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



ANNUAL REPORT 2020

11 March 2021

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Ramp up, Catch up and Go all out to be A Global Leader

Chairman's Statement

The year 2020 marked the start of our global leading strategy, as well as a critical turning point for TCL. In face of the internal and external shocks at the beginning of the year, TCL adhered to the established strategies and business plans, and put forward the business strategy of "Ramp up, Catch up". It identified opportunities amid the challenges, scaled up business against headwinds, and forged ahead to bring up the competitiveness to a new level.

Business Review for 2020

In the Reporting Period, on the same basis after the 2019 spin-off, the Group recorded a revenue of RMB76.68 billion, up by 33.9% year-on-year; a net profit of RMB5.07 billion, up by 42.1% year-on-year; a net profit attributable to the company's shareholders of RMB4.39 billion, up by 67.6% year-on-year; a debt/asset ratio of 65.1% and the net cash flow generated from operating activities of RMB16.7 billion. As stated above, the operating efficiency of the Company continued to improve and all the financial objectives were over-fulfilled for the year.

TCL CSOT maintained a leading operating efficiency in the current period, as demonstrated by its revenue of RMB46.77 billion, rising by 37.6% year-on-year, and net profit of RMB2.42 billion, up by 151.1% year-on-year. Through technological reform and efficiency enhancement, the capacity of the t3 (LTPS) production line in Wuhan grew from 48K to 53K. The t4 production line (OLED) Phase I produced at full capacity while Phases II and III were under rapid construction as scheduled. The t1\2 and t6 (G11) production lines in Shenzhen continued to operate at full capacity for strong sales. Especially, the capacity of the t6 production line increased from 90K to 98K. The shipment area of large-size products climbed by 32.9%. Thanks to the increasing market demand for LCD products across the world, prices of large-size LCD panels began to rise in June, boosting the operating profit of TCL CSOT month by month.

TCL CSOT constantly raised its R&D investments in new display technologies, such as printed OLED, QLED, Micro-LED and related key materials and equipment, and made a great stride forward. In the Reporting Period, the PCT applications of the Company increased by 1,536 and the accumulated PCT applications reached 12,797. Meanwhile, the company made a strategic investment in JOLED Inc., aiming to expand the footprint in next-generation display technologies.

During the Reporting Period, the Group successfully acquired Tianjin Zhonghuan Electronics Group Co., Ltd. (Zhonghuan Electronics), which holds a controlling interest in Tianjin Zhonghuan Semiconductor Co., Ltd. (002129.sz) and Tianjin Printronics Circuit Corporation (002134.sz) respectively, as well as other assets including Zhonghuan Computer. Following the acquisition in late September, Zhonghuan Electronics has been included in the consolidated financial statements since October 2020. Through the acquisition, the Group has entered the industries of semi-conductor photovoltaic and semi-conductor materials.

Business Forecast for 2021

In 2021, imbalance between the supply and demand of LCD panel is expected to remain, due to the short of chips and glass and the delayed new capacity. It is predicted that product prices will remain high in the first half of the year, while the second half will witness a balance of supply and demand. Higher demand for LTPS panels will come from vehicle display and IT products, as supply and demand come close to a balance. In recent years, the OLED capacity has been raised quickly. The monopolistic advantage of leading enterprises has turned increasingly apparent. Hence, the competition will be extremely fierce.

Phase I of the t7(G11) plant of TCL CSOT in Shenzhen has been put into production. The LCD and module plant of Samsung in Suzhou acquired by the Company are estimated to be consolidated in the second quarter of this year. In view of this, the shipment and revenue of LCD panels will jump significantly. The t3 (LTPS) production line of Wuhan CSOT has stepped into vehicle display and IT industries with positive performance. A 39.95% non-controlling interest of the t3 production line has been repurchased, lifting the profit in the current period. Though t4 still faces fierce competition in OLED, we will endeavor to improve our operating results. We expect a strong growth in both revenue and profitability of TCL CSOT in 2021.

Zhonghuan Semiconductor will release its endogenous power through reform, while optimizing its development strategy, promoting innovation in products and technologies forward, and reinforcing quality and profitability. It is estimated that its business performance will go up continuously and contribute more to the revenue and profit of the Group this year.

The industrial finance and investment business will help raise profit in line with the development plan. The operating results of Highly, TPC, and other businesses are expected to rise steadily.

I am confident that the revenue and profit of the Group will increase remarkably this year.

Strategic Development Planning

The Group has kept promoting business reform and transformation since 2017 to intensify its core competitiveness. In 2019, it completed the spin-off of businesses like terminal products, and focused on "high-tech, heavy-asset and long-cycle" industries. Business strategies, organizational procedures, and resource allocation were adjusted accordingly. The Group will further its business development in accordance with the operating strategy regarding "improving operating quality and profitability, consolidating advantages and improving disadvantages, accelerating global layout, and driving development via innovation".

The semi-conductor display business is a core business of the Group. Through the acquisition of Zhonghuan Semiconductor, the Group extended its presence to the semi-conductor photovoltaic and semi-conductor materials industry. The above two industries own the features of high technology, huge investment, and a long industrial cycle. In the meantime, long-term strategic management, business capacity across the industrial cycle, and constant financing ability are a must. Furthermore, we must maintain a technological leadership, achieve the best business scale, and plan development strategies with the goal of global leadership. These are exactly the core capabilities and business logic of the Group.

The reason why we have chosen these two core industries lies in that China has built up an industry scale and a competitive edge across the globe in the semi-conductor photovoltaic and in LCD field of semi-conductor display industries. Moreover, Zhonghuan Semiconductor and TCL CSOT have distinguished themselves to become industry leaders. With the growth in global demand and industry concentration, more opportunities and challenges will be brought.

The "9205" five-year strategic development plan of the Group specifies that Zhonghuan Semiconductor will reinforce its strengths in monocrystalline silicon products, improve its capacity in the photovoltaic industrial chain, and intensify its global business capacity in order to meet the dual goals of global leadership in the photovoltaic industry and national leadership in the semi-conductor silicon-wafer industry. Meanwhile, TCL CSOT is expected to improve its strengths in LCD and LTPS, make technical breakthroughs in new display technologies and materials so as to become a leading player in the semi-conductor display industry worldwide.

TCL's industrial finance and investment business supports the development of the Group's other businesses and contributes steadily improving income. In terms of industrial finance, the Group features both highly efficient internal fund management and external financing and supply chain

financial services. With respect to capital and investment, TCL has established a differentiated competitive edge in the corresponding field and turned capital and investment into a core business.

In short, the core businesses of the Group consist of three business segments, namely, the semi-conductor display business, the semi-conductor photovoltaic and semi-conductor materials business, and the industrial finance and investment business. TCL selects suitable projects related to the core industrial chain and gradually perfects the industrial ecosystem. In addition, it aims to achieve the strategic goal of global leadership in the two core businesses.

Subsidiaries including Highly and TPC embraced robust operations and sustainable profitability. The Group will continuously support their independent development and business expansion.

Prospects

There are great uncertainties in global economic recovery. Trade protectionism and unilateralism aggravate. I believe that: the advantages of China include social stability, efficient governance, sufficient economic vitality, huge domestic demand, rapid progress in science and technology, and an apparent relative competitive advantage in manufacturing. However, China's disadvantages lie in inadequate quality and profitability of economic development, insufficient core technical capabilities, rapid growth in government debts, and huge risks in finance and enterprise debts, which may affect China's economic progress.

This year, China has put forward and implemented the "14th Five-year Plan" to build a new development pattern. The government will continue to vigorously support the real economy, especially manufacturing, strengthen China's comparative advantage in manufacturing in the global economy and improve the competitiveness and value of enterprises. More capital will flow to manufacturing. In other words, the excellent manufacturing industry will access more resources. China's manufacturing industry has shifted its competitive edge from efficiency and cost control to products, technologies and global operations, and will usher in a new development period.

Manufacturing constitutes the basis of China's economic competitiveness. Based on the established industry foundation and rapid growth in domestic demand, Chinese enterprises will catch up with leading players in the high-tech manufacturing field and develop a competitive edge, which signifies both challenges and opportunities. Personally, I am confident of the prospects of China's high-tech manufacturing!

The semi-conductor display industry and the semi-conductor photovoltaic and semi-conductor

materials industry, as two strategic and emerging industries, embrace huge markets and promising prospects. We have laid a favorable foundation and accumulated strength in the two industries. TCL will embark on new industry planning and distribution in conformity with the "9205" strategic plan.

The Board has proposed a final dividend of RMB1.20 per 10 shares, in light of the consistent dividend payout policy of the Group.

I would like to express my sincere gratitude to all shareholders and partners for their trust and support, and to thank all employees for their efforts!



Li Dongsheng

11 March 2021

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.

All the Company’s directors have attended the Board meeting for the review of this Report and its summary. And all the Company’s supervisors have attended the meeting of the Supervisory Committee for the review of this Report and its summary.

The Board has approved a final dividend plan for the ordinary shareholders as follows: based on the share capital of 13,546,581,599 shares on 10 March 2021 that are eligible for profit distribution (the total share capital of 14,030,788,362 shares minus the 484,206,763 shares in the Company’s special securities account for repurchase that are not eligible for profit distribution), a cash dividend of RMB1.2 (tax inclusive) per 10 shares is to be distributed to the shareholders, totaling RMB1,625,589,791.88. The retained earnings of RMB7,145,804,477.12 will carry forward for future distribution. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of “adjusting the total payout amount under the same dividend ratio”, subject to the actual payout amount.

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

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.

Definitions

Term	Definition
The “Company”, the “Group”, “TCL”, “TCL Tech.” or “we”	TCL Technology Group Corporation and its consolidated subsidiaries, except where the context otherwise requires.
The “Current Period”	The period from 1 January 2020 to 31 December 2020.
The significant assets spin-off	The significant assets spin-off approved at the 13th meeting of the 6th Board of Directors on 7 December and the First Extraordinary General Meeting of 2019 on 7 January 2019, which was settled in April 2019.
TCL CSOT	TCL China Star Optoelectronics Technology Co., Ltd.
Zhonghuan Electronics	Tianjin Zhonghuan Electronics Group Co., Ltd.
Zhonghuan Semiconductor	Tianjin Zhonghuan Semiconductor Co., Ltd., a majority-owned subsidiary of the Company listed on the SME Board of the Shenzhen Stock Exchange (stock code: 002129.SZ)
TPC	Tianjin Printronics Circuit Corporation, a majority-owned subsidiary of the Company listed on the SME Board of the Shenzhen Stock Exchange (stock code: 002134.SZ)
Samsung Display	Samsung Display Co., Ltd.
Samsung Suzhou	Samsung Suzhou LCD Co., Ltd.
San’an Semiconductor	Quanzhou San’an Semiconductor Technology Co., Ltd.
JOLED	JOLED Incorporation
Wuhan CSOT	Wuhan China Star Optoelectronics Technology Co., Ltd.
Guangdong Juhua	Guangdong Juhua Printed Display Technology Co., Ltd.
China Ray	Guangzhou China Ray Optoelectronic Materials Co., Ltd.
Highly	Highly Information Industry Co., Ltd., a majority-owned subsidiary of the Company listed on the National Equities Exchange and Quotations (stock code: 835281)
CDOT	China Display Optoelectronics Technology Holdings Limited, a majority-owned subsidiary of the Company listed on the Stock Exchange of Hong Kong (stock code: 00334.HK)
Moka International	Moka International Limited
Bank of Shanghai	Bank of Shanghai Co., Ltd. (stock code: 601229.SH)
712 Corp.	Tianjin 712 Communication & Broadcasting Co., Ltd. (stock code: 603712.SH)
Fantasia	Fantasia Holdings Group Co., Limited, a listed company on the Stock Exchange of Hong Kong (stock code: 01777.HK)
Admiralty Harbour Capital	Admiralty Harbour Capital Limited
China Innovative	China Innovative Capital Management Limited
t1 project	The generation 8.5 (or G8.5) TFT-LCD production line of TCL CSOT
t2 project	The generation 8.5 (or G8.5) TFT-LCD (including oxide semiconductor) production line of TCL CSOT
t3 project	The generation 6 (or G6) LTPS-LCD panel production line of TCL CSOT
t4 project	The generation 6 (or G6) flexible LTPS-AMOLED panel production line of TCL CSOT
t6 project	The generation 11 (or G11) new TFT-LCD production line of TCL CSOT

t7 project	The generation 11 (or G11) new ultra-high-definition (UHD) TFT-LCD and AMOLED production line of TCL CSOT
GW	Gigawatt, power unit for solar cells, 1GW = 1,000 megawatt
MAXEON	MAXEON SOLAR TECHNOLOGIES,PTE.LTD.
G12	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
Phase 6 project	The 50GW (G12) solar monocrystalline silicon materials intelligent factory project launched in Yinchuan, Ningxia Hui Autonomous Region, China
The DW cutting technology	A cutting technology which uses a diamond that is put onto a tight steel wire by way of adhering and electroplating to cut silicon rods into wafers through high-speed and back-and-forth cutting

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.	TCL 科技		
Company name in English (if any)	TCL Technology Group Corporation		
Abbr. (if any)	TCL TECH.		
Legal representative	Li Dongsheng		
Registered address	TCL Tech Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province, China		
Zip code	516001		
Office address	TCL Tech Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province, China		
Zip code	516001		
Company website	https://www.tcltech.com/		
Email address	ir@tcl.com		
Company honors	Fortune China 500 2020 Brand Value List of Chinese Listed Companies—Top 100 & Top 50 Overseas Best Technology Company in Investment Value of the Year Award Excellent Board Award granted by the 16 th Gold Round Table		

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.	0755-3331 1666
Email address	ir@tcl.com

III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	Securities Times, China Securities Journal, Shanghai Securities News and Securities Daily
Website designated by CSRC for publication of this Report	http://www.cninfo.com.cn
Place where this Report is lodged	Board Office of TCL Technology Group Corporation

IV Change to Company Registered Information

Unified social credit code	91441300195971850Y
Change to principal activity of the Company since going public (if any)	Not applicable
Every change of controlling shareholder since incorporation (if any)	Not applicable

V Other Information

The independent audit firm hired by the Company:

Name	Da Hua Certified Public Accountants (Special General Partnership)
Office address	Room 1101, Building 7, No. 16 Xi Si Huan Zhong Road, Haidian District, Beijing
Accountants writing signatures	Qiu Junzhou and Jiang Xianmin

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Name	Office address	Representative	Period of supervision
CITIC Securities Co., Ltd.	CITIC Securities Tower, No. 8 Zhongxin 3rd Road, Futian District, Shenzhen, China	Gao Qi, Liu Jian, Fei Shaozhen	From 31 March 2019 to 31 December 2020
		Liu Jian, Wu Huiyu, Fei Shaozhen	From 17 October 2020 to 31 December 2021

VI Key Financial Information

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

Yes No

Item	2020	2019	2020-over-2019 change (%)	2018
Revenue (RMB) (note)	76,677,238,079	74,933,085,688	2.33	113,360,075,545
Revenue on the same basis after the spin-off (RMB) (note)	76,677,238,079	57,270,940,685	33.89	48,240,376,808
EBITDA (RMB)	19,059,818,227	14,224,327,742	33.99	14,096,523,261
Net profit (RMB)	5,065,202,767	3,657,735,320	38.48	4,065,194,164
Net profit attributable to the company's shareholders (RMB) (note)	4,388,159,018	2,617,766,571	67.63	3,468,207,407
Net profit attributable to the company's shareholders on the same basis after the spin-off (RMB) (note)	4,388,159,018	2,617,778,635	67.63	3,153,044,155
Net profit attributable to the company's shareholders before non-recurring gains and losses (RMB)	2,933,248,153	235,119,321	1147.56	1,587,391,372
Basic earnings per share (RMB/share)	0.3366	0.1986	69.49	0.2566
Diluted earnings per share (RMB/share)	0.3226	0.1935	66.72	0.2562
Weighted average return on equity (%)	13.75	9.09	4.66	11.98
Net cash generated from/used in operating activities (RMB)	16,698,282,775	11,490,096,405	45.33	10,486,580,443
	31 December 2020	31 December 2019	Change of 31 December 2020	31 December 2018

			over 31 December 2019 (%)	
Total assets (RMB)	257,908,278,887	164,844,884,926	56.46	192,763,941,739
Owners' equity attributable to the company's shareholders (RMB)	34,107,795,454	30,111,946,237	13.27	30,494,364,951

Note: In April 2019, the Company completed the handover of assets in a significant spin-off. Therefore, the 2019 data included the results of the spun-off assets for January-March 2019 and a gain of RMB 1.15 billion from the spin-off. Provided that the 2019 data were on the same basis after the spin-off, revenue would be up by 33.9% year-on-year. In 2020, the Company continued to focus on its core business and maximize shareholder's value by spinning off the Educational Web business, which generated a gain of RMB 234 million. Provided that the spin-off gains were excluded from both of the 2020 and 2019 data, the net profit attributable to the company's shareholders would be up by 191.8% year-on-year on the same basis.

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

Total share capital at the end of the last trading session before the disclosure of this Report (share)	14,030,788,362
Fully diluted earnings per share based on the latest total share capital above (RMB/share)	0.3128

Indicate whether there are any corporate bonds.

Yes No

Indicate whether the Company has seen a deficit for the past two years.

Yes No Not applicable

VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Net Profit and Equity under CAS and IFRS

No such differences for the Reporting Period.

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

No such differences for the Reporting Period.

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	13,742,129,162	15,591,081,694	19,376,776,395	27,967,250,828
Net profit attributable to the company's shareholders	408,125,802	799,940,184	817,109,760	2,362,983,272
Net profit attributable to the company's shareholders before non-recurring gains and losses	-109,881,642	291,744,489	678,187,625	2,073,197,681
Net cash generated from/used in operating activities	2,299,183,493	5,048,627,286	4,523,259,350	4,827,212,646

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes No

IX Non-Recurring Gains and Losses

Unit: RMB

Item	2020	2019	2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	226,829,348	1,419,020,969	-58,305,452	Not applicable
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	736,747,146	1,170,648,526	1,377,064,570	Not applicable
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments	292,440,389	68,021,706	-	Not applicable
Gain or loss on fair-value changes in held-for-trading and derivative financial assets and liabilities & investment income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of effective portion of hedges that arise in the Company's ordinary course of business)	350,757,476	186,339,457	162,729,226	Not applicable
Non-operating income and expense other than the above	80,764,287	9,263,922	871,846,769	Not applicable
Less: Corporate income tax	135,130,967	165,397,982	191,940,974	Not applicable
Non-controlling interests (net of tax)	97,496,814	305,249,348	280,578,104	Not applicable
Total	1,454,910,865	2,382,647,250	1,880,816,035	--

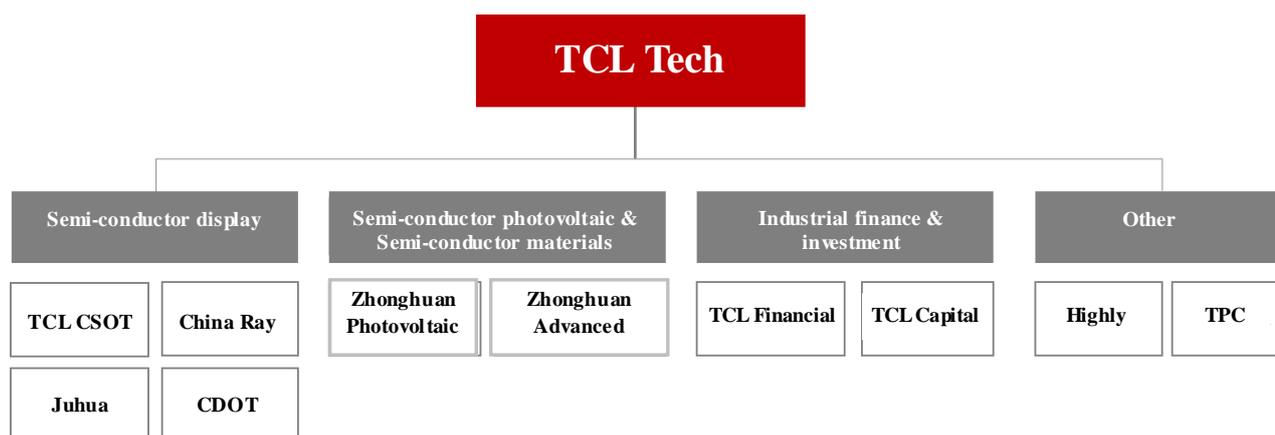
Explanation of why the Company reclassifies as recurrent a non-recurring gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss Items:

Applicable Not applicable

Part III Business Summary

I Principal Activity of the Company in the Reporting Period

During the Reporting Period, the Company acquired 100% equity of Tianjin Zhonghuan Electronics Group Co., Ltd. Therefore, the businesses of the Company primarily consist of the semi-conductor display business, the semi-conductor photovoltaic and semi-conductor materials business, the industrial finance and investment business, as well as the other businesses.



For further information about the Company's businesses, please refer to "Part IV Directors' Report" herein.

II Significant Changes in Major Assets

1. Significant Changes in Major Assets

Major assets	Main reason for significant change
Equity assets	Consolidation of Zhonghuan Electronics
Fixed assets	Consolidation of Zhonghuan Electronics and transfer from construction in progress
Intangible assets	Consolidation of Zhonghuan Electronics
Construction in progress	No significant change
Debt investments	Purchase of bonds
Investment property	Consolidation of Zhonghuan Electronics and transfer from construction in progress
Goodwill	Consolidation of Zhonghuan Electronics
Other non-current assets	Increase in prepayments for equipment and consolidation of Zhonghuan Electronics

2. Major Assets Overseas

Applicable Not applicable

III Core Competitiveness Analysis

The year 2021 marks the 40th anniversary of the establishment of TCL. In the past four decades, TCL has weathered the storm and developed the distinct labels of sticking to manufacturing, keeping innovating, forging ahead and daring to change. In particular, 2018 witnessed TCL's most critical transformation. The Group clarified to focus on “high-tech, heavy-asset and long-cycle” industries and spun off terminal and non-core businesses. It is committed to becoming a global leading technology group by centering on industry upgrading and strategic layout. In 2020, TCL was renamed "TCL Tech.". It acquired Zhonghuan Electronics in July to enter the semi-conductor and semi-conductor photovoltaic fields. Additionally, it acquired Samsung Suzhou in August to consolidate its position and competitive edge in the semi-conductor display industry.

So far, the Group has developed a basic business structure composed of three business segments, namely, the semi-conductor display business, the semi-conductor photovoltaic and semi-conductor materials business, and the industrial finance and investment business. Moreover, it boasts a clear development path, efficient operations, and distinct culture. Its core competitiveness and sustainability have been strengthened significantly.

Leading scale: Dual drivers of global leadership in panels and an up cycle in the industry

The Company, as a global leader in the semi-conductor display industry, has six production lines in use and progress. Specifically, TCL CSOT gained a firm foothold in the TV panel field by virtue of two generation 8.5 production lines. Later, it entered the small-size panel market via two generation 6 production lines with a market share of over 10%. In recent years, through two generation 11 production lines, TCL CSOT has further expanded the capacity of large-size panels to establish its global leadership in large-size panels. Currently, TCL CSOT covers large-, medium-, and small-size panels as well as high-end display fields, such as touch modules, electronic whiteboards, multi-screen walls, vehicle display, and Esports. Globally, it is ranked second in the total shipment area of TV panels. To be specific, it is ranked first in the market share of 55-inch TV panels, second in the market share of 65-inch TV panels, and among the top three in the shipment of LTPS mobile panels. The high-end, new-form product of the t4 flexible AMOLED production line was rapidly improved. Cooperation with global leading brand customers was constantly deepened.

In 2021, with the release of production capacity of t7 and the integration of Samsung Suzhou's production, TCL CSOT will drastically raise its capacity and further boost its industry position and comprehensive competitiveness.

TCL CSOT will usher in a development phase underpinned by twin driving forces, namely, rapid growth in scale and improvement in industry pattern, thanks to the enhancement of core competitiveness through the economies of effect and supply chain synergy, as well as the recovery of the supply-demand relationship, and the optimization of the competition pattern.

Leadership in technology and ecosystem: The Group will actively expand its presence in next-generation display technologies and materials and form the first-mover advantage

The Company will highlight the ecosystem layout in basic materials, next-generation display materials and key equipment for new processes, as well as create a TCL ecosystem in the display field to develop leadership advantage of next-generation display technologies.

The "National Printed and Flexible Display Innovation Center" of Guangdong Juhua, a subsidiary of the Company, is the sole national innovation center in the display field in China. It features a public G4.5 printed display R&D platform and integrates resources in the entire industrial chain from materials, processes, and production process. In 2020, TCL CSOT acquired a stake in JOLED Inc. at JPY30 billion. Through joint R&D and patent cooperation, the two will speed up the industrial mass production of printed OLED displays from all aspects including materials, equipment, processes and products, and will improve the Company's ecosystem in the key processes of the printed display industrial chain, with an aim of leading the future technological development trend. In addition, TCL CSOT will continuously input in the Micro-LED display technology. The laboratory jointly established by TCL CSOT and San'an will focus on the development of Micro-LED technology. The two aim to promote the Company's layout in the field from materials, processes, equipment, and production line solutions to independent intellectual property rights and form a process solution for the commercial mass production of Micro-LED displays.

Leading management: TCL CSOT is characterized by world-leading efficiency and has beaten the down cycle with a relative competitiveness edge

TCL CSOT has built its market scale, technologies, and ecosystem advantages. Meanwhile, its efficiency and profitability indicators continue to lead the industry. TCL CSOT has undergone two cycles with great fluctuations, while remaining profitable for 10 consecutive years, since its launch in 2011. The key to its success lies in the maximization of cost efficiency and lean management.

The Group has given full play to its highly efficient layout of production lines and the benefits of expanded capacity and further raised the utilization of production lines and the production scheduling efficiency based on the advantage of the integration of industrial chain and the long-term orders of strategic customers. Furthermore, it has promoted end-to-end management and control of costs and fees through lean management and the maximization of cost efficiency and developed relative competitiveness in the industry. It has led the industry in terms of the net profit rate and the EBITDA amid fluctuations in the past cycles. In the future, TCL will continue utilizing these core capabilities to go through the industry cycle.

Strategic and new segments: The Group will expand its footprint in the semi-conductor and semi-conductor photovoltaic fields to form a new driving force for future progress

TCL has earnestly explored new markets with “high-tech, heavy-asset and long-cycle” to continually improve its core capabilities, by observing the corporate goal. In July 2020, it participated in the acquisition of Zhonghuan Semiconductor. Zhonghuan Semiconductor is dedicated to the R&D and production of photovoltaic and semi-conductor silicon-wafers fields. Silicon materials are the basis of the semi-conductor industry. Hence, Zhonghuan Semiconductor's strengths in either the photovoltaic industry or the semi-conductor industry are commensurate with the demand of TCL for building a new driving force.

Looking ahead, Zhonghuan Semiconductor will embrace wider development space and gradually grow into one of the main engines of TCL, as the latter implements its strategies and operating arrangement for the former. In turn, TCL will gain an driving force and pushing the semi-conductor and semi-conductor photovoltaic fields forward simultaneously.

Industry-finance synergy: TCL will utilize its strengths in industrial finance and empower industrial chain layout and development

The industrial finance and investment and venture capital business of the Group have emerged to be a vital business platform of the Group. TCL Financial is committed to empowering industry development, supporting business operations, and expanding investment. It provides financial services for the Company's main businesses and their partners of the industrial chain, ensuring the provision of resources for major investment projects, and generating revenue by utilizing surplus capital. TCL Capital focuses on the investment in the industrial ecological chain, drives industry development, and plays an active role in building an industrial ecology.

The industrial finance & investment and venture capital business is conducive to the Company's industrial chain layout around its core business. The stable profit contribution it brings also helps

offset the influence of the semi-conductor display industrial downturn. Focusing on the main business, TCL's investment and venture capital business has realized the coordinated development of industrial technologies and investment opportunities. It accomplished many successful investments in such fields as core electronic devices and basic software, including the investments on Cambricon and YEESTOR Microelectronics.

Organizational and cultural guarantee: The connotation of "Spirit of Eagle" is enriched. The corporate cultural gene is strengthened.

Through the ups and downs for 40 years, the Company developed the "spirit of eagle", which reflects TCL's core values and competitiveness, as well as cohesion of TCLers. The connotation of the "Spirit of Eagle" will be re-interpreted in the new era of development and further motivate all TCLers to forge ahead, embrace changes, challenge conventional ideas, endure hardship, make progress and continue to thrive.

In 2019, the Company upgraded its corporate culture based on the "Spirit of Eagle". In 2021, on the occasion of the 40th anniversary of the establishment of the Company, TCL will keep updating and probing into the connotation of the "Spirit of Eagle" and continue to deepen organizational team building and corporate culture cultivation. It aims to create a pattern where the Senior Management has a broader vision, while the Middle Management becomes more ambitious; and the grass-roots implementation turns more effective. As a result, TCL will develop a more energetic corporate culture, plant the idea of "global leadership" in the mind of each TCL employee as a powerful spiritual weapon to compete in the market.

Part IV Directors' Report

I Overview

The year 2020 was extraordinary. The COVID-19 pandemic severely hit the global economy. Trade frictions further impacted the global industrial chain layout. Consequently, technology enterprises suffered from a complicated and changeable business environment. That said, de-globalization has accelerated the optimization of the industrial layout and the structure of the supply chain. The gist of the allocation of production factors lied in efficiency, profitability, and costs. The cluster effect and management advantage of the Chinese manufacturing industry are gradually becoming prominent. In the context of both opportunities and challenges, we adhered to our strategic target, held the business bottom line of maximizing cost efficiency, and **put forward the business strategy of "Ramp up, Catch up"**. The Group identified opportunities among challenges and achieved expansion against headwinds. Besides, TCL grasped opportunities in emerging strategic industries. For instance, it acquired 100% equity of Zhonghuan Electronics to open up new markets. **The Group established the business layout consisting of three business segments, namely, the semi-conductor display business, the semi-conductor photovoltaic and semi-conductor materials business, and the industrial finance and investment business, laying a solid foundation for becoming a global leading technology group.**

In the Reporting Period, on the same basis after the 2019 spin-off, the Group recorded a revenue of RMB76.68 billion, up by 33.9% year-on-year; a net profit of RMB5.07 billion, up by 42.1% year-on-year; and a net profit attributable to the company's shareholders of RMB4.39 billion, up by 67.6% year-on-year. Especially, the net profit attributable to the company's shareholders in Q4 2020 amounted to RMB2.36 billion, up by RMB2.32 billion year-on-year and 189.2% quarter-on-quarter, thanks to the expanded scale, leading efficiency, improved industry cycle, and optimized product structure of TCL CSOT as well as the incorporation of Zhonghuan Semiconductor into the consolidated financial statements. Moreover, the Group continued to underline the development of core technologies. R&D investments jumped by 41.2% year-on-year to RMB6.54 billion on the same basis after the spin-off. In the Reporting Period, the PCT applications of the Company increased by 1,536 and the accumulated PCT applications reached 12,797. The number of days of cash turnover was reduced to 13. The net profit per capita surged by 45.4% to RMB108,000. The debt/asset ratio was 65.1%. The net cash flow generated from operating activities was RMB16.7 billion. The Company enjoyed enhanced operating efficiency and a robust capital structure.

The global political and economic landscape enters a long-term game. The complex and changing external environment leads to increasing uncertainties. That said, de-globalization has accelerated the restructuring of the global economic pattern. The Chinese manufacturing industry will usher in better development opportunities under China's new development pattern whereby "domestic and foreign markets can boost each other". The year 2021 marks the 40th anniversary of TCL. Based on its constant efforts in the manufacturing industry as well as transformation and innovation in the past four decades, the Group will grasp the golden period for the adjustment of the global economic pattern and progress of the Chinese manufacturing industry. It will regard "improving operating quality and profitability, consolidating advantages and improving disadvantages, accelerating global layout, and driving development via innovation" as its operating strategy and promote the two core businesses, namely, the semi-conductor display business and the semi-conductor photovoltaic and semi-conductor materials business in order to achieve its strategic goal of global leadership.

With respect to the semi-conductor display business, the Group will constantly push forward management reform and consider leading efficiency and profitability as a solid foundation for sustainable development. Besides, it will further perfect the strategic layout of businesses and the plan of production lines, optimize the product structure and customer portfolios, make innovation and breakthroughs in new display technologies and materials, and lead the global display industry in comprehensive competitiveness.

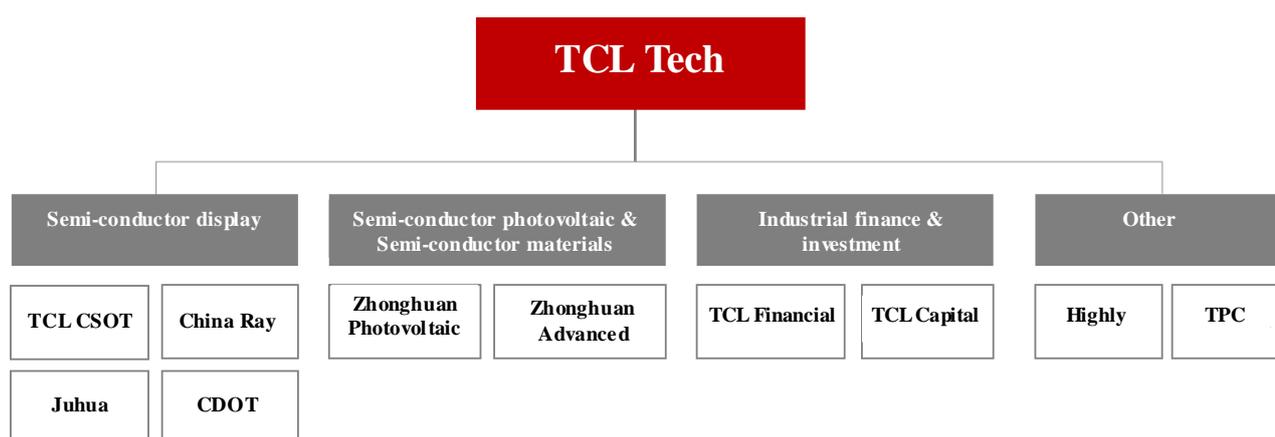
In regard to the semi-conductor photovoltaic business, the Group will enhance its strengths in the field of monocrystalline silicon and wafer, drive product iteration via technological innovation, and speed up the building of the photovoltaic industrial chain. In addition, it will intensify the competitiveness in differentiated products, mainly overlapped-cell modules, and global capabilities in order to become a leader in the semi-conductor photovoltaic industry across the world.

In terms of the semi-conductor materials business, the Group will keep exerting more efforts to optimize the investment and products structures of Zhonghuan Advanced and orderly promote the coverage of power semiconductors and integrated circuit chips of all kind. As the Group maintains the leading superiority of 8-12-inch products of Zhonghuan Advanced in semi-conductor chips of all powers, it will further improve 12-inch products for customers with the advanced production process to raise market share. Meanwhile, it will firmly seize opportunities in China's integrated circuit industry, focus on the angle of global competition, and accelerate to reinforce its core capabilities. It will conscientiously extend and expand the semi-conductor industrial chain and catch up with international standards.

TCL Tech. will embark on a new development phase and march forward with a stronger driving force for development!

II. Core Business Analysis

During the Reporting Period, the Company acquired 100% equity of Tianjin Zhonghuan Electronics Group Co., Ltd. Therefore, the business structure of the Company primarily consist of the semi-conductor display business, the semi-conductor photovoltaic and semi-conductor materials business, the industrial finance and investment business, as well as the other businesses.



(I) Semi-conductor display business

A turning point of the display industry occurred at the historical bottom in 2020. Prices of large-size panels have kept rising since June 2020. Industry profitability has gradually recovered.

TCL CSOT demonstrated excellent anti-recession and anti-risk capabilities in a down cycle, and improved its scale, market share, and profitability against headwinds, attributable to maximized lean management and business synergy. In the Reporting Period, TCL CSOT recorded a product sales area of 29,097,000 square meters, up by 31.2% year-on-year; a revenue of RMB46.77 billion, up by 37.6% year-on-year; and a net profit of RMB2.42 billion, up by 151.1% year-on-year. In particular, the net profit in Q4 2020 stood at RMB1.86 billion, up by RMB2.19 billion year-on-year.

The large-size panel business maintained leading efficiency and profitability in the world, continued to expand its scale advantage, and further promoted its market position. In the Reporting Period, t1, t2 and t6 plants continued to operate at full capacity for strong sales. The t7 plant was put into production. The shipment of large-size products reached 27,675,000 square meters,

up by 32.9% year-on-year. 45,746,000 pieces were shipped with a year-on-year increase of 11.0%. Sales revenue was RMB28.98 billion, rising by 53.1% year-on-year. Globally, the Company rose to second place in the ranking of market shares in TV panels. Besides, it was ranked first, second, and second regarding the market shares in 55-inch, 32-inch, and 65-inch & 75-inch products respectively. In terms of commercial displays, the shipment of interactive whiteboards jumped to the top across the world. Market shares in rail transit products and Esports products climbed swiftly.

For the medium-sized panel business, product and customer structures were optimized. For the small-size panel business, close attention was paid to technological innovation and enhancement. Both businesses advanced quickly in high-end segments. In terms of the t3 production line, the shipment of LTPS mobile panels took third place globally. Multiple brands of high-end notebooks, tablets, and vehicle displays were introduced to the medium-size panel business, thus quickly developing the business. The shipment of LTPS notebook panels was ranked second in the world. The t4 production line of flexible AMOLED displays produced at full capacity in Phase I. Equipment for Phases II and III are being moved in. Foldable screens and double-curved screens for brand manufacturers were mass produced and delivered. The Company successively introduced global first-class brand customers. In the Reporting Period, the shipment area of small- and medium-size products was 1,422,000 square meters with a year-on-year increase of 4.2%. 99,235,000 pieces were shipped, down by 12.8% year-on-year. The revenue amounted to RMB17.79 billion, increasing by 18.1% year-on-year.

During the historically low ebb of the semi-conductor display, **TCL CSOT adhered to its strategic focus, achieved countercyclical expansion, and marched toward the strategic goal of global leadership.** TCL CSOT adopted multiple measures to enhance its strengths: First, it acquired Samsung Suzhou to reinforce the comprehensive competitiveness in the large-size panel business. Second, it acquired a 39.95% non-controlling interest in the t3 plant to raise the contribution of the small- and medium-size panel business to the Group's earnings. Third, it acquired a stake in JOLED Inc. in Japan to accelerate the industrialization of printed display technologies. Fourth, a laboratory was jointly established by TCL CSOT and San'an Semiconductor, committed to Micro-LED development. Fifth, it acquired Moka International Limited to offer customized and one-stop services related to large-size TV and commercial displays, medium-size IT displays, and vehicle displays.

Looking into the future, the long-term prospects of the semi-conductor display industry are promising. The LCD industry has basically completed the relocation to Mainland China. At present, industry capacity expansion is drawing to a close. The outdated capacity is being eliminated gradually. Consequently, as industrial concentration is further improved, leading enterprises have

developed a high industry barrier.

TCL CSOT will continue intensifying its scale advantage through endogenous growth and M&A deals and join hands with upstream suppliers and downstream customers to create an industrial ecosystem featuring closer cooperation. In 2021, the t7 production line will continue its production ramp-up. Phases II and III of the t4 production line are in progress as scheduled. The takeover of Samsung Suzhou will be completed. TCL CSOT will expand its scale by over 50%, further consolidating its market share and position. In the meantime, the Company will deepen the cooperation with globally top-level brand customers, cultivate global industrial chain resources, and build a supply chain system that is more resilient and competitive.

Product and revenue structures will be continuously optimized; a layout of high-end products will be implemented to drive sustainable and quality progress. TCL CSOT will constantly raise the proportions of high-end products, such as large-size products, 8K products and 120Hz products. For medium-size products, it will accelerate to introduce products with high added value like notebook and vehicle displays. Regarding small-size flexible OLED, priorities will be given to differentiated technologies, such as under-display camera, foldable screen and LTPO, whereby TCL CSOT has already enjoyed a competitive advantage. In 2021, it will successively start mass production and delivery.

The Group will actively expand its presence in next-generation display technologies and materials to lead the future technology trend. TCL CSOT will accelerate the industrial production and ecosystem construction of printed display processes, through its "National Printed and Flexible Display Innovation Center"—Guangdong Juhua and JOLED Inc. where TCL CSOT acquired a stake. China Ray will vigorously push forward the development of OLED and QLED materials with independent intellectual property rights. It has submitted samples of R-prime and GH materials to domestic panel manufacturers. Moreover, it has over 30 core patents in printed OLED materials and is ranked second globally in terms of the number of public patents in the quantum dot electroluminescent field.

(II) Semi-conductor photovoltaic and semi-conductor materials

In 2020, Zhonghuan Semiconductor continued promoting the goals of achieving global leadership in the photovoltaic industry and domestic leadership in the semi-conductor silicon-wafer industry. Additionally, it implemented reforms by adjusting the organizational structure, improving management efficiency, and transforming the manufacturing model to drive quality development. In

the Reporting Period, Zhonghuan Semiconductor recorded a total revenue of RMB19.06 billion, climbing by 12.8% year-on-year, and a net profit of RMB1.48 billion with a year-on-year increase of 17.0%. Zhonghuan Semiconductor has been included in the consolidated financial statements since Q4 2020.

1. Semi-conductor photovoltaic business

In terms of new energy materials, the Company focused on the decline of LCOE and has developed and promoted G12 photovoltaic silicon-wafer products and photovoltaic cells and components, which have been widely recognized in the market. It has proposed multiple new technologies related to the improvement of capacity, the upgrading of product quality, and cost reduction in order to further reinforce the global competitiveness of photovoltaic products. Besides, the company has developed patented technologies and know-how with independent intellectual property rights, as well as further sped up Industry 4.0 application and upgrading, covering whole industrial production procedures. The total capacity of monocrystalline silicon wafer amounted to 55GW/year at the end of the Reporting Period, wherein nearly 20% was from the improvement of the original capacity.

With respect to new energy photovoltaic cells and components, the Company has continued its input and innovation to the overlapped-cell modules, which the company owns intellectual property and industry leadership. It has performed the R&D of the overlapped-cell 3.0 production line so as to enhance the performance and reduce the costs of overlapped-cell modules. Collaborative and joint innovation have been conducted with domestically leading G12 PERC cell manufacturers. The capacity turned 4GW/year at the end of the Reporting Period. The Company considers global manufacturing as an essential component of globalization, respects international commercial practices and intellectual property, and strives to stand out among domestic peers. In the Reporting Period, the Company and Total, a French company, jointly completed the incorporation of MAXEON SOLAR that is registered in Singapore and listed on the NASDAQ market. MAXEON features intellectual property rights and outstanding R&D capacities in IBC cells and components and overlapped-cell modules. It will build up its manufacturing system of cells and components as well as surface and distributed power stations worldwide.

2. Semi-conductor materials business

Semi-conductor silicon-wafers are core and fundamental materials of integrated circuits. TCL has grasped the opportunities brought by the industrial chain transfer, given full play to the synergy effect of the semi-conductor display industry, and forged ahead toward the goal of domestic leadership in the semi-conductor materials industry.

In the Reporting Period, the Group accelerated the product verification and customer development in the semi-conductor materials industry and won recognition of major customers across the world. 8- and 12-inch products met the international standards and domestic leading customers highly recognized their performance and quality. All launched production lines produced at full capacity. With respect to product structure, the Group has emerged to be a major player regarding digital logic and storage products, while consolidating the strengths of traditional semi-conductor products. The year-on-year growth rate of the shipping area of silicon wafers surpassed 30% in 2020. Meanwhile, the Group accelerated to perfect its global business landscape, actively built a network of market channels, created a technical support platform, and improved services of its global system in Europe, Japan and Taiwan where semiconductor businesses cluster. Its overseas sales accounted for 40% in 2020.

(III) Industrial Finance and Investment Business

1. TCL Financial

TCL's industrial finance business mainly includes the Group's finance and the supply chain finance. The finance team focused on the funding needs of the Group's key projects, strengthened the active management of liquidity and currency risk, and gradually satisfied financial needs of business globalization. The supply chain finance took full advantage of Internet platform. Jointly with domestic financial institutions, it continuously provided high quality and convenient receivables financing services for small and medium enterprises, realizing the sound development of the industry.

2. TCL Capital

TCL Capital seeks investment opportunities in key fields of high-tech industries, including new display, semi-conductor industry chain, as well as key materials and process equipment. These investments took a balanced approach to promote technology development and derive economic benefits. By the end of the Reporting Period, the AUM of TCL Capital exceeded RMB9 billion, and 126 projects were invested cumulatively. Currently, it holds the stake of CATL, DKEM, Cambricon and some other listed companies, in addition to interests in Tengyuan Cobalt, Shangtai Tech, ASR Microelectronics, GalaxyCore, etc. As for Admiralty Harbour Capital, it has issued and underwritten 18 bonds and 7 debt management projects. Its investment banking and asset management business grew steadily. China Innovative focused on investment opportunities related to the Company's two core businesses, and it has invested in more than 130 listed companies cumulatively with a steady growth in performance.

At the end of the Reporting Period, the Company holds a stake of several listed companies directly, including the 712 Corp. (603712.SH), the Bank of Shanghai (601229.SH) and the Fantasia Holdings (01777.HK).

2. Revenue and Cost Analysis

(1) Breakdown of Revenue

Unit: RMB

	2020		2019		Change (%)
	Revenue	As % of total revenue (%)	Revenue	As % of total Revenue (%)	
Total	76,677,238,079	100%	74,933,085,688	100%	2.33%
By operating division					
Semi-conductor display	46,765,152,291	60.99%	33,993,533,865	45.37%	37.57%
Semi-conductor photovoltaic and semi-conductor materials	5,682,961,642	7.41%	-	-	-
Distribution business	22,518,401,333	29.37%	20,835,617,478	27.81%	8.08%
Other businesses and internally offset accounts	1,710,722,813	2.23%	20,103,934,345	26.83%	-91.49%
By product category					
Semi-conductor display devices	46,765,152,291	60.99%	33,993,533,865	45.37%	37.57%
Semi-conductor photovoltaic and semi-conductor materials	5,682,961,642	7.41%	-	-	-
Distribution of electronics	22,518,401,333	29.37%	20,835,617,478	27.81%	8.08%
Other businesses and internally offset accounts	1,710,722,813	2.23%	20,103,934,345	26.83%	-91.49%
By operating segment					
Mainland China	53,611,557,357	69.92%	47,799,405,342	63.79%	12.16%
Overseas (including Hong Kong)	22,326,649,303	29.12%	26,256,983,394	35.04%	-14.97%
Others	739,031,419	0.96%	876,696,952	1.17%	-15.70%

Unit: RMB'0,000

	2020				2019			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	1,374,212.92	1,559,108.17	1,937,677.64	2,796,725.08	2,960,095.69	1,418,065.69	1,503,605.24	1,611,541.96
Net profit attributable to the company's	40,812.58	79,994.02	81,710.98	236,298.33	77,908.84	131,326.03	48,498.13	4,043.66

shareholders							
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(2) Operating Division, Product Category or Operating Segment Contributing over 10% of Revenue or Operating Profit

Unit: RMB

	Revenue	Cost of sales	Gross profit margin	YoY change in revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Semi-conductor display	46,765,152,291	38,864,960,717	16.89%	37.57%	27.51%	6.55%
Distribution business	22,518,401,333	21,737,804,382	3.47%	8.08%	8.21%	-0.12%
By product category						
Semi-conductor display devices	46,765,152,291	38,864,960,717	16.89%	37.57%	27.51%	6.55%
Distribution of electronics	22,518,401,333	21,737,804,382	3.47%	8.08%	8.21%	-0.12%
By operating segment						
Mainland China	53,611,557,357	48,136,161,180	10.21%	12.16%	14.30%	-1.68%
Overseas (including Hong Kong)	22,326,649,303	17,913,215,641	19.77%	-14.97%	-25.01%	10.75%

(3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Operating division	Item	Unit	2020	2019	Change (%)
Semi-conductor display	Sales volume	0,000 m ²	2,910	2,218	31.20%
	Output	0,000 m ²	2,887	2,234	29.23%
	Inventory	0,000 m ²	61	84	-27.38%

(4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable Not applicable

(5) Breakdown of Cost of Sales

Unit: RMB

Operating division	Cost items	2020		2019		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Semi-conductor display	Raw materials, labor cost, depreciation, etc.	38,864,960,717	58.67%	30,478,907,024	45.95%	27.51%
Distribution business	Raw materials, labor cost, depreciation, etc.	21,737,804,382	32.82%	20,087,790,401	30.28%	8.21%
Others	Raw materials, labor cost, depreciation, etc.	5,639,513,329	8.51%	15,770,420,074	23.77%	-64.24%

(6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Compared with 2019, 91 subsidiaries (11 newly incorporated and the other 80 over which the Company newly obtained control) are newly included in and 6 subsidiaries (3 transferred and the other 3 de-registered) are excluded from the consolidation scope of 2020.

(7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	29,538,238,300
Total sales to top five customers as % of total sales of the Reporting Period (%)	38.90%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	12.46%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	7,562,130,820	9.96%
2	Customer B	7,323,720,176	9.64%
3	Customer C	6,305,529,571	8.30%
4	Customer D	5,188,672,272	6.83%
5	Customer E	3,158,185,461	4.16%
Total	--	29,538,238,300	38.90%

Other information about major customers:

For sales transactions between the Company and its related parties, see announcements disclosed by the Company on the designated media for information disclosure.

Major suppliers:

Total purchases from top five suppliers (RMB)	15,274,912,295
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	23.13%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	3.56%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	5,115,659,301	7.75%
2	Supplier B	4,153,496,667	6.29%
3	Supplier C	2,353,119,333	3.56%

4	Supplier D	1,938,205,521	2.93%
5	Supplier E	1,714,431,473	2.60%
Total	--	15,274,912,295	23.13%

Other information about major suppliers:

Applicable Not applicable

3. Expense

Unit: RMB

	2020	2019	Change (%)	Reason for any significant change
Selling expense	886,816,654	2,857,488,890	-68.97%	The spin-off
Administrative expense	2,370,378,495	1,895,087,528	25.08%	Increase in business and consolidation of Zhonghuan Electronics
Finance costs	2,357,022,129	1,248,800,752	88.74%	Increase in financings
R&D expense	4,402,820,839	3,396,804,603	29.62%	Increase in R&D investments and consolidation of Zhonghuan Electronics

4. R&D Investments

	2020	2019	Change (%)
Number of R&D personnel	8,156	6,155	32.51%
R&D personnel as % of total employees	16.83%	17.40%	-0.57%
R&D investments (RMB)	6,543,368,860	5,464,281,132	19.75%
R&D investments as % of revenue	8.53%	7.29%	1.24%
Capitalized R&D investments (RMB)	2,836,134,458	2,067,476,529	37.18%
Capitalized R&D investments as % of total R&D investments	43.34%	37.84%	5.51%

Reasons for any significant YoY change in the percentage of R&D investments in revenue:

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2020	2019	Change (%)
Subtotal of cash generated from operating activities	86,452,810,939	86,264,894,716	0.22%
Subtotal of cash used in operating activities	69,754,528,164	74,774,798,311	-6.71%
Net cash generated from/used in operating activities	16,698,282,775	11,490,096,405	45.33%
Subtotal of cash generated from investing activities	32,460,222,661	28,039,344,036	15.77%
Subtotal of cash used in investing activities	71,233,732,364	59,771,052,922	19.18%

Net cash generated from/used in investing activities	-38,773,509,703	-31,731,708,886	-22.19%
Subtotal of cash generated from financing activities	75,566,392,668	47,909,796,502	57.73%
Subtotal of cash used in financing activities	52,701,802,798	35,958,990,471	46.56%
Net cash generated from/used in financing activities	22,864,589,870	11,950,806,031	91.32%
Net increase in cash and cash equivalents	570,673,851	-8,064,640,553	107.08%

Explanation of why any of the data above varies significantly on a year-on-year basis:

The change in net cash generated from/used in operating activities was primarily driven by new production lines running at full capacity for strong sales and the consolidation of Zhonghuan Electronics.

The change in net cash generated from/used in investing activities was primarily driven by the acquisition of Zhonghuan Electronics.

The change in net cash generated from/used in financing activities was primarily driven by an increase in financings.

Explanation of why the net cash generated from/used in operating activities varies significantly from the net profit of the Reporting Period:

Applicable Not applicable

III Analysis of Non-Core Businesses

Applicable Not applicable

IV Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

The Company has adopted the new accounting standards governing revenue and leases since 2020 and restated the beginning amounts of relevant financial statement line items in the year.

Unit: RMB

	31 December 2020		1 January 2020		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	21,708,904,743	8.42%	18,648,184,663	11.31%	-2.89%	No significant change
Accounts receivable	12,557,614,486	4.87%	8,317,625,684	5.04%	-0.17%	No significant change
Inventories	8,834,957,692	3.43%	5,723,265,747	3.47%	-0.04%	No significant change
Investment property	1,664,201,130	0.65%	82,272,964	0.05%	0.60%	No significant change
Long-term equity investments	24,047,036,004	9.32%	17,194,284,162	10.43%	-1.11%	No significant change
Fixed assets	92,829,901,894	35.99%	45,459,070,330	27.57%	8.42%	Transfer from construction in progress and consolidation of Zhonghuan Electronics
Construction in progress	31,508,310,783	12.22%	33,578,289,802	20.37%	-8.15%	Transfer to fixed assets and investment property

Short-term borrowings	12,263,713,979	4.76%	12,069,657,099	7.32%	-2.56%	No significant change
Long-term borrowings	73,589,403,308	28.53%	38,512,059,200	23.36%	5.17%	Increase in financings and consolidation of Zhonghuan Electronics

2. Assets and Liabilities at Fair Value

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets							
1. Held-for-trading financial assets (excluding derivative financial assets)	8,617,440,186	404,919,410	-	22,059,045,159	23,249,324,235	523,560,456	8,355,640,976
2. Derivative financial assets	159,035,592	273,916,251	108,026,662	21,613,872	109,014,132	-	453,578,245
3. Receivables financing	-	-	-186,944	-	-	2,176,930,590	2,176,743,646
4. Other debt investments	-	-	-619,398	-	-	152,681,999	152,062,601
5. Investments in other equity instruments	279,883,515	-	51,926,498	-	67,189,622	1,069,055,239	1,333,675,630
Subtotal of financial assets	9,056,359,293	678,835,661	159,146,818	22,080,659,031	23,425,527,989	3,922,228,284	12,471,701,098
Financial liabilities	272,924,688	6,042,844	114,921,726	570,592,633	51,677,119	-	912,804,772

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

 Yes No

3. Restricted Asset Rights as at the Period-End

Restricted assets	Carrying amount (RMB)	Reason for restriction
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Monetary assets	209,977,735	Deposited in the central bank as the required reserve
Monetary assets	3,290,510,228	Security deposit
Held-for-trading financial assets	2,111,342,091	Put in pledge for loan
Notes receivable	24,000,000	Put in pledge
Accounts receivable	398,494,507	Put in pledge
Contract assets	102,793,676	Put in pledge
Fixed assets	71,991,617,869	As collateral for loan
Intangible assets	2,488,094,054	As collateral for loan
Construction in progress	9,721,671,236	As collateral for loan
Total	90,338,501,396	-

V Investments Made

1. Total Investment Amount

Total investment amount in 2020 (RMB)	Total investment amount in 2019 (RMB)	Change (%)
53,763,722,110	21,060,912,197	155.28%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Unit: RMB'0,000

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Bank's wealth management	Not applicable	Growing Income Conservative Corporate Customized Wealth Management Product	40,000	Fair value		1,019		40,000		1,019	41,019	Held-for-trading financial assets	Self-funded

product		No. 123											
Bank's wealth management product	Not applicable	Bank of China Steady Wealth Management Plan-Zhihui Series	40,000	Fair value		920		40,000		920	40,920	Hel-d-for-trading financial assets	Self-funded
Bank's wealth management product	Not applicable	China Everbright Bank Corporate Structured Deposits	34,950	Fair value		1,150		34,950		1,150	36,100	Hel-d-for-trading financial assets	Self-funded
NC D	Not applicable	20 China Construction Bank CD156	29,772	Amortized cost				29,772		113	29,885	Other current assets	Self-funded
Stock	0860.HK	Apollo	25,220	Fair value	13,806		-6,490		739	-194	17,847	Investments in other equity instruments	Self-funded
Tier 2 capital debt	Not applicable	20 China CITIC Bank Tier 2	10,000	Amortized cost				10,000		148	10,148	Debt investments	Self-funded
Asset management plan	Not applicable	Guotai Jun'an Junxiang Yinghuo Collective Asset Management Plan No. 2	10,000	Fair value		81		10,000		81	10,081	Hel-d-for-trading financial assets	Self-funded
Asset management	Not applicable	Yuheng FOF Single Asset Management Plan No.	10,000	Fair value		40		10,000		40	10,040	Hel-d-for-trading financial assets	Self-funded

ent plan		1										ncial assets	
Stock	000538.SZ	Yunnan Baiyao	4,341	Fair value		525		4,341		525	4,866	Held- for- trading financial assets	Self- funded
Stock	6049.HK	Poly Property	4,622	Fair value		6		4,622		6	4,629	Held- for- trading financial assets	Self- funded
Other securities investments held at the period-end			2,615,222	--	602,288	10,758		2,008,640	2,290,579	54,007	345,419	Not applicab le	Self- funded
Total			2,824,127	--	616,094	14,501	-6,490	2,192,325	2,291,319	57,816	550,954	--	--
Disclosure date of the board announcement approving the securities investments			12 December 2020										
Disclosure date of the general meeting announcement approving the securities investments (if any)			29 December 2020										

(2) Investments in Derivative Financial Instruments

Funding source	Mostly foreign-currency revenue
Legal matters involved (if applicable)	Not applicable
Disclosure date of the board announcement approving the derivative investments (if any)	28 April 2018
Disclosure date of the general meeting announcement approving the derivative investments (if any)	Not applicable
Analysis of risks and control measures associated with derivative investments held in 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 trend and predicting the operation (including orders and capital plans), adopts forward foreign exchange contracts, options and interest rate swaps to avoid future exchange rate and interest rate risks. As its business scale changes subsequently, the Company will adjust the 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 belongs to hedging and trading business related to main business operations, and there is a market risk of loss due to the fluctuation of underlying interest and exchange rates, which lead to the fluctuation of prices of financial derivatives; 2. Liquidity risk: the derivatives business carried out by the Group is an over-the-counter

	<p>transaction operated by a financial institution, and there is a risk of loss due to paying fees to the bank for the operations of evening up or selling the derivatives below the buying prices;</p> <p>3. Performance risk: the Group conducts the derivative business based on rolling budgets for risk management, and there is a risk of performance failure due to deviation between the actual operating results and budgets;</p> <p>4. Other risks: in the case of specific business operations, if the operator fails to finish the prescribed procedures for report or approval, or fails to record the financial derivative business information accurately, timely and completely, it may result in loss of derivative business or trading opportunities. Moreover, if the trading operator fails to fully understand the terms of transaction contracts or product information, the Group will face the legal risks and transaction losses therefrom.</p> <p>Measures taken for risk control:</p> <p>1. Basic management principles: the Group strictly follows the hedging principle and the main purpose of locking costs and avoiding risks. It is required that the financial derivatives business to be carried out matches the variety, size, direction and duration of spot goods, and no speculative trading should be involved. In the selection of hedging instruments, only simple financial derivatives that are closely related to the main business operation and meet the requirements of hedge accounting treatment should be selected, and avoid complex business that exceeds the prescribed business scope or is difficult to recognize in terms of risk and pricing;</p> <p>2. The Group has formulated a special risk management system tailored to the risk characteristics of the financial derivatives business, covering all key aspects such as pre-emptive prevention, in-process monitoring and post-processing. Professional personnel are rationally arranged for investment decision-making, business operations and risk control. Investment participants are required to fully understand the risks of financial derivatives investment and strictly implement the business operations and risk management systems of derivatives. Before starting the derivatives business, the holding company must submit to the management department of the Group detailed business reports including its internal approval, main product terms, operational necessity, preparations, risk analysis, risk management strategy, fair value analysis and accounting methods, and special summary reports on business operated. Operations can be implemented only after getting opinions from the professional department of the Group;</p> <p>3. Relevant departments should track the changes in the open market price or fair value of financial derivatives, timely assess the risk exposure changes of invested financial derivatives, and make reports to the board of directors on business development;</p> <p>4. When the combined impairment of the fair value of derivatives and changes in the value of the assets (if any) used for risk hedging by the Group results in a total loss or floating loss amounting to 10% of the recently audited net assets of the Company, and the absolute amount exceeds RMB10 million, the Group will disclose it in a timely manner.</p>
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	With the rapid expansion of overseas sales, the Company keeps following the above rules in the operation of forward foreign exchange contracts, interest rate swap contracts and futures contracts to avoid and hedge foreign exchange risks arising from operation and financing. It saw a net gain of RMB196.67 million for the Reporting Period. The fair value of derivatives is determined by real-time quoted price of the foreign exchange market, based on the difference between the contractual price and the forward exchange rate quoted immediately in the foreign exchange market on the balance sheet date.
Major changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	No significant change
Opinion of independent directors on derivative investments and risk control	In view of the fact that certain raw materials of the core business of the Company are purchased overseas, a wide range of settlement currencies is involved. The Company reduces exchange losses and locks transaction costs by reasonable financial derivatives, which helps to reduce risk control costs and improve company competitiveness. Risks are effectively controlled as the Company has taken series of measures such as conducting a rigorous internal evaluation for the operation of financial derivatives business, establishing a corresponding regulatory mechanism, formulating reasonable accounting policies and specific accounting principles, setting limits for risk exposure management, and operating simple financial derivatives. The contracting agent for

	financial derivatives business of the Company is a sound financial agent with good credit standing. The financial derivatives transactions carried out by the Company in 2020 are closely related to the daily operation needs of the Company with controllable risks. The business is in line with the interests of minority shareholders of the company and the relevant laws and regulations.
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Positions of derivative investments at the period-end:

Unit: RMB'0,000

Type of contract	Beginning amount		Ending amount		Gain/loss in Reporting Period	Ending contractual amount as % of the Company's ending net assets	
	Contractual amount	Actual amount	Contractual amount	Actual amount		Contractual amount	Actual amount
1. Forward forex contracts	1,279,232	36,087	1,931,617	59,359	19,667	21.45%	0.66%
2. Interest rate swaps	528,098	15,843	758,846	22,765		8.43%	0.25%
3. Currency swaps	215,565	14,399	310,520	15,526		3.45%	0.17%
Total	2,022,895	66,329	3,000,983	97,650	19,667	33.33%	1.08%

5. Use of Funds Raised

(1) General Information about the Use of Raised Funds

Unit: RMB'0,000

Year of raising	Way of raising	Total amount raised	Used in the Current Period	Cumulatively used	Amount with changed use in the Reporting Period	Cumulative amount with changed use	Cumulative amount with changed use as % of total amount raised	Unused amount	Purpose and whereabouts of the unused amount	Amount being idle for more than two years
2020	Public offering to qualified investors	100,000.00	100,000.00	100,000.00						
2020	Private placement (raising the matching funds)	260,000.00	259,932.40	260,000.00	-	-	-	67.60	To be used according to the Company's financial arrangements	-
Total	--	360,000.00	359,932.40	360,000.00	-	-	-	67.60	-	-
Remark										
In 2020, the Company carried out a program of asset purchase via share and convertible corporate bonds offering and cash payment and matching funds raising, with the total raised funds amounting to RMB2.6 billion. As of 31 December 2020, a cumulative amount of RMB2,599.3240 million had been used; and up to the date of this Report, the raised funds have been used up.										

Promised Use of Raised Funds

Unit: RMB'0,000

Promised project funded with raised funds and	Project changed or not (including	Total promised investment amount	Adjusted total investment	Investment in the Reporting	Cumulative investment amount at the	Investment progress as at the period-end	Time when the project is ready for	Benefits derived in the Reporting	Meeting the expected benefits	Significant change to project feasibility
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investment with over-raised funds	partial change)	with raised funds	amount (1)	Period	period-end (2)	(3) = (2)/(1)	its intended use	Period	or not	or not
Promised projects										
Asset purchase via the payment of cash consideration	Not	161,700.00	161,700.00	161,700.00	161,700.00	100%	October 2020	Not applicable	Not applicable	Not
Repaying debt and supplementing the working capital	Not	95,180.00	95,180.00	95,127.36	95,127.36	99.94%	October 2020	Not applicable	Not applicable	Not
Subtotal of promised projects	--	256,880.00	256,880.00	256,827.36	256,827.36	--	--		--	--
Advance investments in promised projects funded with raised funds and subsequent swaps	<p>In order to ensure the smooth operation of the projects funded with raised funds before the arrival of the 2020 raised funds, the Company made advance investments in such projects with self-pooled funds. The advance investment amount was verified by Da Hua Certified Public Accountants (Special General Partnership) with the Verification Report on Advance Investments of Self-pooled Funds in Projects Funded with Raised Funds (Da Hua Verification Report [2020] No. 008818).</p> <p>On 26 November 2020, the Proposal on the Swap of Raised Funds and Advance Investments of Self-Pooled Funds was approved at the Second Meeting of the Company's Seventh Board of Directors. As such, raised funds of RMB1.617 billion in total were agreed to be swapped with the advance investments of self-pooled funds in projects funded with raised funds.</p>									

Changed Use of Raised Funds

Applicable Not applicable

VI Sale of Major Assets and Equity Investments

1. Sale of Major Assets

No such cases in the Reporting Period.

2. Sale of Major Equity Investments

No such cases in the Reporting Period.

VII Principal Subsidiaries and Joint Stock Companies

Principal subsidiaries and joint stock companies with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profit
TCL China Star Optoelectronics Technology Co., Ltd.	Subsidiary	Semi-conductor or display devices	RMB23.888 billion	175,174,047,103	64,840,069,584	46,765,152,291	2,702,160,245	2,427,604,114
Tianjin	Subsidiary	Semi-c	RMB3.033					

Zhonghuan Semiconductor Co., Ltd.	y	duct or photovoltaic and semiconductor materials	billion	58,719,683,852	28,081,393,376	5,682,961,642	413,664,844	427,174,886
Highly Information Industry Co., Ltd.	Subsidiary	Distribution	RMB 371 million	4,838,485,984	1,070,906,395	22,518,401,333	330,678,166	186,176,868

Note: Tianjin Zhonghuan Semiconductor Co., Ltd. has been included in the consolidated financial statements since Q4 2020.

Subsidiaries obtained or disposed in the Reporting Period:

Subsidiary	How subsidiary was obtained or disposed of in the Reporting Period	Effects on overall operations and operating performance
TCL Optoelectronics Korea Co., Ltd	Incorporated	No significant effect
TCL Technology Investments Limited(BVI)	Incorporated	No significant effect
Admiralty Harbour Strategic Investment Limited	Incorporated	No significant effect
Highly (Tianjin) E-commerce Co., Ltd.	Incorporated	No significant effect
Sichuan Sunpiestore Technology Co., Ltd.	Incorporated	No significant effect
Guangzhou Zhike Inclusive Financing Guarantee Co., Ltd.	Incorporated	No significant effect
Tianjin Zhonghuan Electronics Group Co., Ltd. and its subsidiaries	Acquired	Representing a new business segment
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Incorporated	No significant effect
Guangzhou Ruixin Business Co., Ltd.	Incorporated	No significant effect
TCL Light Electrical Appliances (Longmen) Co., Ltd.	De-registered	No significant effect
TCL Educational Web Ltd.	Transferred	No significant effect
Shenzhen TCL Educational Technology Co., Ltd.	Transferred	No significant effect
Silk Road (Beijing) International Education Technology Center Co., Ltd.	Transferred	No significant effect
Shanghai Bairen Information Technology Co., Ltd.	De-registered	No significant effect
Xinjiang Sunpiestore Electronic Technology Co., Ltd.	De-registered	No significant effect
Huludao Zhongrun Energy Technology Co., Ltd.	Acquired	No significant effect
Tianjin Huanhai Property Development Co., Ltd.	Incorporated	No significant effect
Ningjin Jinchun New Energy Co., Ltd.	Incorporated	No significant effect
Wuxi Zhonghuan Applied Materials Co., Ltd.	Acquired	No significant effect
Shangyi Shengyao New Energy Development Co., Ltd.	Acquired	No significant effect

Huansheng New Energy (Tianjin) Co., Ltd.	Incorporated	No significant effect
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VIII Structured Bodies Controlled by the Company

Applicable Not applicable

IX Prospects

Looking into 2021, mass vaccination will hopefully drive the recovery of the global economy. Fiscal and monetary incentives in major countries and regions support economic growth after the restart. China was the only major economy in the world that had positive growth. China's economy is bound to grow steadily and sustainably by adhering to its strategic target, constantly deepening reforms, perfecting the income distribution mechanism, and sticking to drive the "dual circulation" via technological innovation.

In order to respond to changes in the global political and economic environments, China has formulated a new "development pattern in which domestic economic cycle plays a leading role while international economic cycle remains its extension and supplement". In addition, China has stressed that, "it will reinforce the development of core technologies and materials and enhance the independent control of the industrial chain. Besides, it will earnestly develop high-end equipment and advanced manufacturing industry and accelerate to propose new intelligent and digital technologies. Industry policies have been issued to break the blockade on trade and technology, accelerate the transformation and upgrading of China's economy and industry, and build an independent and controllable industrial chain". China's sci-tech and high-end manufacturing industries will embrace development opportunities.

In the past years, the manufacturing industry of China has turned growingly competitive, as driven by the national strategy of supporting the real economy. Increasing industries in China can challenge global leaders. The value of the manufacturing industry rises along with the adjustment of the economic structure and competitiveness enhancement. New directions for industry policies have been indicated and proposed in the "14th Five-year Plan" and at the Central Economic Work Conference. China will strongly support the progress of intelligent and digital industries, the semi-conductor display industry, the semi-conductor photovoltaic and semi-conductor materials industry, and the chip device industry and facilitate the development of new materials and equipment.

Semi-conductor display, semi-conductor, and photovoltaic industries will become strategic focuses. A global core asset segment in the scientific and technological industry will be built.

The Company has centered on the basic and key driving factors of the semi-conductor display and scientific and technological industries and created future-oriented core competitiveness through endogenous growth and M&A deals, since it spun off the terminal business and clarified the self-positioning of becoming a global technology group in 2019.

The Company, as one of the leading players in the global semi-conductor display industry, has seized industry development opportunities, achieved countercyclical expansion, and kept enhancing its scale advantage. The t7 production line is raising its mass production and expected to operate at full capacity by the second half of 2021. Benefits of the acquisition of Samsung Suzhou include capacity enhancement, product optimization, improved control over the industrial chain, better deliverability to strategic customers, and a higher industry position. In the meantime, practitioners in the semi-conductor display industry will gradually recover their profitability, along with the constant improvement in the supply and demand relationship and the competition pattern, which will fully benefit industry leaders.

The Company acquired Zhonghuan Semiconductor to actively enter the new energy and semi-conductor materials industry so as to build a core segment in the science and technology industry in the next decade. Zhonghuan Semiconductor is a globally leading enterprise in photovoltaic and semi-conductor materials with more than four decades of experience in the production of monocrystalline silicon. Its business has demonstrated an apparent competitive advantage in China. Currently, Zhonghuan Semiconductor is growing rapidly. Zhonghuan Semiconductor will enjoy wider development space, develop quickly by seizing the rise in the industry cycle of the industry, and grow into one of the main engines of operating performance of TCL Tech, as the latter implements its strategies and operating arrangement for the former.

Six major strategies as well as strategic planning and objectives for 2021 will be implemented

The Company pertinently updated its strategic planning for 2021, based on the strategic planning for 2020 and confirmed the operating strategy of "improving operating quality and profitability, consolidating advantages and improving disadvantages, accelerating global layout, and driving development via innovation". Moreover, it highlighted the tasks in six aspects and ensured the achievement of strategic planning and objectives:

First, strategic planning as well as risk management and control will be improved: the Group is expected to conscientiously review its previous work in line with the idea of "finding the root reason", strengthen the risk management and control regarding strategy implementation and the strain capacity, and effectively raise operating performance;

Second, the Group will accelerate to expand its presence worldwide: It will unswervingly stick to its strategy of globalization and enhance global operations and the global industrial supply chain;

Third, the Group will strengthen the consciousness of competition and resolutely stride forward with great ambition and courage: All enterprises should keep a foothold in the fierce market competition and have the determination and courage to beat peers;

Fourth, the Group will practice innovation-driven development: It will gain a deeper understanding of the idea of engineering businessmen. Technological results will be converted into advantages in products and competition and reflected in operating results;

Fifth, the business bottom line of the maximization of cost efficiency will be held: the Group should firmly hold the bottom line of no loss at the low ebb of the industry in order to develop rapidly during industry recovery;

Sixth, the Group will constantly enhance organizational and team capabilities: It will continuously optimize the mechanism for the selection, cultivation, and incentive of cadres. It will aim to create a pattern where the Senior Management has a broader vision, while the Middle Management becomes more ambitious; and the grass-roots implementation turns more effective

In 2021, TCL will usher in the 40th anniversary of its establishment and start a new lifecycle with a stronger driving force for development. Ramp up, Catch up and Go all out to be A Global Leader—TCL Tech’s journey to global leadership begins with the first step.

X Communications with the Investment Community such as Researches, Inquiries and Interviews

1. During the Reporting Period

Date	Place	Way of communication	Type of communication party	Communication party	Main discussions and materials provided	Index to main information communicated
15 January 2020	Company Conference Room in Shenzhen	By visit	Institutional investor	UBS Asset Management, Essence Securities, Oriental Alpha Fund, Tongben Investment, Rosefinch Fund, Shenzhen Shangdao Investment, and Shanghai Life Insurance	Inquired about the Company’s business development	Log Sheet No. 2020-001 on Investor Relations Activities on 15 January 2020 disclosed by the Company on http://www.cninfo.com.cn dated 16 January 2020
16 January 2020	Company Conference	By visit	Institutional	TF Securities, China Asset	Inquired about the Company’s	Log Sheet No. 2020-002 on Investor

	Room in Shenzhen		investor	Management, TruValue Asset Management, Dingsa Fund, Essence Fund, Essence Securities, Sense Fund, Boyuan Fund, JTJ Investment, China Orient Asset Management, etc.	business development	Relations Activities on 16 January 2020 disclosed by the Company on http://www.cninfo.com.cn dated 17 January 2020
31 March 2020	Company Conference Room in Shenzhen	By visit	Institutional investor	E Fund, Harvest Fund, Southern Asset Management, Boseru Funds, Perseverance Asset Management, Yinhua Fund, GF Fund, Dacheng Fund, UBS Securities, Minsheng Royal Fund Management, HSBC Jintrust Fund, CCB Principal Asset Management, etc.	Inquired about the 2019 performance and development planning of TCL Tech. and TCL CSOT	Log Sheet No. 2020-003 on Investor Relations Activities on 31 March 2020 disclosed by the Company on http://www.cninfo.com.cn dated 2 April 2020
29 April 2020	-	By phone	Institutional investor	Harvest Fund, China Asset Management, Penghua Fund, Perseverance Asset Management, asptex, Daiwa, Morgan Stanley, Q Fund Management, UG, Essence International, Essence Securities, Aeon Insurance Asset Management, etc.	Inquired about the Q1 2020 performance and development planning of TCL Tech.	Log Sheet No. 2020-004 on Investor Relations Activities on 29 April 2020 disclosed by the Company on http://www.cninfo.com.cn dated 7 May 2020
17 August 2020	Renaissance Tianjin Lakeview Hotel	By visit	Institution	Dajia Asset, China Life Asset, Fullgoal Fund, Perseverance Asset, Everbright Securities, GF Fund, Taikang Asset, Hongta Securities, GF Securities, GFund, EHE Capital,	Inquired about the Company's business development	Log Sheet No. 2020-005 on Investor Relations Activities on 17 August 2020 disclosed by the Company on http://www.cninfo.com.cn dated 18 August 2020

				Guosheng Securities, etc.		
31 August 2020	Company Conference Room in Shenzhen	By visit	Institution	China Life Asset Management Company Limited, CIB Fund Management Co., Ltd., ABC Life Insurance, CITIC Prudential Fund, China Asset Management, Harvest Fund, ICBC Credit Suisse, Taikang Asset, Ping An Annuity Insurance, Ping An Fund, etc.	Inquired about the H1 2020 performance and development planning of TCL Tech.	Log Sheet No. 2020-006 on Investor Relations Activities on 31 August 2020 disclosed by the Company on http://www.cninfo.com.cn dated 2 September 2020
30 October 2020	Company Conference Room in Shenzhen Headquarters	By phone	Institutional investor	Goldman Sachs, BNP Paribas, J.P. Morgan, Mizuho Securities, Morgan Stanley, UBS, Kenrich partners, Mighty Divine, F Fund, Guohua Life, ICBC Credit Suisse, Guangdong Branch of China Development Bank, CICC, CICC Fund, etc.	Inquired about the Q3 2020 performance and development planning of TCL Tech.	Log Sheet No. 2020-007 on Investor Relations Activities on 30 October 2020 disclosed by the Company on http://www.cninfo.com.cn dated 2 November 2020

Times of communications	7
Number of institutions communicated with	453
Number of individuals communicated with	7
Number of other communication parties	0
Tip-offs or leakages of substantial supposedly-confidential information during communications	None

Part V Significant Events

I Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

The profit distribution policy for ordinary shareholders, especially the formulation, implementation and amendments to the cash dividend policy, in the Reporting Period:

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	No changes to the dividend policy and the relevant conditions and procedures are in compliance with applicable regulations and transparent

As approved at the 2018 Annual General Meeting on 9 April 2019, the 2018 annual profit distribution plan was as follows: based on the share capital of 13,370,778,507 shares on the date of record that were eligible for profit distribution (the total share capital of 13,549,648,507 shares minus the 178,870,000 shares in the Company's special securities account for repurchase that were not eligible for profit distribution), a cash dividend of RMB1.00 (tax inclusive) per 10 shares was to be distributed to the shareholders, totaling RMB1,337,077,850.70.

As approved at the 2019 Annual General Meeting on 20 April 2020, the 2019 annual profit distribution plan was as follows: based on the share capital of 13,000,372,307 shares on 27 March 2020 that were eligible for profit distribution (the total share capital of 13,528,438,719 shares minus the 528,066,412 shares in the Company's special securities account for repurchase that were not eligible for profit distribution), a cash dividend of RMB1.00 (tax inclusive) per 10 shares was to be distributed to the shareholders, totaling RMB1,300,037,230.70.

The Company carried out a share repurchase program of up to RMB1.934 billion in 2019, which has been completed in early January 2020. As attaching great importance to the reasonable return of investors, the Company reviews the return plan of shareholders for the coming three years in 2020, which not only ensures an ongoing and consistent profit distribution policy, but also pay full attention to what the shareholders, especially the minority shareholders, want so as to sufficiently protect their rightful interests.

The 2020 annual profit distribution plan is as follows: based on the share capital of 13,546,581,599 shares on 10 March 2021 that are eligible for profit distribution (the total share capital of 14,030,788,362 shares minus the 484,206,763 shares in the Company's special securities account for repurchase that are not eligible for profit distribution), a cash dividend of RMB1.2 (tax inclusive) per 10 shares is to be distributed to the shareholders, totaling RMB1,625,589,791.88. The retained earnings of RMB7,145,804,477.12 will carry forward for future distribution. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of "adjusting the total payout amount under the same dividend ratio", subject to the actual payout amount.

Cash dividend for ordinary shareholders in the past three years (including the Reporting Period):

Unit: RMB

Year	Cash dividends (tax inclusive) (A)	Net profit attributable to ordinary shareholders of the listed company in consolidated statements for the year (B)	A as % of B (%)	Cash dividends in other forms (like share repurchase) (C)	C as % of B (%)	Total cash dividends (including those in other forms) (A+C)	A+C as % of B (%)
2020	1,625,589,791.88	4,388,159,018	37.04%	-	-	1,625,589,791.88	37.04%
2019	1,300,037,230.70	2,617,766,571	49.66%	1,933,596,514.47	73.86%	3,233,633,745.17	123.53%
2018	1,337,077,850.70	3,468,207,405	38.55%	-	-	1,337,077,850.70	38.55%

Indicate whether the Company fails to put forward a cash dividend proposal for the ordinary shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to the ordinary shareholders are positive.

Applicable Not applicable

II Final Dividend Plan for the Reporting Period

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	1.20
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	13,546,581,599
Cash dividends (RMB) (tax inclusive)	1,625,589,791.88
Distributable profits (RMB)	8,771,394,269
Total cash dividends (including those in other forms) as % of total profits to be distributed (%)	100%
Cash dividend plan	

Based on the share capital of 13,546,581,599 shares on 10 March 2021 that are eligible for profit distribution (the total share capital of 14,030,788,362 shares minus the 484,206,763 shares in the Company's special securities account for repurchase that are not eligible for profit distribution), a cash dividend of RMB 1.2 (tax inclusive) per 10 shares is to be distributed to the shareholders, totaling RMB 1,625,589,791.88. The retained earnings of RMB 7,145,804,477.12 will carry forward for future distribution. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of "adjusting the total payout amount under the same dividend ratio", subject to the actual payout amount.

Cash and/or stock dividend plan in detail

Based on the share capital of 13,546,581,599 shares on 10 March 2021 that are eligible for profit distribution (the total share capital of 14,030,788,362 shares minus the 484,206,763 shares in the Company's special securities account for repurchase that are not eligible for profit distribution), a cash dividend of RMB 1.2 (tax inclusive) per 10 shares is to be distributed to the shareholders, totaling RMB 1,625,589,791.88. The retained earnings of RMB 7,145,804,477.12 will carry forward for future distribution. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review. Where any changes occur, before the implementation of the dividend plan, to the share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of "adjusting the total payout amount under the same dividend ratio", subject to the actual payout amount.

III Fulfillment of Commitments

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

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in asset purchases via share and convertible bonds offering and cash payment and matching fund raising	Li Dongsheng and Jiutian Liancheng	About not reducing shareholdings in the Company	I/This partnership will not reduce the shares held in the listed company from the date of announcement of the first resolution of the Board of Directors of the listed company that reviews this transaction to the date when this transaction is completed/terminated. I/This partnership promise(s) to strictly observe all commitments in this letter. I/This partnership will shoulder the corresponding legal responsibilities, if I/This partnership make(s) false, inaccurate, or incomplete statements, or break relevant commitments and cause losses to the listed company.	16 June 2020	During the asset purchase via share and convertible bonds offering and cash payment and matching fund raising	Having expired
	All the Company's directors, supervisors and senior management	About not reducing shareholdings in the Company	I will not reduce the shares held in the listed company from the date of announcement of the first resolution of the Board of Directors of the listed company that reviews this transaction to the date when this transaction is	16 June 2020	During the asset purchase via share and convertible bonds offering and cash payment and	Having expired

			completed/terminated. I promise to strictly observe all commitments in this letter. I will shoulder the corresponding legal responsibilities, if I makes false, inaccurate, or incomplete statements, or break relevant commitments and cause losses to the listed company.		matching fund raising	
	Wuhan Industrial Investment	About the lockup period of the shares subscribed for and the bond-to-stock period of convertible corporate bonds	<p>1. This company shall not transfer the shares in TCL Tech obtained through this transaction within 12 months since the end date of issuance of shares, including but not limited to direct or indirect transfer in the securities market or by agreement.</p> <p>2. This company shall obey the above agreement regarding the shares in TCL Tech additionally obtained because of allocation of bonus shares and conversion to share capital, after the end of this issuance.</p> <p>3. This company shall not transfer the convertible bonds obtained through this transaction within 12 months since the end date of issuance, including but not limited to direct or indirect transfer in the securities market or by agreement.</p> <p>4. The conversion period of the convertible bonds in this issuance starts from the first trading day 12 months after the end date of issuance to the maturity date of convertible bonds.</p> <p>5. This company shall not transfer its shares in TCL Tech., if this issuance is registered and investigated by judicial authorities or the China Securities Regulation Commission (CSRC), because the information provided or disclosed in this issuance contains false presentations, misleading statements, or material omissions, and the investigation conclusion is unclear. Moreover, this company shall submit its written application for suspension of transfer and share account to the Board of Directors of the listed company, within two trading days upon receipt of the notice on case registration and investigation. The Board of Directors will, on behalf of this company, apply for lock up with the stock exchange and the clearing house. If this company</p>	16 June 2020	12 months from the date of the completion of the offering	No violations

			fails to submit the lockup application within two trading days, the Board of Directors will be authorized to verify the situation and directly submit the identity and account information of this company to and apply for lockup with the stock exchange and the clearing house. If the Board of Directors fails to submit the identity and account information of this company to the stock exchange and the clearing house, the stock exchange and the clearing house will be authorized to directly lock up relevant shares. This company promises that it will voluntarily use the shares locked up to compensate relevant investors, should the investigation conclusion identify violations of laws and regulations.			
	Subscribers to the convertible corporate bonds privately placed to raise the matching funds	About the commitment letter and the share lockup application of issuing targets of the private placement of convertible corporate bonds	This organization agrees that it will not transfer its subscribed convertible bonds within six months from the date when this issuance ends and the registration is completed. Besides, it entrusts the Board of Directors of TCL Tech. to apply for lockup of the above subscribed convertible bonds with China Securities Depository and Clearing Corporation Limited (CSDC) Shenzhen Branch so as to ensure that the above subscribed convertible bonds will not be transferred within six months from the date when this issuance ends and the registration is completed.	17 November 2020	6 months from the completion of the offering and registration	No violations
Commitments made in refinancing	Star Century Enterprises Limited; Linzhou Xinglan Venture Investment Management Partnership (Limited Partnership); Linzhou Xingyong Venture Investment Management Partnership (Limited Partnership); Linzhou Xingyuan Venture Investment Management Partnership (Limited Partnership); and Linzhou Xinglian Venture Investment Management Partnership (Limited Partnership)	About share trading restrictions	We agree not to transfer the shares that we subscribe for within 36 months since the end of TCL's asset purchase via share offering (25 December 2017).	25 December 2017	25 December 2020	Having expired

	Li Dongsheng	About horizontal competition, related-party transaction and capital occupation	1) I shall avoid horizontal competition between the companies, enterprises or other business organizations that I own, control, control with others, have significant influence on and the Company with its subsidiaries; and 2) I shall reduce and control related-parties transactions between the companies, enterprises or other business organizations that I own, control, control with others, or have significant influence on and the Company with its subsidiaries.	30 August 2013	During the period when being the Company's director, supervisor or senior management	No violations
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	Not applicable					

2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.

Applicable Not applicable

IV Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes

Applicable Not applicable

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

Applicable Not applicable

VI YoY Changes to Accounting Policies, Estimates and Methods

For details, see "37. Changes to main accounting policies and estimates" in "III Significant accounting policies and estimates" in "Part XI Financial Report".

VII Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

Applicable Not applicable

VIII YoY Changes to the Scope of the Consolidated Financial Statements

Compared with 2019, 91 subsidiaries (11 newly incorporated and the other 80 over which the Company newly obtained control) are newly included in and 6 subsidiaries (3 transferred and the other 3 de-registered) are excluded from the consolidation scope of 2020.

IX Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Da Hua Certified Public Accountants (Special General Partnership)
The Company's payment to the domestic independent auditor (RMB'0,000)	352
How many consecutive years the domestic independent auditor has provided audit service for the Company	13
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Qiu Junzhou and Jiang Xianmin
How many consecutive years the certified public accountants have provided audit service for the Company	2 years for both

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

Yes No

Indicate whether the independent auditor was changed during the audit period.

Yes No

CPA firm, financial advisor or sponsor hired for the audit of internal control:

During the Reporting Period, CITIC Securities Co., Ltd. was hired as the financial advisor for the Company's program of asset purchase via share and convertible corporate bonds offering and cash payment and matching fund raising for a fee of RMB9 million.

X Possibility of Listing Suspension or Termination after Disclosure of this Report

Applicable Not applicable

XI Insolvency and Reorganization

Applicable Not applicable

XII Major Legal Matters

Applicable Not applicable

XIII Punishments and Rectifications

Applicable Not applicable

XIV Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable Not applicable

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

(I) The First Top 400 and Key Personnel Stock Ownership Plan and the Global Partner Plan

1. On 14 April 2020, the Company disclosed the Announcement on the Completion of the Non-Deal Transfers under the First Global Partner Plan and Shareholding Increases by Directors, Supervisors and Senior Management on the designated media for information disclosure. As indicated in the Confirmation of Securities Ownership Transfer issued by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., 32,022,354 shares (0.24% of the Company's total share capital) of the Company held in the securities account under the Designated Asset Management Plan of the First Global Partner Plan of TCL Group were transferred through a non-deal manner to the securities accounts of the holders under the plan. The unvested 67,125,761 shares and the corresponding dividends (if any) would be sold by the Management Committee of the First Stock Ownership Plan at a proper timing before the expiry of the First Global Partner Plan, and the proceeds generated therein would be returned to the Company.

2. On 21 August 2020, the Company disclosed the Announcement on the Completion of the Clearing of the Shares under the First Global Partner Plan & the Early Termination of the Plan. As of the date of the announcement, the unvested shares under the designated asset management plan for the First Global Partner Plan had been sold out, and the proceeds generated therein were returned to the Company. The clearing of the aforesaid asset management plan has been completed lately, with no impact on the share capital and incentive mechanism of the Company. Pursuant to the relevant provisions of the First Global Partner Plan (Draft), the implementation of this employee stock ownership plan has been completed, representing the early termination of the plan.

(II) The Second Global Partner Plan

On 14 April 2020, the Company disclosed the Announcement on the Equity Vesting of the Second Global Partner Plan on the designated media for information disclosure. The Second Global Partner Plan (Draft) set out a company performance-related condition of a not-lower-than-15% growth in the net profit attributable to shareholders of the Company as the parent in 2019 compared to 2018. According to the 2019 Annual Independent Auditor's Report for TCL Technology Group Corporation issued by Da Hua Certified Public Accountants (Special General Partnership), the net profit attributable to shareholders of the Company as the parent in 2019 failed to grow by over 15% compared to 2018, which meant the said condition had not been satisfied. Therefore, the 33,391,897 shares under the Second Global Partner Plan and the corresponding dividends (if any) would be

taken back by the Company and would not be vested in the holders under the plan. These shares would be sold by the Management Committee of the Second Stock Ownership Plan at a proper timing before the expiry of the Second Global Partner Plan, and the proceeds generated therein would be returned to the Company.

(III) The Third Global Partner Plan

1. The Proposal on the Third Global Partner Plan (Draft) and Its Summary, and the Measures for the Management of the Third Global Partner Plan were approved respectively at the 29th Meeting of the 6th Board of Directors on 27 August 2020 and the Fifth Extraordinary General Meeting of 2020 on 14 September 2020. Shares for the Third Global Partner Plan would be obtained through a non-deal transfer from the special securities account for repurchases.

2. The Announcement on the Completion of the Non-Deal Transfer to the Third Global Partner Plan was disclosed on 22 January 2021. The Company had received on 20 January 2021 the Securities Transfer Confirmation issued by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. 43,859,649 shares (or 0.31% of the Company's total share capital) had been transferred in a non-deal manner on 19 January 2021 from the special securities account for repurchases to "TCL Technology Group Corporation—the Securities Account for the Third Employee Stock Ownership Plan". As required by the Third Global Partner Plan (Draft), the shares under the Third Global Partner Plan would be locked up for a period of no less than 12 months starting from the disclosure of the announcement on the completion of the transfer of target shares, i.e. from 19 January 2021 to 18 January 2022.

(IV) The 2018 Restricted Stock Incentive Plan and the Global Innovation Partner Plan

1. The Proposal on the Repurchase and Retirement of Restricted Shares That Have Been Granted under the 2018 and 2019 Restricted Stock Incentive Plans But Are Still in Lockup was approved respectively at the 25th Meeting of the 6th Board of Directors and the 16th Meeting of the 6th Supervisory Committee both dated 28 March 2020. As such, it was agreed to repurchase and retire the 6,780,952 restricted shares that had been granted to 723 awardees under the 2018 Restricted Stock Incentive Plan but were still in lockup due to the failure to satisfy the unlocking condition for the second unlocking period, i.e. an unfulfilled company performance requirement for 2019.

2. On 28 July 2020, the Company disclosed the Announcement on the Completion of the Repurchase and Retirement of Some Restricted Shares That Have Been Granted under the 2018 and 2019 Restricted Stock Incentive Plans But Are Still in Lockup. As of 24 July 2020, the Company had repurchased and retired 9,159,308 restricted shares via the Shenzhen branch of China Securities

Depository and Clearing Co., Ltd.

(V) The 2019 Restricted Stock Incentive Plan and the TCL Global Innovation Partner Plan

1. The Proposal on the Repurchase and Retirement of Restricted Shares That Have Been Granted under the 2018 and 2019 Restricted Stock Incentive Plans But Are Still in Lockup was approved respectively at the 25th Meeting of the 6th Board of Directors and the 16th Meeting of the 6th Supervisory Committee both dated 28 March 2020. As such, it was agreed to repurchase and retire the 881,067 restricted shares that had been granted to 27 awardees under the 2019 Restricted Stock Incentive Plan but were still in lockup because they were deemed by the Board of Directors as no longer eligible for the incentives due to reasons such as the spin-off of Huizhou TCL Environmental Resource Co., Ltd. and resignation; and it was agreed to repurchase and retire the 1,497,289 restricted shares that had been granted to 95 in-service awardees but were still in lockup due to the failure to satisfy the unlocking condition for the current unlocking period, i.e. an unfulfilled company performance requirement for 2019.

2. On 28 July 2020, the Company disclosed the Announcement on the Completion of the Repurchase and Retirement of Some Restricted Shares That Have Been Granted under the 2018 and 2019 Restricted Stock Incentive Plans But Are Still in Lockup. As of 24 July 2020, the Company had repurchased and retired 9,159,308 restricted shares via the Shenzhen branch of China Securities Depository and Clearing Co., Ltd.

XVI Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not applicable

2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Interests

Applicable Not applicable

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

4. Credits and Liabilities with Related Parties

Applicable Not applicable

Indicate whether there were any credits and liabilities with related parties for non-operating purposes:

Yes No

5. Other Major Related-Party Transactions

Title of announcement	Date of disclosure	Website for disclosure
Announcement on Progress on the Participation in an Equity Investment Fund & the Related-Party Transaction	8 February 2020	http://www.cninfo.com.cn
Announcement on TCL Tech Finance Co., Ltd. Continuing to Provide Financial Services for TCL Industries Holdings Inc. and Extending the Financial Service Agreement between Them and the Related-Party Transaction	31 March 2020	
Announcement on the Expected Continuing Related-Party Transactions for 2020	31 March 2020	
Announcement on the Acquisition of the 100% Equity Interests of Moka International Limited & the Related-Party Transaction	12 December 2020	

XVII 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

Guarantees

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	Term of guarantee	Having expired or not	Guarantee for a related party or not
TCL King Electrical Appliances (Huizhou) Co., Ltd.	2018-12-7	345,000	2019-8-29	293,462	Joint-liability	1 month-5 years	Not	Yes
TCL Overseas Electronics (Huizhou) Ltd.	2018-12-7	120,000	2020-6-15	55,779	Joint-liability	1 month-1 year	Not	Yes

TCL King Electrical Appliances (Chengdu) Co., Ltd.	2018-12-7	60,000	2020-11-5	50,012	Joint-liability	6 months	Not	Yes
Huizhou TCL Mobile Communication Co., Ltd.	2018-12-7	450,000	2020-5-20	177,825	Joint-liability	3 months-1 year	Not	Yes
TCL Communication Technology Holdings Limited	2018-12-7	120,000	2017-11-20	-	Joint-liability	1-5 years	Not	Yes
TCL Mobile Communication (HK) Company Limited	2018-12-7	248,500	2020-10-16	79,328	Joint-liability	3-6 months	Not	Yes
TCT Mobile Overseas Limited	2018-12-7	6,625	-	-	Joint-liability	-	Not	Yes
TCT Mobile (US) Inc.	2018-12-7	84,500	-	-	Joint-liability	-	Not	Yes
TCT Mobile International Limited	2018-12-7	31,000	-	-	Joint-liability	-	Not	Yes
TCT Mobile Italy S.R.L	2018-12-7	1,600	2020-7-11	-	Joint-liability	3 months-1 year	Not	Yes
TCT MOBILE - TELEFONES LTDA.	2018-12-7	12,000	-	-	Joint-liability	-	Not	Yes
TCL Home Appliances (Hefei) Co., Ltd.	2018-12-7	140,000	2020-6-15	38,604	Joint-liability	6 months-1 year	Not	Yes
TCL Home Appliances (Zhongshan) Co., Ltd.	2018-12-7	16,000	2020-6-18	3,627	Joint-liability	6-7 months	Not	Yes
TCL Air-Conditioner (Zhongshan) Co., Ltd.	2018-12-7	158,600	2016-9-9	91,458	Joint-liability	3 months-5 years	Not	Yes
TCL Air Conditioner (Wuhan) Co., Ltd.	2018-12-7	131,600	2020-4-24	70,640	Joint-liability	86-190 days	Not	Yes
Zhongshan TCL Refrigeration Equipment Co., Ltd.	2018-12-7	75,300	2020-11-20	7,290	Joint-liability	6 months	Not	Yes
Guangdong TCL Smart Heating & Ventilation Equipment Co., Ltd.	2018-12-7	7,000	2020-7-27	1,956	Joint-liability	3-6 months	Not	Yes
TCL Home Appliances (Huizhou) Co., Ltd.	2018-12-7	11,500	-	-	Joint-liability	-	Not	Yes
TCL Intelligent Technology (Hefei) Co., Ltd.	2018-12-7	800	-	-	Joint-liability	-	Not	Yes
TCL Air-Conditioner (Jiujiang) Co., Ltd.	2018-12-7	25,000	2020-7-23	13,424	Joint-liability	93-190 days	Not	Yes
TCL Home Appliances (Hong Kong) Limited	2018-12-7	20,000	-	-	Joint-liability	-	Not	Yes
Shenzhen TCL Hangxiang Supply Chain Service Co., Ltd.	2018-12-7	500	-	-	Joint-liability	-	Not	Yes
Zhongshan Hhappy Tree Network Technology Co., Ltd.	2018-12-7	2,000	-	-	Joint-liability	-	Not	Yes
TCL Tonly Electronics (Huizhou) Co., Ltd.	2018-12-7	40,000	2015-11-4	1,363	Joint-liability	1-6 year	Not	Yes
TCL Commercial Information Technology (Huizhou) Co., Ltd.	2018-12-7	14,000	2020-4-8	-	Joint-liability	1 month	Not	Yes

TCL Very Lighting Technology (Huizhou) Co., Ltd.	2018-12-7	4,000	2020-6-29	1,318	Joint-liability	91-122 days	Not	Yes
TCL Capital (Hong Kong) Limited	2018-12-7	100,000	-	-	Joint-liability	-	Not	Yes
Huizhou Cool Friends Network Technology Co., Ltd.	2018-12-7	13,000	2020-1-20	-	Joint-liability	11-182 days	Not	Yes
SHIFENDAOJIA Online Service Co., Ltd.	2018-12-7	3,000	2020-1-21	30	Joint-liability	6-162 days	Not	Yes
TCL Technology Park Co., Ltd.	2018-12-7	27,000	-	-	Joint-liability	-	Not	Yes
Guangzhou Yunsheng Tianji Technology Co., Ltd.	2018-12-7	110,000	2017-9-28	4,191	Joint-liability	12 years	Not	Yes
Guangzhou TCL Science and Technology Development Co., Ltd.	2018-12-7	200,000	2018-12-18	121,000	Joint-liability	13 years	Not	Yes
Shenzhen Bao'an TCL Haichuanggu Technology Park Development Co., Ltd.	2018-12-7	20,000	2018-9-25	16,144	Joint-liability	3 years	Not	Yes
TCL Industries Holdings (HK) Limited	2018-12-7	800,000	2016-10-4	529,515	Joint-liability	1-5 years	Not	Yes
Canyon Circuit Technology (Huizhou) Co., Ltd.	2018-12-7	5,000	2020-4-29	346	Joint-liability	180-186 days	Not	Yes
Huizhou Shenghua Industrial Co., Ltd.	2018-12-7	9,000	2020-3-31	-	Joint-liability	91-185 days	Not	Yes
Taiyang Electro-optic (Huizhou) Co., Ltd.	2018-12-7	4,000	2020-5-12	-	Joint-liability	135-143 days	Not	Yes
Huizhou Gaoshengda Technology Co., Ltd.	2018-12-7	9,000	-	-	Joint-liability	-	Not	Yes
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	2020-3-31	40,000	2020-6-24	31,512	Joint-liability	6 months-1 year	Not	Not
Qihang Import&Export Limited	2020-3-31	6,000	-	-	Joint-liability	-	Not	Not
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	2020-3-31	110,000	2020-6-17	3,900	Joint-liability	6 months-1 year	Not	Not
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	2020-3-31	40,000	2020-4-28	21,763	Joint-liability	8 years	Not	Not
Qihang Import&Export Limited	2020-8-28	50,000	-	-	Joint-liability	-	Not	Not
Total approved line for such guarantees in Reporting Period (A1)		246,000		Total actual amount of such guarantees in Reporting Period (A2)		1,857,178		
Total approved line for such guarantees at end of Reporting Period (A3)		3,671,525		Total actual balance of such guarantees at end of Reporting Period (A4)		1,614,488		
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	Term of guarantee	Having expired	Guarantee

							or not	for a rela ted part y or not
Wuhan China Star Optoelectronics Technology Co., Ltd.	2020-3-31	1,110,000	2016-4-13	488,960	Joint-liability	3 months-8 years	Not	Not
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	2020-3-31	3,820,000	2018-4-28	1,588,462	Joint-liability	3 months-8 years	Not	Not
TCL China Star Optoelectronics Technology Co., Ltd.	2020-3-31	710,800	2015-4-21	307,606	Joint-liability	1 month-8 years	Not	Not
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	2020-3-31	1,510,000	2018-6-20	1,010,537	Joint-liability	3 months-8 years	Not	Not
Huizhou China Star Optoelectronics Technology Co., Ltd.	2020-3-31	730,000	2020-3-31	227,127	Joint-liability	1 year	Not	Not
China Star Optoelectronics International (HK) Limited	2020-3-31	330,000	2020-12-5	163,123	Joint-liability	3 years	Not	Not
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	2020-3-31	150,000	2019-11-10	25,687	Joint-liability	1 month-4 years	Not	Not
Wuhan China Display Optoelectronics Technology Co., Ltd.	2020-3-31	50,000	2020-6-1	2,387	Joint-liability	1 month-5 years	Not	Not
Guangdong Juhua Printed Display Technology Co., Ltd.	2020-3-31	10,000	-	-	Joint-liability	-	Not	Not
TCL Tech Finance Co., Ltd.	2020-3-31	200,000	-	-	Joint-liability	-	Not	Not
TCL Commercial Factoring (Shenzhen) Co., Ltd.	2020-3-31	50,000	2020-11-20	1,159	Joint-liability	1 year	Not	Not
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	2020-3-31	100,000	2020-6-29	18,000	Joint-liability	4-6 months	Not	Not
Guangzhou TCL Internet Microcredit Co., Ltd.	2020-3-31	100,000	-	-	Joint-liability	-	Not	Not
Highly Information Industry Co., Ltd.	2020-3-31	294,000	2018-7-2	238,947	Joint-liability	1 month-3 years	Not	Not
Beijing Hecheng Nuoxin Technology Co., Ltd.	2020-3-31	5,000	2018-9-5	2,000	Joint-liability	3 years	Not	Not
Beijing Lingyun Data Technology Co., Ltd.	2020-3-31	90,000	2020-6-18	8,000	Joint-liability	394 days	Not	Not
Beijing Sunpiestore Technology Co., Ltd.	2020-3-31	70,000	2020-6-20	17,000	Joint-liability	364-394 days	Not	Not
Shaanxi Titi Electronic Technology Co., Ltd.	2020-3-31	3,000	2018-9-5	1,000	Joint-liability	3 years	Not	Not
TCL Technology Park (Huizhou) Co., Ltd.	2020-3-31	130,000	2020-4-24	100,000	Joint-liability	1 year-3 years	Not	Not
TCL Technology Investments Limited	2020-3-31	400,000	2020-7-14	195,747	Joint-liability	5 years	Not	Not

Ningbo TCL Equity Investment Ltd.	2020-8-28	50,000	-	-	Joint-liability	-	Not	Not
Total approved line for such guarantees in the Reporting Period (B1)		9,912,800		Total actual amount of such guarantees in the Reporting Period (B2)		4,542,959		
Total approved line for such guarantees at the end of the Reporting Period (B3)		9,912,800		Total actual balance of such guarantees at the end of the Reporting Period (B4)		4,395,742		
Guarantees provided between subsidiaries								
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Term of guarantee	Having expired or not	Guarantee for a related party or not
Huhehaote Huanju New Energy Development Co., Ltd.	2014-11-26	39,529	2015-4-13	39,529	Joint-liability	9.5 years	Not	Yes
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	2017-6-24	13,480	2017-7-21	13,480	Joint-liability	15 years	Not	Yes
Otog Banner Huanju New Energy Co., Ltd.	2017-6-24	24,338	2017-8-18	24,338	Joint-liability	10 years	Not	Yes
Qinhuangdao Tianhui Solar Energy Co., Ltd.	2017-11-11	11,200	2018-1-19	11,200	Joint-liability	12 years	Not	Yes
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	2017-11-29	181,250	2018-5-31	181,250	Joint-liability	5 years	Not	Yes
Qinhuangdao Tianhui Solar Energy Co., Ltd.	2018-9-6	14,229	2019-4-23	14,229	Joint-liability	10 years	Not	Yes
Guyuan Shengju New Energy Co., Ltd.	2018-9-6	12,369	2018-10-8	12,369	Joint-liability	11 years	Not	Yes
Zhangjiakou Shengyuan New Energy Co., Ltd.	2018-9-6	16,640	2018-10-8	16,640	Joint-liability	11 years	Not	Yes
Zhonghuan Hong Kong Holding Limited	2018-12-8	45,674	2018-12-27	45,674	Joint-liability	3 years	Not	Yes
Zhonghuan Hong Kong Holding Limited	2019-8-22	43,050	2019-10-16	43,050	Joint-liability	3 years	Not	Yes
Tianjin Huanrui Electronic Technology Co., Ltd.	2019-9-4	1,000	2020-6-30	1,000	Joint-liability	1 year	Not	Yes
Tianjin Huanrui Electronic Technology Co., Ltd.	2019-12-11	10,000	2020-4-24	10,000	Joint-liability	1 year	Not	Yes
Total approved line for such guarantees in the Reporting Period (C1)		-		Total actual amount of such guarantees in the Reporting Period (C2)		-		
Total approved line for such guarantees at the end of the Reporting Period (C3)		412,759		Total actual balance of such guarantees at the end of the Reporting Period (C4)		412,759		
Total guarantee amount (total of the three kinds of guarantees above)								
Total guarantee line approved in the Reporting Period (A1+B1+C1)		10,158,800		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		6,400,137		
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		13,997,084		Total actual guarantee balance at the end of the		6,422,989		

	Reporting Period (A4+B4+C4)
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets	188.31%
Of which:	
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)	1,614,488
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)	2,560,612
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	3,012,099
Total of the three amounts above (D+E+F)	7,187,199
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)	-

Irregularities in Provision of Guarantees

No such cases in the Reporting Period.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Overview of wealth management entrustments in the Reporting Period:

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank's wealth management product	Self-funded	677,123	138,023	-
Securities firm's wealth management product	Self-funded	145,000	31,000	-
Trust plan	Self-funded	126,000	0	-
Other	Self-funded	231,466	70,480	-
Total		1,179,589	239,503	-

(2) Entrusted Loans

Overview of entrusted loans provided in the Reporting Period:

Unit: RMB'0,000

Total amount	Funding source	Undue amount	Unrecovered overdue amount
0	Self-funded	559.40	0

4. Major Contracts Arising in the Ordinary Course of Business

Applicable Not applicable

5. Other Major Contracts

Applicable Not applicable

XVIII Corporate Social Responsibility (CSR)

1. Measures Taken to Fulfill CSR Commitment

Please refer to The 2020 Corporate Social Responsibility Report of TCL Technology Group Corporation.

2. Measures Taken for Targeted Poverty Alleviation

(1) Plans

To respond to the "Opinions of the China Securities Regulatory Commission on the Role of Capital Markets in Serving the Country in Poverty Alleviation", the Company has been fulfilling its social responsibilities in poverty alleviation and public service, especially in the field of education poverty alleviation.

In 2020, the Shenzhen TCL Public Welfare Foundation (hereinafter referred to as the "Foundation") continued the "A.I. Go Home" project. The storytelling robot named "Yi Ge" simulates the voices of parents and tells stories to left-behind children and migrant children, thus strengthening the emotional connections between parents and children. With the help of the robot, children can hear the voices of their parents more often in the process of growing up, so that mental health problems and deviant behavior of left-behind children and migrant children caused by the long-time separation from their parents can be prevented. Furthermore, an offline activity, "Yi Ge Story Club", is planned to be launched so that more left-behind children in rural areas can reach the robot. According to the project plan, 2,000 "Yi Ge" storytelling robots will be distributed in five years to directly serve 2,000 children and indirectly influence nearly 10,000 people. The accumulative duration of services for left-behind children and migrant children will exceed 30,000 hours, bringing changes in five indicators to such children.

In the meantime, the Foundation will continue to promote the "Little Music +" project designated to bring famous Chinese and foreign music pieces and appreciations to students who lack music resources, inspire optimism in every child with the power of music, and make music literacy the wealth of a lifetime for every child. In 2020, the public welfare activity, "Xiao Xue Music Class", under the "Little Music +" project was launched to benefit more primary school students in rural areas. According to the project plan, 2,000 "Xiao Xue" music robots will be distributed in five years to directly serve 2,000 children and indirectly influence nearly 10,000 people. The accumulative duration of services for left-behind children and migrant children will exceed 30,000 hours, bringing changes in five indicators to such children.

In 2020, the Candlelight Micro-Loan Project continued to provide loans to rural teachers. Its coverage and influence were expanded constantly. Except for the outstanding teachers who were rewarded by the "TCL Hope Engineering Candlelight Awards", all the teachers under training who belong to the Hope Primary School Teacher Training Office of CYDF can apply for the loan.

(2) Summary of the Related Work Done in the Reporting Period

Offline project activities of the "A.I. Go Home" project could not be implemented, due to the COVID-19 pandemic in the first half of 2020. Therefore, "Yi Ge Story Club" was shifted to the online "Yi Ge Chinese Idiom Class". Idioms, fables, and ancient poems in the "Yi Ge" storytelling robot were selected as extracurricular and extended learning materials for formal courses, in line with the courses of pilot primary schools and the teaching materials used by each grade. Students learned knowledge, while listening to stories. The project covered ten classes from the first to sixth grades of 2 schools in 2 provinces, with a total of 586 students. The duration exceeded 1,500 minutes. Accumulatively, 17,000 benefited from the project. In the second half of 2020, "Yi Ge Story Club" advanced steadily, as the pandemic was alleviated. "Yi Ge Story Club" selected stories commensurate with the Chinese class at school and exposed children to literary allusions at all times and all over the world. "Yi Ge" storytelling robots entered rural schools and became a storyteller that accompanied children. Additionally, "Yi Ge Story Club" held offline projects in six rural pilot schools in Hebei, Heilongjiang, Yunnan, Sichuan, and Gansu Provinces. A total of 30 Story Boxes were distributed, benefiting over 1,000 people.

Meanwhile, the offline activity, "Little Music Class", in pilot schools under the "Little Music +" project was shifted to the online "A Song Between Classes" project, because of the pandemic. Music from the "Xiao Xue" music robot was selected. Without occupying the course time of the teachers and students, 1 classic song of the world was played online every day between classes. In total, applications from 35 schools were received, but in the end 18 classes of 5 schools (located in 5 counties in Heilongjiang, Henan, Hebei, Yunnan, and Sichuan, respectively) were chosen to participate in the project, covering 956 students from the first to sixth grades. The duration exceeded 6,400 minutes. In the second half of the year, "Xiao Xue Music Class" was officially launched. It featured rich Music Boxes, including supporting teaching materials for music education, such as "Xiao Xue" music robots, enlightenment music picture books, and picture books on classic music stories. Shenzhen TCL Public Welfare Foundation, through "Xiao Xue Music Class", offered music resources to rural education and joined hands with Hua Mongsheng from the Central Conservatory of Music to allow children to access high-quality music classes and acquire music knowledge. In

addition, "Xiao Xue Music Class" organized offline projects in six rural pilot schools in Hebei, Heilongjiang, Yunnan, Sichuan, and Gansu Provinces. A total of 30 Music Boxes were distributed, benefiting more than one thousand people.

In 2020, we exerted more efforts for the publicity and coverage of the Candlelight Micro-Loan Project. Thanks to this project, some rural teachers had their financial demands satisfied and could better serve rural education.

In the same year, the Foundation donated all-in-one tablets for education to rural children and updated teaching equipment in order to improve the schooling conditions of the Jiexi County School.

(3) Results

Indicators	Measurement Unit	Quantity/Development
I. Overall summary	—	—
Of which: 1. Cash	RMB'0,000	65.675
II. Specific investments	—	—
4. Poverty alleviation by education	—	—
4.3 Investment amount in improvement of educational resources in poverty-stricken areas	RMB'0,000	45.675
8. Poverty alleviation by public programs	—	—
8.2 Investment amount in targeted poverty alleviation	RMB'0,000	10
8.3 Investment amount in public fund for poverty alleviation	RMB'0,000	10

(4) Subsequent Plans

In 2021, the seventh "TCL Project Hope Candlelight Award", jointly established by Foundation and the CYDF, will continue to be implemented. Outstanding rural teachers who quietly devoted themselves to grassroots education in poverty-stricken areas were selected to fully demonstrate their professional ethics and dreams so as to encourage more excellent young teachers to engage in rural basic education and promote rural education. The influence of the current award evaluation and publicity will be further enhanced. Interaction with netizens will be continuously intensified to maintain social attention.

Furthermore, we will continue to strengthen the publicity and coverage of the Candlelight Micro-Loan Project. This project will satisfy the financial demand of some rural teachers and enable them to better serve rural education.

From 2021, the coverage of the "A.I. Go Home" project will keep expanding. It is expected that 8 to 10 pilot schools will be established, and that more than 50 classes will join the "Yi Ge Story Club" and drive the participation of the schools on a class basis. It is estimated that more than 3,000 students will be covered. In the meantime, customized "Yi Ge" storytelling robots will be provided to left-behind children so that the left-behind children can grow up happily with the company of the robots that can simulate the voices of their parents. "Yi Ge" will deepen the tie between children and their parents and alleviate the mental health problems of children.

What's more, we will continue to expand the coverage of the "Little Music +" project, and establish 8 to 10 pilot schools and 50 "Xiao Xue Music Class". We will start from a class and gradually cover the whole school. It is expected that over 4,000 students will be served. We will provide more children who lack professional music resources with famous Chinese and foreign music pieces and master appreciations in order to drive the positive development of rural music education.

3. Issues Related to Environmental Protection

The Company as the parent is not a major polluter. The subsidiaries in the table below were major polluters declared by the environmental protection authorities in 2020, and "subsidiaries" mentioned in this section refer to the following subsidiaries in particular.

Name of the Company or subsidiary	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/L)	Governing discharge standards (mg/L)	Total discharge (metric ton)	Approved total discharge (metric tons/year)	Excessive discharge
TCL China Star Optoelectronics Technology Co., Ltd.	COD	Intermittently discharged to Guangming Sewage Plant	1	Northwestern corner of the plant area	113mg/L	260mg/L	805t	1226t	None
	Ammonia nitrogen				6mg/L	30mg/L	42.76t	201t	None
	COD	Continuously discharged to Dongkengshui	1	Artificial wetland to the north of the plant area	19.1mg/L	30mg/L	65.98t	174.89t	None
	Ammonia nitrogen				0.23mg/L	1.5mg/L	0.79t	7.7t	None
Wuhan China Star Optoelectronics Technology Co., Ltd.	COD	Intermittently discharged to Zuoling Sewage Plant	1	Northwestern corner of the plant area	36-75mg/L	400mg/L	241.98t	353.55t	None
	Ammonia nitrogen				0.56-1.72mg/L	30mg/L	24.21t	35.36t	None

Construction and operation of facilities for preventing pollution:

During the Reporting Period, no major environmental pollution incidents occurred in either the Company or any of its subsidiaries. An advanced sewage management system has been established for each subsidiary, and regular monitoring and supervision and inspection mechanisms have been

adopted to ensure the emission and disposal of waste water, waste gas, and solid waste and factory noises generated during the operation are in compliance with the national and local laws and regulations.

The waste water of each subsidiary company 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 by oil separation and septic treatment, and industrial waste water enters different treatment systems according to its characteristics, and is discharged subjected to the standards after physical and chemical and biochemical treatment. The atmospheric pollutants produced by each subsidiary are mainly process waste gases in the production process. For different types of waste gases, each subsidiary has constructed corresponding waste gas treatment systems, such as 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 each subsidiary 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 disposed of by a resource recycling firm after being classified in the plant area; while domestic garbage is disposed of by the property management company by sending the garbage to qualified landfills. All the disposals meet the regulatory requirements. The factory noise generated by each subsidiary comes from the mechanical noises of production and power equipment, including refrigerators, cooling towers, air compressors, fans, various types of 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 factory boundary noise and emission of all subsidiaries meet the standards in a stable manner.

Environmental Impact Assessment on Construction Projects and Other Environmental Protection Administrative Licenses

Each subsidiary complies with the laws and regulations of environmental impact assessment on construction projects and other environmental protection administrative licenses, and no violations occurred during the Reporting Period.

Emergency Response Plan for Environmental Incidents

Each subsidiary has set up an environmental incident emergency organization led by the senior management of the enterprise and prepared an environmental emergency response plan, which has been filed with the local environmental protection department in accordance with relevant national laws and regulations. In addition, regularly emergency drills are conducted for environmental incidents according to the plan to ensure the validity of emergency response plan.

Environmental Self-Monitoring Program

Each subsidiary has formulated an environmental self-monitoring program in accordance with national regulations, and monitors the discharge of pollutants by manual monitoring or manual monitoring performed by a third-party qualified agency. The monitoring plans and annual monitoring reports can be checked on the key environmental monitoring information platform managed by local environmental authorities or subsidiary websites.

Other environment-related information that should be disclosed:

None.

Other relevant information:

None.

XIX Other Significant Events

On 25 March 2019, the Company disclosed the Announcement on the Investment in an Overseas Equity Investment Fund (Announcement No. 2019-039). Through its majority-owned subsidiary, Li Rong Development Limited (hereinafter referred to as "Li Rong"), as a limited partner, the Company intended to make an investment of US\$25 million in Sierra Ventures XII, L.P., (hereinafter referred to as "Sierra XII") a venture capital fund registered in Delaware, the United States. The paid-in contribution of Li Rong to Sierra XII totaled US\$2.5 million, wherein US\$1.25 million was invested on 15 January and 6 April 2020 each. On 30 June 2020, Li Rong and TCL Venture Fund, held by a subsidiary of TCL Industries Holdings Inc., a related party of TCL, signed the SIERRA VENTURES XII, L.P. TRANSFER AND ADMISSION AGREEMENT. In line with the agreement, the TCL Venture Fund would undertake the shares and all rights and obligations of Li Rong, upon the consent of Sierra XII's manager, Sierra Ventures Associates XII, LLC. The TCL Venture Fund paid US\$2.5 million to Li Rong on 30 July 2020 to purchase the paid-in shares.

TCL released the Announcement on Participation in Contribution to Equity Investment Fund and Related-party Transaction (see Announcement No. 2020-011) on 8 February 2020. It had received a notice from the fund manager, reading that Guangdong Rongchuang Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership) (hereinafter referred to as the "Fund") had completed the filing procedures for private investment funds with the Asset Management Association of China in conformity with laws and regulations, such as the Securities Investment Fund Law of the People's Republic of China and the Provisional Measures for Supervision and Administration of Private Investment Funds and obtained the Certificate of Filing of Private Investment Funds. The fund is currently in normal operation.

XX Significant Events of Subsidiaries

Title of current announcement	Disclosure date	Disclosure website
Announcement on Intending to Increase the Capital in TCL CSOT	31 March 2020	http://www.cninfo.com.cn

Voluntary Announcement on Subsidiary TCL CSOT and San'an Semiconductor Establishing a Joint Lab	8 June 2020	
Voluntary Announcement on Investment and Technology Cooperation with JOLED	20 June 2020	
Announcement on Wholly-owned Overseas Subsidiary Issuing U.S. Dollar Bonds	13 July 2020	
Announcement on the Acquisition of a 60% Interest in Samsung Electronics Suzhou LCD Co., Ltd. and the 100% Interest of Samsung Display Suzhou Co., Ltd.	29 August 2020	
Announcement on the Acquisition of the 100% Equity Interests of Moka International Limited and the Related-Party Transaction	12 December 2020	
Voluntary Announcement on Increasing the Shareholding in Tianjin Zhonghuan Semiconductor Co., Ltd.	15 December 2020	

Part VI Share Changes and Shareholder Information

I. Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)			After	
	Shares	Percentage (%)	New issues	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	867,764,980	6.41%	511,508,951	-4,695,853	506,813,098	1,374,578,078	9.80%
1.1 Shares held by state-owned legal persons	-	-	511,508,951	-	511,508,951	511,508,951	3.65%
1.2 Shares held by other domestic investors	777,102,199	5.74%	-	-4,597,851	-4,597,851	772,504,348	5.51%
Among which: Shares held by domestic legal persons	150,908,441	1.12%	-	-	-	150,908,441	1.08%
Shares held by domestic natural persons	626,193,758	4.63%	-	-4,597,851	-4,597,851	621,595,907	4.43%
1.3 Shares held by foreign investors	90,662,781	0.67%	-	-98,002	-98,002	90,564,779	0.65%
Among which: Shares held by foreign legal persons	90,532,347	0.67%	-	-	-	90,532,347	0.65%
Shares held by foreign natural persons	130,434	0.000964%	-	-98,002	-98,002	32,432	0.000231%
2. Unrestricted shares	12,660,673,739	93.59%	-	-4,463,455	-4,463,455	12,656,210,284	90.20%
2.1 RMB-denominated ordinary shares	12,660,673,739	93.59%	-	-4,463,455	-4,463,455	12,656,210,284	90.20%
3. Total shares	13,528,438,719	100.00%	511,508,951	-9,159,308	502,349,643	14,030,788,362	100.00%

Reasons for share changes:

1. During the Reporting Period, locked-up shares held by senior management increased by 4,463,455 restricted shares, as unrestricted shares decreased by the same number.

2. On 24 July 2020 during the Reporting Period, the Company repurchased and retired 9,159,308 restricted shares that had been granted under the 2018 and 2019 Restricted Stock Incentive Plans and the TCL Global Innovation Partner Plan but were still in lockup.

3. As approved by the CSRC, the Company issued 511,508,951 new shares in the Reporting Period for asset purchase, which were listed on the Shenzhen Stock Exchange dated 11 November 2020.

Approval of share changes:

As approved by the CSRC, the Company issued 511,508,951 new shares in the Reporting Period for asset purchase, which were listed on the Shenzhen Stock Exchange dated 11 November 2020.

Transfer of share ownership:

Applicable Not applicable

Progress on any share repurchase:

It is the key operational philosophy and mission of the Company to create value for and grow with the shareholders. In order to effectively protect shareholders' interests and enhance shareholder value, the Company convened the 14th Meeting of the 6th Board of Directors on 10 January 2019, at which the Proposal on the Repurchase of Certain Public Shares was approved. The Report on the Repurchase of Certain Public Shares was disclosed on 14 February 2019. In view of the trends on the secondary market of stocks, the Company convened the 15th Meeting of the 6th Board of Directors on 19 March 2019, at which the Proposal on the Adjustment to the Upper Limit of the Share Repurchase Price. As such, the upper limit of the share repurchase price was adjusted from RMB3.80/share to RMB5.00/share. The Company implemented the share repurchase from 14 February 2019. Up to 10 January 2020, the Company has cumulatively repurchased 565,333,922 shares (or 4.18% of the Company's total share capital) in its special securities account for repurchases by way of centralized bidding, with the highest trading price being RMB4.17/share, the lowest trading price being RMB3.13/share, and the average trading price being RMB3.42/share. The total transaction amount was RMB1,933.5965 million (exclusive of trading fees). The share repurchase has been implemented in a process in compliance with the applicable regulations including the Specific Rules of the Shenzhen Stock Exchange for Share Repurchase by Listed Companies. The actual number of shares repurchased, repurchase price and amount used were in compliance with the repurchase plan approved at the 14th Meeting of the 6th Board of Directors, with no difference with the disclosed Report on Share Repurchase. As such, the Company has completed the share repurchase as per the repurchase plan that it disclosed.

Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

Applicable Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

Applicable Not applicable

2. Changes in Restricted Shares

Unit: share

Shareholder	Beginning restricted shares	Unlocked in Reporting Period	Increase in Reporting Period	Ending restricted shares	Reason for restriction	Date of unlocking (when on holidays, postponed to the first subsequent trading day)
Wuhan Optics Valley Industrial Investment Co., Ltd.	-		511,508,951	511,508,951	Restricted shares in a share offering	2021-11-11
Star Century Enterprises Limited	90,532,347	-	-	90,532,347	Restricted shares in a share offering	2020-12-25
Duilong Xinglan Venture Investment Management Partnership (Limited Partnership)	42,521,163	-	-	42,521,163	Restricted shares in a share offering	2020-12-25
Duilong Xingyong Venture Investment Management Partnership (Limited Partnership)	38,380,684	-	-	38,380,684	Restricted shares in a share offering	2020-12-25
Duilong Xingyuan Venture Investment Management Partnership (Limited Partnership)	37,695,315	-	-	37,695,315	Restricted shares in a share offering	2020-12-25

Duilong Xinglian Venture Investment Management Partnership (Limited Partnership)	32,311,279	-	-	32,311,279	Restricted shares in a share offering	2020-12-25
Other	615,667,627	-	4,463,455	620,131,082	Locked-up shares of senior management	9999-99-99
2018 Restricted Stock Incentive Plan	6,780,952	-6,780,952	-	-	Restricted shares granted as incentives	2020-5-16
2019 Restricted Stock Incentive Plan	3,875,613	-2,378,356	-	1,497,257	Restricted shares granted as incentives	2020-6-26
Total	867,764,980	-9,159,308	515,972,406	1,374,578,078	--	--

II Issuance and Listing of Securities

1. Securities (Exclusive of Preference Shares) Issued in the Reporting Period

Name of stock and its derivative securities	Issue date	Issue price (or interest rate)	Issued number	Listing date	Number approved for public trading	Termination date of transaction
Type: stock						
Ordinary shares of A-stock	2020-11-5	RMB3.91/share	511,508,951 shares	2020-11-11	511,508,951 shares	Not applicable
Type: convertible corporate bonds, convertible corporate bonds with warrants, corporate bonds						
Corporate bonds (20TCLD1, 149140)	2020-6-8	2.5%	10,000,000 bonds	2020-6-16	10,000,000 bonds	2020-12-05
Private convertible corporate bonds (TCL Private Convertible 1, 124016)	2020-10-19	2.00%/year for the first year and 1.50%/year for the second year	6,000,000 bonds	2020-11-11	6,000,000 bonds	2022-11-10
Private convertible corporate bonds (TCL Private Convertible 2, 124017)	2020-11-30	0.5%/year for the first year and 0.1%/year for the second year	26,000,000 bonds	2020-12-1	26,000,000 bonds	2022-11-29

2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

- During the Reporting Period, locked-up shares held by senior management increased by 4,463,455 restricted shares, as unrestricted shares decreased by the same number.
- On 24 July 2020 during the Reporting Period, the Company repurchased and retired 9,159,308 restricted shares that had been granted under the 2018 and 2019 Restricted Stock Incentive Plans and the TCL Global Innovation Partner Plan but were still in lockup.
- As approved by the CSRC, the Company issued 511,508,951 new shares in the Reporting Period for asset purchase, which were listed on the Shenzhen Stock Exchange dated 11 November 2020.

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge or frozen	
							Status	Shares
Li Dongsheng and his acting-in-concert party	Domestic natural person/general legal person	8.26	1,158,599,393	-63,875,598	613,931,602	544,667,791	Put in pledge by Li Dongsheng	224,000,000
							Put in pledge by Jiutian Liancheng	344,899,521
Huizhou Investment Holding Co., Ltd.	State-owned legal person	5.30	743,139,840	-135,279,907	-	743,139,840		
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	3.73	523,742,567	170,252,713	-	523,742,567		
Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal person	3.65	511,508,951	511,508,951	511,508,951	-		
China Securities Finance Corporation Limited	Domestic general legal person	2.66	373,231,553	-	-	373,231,553		
Tibet Tianfeng Enterprise Management Co., Ltd.	Domestic general legal person	2.54	355,863,715	-170,231,927	-	355,863,715		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	1.47	206,456,500	-	-	206,456,500		

National Social Security Fund-Portfolio 601	Fund, wealth management product, etc.	0.99	1,38,831,524	85,831,524	-	1,38,831,524		
Swiss Finance (Hong Kong) Limited	Foreign legal person	0.91	128,247,257	128,247,257	-	128,247,257		
Star Century Enterprises Limited	Foreign legal person	0.65	90,532,347		90,532,347			
Strategic investor or general legal person becoming a top-10 ordinary shareholder in a rights issue (if any) (see note 3)	As approved by the CSRC, the Company issued 511,508,951 new shares, along with convertible corporate bonds, and made cash payments in the Reporting Period to purchase a 39.95% interest in Wuhan CSOT held by Wuhan Industrial Finance. And the aforesaid new shares were listed on the Shenzhen Stock Exchange dated 11 November 2020.							
Related or acting-in-concert parties among the shareholders above	Being acting-in-concert parties upon the signing of the Agreement on Acting in Concert, Mr. Li Dongsheng and Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership) (hereinafter referred to as “Jiutian Liancheng”) are the biggest shareholder of the Company with a total of 1,158.5994 million shares.							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares held at the period-end	Shares by type						
		Type	Shares					
Huizhou Investment Holding Co., Ltd.	743,139,840	RMB-denominated ordinary stock	743,139,840					
Li Dongsheng and his acting-in-concert party	544,667,791	RMB-denominated ordinary stock	544,667,791					
Hong Kong Securities Clearing Company Ltd.	523,742,567	RMB-denominated ordinary stock	523,742,567					
China Securities Finance Corporation Limited	373,231,553	RMB-denominated ordinary stock	373,231,553					
Tibet Tianfeng Enterprise Management Co., Ltd.	355,863,715	RMB-denominated ordinary stock	355,863,715					
Central Huijin Asset Management Co., Ltd.	206,456,500	RMB-denominated ordinary stock	206,456,500					
National Social Security Fund-Portfolio 601	138,831,524	RMB-denominated ordinary stock	138,831,524					
Swiss Finance (Hong Kong) Limited	128,247,257	RMB-denominated ordinary stock	128,247,257					
Sinatay Life Insurance Co., Ltd. – Conventional Product	78,691,100	RMB-denominated ordinary stock	78,691,100					
Norges Bank – Self-Owned Funds	76,767,033	RMB-denominated ordinary stock	76,767,033					
Related or acting-in-concert parties among top 10 unrestricted public shareholders, as well as between top 10 unrestricted public shareholders and top 10 shareholders	Being acting-in-concert parties upon the signing of the Agreement on Acting in Concert, Mr. Li Dongsheng and Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership) (hereinafter referred to as “Jiutian Liancheng”) are the biggest shareholder of the Company with a total of 1,158.5994 million shares.							

Top 10 ordinary shareholders involved in securities margin trading (if any)	None
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Note: The top 10 shareholders in the table above do not include “The Securities Account of TCL Technology Group Corporation for Repurchases”. As of the end of the Reporting Period, there were 528,066,412 shares in the account.

Indicate whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

No such cases in the Reporting Period.

2. Controlling Shareholder

The Company has no controlling shareholder.

Being acting-in-concert parties upon the signing of the Agreement on Acting in Concert, Mr. Li Dongsheng and Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership) are the biggest shareholder of the Company with a total of 1,158.5994 million shares.

As per Article 217 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 his 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.

3. Actual Controller and Its Acting-in-Concert Parties

The “actual controller” refers to an entity which is not a shareholder of a company but actually controls the company behaviors through investment relationship, agreement or other arrangements. According to the definition above, the Company has no actual controller.

Whether there is any shareholder with a greater than 10% interest at the ultimate control level:

Yes No

Shareholders with a greater than 5% interest at the ultimate control level:

Applicable Not applicable

Change of the actual controller in the Reporting Period:

Applicable Not applicable

Indicate whether the actual controller controls the Company via trust or other ways of asset management.

Applicable Not applicable

4. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

5. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable Not applicable

Part VII Convertible Corporate Bonds

Bond-to-Stock Price Adjustments

Applicable Not applicable

Cumulative Bond-to-Stock Conversions

Applicable Not applicable

Top 10 Holders of Convertible Corporate Bonds

Serial No.	Name of holder	Nature of holder	Number of convertible corporate bonds held at the period-end (0,000 bonds)	Amount of convertible corporate bonds held at the period-end (RMB'0,000)	Percentage of convertible corporate bonds held at the period-end
1	GF Securities Co., Ltd.	Domestic non-state-owned legal person	390	39,000.00	15.00%
2	Guosen Securities Co., Ltd.	State-owned legal person	300	30,000.00	11.54%
3	Fullgoal Fund Management Co., Ltd.	Domestic non-state-owned legal person	250	25,000.00	9.62%
4	Western Securities Co., Ltd.	State-owned legal person	170	17,000.00	6.54%
5	China Life Pension Sustaining Fixed Income Pension Product No. 9- China Merchants Bank Co., Ltd.	Fund, wealth management product, etc.	130	13,000.00	5.00%
6	China Life Pension Hongxin Fixed Income Pension Product- Industrial And Commercial Bank Of China Limited	Fund, wealth management product, etc.	130	13,000.00	5.00%
7	ICBC Credit Suisse Asset Management Co., Ltd.	State-owned legal person	100	10,000.00	3.85%
8	Shenwan Hongyuan Group Co., Ltd.	Domestic non-state-owned legal person	100	10,000.00	3.85%
9	China Life Yongfeng Enterprise Annuity Collective Plan- Agricultural Bank Of China Limited	Fund, wealth management product, etc.	100	10,000.00	3.85%
10	China Life Insurance (Group) Company Enterprise Annuity Plan- Agricultural Bank Of China Limited	Fund, wealth management product, etc.	100	10,000.00	3.85%

Significant Changes to the Profitability, Assets and Credit Standing of the Guarantor

Applicable Not applicable

Liability Condition and Credit Rating Changes of the Company at the End of the Reporting Period, as well as Future Cash Arrangements for Repayment

See “Part X Corporate Bonds” for details.

Part VIII Directors, Supervisors, Senior Management and Staff

I Change in Shareholdings of Directors, Supervisors and Senior Management

Name	Office title	Incumbent/ Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporti ng Period (share)	Other increase /decrease (share)	Ending shareholding (share)
Li Dongsheng	Chairman of the Board	Incumbent	Male	63	2002-4-19	2023-11-12	812,848,488	726,982	-	-	813,575,470
	CEO				2005-6-20	2023-11-13					
Liang Weihua	Vice Chairman of the Board	Incumbent	Male	39	2020-11-13	2023-11-13	-	-	-	-	-
Du Juan	Director	Incumbent	Female	50	2018-3-19	2023-11-12	-	417,730	-	-	417,730
	COO				2018-3-2	2023-11-13					
	CFO				2019-1-10						
Jin Xuzhi	Director	Incumbent	Male	66	2019-1-25	2023-11-12	-	521,997	-	-	521,997
	Senior Vice President				2015-8-13						
Liao Qian	Director	Incumbent	Male	40	2017-9-1	2023-11-12	-	229,596	-	-	229,596
	Board Secretary				2014-4-23	2023-11-13					
	Senior Vice President				2020-08-27						
Shen Haoping	Director	Incumbent	Male	58	2020-11-13	2023-11-12	-	-	-	-	-
	Senior Vice President				2020-11-14	2023-11-13					
Gan Yong	Independent Director	Incumbent	Male	73	2020-11-13	2023-11-12	-	-	-	-	-
Chen Shiyi	Independent Director	Incumbent	Male	64	2020-11-13	2023-11-12	-	-	-	-	-
Wan Liangyong	Independent Director	Incumbent	Male	41	2020-11-13	2023-11-12	-	-	-	-	-
Liu Xunci	Independent Director	Incumbent	Male	62	2017-9-1	2023-11-12	-	-	-	-	-
He Zhuohui	Chairman of the Supervisory Committee	Incumbent	Male	55	2015-9-2	2023-11-12	-	-	-	-	-
Mao Tianxiang	Employee Supervisor	Incumbent	Male	40	2017-9-1	2023-11-12	-	128,979	-	-	128,979
Qiu Haiyan	Supervisor	Incumbent	Female	46	2014-9-1	2023-11-12	-	-	-	-	-

Yan Xiaolin	Senior Vice President	Incumbent	Male	54	2014-9-1	2023-11-13	599,500	418,676	-	-	1,018,176
	CTO				2012-12-6						
Liu Bin	Vice Chairman of the Board	Former	Male	51	2015-8-31	2020-11-12	-	-	-	-	-
Yan Yan	Independent Director	Former	Male	64	2015-3-24	2020-11-12	-	-	-	-	-
Lu Xin	Independent Director	Former	Female	58	2014-9-1	2020-11-12	-	-	-	-	-
Zhou Guofu	Independent Director	Former	Male	57	2014-9-1	2020-11-12	-	-	-	-	-
Total	--	--	--	--	--	--	813,447,988	2,443,960	-	-	815,891,948

II Change of Directors, Supervisors and Senior Management

Name	Office title	Type of change	Date of change	Reason for change
Liu Bin	Vice Chairman of the Board	Resignation upon the expiry of the office term	12 November 2020	Resignation upon the expiry of the office term
Yan Yan	Independent Director	Resignation upon the expiry of the office term	12 November 2020	Resignation upon the expiry of the office term
Lu Xin	Independent Director	Resignation upon the expiry of the office term	12 November 2020	Resignation upon the expiry of the office term
Zhou Guofu	Independent Director	Resignation upon the expiry of the office term	12 November 2020	Resignation upon the expiry of the office term

III Biographical Information

Professional backgrounds, major work experience and current posts in the Company of the incumbent directors, supervisors and senior management:

Born in July 1957, **Mr. Li Dongsheng** is the founder of TCL and currently serves as TCL Tech's Chairman and CEO; he was elected as a delegate to China's 16th National Congress of the CPC and a deputy to the 10th, 11th, 12th and 13th National People's Congress. Mr. Li holds a number of prestigious positions: Vice Chairman of All China Federation of Industry and Commerce (ACFIC), Honorary President of China Video Industry Association, Vice Chairman of China Commerce of International Chamber, President of Guangdong Provincial Enterprise Confederation, President of Guangdong Provincial Association of Entrepreneurs, First President of China Manufacturing Innovation Alliance, Honorary President of South China University of Technology Education Development Foundation, Vice President of Alumni Association South China University of Technology, Member of the Council of South China University of Technology, Visiting Professor in Wuhan University and Honorary Professor in Beijing Institute of Technology. From 1982 to 1985, he served as Technician, Workshop Manager and Production Director in TTK Household Appliances

Co., Ltd.; from 1985 to 1986, he served as First General Manager of TCL Communication Devices Company; from 1986 to 1989, he served as Director of the Introduction Department in Guangdong Huizhou Industrial Development Corporation; from 1990 to 1993, he served as Deputy General Manager, Deputy Secretary of the Party Committee and Secretary of the Youth League Committee of Huizhou Electronic Communication Corporation; from 1993 to 1996, he served as General Manager of TCL Electronics Group; from 1996 to 2002, he served as Chairman and President of TCL Corporation and in 2002, Mr. Li Dongsheng was selected as “CCTV’s Economic Person of the Year 2002”; from April 2002 to January 2004, he served as Chairman and President of TCL Corporation; from January 2004 till now, he serves as Chairman and CEO of TCL Technology Group Corporation. On October 24, 2018, he was selected on the “List of 100 Outstanding Private Entrepreneurs of 40 Years of Reform and Opening Up” of the United Front Work Department and All China Federation of Industry and Commerce. On December 18, 2018, he was selected on the list of “100 Outstanding Contributors of Reform and Opening Up” of the Central Committee of the Party and the State Council; he won the title of Pioneer of Reform and awarded with the medal with the comment “A pioneer opening the international market in electronics industry”. As one of the founders of TCL, Mr. Li Dongsheng has led TCL in acquiring the global color TV business of Thomson-CSF and the global mobile terminal business of Alcatel and established a global business structure. He was honored as the “Asian Economic Person of the Year 2004” by the Fortune magazine and won the National Medal of Honor of France. In June 2006, Mr. Li Dongsheng wrote the famous article titled “Rebirth of the Eagle” as a call for TCL team members to carry out reform and innovation with the spirit of rebirth and firmly promote the international business. In February 2014, Mr. Li Dongsheng launched TCL’s strategic transformation of “Double+” and in the same year, TCL achieved a sales revenue of over RMB100 billion. In 2015, the sales revenue of TCL again exceeded RMB100 billion. In February 2021, Mr. Li was granted the “David Sarnoff Industrial Achievement Award 2020” by the Society for Information Display (SID).

Mr. Li Dongsheng always holds the firm belief that a strong country is built on the basis of strong economy, which in turn requires a group of world-class enterprises. It is his steadfast belief and persistent goal to firmly stick to industry and develop TCL Tech into a world-class enterprise as the backbone of China’s economy.

Mr. Liang Weihua, Vice Chairman of TCL Tech. He was born in March 1981. He holds a master's degree and is a Party member. He graduated from the Department of Sociology of the School of Government, the Sun Yat-sen University, in July 2003 and graduated from the Economics and Management School of Wuhan University in July 2003 and obtained the MBA degree in December

2012. Currently, he serves as Deputy General Manager and director at Huizhou Investment Holding Co., Ltd. From July 2003 to December 2010, he worked as Assistant Manager of Enterprise Management Department and Administration Department of Huizhou Investment Management Company. From December 2010 to December 2011, he took the post of Executive Deputy General Manager of Huidong County Hongyuan Water Supply Co., Ltd. From December 2011 to June 2016, he served as the General Manager of Huidong County Hongyuan Water Supply Co., Ltd. (and participated in the Special Seminar for Young and Middle-aged Cadres at Section Chief Rank in Huizhou City to Learn and Implement Spirit of Third Plenary Session of the 18th CPC Central Committee (Zhong Qing Class 2) from May to August, 2014). From June 2016 to the present, he has taken the office of Deputy General Manager of Huizhou Investment Holding Co., Ltd. (and also served as a director of the company since August 2016). Since March 2017, he has been a director of Huizhou Financing Guarantee Company and Utrust Inclusive Finance (Huizhou) Financing Guarantee Co., Ltd. Since April 2017, he has been a director of Truly (Huizhou) Smart Display Limited. Since October 2019, he has been Chairman and General Manager of Huizhou New Materials Industry Park Investment and Construction Co., Ltd. Since November 2020, he has been in the office of Vice Chairman of TCL Technology Group Corporation and its consolidated subsidiaries, except where the context otherwise requires. He became Chairman and General Manager of Huizhou Innovative Investment Co., Ltd. on 19 November 2020.)

Ms. Du Juan currently serves as Executive Director, Chief Operating Officer and Chief Financial Officer of TCL Tech. Born in May 1970, she graduated from the Department of Investment of Zhongnan University of Economics and Law and obtained EMBA from CKGSB. From July 1991 to May 1999, she worked in CCB Huizhou Branch. In May 1999, she joined TCL Corporation and served as General Manager of the Settlement Center of TCL Corporation and General Manager of TCL Financial. From October 2014 till now, she serves as President and Chairman of TCL Financial Holdings Group (Guangzhou) Co., Ltd.. From July 2016 to February 2018, she served as Vice President of TCL Corporation. From March 2018 till now, she serves as Chief Operating Officer (COO) of TCL Tech. From January 2019 till now, she concurrently serves as Chief Financial Officer (CFO) of TCL Tech.

Mr. Jin Xuzhi currently serves as Executive Director and Senior Vice President of TCL Tech, as well as CEO and Director of TCL CSOT, Chairman of the Board of Wuhan CSOT and Chairman of the Board of Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.. Born in September 1955, he has obtained the Master's Degree in Material Engineering from Yonsei University in South Korea and MBA from McGill University. He worked in LG Semiconductor Co.,

Ltd. and served as Deputy General Manager in LG Display (formerly known as LG Philips LCD) and Head of the IT Business Division. From April 2009 to March 2010, he served as Senior Consultant in Fuhrmeister Electronics. He joined TCL Corporation in March 2010 and served as Senior Vice President, President and CEO of TCL CSOT and General Manager of Wuhan CSOT.

Mr. Liao Qian currently serves as Executive Director, Senior Vice President, Chief of Staff and Board Secretary of TCL Tech. He has obtained the Master's Degree and holds the Occupational Qualification Certificate of the People's Republic of China for Law. From August 2006 to February 2014, he worked in Guotai Junan International Holdings Co., Ltd. and was engaged in the investment banking business in Hong Kong and Mainland China. Joining TCL Corporation in March 2014, he is in charge of strategic planning, strategic investment and matters in relation to the domestic and overseas capital markets. He is also Independent Director of Jiawei Renewable Energy Co., Ltd. (300317.SZ), Non-Executive Director of Fantasia (1777.HK), Chairman of the Board of Tonly Electronics (1249.HK) and CDOT (0334.HK), Vice Chairman of the Board of Tianjin 712 Communication & Broadcasting Co., Ltd. (603712.SH), and Director of Tianjin Zhonghuan Semiconductor Co., Ltd. (002129.SZ).

Mr. Shen Haoping, Executive Director and Senior Vice President of TCL Tech. He is Chinese and was born in 1962. He holds a bachelor's degree. He is a Senior Engineer receiving a special allowance from the State Council. At present, he serves as Vic Chairman and General Manager of Tianjin Zhonghuan Semiconductor Co., Ltd. and Deputy Secretary of the Party Committee and General Manager of Tianjin Zhonghuan Electronics and Information Group Co., Ltd. He used to work as Chairman and Deputy General Manager of Tianjin Zhonghuan Semiconductor Co., Ltd.

Mr. Gan Yong, independent director of TCL Tech., Professor Senior Engineer, metallurgist and materials scientist, academician of the Chinese Academy of Engineering (CAE) (2001), and doctoral supervisor. He serves as Director of the National Advisory Committee on New Materials Industry Development, Honorary President of the Association of China Rare Earth Industry (ACREI), and President of the Chinese Society for Metals (CSM). In June 2010, he was elected Assistant Dean of the CAE and became a member of the 12th National Committee of the Chinese People's Political Consultative Conference (CPPCC) and Deputy Director of the Committee of Population, Resources and Environment of the CPPCC

Mr. Chen Shiyi, independent director of TCL Tech. He was born Tiantai, Zhejiang in October 1956. He is a Han people. He started to work in July 1987. His titles include Doctor of Science, doctoral supervisor, academician of the Chinese Academy of Sciences (CAS) and the World Academy of

Sciences (TWAS), and former principal of the Southern University of Science and Technology (SUSTech). Now he serves as Chair Professor of the SUSTech, Co-president of the Southern University of Science and Technology Education Foundation, Vice President of the 11th Council of the Chinese Society of Theoretical and Applied Mechanics (CSTAM), Vice President of the 2nd Council of the China Engineering Education Accreditation Association (CEEAA), member of the Standing Committee of the 6th Shenzhen Municipal Committee of the CPPCC, and Vice Chairman of the 6th Committee of the Shenzhen Municipal Science and Technology Association.

Mr. Wan Liangyong, independent director of TCL Tech. He was born in 1979. He is a Part member who joined the "National Leading Accounting Talent" of the Ministry of Finance of the People's Republic of China. At present, his titles include professor, doctoral supervisor, Director of the Department of Accounting, and Director of the Accounting Development Research Center of the School of Business Administration, South China University of Technology. Besides, he is a council member of the Accounting Society of China (ASC), Vice President of the Branch of Engineering Institutions of Higher Education of the ASC, and independent director of multiple companies, including Wens.

Mr. Liu Xunci, independent director of TCL Tech., professor, and Top Talent in Huizhou City. He was born in Shaoyang, Hunan Province, in September 1959. He holds a master's degree in Economics. In September 1976, he became an educated urban young man working in the countryside. In July 1983, he started to work upon graduation. He taught at the Hunan Agricultural University and the Huizhou University as a lecturer, associate professor, and professor. He is an expert of the Decision-making Consultative Committee.

In recent years, he led and joined multiple projects supported by national, ministerial, and provincial funds. His works include Strategic Analysis of Business Administration, Theories and Practices of Strategic Regional Economic Planning, and Enterprise Strategic Management. Several papers were published in academic journals. His main research directions include regional economic planning, enterprise strategies, and financial management. He led and completed multiple plans for economic and social development and business management for the "12th and 13th Five-Year Plan" periods engaged by governments and enterprises, and special research reports of Guangdong Province (cities and counties). He studied and demonstrated special projects, such as the "Guangdong-Hong Kong-Macao Greater Bay Area", the "Pearl River Delta", and the " Ring Daya Bay Economic Zone". Multiple research results have been adopted by governments. He is organizing and compiling projects of the "14th Five-Year Plan" entrusted by governments at all levels.

Born in July 1966, **Mr. He Zhuohui** currently serves as Chairman of the Supervisory Committee of TCL Tech, as well as Full-time Deputy Secretary and Director in Huizhou Investment Holdings Co., Ltd.. From August 1991 to June 1995, he served as Deputy Director of the General Office and Director of the Office in China Construction Bank Huiyang Branch; from June 1995 to August 2008, he served as Manager in Renchengchang (Huizhou) Investment Co., Ltd.; from August 2008 to September 2009, he served as General Manager of Huizhou Investment Holdings Asset Management Co., Ltd.; from September 2009 to December 2012, he served as Manager of the Management and Development Department in Huizhou Investment Holdings Co., Ltd. and Deputy General Manager and Director of Huizhou Fairway Investment and Construction Co., Ltd.; from December 2012 till now, he serves as Full-time Deputy Secretary in Huizhou Investment Holdings Co., Ltd.; from February 2014 till now, he serves as Director in Huizhou Investment Holdings Co., Ltd. (from April 2010 to January 2017, he concurrently served as Director of the First and Second Session of the Board of Huizhou Fairway Investment and Construction Co., Ltd.; from August 2015, he concurrently serves as Chairman of the Fifth and Sixth Supervisory Committees of TCL Corporation).

Born in December 1975, **Ms. Qiu Haiyan** currently serves as Supervisor of TCL Tech. She obtained the Bachelor's Degree from Central Radio & TV University in 2011. She is an accountant and member of the Communist Party of China. From July 1995 to March 1998, she served as a finance officer in Huizhou Zongli Real Estate Company; from March 1998 to June 2002, she served as a finance officer in Huizhou Trust Investment Company; from June 2002 till now, she serves as Accountant, Deputy Manager and Manager of the Finance Department in Huizhou Investment Holdings Co., Ltd.; from February 2014 till now, she serves as Workers' Director in Huizhou Investment Holdings Co., Ltd. (from June 2009 to February 2013, she concurrently served as Supervisor in Huizhou Fairway Investment and Construction Co., Ltd.; from June 2013 to May 2018, she concurrently served as Director in Huizhou Investment Holdings Asset Operation Co., Ltd.; from March 2014, she concurrently serves as Workers' Representative Director in Huizhou Investment and Development Co., Ltd.; from April 2014, she concurrently serves as Supervisor of the Fifth, Sixth and Seventh Supervisory Committees of the Company).

Mr. Mao Tianxiang currently serves as Employee Supervisor, Deputy Secretary of the Party Committee, Assistant President, and Head of the Audit and Supervision Department of TCL Tech. He was born in January 1980 and graduated from Guangxi University with a Bachelor degree. From July 2003 to June 2005, he served as Secretary in China Telecom Guangxi Guilin Company; from July 2005 to November 2007, he served as Supervisor of PR and Communications in the Strategic OEM

Business Division and Officer in the President's Office in the Company; from November 2007 to June 2009, he served as Deputy Head of the Legal Section and Head of the General Section in Huizhou Auditing Bureau; from June 2009 to August 2014, he served as Deputy Director and Deputy Director of the Divisional Level in the Law Enforcement Inspection Office and the Efficacy Inspection Office of Huizhou Discipline Committee. He has been working in the Company since September 2014. He served as Deputy Director of the Party-Masses Work Department in the Company and Secretary of the Youth League Committee of the Company; from August 2015 to January 2016, he concurrently served as Acting General Manager of the Electronic Device Business Division in Techne Corporation; in November 2016, he was elected as Member of the Party Committee and Deputy Secretary of the Discipline Committee of TCL Corporation; in February 2017, he served as Head of the Audit and Supervision Department; from March 2017 to December 2018, he concurrently served as General Manager of TCL Resource Investment Company; from July 2019 to July 2020, he concurrently served as Auditor General of TCL CSOT. Since 2019, he has successively been a Supervisor of Tianjin 712 Communication & Broadcasting Co., Ltd. (603712.SH), the Chairman of the Supervisory Committee of Highly Information Industry Co., Ltd., and the Chief Supervisor of TCL Financial Co., Ltd. Since October 2020, he has been Chairman of the Supervisory Committee of Tianjin Zhonghuan Semiconductor Co., Ltd. (002129.SZ); since October 2020, he has been Chairman of the Supervisory Committee of Tianjin Printronics Circuit Corporation (002134.SZ); since December 2020, he has been Assistant President, Head of the Audit and Supervision Department, Deputy Secretary of the Party Committee and Secretary of the Discipline Inspection Committee of TCL Tech.

Dr. Yan Xiaolin, Professor Senior Engineer, serves as Chief Technology Officer (CTO) and Senior Vice President of TCL Technology Group Corporation and its consolidated subsidiaries, except where the context otherwise requires, and Dean of the Wuhan TCL Industrial Technology Research Institute, Ltd.; Executive Director of TCL Electronics (Huizhou) Co., Ltd., director of TCL CSOT, and Chief Scientist of TCL CSOT; Chairman of Guangdong Juhua and China Ray, director of Kateeva, an American "printed display equipment" company, Chairman of the International Electrotechnical Commission (IEC)/TC110, and Vice Chairman and Asian President of the Organic and Printed Electronics Association (OE-A). Moreover, he is an expert of the National Advisory Committee on New Materials Industry Development and initiator of the New Display Direction of the National "Key New Materials R&D and Application" Key Project (2030), the New Display Direction of the "Special Project of New Display and Strategic Electronic Materials" of the National Key R&D Plan of the 14th Five-Year Plan, the New Display Direction of the "Key Project of

Strategic and Advanced Electronic Materials" of the National Key R&D Plan of the 13th Five-Year Plan, and the New Display Direction of "863" of the 12th Five-Year Plan of the Ministry of Science and Technology of the People's Republic of China. He is also Leading Talent in Scientific and Technological Innovation of the Special Support Plan for High-level Talent of the Organization Department of the Central Committee of the CPC and Young Expert with Outstanding Contribution to China of the National "Hundred-Thousand-Ten Thousand Talent Project.

Substantial offices held concurrently in shareholding entities:

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity or not
Li Dongsheng	Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership)	Assigned representative of the managing partner	August 2014	Incumbent	Not
Liang Weihua	Huizhou Investment Holding Co., Ltd.	Director	August 2016	Incumbent	Yes
He Zhuohui	Huizhou Investment Holding Co., Ltd.	Full-Time Deputy Secretary and Director	December 2012	Incumbent	Yes
Qiu Haiyan	Huizhou Investment Holding Co., Ltd.	Employee Director	February 2014	Incumbent	Yes
Note	Not applicable				

Substantial offices held concurrently in other entities:

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Li Dongsheng	TCL Industries Holdings Inc.	Chairman of the Board	September 2018	Incumbent	Yes
	Tencent Holdings Limited	Independent Non-Executive Director	April 2004	Incumbent	Yes
Liang Weihua	Huizhou New Material Industrial Park Investment and Construction Co., Ltd.	Chairman of the Board and General Manager	October 2019	Incumbent	Not
	Huizhou Innovation Investment Co., Ltd.	Chairman of the Board and General Manager	November 2020	Incumbent	Not
Du Juan	TCL Industries Holdings Inc.	Director	September 2018	Incumbent	Not
	Bank of Shanghai Co., Ltd.	Director	October 2019	Incumbent	Not
	Getech Ltd.	Chairman of the Board	September 2018	Incumbent	Not
	TCL Technology Park Co., Ltd.	Director	October 2017	Incumbent	Not
Liao Qian	Fantasia Holdings Group Co., Limited	Non-Executive Director	December 2020	Incumbent	Yes

	Shenzhen Jiawei Photovoltaic Lighting Co., Ltd.	Independent Director	November 2016	Incumbent	Yes
	Tianjin 712 Communication & Broadcasting Co., Ltd.	Vice Chairman of the Board	June 2019	Incumbent	Not
Gan Yong	The Chinese Society for Metals	President	May 2017	Incumbent	Yes
Wan Liangyong	Wens Foodstuff Group Co.,Ltd.	Independent Director	April 2014	Incumbent	Yes
	China Railway Construction Heavy Industry Corporation Limited	Independent Director	April 2019	Incumbent	Yes
	Urtrust Insurance Co., Ltd.	Independent Director	February 2020	Incumbent	Yes
Mao Tianxiang	Tianjin 712 Communication & Broadcasting Co., Ltd.	Supervisor	June 2019	Incumbent	Not
	Guangzhou Ketian Shichang Information Technology Co., Ltd.	Supervisor	September 2019	Incumbent	Not
	Getech Ltd.	Supervisor	September 2020	Incumbent	Not
Yan Xiaolin	Guochuangke Optoelectronic Equipment Co., Ltd.	Chairman of the Board	December 2020	Incumbent	Not
Note	Not applicable				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable Not applicable

IV Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

(I) Remuneration or allowance criteria for directors

The remuneration of executive directors: As the Company pays remuneration to executive directors, it shall not pay additional allowances to them. The remuneration of them is determined as per the Company's remuneration management rules.

The allowances of non-executive directors: RMB160,000/year (tax inclusive)

The allowances of independent non-executive directors: The allowance for each independent non-executive director is RMB160,000/year (tax inclusive), and the allowance for the convener of the Audit Committee is RMB200,000/year (tax inclusive).

The Company shall bear the travel expense arising from the independent directors' attending the Company's board and general meetings, as well as other expenses arising from non-executive directors and independent directors' exercising their functions and powers as per the Company's Articles of Association.

(II) Remuneration or allowance criteria for supervisors

The allowance for the Chairman of the Supervisory Committee is RMB160,000/year (tax inclusive);

The allowance for the shareholder supervisor is RMB100,000/year (tax inclusive);

And as the Company pays remuneration to the employee supervisor, it shall not pay additional allowances to him/her.

The Company shall bear the travel expense arising from the shareholder supervisor's attending the Company's Supervisory Committee meetings, general meetings and board meetings (as a non-voting delegate), as well as other expenses arising from his/her exercising his/her functions and powers as per the Company's Articles of Association.

(III) Remuneration criteria for senior management

The remuneration of senior management is determined as per the Company's remuneration management rules.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Remuneration from any related party or not
Li Dongsheng	Chairman of the Board and CEO	Male	63	Incumbent	781.22	Yes
Liang Weihua	Vice Chairman of the Board	Male	39	Incumbent	0	Yes
Du Juan	Director, COO and CFO	Female	50	Incumbent	351.29	Not
Liao Qian	Director, Board Secretary and Senior Vice President	Male	40	Incumbent	230.34	Not
Jin Xuzhi	Director and Senior Vice President	Male	66	Incumbent	882.52	Not
Shen Haoping	Director and Senior Vice President	Male	58	Incumbent	41.44	Not
Gan Yong	Independent Director	Male	73	Incumbent	0	Not
Chen Shiyi	Independent Director	Male	64	Incumbent	0	Not
Wan Liangyong	Independent Director	Male	41	Incumbent	2.67	Not
Liu Xunci	Independent Director	Male	62	Incumbent	16.00	Not
He Zhuohui	Chairman of the Supervisory Committee	Male	55	Incumbent	16.00	Yes
Mao Tianxiang	Employee Supervisor	Male	40	Incumbent	91.91	Not

Qiu Haiyan	Supervisor	Female	46	Incumbent	10.00	Yes
Yan Xiaolin	Senior Vice President and CTO	Male	54	Incumbent	347.93	Not
Liu Bin	Vice Chairman of the Board	Male	51	Former	13.91	Yes
Yan Yan	Independent Director	Male	64	Former	13.91	Not
Lu Xin	Independent Director	Female	58	Former	17.39	Not
Zhou Guofu	Independent Director	Male	57	Former	13.91	Not
Total	--	--	--	--	2,830.44	--

Note: As of the end of the Reporting Period, Non-Executive Director Mr. Liang Weihua and Independent Directors Mr. Gan Yong and Mr. Chen Shiyi hadn't collected their allowances of RMB21,300 (before tax) respectively.

Equity incentives for directors, supervisors and senior management in the Reporting Period:

Applicable Not applicable

V Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent	271
Number of in-service employees of major subsidiaries	48,200
Total number of in-service employees	48,471
Total number of paid employees in the Reporting Period	48,471
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	1,124
Functions	
Function	Employees
Production	33,772
Sales	1,519
R&D and technical	8,156
Financial	518
Administrative	429
Managerial	1,916
Other	2,161
Total	48,471
Educational backgrounds	
Educational background	Employees
Doctorate degree	241

Master's degree	2,548
Bachelor's degree	8,513
Junior college	2,688
Senior high school/technical secondary school	596
Junior high school and below	54
Total	14,640

Note : The “educational backgrounds” section excludes overseas employees and operating workers.

2. Employee Remuneration Policy

The Company implements the remuneration management principle of “determining position by responsibilities, determining salary by position and determining remuneration by performance”. Fixed income is determined based on position assessment, variable income is determined based on performance appraisal and a remuneration distribution mechanism oriented by position and performance is established inside the Company.

3. Employee Training Plans

On 10 September 2000, the Training Department of TCL Headquarters shifted to TCL Training Institute. On 16 August 2005, TCL Training Institute changed its name to TCL Leadership Development Institute, which focused on cultivation of management talent and development of leadership. In 2015, the institute has been upgraded to TCL University. As such, TCL University has expanded its value positioning, with changes to service recipients, services provided and the ways of providing services. It focuses on strategic talent for long-term development, and promotes performance improvement by solving the existing business bottlenecks. It provides services for the Group and the broader ecosystem, as well as offers trainings and development opportunities. It captures and creates demand. And it trains and motivates.

The TCL University shoulders the mission of "empower employees and development of organization by men". It cultivates strategic talent for TCL Group through high-level reserve projects. It has unswervingly implemented the "Hawk" Project for more than a decade, cultivated many excellent management personnel at all levels for enterprises, and supported the development of TCL. It is committed to talent cultivation and development. The TCL University has been committed to strategies undertaken by men, being close to business, cultural heritage, and promotion of and response to the organizational reform for years.

4. Labor Outsourcing

Applicable Not applicable

Part IX Corporate Governance

I General Information of Corporate Governance

Since it was listed, the Company has been attaching great importance to corporate governance and dedicated to the establishment and refinement of internal control policies. So far, it has established an organization structure that accommodates the Company's business scale and business management needs. At the same time, it sets up departments and positions in a reasonable manner, plans responsibilities and authorization scientifically and forms an internal control system with well-defined duties and responsibilities, mutual cooperation and mutual restraints. The Company has comprehensive audit and internal control policies, especially in terms of internal audit, in respect of which the hierarchies are clear-cut and the duties and responsibilities are well-defined, which can effectively prevent Group risks; the Company has purchased liabilities insurance for its directors, supervisors and senior management for nine consecutive years; although the shareholding proportion of its majority shareholders is less than 30%, the Company still adopts the cumulative voting system in the election of directors and supervisors, which is higher than the standards of corporate governance and effectively protects the voting rights of minority shareholders; in addition, the Company's Board of Supervisors works with diligence and the supervisors go deep into corporate research and proactively propose management suggestions, which effectively refine the Company's internal governance mechanism; by establishing new management policies, the Company continues to improve its information disclosure management and investor relationship management; the Company is passionate about commonweal and establishes donation funds for public benefits and all those measures have enabled the Company to stand in the industry leading position for its governance level.

During the Reporting Period, in accordance with the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other relevant laws and regulations, the Company continued to refine its governance structure and further standardized its operations to comply with the requirements of related laws and regulations. During the Reporting Period, the Company's directors, supervisors and senior management furthered their learning of regulations and documents in respect of the corporate governance for listed companies, strengthened their self-discipline and diligence, and faithfully safeguarded the interests of all shareholders, in particular the minority shareholders.

Currently, there is no difference between the actual status of the Company's corporate governance structure and the standard documents on the corporate governance for listed companies published by

China Securities Regulatory Commission. The names of the policies are shown in the following table and all the policies have been published on www.cninfo.com.cn.

Category of rules	Title of rules
Articles of Association	The Articles of Association of TCL Technology Group Corporation
Dividend rules	The Dividend Rules of TCL Corporation The Shareholder Return Plan for 2020-2022 of TCL Technology Group Corporation
Information disclosure rules	The Rules Governing the Shareholdings of Directors, Supervisors and Senior Management in TCL Corporation and Changes therein
	The Rules Governing the Registration of Information Insiders of TCL Corporation
	The Accountability Rules for Material Errors in Annual Report Disclosure of TCL Corporation
	The Rules Governing External Users of Information of TCL Corporation
	The Rules Governing Investor Relations of TCL Corporation
	The Work Rules for Independent Directors Concerning Annual Reports of TCL Corporation
	The Reception and Promotional Work Rules of TCL Corporation
	The Rules Governing Internal Reporting of Significant Information of TCL Corporation
	The Work Rules for the Board Secretary of TCL Corporation
	The Rules Governing Information Disclosure of TCL Corporation
Governance and operation rules	The Rules of Procedure for the General Meeting of TCL Technology Group Corporation The Rules of Procedure for the Supervisory Committee of TCL Technology Group Corporation The Rules of Procedure for the Board of Directors of TCL Technology Group Corporation

Corporation

The Work Rules for the Independent Directors of TCL Corporation

The Specific Work Rules for the CEO of TCL Corporation

The Rules of Procedure for the Audit Committee under the Board of Directors of TCL Corporation

The Work Procedures for the Annual Audit by the Audit Committee under the Board of Directors of TCL Corporation

The Rules of Procedure for the Remuneration and Appraisal Committee under the Board of Directors of TCL Corporation

The Rules of Procedure for the Nomination Committee under the Board of Directors of TCL Corporation

The Rules of Procedure for the Strategy Committee under the Board of Directors of TCL Corporation

The Rules Governing Major Investments of TCL Corporation

The Rules Governing the Use of Raised Funds of TCL Technology Group Corporation

The Internal Control Rules for Venture Capital of TCL Corporation

The Rules Governing Securities Investment of TCL Technology Group Corporation

Internal
control rules

The Internal Control Rules for Investment in Derivative Financial Instruments of TCL Technology Group Corporation

The Majority-Owned Subsidiary Management Measures of TCL Corporation

The Rules Governing the Related-Party Transactions of TCL Corporation

The Rules Governing the Guarantees Provided for External Parties of TCL Technology Group Corporation

The Internal Control Rules of TCL Corporation

The Internal Audit Charter of TCL Corporation

The Internal Control Evaluation Rules of TCL Corporation

There is no material incompliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

Special corporate governance campaigns, as well as the formulation and implementation of the

rules governing the registration of information insiders:

Upon various special checks of corporate governance by the regulatory authority and work conferences on the governance of listed companies, the Company has revised its Articles of Association, Rules of Procedure for the Board of Directors, Rules of Procedure for the Supervisory Committee, Rules of Procedure for the General Meeting, Rules Governing the Guarantees Provided for External Parties, Internal Control Rules for Investment in Derivative Financial Instruments, Rules Governing Securities Investment, and Rules Governing the Use of Raised Funds. The rules strictly standardize the Company's behaviors and protect the interests of investors.

The following rules have been revised in 2020 so as to further improve corporate governance:

	Title of rules
Revised	The Articles of Association of TCL Technology Group Corporation
	The Rules of Procedure for the Board of Directors of TCL Technology Group Corporation
	The Rules of Procedure for the Supervisory Committee of TCL Technology Group Corporation
	The Rules of Procedure for the General Meeting of TCL Technology Group Corporation
	The Rules Governing the Guarantees Provided for External Parties of TCL Technology Group Corporation
	The Internal Control Rules for Investment in Derivative Financial Instruments of TCL Technology Group Corporation
	The Rules Governing Securities Investment of TCL Technology Group Corporation
	The Rules Governing the Use of Raised Funds of TCL Technology Group Corporation

II The Company's Independence from Its Controlling Shareholder in Business, Personnel, Asset, Organization and Financial Affairs

Applicable Not applicable

III Horizontal Competition

Applicable Not applicable

IV Annual and Extraordinary General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Index to disclosed information
The First Extraordinary General Meeting of 2020	Combination of on-site and online voting	24.98%	3 February 2020	4 February 2020	http://www.cninfo.com.cn
The Second Extraordinary General Meeting of 2020	Combination of on-site and online voting	23.05%	16 March 2020	17 March 2020	
The 2019 Annual General Meeting	Combination of on-site and online voting	22.84%	20 April 2020	21 April 2020	
The Third Extraordinary General Meeting of 2020	Combination of on-site and online voting	25.55%	15 June 2020	16 June 2020	
The Fourth Extraordinary General Meeting of 2019	Combination of on-site and online voting	34.10%	9 July 2020	10 July 2020	
The Fifth Extraordinary General Meeting of 2020	Combination of on-site and online voting	28.56%	14 September 2020	15 September 2020	
The Sixth Extraordinary General Meeting of 2020	Combination of on-site and online voting	29.14%	13 November 2020	14 November 2020	
The Seventh Extraordinary General Meeting of 2020	Combination of on-site and online voting	34.28%	28 December 2020	29 December 2020	

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

Applicable Not applicable

V Performance of Duty by Independent Directors in the Reporting Period

1. Attendance of Independent Directors at Board Meetings and General Meetings

Attendance of independent directors at board meetings and general meetings							
Independent director	Total number of board meetings the independent director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the independent director failed to attend	The independent director failed to attend two consecutive board meetings or not	General meetings attended

Gan Yong	3	0	3	0	0	Not	0
Chen Shiyi	3	0	3	0	0	Not	0
Wan Liangyong	3	0	3	0	0	Not	1
Liu Xunci	14	4	10	0	0	Not	7
Lu Xin	11	4	7	0	0	Not	0
Zhou Guofu	11	2	9	0	0	Not	0
Yan Yan	11	2	9	0	0	Not	0

2. Objections Raised by Independent Directors on Matters of the Company

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Independent Directors

In the Reporting Period, in strict accordance with the applicable laws and regulations, as well as the Company's Articles of Association, the independent directors of the Company paid attention to the Company's operations and faithfully fulfilled their duties as independent directors. They put forward a lot of valuable, professional advice regarding the improvement of the Company's rules and daily operating decision-making. They issued their independent and fair opinion on the matters of the Company that required their opinion. Therefore, they have played their part in improving the Company's supervision mechanism, as well as in protecting the legal interests of the Company and its shareholders.

VI Performance of Duty by Specialized Committees under the Board in the Reporting Period

1. Performance of Duty by the Audit Committee

In the principle of being diligent, pragmatic and realistic, all the members of the Audit Committee under the Board proactively pushed forward the 2020 annual audit. During the annual audit, the Audit Committee convened two meetings to review the audit plan and the financial statements. It also fully communicated with the accountants responsible for the annual audit.

The Audit Committee summarized the 2020 annual audit carried out by Da Hua Certified Public Accountants (Special General Partnership) as follows:

On 20 January 2021, we reviewed and confirmed the Audit Plan of the Internal Control of TCL Technology Group Corporation in 2020 and the Audit Plan of the 2020 Annual Financial Statements of TCL Technology Group Corporation submitted by Da Hua Certified Public Accountants (Special General Partnership), the independent auditor for the year 2020.

In October 2020, the auditor started the pre-audit of the annual report. On 2 January 2021, the auditor came to the Company and started the official audit. Afterwards, according to the audit plan, we emailed and called a few times to learn about and urge the audit progress, as well as went to the audit site to offer advice and urge the audit progress.

On 10 March 2021, the auditor issued a preliminary “unmodified unqualified” audit opinion on the Company’s financial statements, to which we agreed.

We believed that Da Hua Certified Public Accountants (Special General Partnership), the independent auditor for the year 2020, provided audit service for the Company in a diligent and responsible way. It completed the audit in strict accordance with the audit plan. The audited financial statements were a factual and complete reflection of the Company’s financial position as at 31 December 2020, as well as the operating results and cash flows of the year then ended. The audit opinion they issued factually reflected the Company’s realities. On 10 March 2021, the Audit Committee convened a meeting, where the following proposals were approved and submitted to the Board for further review: The 2020 Annual Financial Report, the Summary Report of the Audit Committee under the Board Regarding the 2020 Annual Audit Carried out by Da Hua Certified Public Accountants (Special General Partnership), and the Proposal on the Reappointment of Da Hua Certified Public Accountants (Special General Partnership) as the Independent Auditor for 2021.

2. Performance of Duty by the Nomination Committee

During the Reporting Period, the Nomination Committee convened two meetings, where the Proposal on the Appointment of Mr. Liao Qian as a Senior Vice President and the Board Secretary of the Company and the Proposal on the Re-election of the Board of Directors were approved respectively.

3. Performance of Duty by the Remuneration and Appraisal Committee

During the Reporting Period, the Remuneration and Appraisal Committee did not meet.

VII Performance of Duty by the Supervisory Committee

Indicate whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

Meeting	Date of the meeting	Supervisor present	Proposal reviewed at the meeting	Resolution	Index to the disclosed resolution	Disclosure date
The 15th Meeting of the Sixth Supervisory Committee	28 February 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	1. The Proposal on the Revision of The Rules of Procedure for the Supervisory Committee	Resolutions of the 15th Meeting of the	http://www.cninfo.com.cn	29 February 2020

				Sixth Supervisory Committee		
The 16th Meeting of the Sixth Supervisory Committee	28 March 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	<ol style="list-style-type: none"> 1. The Proposal on The 2019 Annual Work Report of the Supervisory Committee; 2. The Proposal on The 2019 Annual Financial Report; 3. The Proposal on The 2019 Annual Report and its summary; 4. The Proposal on The 2019 Annual Internal Control Evaluation Report; 5. The Proposal on the 2019 Final Dividend; 6. The Proposal on The Social Responsibility Report 2019; and 7. The Proposal on the Repurchase and Retirement of Restricted Shares That Have Been Granted under the 2018 and 2019 Restricted Stock Incentive Plans But Are Still in Lockup 	Resolutions of the 16th Meeting of the Sixth Supervisory Committee	http://www.cninfo.com.cn	31 March 2020
The 17th Meeting of the Sixth Supervisory Committee	28 April 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	<ol style="list-style-type: none"> 1. The Proposal on The First Quarterly Report 2020 and Its Summary; 2. The Proposal on the Compliance to the Relevant Laws and Regulations of the Company's Asset Purchase via Share and Convertible Corporate Bonds Offering to Specified Target and Cash Payment and Raising the Matching Funds; 3. The Proposal on the Plan of Asset Purchase via Share and Convertible Corporate Bonds Offering and Cash Payment; 4. The Proposal on the Plan of Share and Convertible Corporate Bonds Offering to Raise the Matching Funds; 5. The Proposal on Reviewing the Plan of TCL Technology Group Corporation of Asset Purchase via Share and Convertible Corporate Bonds Offering to Raise the Matching Funds and Cash Payment and Its Summary; 6. The Proposal on the Transaction Not Constituting a Restructuring Listing as Defined in Item 13 of the Methods for the Administration of Significant Asset Restructurings by Listed Companies; 7. The Proposal on the Transaction's Compliance to 	Resolutions of the 17th Meeting of the Sixth Supervisory Committee	http://www.cninfo.com.cn	29 April 2020

			<p>Item 11 and Item 43 of the Methods for the Administration of Significant Asset Restructurings by Listed Companies;</p> <p>8. The Proposal on the Transaction's Compliance to Item 4 of the Regulations Regarding Several Matters of the Administration of Significant Asset Restructurings by Listed Companies;</p> <p>9. The Proposal on Signing the Agreement on Asset Purchase via Share and Convertible Corporate Bonds Offering and Cash Payment with Entry-into-Force Conditions;</p> <p>10. The Proposal on Signing the Share Subscription Agreement and the Subscription Agreement for Convertible Corporate Bonds with Entry-into-Force Conditions;</p> <p>11. The Proposal on Introducing Strategic Investor and Signing the Strategic Cooperation Agreement;</p> <p>12. The Proposal on the Statement on the Completeness and Compliance of the Statutory Procedures Executed and the Validity of the Legal Documents Submitted Associated with the Transaction; and</p> <p>13. The Proposal on the Statement on the Volatility in the Company's Stock Price Being Not the Case Mentioned in Item 5 of the Circular on Regulating Information Disclosure of Listed Companies and the Behaviors of Stakeholders</p>			
The 18th Meeting of the Sixth Supervisory Committee	28 May 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	<p>1. The Proposal on the Compliance to the Relevant Laws and Regulations of the Company's Asset Purchase via Share and Convertible Corporate Bonds Offering to Specified Target and Cash Payment and Raising the Matching Funds;</p> <p>2. The Proposal on the Plan of Asset Purchase via Share and Convertible Corporate Bonds Offering and Cash Payment;</p> <p>3. The Proposal on the Plan of Share and Convertible Corporate Bonds Offering to Raise the Matching Funds;</p> <p>4. The Proposal on Reviewing the Plan of TCL Technology Group Corporation of Asset</p>	Resolutions of the 18th Meeting of the Sixth Supervisory Committee	http://www.cninfo.com.cn	29 May 2020

			<p>Purchase via Share and Convertible Corporate Bonds Offering to Raise the Matching Funds and Cash Payment and Its Summary;</p> <p>5. The Proposal on the Transaction Not Constituting a Restructuring Listing as Defined in Item 13 of the Methods for the Administration of Significant Asset Restructurings by Listed Companies;</p> <p>6. The Proposal on the Transaction's Compliance to Item 11 and Item 43 of the Methods for the Administration of Significant Asset Restructurings by Listed Companies;</p> <p>7. The Proposal on the Transaction's Compliance to Item 4 of the Regulations Regarding Several Matters of the Administration of Significant Asset Restructurings by Listed Companies;</p> <p>8. The Proposal on Signing Supplementary Agreement (I) to the Agreement on Asset Purchase via Share and Convertible Corporate Bonds Offering and Cash Payment with Entry-into-Force Conditions;</p> <p>9. The Proposal on Signing the Supplementary Agreement (I) to the Share Subscription Agreement and the Supplementary Agreement (I) to the Subscription Agreement for Convertible Corporate Bonds with Entry-into-Force Conditions;</p> <p>10. The Proposal on the Statement on the Completeness and Compliance of the Statutory Procedures Executed and the Validity of the Legal Documents Submitted Associated with the Transaction;</p> <p>11. The Proposal on the Independence of the Evaluation Institution, the Reasonableness of Hypothetical Premises for the Evaluation, the Relevance of Evaluation Methods and Evaluation Purpose and the Fairness of the Evaluation-Based Pricing;</p> <p>12. The Proposal on the Approval of the Audit Report, the Reference Review Report and the Evaluation Report of the Transaction;</p>		
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			<p>13. The Proposal on the Explanations Regarding the Pricing Basis for the Transaction and Its Fairness and Reasonableness; and</p> <p>14. The Proposal on the Reasonableness of the Expected Dilution of Immediate Returns of the Transaction, Measures to Make up for Immediate Returns and Relevant Commitments</p>			
The 19th Meeting of the Sixth Supervisory Committee	28 August 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	<p>1. The Proposal on the Interim Report 2020 and Its Summary;</p> <p>2. The Proposal on Adjustments to The 2019 Restricted Stock Incentive Plan and The Second Global Innovation Partner Plan (Draft) and Its Summary;</p> <p>3. The Proposal on Adjustments to The Implementation and Appraisal Methods for The 2019 Restricted Stock Incentive Plan and The Second Global Innovation Partner Plan;</p> <p>4. The Proposal on Reviewing the Third Global Partner Plan (Draft) and Its Summary;</p> <p>5. The Proposal on Reviewing the Methods for the Administration of the Third Global Partner Plan;</p> <p>6. The Proposal on Adjustments to the Matching Funds Raising Plan as Part of the Company's Plan to Purchase Assets via Share and Convertible Corporate Bonds Offering to Raise the Matching Funds and Cash Payment;</p> <p>7. The Proposal on Adjustments to the Transaction Plan Not Constituting a Significant Adjustment to the Restructuring Plan;</p> <p>8. The Proposal on the Termination of the Strategic Cooperation Agreement, the Share Subscription Agreement with Entry-in-Force Conditions and Its Supplementary Agreement, and the Convertible Corporate Bonds Subscription Agreement with Entry-in-Force Conditions and Its Supplementary Agreement;</p> <p>9. The Proposal on Reviewing the Report on Asset Purchase via Share and Convertible Corporate Bonds Offering to Raise the Matching Funds and via Cash Payment (Draft) (Revised) and Its Summary;</p> <p>10. The Proposal on the Approval of the Audit Report</p>	Resolutions of the 19th Meeting of the Sixth Supervisory Committee	http://www.cninfo.com.cn	29 August 2020

			<p>and the Reference Review Report of the Transaction;</p> <p>11. The Proposal on the Reasonableness of the Expected Dilution of Immediate Returns of the Transaction, Measures to Make up for Immediate Returns and Relevant Commitments;</p> <p>12. The Proposal on the Statement on the Completeness and Compliance of the Statutory Procedures Executed and the Validity of the Legal Documents Submitted Associated with the Transaction;</p> <p>13. The Proposal on the Transaction's Compliance to Item 11 and Item 43 of the Methods for the Administration of Significant Asset Restructurings by Listed Companies; and</p> <p>14. The Proposal on the Transaction Not Constituting a Significant Asset Restructuring or a Restructuring Listing as Defined in Item 13 of the Methods for the Administration of Significant Asset Restructurings by Listed Companies</p>			
The 20th Meeting of the Sixth Supervisory Committee	28 October 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	<p>1. The Proposal on the Third Quarterly Report 2020 and Its Summary; and</p> <p>2. The Proposal on the Re-election of the Supervisory Committee</p>	Resolutions of the 20th Meeting of the Sixth Supervisory Committee	http://www.cninfo.com.cn	29 October 2020
The 21st Meeting of the Sixth Supervisory Committee	10 November 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	<p>1. The Proposal on Opening a Specialized Account for Raised Funds and Authorizing the Signing of the Custody Agreement; and</p> <p>2. The Proposal on Further Specifying the Plan of Private Offering of Convertible Corporate Bonds to Raise the Matching Funds</p>	Resolutions of the 21st Meeting of the Sixth Supervisory Committee	http://www.cninfo.com.cn	12 November 2020
The First Meeting of the Seventh Supervisory Committee	14 November 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	1. The Proposal on the Election of the Chairman for the Seventh Supervisory Committee	Resolutions of the First Meeting of the Seventh Supervisory Committee	http://www.cninfo.com.cn	17 November 2020
The Second Meeting of the Seventh	26 November 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	1. The Proposal on the Swap of Raised Funds and Advance Investment with Self-Owned	Resolutions of the Second	http://www.cninfo.com.cn	27 November 2020

Supervisory Committee			Funds	Meeting of the Seventh Supervisory Committee		
The Third Meeting of the Seventh Supervisory Committee	11 December 2020	He Zhuohui Qiu Haiyan Mao Tianxiang	1. The Proposal on the Acquisition of the 100% Equity Interests of Moka International Limited & the Related-party Transaction	Resolutions of the Third Meeting of the Seventh Supervisory Committee	http://www.cninfo.com.cn	12 December 2020

The Supervisory Committee raised no objections in the Reporting Period.

VIII Appraisal of and Incentive for Senior Management

During the Reporting Period, the Company carried out performance appraisal and competence examination on managers. The KPI (key performance indicators) system was used for performance appraisal. In respect of the team led by each manager, the key factors of performance appraisal included phased goals of strategic transformation and operating indicators of the current period (such as profits, cash flow, products and service quality); the comprehensive results of the accomplishment of each goal were considered as the main basis for motivating managers. In that way, corporate strategies were converted into internal management activities through the process of goal settings, implementation and accomplishment to steer the work orientation of all systems of the Company and serve the purpose of enhancing the overall efficiency of the Company. Leader examination consisted of four dimensions of assessment, being leader's performance, competence, experience and quality (potential, personality and aspiration/values). An annual examination report for leaders was generated through annual performance assessment, virtual assessment center, 360-degree behavior interview or online assessment, supported by key experience, personality or management style assessment, which served as the main basis for appraising, appointing and dismissing leaders.

IX Internal Control

1. Material Internal Control Weaknesses Identified in the Reporting Period

Yes No

Details of material internal control weaknesses identified in the Reporting Period
No material internal control weaknesses were identified in the Reporting Period.

2. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	11 March 2021	
Index to the disclosed internal control self-evaluation report	http://www.cninfo.com.cn	
Evaluated entities' combined assets as % of consolidated total assets	95.9%	
Evaluated entities' combined revenue as % of consolidated revenue	98.5%	
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	<p>Material weaknesses: (1) an invalid control environment; (2) fraud of directors, supervisors and senior management; (3) any material misstatement of the financial reporting of the current period which is identified by the registered accountants but the Company fails to do so; and (4) invalid internal control supervision by the Audit Committee and the internal audit organ.</p> <p>Serious weaknesses: A single weakness or a group of weaknesses which are less serious than a material weakness but could still cause deviation from the control objectives</p> <p>Common weaknesses: Other internal control weaknesses that are neither material nor serious</p>	<p>Material weaknesses: (1) material violations of the country's laws or regulations in the Company's operating activities; (2) any material decision-making error that is caused by an irrational decision-making procedure and causes material property loss to the Company; (3) a massive loss of the key managerial or technical personnel; and (4) frequent negative news coverage that causes great concern of the regulatory administration and a material long-lasting impact on the Company's brand and reputation.</p> <p>Serious weaknesses: A single weakness or a group of weaknesses which are less serious than a material weakness but could still cause deviation from the control objectives</p> <p>Common weaknesses: Other internal control weaknesses that are neither material nor serious</p>
Quantitative standard	<p>Material weaknesses: misstatements \geq 5% of profit before tax;</p> <p>Serious weaknesses: 3% of profit before tax \leq misstatements $<$ 5% of profit before tax;</p> <p>Common weaknesses: misstatements $<$ 3% of profit before tax</p>	Not applicable
Number of material weaknesses in internal control over financial reporting	0	
Number of material weaknesses in internal control not related to financial reporting	0	
Number of serious weaknesses in internal control over financial reporting	0	
Number of serious weaknesses in internal control not related to financial reporting	0	

X Independent Auditor's Report on Internal Control

Opinion paragraph in the independent auditor's report on internal control	
In our opinion, TCL Technology Group Corporation maintained, in all material respects, effective internal control over financial reporting as of 31 December 2020, based on the Basic Rules on Enterprise Internal Control and other applicable rules.	
Independent auditor's report on internal control disclosed or not	The Internal Control Audit Report of TCL Technology Group Corporation disclosed on http://www.cninfo.com.cn dated 11 March 2021
Disclosure date	11 March 2021

Index to such report disclosed	http://www.cninfo.com.cn
Type of the auditor's opinion	Unmodified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes No

Explanation as to the modified opinion expressed in the independent auditor's report on the Company's internal control:

Indicate whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Part X Corporate Bonds

General Information of Corporate Bonds

Bond name	Abbr.	Bond code	Value date	Maturity	Outstanding balance (RMB'0,000)	Coupon rate	Way of principal repayment and interest payment
TCL Corporation's Corporate Bonds Publicly Offered in 2016 to Qualified Investors (Tranche 1) (Type 2)	16TCL02	112353	16 March 2016	16 March 2021	150,000	3.56%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2016 to Qualified Investors (Tranche 2)	16TCL03	112409	7 July 2016	7 July 2021	200,000	3.50%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 1)	17TCL01	112518	19 April 2017	19 April 2022	100,000	3.40%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 2)	17TCL02	112542	7 July 2017	7 July 2022	15,700	3.45%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1)	18TCL01	112717	6 June 2018	6 June 2023	100,000	5.48%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2)	18TCL02	112747	20 August 2018	20 August 2023	200,000	5.30%	Interest payable annually and principal repayable in full upon maturity

Offered in 2018 to Qualified Investors (Tranche 2)							repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1)	19TCL01	112905	20 May 2019	20 May 2024	100,000	4.33%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2)	19TCL02	112938	23 July 2019	23 July 2024	100,000	4.30%	Interest payable annually and principal repayable in full upon maturity
TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3)	19TCL03	112983	21 October 2019	21 October 2024	200,000	4.20%	Interest payable annually and principal repayable in full upon maturity
TCL Technology Group Corporation's Short-Term Corporate Bonds Publicly Offered in 2020 to Professional Investors (Tranche 1)	20TCLD1	149140	8 June 2020	5 December 2020	0	2.50%	Principal repayable in full upon maturity with interest
Place for bond listing and trading	Shenzhen Stock Exchange						
Investor eligibility	These bonds are for qualified investors only (20TCLD1 were offered after the new Securities Law and are for professional investors only).						
Interest payment and principal repayment during the Reporting Period	<ol style="list-style-type: none"> 1. The interest for the period from 16 March 2019 to 15 March 2020 on "16TCL02" was paid on 16 March 2020. 2. The interest for the period from 19 April 2019 to 18 April 2020 on "17TCL01" was paid on 20 April 2020. 3. The interest for the period from 20 May 2019 to 19 April 2020 on "19TCL01" was paid on 20 May 2020. 4. The interest for the period from 6 June 2019 to 5 June 2020 on "18TCL01" was paid on 8 June 2020. 5. The interest for the period from 6 July 2019 to 6 July 2020 on "16TCL03" was paid on 7 July 2020. 6. The interest for the period from 6 July 2019 to 7 July 2020 on "17TCL02" was paid on 7 July 2020. 7. The interest for the period from 23 July 2019 to 22 July 2020 on "19TCL02" was paid on 23 July 2020. 						

	<p>8. The interest for the period from 20 August 2019 to 19 August 2020 on “18TCL02” was paid on 20 August 2020.</p> <p>9. The interest for the period from 21 October 2019 to 20 October 2020 on “19TCL03” was paid on 21 October 2020.</p> <p>10. The interest on “20TCLD1” was paid on 7 December 2020.</p>
<p>Where the bond carries any issuer or investor option clause, interchangeable clause or other special clauses, give the execution details (if applicable) of these clauses during the Reporting Period</p>	<p>1. TCL Corporation’s Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 1) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. During the Reporting Period, the issuer exercised its coupon rate adjustment option to adjust the coupon rate for the period from 19 April 2020 to 18 April 2020 to 3.40% subsequent to a coupon rate of 4.80% for the period from 19 April 2017 to 18 April 2020; investors exercised their sell-back option and the Company paid the principals of RMB403,000,200 on 20 April 2020; and the sold-back bonds have all been resold, with an actual sell-back amount of RMB0 and a currently outstanding amount of RMB1 billion.</p> <p>2. TCL Corporation’s Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 2) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. During the Reporting Period, the issuer exercised its coupon rate adjustment option to adjust the coupon rate for the period from 7 July 2020 to 6 July 2020 to 3.45% subsequent to a coupon rate of 4.93% for the period from 7 July 2017 to 6 July 2020; investors exercised their sell-back option and the Company paid the principals of RMB2.843 billion on 7 July 2020, with a currently outstanding amount of RMB157 million.</p> <p>3. TCL Corporation’s Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. The interest payment day is June 6 from 2019 to 2023 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement). If an investor chooses to exercise the sell-back option, the interest payment day for the sold-back bonds is June 6 from 2019 to 2021 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement).</p> <p>4. TCL Corporation’s Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. The interest payment day is August 20 from 2019 to 2023 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement). If an investor chooses to exercise the sell-back option, the interest payment day for the sold-back bonds is August 20 from 2019 to 2021 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement).</p> <p>5. TCL Corporation’s Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. The interest payment day is May 20 from 2020 to 2024 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement). If an investor chooses to exercise the sell-back option, the interest payment day for the sold-back bonds is May 20 from 2020 to 2022 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement).</p> <p>6. TCL Corporation’s Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. The interest payment day is July 23 from 2020 to 2024 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement). If an investor chooses to exercise the sell-back option, the interest payment day for the sold-back bonds is July 23 from 2020 to 2022 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement).</p> <p>7. TCL Corporation’s Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3) is of a five-year term, with the issuer’s coupon rate adjustment option and the investors’ sell-back option at the end of the third year. The interest payment day is October 21 from 2020 to 2024 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement). If an investor chooses to exercise the sell-back option, the interest payment day for the sold-back bonds is October 21 from 2020 to 2022 (the subsequent first trading day if it is a statutory holiday or rest day, with no additional interest for the postponement).</p>

Bond Trustee and Credit Rating Agency

Bond trustee:							
Name	Guotai Junan Securities Co., Ltd.	Office address	33/F, Bohua Plaza, 669 Xinzha Road, Shanghai	Contact person	Wu Lei	Tel.	021-38676503
Name	CITIC Securities Co., Ltd.	Office address	8 Zhongxin No. 3 Road, Futian District, Shenzhen, Guangdong Province, China	Contact person	Deng Xiaoqiang	Tel.	0755-23835888
Credit rating agency which conducted follow-up ratings for bonds during Reporting Period:							
Name	China Chengxin Securities Rating Co., Ltd.		Office address	Room 968, Tower 1, 599 Xinye Road, Qingpu District, Shanghai			
Where the bond trustee or credit rating agency was changed during the Reporting Period, explain the reasons, the executed procedures, the impact on investors' interests, etc. (if applicable)			Not applicable				

Utilization of Funds Raised through Corporate Bonds

Utilization of funds raised through corporate bonds and procedures executed	The raised funds were used to supplement the working capital and repay debt, which is in strict compliance with the prospectus. And with the authorization of the Board and the general meeting, the related internal decision-making procedure was executed according to the relevant rules approved by the Board and the general meeting.
Ending balance (RMB'0,000)	0
Operation of special account for raised funds	The Company has signed the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 1), the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranche 2), the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 1), the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranche 2), the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 1), the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 2), and the Escrow Account Agreement for the Funds Raised through TCL Corporation's Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranche 3) with China Development Bank (Guangdong branch) and the Industrial and Commercial Bank of China (Huizhou branch) respectively to ensure that the raised funds will be used as earmarked.
Whether the utilization of raised funds is in line with the promised usages, utilization plan or other promises in the prospectus	Yes

Rating Results of Corporate Bonds

According to the Follow-up Rating Report (2020) on TCL Technology Group Corporation's Corporate Bonds Publicly Offered in 2016 to Qualified Investors (Tranches 1 and 2) issued by China

Chengxin Securities Rating Co., Ltd. on 27 May 2020, the AAA credit status of TCL Corporation and the said bonds was affirmed with a “Stable” outlook.

According to the Follow-up Rating Report (2020) on TCL Technology Group Corporation’s Corporate Bonds Publicly Offered in 2017 to Qualified Investors (Tranches 1 and 2) and on TCL Technology Group Corporation’s Corporate Bonds Publicly Offered in 2018 to Qualified Investors (Tranches 1 and 2) issued by China Chengxin Securities Rating Co., Ltd. on 27 May 2020, the AAA credit status of TCL Corporation and the said bonds was affirmed with a “Stable” outlook.

According to the Credit Rating Report on TCL Technology Group Corporation’s Corporate Bonds Publicly Offered in 2019 to Qualified Investors (Tranches 1, 2 and 3) issued by China Chengxin Securities Rating Co., Ltd. on 28 May 2020, the AAA credit status of TCL Corporation and the said bonds was affirmed with a “Stable” outlook.

During the Reporting Period, the corporate credit ratings conducted on the Company in its programs of corporate bonds and debt financing instrument issues arrived at the same results as its existing corporate credit rating result.

Credit Enhancement, Repayment Plans and Other Repayment Guarantee Measures

No credit enhancement measures were taken for the Company’s bonds during the Reporting Period.

The capital for principal repayment and interest payment for the Company’s bonds is primarily sourced from the revenue, net profit and cash flows arising from its ordinary course of business. The repayment guarantee measures include a specialized task group, a strict capital management plan, a bond trustee, the Rules for Bondholders’ Meetings, strict information disclosure, and an undertaking to not distribute profits to shareholders, as well as suspend capital expenditures such as major investments in external parties and mergers and acquisitions where the Company fails to, or expectedly fails to, repay the principal and pay the interest on any bonds on time.

The Company’s credit enhancement mechanism, repayment plans and other repayment guarantee measures remained unchanged during the Reporting Period.

Meetings of Bondholders Convened during Reporting Period

No such cases in the Reporting Period.

Performance of Duties by Bond Trustee during Reporting Period

As the trustee of the “16TCL02”, “16TCL03”, “17TCL01”, “17TCL02”, “18TCL01”, “18TCL02”,

“19TCL01” and “20TCLD1” bonds, Guotai Junan Securities Co., Ltd., in strict accordance with the applicable laws and regulations including the Measures for the Issue and Trading of Corporate Bonds and the Professional Code of Conduct for Corporate Bond Trustees, keeps a close eye on the Company’s operating, financial and credit conditions to fulfill its duties as a bond trustee and protect the legal rights and interests of the bondholders. And the bond trustee has no conflicts of interests in any kind with the Company.

As the trustee of the “19TCL02” and “19TCL03” bonds, CITIC Securities Co., Ltd., in strict accordance with the applicable laws and regulations including the Measures for the Issue and Trading of Corporate Bonds and the Professional Code of Conduct for Corporate Bond Trustees, keeps a close eye on the Company’s operating, financial and credit conditions to fulfill its duties as a bond trustee and protect the legal rights and interests of the bondholders. And the bond trustee has no conflicts of interests in any kind with the Company.

In the duration of the aforesaid bonds, the trustees disclosed, before 30 June every year, the trustee’s report for the previous year on the website designated by the stock exchange.

Selected Financial Information of the Company in the Past Two Years

Item	2020	2019	Change (%)
EBITDA (RMB’0,000)	1,905,982	1,422,433	33.99%
Current ratio	0.92	1.12	-19.34%
Debt/asset ratio (%)	65.08	61.25	3.83
Quick ratio	0.66	0.85	-18.82%
Debt/EBITDA ratio	11.36%	14.09%	-2.73%
Interest cover (times)	2.58	2.16	19.44%
Cash-to-interest cover (times)	6.45	5.32	21.24%
EBITDA-to-interest cover (times)	5.98	5.17	15.67%
Debt repayment ratio (%)	100	100	-
Interest payment ratio (%)	100	100	-

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

EBITDA increased 34% year-on-year, primarily driven by an increase in revenue.

Principal Repayment and Interest Payment of Other Bonds and Debt Financing Instruments during the Reporting Period

No.	Bond abbreviation	Principal amount (RMB’00,000,000)	Issue date	Maturity	Coupon rate	Principal repayment and interest payment
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1	15TCL-MTN001	5	2015-4-1	5 years	5.50%	Repaid in full on time
2	18TCL-MTN001	20	2018-12-03	3 years	4.58%	The interest for the period from 3 December 2019 to 2 December 2020 was paid on 3 December 2020

Credit Lines Granted by Banks, as well as Their Utilization and Repayment during the Reporting Period

The Company operates in compliance, with a fine credit reputation, strong profitability and a great ability to repay debt. Additionally, it maintains a long-term partnership with the China Development Bank, The Export-Import Bank of China, the Industrial and Commercial Bank of China, etc. As at 31 December 2020, the credit lines granted by the major bank partners to the Company totaled RMB218.1 billion, with RMB87.7 billion utilized and RMB130.4 billion left. During the Reporting Period, there were no defaults on bank loans.

Fulfillment of Commitments Made in Bond Prospectuses during Reporting Period

Not applicable.

Significant Events during the Reporting Period

Not applicable.

Guarantor for Corporate Bonds

Yes No

Indicate whether the guarantor is a legal person or other organization.

Yes No

Indicate whether the financial statements of the guarantor (including the balance sheet, the income statement, the cash flow statement, the statement of changes in owners'/shareholders' equity and the notes to the financial statements) for the reporting period are disclosed separately within four months when every accounting year ends.

Yes No

Other Matters

On 18 July 2020, the Company disclosed the Announcement on the Cumulative New Borrowings in 2020 Exceeding 20% of the Net Assets as at the End of Last Year. On 7 November 2020, the Company disclosed the Announcement on the Cumulative New Borrowings in 2020 Exceeding 60% of the Net Assets as at the End of Last Year. Please visit the website of the Shenzhen Stock Exchange (<http://www.szse.cn/>) for the specific announcements. The Company is in a sound financial condition and the ordinary course of business. The aforesaid new borrowings have no material adverse impact on the solvency of the Company.

TCL Technology Group Corporation

For the Year Ended 31 December 2020

Independent Auditor's Report

Da Hua Shen Zi [2021] No. 000688

Da Hua Certified Public Accountants (Special General Partnership)

TCL Technology Group Corporation

Independent Auditor's Report and Financial Statements

(For the year from 1 January 2020 to 31 December 2020)

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Independent Auditor's Report

Da Hua Shen Zi [2021] No. 000688

To the Shareholders of TCL Technology Group Corporation

I Opinion

We have audited the financial statements of TCL Technology Group Corporation (the “Company”), which comprise the consolidated and parent company (the Company as the parent exclusive of subsidiaries) balance sheets as at 31 December 2020, the consolidated and parent company statements of income, cash flows and changes in shareholders' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2020, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

II Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most

significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

And key audit matter identified in our audit is summarized as follows:

1. Revenue recognition
2. Measurement of fixed assets and construction in progress

(I) Revenue recognition

1. Matter description

Please refer to the accounting policies as stated in 30. “Revenue recognition” under Note III to the financial statements and 57. Operating revenue under Note V to the financial statements. The Company’s revenue for the current period was approximately RMB76.7 billion, representing an increase of RMB1.8 billion from RMB74.9 billion of last year.

As operating revenue is one of the Company’s key operating indicators with the hereditary risk of the management manipulating the revenue recognition time point for the purpose of achieving a specific objective or expectation, and the revenue recognition for the current period has a big influence on the financial statements, we identify revenue recognition as a key audit matter.

2. Audit response

The important audit procedures we carried out in respect of revenue recognition include:

- (1) We understood and assessed whether the management’s design and operation of key internal control in respect of revenue recognition were effective or not;
- (2) We understood and assessed whether the management’s selection and implementation of the policies related to revenue recognition complied with the accounting standards for business enterprises;
- (3) We selected samples of recorded transactions with revenue for the year and examined relevant supporting documents involved during the transaction process, including outbound delivery orders, customers’ receipt records, sale invoices ,

customs declarations and fund receipt proofs;

(4) We selected samples of the recorded transactions with revenue around the balance sheet data and examined outbound delivery orders and other supporting documents to assess whether the revenue had been recorded into the appropriate accounting period;

(5) We obtained the Company's sale list for the year and carried out analytic review procedures on the operating revenue to determine the reasonableness of changes in the revenue and gross profit margin for the current period;

(6) We executed confirmation procedures with key accounts and inquired about the sales amount and the current account balance incurred for the current period; we carried out substitute audit procedures on the accounts with no replies; and

(7) We checked to see whether revenue-related information was duly presented and disclosed in the financial statements.

Based on the audit work executed, we believe that the Company's recognition of revenue complies with relevant requirements of the accounting standards for business enterprises.

(I) Measurement of fixed assets and construction in progress

1. Description

Please see the accounting policies specified in Items 18 and 19 of "Fixed Assets and construction in Progress of Note III as well as Items 21 and 22 of Note V of the Financial Statement, 21, 22. As at 31 December 2020, the amount of fixed assets and construction in progress in the consolidated report of the Group stood at RMB124.3 billion, accounting for 48% of the total assets. Most of the fixed assets and construction in progress were machinery equipment and buildings for producing LCDs, semi-conductor materials, and semiconductor devices. Whether assets are compliant with capitalization conditions, the time point when construction in progress is included in fixed assets and the accrual of depreciation begins, and the service life and residual value of the corresponding fixed assets shall be subject to the judgment of the Management. Therefore, we regard the measurement of fixed assets and construction in progress as a key audit matter.

2. Response to audit

Our important audit procedures for the measurement of fixed assets and construction

in progress implement:

- (1) We learn and assess the effectiveness of internal control design related to fixed assets and construction in progress and test the effectiveness of execution of key controls;
- (2) The new asset list in the current period is obtained. A spot check is conducted over the purchase contracts of large-value assets, payment receipts, invoices, and acceptance certificates;
- (3) The new project settlement form in the current period is obtained and compared with the carrying amount for verification in order to check the accuracy and integrity of bookkeeping;
- (4) We discuss with the Management to judge the accuracy of the time point when construction in progress is included in fixed assets and the rationality of the estimated service life of fixed assets;
- (5) We check construction in progress on-site to learn and assess the progress and verify the progress with the account records, when approaching the balance sheet date;
- (6) The certificate of ownership of fixed assets and the inventory sheet are obtained. A spot check and an inventory are made on important assets on-site;
- (7) The form for the accrual of depreciation of fixed assets is obtained. The accrual of depreciation is re-calculated to see if it is correct;
- (8) Information related to fixed assets and construction in progress is checked to see whether it has been listed and disclosed in the financial statement.

Based on the audit work executed, we believe that the Company's measurement of fixed assets and construction in progress complies with relevant requirements of the accounting standards for business enterprises.

IV Other Information

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2020 Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we

do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V Responsibilities of Management and Those Charged with Governance for Financial Statements

The Company's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

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

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

Da Hua Certified Public Accountants (Special
General Partnership)

Beijing China

Chinese CPA:

(Engagement Partner)

Qiu Junzhou

Chinese CPA:

Jiang Xianmin

10 March 2021

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

Assets:	Note V	31 December 2020	31 December 2019
Current assets:			
Monetary assets	1	21,708,905	18,648,185
Held-for-trading financial assets	2	5,300,046	6,074,751
Derivative financial assets	3	453,578	159,036
Notes receivable	4	595,685	228,942
Accounts receivable	5	12,557,614	8,340,354
Receivables financing	6	2,176,744	-
Prepayments	7	1,355,653	364,423
Other receivables	8	2,793,640	2,750,042
Inventories	9	8,834,958	5,677,963
Contract assets	10	183,650	-
Assets held for sale	11	360,936	-
Other current assets	12	9,367,055	5,911,827
Total current assets		65,688,464	48,155,523
Non-current assets:			
Loans and advances to customers	13	981,876	3,637,768
Debt investments	14	119,350	20,373
Other debt investments	15	152,063	-
Long-term receivables	16	778,889	-
Long-term equity investments	17	24,047,036	17,194,284
Investments in other equity instruments	18	1,333,676	279,884
Other non-current financial assets	19	3,055,595	2,542,689
Investment property	20	1,664,201	82,273
Fixed assets	21	92,829,902	45,459,070
Construction in progress	22	31,508,311	33,578,290
Intangible assets	23	10,054,045	5,684,584
Development costs	24	2,103,995	1,548,471
Goodwill	25	6,943,265	2,452
Long-term prepaid expense	26	2,536,670	1,567,691
Deferred income tax assets	27	1,578,088	840,874
Other non-current assets	28	12,532,853	4,250,659
Total non-current assets		192,219,815	116,689,362
Total assets		257,908,279	164,844,885

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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	31 December 2020	31 December 2019
Current liabilities:			
Short-term borrowings	29	12,263,714	12,069,657
Borrowings from central bank	30	469,834	573,222
Customer deposits and deposits from other banks and financial institutions	31	2,850,139	1,355,129
Held-for-trading financial liabilities	32	527,901	188,220
Derivative financial liabilities	33	384,904	84,705
Notes payable	34	4,725,612	1,720,402
Accounts payable	35	16,468,932	11,549,133
Advances from customers	36	78,597	141,749
Contract liabilities	37	2,004,004	-
Financial assets sold under repurchase agreements	38	50,080	-
Employee benefits payable	39	1,856,664	1,094,217
Taxes and levies payable	40	670,059	226,806
Other payables	41	14,869,433	12,293,566
Current portion of non-current liabilities	42	13,429,670	1,691,963
Other current liabilities	43	366,971	69,022
Total current liabilities		71,016,514	43,057,791
Non-current liabilities			
Long-term borrowings	44	73,589,403	38,512,059
Bonds payable	45	18,040,773	16,479,085
Long-term payables	46	1,280,300	24,206
Long-term employee benefits payable	39	27,858	23,018
Deferred income	47	1,509,867	1,912,421
Deferred income tax liabilities	27	2,386,497	952,678
Other non-current liabilities	48	-	483
Total non-current liabilities		96,834,698	57,903,950
Total liabilities		167,851,212	100,961,741
Non-current liabilities			
Share capital	49	14,030,788	13,528,439
Other equity instruments	50	230,241	-
Capital reserves	51	5,442,385	5,716,667
Less: Treasury stock	52	1,913,029	1,952,957
Other comprehensive income	73	(145,573)	(534,082)
Surplus reserves	53	2,452,892	2,238,368
Specific reserve	54	211	-
General reserve	55	386	361
Retained earnings	56	14,009,494	11,115,150
Total equity attributable to shareholders of the Company as the parent		34,107,795	30,111,946
Non-controlling interests		55,949,272	33,771,198
Total shareholders' equity		90,057,067	63,883,144
Total liabilities and shareholders' equity		257,908,279	164,844,885

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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	2020	2019
1. Total revenue		76,830,401	75,077,806
Including: Revenue	57	76,677,238	74,933,086
Interest income	58	153,163	144,720
Less: Cost of sales	57	66,242,278	66,337,117
Interest expense	58	33,034	17,230
Taxes and levies	59	300,776	330,588
Selling expense	60	886,817	2,857,489
Administrative expense	61	2,370,378	1,895,088
R&D expense	62	4,402,821	3,396,805
Finance costs	63	2,357,022	1,248,801
Including: Interest expense		2,594,868	1,958,251
Interest income		405,409	401,645
Add: Other income	64	1,771,035	1,900,636
Return on investment	65	3,254,404	3,442,554
Including: Share of profit or loss of joint ventures and associates		2,170,917	1,657,471
Exchange gain	58	(2,039)	(12,499)
Gain on changes in fair value	66	672,793	473,673
Less: Credit impairment loss	67	(64,665)	(32,258)
Asset impairment loss	68	(511,607)	(791,112)
Add: Asset disposal income	69	2,708	1,157
2. Operating profit		<u>5,359,904</u>	<u>3,976,839</u>
Add: Non-operating income	70	492,374	128,609
Less: Non-operating expense	71	116,974	49,645
3. Gross profit		<u>5,735,304</u>	<u>4,055,803</u>
Less: Income tax expense	72	670,100	398,069
4. Net profit		<u>5,065,204</u>	<u>3,657,734</u>
4.1 By operating continuity			
Net profit from continuing operations		5,065,204	2,325,647
Net profit from discontinued operations		-	1,332,087
4.2 By ownership			
Net profit attributable to shareholders of the Company as the parent		4,388,159	2,617,765
Net profit attributable to non-controlling interests		677,045	1,039,969
5. Other comprehensive income, net of tax	73	407,553	488,805
5.1 Other comprehensive income that will not be reclassified to profit or loss		45,029	27,642
5.2 Other comprehensive income that may subsequently be reclassified to profit or loss upon satisfaction of prescribed condition		362,524	461,163
6. Total comprehensive income		<u>5,472,757</u>	<u>4,146,539</u>
Attributable to shareholders of the Company as the parent		4,776,668	2,922,896
Attributable to non-controlling interests		696,089	1,223,643
7. Earnings per share	74		
7.1 Basic earnings per share (RMB yuan/share)		0.3366	0.1986
7.2 Diluted earnings per share (RMB yuan/share)		0.3226	0.1935

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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	2020	2019
1. Cash flows from operating activities :			
Proceeds from sale of commodities and rendering of services		77,471,361	78,966,837
Net increase/(decrease) in customer deposits and deposits from other banks and financial institutions		1,495,010	810,076
Net increase/(decrease) in borrowings from central bank		(103,388)	341,818
Interest, fees and commissions received		153,163	144,720
Tax and levy rebates		3,981,892	3,671,801
Cash generated from other operating activities	75	3,454,773	2,329,643
		<u>86,452,811</u>	<u>86,264,895</u>
Subtotal of cash generated from operating activities			
Payments for commodities and services		(59,086,181)	(58,275,622)
Net (increase)/decrease in loans and advances to customers		892,263	(4,468,399)
Net (increase)/decrease in deposits in central bank and other banks and financial institutions		361,021	297,896
Cash paid to and for employees		(4,234,200)	(4,257,331)
Taxes and levies paid		(3,934,588)	(4,291,276)
Cash used in other operating activities	76	(3,752,843)	(3,780,067)
		<u>(69,754,528)</u>	<u>(74,774,799)</u>
Subtotal of cash used in operating activities			
Net cash generated from/used in operating activities	79	<u>16,698,283</u>	<u>11,490,096</u>
2. Cash flows from investing activities :			
Proceeds from disinvestment		30,873,459	26,240,545
Return on investment		1,130,055	814,671
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		8,119	92,802
Net proceeds from the disposal of subsidiaries and other business units		298,795	891,326
Cash generated from other investing activities		149,793	-
		<u>32,460,221</u>	<u>28,039,344</u>
Subtotal of cash generated from investing activities			
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets		(33,085,563)	(20,116,210)
Payments for investments		(31,121,562)	(29,519,049)
Net payments for the acquisition of subsidiaries and other business units		(6,929,567)	(170,198)
Cash used in other investing activities		(97,040)	(9,965,596)
		<u>(71,233,732)</u>	<u>(59,771,053)</u>
Subtotal of cash used in investing activities			
Net cash generated from/used in investing activities		<u>(38,773,511)</u>	<u>(31,731,709)</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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	2020	2019
3. Cash flows from financing activities :			
Capital contributions received		3,822,240	7,531,053
Including: Capital contributions by non-controlling interests to subsidiaries		3,822,240	7,523,844
Borrowings raised		61,815,269	36,378,744
Net proceeds from issuance of bonds		9,039,321	4,000,000
Cash generated from other financing activities	77	889,562	-
Subtotal of cash generated from financing activities		<u>75,566,392</u>	<u>47,909,797</u>
Repayment of borrowings		(42,412,001)	(29,273,623)
Interest and dividends paid		(4,959,433)	(4,334,741)
Including: Dividends paid by subsidiaries to non-controlling interests		(279,922)	(99,073)
Cash used in other financing activities	78	(5,330,369)	(2,350,627)
Subtotal of cash used in financing activities		<u>(52,701,803)</u>	<u>(35,958,991)</u>
Net cash generated from/used in financing activities		<u>22,864,589</u>	<u>11,950,806</u>
4. Effect of foreign exchange rates changes on cash and cash equivalents		(218,687)	226,166
5. Net increase in cash and cash equivalents		570,674	(8,064,641)
Add: Cash and cash equivalents, beginning of the period		<u>17,637,743</u>	<u>25,702,384</u>
6. Cash and cash equivalents, end of the period	80	<u>18,208,417</u>	<u>17,637,743</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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)

	2020									Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the Company as the parent										
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Specific reserve	Other comprehensive income	Surplus reserves	General reserve	Retained earnings		
1. Balance as at the end of the prior year	13,528,439	-	5,716,667	(1,952,957)	-	(534,082)	2,238,368	361	11,115,150	33,771,198	63,883,144
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-	(83)	(99)	(182)
2. Balance as at the beginning of the year	13,528,439	-	5,716,667	(1,952,957)	-	(534,082)	2,238,368	361	11,115,067	33,771,099	63,882,962
3. Increase/decrease in the period	502,349	230,241	(274,282)	39,928	211	388,509	214,524	25	2,894,427	22,178,173	26,174,105
3.1 Total comprehensive income	-	-	-	-	-	388,481	-	-	4,388,159	696,089	5,472,729
3.2 Capital increased and reduced by shareholders	502,349	230,241	(274,282)	39,928	-	-	-	-	-	21,740,157	22,238,393
3.2.1 Capital increased by shareholders	511,509	-	1,488,791	-	-	-	-	-	-	3,273,095	5,273,395
3.2.2 Share-based payments included in owners' equity	(9,160)	-	(16,814)	39,928	-	-	-	-	-	-	13,954
3.2.3 Bonds included in owners' equity	-	230,241	-	-	-	-	-	-	-	-	230,241
3.2.4 Others	-	-	(1,746,259)	-	-	-	-	-	-	18,467,062	16,720,803
3.3 Profit distribution	-	-	-	-	211	-	214,524	25	(1,493,704)	(258,073)	(1,537,017)
3.3.1 Appropriation to surplus reserves	-	-	-	-	-	-	214,524	-	(214,524)	16,983	16,983
3.3.2 Appropriation to general reserve	-	-	-	-	-	-	-	25	(25)	-	-
3.3.3 Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,279,155)	(275,056)	(1,554,211)
3.3.4 Others	-	-	-	-	211	-	-	-	-	-	211
3.4 Transfers within owners' equity	-	-	-	-	-	28	-	-	(28)	-	-
3.4.1 Other comprehensive income transferred to retained earnings	-	-	-	-	-	28	-	-	(28)	-	-
4. Balance as at the end of the period	14,030,788	230,241	5,442,385	(1,913,029)	211	(145,573)	2,452,892	386	14,009,494	55,949,272	90,057,067

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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)

	2019							Non-controlling interests	Total shareholders' equity
	Equity attributable to shareholders of the Company as the parent								
	Share capital	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	General reserve	Retained earnings		
1. Balance as at the end of the prior year	13,549,649	5,996,741	(63,458)	(1,174,162)	2,184,261	361	10,000,973	30,377,308	60,871,673
Add: Adjustment for change in accounting policy	-	-	-	334,950	-	-	(106,833)	(994)	227,123
2. Balance as at the beginning of the year	13,549,649	5,996,741	(63,458)	(839,212)	2,184,261	361	9,894,140	30,376,314	61,098,796
3. Increase/decrease in the period	(21,210)	(280,074)	(1,889,499)	305,130	54,107	-	1,221,010	3,394,884	2,784,348
3.1 Total comprehensive income	-	-	-	299,561	-	-	2,617,765	1,223,644	4,140,970
3.2 Capital increased and reduced by shareholders	(21,210)	(280,074)	(1,889,499)	-	-	-	-	2,247,318	56,535
3.2.1 Capital increased by shareholders	-	-	-	-	-	-	-	7,327,174	7,327,174
3.2.2 Share-based payments included in owners' equity	(21,210)	(8,061)	(81,962)	-	-	-	-	-	(111,233)
3.2.3 Others	-	(272,013)	(1,807,537)	-	-	-	-	(5,079,856)	(7,159,406)
3.3 Profit distribution	-	-	-	-	54,107	-	(1,391,186)	(76,078)	(1,413,157)
3.3.1 Appropriation to surplus reserves	-	-	-	-	52,832	-	(52,832)	(16,923)	(16,923)
3.3.2 Appropriation to shareholders	-	-	-	-	-	-	(1,337,079)	(59,155)	(1,396,234)
3.3.3 Others	-	-	-	-	1,275	-	(1,275)	-	-
3.4 Transfers within owners' equity	-	-	-	5,569	-	-	(5,569)	-	-
3.4.1 Other comprehensive income transferred to retained earnings	-	-	-	5,569	-	-	(5,569)	-	-
4. Balance as at the end of the period	13,528,439	5,716,667	(1,952,957)	(534,082)	2,238,368	361	11,115,150	33,771,198	63,883,144

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Balance Sheet of the Company as the Parent
(RMB'000)

Assets	Note XV	31 December 2020	31 December 2019
Current assets			
Monetary assets		2,208,790	3,966,899
Held-for-trading financial assets		1,221,657	2,969,106
Notes receivable		6,000	22,514
Accounts receivable	1	175,787	445,090
Prepayments		97,963	97,127
Other receivables	2	25,555,924	17,129,473
Inventories		5,997	14,869
Other current assets		2,333	6,471
Total current assets		<u>29,274,451</u>	<u>24,651,549</u>
Non-current assets			
Long-term equity investments	3	65,094,459	39,297,272
Investments in other equity instruments	4	15,000	15,000
Other non-current financial assets	5	1,145,022	1,540,913
Investment property		88,687	92,623
Fixed assets		46,012	54,238
Construction in progress		11,441	1,241
Intangible assets		42,311	19,145
Long-term prepaid expense		469,425	454,969
Deferred income tax assets		7	-
Total non-current assets		<u>66,912,364</u>	<u>41,475,401</u>
Total assets		<u>96,186,815</u>	<u>66,126,950</u>

Legal representative:	<u>Li Dongsheng</u>	Person-in-charge of financial affairs:	<u>Du Juan</u>	Person-in-charge of the financial department:	<u>Xi Wenbo</u>
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The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Balance Sheet of the Company as the Parent (Continued)
(RMB'000)

Liabilities and shareholders' equity:	Note XV	31 December 2020	31 December 2019
Current liabilities			
Short-term borrowings		3,670,231	6,484,481
Derivative financial liabilities		16,513	5,981
Notes payable		-	30,283
Accounts payable		129,701	424,225
Advances from customers		-	17,471
Contract liabilities		1,872	-
Employee benefits payable		220,510	125,095
Taxes and levies payable		26,071	10,355
Other payables		26,377,029	9,347,608
Current portion of non-current liabilities		6,141,029	847,327
Other current liabilities		316	-
Total current liabilities		<u>36,583,272</u>	<u>17,292,826</u>
Non-current liabilities			
Long-term borrowings		12,087,500	2,110,000
Bonds payable		14,092,345	16,479,085
Long-term employee benefits payable		21,991	23,018
Deferred income		42,652	51,562
Total non-current liabilities		<u>26,244,488</u>	<u>18,663,665</u>
Total liabilities		<u>62,827,760</u>	<u>35,956,491</u>
Shareholders' equity			
Share capital		14,030,788	13,528,439
Other equity instruments		230,241	-
Capital reserves		9,846,835	8,382,776
Less: Treasury stock		1,913,029	1,952,957
Other comprehensive income		141,998	56,064
Surplus reserves		2,250,828	2,036,304
Retained earnings		8,771,394	8,119,833
Total shareholders' equity		<u>33,359,055</u>	<u>30,170,459</u>
Total liabilities and shareholders' equity		<u>96,186,815</u>	<u>66,126,950</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Income Statement of the Company as the Parent
(RMB'000)

	Note XV	2020	2019
1. Revenue	6	1,141,258	1,730,187
Less: Cost of sales	6	911,211	1,482,346
Taxes and levies		17,265	11,972
Selling expense		30,066	29,931
Administrative expense		427,591	354,036
R&D expense		178,751	160,796
Finance costs		1,254,686	917,158
Including: Interest expense		1,824,303	1,383,429
Interest income		595,141	502,967
Add: Other income		17,898	6,395
Return on investment	7	3,404,821	1,379,544
Including: Share of profit or loss of joint ventures and associates	7	1,420,363	1,149,694
Gain on changes in fair value		(6,260)	39,986
Less: Credit impairment loss		(775)	(1,542)
Add: Asset disposal income		63	256,615
2. Operating profit		1,738,985	458,030
Add: Non-operating income		414,744	80,181
Less: Non-operating expense		8,496	9,893
3. Gross profit		2,145,233	528,318
Less: Income tax expense		(7)	-
4. Net profit		2,145,240	528,318
5. Other comprehensive income		85,934	81,669
6. Total comprehensive income		2,231,174	609,987

Legal representative:	<u>Li Dongsheng</u>	Person-in-charge of financial affairs:	<u>Du Juan</u>
		Person-in-charge of the financial department:	<u>Xi Wenbo</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 as the Parent
(RMB'000)

	Note XV	2020	2019
1. Cash flows from operating activities :			
Proceeds from sale of commodities and rendering of services		1,145,211	1,489,327
Tax and levy rebates		1,073	-
Cash generated from other operating activities		4,976,960	8,110,950
Subtotal of cash generated from operating activities		6,123,244	9,600,277
Payments for commodities and services		(1,022,906)	(1,440,521)
Cash paid to and for employees		(165,109)	(153,043)
Taxes and levies paid		(62,672)	(73,633)
Cash used in other operating activities		(2,229,386)	(3,089,974)
Subtotal of cash used in operating activities		(3,480,073)	(4,757,171)
Net cash generated from/used in operating activities	8	2,643,171	4,843,106
2. Cash flows from investing activities :			
Proceeds from disinvestment		16,546,116	16,562,819
Return on investment		5,501,892	656,095
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		1	143
Cash generated from other investing activities		22,048,009	17,219,057
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets		(71,954)	(5,926)
Payments for investments		(34,291,251)	(13,939,067)
Cash used in other investing activities		(26,181)	-
Subtotal of cash used in investing activities		(34,389,386)	(13,944,993)
Net cash generated from/used in investing activities		(12,341,377)	3,274,064

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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 as the Parent (Continued)
(RMB'000)

	Note XV	2020	2019
1. Cash flows from financing activities :			
Capital contributions received		-	7,209
Borrowings raised		30,795,000	11,437,982
Net proceeds from issuance of bonds		6,972,834	4,000,000
Cash generated from other financing activities		910,300	-
		<u>38,678,134</u>	<u>15,445,191</u>
Subtotal of cash generated from financing activities		<u>38,678,134</u>	<u>15,445,191</u>
Repayment of borrowings		(28,073,128)	(16,491,912)
Interest and dividends paid		(2,546,431)	(2,394,239)
Cash used in other financing activities		(77,630)	(2,037,236)
		<u>(30,697,189)</u>	<u>(20,923,387)</u>
Subtotal of cash used in financing activities		<u>(30,697,189)</u>	<u>(20,923,387)</u>
Net cash generated from/used in financing activities		<u>7,980,945</u>	<u>(5,478,196)</u>
4. Effect of foreign exchange rates changes on cash and cash equivalents		(27,546)	(26,563)
5. Net increase in cash and cash equivalents		(1,744,807)	2,612,411
Add: Cash and cash equivalents, beginning of the period		3,941,090	1,328,679
6. Cash and cash equivalents, end of the period	9	<u>2,196,283</u>	<u>3,941,090</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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 as the Parent
(RMB'000)

2020								
	Share capital	Other equity instruments	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
1. Balance as at the end of the prior year	13,528,439	-	8,382,776	(1,952,957)	56,064	2,036,304	8,119,833	30,170,459
Add: Adjustment for change in accounting policy	-	-	-	-	-	-	-	-
2. Balance as at the beginning of the year	13,528,439	-	8,382,776	(1,952,957)	56,064	2,036,304	8,119,833	30,170,459
3. Increase/decrease in the period	502,349	230,241	1,464,059	39,928	85,934	214,524	651,561	2,958,355
3.1 Total comprehensive income	-	-	-	-	85,934	-	2,145,240	2,231,174
3.2 Capital increased and reduced by shareholders	502,349	230,241	1,464,059	39,928	-	-	-	2,236,577
3.2.1 Capital increased by owners	511,509	-	1,488,791	-	-	-	-	2,000,300
3.2.2 Share-based payments included in owners' equity	(9,160)	-	(20,025)	39,928	-	-	-	10,743
3.2.3 Bonds included in owners' equity	-	230,241	-	-	-	-	-	230,241
3.2.4 Others	-	-	(4,707)	-	-	-	-	(4,707)
3.3 Profit distribution	-	-	-	-	-	214,524	(1,493,679)	(1,279,155)
3.3.1 Appropriation to surplus reserves	-	-	-	-	-	214,524	(214,524)	-
3.3.2 Appropriation to shareholders	-	-	-	-	-	-	(1,279,155)	(1,279,155)
3.3.3 Others	-	-	-	-	-	-	-	-
4. Balance as at the end of the period	14,030,788	230,241	9,846,835	(1,913,029)	141,998	2,250,828	8,771,394	33,359,055

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Du Juan Person-in-charge of the financial department: Xi Wenbo

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 as the Parent (Continued)
(RMB'000)

	2019						
	Share capital	Capital reserves	Treasury stock	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
1. Balance as at the end of the prior year	13,549,649	8,565,338	(63,458)	(24,870)	1,982,197	8,969,209	32,978,065
Add: Adjustment for change in accounting policy	-	-	-	(739)	-	739	-
2. Balance as at the beginning of the year	<u>13,549,649</u>	<u>8,565,338</u>	<u>(63,458)</u>	<u>(25,609)</u>	<u>1,982,197</u>	<u>8,969,948</u>	<u>32,978,065</u>
3. Increase/decrease in the period	(21,210)	(182,562)	(1,889,499)	81,673	54,107	(850,115)	(2,807,606)
3.1 Total comprehensive income	-	-	-	81,673	-	528,318	609,991
3.2 Capital increased and reduced by shareholders	(21,210)	(182,562)	(1,889,499)	-	-	-	(2,093,271)
3.2.1 Share-based payments included in owners' equity	(21,210)	(8,061)	(81,962)	-	-	-	(111,233)
3.2.2 Others	-	(174,501)	(1,807,537)	-	-	-	(1,982,038)
3.3 Profit distribution	-	-	-	-	54,107	(1,378,433)	(1,324,326)
3.3.1 Appropriation to surplus reserves	-	-	-	-	52,832	(52,832)	-
3.3.2 Appropriation to shareholders	-	-	-	-	-	(1,337,079)	(1,337,079)
3.3.3 Others	-	-	-	-	1,275	11,478	12,753
4. Balance as at the end of the period	<u>13,528,439</u>	<u>8,382,776</u>	<u>(1,952,957)</u>	<u>56,064</u>	<u>2,036,304</u>	<u>8,119,833</u>	<u>30,170,459</u>

Legal representative: Li Dongsheng

Person-in-charge of financial affairs: Du Juan

Person-in-charge of the financial department: Xi Wenbo

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 year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

I General information

(I) Place of incorporation and form of organization

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 17 July 1997 under the Company Law of the People's Republic of China (hereinafter referred to as the “Company 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 19 April 2002. The registration number is 4400001009990.

Upon the approval of ZJFXZ [2004] Document No. 1 issued by the China Securities Regulatory Commission (CSRC) on 2 January 2004, the Company was allowed to issue 590,000,000 shares to the public on 7 January 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 30 January 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 16 July 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 11 September 2007, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 44000000011990.

Upon the approval of the CSRC on 7 January 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 23 April 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 this deal, the registered capital of the Company increased from RMB2,586,331,144 to RMB2,936,931,144, and on 2 June 2009, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 44000000011990.

Upon the approval of the CSRC on 27 May 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 26 July 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 19 September 2010, the Company was approved by Guangdong Province Administration for Industry and Commerce to change its business license to Business License No. 44000000011990.

On 19 May 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 27 June 2011, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 44000000011990.

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 year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

I General information (continued)

(I) Place of incorporation and form of organization (continued)

Upon the approval of the CSRC on 13 February 2014 with the ZJXX [2014] Document No. 201, the Company privately placed 917,324,357 ordinary shares denominated in RMB (A shares) to designated investors on 30 April 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 10 June 2014, the Company was approved by Huizhou Administration for Industry and Commerce to change its business license to Business License No. 440000000011990.

In the year of 2015, 48,357,920 stock options were exercised under an incentive plan of the Company, and upon the approval of the CSRC on 28 January 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 the year of 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 26 April 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 the year of 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 was approved respectively at the 23rd Meeting of the 6th Board of Directors and the First Extraordinary General Meeting of 2020. As such, the name of the Company has been changed from "TCL Corporation" to "TCL Technology Group Corporation" (abbreviation from "TCL CORP." to "TCL TECH.") since 7 February 2020, with the stock name changed from "TCL CORP." to "TCL TECH." and the stock code of "000100" 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 a non-controlling interest in subsidiary Wuhan China Star Optoelectronics Technology Co., Ltd. As such, the total share capital of the Company increased from 13,519,279,411 to 14,030,788,362 shares.

As at 31 December 2020, the total issued share capital of the Company were 14,030,788,362 shares. Please refer to Note V, 49 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.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

I General information (continued)

(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-conductor, 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, payment and settlement (where any approval from any relevant department is required according to law, it must be obtained before carrying out the relevant operating activities).

(III) Authorization of financial statements for issue

These financial statements were authorized for issue by the Company’s Board of Directors on 10 March 2021.

II Scope of the 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 the 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 Statement of compliance with corporate accounting standards

The financial statements are in compliance with the requirements of the corporate accounting standards, and truly and completely reflect the financial status, operating results, cash flow and other relevant information of the Company during the Reporting Period.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

4 Accounting period

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

5 Operating cycle

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

6 Base currency for bookkeeping

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

7 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 treated as a whole;
- (c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- (d) A transaction is uneconomical when treated alone, but is economical when considered together with other transactions.

(2) Business combinations involving enterprises under common control

(a) Individual financial statement

The assets and liabilities acquired by the Company in business combinations are measured in accordance with the book value of assets and liabilities of the combined party on the date of combination (including the goodwill of the ultimate controlling party resulting from the acquisition of the combined party). The difference between the book value of net assets acquired in the combination and the book value 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 provisions 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.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

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

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

(a) Individual financial statements (continued)

For a business 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 investment and the book value of long-term equity investment before the combination plus the book value of the new paid consideration 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 owner's equity other than net profit or loss, other comprehensive income or profit distribution of net assets of the invested company recognized by equity method are not subject to accounting, and will be transferred to the current profit and loss until the disposal of the investment.

The agency fees paid for audits, legal services, assessments and other related expenses incurred in the business combination are recognized in profit or loss in 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; 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 owner's equity attributable to the Company as the parent in the consolidated financial statements of the combined party.

(b) Consolidated financial statements

The assets and liabilities acquired by the combining party in the business combination are measured in accordance with the book value of the owner's equity of the combined party in the consolidated financial statements of the ultimate controlling party.

For 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 investment held by the combining 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, are used to offset the initial retained earnings or current profit and loss during the comparative reporting period respectively.

If the accounting policies adopted by the combined parties 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.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

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

(3) Business combinations involving enterprises not under common control

The assets paid and liabilities incurred or assumed of 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 the book value 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 other related expenses incurred in the business combination are recognized in profit or loss in 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 identifiable net 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 identifiable net assets of the acquired party gained in the combination, and the difference is still less than the fair value of identifiable net assets of the acquired party gain in the combination after review, the difference is included in the current profit and loss by the Company.

For the case where a business combination involving enterprises not under common control is finally realized through multiple transactions step by step, if it is a package transaction, each transaction is treated as a transaction for acquiring control; if it is not a package transaction; if it is not a package transaction, the individual financial statements and consolidated financial statements are distinguished for related accounting treatment.

- (a) In the individual financial statements, if the equity investment held before the date of combination is accounted for by equity method, the sum of the book value of equity investment of the acquired party held before the date of acquisition plus the new investment cost on the date of acquisition is recognized as the initial cost of the investment; the other comprehensive income confirmed by equity method before the date of acquisition is accounted for, when the investment is disposed, on the same basis as those the invested party adopted directly to dispose 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 book value of the original equity interest, 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.

- (b) In the consolidated financial statements, the equity of the acquired party held before the date of acquisition is re-measured according to the fair value of the equity on the date of acquisition. The difference between the fair value and the book value is included in the current return on investment; if the equity of the acquired party involves other comprehensive income under the equity method, etc., other comprehensive income related to it is converted into return on investment in the current period of acquisition date.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

8 Method for compiling consolidated financial statements

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 as the parent) are included in the consolidated financial statements.

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidated financial statements are consistent with the Company. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with the Company, necessary adjustments will be made in accordance with the Company's accounting policies and accounting periods when preparing consolidated financial statements. The consolidated financial statements are based on the financial statements of the Company and its subsidiaries as well as other relevant information, and are prepared by the Company after adjusting the long-term equity investments in the subsidiaries in accordance with the equity method based.

The impact of internal transactions between the Company and its subsidiaries, and internal 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.

If the current losses shared by the minority shareholders of a subsidiary exceed the share enjoyed by the minority shareholder in the initial owner's 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 flows of the subsidiary or business from the date of acquisition to the end of the Reporting Period are 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 not under common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary and business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flows of the subsidiary and business from the date of acquisition to the end of the Reporting Period are 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 flows of the subsidiary or business from the beginning of the Reporting Period to the disposal date are included in the consolidated cash flow statement.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

8 Method for compiling consolidated financial statements (continued)

When the Company loses control over the invested party due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured according to 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 owner's 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.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

9 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.

10 Foreign currency business and translation of foreign currency statement

(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" items, are translated at the spot exchange rate at the time of occurrence of 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 foreign operation listed in other comprehensive income items in the balance sheet are transferred from the other comprehensive income item to the current profit and loss. All the incurred items in the cash flow statement are translated at the current average exchange rate of the period in which transactions occur. All the opening balance and actual amount of the previous year are listed on the basis of the amount translated in the previous year.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

11 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 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 measured at amortized cost include monetary assets, notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc.

TCL Technology Group Corporation
Notes to Financial Statements
(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(1) Classification and measurement of financial assets (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 the 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 asset 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 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 asset is both to collect contractual cash flows and for its sale, then the Company classifies the financial asset 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.

(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.

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III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

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, and objective evidence exists for a short-term profit model in the near future when initially recognized, or is a derivative (except derivatives defined as financial guarantee contracts and designated as effective hedging instruments).

(d) Financial assets classified as measured at fair value through profit or loss

If failing to be classified as 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 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.

(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 for the first time whether similar mixed contracts need to be split, it is almost clear that embedded derivatives contained in them should not be split without analysis. If the prepayment right embedded in a loan allows the holder to prepay the loan at an amount close to the amortized cost, the prepayment right does not need to be split.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profits and losses.

The Company reports such financial assets as held-for-trading financial assets and other non-current financial assets according to their liquidity.

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III Significant accounting policies and accounting estimates (continued)

11 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 essence 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.

The 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 if:

- 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. Except changes in fair value that are brought about by changes in the Company's own credit risk are included in other comprehensive income, other changes in fair value are included in current profits and losses. Unless including such changes in other comprehensive income will cause or expand accounting mismatch in profit or loss, the Company will include all changes in fair value (including the amount affected by changes in its own credit risk) in current profits and losses.

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III Significant accounting policies and accounting estimates (continued)

11 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 of this article, and loan commitments that do not fall under category (1) of this article 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:

- 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)

11 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 almost all the risks and rewards of the financial asset ownership are retained, such financial asset shall continue to be recognized.
- (c) In circumstances when the Company neither transfers nor retains almost all the risks and rewards of the financial asset ownership (i.e. circumstances other than ① and ② of this article), according to 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 corresponding 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)

11 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)

11 Financial instruments (continued)

(6) Impairment of financial instruments

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as measured at amortized cost, financial assets classified as 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 and is in the first stage, its loss reserve shall be measured according to an amount equivalent to its expected credit loss in the next 12 months, and the interest income shall be calculated at the book balance and the effective interest rate.
- (b) If the credit risk of the financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, it is in the second stage, then 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 at 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 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 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)

11 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

In the previous accounting period, the Company has measured the loss reserve, the amount of which is equivalent to the expected credit loss of the financial instrument 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 instrument, the amount of which is 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 of 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 the actual or as expected, whether the debtor's operating 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 or 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 ability 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)

11 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 difficulties;
- 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 asset;
- ⑥ Purchasing or originating 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 Company's assessment of the expected credit losses of financial instruments is based on single items and combinations. During the evaluation, the company will take into account reasonable and reliable information about past events, 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 originate 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)

11 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.

12 Notes receivable

For the determination method and accounting treatment method of the Company's expected credit loss on notes receivable, please refer to 11(6) of note III Impairment of financial instruments.

When 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, combines the current situation and judgment on future economic situation, divides notes receivable into several combinations according to the characteristics of credit risk, and calculates expected credit loss on the basis of combinations.

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III Significant accounting policies and accounting estimates (continued)

13 Accounts receivable

For the determination method and accounting treatment method of the Company's expected credit loss on accounts receivable, please refer to 11(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)

14 Other receivables

For the determination method and accounting treatment method of the Company's expected credit loss of other receivables, please refer to 11(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.

15 Inventories

(1) Classification of inventories

The Company classifies inventories into raw materials, in-process products, development costs, and finished products, goods shipped in transit, turnover materials and molds with an expected benefit period of less than one year, depending on the purpose of holding the inventories. Turnover materials include low-value consumables and packaging materials.

(2) Valuation method for inventories shipped in transit

All types of inventories are accounted for at actual cost, and actual costs include 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)

15 Inventories (continued)

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

Closing inventories are measured at cost or net realizable value, whichever is lower. In cases that difference exists due to the net realizable value is less than the cost of inventories, inventory valuation allowance is made based on individual inventory item or inventory category, and the difference is recognized in the current profit and loss.

For inventories of goods directly used for sale, such as finished goods, merchandise inventories and materials for sale, in the normal production and operation process, the net realizable value is determined by the amount of the estimated selling price 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 operation process, the net realizable value is determined by the amount of the estimated selling price of finished products produced less the estimated cost to be 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, and that is difficult to be measured separately from other items, inventory valuation allowance is accrued 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 amortizes turnover materials by the one-off amortization method, and the molds with a benefit period of less than one year are amortized within the period of not exceeding one year according to the expected benefit period.

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III Significant accounting policies and accounting estimates (continued)

16 Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Company's long-term equity investments in its associates and joint ventures.

Subsidiaries are the investees over which the Company is able to exercise control. A joint venture is a joint arrangement which is structured through a separate vehicle over which the Company has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances. Associates are the investees that the Company has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements. Investments in a joint venture and associates are accounted for using the equity method.

(1) Recognition of initial investment cost

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

For long-term equity investment acquired by business combination involving enterprises under common control, the book value of assets and liabilities of the combined party in the consolidated financial statements of the ultimate controlling party as at the date of combination (including the goodwill formed by the ultimate controlling party's acquisition of the combined party) is recognized as investment cost. For long-term equity investment formed by combination, the share of the book value of shareholders' equity of the combined party acquired on the date of combination is recognized as initial investment cost. The difference between the initial investment cost and assets paid as the consideration for combination, the book value of liabilities incurred or assumed and the total par value of shares issued, is used to adjust capital reserve, and when the capital reserve is insufficient, it is used to adjust retained earnings.

For long-term equity investment acquired by business combinations involving enterprises not under common control, the combination cost is recognized as investment cost of the long-term equity investment. The combination cost is the fair value of assets paid, the liabilities incurred or assumed, and the equity securities issued to acquire the control of acquired party on the date of acquisition. The difference between the higher combination cost and lower fair value of identifiable net assets of the acquired party acquired in the combination is recognized as goodwill; the difference between the lower combination cost and higher fair value of identifiable net assets of the acquired party acquired in the combination is included in the current profit and loss after review. For business combination involving enterprises not under common control realized step by step through multiple transactions, the sum of the book value of equity investment held by the acquirer before the date of acquisition and the new investment cost on the date of acquisition is recognized as initial investment cost, and the combination cost includes the sum of assets paid, the liabilities incurred or assumed by the acquirer, and the fair value of equity securities issued.

(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; the transaction costs incurred when issuing or acquiring the own equity instruments of acquirer attributed directly to equity transactions can be deducted from the equity.

For long-term equity investment acquired by issuing equity securities, the fair value of equity securities issued is recognized as initial investment cost.

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III Significant accounting policies and accounting estimates (continued)

16 Long-term equity investments (continued)

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 indicates that the fair value of assets received is more reliable. For non-monetary assets that do not satisfy the above condition, the book value 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.

(2) Subsequent measurement and recognition of related profit and loss

(a) Subsequent measurement

The Company adopts the cost method to account for the long-term equity investments under the control of investee, and the consolidated financial statements are adjusted in accordance with the equity method in preparation.

The Company adopts the equity method to account for the long-term equity investments in associates and joint ventures. The difference between the higher initial investment cost 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 fair value share of identifiable net assets of the investee enjoyed at the time of conducting the investment is included in the current profit and loss.

(b) Recognition of profit and loss

Under the cost method, in addition to the actual payment or the cash dividends or profits included in the consideration that have been declared but not yet paid, the Company recognizes the investment income according to the cash dividends or profits that the investee declared to pay.

Under the equity method, when the investment enterprise confirms that it should enjoy the net profit or net loss of the investee, it should adjust the net profit of the investee based on the fair value of identifiable assets of the investee at the time of conducting the investment before the confirmation, and the part of profit and loss of internal transaction between the investor and associates and joint venture that should be attributed to the investor according to the shareholding ratio, should be offset, and the investment profit and loss should be confirmed on this basis. When the Company confirms that it should assume the loss occurred by the investee, the process hereunder is followed: first, the book value of the long-term equity investment is offset. Secondly, if the book value of the long-term equity investment is insufficient for the offset, the investment loss is continued to be recognized, and the book value of long-term receivable items is offset, subject to other book value of the long-term equity that substantially constitutes the net investment of the investee. Finally, after the above-mentioned treatment, if the Company still bears additional obligations in accordance with the investment contract or agreement, the provisions 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 confirmed liabilities and recover other long-term equity that substantially constitute net investment of the investee and the book value of the long-term equity, and recognize the profit as return on investment.

Other changes in the owner's equity other than net profit or loss, other comprehensive income and profit distribution of the investee, are used to adjust the book value of the long-term equity investment and included in capital reserve. The unrealized profit and loss from internal transactions between the Company and the investee attributed to the Company according to the shareholding ratio, is offset, and the investment profit and loss is recognized on this basis. In respect of the internal transaction losses incurred by the Company and the investee, for the part recognized asset impairment losses, the corresponding unrealized losses are not offset.

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III Significant accounting policies and accounting estimates (continued)

16 Long-term equity investments (continued)

(3) Step-by-step disposal of investment in subsidiaries

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 as a whole;
- (c) The occurrence of a transaction depends on the occurrence of at least one of the other transaction;
- (d) A transaction alone is uneconomical, but is economical when considered together 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 book value. 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.
- (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 share-holding 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 book value 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.

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III Significant accounting policies and accounting estimates (continued)

16 Long-term equity investments (continued)

(4) Basis for determining control, common control and significant influence on the investee

Control means having the power of control over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over the investee to influence the amount of returns.

Common control means the control that is common to an arrangement in accordance with the relevant agreement, and the decisions of relevant activities of the arrangement must be made upon agreement of the Company and other parties sharing the control rights.

Significant influence means the power to participate in the decision-making of the financial and operating policies of the investee, but by which cannot control or commonly control together with other parties the formulation of the policies.

(5) Impairment test and allowance for impairment

On the balance sheet date, if there is any indication that the long-term equity investment is impaired due to continuous decline in the market price or deterioration of operating conditions of the investee, the recoverable amount of long-term equity investment is determined according to the net value of a single long-term equity investment less the disposal expenses or the present value of expected future cash flows of the long-term equity investment, whichever is higher. When the recoverable amount of the long-term equity investment is lower than the book value, the book value of assets is written-off to the recoverable amount, and the amount written-down is recognized as asset impairment losses, which is included in the current profit and loss, and the corresponding allowance for asset impairment is made.

For long-term equity investments without significant influence or quotation in an active market and whose fair value cannot be measured in a reliable way, the impairment loss is determined by the difference between the book value and the present value determined by discounting the future cash flows of similar financial assets at the current market rate of return.

Other long-term equity investments with signs of impairment other than goodwill arising from business combination, if the measurement of recoverable amount indicates that the recoverable amount of the long-term equity investment is lower than its book value, the difference is recognized as impairment losses.

Goodwill arising from a business combination is tested for impairment annually, regardless of whether there is any indication of impairment.

Once the impairment loss of long-term equity investment is confirmed, it will not be reversed.

17 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)

18 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.

(2) Recognition and initial measurement of fixed assets under a financing lease

If one of the following conditions specified in the terms of the lease agreement of an asset signed between the Company and the leasing party, it is recognized as an asset under financing lease:

- (a) The ownership of the leased asset is attributable to the Company upon the expiry of lease;
- (b) The Company has the option to purchase the asset, and the purchase price is much lower than the fair value of the asset when the option is exercised;
- (c) The lease term represents the majority of the service life of the leased asset;
- (d) The present value of the minimum lease payments on the lease start date is not significantly different from the fair value of the asset.

On the date of the lease starts, the Company recognizes the fair value of the leased asset or the present value of the minimum lease payment as the book value of the leased asset, whichever is lower, and recognizes the minimum lease payment amount as the book value of the long-term payable, the difference is recognized as unconfirmed financing costs. Unrecognized financing expenses are apportioned over the lease term by the effective interest method.

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III Significant accounting policies and accounting estimates (continued)

18 Fixed assets (continued)

(3) Depreciation method for fixed assets

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	2-5%
Machinery and equipment (exclude mold)	5-18 years	5-20%
Mold (with benefit period more than one year)	1-3 years	33-100%
Office and electronic equipment	3-22 years	4-33%
Transportation equipment	4-8 years	12-25%
Other devices	4-5 years	20-25%
Power stations	25 years	4%

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.

19 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.

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III Significant accounting policies and accounting estimates (continued)

20 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 (only refers to inventories with an acquisition, construction and production process for more than one year) that require a substantial period of acquisition, construction or production activities to get ready for the intended use or sale status.

Borrowing costs refer to the interest of borrowings, the amortization of discounts or premiums, auxiliary expenses and exchange differences arising from foreign currency borrowings incurred by the Company. Borrowing costs begin to be capitalized when the following three conditions are all satisfied:

- (1) Asset expenditure has occurred;
- (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)

21 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
Other	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 unforeseen 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 there is 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)

22 Long-term prepaid expense

Long-term prepaid expenses refer to various expenses that the Company has paid 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.

23 Impairment of long-lived assets

The impairment of assets other than inventories, financial assets and deferred income tax assets is determined by the Company as follows:

On the balance sheet date, if there is evidence indicates that the asset is idle, there is a use termination plan or the market price drops sharply, or the external environment changes significantly, impairment test should be conducted. The difference between the recoverable amount of the asset and its book value is recognized as impairment loss and included in the current profit and loss, and corresponding allowance for asset impairment is made. 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. The recoverable amount is determined based on the net amount of fair value of assets less the disposal expenses, or the present value of estimated future cash flows of the assets, whichever is lower. The Company estimates the recoverable amount based on the individual assets. If it is difficult to estimate the recoverable amount of the individual assets, the recoverable amount of the asset is determined based on the asset group to which the asset belongs. After the asset impairment loss is recognized, the depreciation or amortization expense of the impaired assets will be adjusted accordingly in the future period.

Once the asset impairment loss is confirmed, it cannot be reversed in the future accounting period.

Treatment of goodwill impairment: in the impairment test of goodwill, the book value of goodwill is apportioned to the asset group or asset group portfolio expected to benefit from the synergy of business combination, and the book value of goodwill is apportioned to the relevant asset group or asset group combination in a reasonable way. In the case of impairment test, the asset group or asset group portfolio that does not contain goodwill is tested for impairment first to confirm the corresponding asset impairment loss, and then the asset group or asset group containing goodwill is tested for impairment to confirm the corresponding goodwill impairment loss.

24 Asset transfer with repurchase conditions

When the Company sells products or transfers other assets, it signs a product or a transfer asset repurchase agreement with the purchaser, and determines whether the sales commodity satisfies the revenue recognition conditions according to the terms of the agreement. If the after-sales repurchase is a financing transaction, the Company does not recognize the sales revenue when the product or asset is delivered. If the repurchase price is greater than the difference between the sales prices, interest of the difference is accrued on time during the repurchase period, and included in finance costs.

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III Significant accounting policies and accounting estimates (continued)

25 Provisions

When the Company is involved in any litigation, debt guarantee, contract loss or reorganization, which is likely in need of future delivery of assets or rendering of services, and the amount of which can be measured in a reliable way, it is recognized as provisions.

(1) Recognition criteria of provisions

When an obligation related to the contingent events satisfies all the following conditions, it is recognized by the Company as provisions:

- (a) The obligation is the current obligation of the Company;
- (b) The fulfillment of the obligation is likely to cause economic benefits to flow out of the Company;
- (c) The amount of the obligation can be measured in a reliable way.

(2) Measurement of provisions

The provisions 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 that 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 that 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 provisions 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 book value of provisions.

26 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)

27 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 the termination of labor relations with the employee is determined, and also included in the current profit and loss, at the time when the group 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.

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III Significant accounting policies and accounting estimates (continued)

28 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 owner's equity after the vesting date.

29 Revenue recognition (applicable before 31 December 2019)

Revenue is recognized only when economic benefits are likely to flow in and the amount of income and associated costs can be measured in a reliable way, and the following conditions are all satisfied:

(1) Sales of goods

The Company has transferred the main risks and rewards of ownership of the goods to the purchaser, and no longer retains any continuing management right or effective control of the goods, which are usually linked to the ownership, and recognizes the realization of sales revenue of the goods.

(2) Sales of property development products

The realization of sales revenue is recognized when the sales of property is completed and acceptance of the property is qualified, the terms of delivery stipulated in the sales contract are satisfied, and the buyer has obtained the certificate of payment for the delivery of the property stipulated in the sales contract (usually the first payment of the sales contract is received and the payment arrangement of the remaining payment is confirmed).

(3) Rendering of services

In the case that the transaction results of service rendering can be estimated in a reliable way, the Company confirms the relevant labor revenue according to the percentage of completion method on the balance sheet date; otherwise, the revenue is recognized based on the amount of labor costs that have occurred and are expected to be compensated.

(4) Interest income

Accounted for according to the time and effective interest rate of the Company's monetary assets used by others.

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III Significant accounting policies and accounting estimates (continued)

29 Revenue recognition (continued)

(5) Royalties income

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

30 Revenue recognition (applicable from 1 January 2020)

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).

(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 cost is predicted to be compensated, corresponding revenue shall be recognized based on the specific cost amount till the fulfillment schedule could be reasonably determined.

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III Significant accounting policies and accounting estimates (continued)

30 Revenue recognition (continued)

(2) 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 book value 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.

(d) The contract licensing the IP right to the client: It’s required to evaluate whether the IP right license constitutes any single performance obligation; if any, it is necessary to determine whether the performance obligation fulfillment is fulfilled within a certain period or at a time point. If any IP right license is granted to the client and royalties are charged based on the client’s actual sales or usage, corresponding revenues shall be recognized at a later time between the following dates: the day when the client’s subsequent selling or usage occurs; the day when the Company fulfills relevant performance obligation.

(3) 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

The Company shall recognize corresponding revenues by using the straight line method within the lease term agreed in the lease contract.

(c) Royalties income

If revenues are recognized within a certain period based on the technical service contract, corresponding revenues shall be recognized according to the performance schedule.

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III Significant accounting policies and accounting estimates (continued)

30 Revenue recognition (continued)

(3) Specific revenue recognition method (continued)

(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.

31 Contract cost

(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)

31 Contract cost (continued)

(4) Impairment of contract cost

For the asset related to the contract cost as mentioned above, if the book value 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 are established, if changes in depreciation factors during previous periods have made the above different higher than the asset's book value, it shall be restituted to previously established asset impairment allowances and included in current profit and loss. However, the book value of restituted asset shall not exceed the book value of the asset on the date of restitution without establishing impairment allowances.

32 Government grants

(1) Category

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 profit and loss.

(3) Accounting treatment

Government grants related to assets offset the book value 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 profit or loss or offset related costs. For government grants related to the daily activities of the enterprise, the R&D and VAT-related subsidies are included in other income; other government grants offset related costs according to the nature 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 book value of the asset is adjusted if the book value 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)

33 Deferred income tax assets and deferred income tax liabilities

The income taxes of the Company include current income tax and deferred income tax. Both current income tax and deferred income tax are recognized in the current profit and loss as income tax expense or gain, except for the following:

- (1) Adjusting goodwill due to income tax arising from business combination;
- (2) Income tax related to transactions or events directly included in shareholders' equity is included in shareholders' equity.

On the balance sheet date, the Company recognizes the deferred income tax assets or deferred income tax liabilities in accordance with the balance sheet liability method on temporary differences between the book value of assets or liabilities and their tax base.

The Company recognizes all taxable temporary differences as deferred tax liabilities except the taxable temporary differences incurred in the following transactions:

- (1) Initial recognition of goodwill; or initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and does not affect the accounting profits or the amount of taxable income when occurs;
- (2) For taxable temporary differences related to investments in subsidiaries, associates and joint ventures, 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.

The Company recognizes deferred income tax assets arising from deductible temporary differences, subject to the amount of taxable income likely to be obtained to offset the deductible temporary differences, except the deductible temporary differences incurred in the following transactions:

- (1) The transaction is not a business combination, and does not affect the accounting profits or the amount of taxable income when occurs;
- (2) The deductible temporary differences related to investment in subsidiaries, associates and joint ventures cannot satisfy all the following: the temporary differences are likely to be reversed in the foreseeable future and are likely to be used for deduction of deductible taxable income for temporary differences in the future.

On the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities according to the tax law based on the applicable tax rate during the period of expectation of recovering the assets or paying off the liabilities, and reflects the income tax impact of the expected recovery of assets or liquidation of liabilities on the balance sheet date.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is probable that no sufficient taxable income will be available in the future to offset the benefits of deferred tax assets, the book value of deferred tax assets is written down. When it is probable that sufficient taxable income will be available, the amount written-down will be reversed.

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III Significant accounting policies and accounting estimates (continued)

34 Leases

(1) Accounting treatment of operating leases

- (a) The rental fees paid by the Company for the lease of assets are apportioned on a straight-line basis over the entire lease term without deduction of the rent-free period and included in the current expenses. The initial direct costs associated with the lease transactions paid by the Company are included in the current expenses.

When the lessor of an asset bears the expenses related to the lease that should be borne by the Company, the Company deducts the part of the expenses from the total rent. The deducted rental expenses are apportioned during the lease term and included in the current expenses.

- (b) The rental fees charged by the Company for renting out assets are apportioned on a straight-line basis over the entire lease term without deduction of the rent-free period and is recognized as rental income. The initial direct expenses related to lease transactions paid by the Company are included in the current expenses; if the amount is a significant one, it is capitalized and included in the current income in the same period as the lease income is recognized throughout the lease period.

When the Company bears the lease-related expenses that should be borne by the lessee, the Company deducts the part of the expenses from the total rental income, and distributes the deducted rental expenses within the lease term.

(2) Financial leased assets

On the date when lease starts, the Company recognizes the fair value of the leased asset or the present value of the minimum lease payment as the book value of the leased asset, whichever is lower, and recognizes the minimum lease payment amount as the book value of the long-term payable, and the difference between the two is recognized as unconfirmed financing expenses. The Company adopts the effective interest rate method to amortize the unrecognized financing expenses during the asset lease period and includes them in financial expenses.

(3) Financial leasing assets

On the date when lease starts, the Company recognizes the receivable of the financial lease, the difference between the sum of unsecured residual value and its present value as unrealized financing income, and recognizes the lease income in the future period of the lease. The initial direct costs incurred by the Company in connection with lease transactions are included in the initial measurement of financial lease receivable, and the amount of income recognized during the lease term is reduced.

35 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.

36 Discontinued operations

The Company recognizes a component disposed of or classified as a component that can be separately distinguished from the category held for sale and satisfied any of the following as a component of discontinued operations: (1) The component represents an independent major business or a separate major business area; (2) This component is part of a related plan to dispose of an independent major business or a separate major operating area; (3) This component is a subsidiary that is acquired for 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.

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III Significant accounting policies and accounting estimates (continued)

37 Changes to major accounting policies and estimates

(1) Changes to accounting policies

The Company has adopted since 1 January 2020 the Accounting Standard No. 14 for Business Enterprises-Revenue revised by the Ministry of Finance in 2017. For details of the changed accounting policies, please refer to Item 30 in Note III to the financial statements in this report.

As required by the new revenue standard, retained earnings and other relevant financial statement items at the beginning of the period when the new revenue standard was first adopted (1 January 2020) should be adjusted according to the cumulative effects arising from the first adoption of the new revenue standard, and data of the comparable periods should not be adjusted.

When executing the new revenue standard, the Company considered adjustments only for the cumulative effects in respect of the outstanding contracts on the date of the standard's first adoption; and did not make retrospective adjustments in respect of the changes that had occurred to contracts before the beginning of the earliest comparable period or before the beginning of 2020, but according to the final arrangements of the contract changes, identified the fulfilled and unfulfilled performance obligations, determined the transaction price and distributed the transaction price to the fulfilled and unfulfilled performance obligations.

The effects of the adoption of the new revenue standard on the presentation of the balance sheet items as at the beginning of the current period are as follows:

Item	Carrying amount as per the former revenue standard	Effect of recl assification	Effect of rem easurement	Carrying amount as per the revised revenue standard
Accounts receivable	8,340,354	-	(22,728)	8,317,626
Inventories	5,677,963	-	45,303	5,723,266
Other non-current assets	4,250,659	-	5,951	4,256,610
Deferred income tax assets	840,874	-	(57)	840,817
Advances from customers	141,749	(138,076)	-	3,673
Contract liabilities	-	124,737	25,459	150,196
Taxes and levies payable	226,806	-	(118)	226,688
Other current liabilities	69,022	13,339	3,310	85,671
Retained earnings	11,115,150	-	(83)	11,115,067
Non-controlling interests	33,771,198	-	(99)	33,771,099

(2) Changes to accounting estimates

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

38 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

Starting from 1 April 2019, 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". Starting from 1 April 2019, 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 Dike protection fee

Dike protection fee is paid according to relevant national tax regulations and local regulations.

5 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.

6 Corporate income tax

The corporate income tax rate for the Company was 25% in the Current Period (2019: 25%).

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.

The following subsidiaries are entitled to tax preferences, overseas subsidiaries adopt the local tax rates, and the other subsidiaries of the Company are all taxed at a rate of 25%.

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IV Taxes (continued)

6 Corporate income tax (continued)

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
Qingdao Blue Business Consulting Co., Ltd.	15%	High-tech enterprise
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	15%	High-tech enterprise
Tianjin Huanxin Technology&Development 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
Huansheng Solar (Jiangsu) Co., Ltd.	15%	High-tech enterprise
Zhangjiakou Huan'ou International New Energy Technology Co., Ltd.	15%	High-tech enterprise
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	15%	High-tech enterprise
Wuxi Zhonghuan Applied Materials Co., Ltd.	15%	High-tech enterprise
Tianjin Huan'ou International New Energy Technology Co., Ltd.	15%	High-tech enterprise
Inner Mongolia Zhonghuan Xiexin Solar Material Co., Ltd.	15%	Encouraged business in West China
Shangqiu Yaowei Photovoltaic Power Generation Co., Ltd.	12.5%	State-supported public infrastructure project
Tianjin Huanyu Yangguang New Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
Huludao Zhongrun Energy Technology Co., Ltd.	12.5%	State-supported public infrastructure project
Kangbao Huanju New Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Qinhuangdao Tianhui Solar Energy Co., Ltd.	12.5%	State-supported public infrastructure project
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	12.5%	State-supported public infrastructure project
Dushan Anju Photovoltaic Technology Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Huhehaote Huanju New Energy Development Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Sonid Left Banner Huanxin New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Otog Banner Huanju New Energy Co., Ltd.	7.5%	State-supported public infrastructure project, Encouraged business in West China
Yixing Huanxing New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
Tianjin Binhai Huanneng New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
Gaoqing Huanyuan Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project
Gaoqing Chengguang Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project
Guyuan Shengju New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project

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IV Taxes (continued)

6 Corporate income tax (continued)

Zhangjiakou Shengyuan New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
Ningjin Jinchen New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project
Ongniud Banner Guangrun New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China
Tuquan Guanghuan New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China
Inner Mongolia New Huanyu Yangguang New Energy Technology Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China
Gengma Huanxing New Energy Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China
Dangxiong Youhao New Energy Development Co., Ltd.	Tax-free	State-supported public infrastructure project, Encouraged business in West China
Shangqiu Suoguang Energy Technology Co., Ltd.	5%	Small meagre-profit enterprise
Shangqiu Suoneng Energy Technology Co., Ltd.	5%	Small meagre-profit enterprise
Shangqiu Suoyuan Energy Technology Co., Ltd.	5%	Small meagre-profit enterprise
Ulanqab Dishengsheng Energy Co., Ltd.	5%	Small meagre-profit enterprise
Tongliao Guangdong New Energy Co., Ltd.	5%	Small meagre-profit enterprise
Alxa League Huanju New Energy Co., Ltd.	5%	Small meagre-profit enterprise
Jinxiang Haotian New Energy Co., Ltd.	5%	Small meagre-profit enterprise
Shaanxi Runhuan Tianyu Technology Co., Ltd.	5%	Small meagre-profit enterprise
Inner Mongolia Zhonghuan Asset Management Co., Ltd.	5%	Small meagre-profit enterprise

7 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.

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V Notes to Consolidated Financial Statements

1 Monetary assets

	31 Dec. 2020	31 Dec. 2019
Cash on hand	1,189	966
Bank deposits	17,744,850	17,636,777
Deposits with the central bank	209,978	570,999
Interest receivable on deposits	84,459	64,970
Other monetary assets	3,668,429	374,473
	21,708,905	18,648,185

Note Monetary assets with restricted use rights

	31 Dec. 2020	31 Dec. 2019
TCL Tech Finance's statutory reserve deposits with the central bank	209,978	570,999
Restricted amount of other monetary assets	3,206,051	374,473
Interest receivable on deposits	84,459	64,970
	3,500,488	1,010,442

As at 31 Dec. 2020, the Company's bank deposits of RMB209,978 thousand (31 Dec. 2019: 570,999 thousand) are statutory reserve deposits placed in the central bank by TCL Tech Finance Co., Ltd., a subsidiary of the Company.

As at 31 Dec. 2020, the Company's monetary assets abroad amounted to RMB1,131,911 thousand (31 Dec. 2019: RMB523,583 thousand), all of which were owned by the overseas subsidiaries of the Company.

TCL Technology Group Corporation
Notes to Financial Statements
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V	Notes to Consolidated Financial Statements (Continued)		
2	Held-for-trading financial assets		
		31 Dec. 2020	31 Dec. 2019
	Debt instrument investments	4,628,306	5,772,747
	Equity instrument investments	671,740	302,004
		<u>5,300,046</u>	<u>6,074,751</u>
3	Derivative financial assets		
		31 Dec. 2020	31 Dec. 2019
	Foreign exchange forwards	445,690	121,255
	Interest rate swaps	-	7,727
	Others	7,888	30,054
		<u>453,578</u>	<u>159,036</u>
4	Notes receivable		
(1)	Notes receivable by category		
		31 Dec. 2020	31 Dec. 2019
	Bank acceptance notes	576,468	207,713
	Trade acceptance notes	19,217	21,229
		<u>595,685</u>	<u>228,942</u>

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V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (continued)

(1) Notes receivable by category (continued)

	31 Dec. 2020					31 Dec. 2019				
	Gross amount		Allowance for doubtful accounts		Carrying amount	Gross amount		Allowance for doubtful accounts		Carrying amount
	Amount	Percent age	Amount	Percent age		Amount	Percent age	Amount	Percent age	
Notes receivable for which the allowance for doubtful accounts were established on the individual basis	-	-	-	-	-	-	-	-	-	-
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis										
Of which: group with no recovery risk	576,468	97%	-	-	576,468	207,713	91%	-	-	207,713
By aging analysis	19,217	3%	-	-	19,217	21,229	9%	-	-	21,229
	<u>595,686</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>595,686</u>	<u>228,942</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>228,942</u>

(2) As at 31 Dec. 2020, notes receivable in pledge were RMB24,000 thousand.

(3) As at 31 Dec. 2020, endorsed or discounted notes receivable that were undue on the balance sheet date and were derecognized were RMB30,916 thousand.

5 Accounts receivable

	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
Accounts receivable	12,838,895	8,362,646	8,385,374
Less: allowance for doubtful accounts	281,281	45,020	45,020
	<u>12,557,614</u>	<u>8,317,626</u>	<u>8,340,354</u>

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V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (1) Accounts receivable in the period from 1 Jan. 2020 to 31 Dec. 2020 are classified as follows by how the allowances for doubtful accounts were established:

	Gross amount	31 Dec. 2020	
		Lifetime ECL rate	Gross amount
Accounts receivable for which the related allowances for doubtful accounts were established on the individual basis	100,972	93.13%	94,033
Of which:			
Accounts receivable 1	100,972	93.13%	94,033
Accounts receivable for which the related allowances for doubtful accounts were established on the grouping basis	12,737,923	2.14%	187,248
Of which:			
Group 1 : by aging analysis	8,765,135	2.13%	186,919
Group 2 : by related party grouping	3,171,513	0.01%	329
Group 3: Group with no recovery risk	801,275	-	-
	<u>12,838,895</u>		<u>281,281</u>

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

	31 Dec. 2020		31 Dec. 2019	
	Amount	Percentage	Amount	Percentage
Within 1 year	11,810,255	91.99%	8,258,361	98.49%
1-2 years	392,397	3.06%	96,100	1.15%
2-3 years	400,671	3.12%	10,451	0.12%
Over 3 years	235,572	1.83%	20,462	0.24%
	<u>12,838,895</u>	100%	<u>8,385,374</u>	100%

Note: Accounts receivable within 1 year increased as a percentage of the total accounts receivable, primarily driven by the business combinations involving entities under common control.

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V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

(3) Allowances for doubtful accounts receivable are analysed as follows:

	31 Dec. 2020	31 Dec. 2019
End of the prior year	45,020	434,893
Changes in accounting policies	-	3,879
Adjusted beginning	45,020	438,772
New subsidiaries	199,462	-
Current accrual	76,552	46,633
Reversal of current period	(26,300)	(11,940)
Write-off of current period	(12,439)	(8,604)
Reduced subsidiaries	-	(419,974)
Exchange adjustment	(1,014)	133
	281,281	45,020

(4) There is no debt owed by shareholders holding 5% or more voting shares in this account balance.

(5) As at 31 Dec. 2020, the accounts receivable of the top five balances are as follows:

	31 Dec. 2020	31 Dec. 2019
Total amount owed by the top five	6,443,402	3,991,332
Proportion of total accounts receivable	50.19%	47.60%

6 Receivables financing

	31 Dec. 2020	31 Dec. 2019
Notes receivable financing	1,206,289	-
Accounts receivable financing	970,455	-
	2,176,744	-

Note Endorsed or discounted notes receivable and accounts receivable that were outstanding on the balance sheet date and were derecognized as at 31 Dec. 2020 amounted to RMB8,283,446 thousand.

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V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	31 Dec. 2020	31 Dec. 2019
Within 1 year	1,352,128	364,423
1-2 years	399	-
2-3 years	414	-
Over 3 years	2,712	-
	<u>1,355,653</u>	<u>364,423</u>

Note Prepayments over 1 year were primarily incurred by the business combinations not involving entities under common control.

(2) As at 31 Dec. 2020, the prepayments of the top five balances are as follows:

	31 Dec. 2020	31 Dec. 2019
Total amount owed by the top five	816,964	169,266
As % of total prepayments	60.26%	46.45%

8 Other receivables

	31 Dec. 2020	31 Dec. 2019
Dividends receivable	-	5,771
Other receivables	2,793,640	2,744,271
	<u>2,793,640</u>	<u>2,750,042</u>

(1) Dividends receivable

	31 Dec. 2020	31 Dec. 2019
Wuxi TCL Venture Capital Partnership (Limited Partnership)	-	5,771
	<u>-</u>	<u>5,771</u>

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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(2) Other receivables

	31 Dec. 2020	31 Dec. 2019
Other receivables	3,046,810	2,844,737
Less: allowance for doubtful accounts	253,170	100,466
	2,793,640	2,744,271

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

	31 Dec. 2020	31 Dec. 2019
Subsidy receivable	1,612,041	1,354,557
External unit current account	678,933	993,962
Deposit and security deposit	343,367	162,934
Others	159,299	232,818
	2,793,640	2,744,271

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
Beginning amount	45,157	-	55,309	100,466
Current accrual	10,268	86,944	-	97,212
Increase due to new subsidiaries	10,638	105,064	49,399	165,101
Reversal of current period	(248)	(78,172)	(6,916)	(85,336)
Write-off in current period	-	-	(23,258)	(23,258)
Exchange adjustment	(1,015)	-	-	(1,015)
	64,800	113,836	74,534	253,170

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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:

	31 Dec. 2020		31 Dec. 2019	
	Carrying amount	Percentage	Carrying amount	Percentage
Within 1 year	2,713,832	89.07%	2,635,597	92.65%
1 to 2 years	80,991	2.66%	77,938	2.74%
2 to 3 years	131,394	4.31%	48,704	1.71%
Over 3 years	120,593	3.96%	82,498	2.90%
	3,046,810	100%	2,844,737	100%

Note Other receivables over 2 years increased as a percentage of the total other receivables primarily driven by the business combinations not involving entities under common control.

(d) There is no debt owed by shareholders holding 5% or more voting shares in this account balance.

(e) As at 31 Dec. 2020, the other receivables of the top five balances are as follows:

	31 Dec. 2020	31 Dec. 2019
Total amount owed by the top five	2,004,109	1,830,213
As % of total other receivables	65.78%	64.34%

(f) As at 31 Dec. 2020, there is no transfer of other receivables that do 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 is the subject of securitization and does not conform to the conditions for derecognition.

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V Notes to Consolidated Financial Statements (Continued)

9 Inventories

(1) Inventory is classified as follows:

	31 Dec. 2020			31 Dec. 2019		
	Gross amount	Inventory valuation allowance	Carrying amount	Gross amount	Inventory valuation allowance	Carrying amount
Raw materials	2,698,477	196,354	2,502,123	1,033,927	129,254	904,673
Work in progress	1,900,684	213,991	1,686,693	760,881	149,624	611,257
Finished goods	4,606,092	273,232	4,332,860	4,066,809	172,044	3,894,765
Turnover materials	317,162	3,880	313,282	268,086	818	267,268
	<u>9,522,415</u>	<u>687,457</u>	<u>8,834,958</u>	<u>6,175,006</u>	<u>451,740</u>	<u>5,723,266</u>
				<u>6,129,703</u>	<u>451,740</u>	<u>5,677,963</u>

As at 31 Dec. 2020, the Company has no inventory for liabilities guarantee.

(2) Inventory valuation allowances are analyzed as follows:

	1 Jan. 2020	Current accrual	New subsidiaries	Reversal in current period	Write-off in current period	Exchange adjustment	31 Dec. 2020
Raw materials	129,254	62,512	24,341	(542)	(19,211)	-	196,354
Work in progress	149,624	181,458	2,038	(1,098)	(118,031)	-	213,991
Finished goods	172,044	249,840	64,131	(2,932)	(207,946)	(1,905)	273,232
Turnover materials	818	3,062	-	-	-	-	3,880
	<u>451,740</u>	<u>496,872</u>	<u>90,510</u>	<u>(4,572)</u>	<u>(345,188)</u>	<u>(1,905)</u>	<u>687,457</u>

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V Notes to Consolidated Financial Statements (Continued)

10 Contract assets

(1) Contract assets are classified as follows:

	31 Dec. 2020			1 Jan. 2020		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Electricity charges receivable	186,516	2,866	183,650	-	-	-

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

	1 Jan. 2020	Increase in current period	Increase due to newly acquired subsidiaries	Reversal in current period	Write-off in current period	Exchange adjustment	31 Dec. 2020
Electricity charges	-	797	2,069	-	-	-	2,866

11 Assets held for sale

	Ending carrying amount	Fair value	Expected disposal expense	Expected time of disposal
Assets held for sale	360,936	364,582	3,646	Within 1 year

As at 31 Dec. 2020, non-current assets expected to be disposed of within 1 year were presented as assets held for sale.

12 Other current assets

	31 Dec. 2020	31 Dec. 2019
Short-term debt investments	1,418,900	1,596,741
VAT to be deducted, to be certified, etc.	3,697,455	2,299,416
Current portion of loans and advances to customers (note)	4,104,903	1,968,056
Others	145,797	47,614
	<u>9,367,055</u>	<u>5,911,827</u>

Note The current portion of loans and advances is loans due within the next year issued by subsidiaries TCL Tech Finance Co., Ltd., Guangzhou TCL Internet Microcredit Co., Ltd. and Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd., of which interest receivable is RMB21,691 thousand.

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V Notes to Consolidated Financial Statements (Continued)

13	Loans and advances to customers	31 Dec. 2020	31 Dec. 2019
	Loans and advances to customers (note)	981,876	3,637,768

Note Loans and advances to customers are loans granted by subsidiaries TCL Tech Finance Co., Ltd., Guangzhou TCL Internet Microcredit Co., Ltd. and Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.

14	Debt investments	31 Dec. 2020	31 Dec. 2019
	National debt and secondary market debt (note)	119,350	20,373

Note As at 31 Dec. 2020, there were no significant debt investments.

15 Other debt investments

	Begin ning amou nt	Interest accrual	Fair value change in current period	Ending amount	Cost	Cumul ative fair value change	Loss allowances cumulatively recognized in other comprehensive income
Trust plans	-	1,492	(619)	152,063	150,050	521	-

Note As at 31 Dec. 2020, there were no significant other debt investments.

16 Long-term receivables

	31 Dec. 2020			31 Dec. 2019			Range of discount rate
	Gross amount	Allowance for doubtful account	Carrying amount	Gross amount	Allowance for doubtful account	Carrying amount	
Finance leases	778,889	-	778,889	-	-	-	7.125%

17 Long-term equity investments

	31 Dec. 2020			31 Dec. 2019		
	Gross amount	Impairmen t allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates (1)	23,941,424	13,622	23,927,802	17,042,572	22,846	17,019,726
Joint ventures (2)	168,737	49,503	119,234	174,558	-	174,558
	24,110,161	63,125	24,047,036	17,217,130	22,846	17,194,284

As at 31 Dec. 2020, the Company has established impairment allowances for long-term equity investments in investees with poor management and insolvent assets. Other than that, there are no major restrictions on the realization of investment and the remittance of return on investment for long-term equity investments.

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V Notes to Consolidated Financial Statements (Continued)

17 Long-term equity investments (continued)

(1) Associates

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase/decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
Bank of Shanghai Co., Ltd.	9,314,611	-	1,004,403	1,144,145	85,934	-	(316,955)	-	-	11,232,138
China Innovative Capital Management Limited	877,920	-	-	159,707	-	-	-	-	-	1,037,627
LG Electronics (Huizhou) Co., Ltd.	92,583	-	-	9,998	-	-	(12,200)	-	-	90,381
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	40,837	-	-	(1,276)	-	-	-	-	-	39,561
Shenzhen Jucai Supply Chain Technology Co., Ltd.	5,342	-	300	1,026	-	-	-	-	-	6,668
Shenzhen Tixiang Business Management Technology Co., Ltd.	2,078	-	-	387	-	-	-	-	-	2,465
TCL Nanyang Electric Appliance (Guangzhou) Co., Ltd.	1,815	-	(7,680)	(87)	-	-	-	-	5,952	-
TCL Air Conditioner (Wuhan) Co., Ltd.	37,666	-	-	168	-	-	-	-	-	37,834
TCL Finance (Hong Kong) Co., Limited	972	-	-	22,152	-	-	-	-	-	23,124
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	8,688	-	-	4,017	-	-	(595)	-	-	12,110
Shenzhen Tianyi Hemeng Education Co., Ltd.	6,325	-	-	(1,606)	-	-	-	-	-	4,719
Yizheng Zeyu Electric Light Co., Ltd.	2,507	-	-	-	-	-	-	-	(2,507)	-
Urumqi TCL Equity Investment Management Co., Ltd.	870	-	-	474	-	-	(1,118)	-	-	226
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,137,499	-	(86,506)	316,299	-	-	-	-	-	1,367,292

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17 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase/decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	585,223	-	(16,291)	330,160	(23)	-	(48,608)	-	28	850,489
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	205,476	-	(15,149)	7,959	-	-	-	-	(3,615)	194,671
Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	199,603	-	262,899	58,314	-	-	(8,957)	-	-	511,859
Wuxi TCL Aisikai Semiconductor Industry Investment Fund Partnership (Limited Partnership)	114,768	-	106,507	23,411	-	-	(22,988)	-	-	221,698
Wuxi TCL Venture Capital Partnership (Limited Partnership)	34,546	-	-	1,090	2	-	-	-	-	35,638
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	67,768	-	-	(1,395)	-	-	-	-	-	66,373
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership)	29,667	-	-	25,874	(64)	-	(11,991)	-	598	44,084
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	25,982	-	-	129	(11)	-	-	-	(4,884)	21,216

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17 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase/decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
Huizhou Kaichuang Venture Investment Partnership (Limited Partnership)	8,754	-	-	(108)	63	-	-	-	-	8,709
Beijing A Dynamic Venture Capital Center (Limited Partnership)	21,008	-	(2,600)	(1,112)	-	-	-	-	(9,931)	7,365
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership)	17,931	-	(13,657)	3,538	(12)	-	-	-	-	7,800
Shenzhen Chuangdong New Industry Investment Fund Enterprise (Limited Partnership)	11,437	-	-	(1)	-	-	-	-	-	11,436
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	4,301	-	-	1,806	-	-	-	-	-	6,107
Huizhou Kaimeng Angel Investment Partnership (Limited Partnership)	2,869	-	-	(209)	-	-	-	-	-	2,660
Ningbo Jiutian Matrix Investment Management Co., Ltd. (note)	1,953	-	-	707	-	-	-	-	-	2,660
Urumqi Qixinda Equity Investment Management Co., Ltd.	1,396	-	-	215	-	-	-	-	-	1,611
Urumqi TCL Create Dynamic Equity Investment Management Co., Ltd.	760	-	-	(1)	-	-	-	-	-	759
Beijing A Dynamic Investment Consulting Co., Ltd.	555	-	-	(82)	-	-	-	-	-	473

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V Notes to Consolidated Financial Statements (Continued)

17 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase/decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
Shanghai Gen Auspicious Investment Management Co., Ltd.	518	-	-	(9)	-	-	-	-	-	509
Changzhou A Dynamic Fund Management Co., Ltd.	536	-	(600)	-	-	-	-	-	64	-
Nanjing A Dynamic Equity Investment Fund Management Co., Ltd.	287	-	-	(5)	-	-	-	-	-	282
Wuxi TCL Medical Imaging Technology Co., Ltd.	50,264	-	-	(9,297)	-	-	-	-	(78)	40,889
Beijing WeMed Medical Equipment Co., Ltd.	11,972	-	(177)	(287)	-	-	-	9,224	(16,392)	4,340
Shanghai Huiying Medical Technology Co., Ltd.	442	-	-	(442)	-	-	-	-	-	-
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	279,442	-	225,733	37,595	-	-	-	-	-	542,770
TCL Ventures Fund L.P.	39,609	-	20,163	(2,706)	-	-	-	-	(2,846)	54,220
Getech Ltd.	7,576	-	4,450	(1,789)	-	-	-	-	15,910	26,147
Huizhou TCL Environmental Resource Co., Ltd.	79,990	-	-	18,020	-	-	-	-	-	98,010
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	375,020	-	-	2,533	-	-	-	-	-	377,553

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V Notes to Consolidated Financial Statements (Continued)

17 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase/decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	149,493	-	-	1,184	-	-	-	-	-	150,677
TCL Intelligent Technology (Ningbo) Co., Ltd.	-	-	12,500	(12,500)	-	-	-	-	-	-
Pride Telecom Limited	-	-	-	-	-	-	-	-	-	-
Shenzhen Xihuoyicheng Recreational and Sports Industry Co., Ltd.	-	-	1,540	(26)	-	-	-	-	-	1,514
JOLED Incorporation	-	-	1,340,000	(74,851)	-	-	-	-	(72,155)	1,192,994
Sichuan Shengtian New Energy Development Co., Ltd.	-	471,788	-	(1,397)	-	-	(13,201)	-	-	457,190
Yanyuan Fengguang New Energy Co., Ltd.	-	57,669	-	749	-	-	-	-	-	58,418
SunPower Systems International Limited	-	31,607	-	(5,240)	-	-	-	-	-	26,367
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	-	5,079	-	988	-	-	-	-	-	6,067
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	-	34,783	-	(934)	-	-	-	-	-	33,849
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	-	78,691	-	7,619	-	(35)	-	-	-	86,275
Hunan Guoxin Semiconductor Technology Co., Ltd.	-	9,969	-	-	-	-	-	-	-	9,969
Maxeon Solar Technologies, Ltd.	-	2,063,484	-	(179,855)	-	-	-	-	-	1,883,629
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	-	424,387	-	39,392	-	-	-	-	-	463,779
Ruihuan (Inner Mongolia) Solar Power Co., Ltd.	-	15,196	-	(3,428)	-	-	-	-	-	11,768
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	-	284,992	179,715	(93)	-	-	-	-	-	464,614

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17 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase/decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
Tianjin Hope Equity Investment Fund Management Co., Ltd.	-	659	-	(246)	-	-	-	-	-	413
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	-	5,292	-	(166)	-	-	-	-	-	5,126
Tianjin Zhonghuan Tengliang Technology Co., Ltd.	-	6,383	-	(10)	-	536	-	-	-	6,909
Others	3,160,867	-	(1,300,440)	255,537	(2,444)	-	(72,397)	-	32,648	2,073,771
	<u>17,019,726</u>	<u>3,489,979</u>	<u>1,715,110</u>	<u>2,176,035</u>	<u>83,445</u>	<u>501</u>	<u>(509,010)</u>	<u>9,224</u>	<u>(57,208)</u>	<u>23,927,802</u>

Note Associate Shenzhen Jiutian Matrix Investment Management Co., Ltd. changed its name to Ningbo Jiutian Matrix Investment Management Co., Ltd. in November 2020.

V Notes to Consolidated Financial Statements (Continued)

17 Long-term equity investments (continued)

(2) Joint ventures

Name of investee	Beginning amount	Increase due to newly acquired subsidiaries	Increase /decrease in investment in current period	Increase or decrease in current period						31 Dec. 2020
				Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Impairment allowance	Other increases and decreases	
TV University Online Distance Education Technology Co., Ltd.	137,903	-	-	(10,537)	-	-	-	-	(127,366)	-
Huizhou TCL Taidong Shihua Investment Co., Ltd.	12,779	-	-	(9,432)	-	-	-	-	(3,347)	-
Shanxi TCL Huirong Venture Investment Co., Ltd.	22,633	-	(20,000)	18,248	-	(20,845)	-	-	(36)	-
TCL Huizhou City, Kai Enterprise Management Limited	1,243	-	-	65	-	-	-	-	-	1,308
Huizhou TCL Human Resources Service Co., Ltd.	-	-	2,500	(379)	-	-	-	-	-	2,121
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Zhangjiakou Qixin Equity Investment Fund Partnership	-	136,747	(19,198)	(1,744)	-	-	-	-	-	115,805
Wuxi Zhonghuan Applied Materials Co., Ltd.	-	500,109	-	(1,339)	-	(1,653)	(35,000)	-	(462,117)	-
	<u>174,558</u>	<u>636,856</u>	<u>(36,698)</u>	<u>(5,118)</u>	<u>-</u>	<u>(22,498)</u>	<u>(35,000)</u>	<u>-</u>	<u>(592,866)</u>	<u>119,234</u>

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17 Long-term equity investments (continued)

(3) Impairment allowances for long-term equity investments

	1 Jan. 2020	Increase in current period	Write-off i n curren t period	31 Dec. 2020	Note
Pride Telecom Limited	1,624	-	-	1,624	Note 1
Beijing WeMed Medical Equipment Co., Ltd.	21,222	-	(9,224)	11,998	Note 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	49,503	-	49,503	Note 1
	<u>22,846</u>	<u>49,503</u>	<u>(9,224)</u>	<u>63,125</u>	

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

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18 Investments in other equity instruments

					31 Dec. 2020	31 Dec. 2019
Equity instruments not held-for-trading					1,333,676	279,884
Item name	Dividend income recognized	Accumu- lated gains	Accum- ulated 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	Reasons for other comprehensiv e income transferred to retained earnings
Equity instruments not held-for-trading	1,113	223,375	(84,280)	(626)	Financial assets not held-for-trading	Sold in cur- rent period

19 Other non-current financial assets

		31 Dec. 2020	31 Dec. 2019
Equity investments		2,422,328	2,531,111
Debt investments		633,267	11,578
		3,055,595	2,542,689

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20 Investment property

	Housing and buildings	Land use right	Total
Gross amount:			
1 Jan. 2020	134,644	477	135,121
Increases			
Increase in current period	9,362	-	9,362
Increase due to newly acquired subsidiaries	824,304	101,570	925,874
Reclassified from fixed assets and intangible assets	30,265	133,501	163,766
Reclassified from construction in progress	1,136,385	-	1,136,385
Decreases			
Reclassified to fixed assets and intangible assets	(488,218)	(40,541)	(528,759)
31 Dec. 2020	1,646,742	195,007	1,841,749
Accumulated depreciation and amortization:			
1 Jan. 2020	52,742	106	52,848
Increases			
Increase in current period	63,720	2,894	66,614
Increase due to newly acquired subsidiaries	51,579	7,844	59,423
Reclassified from fixed assets and intangible assets	539	3,904	4,443
Decreases			
Reclassified to fixed assets and intangible assets	(53,368)	(4,485)	(57,853)
31 Dec. 2020	115,212	10,263	125,475
Investment property, net:			
31 Dec. 2020	1,531,530	184,744	1,716,274
1 Jan. 2020	81,902	371	82,273
Impairment allowances:			
1 Jan. 2020	-	-	-
Increases			
Increase due to newly acquired subsidiaries	122,732	-	122,732
Decreases			
Reclassified to fixed assets and intangible assets	(70,659)	-	(70,659)
31 Dec. 2020	52,073	-	52,073
Investment property, carrying amount:			
31 Dec. 2020	1,479,457	184,744	1,664,201
1 Jan. 2020	81,902	371	82,273

As at 31 Dec. 2020, investment property with pending ownership certificates was RMB172,947 thousand, which was mainly buildings of subsidiary GD Solar Co., Ltd., with the ownership certificates expected to be completed in 2021.

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21 Fixed assets

	Housing and buildings	Machinery equipment	Office and electronic equipment	Means of transport	Power stations	Others	Total
Gross amount:							
1 Jan. 2020	16,407,245	56,430,796	1,758,555	84,587	-	6,571	74,687,754
Increases							
Increase due to newly acquired subsidiaries	5,613,724	19,111,471	2,570,157	51,230	2,368,903	2,603	29,718,088
Purchase	9,109	1,501,088	122,311	6,324	-	163	1,638,995
Reclassified from investment property	488,218	-	-	-	-	-	488,218
Reclassified from construction in progress	2,336,930	31,243,755	364,086	5,539	1,307	-	33,951,617
Decrease							
Written down with government grants	(6,136)	(694,893)	(290)	-	-	-	(701,319)
Decrease due to newly reduced subsidiaries	-	-	(2,655)	(1,037)	-	-	(3,692)
Reclassified to investment property	(30,265)	-	-	-	-	-	(30,265)
Other decreases	(474,707)	(546,596)	(575,661)	(5,798)	(394)	(110)	(1,603,266)
Exchange adjustment	-	-	(390)	(187)	-	-	(577)
31 Dec. 2020	<u>24,344,118</u>	<u>107,045,621</u>	<u>4,236,113</u>	<u>140,658</u>	<u>2,369,816</u>	<u>9,227</u>	<u>138,145,553</u>
Accumulated depreciation:							
1 Jan. 2020	1,875,286	26,629,564	652,321	50,663	-	4,293	29,212,127
Increases							
Increase due to newly acquired subsidiaries	807,902	4,489,001	1,000,606	29,978	313,681	472	6,641,640
Accrual	631,492	7,916,773	208,551	14,014	22,588	921	8,794,339
Reclassified from investment property	53,368	-	-	-	-	-	53,368
Decreases							
Written down with government grants	(174,339)	(280,305)	-	-	-	-	(454,644)
Decrease due to newly reduced subsidiaries	-	-	(2,477)	(855)	-	-	(3,332)
Reclassified to investment property	(539)	-	-	-	-	-	(539)
Other decreases	(55,546)	(140,030)	(77,103)	(4,202)	-	(94)	(276,975)
Exchange adjustment	-	-	(275)	(126)	-	-	(401)
31 Dec. 2020	<u>3,137,624</u>	<u>38,615,003</u>	<u>1,781,623</u>	<u>89,472</u>	<u>336,269</u>	<u>5,592</u>	<u>43,965,583</u>
Fixed assets, net:							
31 Dec. 2020	<u>21,206,494</u>	<u>68,430,618</u>	<u>2,454,490</u>	<u>51,186</u>	<u>2,033,547</u>	<u>3,635</u>	<u>94,179,970</u>
1 Jan. 2020	<u>14,531,959</u>	<u>29,801,232</u>	<u>1,106,234</u>	<u>33,924</u>	<u>-</u>	<u>2,278</u>	<u>45,475,627</u>

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21 Fixed assets (continued)

	Housing and buildings	Machinery equipment	Office and electronic equipment	Means of transport	Power stations	Others	Total
Impairment allowances:							
1 Jan. 2020	-	6,666	9,891	-	-	-	16,557
Increase due to newly acquired subsidiaries	700,882	128,774	394,441	3,977	-	-	1,228,074
Current accrual	-	40,695	263	186	-	-	41,144
Reclassified from investment property	70,659	-	-	-	-	-	70,659
Write-off in current period	-	(5,726)	(42)	(598)	-	-	(6,366)
Exchange adjustment	-	-	-	-	-	-	-
31 Dec. 2020	<u>771,541</u>	<u>170,409</u>	<u>404,553</u>	<u>3,565</u>	-	-	<u>1,350,068</u>
Fixed assets, carrying amount							
31 Dec. 2020	<u>20,434,953</u>	<u>68,260,209</u>	<u>2,049,937</u>	<u>47,621</u>	<u>2,033,547</u>	<u>3,635</u>	<u>92,829,902</u>
1 Jan. 2020	<u>14,531,959</u>	<u>29,794,566</u>	<u>1,096,343</u>	<u>33,924</u>	-	<u>2,278</u>	<u>45,459,070</u>

Please refer to Item 81 of Note V for information on fixed asset mortgage. As at 31 Dec. 2020, temporarily idle fixed assets were RMB4,232 thousand; and the gross amount of the fixed assets that were sufficiently depreciated and still in use was RMB10,946,496 thousand.

Fixed assets with pending ownership certificates at the end of the current period:

	Carrying amount	Expected time of obtaining ownership certificate
Housing and buildings (Note)	9,642,523	Within 2021

Note As at 31 Dec. 2020, the fixed assets with pending ownership certificates of the Company are mainly the housing and buildings of CSOT's t3, t4 and t6 manufacturing bases and Huizhou module factory, as well as the housing and buildings of Inner Mongolia Zhonghuan Xiexin Solar Material Co., Ltd., Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd. and Tianjin Zhongke Huanhai Industrial Park Co., Ltd.

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V Notes to Consolidated Financial Statements (Continued)

22 Construction in progress

Project name	Budget	Beginning amount	Increase due to newly acquired subsidiaries	Increase in current period	Reclassified to fixed assets in current period	Other decreases	31 Dec. 2020	Investment as % of budget	Progress	Cumulative capitalized interest	Of which: capitalized interest in current period	Interest capitalization rate for current period	Funding source
t6 production line of LCD panel	33,149,000	17,267,442	-	1,299,548	(18,187,381)	(74,372)	305,237	84%	98%	796,952	220,984	4.69%	Self-funded + external-loan-funded
t7 production line of LCD panel	35,337,000	3,350,136	-	6,017,721	(23,465)	(5,749)	9,338,643	54%	60%	124,705	124,705	4.21%	Self-funded + external-loan-funded
t4 production line of LCD panel	27,081,000	10,024,509	-	11,503,185	(10,155,826)	(479,113)	10,892,755	100%	80%	840,028	321,231	4.21%	Self-funded + external-loan-funded
Huizhou modular integration project	5,930,000	1,441,460	-	1,591,122	(960,720)	(433,031)	1,638,831	90%	81%	19,818	19,206	4.45%	Self-funded + external-loan-funded
Production line of 8-12-inch semi-conductor silicon wafers for integrated circuit	5,707,172	-	2,208,940	28,121	(205,416)	(4,062)	2,027,583	42%	42%	-	-	-	Self-funded
Industrialization phase V of monocrystalline silicon materials for renewable solar power batteries and monocrystalline silicon wafers for ultra-thin high-efficient solar power batteries	9,125,010	-	2,678,696	345,625	(1,607,037)	-	1,417,284	51%	51%	-	-	-	Self-funded
Others	N/A	1,494,743	4,862,104	3,459,630	(2,811,772)	(1,116,727)	5,887,978	N/A	N/A	N/A	N/A	N/A	N/A
		<u>33,578,290</u>	<u>9,749,740</u>	<u>24,244,952</u>	<u>(33,951,617)</u>	<u>(2,113,054)</u>	<u>31,508,311</u>						

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23 Notes to Consolidated Financial Statements (Continued)
Intangible assets

	Land use right	Non-patented technologies /patents	Others	Total
Gross amount:				
1 Jan. 2020	3,477,919	3,301,461	778,796	7,558,176
Increases				
Increase due to newly acquired subsidiaries	2,341,673	1,544,010	47,027	3,932,710
Purchase	62,090	418,054	116,183	596,327
Reclassified from investment property	40,541	-	-	40,541
Reclassified from construction in progress	-	-	174,976	174,976
Reclassified from development costs	-	1,073,297	-	1,073,297
Decreases				
Sale and disposal	-	(115,020)	(755)	(115,775)
Reclassified to investment property	(133,501)	-	-	(133,501)
Decrease due to newly reduced subsidiaries	-	-	(8,155)	(8,155)
Written down with government grants	-	-	(1,960)	(1,960)
Exchange adjustment	-	(15,336)	(8)	(15,344)
31 Dec. 2020	<u>5,788,722</u>	<u>6,206,466</u>	<u>1,106,104</u>	<u>13,101,292</u>
Accumulated amortization:				
1 Jan. 2020	334,894	1,080,538	401,055	1,816,487
Increases				
Increase due to newly acquired subsidiaries	119,418	329,680	20,796	469,894
Accrual	121,293	467,332	121,277	709,902
Reclassified from investment property	4,485	-	-	4,485
Decreases				
Sale and disposal	-	(11,032)	(753)	(11,785)
Reclassified to investment property	(3,904)	-	-	(3,904)
Decrease due to newly reduced subsidiaries	-	-	(6,479)	(6,479)
Written down with government grants	(6,835)	-	(575)	(7,410)
Exchange adjustment	-	(2,348)	(6)	(2,354)
31 Dec. 2020	<u>569,351</u>	<u>1,864,170</u>	<u>535,315</u>	<u>2,968,836</u>
Intangible assets, net:				
31 Dec. 2020	<u>5,219,371</u>	<u>4,342,296</u>	<u>570,789</u>	<u>10,132,456</u>
1 Jan. 2020	<u>3,143,025</u>	<u>2,220,923</u>	<u>377,741</u>	<u>5,741,689</u>
Impairment allowances:				
1 Jan. 2020	-	34,881	22,224	57,105
Increase due to newly acquired subsidiaries	23,562	-	-	23,562
Accrual	-	-	-	-
Write-off in current period	-	-	-	-
Exchange adjustment	-	(2,256)	-	(2,256)
31 Dec. 2020	<u>23,562</u>	<u>32,625</u>	<u>22,224</u>	<u>78,411</u>
Intangible assets, carrying amount:				
31 Dec. 2020	<u>5,195,809</u>	<u>4,309,671</u>	<u>548,565</u>	<u>10,054,045</u>
1 Jan. 2020	<u>3,143,025</u>	<u>2,186,042</u>	<u>355,517</u>	<u>5,684,584</u>

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

As at 31 Dec. 2020, the carrying amount of land use rights with pending ownership certificates was RMB2,122 thousand.

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V Notes to Consolidated Financial Statements (Continued)

24 Development costs

Development costs are as follows :

	31 Dec. 2020	31 Dec. 2019
Semi-conductor display	1,383,727	1,548,471
Semi-conductor photovoltaic and semi-conductor materials	720,268	-
	2,103,995	1,548,471

25 Goodwill

(1) Gross amount of goodwill

Name of investee or item incurring goodwill	Beginning amount	Increase in current period		Decrease in current period	Ending amount
		Incurred in business combination	Increase due to newly acquired subsidiaries	Disposal and others	
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 Zhonghuan Electronics Group Co., Ltd. Note 3	-	6,726,130	-	-	6,726,130
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd. Note 4	-	-	214,683	-	214,683
	31,419	6,726,130	214,683	-	6,972,232

(2) Goodwill impairment allowance

Name of investee	Beginning amount	Increase in current period	Decrease in current period	Ending amount
TCL Medical Radiological Technology (Beijing) Co., Ltd.	28,967	-	-	28,967
	28,967	-	-	28,967

Note 1 The Company acquired in 2010 a 51.82% interest in TCL Medical Radiological Technology (Beijing) Co., Ltd. (hereinafter referred to as "TCL Medical Radiological Technology") with a capital of RMB 52,319 thousand. As such, the difference between the accumulated investment of the Company in TCL Medical Radiological Technology (corresponding to a 51.82% interest) and the fair value of the identifiable net assets of TCL Medical Radiological Technology attributable to the Company on the settlement date (equal to RMB 28,967 thousand) was recorded in the Company's goodwill. An impairment allowance of RMB 28,967 thousand had been established on this goodwill item for 2019.

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V Notes to Consolidated Financial Statements (Continued)

25 Goodwill (continued)

Note 2 Highly Information Industry Co., Ltd., a subsidiary of the Company, acquired in October 2016 a 60% interest in Qingdao Blue Business Consulting Co., Ltd. (hereinafter referred to as “Blue Business Consulting”) with a capital of RMB 10,000 thousand. As such, 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 identifiable net assets of Blue Business Consulting attributable to Highly Information Industry Co., Ltd. on the settlement date (equivalent to RMB 2,452 thousand) was recorded in the Company’s goodwill.

Note 3 The Company acquired on 1 October 2020 the 100% interest in Tianjin Zhonghuan Electronics Group Co., Ltd. (hereinafter referred to as “Zhonghuan Electronics”) with a cash payment of RMB12,500,000 thousand. As from the date of acquisition, the Group has obtained the control of Zhonghuan Electronics and has thus included it into the consolidated financial statements. As such, the difference between the accumulated investment of the Company in Zhonghuan Electronics (corresponding to the 100% interest) and the fair value of the identifiable net assets of Zhonghuan Electronics attributable to the Company on the settlement date (equal to RMB6,726,130 thousand) was recorded in the Company’s goodwill.

Note 4 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.

(3) Goodwill impairment test

The Company tested the impairment of its goodwill on 31 December 2020. The recoverable amount of the asset portfolio with goodwill was calculated with the discounted future cash flow approach, based on the budget approved by the Management (the budget period is five years). The estimated perpetual annual growth rate was adopted to calculate the future cash flow exceeding the budget period. The perpetual annual growth rate (primarily 0% - 0.37%) adopted by the Management was consistent with predicted data on the industry. The Management confirmed the revenue growth rate (mainly -2.83% - 24.57%) and the EBITDA (primarily 5.9% - 19.6%) in accordance with historical experience and the prediction of market development and the consistency with strategic planning for future enterprise development. The special risk discount rate (mainly 8% - 13.5%) that could reflect relevant asset portfolios was adopted. There was no need for the Company to set aside allowances for asset impairment for the asset portfolio of Qingdao Blue Business Consulting Co., Ltd., Tianjin Zhonghuan Advanced Materials & Technology Co., Ltd., and Tianjin Printronics Circuit Corp., and the goodwill of the asset portfolio of semi-conductor photovoltaic and semi-conductor materials on 31 December 2020, after the Management analyzed the recoverable amount of each asset portfolio according to the assumption.

The key assumptions used in the future cash flow discounting method adopted for the TPC asset group and the semi-conductor photovoltaic and semi-conductor materials asset group are as follows:

	31 Dec. 2020
Perpetual annual growth rate	0%
Discount rate	13.50%

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V Notes to Consolidated Financial Statements (Continued)
26 Long-term prepaid expense

	1 Jan. 2020	Increase in current period	Increase due to newly acquired subsidiaries	Amortization in current period	Others	31 Dec. 2020
Improvement expense on leased fixed assets	1,528,158	464,143	-	(154,891)	(310)	1,837,100
Others	39,533	1,311,982	265,536	(819,267)	(98,214)	699,570
	<u>1,567,691</u>	<u>1,776,125</u>	<u>265,536</u>	<u>(974,158)</u>	<u>(98,524)</u>	<u>2,536,670</u>

27 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	31 Dec. 2020		1 Jan. 2020	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	6,894,358	1,123,164	4,202,964	671,868
Asset impairment allowances	863,644	157,705	444,397	74,151
Provisions	348,755	63,881	177,421	28,473
Changes in fair value	55,115	9,708	2,862	429
Others	1,236,231	223,630	353,392	65,896
	<u>9,398,103</u>	<u>1,578,088</u>	<u>5,181,036</u>	<u>840,817</u>

	31 Dec. 2019	
	Deductible temporary difference	Deferred income tax assets
Deductible losses	4,202,964	671,868
Asset impairment allowances	444,625	74,208
Provisions	177,421	28,473
Changes in fair value	2,862	429
Others	353,392	65,896
	<u>5,181,264</u>	<u>840,874</u>

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V Notes to Consolidated Financial Statements (Continued)

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

(2) Un-offset deferred income tax liabilities

	31 Dec. 2020		31 Dec. 2019	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation of fixed assets	9,964,402	1,632,989	4,924,463	782,644
Increase in value of assets as assessed in business combination not involving entities under common control	1,677,938	330,039	-	-
Changes in fair value	1,387,815	339,098	242,663	54,491
Government grants	120,200	18,030	314,595	52,290
Other	333,004	66,341	307,929	63,253
	13,483,359	2,386,497	5,789,650	952,678

(3) Unrecognized deferred income tax assets

	31 Dec. 2020	31 Dec. 2019
Deductible temporary differences	450,345	314,937
Deductible losses	2,805,343	914,950
	3,255,688	1,229,887

(4) There were no deferred income tax assets or liabilities presented at the net amount after offsetting.

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V Notes to Consolidated Financial Statements (Continued)

27 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:

	31 Dec. 2020	31 Dec. 2019
2020	85,905	12,682
2021	186,872	22,419
2022	278,304	10,848
2023	497,214	27,193
2024	487,234	34,909
2025	460,523	4,937
2026 onwards	809,291	801,962
	<u>2,805,343</u>	<u>914,950</u>

28 Other non-current assets

	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
Advance payment for equipment and land use rights (Note)	11,725,289	3,336,619	3,336,619
Advance payment for patents	244,462	225,576	225,576
Others	563,102	694,415	688,464
	<u>12,532,853</u>	<u>4,256,610</u>	<u>4,250,659</u>

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.

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V Notes to Consolidated Financial Statements (Continued)

29 Short-term borrowings

	31 Dec. 2020	31 Dec. 2019
Unsecured borrowings	10,983,337	11,291,664
Borrowings secured by pledge	1,059,306	754,794
Borrowings secured by collateral	192,000	-
Interest payable	29,071	23,199
	12,263,714	12,069,657

As at 31 Dec. 2020, short-term borrowings secured by pledge were RMB1,059,306 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB754,794 thousand), which were secured by the pledge of held-for-trading financial assets of RMB2,111,342 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB1,743,204 thousand). Short-term borrowings secured by collateral were RMB192,000 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB0), which were secured by the collateral of machinery equipment of RMB207,407 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB0).

As at 31 Dec. 2020, the Company does not have any short-term borrowings that have expired and have not been repaid.

30 Borrowings from central bank

As at 31 Dec. 2020, the balance of the borrowings of TCL Tech Finance Co., Ltd., a subsidiary of the Company, from the central bank was RMB469,834 thousand (31 Dec. 2019: RMB573,222 thousand).

31 Customer deposits and deposits from banks and other financial institutions

	31 Dec. 2020	31 Dec. 2019
Customer deposits and deposits from banks and other financial institutions	2,850,139	1,355,129
	2,850,139	1,355,129

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

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V Notes to Consolidated Financial Statements (Continued)

32 Held-for-trading financial liabilities

	31 Dec. 2020	31 Dec. 2019
Financial liabilities at fair value through profit or loss	527,901	188,220

33 Derivative financial liabilities

	31 Dec. 2020	31 Dec. 2019
Derivative financial liabilities	384,904	84,705

34 Notes payable

	31 Dec. 2020	31 Dec. 2019
Bank acceptance notes	4,324,150	1,595,901
Trade acceptance notes	401,462	124,501
	4,725,612	1,720,402

There is no amount payable to shareholders holding 5% or more voting shares in the Company in the account balance.

35 Accounts payable

	31 Dec. 2020	31 Dec. 2019
Amounts due to suppliers	16,468,932	11,549,133

As at 31 Dec. 2020, there were no significant accounts payable with an age of over one year. There is no amount payable to shareholders holding 5% or more voting shares in this account.

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V Notes to Consolidated Financial Statements (Continued)

36 Advances from customers

	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
Advances from customers	<u>78,597</u>	<u>3,673</u>	<u>141,749</u>

The Company had no advances from customers of a large amount with an age of over one year.

There is no advance from shareholders holding 5% or more voting shares in this account balance.

37 Contract liabilities

	31 Dec. 2020	1 Jan. 2020
Advances from customers	<u>2,004,004</u>	<u>150,196</u>

38 Financial assets sold under repurchase agreements

	31 Dec. 2020	31 Dec. 2019
Financial assets sold under repurchase agreements	<u>50,080</u>	<u>-</u>

39 Employee benefits payable and long-term employee benefits payable

(1) Employee benefits payable

	31 Dec. 2020	31 Dec. 2019
Short-term employee benefits payable	1,828,681	1,089,163
Defined contribution plans payable	25,394	1,371
Dismissal benefits payable	<u>2,589</u>	<u>3,683</u>
	<u>1,856,664</u>	<u>1,094,217</u>

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V Notes to Consolidated Financial Statements (Continued)

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

(1) Employee benefits payable (continued)

(a) Short-term employee benefits payable

	1 Jan. 2020	Acquired sub sidiaries	Increase in current period	Decrease in current period	31 Dec. 2020
Wages, bonuses, allowances and subsidies	910,703	17,982	4,765,060	(4,199,793)	1,493,952
Employee services and benefits	9,623	2,117	221,615	(213,327)	20,028
Social insurance benefits	42,174	2,888	129,083	(137,018)	37,127
Of which: medical insurance	40,453	2,682	118,836	(127,405)	34,566
Employment injury insurance	556	199	2,041	(1,780)	1,016
Maternity insurance	1,165	7	8,206	(7,833)	1,545
Housing fund	20,008	3	176,872	(160,223)	36,660
Trade union funds and staff education funds	2,050	8,613	14,456	(13,621)	11,498
Others	104,605	859	219,064	(95,112)	229,416
	<u>1,089,163</u>	<u>32,462</u>	<u>5,526,150</u>	<u>(4,819,094)</u>	<u>1,828,681</u>

(b) Defined contribution plans

	1 Jan. 2020	Acquired subsidiaries	Increase in current period	Decrease in current period	31 Dec. 2020
Basic pension insurance	1,312	6,562	145,061	(128,930)	24,005
Unemployment insurance	59	184	5,137	(3,991)	1,389
	<u>1,371</u>	<u>6,746</u>	<u>150,198</u>	<u>(132,921)</u>	<u>25,394</u>

(2) Long-term employee benefits payable

	31 Dec. 2020	31 Dec. 2019
Supplementary pension insurance (note)	<u>27,858</u>	<u>23,018</u>

Note This item is the supplementary pension insurance benefits payable to retired employees.

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V Notes to Consolidated Financial Statements (Continued)

40 Taxes and levies payable

	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
VAT	75,769	26,879	26,997
Corporate income tax	471,670	154,027	154,027
Individual income tax	33,518	22,666	22,666
City construction tax	23,919	1,965	1,965
Educational surcharge	17,105	1,450	1,450
Others	48,078	19,701	19,701
	<u>670,059</u>	<u>226,688</u>	<u>226,806</u>

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

41 Other payables

	31 Dec. 2020	31 Dec. 2019
Dividends payable	1,293	11,058
Other payables	14,868,140	12,282,508
	<u>14,869,433</u>	<u>12,293,566</u>

(1) Dividends payable

	31 Dec. 2020	31 Dec. 2019
Other non-controlling interests	<u>1,293</u>	<u>11,058</u>

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V Notes to Consolidated Financial Statements (Continued)

41 Other payables (continued)

(2) Other payables

	31 Dec. 2020	31 Dec. 2019
Payables for engineering equipment	9,586,852	8,515,216
Amounts due to external entities	4,192,022	2,711,596
Unpaid expenses	879,629	856,377
Deposit and security deposit	209,637	199,319
	14,868,140	12,282,508

There is no amount payable to shareholders holding 5% or more voting shares in this account.

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V Notes to Consolidated Financial Statements (Continued)

42 Current portion of non-current liabilities

	Note V	31 Dec. 2020	31 Dec. 2019
Current portion of long-term borrowings (note 1)	44	4,360,381	800,000
Current portion of bonds payable		8,146,771	499,748
Current portion of long-term payables		361,110	-
Current portion of interest payable		561,408	392,215
		<u>13,429,670</u>	<u>1,691,963</u>

Note 1 As at 31 Dec. 2020, the current portion of long-term borrowings included unsecured borrowings of RMB4,360,381 thousand (including amounts translated from other currencies). The interest rates of the current portion of long-term borrowings ranged from 1.35% to 5.70% (2019: 2.33%-6.00%).

43 Other current liabilities

	31 Dec. 2020	1 Jan. 2020	31 Dec. 2019
After-sales service expense (note)	197,515	35,435	35,435
Others	169,456	50,236	33,587
	<u>366,971</u>	<u>85,671</u>	<u>69,022</u>

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

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V Notes to Consolidated Financial Statements (Continued)

44 Long-term borrowings

	31 Dec. 2020	31 Dec. 2019
Borrowings secured by collateral	39,413,026	33,589,761
Borrowings secured by pledge	445,100	-
Unsecured borrowings	38,091,658	5,722,298
	<u>77,949,784</u>	<u>39,312,059</u>
Of which: Current portion of long-term borrowings	(4,360,381)	(800,000)
	<u>73,589,403</u>	<u>38,512,059</u>

The maturities of the Company's long-term borrowings vary from 2021 to 2030.

As at 31 Dec. 2020, long-term borrowings secured by collateral were RMB39,413,026 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB33,589,761 thousand), which were secured by the collaterals of land use rights, housing and buildings and machinery equipment of RMB83,524,779 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB39,055,477 thousand). Long-term borrowings secured by pledge were RMB445,100 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB0), which were secured by the pledges such as rights of charge of RMB302,447 thousand (including amounts translated from other currencies) (31 Dec. 2019: RMB0 thousand).

The interest rates of the Company's long-term borrowing ranged from 1.35% to 5.70% in the current period (2019: 2.33%-6.00%).

45 Bonds payable

	31 Dec. 2020	31 Dec. 2019
Corporate bonds	13,047,234	14,483,130
MTN	4,993,539	1,995,955
	<u>18,040,773</u>	<u>16,479,085</u>

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V Notes to Consolidated Financial Statements (Continued)

45 Bonds payable (continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Maturity	Issued amount	Increase due to newly acquired subsidiaries	Beginning amount	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note 1)	Ending amount
16TCL02	1,500,000	2016-03-16	5	1,500,000	-	1,500,000	-	-	-	-	(1,500,000)	-
16TCL03	2,000,000	2016-07-07	5	2,000,000	-	2,000,000	-	-	-	-	(2,000,000)	-
17TCL01	1,000,000	2017-04-19	5	1,000,000	-	1,000,000	-	-	947	-	-	1,000,947
17TCL02	3,000,000	2017-07-07	5	3,000,000	-	3,000,000	-	-	-	(2,843,000)	-	157,000
18TCL01	1,000,000	2018-06-06	5	1,000,000	-	998,786	-	-	(242)	-	-	998,544
18TCL02	2,000,000	2018-08-20	5	2,000,000	-	1,995,639	-	-	1,202	-	-	1,996,841
18TCL-MTN001	2,000,000	2018-12-03	3	2,000,000	-	1,995,955	-	-	2,106	-	(1,998,061)	-
19TCL01	1,000,000	2019-05-20	5	1,000,000	-	997,480	-	-	576	-	-	998,056
19TCL02	1,000,000	2019-07-23	5	1,000,000	-	997,448	-	-	561	-	-	998,009
19TCL03	2,000,000	2019-10-21	5	2,000,000	-	1,993,777	-	-	1,965	-	-	1,995,742
20TCL Tech MTN001	3,000,000	2020-03-27	3	3,000,000	-	-	3,000,000	-	(5,359)	-	-	2,994,641
TCL Private Convertible 1 (Note 2)	600,000	2020-11-11	2	600,000	-	-	600,000	1,000	(28,810)	-	-	572,190
TCL Private Convertible 2 (Note3)	2,600,000	2020-11-30	2	2,600,000	-	-	2,600,000	1,083	(220,708)	-	-	2,380,375
TCL TEC 1	1,957,483	2020-07-14	5	1,957,483	-	-	1,957,483	-	(7,953)	-	-	1,949,530
18 Zhonghuan Semiconductor MTN002	800,000	2018-12-5	3	800,000	800,292	-	-	608	(948)	(608)	(799,344)	-

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V Notes to Consolidated Financial Statements (Continued)

45 Bonds payable (continued)

(1) Movements in bonds payable (continued)

Bond name	Par value	Issue date	Maturity	Issued amount	Increase due to newly acquired subsidiaries	Beginning amount	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note 1)	Ending amount
18 Zhonghuan Semiconductor MTN001	600,000	2019-3-15	3	600,000	600,614	-	-	449	(351)	(449)	-	600,263
19 Zhonghuan Semiconductor MTN002	600,000	2019-8-23	3	600,000	599,863	-	-	433	8	(433)	-	599,871
20Zhonghuan01	800,000	2020-6-22	3	800,000	798,565	-	-	197	199	(197)	-	798,764
19TCL-MTN001 (Note 4)	800,000	2019-6-14	3	800,000	800,000	-	-	-	-	-	(800,000)	-
19Zhonghuan01	450,000	2019-3-6	2	450,000	449,557	-	-	-	344	-	(449,901)	-
19Zhonghuan02	600,000	2019-8-9	2	600,000	599,204	-	-	-	261	-	(599,465)	-
	<u>29,307,483</u>			<u>29,307,483</u>	<u>4,648,095</u>	<u>16,479,085</u>	<u>8,157,483</u>	<u>3,770</u>	<u>(256,202)</u>	<u>(2,844,687)</u>	<u>(8,146,771)</u>	<u>18,040,773</u>

Note 1 Others are the current portion of bonds payable reclassified to the current portion of non-current liabilities.

Note 2 TCL Private Convertible 1 is convertible corporate bonds with a maturity of two years. The stock convertible period starts from the first trading day 12 months after the completion of the offering and ends upon the maturity of the bonds. The interest rates for the first and second years are 2% and 1.5% respectively.

Note 3 TCL Private Convertible 2 is convertible corporate bonds with a maturity of two years. The stock convertible period starts from the first trading day six months after the completion of the offering and ends upon the maturity of the bonds. The interest rates for the first and second years are 0.5% and 0.1% respectively.

Note 4 The notes carry advanced redemption provisions, which will be redeemed in 2021. Therefore, they were reclassified as current portion of non-current liabilities.

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V Notes to Consolidated Financial Statements (Continued)

46 Long-term payables

	31 Dec. 2020	31 Dec. 2019
Finance leases	1,256,300	-
Technological development fund	24,000	24,000
Others	-	206
	1,280,300	24,206

47 Deferred income

	1 Jan. 2020	Increase due to newly acquired subsidi- aries	New grants in current period	Amount recorded in non-oper- ating income in current period	Amount recorded in other income in current period	Amount used to offset costs and expenses in current period	Other changes	31 Dec. 2020
Government grants related to assets	220,063	128,303	762,311	(1,296)	(76,595)	(184,454)	(364,691)	483,641
Government grants related to income	1,692,358	-	1,833,318	(5)	(1,618,199)	(321,412)	(562,924)	1,023,136
Rental	-	3,663	-	-	-	-	(573)	3,090
	1,912,421	131,966	2,595,629	(1,301)	(1,694,794)	(505,866)	(928,188)	1,509,867

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

48 Other non-current liabilities

	31 Dec. 2020	31 Dec. 2019
Others	-	483
	-	483

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V Notes to Consolidated Financial Statements (Continued)

49 Share capital

(Unit: RMB'000)	1 Jan. 2020		Increase/decrease in current period			31 Dec. 2020	
	Amount	Percentage	New issues	Others	Subtotal	Amount	Percentage
1. Restricted shares	867,766	6.41%	511,509	(8,447)	503,062	1,370,828	9.77%
2. Unrestricted shares	12,660,673	93.59%	-	(713)	(713)	12,659,960	90.23%
3. Total shares	13,528,439	100%	511,509	(9,160)	502,349	14,030,788	100%

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V Notes to Consolidated Financial Statements (Continued)

49 Share capital (continued)

As at 31 Dec. 2020, the Company's total share capital was 14,030,788 thousand shares.

Note Except for Chairman of the Board Mr. Li Dongsheng who holds restricted shares subscribed for in a private placement, none of the other incumbent directors, supervisors or senior management hold any restricted shares from a split-share structure reform or a private placement. The shares held by these personnel will stay partially frozen as per the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes thereof. The trading and information disclosure in relation to these shares shall be in strict compliance with the applicable laws, regulations and rules.

50 Other equity instruments

	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
Convertible bonds	-	230,241	-	230,241

51 Capital reserves

	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
Share premium	4,924,212	1,487,230	(969,057)	5,442,385
Other capital reserves	792,455	-	(792,455)	-
	<u>5,716,667</u>	<u>1,487,230</u>	<u>(1,761,512)</u>	<u>5,442,385</u>

52 Treasury stock

	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
Incentive shares	145,420	-	(39,928)	105,492
Repurchased shares	1,807,537	-	-	1,807,537
	<u>1,952,957</u>	<u>-</u>	<u>(39,928)</u>	<u>1,913,029</u>

The decrease in incentive shares in the current period was primarily attributed to the repurchase and retirement of restricted shares.

53 Surplus reserves

	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
Statutory surplus reserves	2,055,498	214,524	-	2,270,022
Discretionary surplus reserves	182,870	-	-	182,870
	<u>2,238,368</u>	<u>214,524</u>	<u>-</u>	<u>2,452,892</u>

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V Notes to Consolidated Financial Statements (Continued)

53 Surplus reserves (continued)

As per China's Company Law, Articles of Association for Companies, accounting standards, the Company and several of its subsidiaries shall appropriate 10% of net profits as statutory surplus reserves until the reserve amount reaches 50% of the registered capital. According to the aforesaid laws and regulations, part of the statutory surplus reserves can be converted into share capital of the Company, and the remaining amount shall not be lower than 25% of the registered capital.

After the appropriation to the statutory surplus reserves, the Company may appropriate the discretionary surplus reserves. Upon approval, the discretionary surplus reserves can be used to make up the previous loss or increase the share capital.

54 Specific reserve

	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
Production safety reserve	-	211	-	211

55 General reserve

	1 Jan. 2020	Accrued in current period	Decrease in current period	31 Dec. 2020
General reserve	361	25	-	386

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, this subsidiary appropriated 1% of its net profit as general reserve in the previous years.

56 Retained earnings

	2020	2019
Beginning retained earnings	11,115,150	10,000,973
Changes in accounting policies	(83)	(106,833)
Net profit for current period	4,388,159	2,617,765
Decrease in current period	(1,493,732)	(1,396,755)
Including: Appropriated as surplus reserves	(214,524)	(52,832)
Distributed to ordinary shareholders as dividends	(1,279,155)	(1,337,079)
Others	(53)	(6,844)
Ending retained earnings	14,009,494	11,115,150

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V Notes to Consolidated Financial Statements (Continued)

57 Revenue and cost of sales

	2020		2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Core business	75,938,207	66,049,377	74,056,389	66,003,229
Non-core business	739,031	192,901	876,697	333,888
	<u>76,677,238</u>	<u>66,242,278</u>	<u>74,933,086</u>	<u>66,337,117</u>

(1) Core business by operating segment

	Revenue		Cost of sales		Gross profit	
	2020	2019	2020	2019	2020	2019
Domes tic	53,611,557	47,799,405	48,136,161	42,114,424	5,475,396	5,684,981
Overse as	22,326,650	26,256,984	17,913,216	23,888,805	4,413,434	2,368,179
	<u>75,938,207</u>	<u>74,056,389</u>	<u>66,049,377</u>	<u>66,003,229</u>	<u>9,888,830</u>	<u>8,053,160</u>

- (2) The sales revenue from the top five customers combined was RMB29,538,238 thousand and RMB21,701,693 thousand respectively for 2020 and 2019, accounting for 38.90% and 29.30% of the core business revenue.

58 Interest income/expense and exchange gain

	2020	2019
Interest income	153,163	144,720
Interest expense	33,034	17,230
Exchange gain/(loss)	(2,039)	(12,499)

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.

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59 Taxes and levies

	2020	2019
Property tax	117,164	93,039
Stamp tax	83,661	67,689
City maintenance and construction tax	42,124	64,586
Educational surcharge	29,948	47,761
Land use tax	12,336	12,370
Others	15,543	45,143
	300,776	330,588

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

60 Selling expense

	2020	2019
Employee salaries and benefits	304,706	647,645
After-sales service expense	239,256	424,439
Branding expense	52,022	225,349
Transport expense	49,713	481,379
Ad and sales promotion expense	34,538	434,422
Others	206,582	644,255
	886,817	2,857,489

61 Administrative expense

	2020	2019
Employee salaries and benefits	934,400	855,810
Depreciation and amortization expense	469,747	378,404
Expense for hiring intermediary organizations	382,596	333,300
Office expense	137,893	123,423
Insurance expense	56,317	101,074
Others	389,425	103,077
	2,370,378	1,895,088

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V Notes to Consolidated Financial Statements (Continued)

62 R&D expense

	2020	2019
Depreciation and amortization expense	1,746,405	1,185,695
Material and lab expense	1,602,260	885,607
Employee salaries and benefits	701,448	905,908
Outsourced development cost	138,884	124,889
Others	213,824	294,706
	4,402,821	3,396,805

63 Finance costs

	2020	2019
Interest expense	2,594,868	1,958,251
Interest income	(405,409)	(401,645)
Exchange loss/(gain)	144,797	(355,134)
Others	22,766	47,329
	2,357,022	1,248,801

64 Other income

	2020	2019
R&D subsidies	1,703,282	1,811,757
VAT rebates on software	9,603	7,323
Over-deduction in taxable amount for VAT	1,328	62,208
Others	56,822	19,348
	1,771,035	1,900,636

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V Notes to Consolidated Financial Statements (Continued)

65	Return on investment	2020	2019
	Proceeds from disposal of debt instruments at fair value through profit or loss	237,721	346,391
	Proceeds from disposal of equity instruments at fair value through profit or loss	388,726	(113,316)
	Proceeds from holding of equity instruments at fair value through profit or loss	86,866	28,747
	Proceeds from holding of debt instruments at fair value through profit or loss	184,200	99,859
	Share of net income of associates	2,176,035	1,620,874
	Share of net income of joint ventures	(5,118)	36,597
	Net income from disposal of long-term equity investments	211,578	1,416,185
	Others	(25,604)	7,217
		<u>3,254,404</u>	<u>3,442,554</u>
66	Gain on changes in fair value	2020	2019
	Held-for-trading financial assets	404,920	555,470
	Derivative financial assets	273,916	138,119
	Held-for-trading financial liabilities	(13,522)	(4,771)
	Derivative financial liabilities	7,479	(215,145)
		<u>672,793</u>	<u>473,673</u>
67	Credit impairment loss	2020	2019
	Loss on uncollectible accounts receivable	50,252	34,693
	Loss on uncollectible other receivables	11,876	(2,435)
	Other financial assets	2,537	-
		<u>64,665</u>	<u>32,258</u>

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V Notes to Consolidated Financial Statements (Continued)

68 Asset impairment loss

	2020	2019
Inventory valuation loss	492,300	568,443
Loss on impairments of fixed assets	41,144	3,000
Loss on impairment of intangible assets	-	11,845
Loss on impairment of goodwill	-	92,952
Loss on impairment of other assets	(21,837)	114,872
	511,607	791,112

69 Asset disposal income

	2020	2019
Income/(loss) from disposal of fixed assets	2,708	1,042
Income/(loss) from disposal of intangible assets	-	26
Income from disposal of other non-current assets	-	89
	2,708	1,157

70 Non-operating income

	2020	2019	Amount through current non-recurring gains and losses
Gains on retired or damaged non-current assets	89	84	89
Negative goodwill	292,440	68,022	292,440
Government grants and others	199,845	60,503	199,845
	492,374	128,609	492,374

71 Non-operating expense

	2020	2019	Amount through current non-recurring gains and losses
Losses on retired or damaged non-current assets	12,631	1,763	12,631
Others	104,343	47,882	104,343
	116,974	49,645	116,974

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V Notes to Consolidated Financial Statements (Continued)

72 Income tax expense

(1) Income tax expense

	2020	2019
Current income tax expense	383,063	198,993
Deferred income tax expense	287,037	199,076
	670,100	398,069

(2) Accounting profit and income tax adjustment process

	2020	2019
Gross profit	5,735,304	4,055,803
Income tax expense calculated at statutory/applicable tax rate	1,433,826	1,013,951
Impact of different tax rates applied to subsidiaries	(695,654)	(699,553)
Impact of adjusting income tax in previous periods	14,308	12,009
Impact of non-taxable income	(247,750)	(113,147)
Impact of non-deductible costs, expenses and losses	4,669	13,977
Impact of deductible losses on the use of previously unrecognized deferred income tax assets	(111,372)	(19,689)
Impact of deductible temporary differences or deductible losses of unrecognized deferred income tax assets in the current period	30,736	45,798
Others	241,337	144,723
	670,100	398,069
Income tax expense	670,100	398,069

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V Notes to Consolidated Financial Statements (Continued)

73 Other comprehensive income

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

	2020	2019
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	(7,313)	8,980
Amount attributable to the Company in the current period	(6,715)	15,065
Previous other comprehensive income reclassified to retained earnings for current period	(598)	(6,085)
2. Changes in fair value of other equity instruments	52,342	18,662
Current gain/(loss)	51,716	9,798
Previous other comprehensive income reclassified to retained earnings for current period	626	13,251
Income tax effects recorded in other comprehensive income	-	(4,387)
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	90,758	32,200
Amount attributable to the Company in the current period	90,758	59,512
Income tax effects recorded in other comprehensive income	-	(27,312)
2. Changes in fair value of financial assets recorded in other comprehensive income	(162)	-
Current gain/(loss)	(162)	-
3. Cash flow hedges	8,175	(86,576)
Current gain/(loss)	(6,896)	(118,895)
Previous other comprehensive income reclassified to profit for current period	-	31,056
Income tax effects recorded in other comprehensive income	15,071	1,263
4. Differences arising from translation of foreign currency financial statements of overseas operations	263,753	250,005
5. Net income arising from disposal of overseas operations through profit or loss	-	265,534
	407,553	488,805

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V Notes to Consolidated Financial Statements (Continued)

73 Other comprehensive income (continued)

(2) Changes in other comprehensive income items

Equity attributable to shareholders of the Company as the parent

	Accounting policy Change	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	Other comprehensive income transferred to retained earnings	Subtotal	Non-controlling interests	Total other comprehensive income
1 Jan. 2019	-	188,998	(350,407)	32,251	(1,045,004)	-	-	(1,174,162)	(221,691)	(1,395,853)
Change in 2019	334,950	41,181	-	(66,723)	311,357	19,315	-	640,080	183,675	823,755
31 Dec. 2019	334,950	230,179	(350,407)	(34,472)	(733,647)	19,315	-	(534,082)	(38,016)	(572,098)
Change in 2020	-	83,771	(162)	28,784	224,208	51,880	28	388,509	19,044	407,553
31 Dec. 2020	334,950	313,950	(350,569)	(5,688)	(509,439)	71,195	28	(145,573)	(18,972)	(164,545)

TCL Technology Group Corporation
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V	Notes to Consolidated Financial Statements (Continued)		
74	Earnings per share		
(1)	Basic earnings per share		
		2020	2019
	Net profit attributable to shareholders of the Company as the parent	4,388,159	2,617,765
	Weighted average outstanding ordinary shares (in thousand shares)	13,035,985	13,178,283
	Basic earnings per share (RMB yuan/share)	0.3366	0.1986
(2)	Diluted earnings per share		
		2020	2019
	Net profit attributable to shareholders of the Company as the parent	4,388,159	2,617,765
	Diluted weighted average outstanding ordinary shares (in thousand shares)	13,604,246	13,528,439
	Diluted earnings per share (RMB yuan/share)	0.3226	0.1935
75	Cash generated from other operating activities		
	Cash generated from other operating activities in the consolidated cash flow statement was RMB3,454,773 thousand (2019: RMB2,329,643 thousand), which primarily consisted of other current payments received and government grants.		
76	Cash used in other operating activities		
	Cash used in other operating activities in the consolidated cash flow statement was RMB3,752,843 thousand (2019: RMB3,780,067 thousand), which primarily consisted of various expenses.		
77	Cash generated from other financing activities		
	Cash generated from other financing activities in the consolidated cash flow statement was RMB889,562 thousand (2019: RMB0), which primarily consisted of factored financings received.		
78	Cash used in other financing activities		
	Cash used in other financing activities in the consolidated cash flow statement was RMB5,330,369 thousand (2019: RMB2,350,627 thousand), which was mainly cash paid to acquire non-controlling interests.		

TCL Technology Group Corporation
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V	Notes to Consolidated Financial Statements (Continued)	
79	Supplementary information for the cash flow statement	
(1)	Reconciliation of net profit to net cash generated from/used in operating activities	
	2020	2019
	Net profit	3,657,734
	Add: Asset impairment allowance	823,370
	Depreciation of fixed assets	7,153,320
	Amortization of intangible assets	545,523
	Amortization of long-term prepaid expense	573,165
	Loss/(Income) from disposal of fixed assets, intangible assets and other long-lived assets	(1,157)
	Loss on retired or damaged fixed assets	1,679
	Loss/(Gain) on changes in fair value	(473,673)
	Financial Expenses	1,632,846
	Return on Investment	(3,442,554)
	Decrease/(Increase) in deferred income tax assets	(42,992)
	Increase/(Decrease) in deferred income tax liabilities	512,326
	Decrease/(Increase) in inventory	13,641,565
	Decrease/(Increase) in operating receivables	10,891,929
	Increase/(Decrease) in operating receivables	(24,131,345)
	Others	148,360
	Net cash generated from/used in operating activities	11,490,096
(2)	Net cash payments for acquisition of subsidiaries in the current period	
		Amount
	Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	13,177,909
	Less: cash and cash equivalents held by subsidiary on acquisition date	6,248,342
	Add: Payments of cash and cash equivalents made in current period due to business combinations incurred in previous periods	-
	Net cash payments for acquisition of subsidiaries	6,929,567
(3)	Net cash proceeds from disposal of subsidiaries in the current period	
		Amount
	Cash or cash equivalents received in current period due to disposal of subsidiary in current period	319,088
	Less: cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	20,293
	Add: cash or cash equivalents received in current period due to disposal of subsidiary in prior periods	-
	Net cash proceeds from disposal of subsidiaries	298,795

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

79 Supplementary information for the cash flow statement

(4) Breakdown of cash and cash equivalents

	31 Dec. 2020	31 Dec. 2019
1. Cash	18,208,417	17,637,743
Of which: Cash on hand	1,189	966
Bank deposits available for payment on demand	17,744,850	17,636,777
Other monetary assets available for payment on demand	462,378	-
2. Cash equivalents	-	-
3. Cash and cash equivalents, end of the period	18,208,417	17,637,743

80 Changes in cash and cash equivalents, net

	2020	2019
Ending cash and cash equivalents	18,208,417	17,637,743
Less: Beginning cash	17,637,743	25,702,384
Net increase in cash and cash equivalents	570,674	(8,064,641)
Analysis of ending cash and cash equivalents:		
Ending monetary assets	21,708,905	18,648,185
Less: Ending non-cash equivalents (note)	3,500,488	1,010,442
Ending cash and cash equivalents	18,208,417	17,637,743

Note The ending 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. For further information, see Note V, item 1.

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V Notes to Consolidated Financial Statements (Continued)

81 Assets with restricted ownership or use rights

	31 Dec. 2020	Reason for restriction
Monetary assets	209,978	Statutory reserve deposits in the central bank
Monetary assets	3,290,510	Security deposits
Notes receivable	24,000	Pledge
Fixed assets	71,991,618	As collateral for loan
Intangible assets	2,488,094	As collateral for loan
Held-for-trading financial assets	2,111,342	As pledge for loan
Construction in progress	9,721,671	As collateral for loan
Accounts receivable	398,495	Pledge
Contract assets	102,794	Pledge
	<u>90,338,502</u>	

82 Foreign currency monetary items

	31 Dec. 2020		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	724,605	6.5249	4,727,973
HKD	378,628	0.8417	318,691
EUR	4,638	8.0302	37,244
JPY	36,288	0.0633	2,297
Accounts receivable			
Including: USD	522,041	6.5249	3,406,265
HKD	164,047	0.8417	138,078
Accounts payable			
Including: USD	119,375	6.5249	778,910
HKD	1,128,736	0.8417	950,057
JPY	2,868,010	0.0633	181,545
AUD	108	5.0281	543
Other receivables			
Including: USD	51,903	6.5249	338,662
HKD	103,174	0.8417	86,842
JPY	11,970	0.0633	758
PLN	111	1.7554	195
INR	553,867	0.0890	49,294
KRW	102,390	0.0060	616

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V Notes to Consolidated Financial Statements (Continued)

82 Foreign currency monetary items (continued)

	31 Dec. 2020		
	Foreign currency balance	Conversion rate	RMB balance
Other payables			
Including: USD	55,386	6.5249	361,388
HKD	118,613	0.8417	99,837
JPY	1,660,192	0.0633	105,090
INR	1,083,449	0.0890	96,427
PLN	4,667	1.7554	8,192
KRW	1,088	0.0060	7
EUR	3	8.0302	24
Notes receivable			
Including: USD	16,819	6.5249	109,742
Notes payable:			
Including: USD	17,614	6.5249	114,930
EUR	1,852	8.0302	14,872
JPY	1,045,141	0.0633	66,157
Short-term borrowings			
Including: USD	185,722	6.5249	1,211,817
Long-term borrowings			
Including: USD	2,286,000	6.5249	14,915,921
EUR	146,000	8.0302	1,172,409

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VI Changes to Consolidation Scope

1 Newly consolidated entities for current period

Name of investee	Consolidated period	Reason for change	Registered capital	The Company's interest
TCL Optoelectronics Korea Co., Ltd	Apr.-Dec. 2020	Newly incorporated	KRW100,000,000	100%
TCL Technology Investments Limited(BVI)	Apr.-Dec. 2020	Newly incorporated	USD1	100%
Admiralty Harbour Strategic Investment Limited	Jun.-Dec. 2020	Newly incorporated	USD10,000	100%
Highly (Tianjin) E-commerce Co., Ltd.	Jul.-Dec. 2020	Newly incorporated	RMB30,000,000	100%
Sichuan Sunpiestore Technology Co., Ltd.	Sept.-Dec. 2020	Newly incorporated	RMB2,000,000	100%
Guangzhou Zhike Inclusive Financing Guarantee Co., Ltd.	Oct.-Dec. 2020	Newly incorporated	RMB100,000,000	100%
Tianjin Zhonghuan Electronics Group Co., Ltd. and its subsidiaries (note)	Oct.-Dec. 2020	Business combination not involving entities under common control	RMB1,000,000,000	100%
Huludao Zhongrun Energy Technology Co., Ltd.	Nov.-Dec. 2020	Business combination not involving entities under common control	RMB58,800,000	100%
Tianjin Huanhai Property Development Co., Ltd.	Nov.-Dec. 2020	Newly incorporated	RMB1,000,000	100%
Wuxi Zhonghuan Applied Materials Co., Ltd.	Nov.-Dec. 2020	Business combination not involving entities under common control	RMB1,350,000,000	81.48%
Shangyi Shengyao New Energy Development Co., Ltd.	Nov.-Dec. 2020	Business combination not involving entities under common control	RMB1,000,000	99.44%
Guangzhou Ruixin Business Co., Ltd.	Dec. 2020	Newly incorporated	RMB10,000,000	100%
Ningjin Jinchun New Energy Co., Ltd.	Dec. 2020	Newly incorporated	RMB10,000,000	100%
Guangzhou China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Dec. 2020	Newly incorporated	RMB500,000,000	100%
Huansheng New Energy (Tianjin) Co., Ltd.	Dec. 2020	Newly incorporated	RMB630,000,000	84.13%

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VI Changes to Consolidation Scope

1 Newly consolidated entities for current period (continued)

Note Business combination not involving entities under common control incurred in the current period

(1) On 1 October 2020 (the acquisition date), the Group completed the acquisition of the 100% interest of Zhonghuan Electronics for a cash consideration of RMB12,500,000 thousand. On the acquisition date, the Group obtained actual control of Zhonghuan Electronics and therefore has included it into the consolidated financial statements from that day on. Zhonghuan Electronics is primarily engaged in semi-conductor and semi-conductor photovoltaic.

(2) The cost of acquisition and goodwill were recognized as follows:

Cash consideration	12,500,000
Less: Share of fair value of identifiable net assets acquired	5,773,870
Goodwill	6,726,130

(3) The assets and liabilities of the substantial acquiree Zhonghuan Electronics as at the acquisition date are as follows:

	Fair value as at acquisition date
Current assets	19,411,744
Non-current assets	42,379,474
Current liabilities	18,355,837
Less: non-controlling interests	22,801,988
Net assets acquired	5,773,870

Assets evaluated as appreciated assets were mainly investment property, buildings, and intangible assets (including the right to use land as well as technological assets like patents, know-how, software copyrights). The assessment methods for the above assets are as follows:

- a The main assessment method for investment property is the income capitalization approach. First, the future normal net earnings of the subject property are estimated, when the price of the subject property is calculated. Then, a suitable capitalization rate is selected and discounted to the valuation date for summation to estimate the value of the subject property.
- b The primary assessment methods for buildings are the market comparison approach, the income capitalization approach and the replacement cost approach. In terms of the market comparison approach, the subject property is compared with similar real estate transaction cases that have happened recently or will happen soon, transaction conditions, time price formation, regional factors (external conditions of the real estate), and individual factors (own conditions of the real estate). The reasonable market price most possible for the subject property is calculated after necessary correction of the known prices of real estate transaction cases that have happened recently or will happen soon. With respect to the income capitalization approach, first, the future normal net earnings of the subject property are estimated, when the value of the subject property is calculated. Then, a suitable capitalization rate is selected and discounted to the valuation date for summation to estimate the value of the subject property. In regard to the replacement cost approach, the basic formula is: Full replacement value of the building x newness rate = value of the subject property.
- c The main assessment methods for the right to use land are the market comparison approach and the integrated evaluation of the housing and land of the main building. For the market comparison approach, the land to be evaluated and similar cases of land transactions that have occurred recently are compared in line with the substitution principle, when the price of the land to be evaluated is calculated. Then, the price of the land to be evaluated on the valuation date is calculated, after the known price of the latter is corrected by reference with the transaction situation, time, region, and individual factors of the land.

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VI Changes to Consolidation Scope (Continued)

1 Newly consolidated entities for current period (continued)

- d The primary assessment method for technological assets like patents, know-how, software copyrights is the income approach. For this method, the expected future earnings of such technological assets are calculated and discounted to the present value at a suitable discount rate. Then, the value of such technological assets is calculated by summation.

2 Deconsolidated entities for current period

Name of investee	Time of deconsolidation	Reason
TCL Light Electrical Appliances (Longmen) Co., Ltd.	Jan. 2020	De-registered
TCL Educational Web Ltd. and its subsidiaries	Mar. 2020	Transferred
Shanghai Bairen Information Technology Co., Ltd.	Sept. 2020	De-registered
Xinjiang Sunpiestore Electronic Technology Co., Ltd.	Dec. 2020	De-registered

3 Subsidiaries disposed in current period

Name of subsidiary	TCL Educational Web Ltd. and its subsidiaries
Price for equity interest disposal	420,000
% equity interest disposed	100%
Way of disposal	Transferred
Time of loss of control	Mar. 2020
Determination basis for time of loss of control	When the rights and obligations in relation to the target equity interest have all 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	270,788

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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	Company's interest		How subsidiary was obtained
				Direct	Indirect	
TCL China Star Optoelectronics Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	91.56%	-	Incorporated
Shenzhen China Star Optoelectronics Semiconductor Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	-	54.12%	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	39.95%	45.55%	Incorporated
Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd. (note 1)	Wuhan	Manufacturing and sales	Wuhan	-	33.88%	Incorporated
Shenzhen CPT Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	-	100%	Business combination not under common control
China Star Optoelectronics International (HK) Limited	Hong Kong	Sales	Hong Kong	-	100%	Incorporated
China Display Optoelectronics Technology Holdings Limited	Bermuda	Investment holding	Bermuda	-	64.21%	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
Beijing HAWK Cloud Information Technology Co., Ltd.	Beijing	Internet service	Beijing	100%	-	Incorporated
TCL Culture Media (Shenzhen) Co., Ltd.	Shenzhen	Ad planning	Shenzhen	100%	-	Incorporated
Highly Information Industry Co., Ltd.	Beijing	Product distribution	Beijing	73.69%	-	Incorporated
Beijing Sunpiestore Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
Beijing Lingyun Data Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
TCL Financial Holdings Group (Guangzhou) Co., Ltd.	Guangzhou	Financial	Guangzhou	100%	-	Incorporated
TCL Tech Finance Co., Ltd. (note 2)	Huizhou	Financial	Huizhou	82.00%	18.00%	Incorporated
TCL Financial Technology (Shenzhen) Co., Ltd.	Shenzhen	Financial	Shenzhen	-	100%	Incorporated
Shenzhen Baisi Asset Management Co., Ltd.	Shenzhen	Asset management	Shenzhen	-	100%	Incorporated
TCL Financial Service (Guangzhou) Co., Ltd.	Guangzhou	Financial services	Guangzhou	-	100%	Incorporated
TCL Commercial Factoring (Shenzhen) Co., Ltd.	Shenzhen	Commercial factoring	Shenzhen	-	100%	Incorporated

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VII Interests in Other Entities (Continued)

1 Interests in subsidiaries (continued)

(1) Principal subsidiaries (continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Company's interest		How subsidiary was obtained
				Direct	Indirect	
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	Huizhou	Financial	Huizhou	89.94%	-	Acquired
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
Winshero Investment Limited	The Virgin Islands	Investment business	The Virgin Islands	-	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
Tianjin Zhonghuan Semiconductor Co., Ltd.	Tianjin	Manufacturing & sales	Tianjin	2.57%	25.30%	Business combination not under common control
Tianjin Printronics Circuit Corporation	Tianjin	Manufacturing & sales	Tianjin	-	25.35%	Business combination not under common control
Tianjin Huan'Ou Semiconductor Material&Technology Co., Ltd.	Tianjin	Manufacturing & sales	Tianjin	-	100%	Business combination not under common control
Wuxi Zhonghuan Applied Materials Co., Ltd.	Wuxi	Manufacturing & sales	Wuxi	-	81.48%	Business combination not under common control
Tianjin Huanzhi New Energy Technology Co., Ltd.	Tianjin	Manufacturing & sales	Tianjin	-	62.00%	Business combination not under common control
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Inner Mongolia	Manufacturing & sales	Inner Mongolia	-	100%	Business combination not under common control
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	Tianjin	Manufacturing & sales	Tianjin	-	60.00%	Business combination not under common control
Huansheng Solar (Jiangsu) Co., Ltd.	Wuxi	Manufacturing & sales	Wuxi	-	77.00%	Business combination not under common control
Tianjin Huanou International Silicon Material Co., Ltd.	Tianjin	Procurement & sales	Tianjin	-	100%	Business combination not under common control

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VII Interests in Other Entities (Continued)

1 Interests in subsidiaries (continued)

(1) Principal subsidiaries (continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Company's interest		How subsidiary was obtained
				Direct	Indirect	
Zhonghuan Hong Kong Holding Limited	Hong Kong	Sales	Hong Kong	-	100%	Business combination not under common control
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Procurement & sales	Tianjin	-	100%	Business combination not under common control
Inner Mongolia Zhonghuan Xiexin Solar Material Co., Ltd.	Inner Mongolia	Manufacturing & sales	Inner Mongolia	-	59.32%	Business combination not under common control
Inner Mongolia Zhonghuan Advanced Semiconductor Material Co., Ltd.	Inner Mongolia	Manufacturing & sales	Inner Mongolia	-	60.00%	Business combination not under common control
Zhonghuan Advanced Semiconductor Materials Co., Ltd.	Wuxi	Manufacturing & sales	Wuxi	-	60.00%	Business combination not under common control

Note 1 TCL China Star Optoelectronics Technology Co., Ltd. (hereinafter referred to as "TCL CSOT"), a subsidiary of the Company, has a 33.88% interest in Wuhan China Star Optoelectronics Semiconductor Display Technology Co., Ltd. (hereinafter referred to as "Wuhan CSOSDT"). TCL CSOT appoints key management personnel of Wuhan CSOSDT and decides its business and financial policies, so TCL CSOT is considered to have substantial control over Wuhan CSOSDT. Therefore, Wuhan CSOSDT is included in the Company's consolidated financial statements.

Note 2 Subsidiary TCL Finance Co., Ltd. changed its name to "TCL Tech Finance Co., Ltd." in August 2020.

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Non-controlling interests	Current period Profit or loss attributable to non-controlling interests	Current period Dividends distributed to non-controlling interests	Ending equity attributable to non-controlling interests
TCL China Star Optoelectronics Technology Co., Ltd.	8.44%	314,392	349,027	35,782,845
Tianjin Zhonghuan Semiconductor Co., Ltd. (Note)	72.13%	145,414	-	8,380,767
Highly Information Industry Co., Ltd.	26.31%	73,533	33,211	336,389

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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:

	31 Dec. 2020						31 Dec. 2019					
	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.	57,189,005	117,985,042	175,174,047	55,328,869	55,005,109	110,333,978	39,784,300	90,798,110	130,582,410	36,200,599	39,150,594	75,351,193
Tianjin Zhonghuan Semiconductor Co., Ltd.	16,085,100	42,634,584	58,719,684	17,329,888	13,308,403	30,638,291	-	-	-	-	-	-
Highly Information Industry Co., Ltd.	4,771,001	67,485	4,838,486	3,653,818	113,762	3,767,580	4,482,847	37,662	4,520,509	3,484,042	33,587	3,517,629

	2020				2019			
	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.	46,765,152	2,427,604	2,517,639	16,482,499	33,993,534	964,444	846,436	8,253,015
Tianjin Zhonghuan Semiconductor Co., Ltd.	5,682,962	427,175	426,746	665,007	-	-	-	-
Highly Information Industry Co., Ltd.	22,518,401	186,177	186,177	111,130	20,835,617	215,604	215,604	194,578

Note: Tianjin Zhonghuan Semiconductor Co., Ltd. has been included in the consolidated financial statements since 1 Oct. 2020. Therefore, it was included in the consolidated income statement for the period from Oct. to Dec. 2020.

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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	The Company's interest	
				Direct	Indirect
Associate					
Bank of Shanghai Co., Ltd. (note)	Shanghai	Financial	Yes	5.76%	-

Note : For the Reporting Period, the Company had a 5.76% interest in Bank of Shanghai Co., Ltd. and appointed one of its directors to be a member of the Risk Management Committee under the Board of the Bank of Shanghai. Therefore, the Company is deemed to have significant influence on the Bank of Shanghai, and this long-term equity investment is thus measured using the equity method.

(2) Key financial information of major associates

	31 Dec. 2020	31 Dec. 2019
	Bank of Shanghai Co., Ltd.	Bank of Shanghai Co., Ltd.
Total assets	2,462,144,000	2,237,081,943
Total liabilities	N/A	2,059,855,312
Non-controlling interests	N/A	518,019
Equity attributable to shareholders of the Company as the parent	190,398,000	176,708,612
Share of equity in proportion to the Company's interest	10,966,925	9,077,778
Carrying amount of investment in associate	11,232,138	9,314,611

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VII Interests in Other Entities (Continued)

2 Interests in joint ventures and associates (continued)

(2) Key financial information of major associates (continued)

	2020	2019
	Bank of Shanghai Co., Ltd.	Bank of Shanghai Co., Ltd.
Revenue	50,746,000	49,800,292
Net profit	20,885,000	20,297,588
Dividends from associate to the Group in current period	316,955	245,337

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

	2020	2019
Joint ventures:		
Aggregated carrying amount of investments	119,234	174,558
Aggregate of following items calculated in proportion to the Company's interest		
Net profit (note)	(5,118)	36,597
Other comprehensive income (note)	-	-
Total comprehensive income	(5,118)	36,597
Associates:		
Aggregated carrying amount of investments	12,695,664	7,705,115
Aggregate of following items calculated in proportion to the Company's interest		
Net profit (note)	1,031,890	616,498
Other comprehensive income (note)	(2,489)	(12,991)
Total comprehensive income	1,029,401	603,507

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 had no significant joint ventures in 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.

Main risks caused by the Company's financial instruments include the credit risk, the liquidity risk and the market risk (including the foreign exchange risk and the 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, bills receivable, account receivable, issued loan and monies advanced and other receivables.

The Group's bank deposits and due from central bank are mainly deposited in stated-owned banks and other large and medium-sized listed banks. The Group considers no significant credit risk existed and no significant loss will be caused by the counterpart's breach of contract.

For notes receivable, accounts receivable, loans and advances to customers and other receivables, the Group has established relevant policies to control the credit risk exposure, and will evaluate the client's credit qualification and determine corresponding credit period based on the client's financial status, the possibility of obtaining guarantees from the third party, relevant credit records and other factors (like the current market situation). In the meantime, the Group will regularly monitor the client's credit records. For any client with unfavorable credit records, the Group will issue written reminders, shorten the credit period or cancel the credit period so as to keep the Group's overall credit risk controllable.

As at 31 Dec. 2020, no significant guarantee or other credit enhancements held due to the debtor's 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 headquarters 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 effort 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 fund so as to satisfy the short-term and long-term capital demand.

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VIII Risks Related to Financial Instruments

(3) Market risk

(a) Foreign exchange risk

The Group has carried out various economic activities around the world including manufacturing, selling, investment and financing etc., and corresponding interest rate fluctuation risks exist in the Group's foreign currency assets and liabilities and future foreign currency transactions.

The Group always regards "Locking the Cost and Avoiding Possible Risks" as the foreign currency risk management goal. Through the natural hedging of settlement currency, matching with the foreign currency liabilities, signing simple derivative products closely related to the owner's operation and meeting corresponding hedge accounting treatment requirements and applying other management methods, the foreign currency risk exposure can be controlled within a reasonable scope and the impact of interest rate fluctuations on the Group's overall profit and loss will be reduced.

On 31 Dec., foreign-currency asset and liability items with significant exposure to exchange risk were mainly denominated in the US dollar. After management, the total risk exposure of the US dollar-denominated items was net asset exposure of USD126,602 thousand, equivalent to RMB826,066 thousand 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 2020	Exchange rate at period-end 31 Dec. 2020
	6.8941	6.5249
USD/RMB		

Provided that other risk variables remained unchanged except 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 RMB41,303 thousand in the shareholders' equity and net profit respectively of the Group on 31 Dec.

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 determines the proportion of fixed interest rates and floating interest rates based on the market environment and its risk tolerance. Up to 31 Dec. 2020, the Group's liabilities with floating interest rates accounted for 66% 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 quotation 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 at three levels of fair value

Financial assets

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets (see Note V, 2)	3,170,115	1,617,694	512,237	5,300,046
Derivative financial assets (see Note V, 3)	-	453,578	-	453,578
Receivables financing (see Note V, 6)	-	2,164,350	12,394	2,176,744
Investments in other equity instruments (see Note V, 18)	315,269	-	1,018,407	1,333,676
Other debt investments (see Note V, 15)	-	152,063	-	152,063
Other non-current financial assets (see Note V, 19)	10,000	1,553,387	1,492,208	3,055,595
Total assets continuously measured at fair value	3,495,384	5,941,072	3,035,246	12,471,702

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V, 32)	304,701	223,200	-	527,901
Derivative financial liabilities (see Note V, 33)	-	384,904	-	384,904
Total liabilities continuously measured at fair value	304,701	608,104	-	912,805

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X Related Parties and Related-Party Transactions

1 Actual controller and its acting-in-concert parties

The Company has no controlling shareholder.

Mr. Li Dongsheng and Xinjiang Jiutian Liancheng Equity Investment Partnership (Limited Partnership) have become acting-in-concert parties due to the signing of the Concerted Action Agreement. They hold a total of 1,158.5994 million shares in the Company, which makes them the largest shareholder of the Company.

As per Article 217 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 his 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:

Related party	Relationship with the Company
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	Associate
TCL Intelligent Technology (Ningbo) Co., Ltd.	Associate
LG Electronics (Huizhou) Co., Ltd.	Associate
Wuxi TCL Medical Imaging Technology Co., Ltd.	Associate
Beijing WeMed Medical Equipment Co., Ltd.	Associate
TCL Nanyang Electric Appliance (Guangzhou) Co., Ltd.	Associate
Shenzhen Tixiang Business Management Technology Co., Ltd.	Associate
Shenzhen Jucai Supply Chain Technology Co., Ltd.	Associate
Petro AP (Hong Kong) Company Limited	Associate
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	Associate
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	Associate
Wuxi TCL Venture Capital Partnership (Limited Partnership)	Associate
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	Associate
Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	Associate
Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	Associate
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	Associate
Urumqi Dongpeng A Dynamic Equity Investment Management Partnership (Limited Partnership)	Associate

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X Related Parties and Related-Party Transactions (Continued)

2 Related parties that do not control or are not controlled by the Company (continued)

Related party	Relationship with the Company
Shenzhen Tianyi Hemeng Education Co., Ltd.	Associate
Bank of Shanghai Co., Ltd.	Associate
JOLED Incorporation	Associate
Shanghai Huiying Medical Technology Co., Ltd.	Associate
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	Associate
TCL Finance (Hong Kong) Co., Limited	Associate
Getech Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Huizhou TCL Human Resources Service Co., Ltd.	Joint venture
Anhui TCL Human Resources Service Co., Ltd.	Joint venture's subsidiary
Huizhou TCL Real Estate Development Co., Ltd.	Associate's subsidiary
Qihang Import & Export Limited	Associate's subsidiary
Elite Excellent Investments Limited	Associate's subsidiary
Huixing Holdings Limited	Associate's subsidiary
Marvel Paradise Limited	Associate's subsidiary
Union Dynamic Investment Limited	Associate's subsidiary
Esteem Venture Investment Limited	Associate's subsidiary
Zijinshan Investment Co., Ltd.	Associate's subsidiary
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	Associate's subsidiary
Shenzhen Xirang International Business Travel Co., Ltd.	Associate's subsidiary
Petro AP S.A.	Associate's subsidiary
Qihang International Import & Export Limited	Associate's subsidiary
TCL Industries Holdings Co., Ltd. and its subsidiaries	Under control of the same director
CJ Speedex Logistics Co., Ltd.	Significantly influenced by the Company's director
SunPower Systems International Limited	Associate
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Inner Mongolia Jinghuan Electronic Material Co., Ltd.	Associate
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	Associate
Sichuan Shengtian New Energy Development Co., Ltd.	Associate
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	Associate
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Associate
Yanyuan Fengguang New Energy Co., Ltd.	Associate
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	Associate

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X	Related Parties and Related-Party Transactions (Continued)		2020	2019
3	Major related-party transactions			
(1)	Selling raw materials and finished products to related parties	Note 1		
	TCL Industries Holdings Co., Ltd. and its subsidiaries		11,907,330	6,963,427
	Wuxi Zhonghuan Applied Materials Co., Ltd.		826,569	-
	Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.		720,035	-
	Qihang International Import & Export Limited		436,002	-
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.		227,848	652,343
	SunPower Systems International Limited		223,755	-
	Qihang Import & Export Limited		177,473	511,551
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries		31,156	5,177
	Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.		4,756	-
	Shenzhen Jucui Supply Chain Technology Co., Ltd.		766	19
	Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.		522	713
	Sichuan Shengtian New Energy Development Co., Ltd.		140	-
	Shenzhen Tixiang Business Management Technology Co., Ltd.		17	40
	CJ Speedex Logistics Co., Ltd.		12	85,540
	Saipu TCL Electronic Industrial Technology Co., Ltd.		-	252,078
	TCL Sun, Inc.		-	79,594
	TCT Mobile - Telefonos LTDA		-	44,889
	T2Mobile International Limited		-	23,346
	Taiyang Electro-optic (Huizhou) Co., Ltd.		-	336
	Palm Venture Group		-	238
	Beijing Shangdao Yuetu Technology Co., Ltd.		-	240
	Shenzhen Thunderbird Smart Products Co., Ltd.		-	116
	Huizhou Gaoshengda Technology Co., Ltd.		-	15
	Beijing National Center for Open & Distance Education Co., Ltd.		-	12
			14,556,381	8,619,674

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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

	2020	2019
(2) Purchasing raw materials and finished products from related parties	Note 2	
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	2,353,119	1,147,113
TCL Industries Holdings Co., Ltd. and its subsidiaries	607,405	813,551
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	364,982	-
Shenzhen Jucai Supply Chain Technology Co., Ltd.	263,053	68,832
Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	53,648	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	45,826	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	5,711	-
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	1,079	-
TCL Intelligent Technology (Ningbo) Co., Ltd.	795	-
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	141	95,669
Huizhou Gaoshengda Technology Co., Ltd.	-	154,843
CJ Speedex Logistics Co., Ltd.	-	78,847
Taiyang Electro-optic (Huizhou) Co., Ltd.	-	50,882
TCL Very Lighting Technology (Huizhou) Co., Ltd.	-	41,946
Wuhan Shangde Plastics Technology Co., Ltd.	-	33,866
Huizhou Shenghua Industrial Co., Ltd.	-	20,659
Amlogic Co., Limited	-	13,947
Qihang Import & Export Limited	-	3,529
Huizhou TCL Taidong Shihua Investment Co., Ltd.	-	1,551
Shenzhen Thunderbird Network Media Co., Ltd.	-	695
Shenzhen Thunderbird Smart Products Co., Ltd.	-	370
Canyon Circuit Technology (Huizhou) Co., Ltd.	-	58
	3,695,759	2,526,358

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X	Related Parties and Related-Party Transactions (Continued)		2020	2019
3	Major related-party transactions (continued)			
(3)	Receiving funding from related parties	Note 3		
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.		2,000,623	350,004
	TCL Finance (Hong Kong) Co., Limited		528,391	-
	Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)		266,839	297
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.		103,136	30,475
	Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.		98,476	-
	Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)		58,845	169,288
	Shenzhen Jucai Supply Chain Technology Co., Ltd.		52,757	22,535
	Qihang International Import & Export Limited		34,717	-
	Qihang Import & Export Limited		31,363	28,267
	Shenzhen Xirang International Business Travel Co., Ltd.		5,826	-
	Huizhou TCL Human Resources Service Co., Ltd.		3,926	-
	Shenzhen Tixiang Business Management Technology Co., Ltd.		3,328	1,599
	Anhui TCL Human Resources Service Co., Ltd.		2,548	-
	Elite Excellent Investments Limited		2,008	2,164
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries		1,236	652,105
	Huixing Holdings Limited		667	665
	Marvel Paradise Limited		592	640
	Union Dynamic Investment Limited		417	471
	Petro AP (Hong Kong) Company Limited		112	140
	Esteem Venture Investment Limited		90	97
	Zijinshan Investment Co., Ltd.		-	1
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries		-	82,659
	Beijing National Center for Open & Distance Education Co., Ltd.		-	5,081
	TV University Online Distance Education Technology Co., Ltd.		-	554
			3,195,897	1,347,042

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X	Related Parties and Related-Party Transactions		
3	Major related-party transactions (continued)	2020	2019
(4)	Providing funding for related parties	Note 3	
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,063,580	2,692,921
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	47,945	427,593
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	195,550	146,439
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	112,318
		1,307,075	3,379,271
		2020	2019
(5)	Leases		
	Rental income		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	96,973	22,572
	AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	50,856	40,629
	Wuxi Zhonghuan Applied Materials Co., Ltd.	2,239	-
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	2,187	-
	Getech Ltd. and its subsidiaries	2,074	-
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	789	449
	Huizhou TCL Real Estate Development Co., Ltd.	657	866
	Zihui Xinyuan Commercial (Huizhou) Co., Ltd.	322	169
	Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	29	366
	Beijing National Center for Open & Distance Education Co., Ltd.	-	3,361
	Shenzhen Thunderbird Network Media Co., Ltd.	-	787
	Shenzhen Thunderbird Information Technology Co., Ltd.	-	608
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	445
	CJ Speedex Logistics Co., Ltd.	-	431
	Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	-	253
	Shanghai Huiying Medical Technology Co., Ltd.	-	213
	Urumqi Dongpeng A Dynamic Equity Investment Management Partnership (Limited Partnership)	-	60
	Shenzhen Tianyi Hemeng Education Co., Ltd.	-	34
	Shenzhen Yisheng Kangyun Technology Development Co., Ltd.	-	31
	Huan Tech Co., Ltd.	-	10
	Huizhou Shenghua Industrial Co., Ltd.	-	1
	Taiyang Electro-optic (Huizhou) Co., Ltd.	-	1
		156,126	71,286

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X	Related Parties and Related-Party Transactions (Continued)		
3	Major related-party transactions (continued)		
		2020	2019
(5)	Leases (continued)		
	Rental expense		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	41,379	38,110
	Wuhan Lesheng Times Trading Co., Ltd.	-	9,544
	CJ Speedex Logistics Co., Ltd.	-	4,558
	TCL Very Lighting Technology (Huizhou) Co., Ltd.	-	603
		41,379	52,815
		2020	2019
(6)	Providing labour service for or accepting labour service from related parties		
	Providing labour service for related parties	126,819	306,009
	Accepting labour service from related parties	441,668	639,429
		2020	2019
(7)	Receiving interest from or paying interest to related parties	Note 3	
	Interest received	86,235	104,297
	Interest paid	9,611	14,226
		2020	2019
(8)	Remuneration of key management personnel	28,304	29,639

Note 1 Selling raw materials and finished goods 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 goods 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.

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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 The transactions between the Company and the following companies in the period from January to March in the current period are related-party transactions.

Related party	Relationship with the Company
TV University Online Distance Education Technology Co., Ltd.	Joint venture
Beijing National Center for Open & Distance Education Co., Ltd.	Joint venture’s subsidiary

Note 5 The transactions between the Company and Huizhou TCL Taidong Shihua Investment Co., Ltd. before the date of the latter’s disposal were related-party transactions.

Note 6 The transactions between the Company and the following companies in the period from January to March 2019 were related-party transactions.

Harvey Holdings Limited	Associate
Palm Venture Group	Associate
TCL Very Lighting Technology (Huizhou) Co., Ltd.	Associate
Beijing Shangdao Yuetu Technology Co., Ltd.	Associate
Saipu TCL Electronic Industrial Technology Co., Ltd.	Associate
Canyon Circuit Technology (Huizhou) Co., Ltd.	Associate
Taiyang Electro-optic (Huizhou) Co., Ltd.	Associate
Wuhan Shangde Plastics Technology Co., Ltd.	Associate
Huan Tech Co., Ltd.	Associate
TCL Sun, Inc.	Joint venture
Amlogic Co., Limited	Associate’s subsidiary
TCT Mobile - Telefonos LTDA	Associate’s subsidiary
Huizhou Gaoshengda Technology Co., Ltd.	Associate’s subsidiary
Huizhou Shenghua Industrial Co., Ltd.	Associate’s subsidiary
Shenzhen Yisheng Kangyun Technology Development Co., Ltd.	Associate’s subsidiary
Wuhan Lesheng Times Trading Co., Ltd.	Associate’s subsidiary
T2Mobile International Limited	Joint venture’s subsidiary
Le Shi Zhi Xin Electronics & Technology (Tianjin) Co., Ltd.	Non-controlling shareholder of a substantial subsidiary

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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

Note 7 The transactions between the Company and the following companies in the period from October to December 2020 were related-party transactions.

SunPower Systems International Limited	Associate
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Inner Mongolia Jinghuan Electronic Material Co., Ltd.	Associate
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	Associate
Sichuan Shengtian New Energy Development Co., Ltd.	Associate
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	Associate
Xinjiang Xiexin New Energy Material Technology Co., Ltd.	Associate
Yanyuan Fengguang New Energy Co., Ltd.	Associate
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	Associate

Note 8 The transactions between the Company and Wuxi Zhonghuan Applied Materials Co., Ltd. in the period from October to November 2020 were related-party transactions.

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X Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

4 Balances due from and to related parties

(1) Accounts receivable

	31 Dec. 2020	31 Dec. 2019
TCL Industries Holdings Co., Ltd. and its subsidiaries	2,580,564	2,169,426
Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	381,327	-
Qihang Import & Export Limited	112,535	24,892
SunPower Systems International Limited	99,791	-
Qihang International Import & Export Limited	17,265	-
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	13,825	-
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	6,983	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	2,149	-
Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	1,148	-
Bank of Shanghai Co., Ltd.	45	68
Huizhou TCL Real Estate Development Co., Ltd.	4	-
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	32,242
Shanghai Huiying Medical Technology Co., Ltd.	-	1,000
Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	-	39
CJ Speedex Logistics Co., Ltd.	-	33
	3,215,636	2,227,700

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X Related Parties and Related-Party Transactions (Continued)

4 Balances due from and to related parties (continued)

(2) Accounts payable

	31 Dec. 2020	31 Dec. 2019
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	385,787	410,872
Shenzhen Jucai Supply Chain Technology Co., Ltd.	122,863	19,746
TCL Industries Holdings Co., Ltd. and its subsidiaries	32,336	294,817
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	31,115	-
Getech Ltd. and its subsidiaries	21,594	23,617
Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	11,435	54,112
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	8,562	-
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	1,365	-
	615,057	803,164

(3) Other receivables

	31 Dec. 2020	31 Dec. 2019
TCL Industries Holdings Co., Ltd. and its subsidiaries	41,645	59,769
Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	25,486	22,253
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	3,099	-
Shenzhen Xirang International Business Travel Co., Ltd.	2,755	-
Petro AP S.A.	1,218	1,296
Ulanqab Xinyuan New Energy Co., Ltd.	425	-
AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	218	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	66	-
LG Electronics (Huizhou) Co., Ltd.	26	46
Wuxi Zhonghuan Yangjie Semiconductor Co., Ltd.	2	-
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	-	296
Shenzhen Jucai Supply Chain Technology Co., Ltd.	-	144
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	75
Wuxi TCL Medical Imaging Technology Co., Ltd.	-	5
Beijing WeMed Medical Equipment Co., Ltd.	-	2
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	-	2
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	-
	74,940	83,888

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X 4 (4)	Related Parties and Related-Party Transactions (Continued) Balances due from and to related parties (continued) Other payables	31 Dec. 2020	31 Dec. 2019
	Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	266,838	37
	JOLED Incorporation	63,300	-
	TCL Industries Holdings Co., Ltd. and its subsidiaries	53,036	49,029
	Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	47,782	1,102
	Qihang International Import & Export Limited	34,717	-
	Getech Ltd. and its subsidiaries	34,003	23,137
	Qihang Import & Export Limited	31,363	28,268
	Petro AP (Hong Kong) Company Limited	21,698	23,100
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	14,556	-
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	11,836	-
	TCL Finance (Hong Kong) Co., Limited	11,419	12,208
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	5,500	5,541
	Huizhou TCL Human Resources Service Co., Ltd.	3,926	-
	Anhui TCL Human Resources Service Co., Ltd.	2,548	-
	Elite Excellent Investments Limited	2,008	2,164
	Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	1,281	3,238
	CJ Speedex Logistics Co., Ltd.	1,050	1,040
	Huixing Holdings Limited	667	665
	Marvel Paradise Limited	592	640
	Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	500	-
	Union Dynamic Investment Limited	417	471
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	372	-
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	243	384
	Huizhou TCL Real Estate Development Co., Ltd.	91	165
	Esteem Venture Investment Limited	90	97
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	45	-
	Yanyuan Fengguang New Energy Co., Ltd.	28	-
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	4	27,654
	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	4	-
	AGC New Electronic Display Glass (Shenzhen) Co., Ltd.	-	4,701
	Shenzhen Tixiang Business Management Technology Co., Ltd.	-	3,591
	Shenzhen Xirang International Business Travel Co., Ltd.	-	2,769
	TCL Nanyang Electric Appliance (Guangzhou) Co., Ltd.	-	2,035
	Beijing National Center for Open & Distance Education Co., Ltd.	-	168
	TV University Online Distance Education Technology Co., Ltd.	-	138
	Zijinshan Investment Co., Ltd.	-	1
		609,914	192,343

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X	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(5)	Prepayments	31 Dec. 2020	31 Dec. 2019
	Xinjiang Xiexin New Energy Material Technology Co., Ltd.	28,520	-
	Shenzhen Xirang International Business Travel Co., Ltd.	4,162	1,446
	Getech Ltd.and its subsidiaries	3,130	-
	JOLED Incorporation	1,962	-
	TCL Industries Holdings Co., Ltd.and its subsidiaries	92	565
	TCL Air Conditioner (Wuhan) Co., Ltd.and its subsidiaries	35	35
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	31,592
	Shenzhen Tixiang Business Management Technology Co., Ltd.	-	200
		<u>37,901</u>	<u>33,838</u>
(6)	Advances from customers	31 Dec. 2020	31 Dec. 2019
	TCL Industries Holdings Co., Ltd.and its subsidiaries	341	1,994
	Huizhou TCL Environmental Resource Co., Ltd.and its subsidiaries	34	328
	Huizhou TCL Real Estate Development Co., Ltd.	-	76
		<u>375</u>	<u>2,398</u>
(7)	Contract liabilities	31 Dec. 2020	31 Dec. 2019
	TCL Industries Holdings Co., Ltd.and its subsidiaries	<u>42,533</u>	<u>-</u>
(8)	Dividends receivable	31 Dec. 2020	31 Dec. 2019
	Wuxi TCL Venture Capital Partnership (Limited Partnership)	<u>-</u>	<u>5,771</u>

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X	Related Parties and Related-Party Transactions (Continued)	31 Dec. 2020	31 Dec. 2019
4	Balances due from and to related parties (continued)		
(9)	Deposits from related parties (note)		
	Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	2,000,623	350,247
	TCL Finance (Hong Kong) Co., Limited	528,391	-
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	103,136	30,489
	Shenzhen Qianhai Qihang International Supply Chain Management Co., Ltd.	98,476	-
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	52,677	22,544
	Xinjiang Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	11,062	169,316
	Shenzhen Xirang International Business Travel Co., Ltd.	5,826	
	Shenzhen Tixiang Business Management Technology Co., Ltd.	3,328	1,601
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	1,232	652,130
	Petro AP (Hong Kong) Company Limited	112	140
	Xinjiang Dongpeng Heli Equity Investment Partnership (Limited Partnership)	1	297
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	-	83,149
	Qihang Import & Export Limited	-	28,267
	Beijing National Center for Open & Distance Education Co., Ltd.	-	5,087
	Elite Excellent Investments Limited	-	2,164
	Huixing Holdings Limited	-	665
	Marvel Paradise Limited	-	640
	TV University Online Distance Education Technology Co., Ltd.	-	554
	Union Dynamic Investment Limited	-	471
	Esteem Venture Investment Limited	-	97
	Zijinshan Investment Co., Ltd.	-	1
		<u>2,804,864</u>	<u>1,347,859</u>
	These deposits are made by related parties in the Company's subsidiary TCL Tech Finance Co., Ltd.		
(10)	Other current assets		
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,055	5,208
	TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	275	189
	Huizhou TCL Environmental Resource Co., Ltd. and its subsidiaries	85	738
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	42	-
	Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	-	193
		<u>1,457</u>	<u>6,328</u>
(11)	Other non-current assets		
	Ziteng Intellectual Property Operation (Shenzhen) Co., Ltd.	232,613	129,965

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XI Commitments

1 Lease commitments

The following table presents the minimum lease payables after the balance sheet date according to the irrevocable operating lease contracts signed by the Company:

	31 Dec. 2020	31 Dec. 2019
Within 1 year	57,350	26,347
1-2 years	36,849	16,748
2-3 years	35,625	6,705
Over 3 years	60,509	5,416
	190,333	55,216

2 Capital commitments

		31 Dec. 2020		31 Dec. 2019
Under contractual obligations but not provided for	Note 1	8,522,634		6,733,484
Approved by Board but not under contractual obligations	Note 2	189,019		77,087
		8,711,653		6,810,571

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 approved by the Board but not under contractual obligations in the current period primarily consisted of such commitments for CSOT's LCD panel project.

As at 31 Dec. 2020, except for the disclosures above, there were no other major commitments that are required to be disclosed.

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XII Contingencies

Guarantees Provided for External Parties

The guarantee amount for related party bank loan, commercial drafts, letters of credit, etc. is RMB16,144,884 thousand.

As at 31 Dec. 2020, the Company estimated that it was not likely for the aforesaid guarantees to cause a material loss, so it did not record a provision in the financial statements for it. Except for the said contingencies, there were no other major contingencies that are required to be disclosed as at 31 Dec. 2020.

XIII Events after Balance Sheet Date

Pursuant to the 2010 Final Dividend Plan approved at the 25th Meeting of the 6th Board of Directors on 10 Mar. 2021, the 2010 final dividend plan is as follows: based on the share capital of 13,546,581,599 shares on 10 March 2021 that are eligible for profit distribution (the total share capital of 14,030,788,362 shares minus the 484,206,763 shares in the Company's special securities account for repurchase that are not eligible for profit distribution), a cash dividend of RMB1.2 (tax inclusive) per 10 shares is to be distributed to the shareholders, totaling RMB1,625,589,791.88. Meanwhile, there will be no bonus issue from either profit or capital reserves for the year under review.

Except for the aforesaid events, there were no other significant post-balance-sheet-date events that are required to be disclosed as at the date of the authorization of the financial statements for issue.

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XIV Other Important Matters

(I) Business combination involving entities not under common control

During the Reporting Period, the Group successfully acquired Tianjin Zhonghuan Electronics Group Co., Ltd. (Zhonghuan Electronics), which holds a controlling interest in Tianjin Zhonghuan Semiconductor Co., Ltd. (002129.sz) and Tianjin Printronics Circuit Corporation (002134.sz) respectively, as well as assets including Zhonghuan Computer. Following the completion of the acquisition in late September, Zhonghuan Electronics has been included in the consolidated financial statements since October 2020. Through these acquisitions, the Group has entered the industries of semi-conductor photovoltaic and semi-conductor materials.

(II) 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 three reporting segments: the semi-conductor display and materials business, the distribution business and the other businesses. The Company's management regularly evaluates the operating results of these reporting segments to determine the allocation of resources and evaluate their performance. The Company's three reporting segments are:

- (1) Semi-conductor display and materials business: mainly includes research and development, manufacturing and sales of semiconductor display panels and semiconductor display modules.
- (2) Distribution business: mainly includes the sales of computers, software, tablet computers, mobile phones and other electronic products.
- (3) Semi-conductor photovoltaic and semi-conductor materials business: mainly includes the manufacturing and sales of semi-conductor materials, semi-conductor devices, new energy materials and new energy; and the development and operation of high-efficient photovoltaic power station projects.
- (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, investment income, non-operating income and income tax expenses. Transfer pricing of inter-segment income is calculated on terms similar to other foreign transactions.

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XIV Other Important Matters (Continued)
(II) Segment reporting (continued)
2 Financial information of reporting segments

	For the 12 months ended 31 Dec. 2020				Total
	Semi-conductor display and materials business	Semi-conduct or photovoltaic and materials business	Distribution business	Others and internally offset accounts	
Revenue	46,765,152	5,682,962	22,518,401	1,710,723	76,677,238
Gross profit	2,681,812	464,004	251,352	2,338,136	5,735,304
Income tax expense	259,681	36,829	65,175	308,415	670,100
Net profit	2,422,131	427,175	186,177	2,029,721	5,065,204
Total assets	167,530,948	58,719,684	4,838,486	26,819,161	257,908,279
Total liabilities	102,716,040	30,638,290	3,767,580	30,729,302	167,851,212
Other items					
Depreciation and amortization expense	9,770,114	634,433	6,252	134,213	10,545,012
Capital expenditure	31,326,649	931,541	-	827,373	33,085,563
Net interest expense	549,748	231,729	49,291	1,238,562	2,069,330
	For the 12 months ended 31 Dec. 2019				Total
	Semi-conductor display and materials business	Semi-conduct or photovoltaic and materials business	Distribution business	Others and internally offset accounts	
Revenue	33,993,534	-	20,835,617	20,103,935	74,933,086
Gross profit	963,401	-	285,511	2,806,891	4,055,803
Income tax expense	(1,043)	-	69,907	329,205	398,069
Net profit	964,444	-	215,604	2,477,686	3,657,734
Total assets	130,582,410	-	4,520,509	29,741,966	164,844,885
Total liabilities	75,351,193	-	3,517,629	22,092,919	100,961,741
Other items					
Depreciation and amortization expense	6,863,247	-	6,626	1,402,134	8,272,007
Capital expenditure	19,737,178	-	-	379,032	20,116,210
Net interest expense	232,301	-	56,871	1,139,943	1,429,115

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XV Notes to Financial Statements of the Company as Parent

1 Accounts receivable

	31 Dec. 2020				31 Dec. 2019			
	Amount	Percentage	Allowance	Allowance ratio	Amount	Percentage	Allowance	Allowance ratio
With in 1 year	175,944	100%	157	0.09%	445,539	100%	449	0.10%

As at 31 Dec. 2020, there was not such accounts receivable from any shareholder with a 5% or greater voting stock.

2 Other receivables

	31 Dec. 2020	31 Dec. 2019
Dividends receivable	-	4,211,824
Other receivables	25,555,924	12,917,649
	<u>25,555,924</u>	<u>17,129,473</u>

(a) Other receivables by nature are analyzed as follows:

	31 Dec. 2020	31 Dec. 2019
Receivables from external entities	216,836	440,600
Security deposits	2,354	792
Others	25,336,734	12,476,257
	<u>25,555,924</u>	<u>12,917,649</u>

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
31 Dec. 2019	718	-	41,300	42,018
Adjustment for change in accounting policy	-	-	-	-
1 Jan. 2020	718	-	41,300	42,018
Accrued in current period	244	-	-	244
Reversal in current period	-	-	(727)	(727)
Write-off in current period	-	-	-	-
31 Dec. 2020	<u>962.</u>	<u>-</u>	<u>40,573</u>	<u>41,535</u>

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XV Notes to Financial Statements of the Company as Parent (Continued)

2 Other receivables (continued)

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

	31 Dec. 2020		31 Dec. 2019	
	Amount	Percentage	Amount	Percentage
Within 1 year	22,903,192	89.48%	9,708,317	74.91%
1-2 years	1,554,740	6.07%	2,080,024	16.05%
2-3 years	750,517	2.93%	940,910	7.26%
Over 3 years	389,010	1.52%	230,416	1.78%
	<u>25,597,459</u>	<u>100%</u>	<u>12,959,667</u>	<u>100%</u>

The outstanding other receivables were mostly current accounts with related parties. As at 31 Dec. 2020, there were no such other receivables from any shareholder with a 5% or greater voting stock.

The top five other receivables of the Company are about RMB21,175,647 thousand (31 Dec. 2019: RMB9,544,224 thousand), accounting for 82.73% (31 Dec. 2019: 73.65%) of the total other receivables of the Company.

3 Long-term equity investments

	31 Dec. 2020			31 Dec. 2019		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	13,903,039	-	13,903,039	11,863,148	-	11,863,148
Subsidiaries (2)	51,191,420	-	51,191,420	27,434,124	-	27,434,124
	<u>65,094,459</u>	<u>-</u>	<u>65,094,459</u>	<u>39,297,272</u>	<u>-</u>	<u>39,297,272</u>

As at 31 Dec. 2020, there are no major restrictions on the realization of investment and the remittance of return on long-term equity investments.

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XV Notes to Financial Statements of the Company as Parent (Continued)
3 Long-term equity investments (continued)
(1) Associates and joint ventures

	Beginning amount	Increase/decrease in current period						31 Dec. 2020	
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends or profit distribution declared	Impairment allowance		Other increases and decreases
Bank of Shanghai Co., Ltd.	9,314,611	1,004,403	1,144,145	85,934	-	(316,955)	-	-	11,232,138
China Innovative Capital Management Limited	877,920	-	159,707	-	-	-	-	-	1,037,627
LG Electronics (Huizhou) Co., Ltd.	92,583	-	9,998	-	-	(12,200)	-	-	90,381
Shenzhen Qianhai Qihang Supply Chain Management Co., Ltd.	40,837	-	(1,276)	-	-	-	-	-	39,561
Huizhou TCL Taidong Shihua Investment Co., Ltd.	12,779	-	(9,432)	-	-	-	-	(3,347)	-
Shenzhen Tixiang Business Management Technology Co., Ltd.	2,078	-	387	-	-	-	-	-	2,465
Shenzhen Jucai Supply Chain Technology Co., Ltd.	5,342	300	1,026	-	-	-	-	-	6,668
TCL Nanyang Electric Appliance (Guangzhou) Co., Ltd.	1,816	(7,680)	(87)	-	-	-	-	5,951	-
Huizhou TCL Environmental Resource Co., Ltd.	71,738	-	18,020	-	-	-	-	-	89,758
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	375,020	-	2,533	-	-	-	-	-	377,553
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	149,493	-	1,184	-	-	-	-	-	150,677
Huizhou TCL Human Resources Service Co., Ltd.	-	2,500	(379)	-	-	-	-	-	2,121
Others	918,931	(88,084)	94,537	-	-	(14,725)	-	(36,569)	874,090
	<u>11,863,148</u>	<u>911,439</u>	<u>1,420,363</u>	<u>85,934</u>	<u>-</u>	<u>(343,880)</u>	<u>-</u>	<u>(33,965)</u>	<u>13,903,039</u>

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XV Notes to Financial Statements of the Company as Parent (Continued)
3 Long-term equity investments (continued)
(2) Subsidiaries

	Company's direct interest	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
TCL China Star Optoelectronics Technology Co., Ltd.	91.56%	22,164,098	5,268,400	-	27,432,498
TCL Tech Finance Co., Ltd.	82.00%	1,256,003	-	-	1,256,003
Tianjin Zhonghuan Electronics Group Co., Ltd.	100.00%	-	12,500,000	-	12,500,000
Tianjin Zhonghuan Semiconductor Co., Ltd.	2.57%	-	1,752,635	-	1,752,635
Wuhan China Star Optoelectronics Technology Co., Ltd.	39.95%	-	4,217,000	-	4,217,000
TCL Financial Holdings Group (Guangzhou) Co., Ltd.	100%	772,000	-	-	772,000
TCL Technology Park (Huizhou) Co., Ltd.	100%	504,950	-	(504,950)	-
Guangzhou TCL Internet Microcredit Co., Ltd.	100%	500,000	500,000	-	1,000,000
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	89.84%	457,994	-	-	457,994
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.	73.69%	107,296	-	-	107,296
TCL Communication Equipment (Huizhou) Co., Ltd.	75.00%	79,500	-	-	79,500
TCL Medical Radiological Technology (Beijing) Co., Ltd.	100%	58,497	-	-	58,497
Shenzhen TCL Strategic Equity Investment Fund Partnership (Limited Partnership)	100%	20,000	23,880	-	43,880
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
Peer College Education Technology (Huizhou) Co., Ltd.	100%	5,000	-	-	5,000
Huizhou Hongsheng Science and Technology Development Co., Ltd.	100%	1,000	-	-	1,000
Beijing Zhiqijia Technology Co., Ltd.	100%	257,627	-	-	257,627
Ningbo TCL Equity Investment Ltd.	100%	300,000	-	-	300,000

TCL Technology Group Corporation
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(For the year from 1 January 2020 to 31 December 2020)
(The amounts in tables are expressed in thousands of RMB)

XV Notes to Financial Statements of the Company as Parent (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries (continued)

	Company 's direct interest	1 Jan. 2020	Increase in current period	Decrease in current period	31 Dec. 2020
TCL Technology Investments Limited	100%	188,293	-	-	188,293
Equity incentives of subsidiaries		<u>10,452</u>	<u>331</u>	<u>-</u>	<u>10,783</u>
		<u>27,434,124</u>	<u>24,262,246</u>	<u>(504,950)</u>	<u>51,191,420</u>

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

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

4 Investments in other equity instruments

	31 Dec. 2020	31 Dec. 2019
Equity instruments not held for trading	<u>15,000</u>	<u>15,000</u>

5 Other non-current financial assets

	31 Dec. 2020	31 Dec. 2019
Equity investments	1,145,022	1,531,335
Debt investments	<u>-</u>	<u>9,578</u>
	<u>1,145,022</u>	<u>1,540,913</u>

6 Revenue and cost of sales

	2020		2019	
	Revenue	Cost of sales	Revenue	Cost of sales
Core business	886,980	897,447	1,216,047	1,200,847
Non-core business	<u>254,278</u>	<u>13,764</u>	<u>514,140</u>	<u>281,499</u>
	<u>1,141,258</u>	<u>911,211</u>	<u>1,730,187</u>	<u>1,482,346</u>

7 Return on investment

	2020	2019
Income from disposal of debt instruments at fair value through profit or loss	176,098	177,073
Income from disposal of equity instruments at fair value through profit or loss	289,959	210,848
Income from holding debt instruments at fair value through profit or loss	20,323	46,726
Debt instruments at amortized cost through profit or loss	-	7,217
Income from holding equity instruments at fair value through profit or loss	12,265	17,361
Dividends from subsidiaries	736,919	257,126
Share of profit of associates for current period	1,430,174	1,156,058
Share of profit of joint ventures for current period	(9,811)	(6,364)
Net income from disposal of long-term investments	<u>748,894</u>	<u>(486,501)</u>
	<u>3,404,821</u>	<u>1,379,544</u>

As at 31 Dec. 2020, there were no significant restrictions on the collection of return on investment.

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

8 Net cash generated from/used in operating activities

Net cash used in operating activities of the Company as the parent was RMB2,643,171 thousand.

9 Cash and cash equivalents, end of the period

Cash and cash equivalents, end of the period of the Company as the parent was RMB2,196,283 thousand.

10 Contingent liabilities

As at 31 Dec. 2020, the contingent liabilities not provided for in the financial report are as follows:

	31 Dec. 2020	31 Dec. 2019
Guarantees for trade notes and letters of guarantee of subsidiaries	10,903,205	9,809,585
Guarantees for bank loans of subsidiaries	33,054,210	22,119,613
Guarantees for bank loans, trade notes, letters of credit, etc. of related parties	16,144,884	18,160,168

TCL Technology Group Corporation
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XVI Comparative Data

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

XVII Non-Recurring Gains and Losses

	2020	2019
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	226,828	1,419,021
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)	736,747	1,170,649
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments	292,440	68,022
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	350,757	186,339
Non-operating income and expense other than the above	80,764	9,264
Income tax effects	(135,131)	(165,398)
Non-controlling interests effects	<u>(97,494)</u>	<u>(305,250)</u>
Non-recurring gains and losses attributable to ordinary shareholders of the Company as the parent	<u>1,454,911</u>	<u>2,382,647</u>

The Company recognizes non-recurring gain and loss items in accordance with the provisions of (2008) No.43 "Explanatory Announcement No.1-Non-recurring Gains and Losses (2008)" issued by the China Securities Regulatory Commission.

TCL Technology Group Corporation
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XVIII Weighted Average Return on Equity (ROE) and Earnings per Share (EPS)

The Company calculates the ROE and EPS as follows in accordance with "the Compilation Rules No. 9 for Information Disclosure of Companies Offering Securities to the Public-Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010)" issued by China Securities Regulatory Commission and relevant provisions of accounting standards:

Item	Net profit for Reporting Period	Weighted average ROE	EPS (RMB yuan)	
			Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	4,388,159	13.75%	0.3366	0.3226
Net profit attributable to ordinary shareholders of the Company before non-recurring gains and losses	2,933,248	9.19%	0.2250	0.2156

Company Name: TCL Technology Group Corporation
Date: 10 March 2021

The financial statements and the notes thereto from page 1 to page 155 are signed by:

Legal Representative:	Li Dongsheng	Person-in-charge of financial affairs:	Du Juan	Person-in-charge of the financial department:	Xi Wenbo
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