(3,099)	-	-	-	-	-	941,293
LG Electronics (Huizhou) Co., Ltd.	89,772	-	9,143	-	-	(13,400)	-	-	85,515
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	27,358	-	(1,144)	274	-	-	-	(26,488)	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	15,273	-	1,712	5	-	-	-	-	16,990
Shenzhen Tixiang Business Management Technology Co., Ltd.	1,147	-	190	-	-	-	-	5	1,342
TCL Air Conditioner (Wuhan) Co., Ltd.	40,610	-	1,035	-	-	-	-	-	41,645
TCL Finance (Hong Kong) Co., Limited	109,943	-	799	-	-	-	-	-	110,742
Urumqi TCL Equity Investment Management Co., Ltd.	1,090	-	(1)	-	-	-	-	-	1,089
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,413,073	(106,205)	137,873	-	-	-	-	-	1,444,741
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	365,511	48,403	6,954	5	-	(5,902)	-	-	414,971
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	126,213	(8,668)	77263	-	-	-	-	-	194,808

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

14 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						June 30, 2023
			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	(17,656)	(22,416)	-	-	(32,747)	-	-	299,868
Wuxi TCL Aisikai Semi-conductor Industry Investment Fund Partnership (Limited Partnership)	310,930	(2,644)	(10,402)	-	-	-	-	-	297,884
Wuxi TCL Venture Capital Partnership (Limited Partnership)	36,850	-	(14)	289	-	-	-	-	37,125
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	23,342	-	25,755	-	-	-	-	-	49,097
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership)	15,057	-	241	1,531	-	-	-	-	16,829
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	19,726	-	(3)	5	-	-	-	-	19,728
Huizhou Kaichuang Venture Investment Partnership (Limited Partnership)	8,695	-	(9)	220	-	-	-	-	8,906
Beijing A Dynamic Venture Capital Center (Limited Partnership)	7,636	-	6	-	-	-	-	-	7,642
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership)	4,820	-	(95)	7	-	-	-	-	4,732
Shenzhen Chuangdong New Industry Investment Fund Enterprise (Limited Partnership)	2,338	-	-	-	-	-	-	-	2,338
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	11,553	-	787	-	-	(3,000)	-	-	9,340
Huizhou Kaimeng Angel Investment Partnership (Limited Partnership)	2,543	-	(13)	-	-	-	-	-	2,530
Ningbo Jiutian Matrix Investment Management Co., Ltd.	2,597	-	(11)	-	-	-	-	-	2,586
Urumqi Qixinda Equity Investment Management Co., Ltd.	4,502	-	(97)	-	-	-	-	-	4,405

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

14 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					June 30, 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
Urumqi TCL Create Dynamic Equity Investment Management Co., Ltd.	759	-	-	-	-	-	-	-	759
Beijing A Dynamic Investment Consulting Co., Ltd.	467	-	(1)	-	-	-	-	-	466
Shanghai Gen Auspicious Investment Management Co., Ltd.	2,511	-	(259)	-	-	(1,753)	-	-	499
Nanjing A Dynamic Equity Investment Fund Management Co., Ltd.	279	-	(1)	-	-	-	-	-	278
Wuxi TCL Medical Imaging Technology Co., Ltd.	25,837	-	(3,387)	-	-	-	-	(351)	22,099
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	880,249	-	163	-	-	-	-	-	880,412
TCL Ventures Fund L.P.	29,018	(15,877)	(400)	-	-	(403)	-	(174)	12,164
Getech Ltd.	83,660	-	(1,355)	(7)	-	-	-	(4)	82,294
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	502,444	338,054	8,975	-	-	(19,937)	-	-	829,536
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	167,809	-	9,051	-	-	-	-	-	176,860

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

14 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						June 30, 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	-	(148)	-	-	-	-	-	1,240
JOLED Incorporation	159,302	-	(17,384)	-	-	-	(137,375)	(4,543)	-
Sichuan Shengtian New Energy Development Co., Ltd.	508,492	-	17,203	-	-	(9,128)	-	-	516,567
SunPower Systems International Limited	28,345	-	1,735	-	-	-	-	-	30,080
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	4,118	-	(1,385)	-	-	-	-	-	2,733
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	136,682	-	1,121	-	-	-	-	-	137,803
Hunan Guoxin Semiconductor Technology Co., Ltd.	9,825	-	(88)	-	-	-	-	-	9,737
Maxeon Solar Technologies, Ltd.	1,620,417	290,027	(177,080)	-	-	-	-	64,390	1,797,754
Xinjiang Goens Energy Technology Co., Ltd. (Note)	3,919,465	-	546,333	-	-	(216,000)	-	-	4,249,798
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	657,615	18,550	(9,875)	-	-	(4,986)	-	-	661,304
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	5,125	-	460	-	-	-	-	(2,000)	3,585
Ningbo Zhongxin Venture Capital Partnership Tianjin Huanxin	144,968	-	515	-	-	-	-	-	145,483

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

14 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					June 30, 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 Semi-conductor (Tianjin) Co., Ltd.	393,946	-	(15,840)	-	-	-	-	-	378,106
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	1,012	-	-	-	-	-	-	-	1,012
Inner Mongolia Huanye Material Co., Ltd.	6,163	-	-	-	-	-	-	-	6,163
Shenzhen Shutuo Technology Co., Ltd.	38,202	-	(687)	-	-	-	-	(1,364)	36,151
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	69,540	-	(5,584)	650	-	-	-	(261)	64,345
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	25,910	-	(1,651)	-	-	-	-	(6,743)	17,516
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	3,936	-	5,058	-	-	-	-	-	8,994
Purplevine Holdings Limited	1,629	-	(1,621)	-	-	-	-	(8)	-
Xinxin Semiconductor Technology Co., Ltd.	1,798,784	-	(34,120)	-	-	-	-	(1,764,664)	-
Inner Mongolia Xinhua Semiconductor Technology Co., Ltd.	117,886	240,000	(5,751)	-	-	-	-	-	352,135
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	127,847	1,668,000	(11,885)	-	-	-	-	-	1,783,962
Shanghai Feilihua Shichuang Technology Co., Ltd.	41,054	-	392	-	-	-	-	373	41,819
Bank of Shanghai Co., Ltd.	12,809,374	-	718,106	32,788	-	(327,157)	-	-	13,233,111
Hubei Consumer Finance Co., Ltd.	166,077	-	6,967	-	-	-	-	-	173,044
Tianjin 712 Communication & Broadcasting Co., Ltd.	287,755	-	6,662	-	-	(2,548)	-	(115,598)	176,271
Jiangsu Jixin Semiconductor Silicon Material Research Institute Co., Ltd.	-	8,900	(740)	-	-	-	-	(113)	8,047
Xi'an Simovi New Material Co., Ltd.	-	30,000	-	-	-	-	-	-	30,000
	<u>28,735,548</u>	<u>2,490,884</u>	<u>1,257,953</u>	<u>35,767</u>	<u>-</u>	<u>(636,961)</u>	<u>(137,375)</u>	<u>(1,857,543)</u>	<u>29,888,273</u>

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

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V Notes to Consolidated Financial Statements (Continued)

14 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						June 30, 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 Huizhou City, Kai Enterprise Management Limited	1,347	-	(2)	-	-	-	-	-	1,345
Huizhou TCL Human Resources Service Co., Ltd.	6,274	-	367	-	-	-	-	-	6,641
Zhangjiakou Qixin Equity Investment Fund Partnership	86,975	-	-	-	-	-	-	-	86,975
Tianjin Huanyan Technology Co., Ltd.	140,793	-	(2,792)	-	-	-	-	-	138,001
TCL Microchip Technology (Guangdong) Co., Ltd.	285,279	-	(35,200)	-	(16,916)	-	-	-	233,163
	<u>520,668</u>	<u>-</u>	<u>(37,627)</u>	<u>-</u>	<u>(16,916)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,125</u>

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

14 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	June 30, 2023	Note
Pride Telecom Limited	1,624	-	-	-	1,624	Note 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	49,503	-	-	-	49,503	Note 1
JOLED Incorporation	318,604	137,375	-	(7,132)	448,847	Note 1
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	9,251	-	-	-	9,251	Note 1
	<u>378,982</u>	<u>137,375</u>	<u>-</u>	<u>(7,132)</u>	<u>509,225</u>	

Note 1 Impairment allowances were established for the long-term investments in these investees at recoverable amounts because continuous operations loss occurred to these investees with poor management.

15 Investments in other equity instruments

	June 30, 2023	January 1, 2023
Stocks	46,668	66,706
Equity of unlisted companies	<u>374,436</u>	<u>373,290</u>
	<u>421,104</u>	<u>439,996</u>

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	-	3,166	(166,341)	-	Being held long term for strategic purposes
Equity of unlisted companies	-	132,19	(21,665)	-	Being held long term for strategic purposes
Total	<u>-</u>	<u>163,85</u>	<u>(188,006)</u>	<u>-</u>	

16 Other non-current financial assets

	June 30, 2023	January 1, 2023
Equity investments	4,252,713	2,928,827
Debt investments	<u>109,164</u>	<u>-</u>
	<u>4,361,877</u>	<u>2,928,827</u>

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

17 Investment property

	Houses and buildings	Land use rights	Total
Gross amount:			
January 1, 2023	1,067,479	205,633	1,273,112
Increase			
Reclassified from fixed assets and intangible assets	1,932	-	1,932
Decreases			
Reclassified to fixed assets and intangible assets	(44,787)	-	(44,787)
Other decreases	-	(1,828)	(1,828)
June 30, 2023	<u>1,024,624</u>	<u>203,805</u>	<u>1,228,429</u>
Accumulated depreciation and amortization:			
January 1, 2023	235,474	38,402	273,876
Increase			
Accrued in current period	17,059	2,196	19,255
Reclassified from fixed assets and intangible assets	201	-	201
Decreases			
Reclassified to fixed assets and intangible assets	(6,788)	-	(6,788)
Other decreases	-	(37)	(37)
June 30, 2023	<u>245,946</u>	<u>40,561</u>	<u>286,507</u>
Investment property, net:			
June 30, 2023	<u>778,678</u>	<u>163,244</u>	<u>941,922</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			
Increase in the period	-	-	-
Decreases			
Decrease in the period	-	-	-
June 30, 2023	<u>52,787</u>	<u>-</u>	<u>52,787</u>
Investment property, net:			
June 30, 2023	<u>725,891</u>	<u>163,244</u>	<u>889,135</u>
January 1, 2023	<u>779,218</u>	<u>167,231</u>	<u>946,449</u>

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V Notes to Consolidated Financial Statements (Continued)

18 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							
Acquisition and other	687,724	826,098	65,665	22,823	1,000	3,149	1,606,459
New subsidiary	1,888,332	2,968,135	11,225	2,083	-	14,164	4,883,939
Reclassified from investment property	44,787	-	-	-	-	-	44,787
Reclassified from construction in progress	5,536,951	20,095,440	190,427	5,065	177	3,113	25,831,173
Decreases							
Written down with government grants	(3,846)	(1,132,196)	-	-	-	-	(1,136,042)
Reclassified to investment property	(1,932)	-	-	-	-	-	(1,932)
Other decreases	(134,039)	(3,811,277)	(37,138)	(3,655)	(134,800)	(3,929)	(4,124,838)
Exchange adjustment	24,584	9,354	2,408	648	-	1,022	38,016
June 30, 2023	53,022,167	193,711,202	2,969,821	288,058	2,227,806	44,745	252,263,799
Accumulated depreciation:							
January 1, 2023	7,827,013	80,699,683	1,726,432	165,109	514,036	15,930	90,948,203
Increase							
Accrual	874,982	8,605,889	136,125	19,504	41,277	2,155	9,679,932
New subsidiary	241,475	357,935	9,130	1,478	-	14,164	624,182
Reclassified from investment property	6,788	-	-	-	-	-	6,788
Other increases	-	679,050	-	-	7	-	679,057
Decreases							
Reclassified to investment property	(201)	-	-	-	-	-	(201)
Other decreases	(15,595)	(941,540)	(30,701)	(1,906)	(19,244)	(3,929)	(1,012,915)
Exchange adjustment	1,441	2,254	934	316	-	347	5,292
June 30, 2023	8,935,903	89,403,271	1,841,920	184,501	536,076	28,667	100,930,338
Fixed assets, net:							
June 30, 2023	44,086,264	104,307,931	1,127,901	103,557	1,691,730	16,078	151,333,461
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)

18 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							
Write-off of current period	-	(43,071)	(45)	-	-	-	(43,116)
June 30, 2023	766,317	789,102	35,245	111	62,059	412	1,653,246
Fixed assets, carrying amount:							
June 30, 2023	43,319,947	103,518,829	1,092,656	103,446	1,629,671	15,666	149,680,215
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 81 of Note V for information on fixed asset pledge. As of June 30, 2023, the gross amount of the fixed assets that were fully depreciated and still in use was RMB41,764,110,000.

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)	21,899,635	Expected to be completed in 2024

Note As of June 30, 2023, the fixed assets with pending ownership certificates of the Company were mainly the buildings and constructions of CSOT's t3, t4 and t9 manufacturing bases, as well as the buildings and constructions of Inner Mongolia Zhonghuan Crystal Material Co., Ltd., Inner Mongolia Zhonghuan Advanced Semi-conductor Material Co., Ltd. and Tianjin Huanhai Industrial Park Co., Ltd.

19 Construction in progress

(1) Schedule of construction in progress

	June 30, 2023	January 1, 2023
Construction in progress	42,124,367	52,063,442
Less: Impairment allowance	9,608	9,608
	<u>42,114,759</u>	<u>52,053,834</u>

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V Notes to Consolidated Financial Statements (Continued)
19 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	June 30, 2023	Project input investment as % of budget	Project progress	Cumulative capitalized interest	Including: capitalized interest in current period	Interest capitalization rate for current period	Funding source
t5 production line of LCD panel	11,321,000	5,039,401	2,043,760	(3,759,096)	-	3,324,065	90%	90%	77,365	46,116	1.5%	Proprietary fund and loans
t4 production line of LCD panel	35,000,000	16,239,091	374,674	(29,825)	(10,577)	16,573,363	96%	96%	1,485,024	134,439	2.4%	Proprietary fund and loans
t9 production line of LCD panel	31,500,000	10,383,892	1,574,055	(6,770,575)	(88,079)	5,099,293	63%	63%	224,673	80,287	1.5%	Proprietary funds, proceeds from share offering and loans
Large-diameter semiconductor silicon wafers for integrated circuit	5,410,520	1,630,505	982,920	(121,014)	-	2,492,411	59%	59%	-	-	-	Self-financing
50GW (G12) solar-grade monocrystalline silicon material smart factory project	10,979,744	3,667,153	2,612,733	(4,050,814)	(42,379)	2,186,693	92%	92%	115,797	115,797	3.4%	Proprietary fund and loans
Semiconductor silicon wafers for integrated circuit	9,450,000	-	1,445,805	(41,805)	(5,565)	1,398,435	35%	35%	71,111	641	3.0%	Proprietary fund and loans
Production line of 8-12-inch semiconductor silicon wafers for integrated circuit	5,707,172	1,130,031	204,212	(60,522)	(3,864)	1,269,857	80%	80%	11,757	11,757	0.6%	Proprietary fund and loans
Semiconductor Monocrystalline Silicon Wafers for Energy-Saving Power Devices	1,998,710	878,904	185,527	(289,272)	(377)	774,782	48%	48%	-	-	-	Self-financing
Others	Not applicable	13,084,857	6,773,542	(10,708,250)	(154,289)	8,995,860						
		52,053,834	16,197,228	(25,831,173)	(305,130)	42,114,759						

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V Notes to Consolidated Financial Statements (Continued)

20 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					
New subsidiary	-	-	212,139	-	212,139
Leased in	677,761	-	-	3,428	681,189
Other increases	5,209	-	52,715	257	58,181
Decreases					
Reduced subsidiary	-	-	-	(55,039)	(55,039)
Reduction due to contract revision	(2,697)	-	-	-	(2,697)
Other decreases	(30,239)	(302)	-	-	(30,541)
Exchange adjustment	1,858	-	-	-	1,858
June 30, 2023	<u>4,945,016</u>	<u>1,128</u>	<u>1,375,316</u>	<u>83,187</u>	<u>6,404,647</u>
Accumulated depreciation:					
January 1, 2023	227,403	912	189,886	11,232	429,433
Increase					
Accrual	154,967	(60)	65,619	4,321	224,847
Decreases					
Other decreases	(24,639)	-	-	(2,648)	(27,287)
Exchange adjustment	855	-	-	-	855
June 30, 2023	<u>358,586</u>	<u>852</u>	<u>287,587</u>	<u>12,905</u>	<u>659,930</u>
Right-of-use assets, carrying amount:					
June 30, 2023	<u>4,586,430</u>	<u>276</u>	<u>1,087,729</u>	<u>70,282</u>	<u>5,744,717</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	-	-	-	-	-
June 30, 2023	-	-	-	-	-
Right-of-use assets, carrying amount					
June 30, 2023	<u>4,586,430</u>	<u>276</u>	<u>1,087,729</u>	<u>70,282</u>	<u>5,744,717</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)
21 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				
New subsidiary	279,287	392,385	142,037	813,709
Purchase	26,214	68,131	19,388	113,733
Reclassified from construction in progress	-	-	254,583	254,583
Reclassified from development costs	-	1,386,093	-	1,386,093
Decreases				
Sale and disposal	(31,436)	-	(31,218)	(62,654)
Reclassified to investment property	-	-	-	-
Reduced subsidiary	(3,144)	-	-	(3,144)
Other decreases	(76,918)	(165,570)	-	(242,488)
Exchange adjustment	-	(3,514)	501	(3,013)
June 30, 2023	<u>9,410,260</u>	<u>13,028,002</u>	<u>2,380,941</u>	<u>24,819,203</u>
Accumulated amortization:				
January 1, 2023	1,018,407	3,685,498	926,432	5,630,337
Increase				
Accrual	130,913	582,251	114,683	827,847
New subsidiary	17,388	18,260	58,920	94,568
Decreases				
Sale and disposal	(643)	-	(5,935)	(6,578)
Reclassified to investment property	-	-	-	-
Reduced subsidiary	(157)	-	-	(157)
Other decreases	(7,934)	(15,150)	(2,668)	(25,752)
Exchange adjustment	-	11	287	298
June 30, 2023	<u>1,157,974</u>	<u>4,270,870</u>	<u>1,091,719</u>	<u>6,520,563</u>
Intangible assets, net:				
June 30, 2023	<u>8,252,286</u>	<u>8,757,132</u>	<u>1,289,222</u>	<u>18,298,640</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	-	1,306	-	1,306
June 30, 2023	<u>23,562</u>	<u>114,712</u>	<u>11,148</u>	<u>149,422</u>
Intangible assets, carrying amount:				
June 30, 2023	<u>8,228,724</u>	<u>8,642,420</u>	<u>1,278,074</u>	<u>18,149,218</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 of June 30, 2023, the total carrying amount of land use rights for which the title certificate has not been registered properly was RMB11,653,000.

Please refer to Item 81 of Note V for information on collateralized intangible assets.

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22 Development costs

Development expenditures are presented as follows:

	June 30, 2023	January 1, 2023
Semi-conductor display	1,598,511	2,172,507
New energy photovoltaic & semi-conductor materials	889,043	1,006,700
	2,487,554	3,179,207

23 Goodwill

(1) Gross amount of goodwill

		January 1, 2023	Increase in the period	Decrease in the period	June 30, 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 Semiconductor 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 Semiconductor Technology Co., Ltd.	Note 9	-	1,180,005	-	1,180,005
		9,190,819	1,223,413	-	10,414,232

(2) Goodwill impairment allowance

		January 1, 2023	Increase in the period	Decrease in the period	June 30, 2023
TCL Medical Radiological Technology (Beijing) Co., Ltd.		28,967	-	-	28,967

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

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V Notes to Consolidated Financial Statements (Continued)

23 Goodwill (continued)

(2) Goodwill impairment allowance

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 the Company’s goodwill.

Note 3 Tianjin Huan’Ou Semiconductor Material&Technology Co., Ltd. is a subsidiary of Zhonghuan Electronics, 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% interest) and the fair value of the net identifiable assets of Zhonghuan Electronics attributable to the Company on the settlement date (equal to RMB6,726,130,000) was recorded in the Company’s goodwill. The goodwill mainly consists of 2 asset groups: the new energy photovoltaic and semiconductor 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% interest) 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 the Company’s goodwill.

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% interest) 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 the Company’s goodwill.

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% interest) and the fair value of the net identifiable assets of Zhonghuan Electronics attributable to the Company on the settlement date (equal to RMB3,011,000) was recorded in the Company’s goodwill.

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 (RMB43,407,000) 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 are recognized in this item.

Note 9 Zhonghuan Advanced Semi-conductor Material Co., Ltd., a subsidiary of the Company, completed the acquisition of 100% equity of Xinxin Semiconductor 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 Semiconductor Technology Co., Ltd. held by Zhonghuan Advanced Semi-conductor Material Co., Ltd. and the fair value of the identifiable net assets of the equity are recognized in this item.

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Notes to Financial Statements
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V Notes to Consolidated Financial Statements (Continued)

23 Goodwill (continued)

(III) Goodwill impairment test

As of June 30, 2023, there were no signs of impairment in the asset group of Qingdao Blue Business Consulting Co., Ltd., the asset group of Tianjin Zhonghuan Advanced Materials & Technology Co., Ltd., the asset group of new energy photovoltaic and semiconductor materials, the asset group of Moka International Limited, the asset group of Suzhou China Star Optoelectronics Technology Co., Ltd. and the asset group of Suzhou China Star Environmental Protection Technology Co., Ltd. No impairment provision was required for the goodwill of the above asset groups.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

24 Long-term deferred expenses

	January 1, 2023	Increase in the period	Amortization in the period	Others	June 30, 2023
Improvement expense on leased fixed assets	1,441,265	218,898	(86,840)	19	1,573,342
Others	<u>1,302,943</u>	<u>1,173,161</u>	<u>(938,947)</u>	<u>1,879</u>	<u>1,539,036</u>
	<u>2,744,208</u>	<u>1,392,059</u>	<u>(1,025,787)</u>	<u>1,898</u>	<u>3,112,378</u>

25 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	June 30, 2023		January 1, 2023	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	23,189,142	3,658,748	19,383,933	3,055,974
Asset impairment allowances	3,315,646	632,526	4,132,996	785,212
Provisions	651,954	109,859	559,584	91,408
Changes in fair value	12,713	2,123	15,398	2,792
Lease liabilities	3,661,586	467,532	195,722	29,358
Others	<u>3,514,662</u>	<u>602,237</u>	<u>1,924,357</u>	<u>200,865</u>
	<u>34,345,703</u>	<u>5,473,025</u>	<u>26,211,990</u>	<u>4,165,609</u>

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

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

(2) Un-offset deferred income tax liabilities

	June 30, 2023		January 1, 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	12,775,095	1,982,389	13,198,261	2,046,374
One-off tax deduction for fixed assets	6,776,680	1,047,887	6,818,647	1,021,284
Increase in value of assets as assessed in business combination not involving entities under common control	3,657,410	688,393	1,627,106	378,993
Changes in fair value	777,623	183,329	331,292	71,725
Right-of-use assets	3,567,816	465,698	1,139	171
Others	701,405	158,650	951,687	212,603
	<u>28,256,029</u>	<u>4,526,346</u>	<u>22,928,132</u>	<u>3,731,150</u>

(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	2,710,275	2,762,750
Deferred income tax liabilities	<u>2,710,275</u>	<u>1,816,071</u>

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	<u>2,411,722</u>	<u>1,319,428</u>

(4) Unrecognized deferred income tax assets

	June 30, 2023	January 1, 2023
Deductible temporary difference	791,998	306,669
Deductible losses	<u>12,531,637</u>	<u>10,302,065</u>
	<u>13,323,635</u>	<u>10,608,734</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

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

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

	June 30, 2023	January 1, 2023
2022	-	268,388
2023	471,740	472,917
2024	472,157	472,157
2025	440,443	440,443
2026	1,079,177	1,242,203
2027 onwards	10,068,120	7,405,957
	12,531,637	10,302,065

26 Other non-current assets

	June 30, 2023			January 1, 2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Advance payment for equipment and land use rights (Note)	5,503,724	-	5,503,724	5,426,643	-	5,426,643
Advance payment for patents	262,799	-	262,799	273,348	-	273,348
Others	4,094,957	-	4,094,957	593,952	-	593,952
	9,861,480	-	9,861,480	6,293,943	-	6,293,943

Note The Company reclassifies long-lived assets such as advance payment for equipment and land use rights reflected in prepaid accounts to other non-current assets.

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

27 Short-term borrowings

	June 30, 2023	January 1, 2023
Unsecured borrowings	9,588,276	10,214,632
Borrowings secured by pledge	19,461	-
Interest payable	6,254	1,279
	9,613,991	10,215,911

On June 30, 2023, the Company's short-term pledged loans were equivalent to RMB19,461,000, pledged with held-for-trading financial assets equivalent to RMB21,441,000.

As of June 30, 2023, the Company does not have any short-term borrowings that have expired and have not been repaid.

28 Borrowings from the Central Bank

As of June 30, 2023, the balance of the borrowings of TCL Tech Finance Co., Ltd. (a subsidiary of the Company) from the central bank was RMB727,203,000 (December 31, 2022: RMB777,676,000).

29 Customer deposits and deposits from banks and other financial institutions

	June 30, 2023	January 1, 2023
Customer deposits and deposits from other banks and financial institutions	563,135	603,423

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V	Notes to Consolidated Financial Statements (Continued)		
30	Held-for-trading financial liabilities		
	June 30, 2023	January 1, 2023	
	Financial liabilities at fair value through profit or loss.	<u>726,942</u>	<u>861,912</u>
31	Derivative financial liabilities		
	June 30, 2023	January 1, 2023	
	Derivative financial liabilities	<u>309,743</u>	<u>70,735</u>
32	Notes payable		
	June 30, 2023	January 1, 2023	
	Bank acceptance notes	4,222,772	5,731,632
	Trade acceptance notes	<u>1,164,227</u>	<u>634,028</u>
		<u>5,386,999</u>	<u>6,365,660</u>
	As of June 30, 2023, the Company had no notes payable that were due but not paid.		
33	Accounts payable		
	June 30, 2023	January 1, 2023	
	Amounts due to suppliers	<u>30,475,619</u>	<u>26,381,912</u>
	As of June 30, 2023, there were no significant accounts payable aged over one year.		

TCL Technology Group Corporation
Notes to Financial Statements
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V	Notes to Consolidated Financial Statements (Continued)		
34	Advances from customers	June 30, 2023	January 1, 2023
	Advances from customers	<u>569</u>	<u>1,402</u>
	As of June 30, 2023, the Company had no significant accounts receivable aged over one year.		
35	Contract liabilities	June 30, 2023	January 1, 2023
	Advances from customers	<u>2,245,240</u>	<u>2,336,008</u>
36	Employee benefits payable and long-term employee benefits payable		
(1)	Employee compensation payable	June 30, 2023	January 1, 2023
	Short-term employee benefits payable	2,313,534	2,341,429
	Defined contribution plans payable	16,437	26,353
	Dismissal benefits payable	<u>3,741</u>	<u>9,151</u>
		<u>2,333,712</u>	<u>2,376,933</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

36 Employee benefits payable and long-term employee benefits payable (continued)

(1) Employee benefits payable (continued)

(a) Short-term employee benefits presented

	January 1, 2023	Increase in the period	Decrease in the period	June 30, 2023
Wages, bonuses, allowances and subsidies	2,034,238	5,672,377	(5,652,103)	2,054,512
Employee services and benefits	-	225,408	(225,408)	-
Social insurance benefits	38,105	186,201	(191,841)	32,465
Including: medical insurance premium	36,751	170,631	(175,697)	31,685
Employment injury insurance premiums	695	9,232	(9,331)	596
Maternity insurance	659	6,338	(6,813)	184
Housing fund	27,917	171,658	(181,587)	17,988
Trade union funds and staff education funds	49,418	96,695	(109,222)	36,891
Others	191,751	26,433	(46,506)	171,678
	<u>2,341,429</u>	<u>6,378,772</u>	<u>(6,406,667)</u>	<u>2,313,534</u>

(b) Defined contribution plans

	January 1, 2023	Increase in the period	Decrease in the period	June 30, 2023
Basic pension insurance	25,381	384,295	(393,832)	15,844
Unemployment insurance	972	11,507	(11,886)	593
	<u>26,353</u>	<u>395,802</u>	<u>(405,718)</u>	<u>16,437</u>

(2) Long-term employee compensation payable

	June 30, 2023	January 1, 2023
Supplementary pension insurance	24,591	25,101
Other long-term benefits	167,209	447,437
	<u>191,800</u>	<u>472,538</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

37 Taxes and levies payable

	June 30, 2023	January 1, 2023
Corporate income tax	559,142	731,839
Value-added tax	105,307	211,873
Individual income tax	128,847	42,611
Urban maintenance and construction tax	75,362	60,858
Education surcharges	53,858	43,495
Others	211,143	124,915
	<u>1,133,659</u>	<u>1,215,591</u>

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

38 Other payables

	June 30, 2023	January 1, 2023
Dividends payable	55,083	40,010
Other payables	23,278,603	24,150,342
	<u>23,333,686</u>	<u>24,190,352</u>

(1) Dividends payable

	June 30, 2023	January 1, 2023
Other non-controlling interests	55,083	40,010
	<u>55,083</u>	<u>40,010</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

38 Other payables (continued)

(2) Other payables

	June 30, 2023	January 1, 2023
Payables for engineering equipment	19,022,322	19,130,372
Unpaid expenses	2,182,555	2,195,904
Security and deposits	347,180	353,207
Others	<u>1,726,546</u>	<u>2,470,859</u>
	<u>23,278,603</u>	<u>24,150,342</u>

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

39 Non-current liabilities due within one year

		June 30, 2023	January 1, 2023
Long-term borrowings due within one year (Note 1)	41	6,389,135	4,341,300
Bonds payable due within one year (Note 2)	42	4,998,972	5,170,383
Lease liabilities due within one year	43	430,363	295,010
Long-term payables due within one year		123,510	179,127
Interest payable due within one year		393,984	552,181
Long-term employee compensation payable due within one year		<u>309,602</u>	<u>419,320</u>
		<u>12,645,566</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 6.61% 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 18TCL 02: Issued in August 2018, with a term of 5 years, the closing balance as of June 30 was RMB2,000,260,000.
- ② Corporate bond 19TCL 01: Issued in May 2019, with a term of 5 years, the closing balance as of June 30 was RMB1,000,099,000.
- ③ Medium-term note 21TCL Technology MTN001 (high-growth bond): Issued in May 2021, with a term of 3 years, the closing balance as of June 30 was RMB1,998,613,000.

40 Other current liabilities

		June 30, 2023	January 1, 2023
After-sales service expense (note)		1,100,958	844,293
Output tax to be transferred		235,431	175,626
Others		<u>79,846</u>	<u>165,929</u>
		<u>1,416,235</u>	<u>1,185,848</u>

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

41 Long-term borrowings

	June 30, 2023	January 1, 2023
Borrowings secured by collateral	42,107,358	42,317,366
Borrowings secured by pledge	6,216,682	6,675,371
Unsecured borrowings	<u>85,636,537</u>	<u>73,951,728</u>
	<u>133,960,577</u>	<u>122,944,465</u>
Including: long-term loans due within one year	<u>(6,389,135)</u>	<u>(4,341,300)</u>
	<u>127,571,442</u>	<u>118,603,165</u>

The maturities of the Company's long-term borrowings vary from 2023 to 2038.

As of June 30, 2023, the long-term borrowings secured by collateral were equivalent to RMB42,107,358,000 (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 RMB109,429,235,000 (December 31, 2022: RMB110,182,749,000); the long-term pledged borrowings were equivalent to RMB6,216,682,000 (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 40% equity in Huansheng Solar (Jiangsu) Co., Ltd. and accounts receivable and contract assets of about RMB971,785,000 (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 2.4% to 7.75%).

42 Bonds payable

	June 30, 2023	January 1, 2023
Corporate bonds	3,599,179	4,518,438
MTN	<u>6,989,292</u>	<u>7,488,413</u>
	<u>10,588,471</u>	<u>12,006,851</u>

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)
42 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 1)	June 30, 2023
19TCL01	1,000,000	May 20, 2019	5	1,000,000	1,000,264	-	17,246	(109)	-	(1,000,155)	-
19TCL02	1,000,000	July 23, 2019	5	1,000,000	996,522	-	15,125	1,104	-	-	997,626
19TCL03	2,000,000	October 21, 2019	5	2,000,000	436,934	-	6,437	841	-	-	437,775
TCL TEC1	1,957,483	July 14, 2020	5	1,957,483	2,084,718	-	20,097	11,872	-	67,188	2,163,778
21TCL Group MTN001 (High-Growth Debt)	2,000,000	May 10, 2021	3	2,000,000	1,997,821	-	40,900	525	-	(1,998,346)	-
22TCL Group MTN001	2,000,000	January 14, 2022	3	2,000,000	1,997,392	-	34,342	441	-	-	1,997,833
22TCL Group GN002	1,500,000	April 27, 2022	3	1,500,000	1,497,217	-	24,522	594	-	-	1,497,811
22TCL Group MTN003 (Science and Technology Notes)	2,000,000	July 06, 2022	3	2,000,000	1,995,983	-	34,153	792	-	-	1,996,775
23TCL Group MTN001 (Science and Technology Notes)	1,500,000	February 03, 2023	3	1,500,000	-	1,500,000	24,206	(3,127)	-	-	1,496,873
Total	14,957,483			14,957,483	12,006,851	1,500,000	217,028	12,933	-	(2,931,313)	10,588,471

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

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

43 Lease liabilities

	June 30, 2023	January 1, 2023
Total lease liabilities	5,488,697	4,756,393
Less: Current portion of lease liabilities	430,363	295,010
Total	5,058,334	4,461,383

44 Long-term payables

	June 30, 2023	January 1, 2023
Finance lease	2,431,551	887,763

45 Deferred income

	January 1, 2023	Increase in the period	Decrease in the period	Others	June 30, 2023
Government grants	2,468,145	4,067,217	(3,538,632)	16,130	3,012,860
	2,468,145	4,067,217	(3,538,632)	16,130	3,012,860

Items involving government grants

	January 1, 2023	New grants in current period	Amount recorded in non-operating income in current period	Amount recorded in other income in current period	Amount used to offset costs and expenses in current period	Other changes	June 30, 2023
Government grants related to assets	953,042	262,499	-	(6,653)	(37,455)	(1,019,853)	151,580
Government grants related to income	1,515,103	3,820,848	-	(1,128,701)	(1,022,487)	(323,483)	2,861,280
	2,468,145	4,083,347	-	(1,135,354)	(1,059,942)	(1,343,336)	3,012,860

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

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

46 Estimated liabilities

	June 30, 2023	January 1, 2023
After-sales service fee of products	39,352	27,105
Pending litigation	68,969	70,379
Onerous contract	<u>38</u>	<u>38</u>
	<u>108,359</u>	<u>97,522</u>

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

47 Share capital

	January 1, 2023		Increase or decrease in current period				June 30, 2023	
	Amount	Ratio (%)	New issues	Shares converted from capital reserve	Others	Subtotal	Amount	Ratio (%)
I. Restricted Shares	3,420,221	20.03%	-	342,022	(3,081,704)	(2,739,682)	680,539	3.62%
II. Non-restricted shares	13,651,671	79.97%	-	1,365,167	3,081,704	4,446,871	18,098,542	96.38%
III. Total shares	17,071,892	100%	-	1,707,189		1,707,189	18,779,081	100%

As of June 30, 2023, the Company's total share capital was 18,779,080,767 shares.

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

48 Capital reserves

	January 1, 2023	Increase in the period	Decrease in the period	June 30, 2023
Share premium	12,437,990	274,244	(2,401,878)	10,310,356
Other capital reserves	<u>84,803</u>	<u>53,253</u>	<u>(23,404)</u>	<u>114,652</u>
	<u>12,522,793</u>	<u>327,497</u>	<u>(2,425,282)</u>	<u>10,425,008</u>

49 Treasury share

	January 1, 2023	Increase in the period	Decrease in the period	June 30, 2023
Treasury share	<u>1,314,581</u>	<u>271,264</u>	<u>(466,809)</u>	<u>1,119,036</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 June 30, 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)		
50	Other comprehensive income		
(1)	Other comprehensive income items, income tax effects and reclassifications to profit or loss		
	January - June 2023	January - June 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	4,483	388
	Share of the period	4,483	388
	Previous other comprehensive income reclassified to retained earnings for current period		
2.	Changes in fair value of other equity instruments	(23,898)	(13,674)
	Current gain/(loss)	(20,062)	(9,968)
	Previous other comprehensive income reclassified to retained earnings for current period	-	-
	Income tax effects recorded in other comprehensive income	(3,836)	(3,706)
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	29,896	4,046
	Share of the period	29,896	4,046
	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	(360,611)	(209,875)
	Current gain/(loss)	(340,791)	(158,364)
	Previous other comprehensive income reclassified to profit for current period	(23,262)	(48,626)
	Income tax effects recorded in other comprehensive income	3,442	(2,885)
4.	Differences arising from translation of foreign currency financial statements of overseas operations	(100,880)	(153,882)
5.	Net income arising from disposal of overseas operations through profit or loss	-	-
		(451,010)	(372,997)

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)
50 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 from January to June 2023	-	34,381	-	(271,320)	(107,245)	(20,062)	-	-	(364,246)	(86,764)	(451,010)
June 30, 2023	334,950	63,768	(350,569)	(193,159)	(743,955)	(177,772)	-	(109,331)	(1,176,068)	(10,524)	(1,186,592)

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

51 Surplus reserves

	January 1, 2023	Increase in the period	Decrease in the period	June 30, 2023
Statutory surplus reserves	3,529,403	-	-	3,529,403
Discretionary surplus reserves	<u>182,870</u>	<u>-</u>	<u>-</u>	<u>182,870</u>
	<u>3,712,273</u>	<u>-</u>	<u>-</u>	<u>3,712,273</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.

52 Specific reserves

	January 1, 2023	Appropriation in the period	Decrease in the period	June 30, 2023
Production safety reserve	<u>2,301</u>	<u>16,191</u>	<u>(11,701)</u>	<u>6,791</u>

53 General risk reserve

	January 1, 2023	Appropriation in the period	Decrease in the period	June 30, 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
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)
54 Retained earnings

	January - June 2023	January - June 2022
Retained earnings at the beginning of the year	19,486,730	22,458,340
Change of accounting policies (Note)	-	69,346
Net profit for current period	340,493	663,521
Decrease in the period	-	(2,064,177)
Including: Appropriation of surplus reserves		
Distributed to ordinary shareholders as dividends	-	(2,050,003)
Others	-	(14,174)
Retained earnings at the end of the period	<u>19,827,223</u>	<u>21,127,030</u>

55 Operating income and operating costs

	January - June 2023		January - June 2022	
	Revenue	Operating cost	Revenue	Operating cost
Core business	82,810,846	72,687,776	82,566,755	75,173,515
Non-core business	<u>2,337,880</u>	<u>1,579,823</u>	<u>1,955,426</u>	<u>1,349,429</u>
	<u>85,148,726</u>	<u>74,267,599</u>	<u>84,522,181</u>	<u>76,522,944</u>

(1) Business by operating segment

	Revenue		Operating cost		Gross profit	
	January - June 2023	January - June 2022	January - June 2023	January - June 2022	January - June 2023	January - June 2022
Domestic sales	58,816,019	57,379,450	53,158,646	51,272,092	5,657,373	6,107,358
Foreign sales	<u>26,332,707</u>	<u>27,142,731</u>	<u>21,108,953</u>	<u>25,250,852</u>	<u>5,223,754</u>	<u>1,891,879</u>
	<u>85,148,726</u>	<u>84,522,181</u>	<u>74,267,599</u>	<u>76,522,944</u>	<u>10,881,127</u>	<u>7,999,237</u>

- (2) The sales revenue from the top five customers combined was RMB22,802,968,000 and RMB27,189,512,000 respectively for January-June, 2023 and January-June, 2022, accounting for 27.5% and 32.9% of the core business revenue.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

55 Operating income and operating costs (continued)

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

	January - June 2023	January - June 2022
Revenue	457,949	427,118
Operating cost	417,719	403,777

56 Interest income/expense and exchange gain

	January - June 2023	January - June 2022
Interest income	41,463	38,579
Interest expenditures	9,976	14,292
Exchange gain/(loss)	(295)	24,351

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

57 Taxes and levies

	January - June 2023	January - June 2022
Property tax	190,060	131,638
Stamp tax	119,421	100,211
Urban maintenance and construction tax	35,287	21,608
Education surcharges	18,924	15,407
Land use tax	18,063	13,634
Others	10,142	6,583
	<u>391,897</u>	<u>289,081</u>

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V	Notes to Consolidated Financial Statements (Continued)	
58	Sales expenses	
	January - June 2023	January - June 2022
	Employee salaries and benefits	322,046
	After-sales service expense	281,872
	Promotional and marketing expenses	139,964
	Others	309,487
	<u>1,206,698</u>	<u>1,053,369</u>
59	General and administrative expense	
	January - June 2023	January - June 2022
	Employee salaries and benefits	759,634
	Depreciation and amortization expenses	370,222
	Digital development expenses	128,251
	Others	458,272
	<u>2,015,924</u>	<u>1,716,379</u>
60	R&D expenses	
	January - June 2023	January - June 2022
	Depreciation and amortization expenses	1,483,845
	Material expenses	1,859,860
	Employee salaries and benefits	779,375
	Others	328,684
	<u>4,892,354</u>	<u>4,451,764</u>
61	Financial expenses	
	January - June 2023	January - June 2022
	Interest expenditures	2,031,269
	Interest income	(325,439)
	Exchange loss / (gain)	(55,264)
	Others	69,591
	<u>1,613,163</u>	<u>1,720,157</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)		
62	Other income	
		<div style="display: flex; justify-content: space-around;"> January - June 2023 January - June 2022 </div>
	R&D subsidies	896,801
	VAT rebates on software	20,873
	Over-deduction in taxable amount for VAT	1,585
	Others	280,666
		1,199,925
		1,643,110
63	Return on investment	
		<div style="display: flex; justify-content: space-around;"> January - June 2023 January - June 2022 </div>
	Gain on disposal of debt instruments at fair value through profit or loss	23,310
	Gain on disposal of debt instruments at fair value through profit or loss	703,905
	Gain on disposal of equity instruments at fair value through profit or loss	8,840
	Gain on holding of equity instruments at fair value through profit or loss	137,076
	Gain on disposal of debt instruments at fair value through profit or loss	1,257,953
	Gain on holding of debt instruments at fair value through profit or loss	(37,627)
	Share of net income of associates	360,377
	Share of net income of joint ventures	(140,059)
	Net income from disposal of long-term equity investments	360,377
	Others	(140,059)
		2,313,775
		1,780,515
64	Gain on changes in fair value	
		<div style="display: flex; justify-content: space-around;"> January - June 2023 January - June 2022 </div>
	Held-for-trading financial assets	483,079
	Derivative financial assets	37,768
	Held-for-trading financial liabilities	(68,190)
	Derivative financial liabilities	(256)
		452,401
		114,495

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V	Notes to Consolidated Financial Statements (Continued)			
65	Credit impairment loss			
		January - June 2023	January - June 2022	
	Loss on uncollectible accounts receivable	(42,425)	(21,227)	
	Loss on uncollectible other receivables	(3,760)	(4,351)	
	Other financial assets	683	(1,579)	
		<u>(45,502)</u>	<u>(27,157)</u>	
66	Asset impairment loss			
		January - June 2023	January - June 2022	
	Inventory valuation loss	(2,217,911)	(1,006,908)	
	Impairment loss on long-term equity investments	(137,375)	-	
	Impairment loss on fixed assets	-	-	
	Impairment loss on contract assets	(3,670)	-	
	Impairment loss on intangible assets	-	-	
	Impairment loss on construction in progress	-	-	
	Others	-	(3,379)	
		<u>(2,358,956)</u>	<u>(1,010,287)</u>	
67	Asset disposal income			
		January - June 2023	January - June 2022	
	Income/(loss) from disposal of fixed assets	(18,624)	(17,103)	
	Income/(loss) from disposal of intangible assets	(22,271)	(8,498)	
	Others	883	1,970	
		<u>(40,012)</u>	<u>(23,631)</u>	
68	Non-operating income			
		January - June 2023	January - June 2022	Amount through current non-recurring gains and losses
	Gains on retired or damaged non-current assets	176	116	176
	Government grants and others	25,854	596,424	25,854
		<u>26,030</u>	<u>596,540</u>	<u>26,030</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)				
69	Non-operating expense	January - June 2023	January - June 2022	Amount through current non- recurring gains and losses
	Losses on retired or damaged non-current assets	2,392	2,020	2,392
	Others	46,768	50,372	46,768
		<u>49,160</u>	<u>52,392</u>	<u>49,160</u>
70	Income tax expenses			
(1)	Table of income tax expenses	January - June 2023	January - June 2022	
	Current income tax expense	577,065	338,743	
	Deferred income tax expense	(676,864)	(427,141)	
		<u>(99,799)</u>	<u>(88,398)</u>	
(2)	Accounting profit and income tax adjustment process	January - June 2023	January - June 2022	
	Gross profit	2,290,784	1,838,318	
	Income tax expense calculated at statutory/applicable tax rate	572,696	275,748	
	Impact of different tax rates applied to subsidiaries	20,717	365,664	
	Impact of adjusting income tax in previous periods	(182,054)	(51,310)	
	Impact of non-taxable income	(344,175)	(488,118)	
	Impact of non-deductible costs, expenses and losses	31,332	44,556	
	Impact of the use of deductible losses carry forward without recognize deferred income tax assets in the previous periods	(118,357)	(329,838)	
	Impact of unrecognized deferred income tax assets of deductible temporary differences or deductible losses in the current period	384,393	324,802	
	Others	(464,351)	(229,902)	
	Income tax expense	<u>(99,799)</u>	<u>(88,398)</u>	

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

71 Earnings per share

(1) Basic earnings per share

	January - June 2023	January - June 2022
Net profit attributable to shareholders of the parent company	340,493	663,523
Weighted average outstanding ordinary shares (in thousand shares)	18,519,475	14,925,203
Basic earnings per share (RMB yuan)	0.0184	0.0445

(2) Diluted earnings per share

	January - June 2023	January - June 2022
Net profit attributable to shareholders of the parent company	340,493	663,523
Diluted weighted average outstanding ordinary shares (in thousand shares)	18,779,081	15,042,602
Diluted earnings per share (RMB yuan)	0.0181	0.0441

72 Cash generated from other operating activities

Cash received from other related operating activities in the consolidated cash flow statement was RMB5,588,817,000 (the same period of the previous year: RMB5,538,379,000), which primarily consisted of current payments received, government grants and special appropriation, etc.

73 Cash used in other operating activities

Cash paid in other operating activities in the consolidated cash flow statement was RMB5,049,598,000 (the same period of the previous year: RMB5,670,402,000), which primarily consisted of various expenses and current payments.

74 Cash generated from other investing activities

Cash received from other related investing activities in the Company's consolidated cash flow statement amounted to RMB1,640,766,000 (the same period of the previous year: RMB73,748,000), mainly due to the receipt of project bid bonds and net cash received from subsidiaries, etc.

75 Cash used in other investing activities

Cash paid for other related investing activities in the Company's consolidated cash flow statement amounted to RMB475,943,000 (the same period of the previous year: RMB333,406,000), mainly due to the refund of project bid bonds, payments for foreign exchange forward delivery and net cash paid for selling subsidiaries, etc.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

76 Cash generated from other financing activities

Cash received from other related financing activities in the consolidated cash flow statement of the Company amounted to RMB1,895,912,000 (the same period of the previous year: RMB6,000,000), mainly including finance lease payments and deposits received.

77 Cash used in other financing activities

Cash paid for other related financing activities in the Company's consolidated cash flow statement amounted to RMB6,312,578,000 (the same period of the previous year: RMB4,454,836,000), mainly for the repurchase of minority interests in subsidiaries, repurchase of company shares, and payment of financial lease payments, etc.

78 Supplementary information for the cash flow statement

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

	January - June 2023	January - June 2022
Net profit	2,390,583	1,926,716
Add: Asset impairment allowance	2,404,458	1,037,444
Depreciation of fixed assets	9,763,566	9,659,290
Depreciation of right-of-use assets	224,847	152,525
Amortization of intangible assets	808,784	753,154
Amortization of long-term prepaid expense	1,025,787	857,830
Loss/(Gain) on disposal of fixed assets, intangible assets and other long-lived assets	40,012	23,631
Loss on retired or damaged fixed assets	2,216	1,904
Loss/(Gain) on changes in fair value	(452,401)	(114,495)
Financial expenses	1,975,711	1,965,946
Return on investment	(2,313,775)	(1,780,515)
Decrease/(Increase) in deferred income tax assets	(1,008,863)	(663,627)
Increase/(Decrease) in deferred income tax liabilities	496,643	565,235
Decrease/(Increase) in inventory	(324,976)	(119,965)
Decrease/(Increase) in operating receivables	(8,800,043)	(2,029,270)
Increase/(Decrease) in operating payables	3,073,357	(2,332,939)
Others	1,110,262	(886,228)
	<u>10,416,168</u>	<u>9,016,636</u>
Net cash generated from operating activities	<u>10,416,168</u>	<u>9,016,636</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

78 Supplementary information for the cash flow statement (continued)

(2) Net cash payments for acquisition of subsidiaries in the current period

	January - June 2023	January - June 2022
Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	350,155	-
Less: cash and cash equivalents held by subsidiary on acquisition date	7,628	-
Add: Payments of cash and cash equivalents made in current period due to business combinations incurred in previous periods	-	-
	342,527	-
Net cash payments for acquisition of subsidiaries	342,527	-

(3) Net cash proceeds from disposal of subsidiaries in the current period

Cash or cash equivalents received in current period due to disposal of subsidiary in current period	-	-
Less: cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	-	-
Add: Cash or cash equivalents received in current period due to disposal of subsidiaries in prior periods	-	-
	-	-
Net proceeds from the disposal of subsidiaries	-	-

(4) Breakdown of cash and cash equivalents

	June 30, 2023	January 1, 2023
I. Cash	27,744,248	33,675,624
Including: Cash on hand	456	480
Bank deposits available for payment on demand	27,307,262	32,696,213
Other monetary assets available for payment on demand	435,350	919,646
Deposits with the central bank available for payment	1,180	59,285
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	27,744,248	33,675,624

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

79 Net changes in cash and cash equivalents

	January - June 2023	January - June 2022
Cash and cash equivalents at the end of the period	27,744,248	31,676,321
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>(5,931,376)</u>	<u>1,594,616</u>
Analysis of ending cash and cash equivalents:		
Monetary assets at the end of the period	29,286,645	33,795,517
Less: Non-cash equivalents at the end of the period (note)	<u>1,542,397</u>	<u>2,119,196</u>
Cash and cash equivalents at the end of the period	<u>27,744,248</u>	<u>31,676,321</u>

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

80	Assets with restricted ownership or use rights	June 30, 2023	Reason for restriction
	Monetary assets	266,969	Deposited in the central bank as the required reserve
	Monetary assets	1,275,428	Other restricted monetary assets
	Notes receivable	175,227	Pledge
	Fixed assets	100,732,098	As collateral for loan
	Intangible assets	4,104,162	As collateral for loan
	Held-for-trading financial assets	452,544	Pledge
	Construction in progress	5,099,292	As collateral for loan
	Right-of-use assets	18,131	Lease collateral
	Accounts receivable	1,358,298	Pledge
	Contract assets	298,041	Pledge
		<u>113,780,190</u>	

81 Foreign currency monetary items

		June 30, 2023		
		Foreign currency balance	Conversion rate	RMB balance
	Monetary assets			
	Including: USD	601,167	7.2258	4,343,913
	HKD	116,889	0.9219	107,760
	EUR	3,314	7.8487	26,011
	JPY	1,829,193	0.0499	91,277
	SGD	248	5.3280	1,321
	INR	2,540,279	0.0881	223,799
	Accounts receivable			
	Including: USD	1,292,625	7.2258	9,340,250
	HKD	100	0.9219	92
	INR	4,687,216	0.0881	412,944
	Accounts payable			
	Including: USD	580,092	7.2258	4,191,629
	HKD	624,481	0.9219	575,709
	JPY	11,554,876	0.0499	576,588
	EUR	3,843	7.8487	30,163
	INR	368,134	0.0881	32,433

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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V Notes to Consolidated Financial Statements (Continued)

81 Foreign currency monetary items (continued)

	June 30, 2023		
	Foreign currency balance	Conversion rate	RMB balance
Other receivables			
Including: USD	28,373	7.2258	205,018
HKD	29,957	0.9219	27,617
JPY	71,970	0.0499	3,591
PLN	1,520	1.7645	2,682
INR	56,801	0.0881	5,004
KRW	102,590	0.0055	565
MXN	20,888	0.4220	8,815
SGD	75	5.3280	400
Other payables			
Including: USD	784,534	7.2258	5,668,886
HKD	81,348	0.9219	74,995
JPY	20,199,269	0.0499	1,007,944
INR	31,931	0.0881	2,813
PLN	421	1.7645	743
KRW	176,970	0.0055	974
AUD	34	4.7806	163
MXN	26,139	0.4220	11,031
EUR	179	7.8487	1,405
SGD	32	5.3280	170
Notes payable			
Including: USD	2,602	7.2258	18,802
Short-term borrowings			
Including: USD	2,693	7.2258	19,459
Long-term borrowings			
Including: USD	555,448	7.2258	4,013,556

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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VI Changes to Consolidation Scope

1 Newly consolidated entities for current period

Name of investee	Consolidated period	Reason change	for Registered (RMB)	capital	Contribution ratio
Lumitech North America Corporation	February-June, 2023	Newly incorporated	USD10,000,000		100.00%
Suzhou Zhonghuan Photovoltaic Materials Co., Ltd.	March-June, 2023	Newly incorporated	RMB50,000,000		100.00%
Ningxia Huanou New Energy Technology Co., Ltd.	March-June, 2023	Newly incorporated	RMB1,250,000,000		100.00%
Xinxin Semiconductor Technology Co., Ltd.	March-June, 2023	Acquisition	RMB6,513,000,000		100.00%
Jiangsu Mingjing Semiconductor Technology Co., Ltd.	March-June, 2023	Acquisition	RMB120,000,000		100.00%
Jiangsu Lixin Semiconductor Technology Co., Ltd.	March-June, 2023	Acquisition	RMB4,300,000,000		100.00%
Zhonghuan Advanced (Xuzhou) Semiconductor Technology Co., Ltd.	March-June, 2023	Acquisition	RMB4,210,000,000		100.00%
Jiangsu Huasheng Semiconductor Materials Co., Ltd.	March-June, 2023	Acquisition	RMB200,000,000		100.00%
Hong Kong NExcel Electronic Technology Co., Ltd.	March-June, 2023	Acquisition	USD5,000,000		100.00%
Singapore NExcel Electronic Technology Co., Ltd.	March-June, 2023	Acquisition	SGD100,000		100.00%
Xuzhou Jingrui Semiconductor Equipment Technology Co., Ltd.	March-June, 2023	Acquisition	RMB150,000,000		100.00%
Meixin (Xuzhou) Silicon Material Technology Co., Ltd.	March-June, 2023	Acquisition	RMB22,000,000		100.00%
Ningxia Zhonghuan Industrial Park Management Co., Ltd.	March-June, 2023	Newly incorporated	RMB10,000,000		100.00%
Shanghai Zhonghuan Photovoltaic Materials Co., Ltd.	March-June, 2023	Newly incorporated	RMB10,000,000		100.00%
Guangzhou TCL Industrial Research Institute Co., Ltd.	March-June, 2023	Newly incorporated	RMB200,000,000		100.00%
Xiaoyu Online (Beijing) Technology Co., Ltd.	March-June, 2023	Newly incorporated	RMB10,000,000		100.00%
Suzhou China Star Environmental Protection Technology Co., Ltd.	May-June, 2023	Acquisition	RMB100,000,000		100.00%
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	May-June, 2023	Newly incorporated	RMB1,561,000,000		99.94%
Inner Mongolia TCL Photoelectric Technology Co., Ltd.	May-June, 2023	Acquisition	RMB100,000,000		100.00%

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VI	Ningbo Dongshen Zhixuan Equity Investment Partnership (Limited Partnership) Changes to Consolidation Scope (continued)	May-June, 2023	Newly incorporated	RMB551,000,000	90.74%
1	Newly consolidated entities for current period (continued)				
	Name of investee	Consolidated period	Reason change	for Registered (RMB) capital	Contribution ratio
	TCL Financial Technology (Shenzhen) Co., Ltd.	Late June 2023	Acquisition	RMB5,000,000	100.00%
	Huansheng Photovoltaic (Guangdong) Co., Ltd.	Late June 2023	Newly incorporated	RMB10,000,000	100.00%

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 acquiree as at the acquisition date are presented as follows:

	Fair value at acquisition date	Carrying amount at acquisition date
Current assets	25,502	25,502
Non-current assets	332,703	150,272
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.

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VI Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

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

① 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	<u>15,036</u>
Difference of lower goodwill / merger cost and higher share of fair value of identifiable net assets acquired	-

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

Item	Fair value at acquisition date	Carrying amount at acquisition date
Current assets	38,151	38,151
Non-current assets	11,600	6,098
Net assets	15,036	10,360
Less: non-controlling interests	-	-
Net assets acquired	15,036	10,360

(3) Acquisition of shares in Xinxin Semiconductor 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 Semiconductor 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	<u>6,219,678</u>
Goodwill amount	1,180,005

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

Item	Fair value at acquisition date	Carrying amount at 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

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VI Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

(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 acquiree as at the acquisition date are presented as follows:

Item	Fair value at acquisition date	Carrying amount at 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

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
Qinhuangdao Tianhui Solar Energy Co., Ltd.	April 2023	Transferred

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VI 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	32,213	30,249	52,460	79,060
% equity interest disposed	100%	100%	99%	100%
Way of equity 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	6,038	26,308	(22,207)	84,046
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 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	(13,906)	(9,728)	(9,413)	(38,259)

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VII 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 Semiconductor 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	-	95.35%	Incorporated
Wuhan China Star Optoelectronics Semiconductor 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

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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	
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100%	Business combination not under common control
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	55%	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
Xinjiang TCL Equity Investment Ltd.	Xinjiang	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 New Energy Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	2.55%	27.37%	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 Semiconductor 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

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)

Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	- 100.00%		Business combination not under common control
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	- 100.00%		Business combination not under common control
Huansheng Solar (Jiangsu) Co., Ltd.	Wuxi	Manufacturing and sales	Wuxi	- 83.73%		Business combination not under common control
Tianjin Huanou International Silicon Material Co., Ltd.	Tianjin	Procurement & sales	Tianjin	- 100.00%		Business combination not under common control
Zhonghuan Hong Kong Holding Limited	Hong Kong	Sales	Hong Kong	- 100.00%		Business combination not under common control
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Procurement & sales	Tianjin	- 100.00%		Business combination not under common control
Inner Mongolia Zhonghuan Xiexin Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	- 59.32%		Business combination not under common control
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	- 100.00%		Business combination not under common control
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	Wuxi	Manufacturing and sales	Wuxi	7.50%	36.00%	Business combination not under common control
Moka International Limited	BVI	Investment holding	BVI	- 100.00%		Business combination not under common control
Moka Technology (Guangdong) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	- 100.00%		Business combination not under common control

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Non-controlling shareholding ratio (%)	Current period profit or loss attributable to non-controlling interests	Current period dividends distributed to non-controlling interests	Closing non-controlling interests Shareholder equity
TCL China Star Optoelectronics Technology Co., Ltd.	20.83%	(1,546,652)	-	42,840,468
TCL Zhonghuan New Energy Technology Co., Ltd.	70.09%	3,484,892	227,089	44,090,640
Highly Information Industry Co., Ltd.	33.54%	29,568	33,963	552,148

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VII 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:

	June 30, 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.	38,461,841	156,336,412	194,798,254	46,726,932	77,226,042	123,952,974	40,115,151	152,441,917	192,557,068	45,523,242	73,184,255	118,707,497
TCL Zhonghuan New Energy Technology Co., Ltd.	34,331,503	87,995,990	122,327,493	21,375,853	42,544,326	63,920,179	31,829,523	77,304,246	109,133,769	23,020,082	39,053,844	62,073,926
Highly Information Industry Co., Ltd.	8,692,301	141,278	8,833,578	7,330,519	33,518	7,364,038	8,563,285	149,390	8,712,675	7,191,610	39,961	7,231,571
	January - June 2023				January - June 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				
TCL China Star Optoelectronics Technology Co., Ltd.	30,600,624	(3,619,167)	(3,976,323)	6,612,328	32,429,876	(2,631,952)	(2,880,645)	10,250,591				
TCL Zhonghuan New Energy Technology Co., Ltd.	34,897,789	4,838,880	4,839,827	2,860,116	31,698,337	3,224,900	3,224,900	2,809,898				
Highly Information Industry Co., Ltd.	13,812,825	78,707	78,707	(605,431)	14,728,215	118,259	118,259	(574,296)				

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VII 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
Associate					
Xinjiang Goens Energy Technology Co., Ltd.	Xinjiang	R&D, production & sale of polycrystalline silicon & monocrystalline silicon;	Yes	-	27%
Bank of Shanghai Co., Ltd.	Shanghai	Financial	Yes	5.76%	

(2) Key financial information of major associates

	June 30, 2023	January 1, 2023	June 30, 2023	January 1, 2023
	Xinjiang Goens Energy Technology Co., Ltd.	Xinjiang Goens Energy Technology Co., Ltd.	Bank of Shanghai Co., Ltd.	Bank of Shanghai Co., Ltd.
Total assets	18,456,400	18,957,948	3,033,046,069	2,878,524,759
Total liabilities	2,747,094	4,436,546	2,804,061,231	2,656,876,235
Non-controlling interests Equity attributable to shareholders of the parent company	Not applicable 15,709,306	Not applicable 14,521,402	607,016 228,377,822	594,465 221,054,059
Share of equity in proportion to the Company's interest	4,241,513	3,920,779	13,154,563	12,732,714
Carrying amount of investment in associate	4,249,798	3,919,464	13,233,111	12,809,374
	January - June 2023	January - June 2022	January - June 2023	January - June 2022
	Xinjiang Goens Energy Technology Co., Ltd.	Xinjiang Goens Energy Technology Co., Ltd.	Bank of Shanghai Co., Ltd.	Bank of Shanghai Co., Ltd.
Revenue	4,079,162	6,649,119	26,360,045	27,941,662
Net profit attributable to the parent company	2,023,457	3,835,377	12,834,970	12,674,306
Dividends from associate to the Group in current period	-	-	327,157	327,157

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VII Interests in Other Entities
(Continued)

2 Interests in joint ventures and associates (continued)

(3) Financial information of other joint ventures and associates combined respectively

	End of June 2023 / January-June 2023	End of June 2022 / January- June 2022
Joint ventures:		
Total carrying amount of investments	466,125	542,914
Aggregate of following items calculated in proportion to the Company's interest		
Net profit (note)	(37,627)	(12,343)
Other comprehensive income (note)		
Total comprehensive income	(37,627)	(12,343)
Associate:		
Total carrying amount of investments	12,405,364	11,064,477
Aggregate of following items calculated in proportion to the Company's interest		
Net profit (note)	(6,486)	(13,791)
Other comprehensive income (note)	2,979	366
Total comprehensive income	(3,507)	(13,425)

Note: The net profit and other comprehensive income have taken into account the impacts of both the fair value of the identifiable assets and liabilities upon the acquisition of investment and accounting policies unifying.

(4) The Company did not have any significant joint venture during the reporting period.

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VIII 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 of June 30, 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 June 30, 2023, the Group had no liquidity risk events.

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VIII 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 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.

(a) On June 30, 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 USD685,752,000, equivalent to RMB4,955,104,000 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 January - June 2023	Exchange rate at period-end June 30, 2023
USD/RMB	6.9693	7.2258

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 RMB247,755,000 in shareholders' equity and net profit respectively of the Group on June 30, 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 June 30, 2023, the Group's liabilities with floating interest rates accounted for 59.93% 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.

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IX 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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IX 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)	319,925	10,646,426	3,405,424	14,371,775
Derivative financial assets (see Note V.3)	-	125,204		125,204
Receivables financing (see Note V.6)	-	-	3,307,933	3,307,933
Investments in other equity instruments (see Note V. 15)	46,668	-	374,436	421,104
Other non-current financial assets (see Note V. 16)	722,328	-	3,639,549	4,361,877
	<u>1,088,921</u>	<u>10,771,630</u>	<u>10,727,342</u>	<u>22,587,893</u>
Total assets continuously measured at fair value	<u>1,088,921</u>	<u>10,771,630</u>	<u>10,727,342</u>	<u>22,587,893</u>

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V, 30)	-	163,872	563,070	726,942
Derivative financial liabilities (see Note V, 31)	-	309,743	-	309,743
	<u>-</u>	<u>309,743</u>	<u>-</u>	<u>309,743</u>
Total liabilities continuously measured at fair value	<u>-</u>	<u>473,615</u>	<u>563,070</u>	<u>1,036,685</u>

TCL Technology Group Corporation
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X 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 1,276,684,768 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
Huizhou TCL Human Resources Service 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 Semi-conductor (Tianjin) Co., Ltd.	Joint venture's subsidiary
Moxing Semi-conductor (Guangdong) Co., Ltd.	Joint venture's subsidiary
Jiangsu Huanxin Semiconductor Co., Ltd.	Joint venture's subsidiary
Anhui TCL Human Resources Service Co., Ltd.	Joint venture's subsidiary
Peer College Education Technology (Huizhou) Co., Ltd.	Joint venture's subsidiary
Shanxi Shengwei Enterprise Management Co., Ltd.	Joint venture's subsidiary
Anhui Dangzhuo Enterprise Management Co., Ltd.	Joint venture's subsidiary
Hubei Shifen Sharing Technology Co., Ltd.	Joint venture's subsidiary
Moxun Semiconductor Technology (Shanghai) Co., Ltd.	Joint venture's subsidiary
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	Associate
SunPower Systems International Limited	Associate
Shenzhen Jucai Supply Chain Technology Co., Ltd.	Associate
MAXEON SOLAR TECHNOLOGIES, PTE. LTD	Associate
Tianjin 712 Communication & Broadcasting Co., Ltd.	Associate
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	Associate
Shenzhen Tixiang Business Management Technology Co., Ltd.	Associate
Xinjiang Goens Energy Technology Co., Ltd.	Associate
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	Associate

TCL Technology Group Corporation
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X Related parties and related-party transactions (continued)

2 The nature of related parties without control relationship (continued)

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 Partnership)	Associate
Inner Mongolia Huanye Material Co., Ltd.	Associate
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	Associate
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	Associate
LG Electronics (Huizhou) Co., Ltd.	Associate
Wuxi TCL Medical Imaging Technology Co., Ltd.	Associate
China Innovative Capital Management Limited	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 Qihang Supply Chain Management Co., Ltd.	Associate's subsidiary
SunPower Systems Sarl	Associate's subsidiary
Qihang International Import & Export Limited	Associate's subsidiary
Qihang Import&Export Limited	Associate's subsidiary
Jucai Supply Chain International (Hong Kong) Co., Ltd.	Associate's subsidiary
Shenzhen Xirang International Network Information Technology Co., Ltd.	Associate's subsidiary
Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	Associate's subsidiary
Elite Excellent Investments Limited	Associate's subsidiary
Esteem Venture Investment Limited	Associate's subsidiary
Shenzhen Juchuang Zhilian Information Technology Co., Ltd.	Associate's subsidiary
Huixing Holdings Limited	Associate's subsidiary
Marvel Paradise Limited	Associate's subsidiary
Union Dynamic Investment Limited	Associate's subsidiary
Dalian Tixiang Enterprise Management Consulting Co., Ltd.	Associate's subsidiary
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	Associate's subsidiary
SunPower Malaysia Manufacturing Sdn.Bhd.	Associate's subsidiary
Huizhou Yunxin Technology Co., Ltd.	Associate's subsidiary
Shenzhen Junhe Supply Chain Co., Ltd.	Associate's subsidiary
Shenzhen Wisteria Intellectual Property Agency Co., Ltd.	Associate's subsidiary
TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships
Thunderbird Innovation Technology (Ningbo) Co., Ltd.	Other relationships
Thunderbird Innovation Technology (Shenzhen) Co., Ltd.	Other relationships
CJ Speedex Logistics Co., Ltd.	Significantly influenced by the Company's senior management

TCL Technology Group Corporation
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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions

(1) Selling raw materials and finished goods to related parties Note 1

	January - June 2023	January - June 2022
TCL Industries Holdings Co., Ltd. and its subsidiaries	7,423,420	5,216,624
SunPower Systems Sarl	880,716	1,031,484
SunPower Malaysia Manufacturing Sdn.Bhd.	643,867	171,070
Qihang International Import & Export Limited	524,009	497,015
SunPower Systems International Limited	79,537	106,752
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	74,657	1,176,332
Qihang Import&Export Limited	54,082	-
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	51,496	16,015
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	25,237	4,680
Shenzhen Jucai Supply Chain Technology Co., Ltd.	4,647	688
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	3,840	2,940
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	75	-
Tianjin 712 Communication & Broadcasting Co., Ltd.	16	-
Jiangsu Huanxin Semiconductor Co., Ltd.	-	19,542
Getech Ltd. and its subsidiaries	-	4,704
Moxing Semi-conductor (Guangdong) Co., Ltd.	-	44
	<u>9,765,599</u>	<u>8,247,890</u>

(2) Purchasing raw materials and finished products from related parties Note 2

	January - June 2023	January - June 2022
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	2,329,164	2,230,372
Xinjiang Goens Energy Technology Co., Ltd.	1,890,773	2,464,489
TCL Industries Holdings Co., Ltd. and its subsidiaries	701,382	440,420
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	661,064	154,854
Shenzhen Jucai Supply Chain Technology Co., Ltd.	626,214	607,566
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	172,513	89,991
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	119,831	70,157
Qihang Import&Export Limited	60,781	15,776
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	25,461	32,406
Getech Ltd. and its subsidiaries	11,666	12,062
Jucai Supply Chain International (Hong Kong) Co., Ltd.	2,776	1,126
TCL Intelligent Technology (Ningbo) Co., Ltd.	2,596	861
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	401	-
	<u>6,604,622</u>	<u>6,120,080</u>

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X	Related Parties and Related-Party Transactions (Continued)	January - June 2023	January - June 2022
3	Major related-party transactions (continued)		
(3)	Receiving funding from related parties Note 3		
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	350,000	93
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	156,551	149,714
	Qihang Import&Export Limited	23,016	36,860
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	22,025	52,452
	Qihang International Import & Export Limited	16,823	19,047
	Anhui TCL Human Resources Service Co., Ltd.	13,667	6,148
	Huizhou Yunxin Technology Co., Ltd.	11,448	-
	Shenzhen Juchuang Zhilian Information Technology Co., Ltd.	10,406	-
	Elite Excellent Investments Limited	9,082	5,412
	Esteem Venture Investment Limited	5,619	40
	Anhui Dangzhuo Enterprise Management Co., Ltd.	5,572	-
	Shenzhen Xirang International Network Information Technology Co., Ltd.	5,371	6,516
	Peer College Education Technology (Huizhou) Co., Ltd.	4,063	3,744
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	3,058	27,985
	Shanxi Shengwei Enterprise Management Co., Ltd.	2,948	3,808
	Hubei Shifen Sharing Technology Co., Ltd.	2,246	85
	Huizhou TCL Human Resources Service Co., Ltd.	1,509	158
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	816	56,146
	Huixing Holdings Limited	667	670
	Marvel Paradise Limited	633	600
	TCL Intelligent Technology (Ningbo) Co., Ltd.	564	-
	Union Dynamic Investment Limited	411	397
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	125	205
	Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	33
	Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	-	10,904
	Shenzhen Tixiang Business Management Technology Co., Ltd.	-	1,494
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	-	8
		646,653	382,519

TCL Technology Group Corporation
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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(4) Leases

	January - June 2023	January - June 2022
Rental income		
TCL Industries Holdings Co., Ltd. and its subsidiaries	31,029	39,217
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	30,171	34,756
Inner Mongolia Huanye Material Co., Ltd.	9,668	-
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	2,752	-
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	439	439
Shenzhen Jucai Supply Chain Technology Co., Ltd.	427	414
Getech Ltd. and its subsidiaries	376	683
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	189	182
	75,051	75,691
Rental expense		
TCL Industries Holdings Co., Ltd. and its subsidiaries	33,563	28,999
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	4,926	2,581
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	703	1,120
Shenzhen Jucai Supply Chain Technology Co., Ltd.	70	137
	39,262	32,837

(5) Rendering or receipt of services

	January - June 2023	January - June 2022
Rendering of services	127,756	120,933
Receipt of services	888,553	567,820

TCL Technology Group Corporation
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X	Related Parties and Related-Party Transactions (Continued)		
3	Major related-party transactions (continued)		
(6)	Receiving interest from or paying interest to related parties Note 3		
		January - June 2023	January - June 2022
	Interest received	7,058	11,457
	Interest paid	2,319	8,387
(7)	Remuneration of key management personnel Note 4		
		January - June 2023	January - June 2022
	Remuneration of key management personnel	6,996	7,460
(8)	Other related transactions		
	<p>1. 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 RMB1,190.39 million.</p> <p>2. 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.</p> <p>3. 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.</p>		

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.

TCL Technology Group Corporation
Notes to Financial Statements
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- X Related Parties and Related-Party Transactions (Continued)
- 3 Major related-party transactions (continued)
- 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 Tech 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 Remuneration of key management personnel does not include share-based payment.
- 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.

TCL Technology Group Corporation
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X Related Parties and Related-Party Transactions (Continued)		
4 Balances due from and to related parties (continued)		
(1) Notes receivable	June 30, 2023	January 1, 2023
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	158	-
	158	-
(2) Accounts receivable	June 30, 2023	January 1, 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	3,312,435	2,149,032
SunPower Systems Sarl	310,833	258,443
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	157,228	249,860
Qihang International Import & Export Limited	57,546	6,163
Qihang Import&Export Limited	42,410	36,224
TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	22,235	12,651
Inner Mongolia Huanye Material Co., Ltd.	13,567	6,398
SunPower Systems International Limited	12,589	76,749
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	6,690	-
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	5,286	-
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	2,055	1,522
Thunderbird Innovation Technology (Ningbo) Co., Ltd.	658	
Shenzhen Jucai Supply Chain Technology Co., Ltd.	482	1,163
Getech Ltd. and its subsidiaries	344	281
Tianjin 712 Communication & Broadcasting Co., Ltd.	71	44
Huizhou Yunxin Technology Co., Ltd.	30	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	25	183
Shenzhen Junhe Supply Chain Co., Ltd.	15	-
SunPower Malaysia Manufacturing Sdn.Bhd.	2	2
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	2	969
Tianjin Huanyan Technology Co., Ltd.	-	289
MAXEON SOLAR TECHNOLOGIES , PTE. LTD	-	104
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	28
	3,944,503	2,800,105

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X	Related Parties and Related-Party Transactions (Continued)	June 30, 2023	January 1, 2023
4	Balances due from and to related parties (continued)		
(3)	Accounts payable		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,694,814	1,311,176
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,169,450	699,954
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	191,890	268,519
	Getech Ltd. and its subsidiaries	134,830	112,831
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	108,723	9,534
	Qihang Import&Export Limited	92,731	73,130
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	89,886	63,818
	Inner Mongolia Huanye Material Co., Ltd.	61,129	25,090
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	60,779	57,847
	Qihang International Import & Export Limited	20,354	20,058
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	6,530	7,981
	Jucai Supply Chain International (Hong Kong) Co., Ltd.	672	3,769
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	443	968
	Shenzhen Xirang International Network Information Technology Co., Ltd.	324	-
	TCL Intelligent Technology (Ningbo) Co., Ltd.	173	-
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	109	10
	Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	45	-
		<u>3,632,882</u>	<u>2,654,685</u>

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(4)	Other receivables	June 30, 2023	January 1, 2023
	TCL Industries Holdings Co., Ltd. and its subsidiaries	129,006	576,402
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	21,940	218
	Inner Mongolia Huanye Material Co., Ltd.	9,819	4,061
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	7,791	7,987
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	6,813	2,058
	Getech Ltd. and its subsidiaries	5,211	3,994
	Shenzhen Xirang International Network Information Technology Co., Ltd.	3,553	3,825
	Zhonghuan Aineng (Beijing) Technology Co., Ltd.	3,101	3,101
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	2,786	1,725
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	856	15
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	743	-
	LG Electronics (Huizhou) Co., Ltd.	278	212
	Anhui TCL Human Resources Service Co., Ltd.	70	-
	TCL Intelligent Technology (Ningbo) Co., Ltd.	24	-
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	15	-
	Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	-	20,181
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	559
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	9
	Wuxi TCL Medical Imaging Technology Co., Ltd.	-	6
		192,006	624,353

TCL Technology Group Corporation
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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(5)	Other payables	June 30, 2023	January 1, 2023
	Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	428,100	428,100
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	143,999	115,220
	Getech Ltd. and its subsidiaries	123,209	166,525
	TCL Industries Holdings Co., Ltd. and its subsidiaries	107,247	81,858
	Qihang Import&Export Limited	26,296	9,089
	Anhui TCL Human Resources Service Co., Ltd.	20,541	11,009
	Qihang International Import & Export Limited	16,823	25,812
	Shenzhen Xirang International Network Information Technology Co., Ltd.	11,103	3,124
	Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	9,317	9,317
	Elite Excellent Investments Limited	9,082	8,762
	Esteem Venture Investment Limited	5,619	5,416
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	5,574	5,564
	Anhui Dangzhuo Enterprise Management Co., Ltd.	5,520	2,751
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	4,378	1,444
	Peer College Education Technology (Huizhou) Co., Ltd.	4,166	3,881
	Hubei Shifen Sharing Technology Co., Ltd.	2,247	85
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	2,091	1,924
	Tianjin Huanyan Technology Co., Ltd.	1,982	-
	Shanxi Shengwei Enterprise Management Co., Ltd.	1,909	2,221
	Huizhou TCL Human Resources Service Co., Ltd.	1,519	2,515
	Moxun Semiconductor Technology (Shanghai) Co., Ltd.	830	4,057
	Huixing Holdings Limited	667	673
	Marvel Paradise Limited	633	612
	Union Dynamic Investment Limited	411	401
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	272	18,762
	TCL Intelligent Technology (Ningbo) Co., Ltd.	164	75
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	151	449
	Thunderbird Innovation Technology (Shenzhen) Co., Ltd.	144	-
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	114	-
	CJ Speedex Logistics Co., Ltd.	92	102
	Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	66	66
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	55	55
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	45	45
	Jucai Supply Chain International (Hong Kong) Co., Ltd.	-	2,333
	China Innovative Capital Management Limited	-	29
		934,366	912,276

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(6)	Non-current liabilities due within one year	June 30, 2023	January 1, 2023
	TCL Industries Holdings Co., Ltd. and its subsidiaries	19,058	19,555
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	7,646	4,972
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	1,210	957
		27,914	25,484
(7)	Prepayments	June 30, 2023	January 1, 2023
	Tianjin Huanyan Technology Co., Ltd.	30,438	30,438
	Getech Ltd. and its subsidiaries	14,027	16,890
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	8,985	1,446
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	7,525	-
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	1,043	-
	Shenzhen Xirang International Network Information Technology Co., Ltd.	1,014	1,416
	TCL Intelligent Technology (Ningbo) Co., Ltd.	800	-
	TCL Industries Holdings Co., Ltd. and its subsidiaries	670	75
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	120	2,633
	Jucai Supply Chain International (Hong Kong) Co., Ltd.	88	-
	Anhui Dangzhuo Enterprise Management Co., Ltd.	5	-
	Xinjiang Goens Energy Technology Co., Ltd.	-	8,386
		64,715	61,284

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(8)	Advances from customers	June 30, 2023	January 1, 2023
	TCL Industries Holdings Co., Ltd. and its subsidiaries	304	214
		<u>304</u>	<u>214</u>
(9)	Contract liabilities	June 30, 2023	January 1, 2023
	TCL Industries Holdings Co., Ltd. and its subsidiaries	6,734	56,969
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	67	-
	Huizhou Yunxin Technology Co., Ltd.	2	-
	Shenzhen Junhe Supply Chain Co., Ltd.	1	-
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	-	148,237
		<u>6,804</u>	<u>205,206</u>
(10)	Lease liabilities	June 30, 2023	January 1, 2023
	TCL Industries Holdings Co., Ltd. and its subsidiaries	25,451	1,345
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	5,987	1,260
		<u>31,438</u>	<u>2,605</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(11)	Deposits from related parties (note)	June 30, 2023	January 1, 2023
	Zihui Xinyuan Commercial (Huizhou) Co., Ltd.	350,022	300,086
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	156,794	132,615
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	22,034	15,382
	Huizhou Yunxin Technology Co., Ltd.	11,449	-
	Shenzhen Juchuang Zhilian Information Technology Co., Ltd.	10,421	4,136
	Shenzhen Xirang International Network Information Technology Co., Ltd.	5,374	11,956
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	3,064	20,735
	Anhui TCL Human Resources Service Co., Ltd.	1,675	1,637
	Shanxi Shengwei Enterprise Management Co., Ltd.	1,058	978
	TCL Intelligent Technology (Ningbo) Co., Ltd.	564	-
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	544	15,722
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	125	41,867
	Jiangsu Huanxin Semiconductor Co., Ltd.	-	42,553
	Shanghai Tixiang Enterprise Management Consulting Co., Ltd.	-	9,923
	Shenzhen Tixiang Business Management Technology Co., Ltd.	-	5,766
	Dalian Tixiang Enterprise Management Consulting Co., Ltd.	-	46
	TCL Huanxin Semi-conductor (Tianjin) Co., Ltd.	-	8
		<u>563,124</u>	<u>603,410</u>

These deposits are made by related parties in the Company's subsidiary TCL Tech Finance Co., Ltd.

(12)	Other non-current assets	June 30, 2023	January 1, 2023
	Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	168,448	216,468.00
	Getech Ltd. and its subsidiaries	17,602	3,176.00
	Shenzhen Wisteria Intellectual Property Agency Co., Ltd.	7,741	-
	Qihang International Import & Export Limited	4,052	-
	TCL Intelligent Technology (Ningbo) Co., Ltd.	1,085	-
		<u>198,928</u>	<u>219,644</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

XI	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	3,520
	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 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 on July 22, 2022. In 2023, a total of 3,520,000 restricted 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; 247.10 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	Not applicable
	Accumulated amount of equity-settled share-based payment included in capital reserve	RMB52,466,000
	Total expense recognized for equity-settled share-based payments in the current period	RMB25,907,000
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
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

XII Commitments

1 Capital commitments

		June 30, 2023	January 1, 2023
Contracted but not provisioned	Note 1	19,260,930	12,563,851
Approved by Board but not	Note 2	<u>1,196,260</u>	<u>3,248,000</u>
		<u>20,457,190</u>	<u>15,811,851</u>

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 are not under contractual obligations in the current period primarily consisting of such commitments for CSOT's LCD panel project.

As of June 30, 2023, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

XIII Contingencies

Guarantees Provided for External Parties

The guaranteed amount for related party bank loan, commercial drafts, letters of credit, etc. is RMB2,326,335,000.

XIV Events after Balance Sheet Date

There are no significant non-adjusting events after the balance sheet date.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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XV 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 semi-conductor display business, the new energy photovoltaic and semi-conductor 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) Semiconductor display business: mainly includes the research and development, manufacturing and sales of semiconductor display panels and semiconductor display modules, as well as complete display processing.
- (2) New energy photovoltaic and semiconductor materials business: mainly includes the manufacture and sales of semiconductor materials, semiconductor 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.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

XIV Other Important Matters (Continued)

(I) Segment reporting (continued)

2 Financial information of reporting segments

For the six-month period ending June 30, 2023

	Semi-conductor display	New energy photovoltaics and semi-conductor materials business	Distribution business	Other and offsets	Total
Revenue	35,528,427	34,897,789	13,812,825	909,685	85,148,726
Gross profit	(4,227,369)	5,377,407	104,851	1,035,895	2,290,784
Income tax expense	(778,497)	538,527	26,144	114,027	(99,799)
Net profit	(3,448,872)	4,838,880	78,707	921,868	2,390,583
Total assets	217,251,615	122,327,493	8,833,579	32,911,805	381,324,492
Total liabilities	144,644,005	63,920,179	7,364,037	25,762,965	241,691,186
Other items	-	-	-	-	-
Depreciation and amortization	8,892,304	2,764,766	30,524	135,394	11,822,988
Capital expenditure	8,709,800	7,696,786	-	58,764	16,465,349
Net interest expense	454,816	551,207	56,617	816,373	1,879,013

For the six-month period ending June 30, 2022

	Semi-conductor display and materials business	New energy photovoltaics and semi-conductor materials business	Distribution business	Other and offsets	Total
Revenue	37,262,162	31,698,337	14,728,215	833,467	84,522,181
Gross profit	(2,750,561)	3,480,014	165,175	943,690	1,838,318
Income tax expense	(477,736)	255,114	46,916	87,308	(88,398)
Net profit	(2,272,825)	3,224,900	118,259	856,382	1,926,716
Total assets	222,752,118	88,714,834	8,228,826	10,660,749	330,356,527
Total liabilities	145,828,388	43,905,764	6,891,654	14,592,438	211,218,244
Other items	-	-	-	-	-
Depreciation and amortization	7,868,657	1,982,213	15,991	1,555,938	11,422,798
Capital expenditure	13,126,031	4,963,363	-	162,242	18,251,636
Net interest expense	424,130	384,456	33,041	839,916	1,681,543

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

XVI Notes to the key items presented in the financial statements of the Company

1 Accounts receivable

	June 30, 2023				January 1, 2023			
	Amount	Ratio (%)	Allowance	Accrua Ratio (%)	Amount	Ratio (%)	Allowance	Percentage
Within 1 year	365,925	100%	65	0.02%	353,877	100%	65	0.02%

2 Other receivables

	June 30, 2023	January 1, 2023
Dividends receivable	58,994	-
Other receivables	5,445,169	4,961,948
	<u>5,504,163</u>	<u>4,961,948</u>

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

	June 30, 2023	January 1, 2023
Equity transfer receivables	22,550	470,628
Current account with external entities	-	-
Security and deposits	2,524	1,795
Others	5,420,095	4,489,525
	<u>5,445,169</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	-	-	-	-
Reversal of current period	(4)	-	(6)	(10)
Write-off of current period	-	-	-	-
June 30, 2023	<u>1,071</u>	<u>-</u>	<u>31,712</u>	<u>32,783</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
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XVI Notes to Financial Statements of the Parent Company (Continued)

2 Other receivables (continued)

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

	June 30, 2023		January 1, 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	2,777,142	50.70%	3,944,909	78.98%
1 to 2 years	1,738,964	31.74%	23,902	0.48%
2 to 3 years	9,845	0.18%	225,690	4.52%
Over 3 years	<u>952,001</u>	<u>17.38%</u>	<u>800,240</u>	<u>16.02%</u>
	<u>5,477,952</u>	<u>100.00%</u>	<u>4,994,741</u>	<u>100%</u>

The outstanding other receivables were mostly current accounts with related parties.

The top five other receivables of the Company amounted to approximately RMB4,559,160,000 (December 31, 2022: RMB4,008,688,000), accounting for 83.23% of the total other receivables of the Company (December 31, 2022: 80.26 %).

3 Long-term equity investments

	June 30, 2023			January 1, 2023		
	Gross amount	Allowance for doubtful accounts	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	15,938,111		15,938,111	17,171,275	-	17,171,275
Subsidiaries (2)	<u>61,558,390</u>		<u>61,558,390</u>	<u>59,189,096</u>	-	<u>59,189,096</u>
	<u>77,496,501</u>		<u>77,496,501</u>	<u>76,360,371</u>	-	<u>76,360,371</u>

As of June 30, 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 June 30, 2023
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XVI Notes to Financial Statements of the Parent Company (Continued)
3 Long-term equity investments (continued)

(1) Associates and joint ventures

	Opening balance	Increase/decrease in investment in current period	Increase or decrease in current period					June 30, 2023	
			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
China Innovative Capital Management Limited	944,392	-	(3,099)	-	-	-	-	-	941,293
LG Electronics (Huizhou) Co., Ltd.	89,772	-	9,143	-	-	(13,400)	-	-	85,515
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	27,358	-	(1,144)	274	-	-	-	(26,488)	0
Shenzhen Tixiang Business Management Technology Co., Ltd.	1,147	-	190	-	-	-	-	5	1,342
Shenzhen Jucai Supply Chain Technology Co., Ltd.	15,273	-	1,712	5	-	-	-	-	16,990
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	502,444	338,054	8,975	-	-	(19,937)	-	-	829,536
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	167,809	-	9,051	-	-	-	-	-	176,860
Xinxin Semiconductor Technology Co., Ltd.	1,798,784	-	(34,120)	-	-	-	-	(1,764,664)	0
Huizhou TCL Human Resources Service Co., Ltd.	6,274	-	367	-	-	-	-	-	6,641
TCL Microchip Technology (Guangdong) Co., Ltd.	285,281	-	(35,200)	-	(16,915)	-	-	-	233,166
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	69,540	-	(5,584)	650	-	-	-	(261)	64,345
Bank of Shanghai Co., Ltd.	12,809,374	-	718,106	32,788	-	(327,157)	-	-	13,233,111
Hubei Consumer Finance Co., Ltd.	166,077	-	6,967	-	-	-	-	-	173,044
Tianjin 712 Communication & Broadcasting Co., Ltd.	287,755	-	6,662	-	-	(2,548)	-	(115,598)	176,271
	<u>17,171,280</u>	<u>338,054</u>	<u>682,026</u>	<u>33,717</u>	<u>(16,915)</u>	<u>(363,042)</u>	<u>-</u>	<u>(1,907,006)</u>	<u>15,938,111</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries

	Direct shareholding ratio (%)	Opening balance	Increase in the period	Decrease in the period	June 30, 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%	1,256,003	-	-	1,256,003
TCL Technology Group (Tianjin) Co., Ltd.	100%	15,000,000	-	-	15,000,000
TCL Zhonghuan New 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
Xinjiang TCL Equity Investment Ltd.	100%	200,000	-	-	200,000
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%	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%	71,009	-	-	71,009
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	108,448	-	319,448
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 Semiconductor Materials Co., Ltd.	7.5%	-	1,790,312	-	1,790,312
Equity incentives of subsidiaries	—	16,596	-	-	16,596
		<u>59,189,096</u>	<u>2,369,294</u>	<u>-</u>	<u>61,558,390</u>

For the registered capital of subsidiaries and the Company's equity interests in the subsidiaries, see Note VII.

TCL Technology Group Corporation
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XVI Notes to Financial Statements of the Parent Company (Continued)

4	Investments in other equity instruments				
		June 30, 2023		January 1, 2023	
	Equity of unlisted companies	<u>5,000</u>		<u>5,000</u>	
5	Other non-current financial assets				
		June 30, 2023		January 1, 2023	
	Equity investments	454,654		431,023	
	Debt investments	<u>763,699</u>		<u>-</u>	
6	Operating income and operating costs				
		<u>January - June 2023</u>		<u>January - June 2022</u>	
		Revenue	Operating cost	Revenue	Operating cost
	Core business	433,463	431,097	339,768	333,523
	Non-core business	<u>302,951</u>	<u>73,107</u>	<u>249,803</u>	<u>78,878</u>
		<u>736,414</u>	<u>504,204</u>	<u>589,571</u>	<u>412,401</u>
7	Return on investment				
				January - June 2023	January - June 2022
	Profit from holding and disposal of debt instruments at fair value through profit or loss			104,795	140,452
	Gain on disposal of derivative financial assets/liabilities			4,637	-
	Dividends from subsidiaries			713,047	9,292,231
	Share of profit of associates for current period			716,859	701,530
	Share of profit of joint ventures for current period			(34,833)	(11,328)
	Net income from disposal of long-term investments			<u>284,242</u>	<u>484,672</u>
				<u>1,788,747</u>	<u>10,607,557</u>

As of June 30, 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 June 30, 2023
(RMB'000)

XVI 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 (RMB4,547,241,000).

9 Ending balance of cash and cash equivalents

Cash and cash equivalents at end of the period of the Company was RMB12,628,472,000.

10 Contingent liabilities

As of June 30, 2023, the contingent liabilities not provided for in the financial report were as follows:

	June 30, 2023	January 1, 2023
Guarantees for bank loans of subsidiaries	46,798,594	42,748,105
Guarantees such as trade notes, letters of credit and letters of guarantee for subsidiaries	21,592,043	17,329,299
Guarantees for bank loans, trade notes, letters of credit, etc. of related parties	2,326,335	3,137,934

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2023
(RMB'000)

XVII Comparative Figures

Certain comparative data have been reclassified to comply with the presentation of the current period.

XVIII Non-recurring profit and loss items and amount

	January - June 2023	January - June 2022
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	321,753	464,268
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	1,267,259	429,923
The profits or 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.	(42,740)	(11,164)
Reversal of provision for impairment of receivables that have been individually tested for impairment	2,500	10,180
Non-operating income and expenses other than the above	707,421	538,585
Income tax effects	(364,522)	(47,766)
Non-controlling interests effects	<u>(951,111)</u>	<u>(93,634)</u>
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	<u>940,560</u>	<u>1,290,392</u>

The Company recognizes non-recurring gain and loss items in accordance with the provisions of (2008) No. 43 Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss (2008) issued by the China Securities Regulatory Commission.

XIX Weighted Average Return on Equity (ROE) and Earnings per Share (EPS)

TCL Technology Group Corporation
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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
Net profit attributable to ordinary shareholders of the Company	340,493	0.67%	0.0184	0.0181
Net profit attributable to ordinary shareholders of the Company before non-recurring gains and losses	(600,067)	-1.19%	-0.0324	-0.0320

Company Name: TCL Technology Group Corporation
Date: August 29, 2023

The financial statements and the notes thereto from page 1 to page 170 are signed by:

	Person in charge of financial	Accounting Person in charge of the accounting department:	
Legal representative: <u>Dongsheng</u>	Li of financial affairs: <u>Li Jian</u>		<u>Peng Pan</u>