

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



INTERIM REPORT 2024

August 2024

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of TCL Technology Group Corporation (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

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

All the Company’s directors attended the Board meeting for the review of this Interim Report and its summary.

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

The Company has no interim dividend plan, either in the form of cash or stock, nor for the conversion of capital reserve into share capital.

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

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Documents Available for Reference

(I) The financial statements signed and stamped by the person-in-charge of the Company, the Chief Financial Officer and person-in-charge of the financial department.

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

Definitions

Term	Refers to	Definition
The “Company”, the “Group”, “TCL”, “TCL TECH.”, or “we”	Refers to	TCL Technology Group Corporation
The “Reporting Period”, “current period”	Refers to	The period from January 1, 2024 to June 30, 2024.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
TZE	Refers to	TCL Zhonghuan Renewable Energy Technology Co., Ltd., a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002129.SZ)
Shenzhen CSOT	Refers to	Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.
Wuhan CSOT	Refers to	Wuhan China Star Optoelectronics Technology Co., Ltd.
Wuhan China Star Optoelectronics Bandaoti	Refers to	Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.
Guangzhou CSOT	Refers to	Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.
Suzhou CSOT	Refers to	Suzhou China Star Optoelectronics Technology Co., Ltd.
t1	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at TCL CSOT
t2	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at TCL CSOT
t3	Refers to	The generation 6 (or G6) LTPS-LCD panel production line at Wuhan CSOT
t4	Refers to	The generation 6 (or G6) flexible LTPS-AMOLED panel production line at Wuhan CSOT
Wuhan t3 production expansion project	Refers to	The generation 6 (or G6) of new display production line at Wuhan CSOT
t6	Refers to	The generation 11 (or G11) new TFT-LCD display production line at Shenzhen CSOT
t7	Refers to	The generation 11 (or G11) new ultra high definition display production line at Shenzhen CSOT
t9	Refers to	The generation 8.6 (or G8.6) new oxide display production line at Guangzhou CSOT
t10	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at Suzhou CSOT
GW	Refers to	Gigawatt, power unit for solar cells, 1GW = 1,000 megawatts
G12	Refers to	12-inch ultra-large DW-cut solar monocrystalline silicon square wafer, size: 44,096mm ² , diagonal line: 295mm, side length: 210mm, with its size 80.5% larger than the conventional M2
Maxeon, MAXEON	Refers to	MAXEON SOLAR TECHNOLOGIES, LTD., a company listed on the U.S. NASDAQ (NASDAQ: MAXN)
RMB	Refers to	Renminbi

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	TCL TECH.	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	TCL 科技集团股份有限公司		
Abbr.	TCL 科技		
Company name in English	TCL Technology Group Corporation		
Abbr. in English	TCL TECH.		
Legal representative	Li Dongsheng		

II. Contact Information

	Board Secretary
Name	Liao Qian
Office address	10/F, Tower G1, International E Town, TCL Science Park, 1001 Nanshan District, Shenzhen, Guangdong Province, China
Tel.	0755-33311666
Email address	ir@tcl.com

III. Other Information

1. Contact Information of the Company

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

Applicable Not Applicable

No changes occurred to the registered address, office address and their zip codes, website address, email address and other contact information of the Company during the Reporting Period. Please refer to the Annual Report 2023 for details.

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

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

Applicable Not Applicable

No changes occurred to the name and website of the stock exchange website and media on which the Company discloses its Interim Report and the place for lodging such reports during the Reporting Period. Please refer to the Annual Report 2023 for details.

3. Other Information

Whether other information changed during the Reporting Period.

Applicable Not Applicable

IV. Key Accounting Data and Financial Indicators

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

Yes No

	H1 2024	H1 2023	Change
Operating revenue (RMB)	80,223,736,962	85,148,725,606	-5.78%
Net profits attributable to the company's shareholders (RMB)	995,211,533	340,493,589	192.28%
Net profits attributable to the company's shareholders after non-recurring gains and losses (RMB)	558,757,061	-600,066,840	193.12%
Net cash generated from operating activities (RMB)	12,632,721,713	10,416,168,147	21.28%
Basic earnings per share (RMB/share)	0.0535	0.0184	190.76%
Diluted earnings per share (RMB/share)	0.0530	0.0181	192.82%
Weighted average return on equity (%)	1.87	0.67	Increase by 1.2 percentage points YoY
	End of the Reporting Period	December 31, 2023	Change
Total assets (RMB)	382,333,538,876	382,859,086,727	-0.14%
Owners' equity attributable to the company's shareholders (RMB)	52,369,539,906	52,921,867,086	-1.04%

V. Accounting Data Differences under China Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

1. Differences in Net Profits and Equity under CAS and IFRS

Applicable Not Applicable

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

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

Applicable Not Applicable

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

3. Reasons for Accounting Data Differences Above

Applicable Not Applicable

VI. Non-Recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	Amount
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	48,439,054
Public grants charged to current profits and loss (except for public grants which are closely related to the Company's daily operations, comply with national policies, are granted based on determined standards, and have a continuous impact on the Company's profits or losses)	972,603,327
The profits or losses generated from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and the profits or losses from the disposal of such financial assets and financial liabilities, except for the effective hedging business related to the company's normal business operations	-3,310,350
Reversal of provision for impairment of receivables that have been individually tested for impairment	30,500,000
Non-operating income and expenses other than the above	258,630,716
Less: Amount affected by income tax	156,219,258
Amount affected by equity of minority shareholders (net of tax)	714,189,017
Total	436,454,472

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

Applicable Not Applicable

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

Notes on non-recurring profit and loss items that which is listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss* shall be used to define Recurring Gain/Loss items

Applicable Not Applicable

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

Part III Management Discussion and Analysis

I. Company-related Industry Outlook During the Reporting Period

In the first half of 2024, political and economic unpredictability continuously increased worldwide, with intensified geopolitical conflicts and re-balancing of international trade systems. Meanwhile, major economies grappled with persistent inflationary pressures, resulting in heightened policy uncertainties and subpar global economic growth. In response to the complicated challenges, the Company focused on the development of its display business and new energy photovoltaic business, enhanced the resilience of its business, and optimized its competitive edge in pursuit of high-quality and sustainable development.

During the Reporting Period, TCL TECH. achieved a revenue of RMB80.224 billion; a net profit of RMB995 million attributable to the shareholders of listed companies, which is an increase of 192.28% year-on-year; and a net operating cash flow of RMB12.633 billion. Major factors that influenced the Company's performance included: the positive turnaround of the supply-demand relationship in the display industry, the steady price appreciation of mainstream products, the Company's proactive optimization of business strategies and business structure, and significantly improved profitability. During the Reporting Period, the display business achieved an operating revenue of RMB49.877 billion, with a year-on-year increase of 40.39%, and a net profit of RMB2.696 billion, with a year-on-year increase of RMB6.145 billion. The trade of the global energy transition persisted, with increasing demand for installed capacity in the new energy photovoltaic industry. Nonetheless, industry-wide supply-demand discrepancies resulted in a substantial year-on-year decline in photovoltaic product prices. During the Reporting Period, TZE achieved a revenue of RMB16.213 billion, with a year-on-year decrease of 53.54%, which resulted in TCL Technology's net profits attributable to the parent company decreased by RMB-914 million.

The Company strengthens its competitive edge in industry scale and leadership by enhancing its core competencies, building a solid operational foundation, and optimizing its production capacity and product portfolio. As the competitive landscape of the display industry continues to improve, leading manufacturers have established a significant scale advantage. During the Reporting Period, the Company's display segment strategically realigned its production capacity

and product structure on the basis of incremental markets and continuously increased its market share, with its TV panel shipments ranking No. 2 globally, MNT panel shipments jumping to No. 2 globally, and ranking among the top 3 flexible OLED manufacturers in terms of shipments. At the end of the Reporting Period, the Company's monocrystalline silicon production capacity for its new energy photovoltaic segment stood at 190GW. Cumulative shipments of photovoltaic materials during the Reporting Period amounted to approximately 62GW, reflecting an 18.3% year-on-year increase. The Company ranked first in the industry with a 23.5% comprehensive market share for silicon wafers.

The Company implements a strategic approach that focuses on fortifying its core competencies and rectifying shortcomings, to bolster the competitive edge of its core business segments, and increase both efficiency and effectiveness. The Company's display business capitalized on the technological capabilities of its high-gen production lines to lead the continuous upgrading of larger-sized specification products, and to grasp the iterative demand for IT products fueled by the AI revolution, to fill the gap in its mid-sized production capacity (e.g., the t9 production line) and product layout. The small-sized OLED business successfully implemented a high-end and differentiated product strategy. Relying on its advantages in leading G12 and N-type wafer technology, Industry 4.0, and flexible manufacturing processes, the Company's new energy photovoltaic business played a synergistic role across the core sections along the photovoltaic value chain, and ultimately shored up the relative advantages in cost efficiency to navigate industry cycles through relative competitiveness.

With the implementation of its global strategy, the Company has built a globally integrated business network anchored in the Chinese domestic market, and created a comprehensive global industrial ecosystem. The Company's display business improved its layout in its panel module plant in India and in its overseas business platform, to strengthen its capacity to serve global customers and partners and satisfy the incremental needs of markets worldwide. The Company's new energy photovoltaic division is pursuing a cautious yet determined globalization strategy, diligently assessing and exploring potential industrial projects in strategic global locations. The Company will form a strategic partnership with its Saudi Arabian counterparts to establish the largest overseas crystalline silicon wafer manufacturing facility to date. By fully capitalizing on MAXEON's distinctive market advantages and technological innovations in international markets, the Company will leverage the synergistic effects of global production and distribution channels, strengthening its

competitive position on a global scale.

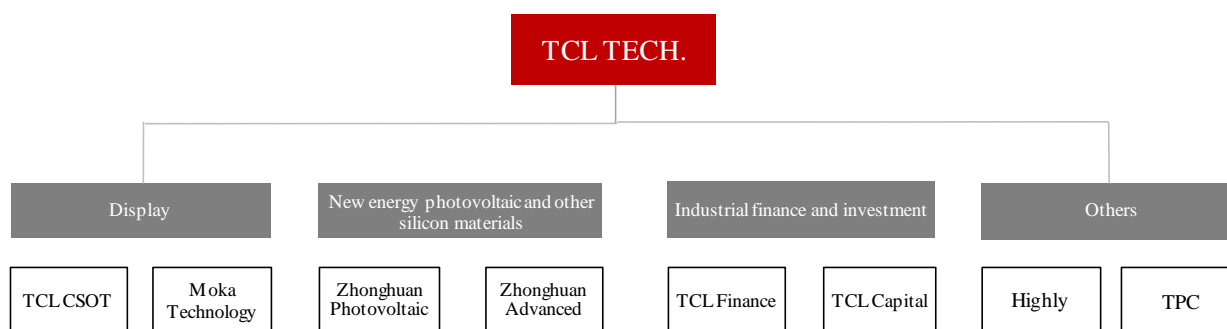
Through strategic realignment, the Company enhances its capabilities, streamlines processes and structures, and establishes a diverse and globally integrated talent ecosystem.

The Company's strategy sets the course for future corporate growth, while its organizational capabilities provide the foundation for its operations. The Company has adopted a customer-centric business model, and seamlessly integrated value creation and value realization processes. By building a robust, agile, and flat organizational structure, it has improved decision-making efficiency and responsiveness to customer and market demands. Furthermore, the Company has implemented a clear accountability framework for its industrial operations, emphasizing employee development and talent acquisition to bolster its organizational capacity. A diverse and inclusive talent ecosystem is supporting the Company's strategic pursuit of global leadership.

Looking ahead, as some companies shut down or divest their production capacities in the industry, the display industry will see further optimization of its supply-side structure. Meanwhile, such trends as large-size displays and artificial intelligence will promote steady growth of display demand, and a sound supply-demand relationship is expected to drive continuous improvement in the Company's display business profitability. While the photovoltaic industry remains at the bottom of the cycle, the Company's new energy photovoltaic business is taking a proactive stance. By accelerating organizational transformation, focusing on strengthening core competencies and addressing weaknesses, and enhancing its operational resilience, the Company aims to navigate through the industry cycles with a competitive edge. By upholding the spirit of "Venturing Midstream and Striving to Win", the Company will firmly grasp the opportunities brought by transformations in the technology manufacturing industry and the global energy structure, and continue to implement the business strategies of "improving operational quality and efficiency, enhancing strengths to shore up weaknesses, innovation-driven development as well as accelerating global expansion" in order to achieve sustainable, high-quality development and take on a leading role in the global market.

II. Main Businesses of the Company During the Reporting Period

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



(I) Display Business

Global TV retail sales remained sluggish in the first half of 2024, but the optimization of the supply-side competitive landscape and the trend towards on demand production have pushed the industry onto a trend of healthy and sustainable development. TV panels have a steady and moderate increase in prices driven by supply-side factors, e.g. maintenance shutdowns during the Chinese New Year, and demand-side factors, e.g. inventory buildup for sporting events and the trend toward larger-sized TV panels. Small and medium-sized panels have experienced a rebound in sales, fueled by hardware product innovation and replacement demands, resulting in structural price hikes.

By leveraging its strengths in terms of scale and efficiency, TCL CSOT has consistently optimized its business and product mix with favorable price increases for key products, and significantly boosted operating performance. During the Reporting Period, **the display business achieved a revenue of RMB49.877 billion, with a year-on-year increase of 40.39%, and a net profit of RMB2.696 billion, with a year-on-year increase of RMB6.145 billion while recording a profit of RMB2.157 billion in the second quarter, with a year-on-year increase of 300.19%. The display business achieved a net cash flow from its operating activities of RMB13.2 billion, which is an increase of 60.9% from the same period last year.**

In its large-sized products business, TCL CSOT leveraged its advantages in terms of high-gen production lines and synergy with the industry chain, and led the upgrading and high-end development of large-sized TV panels. Capitalizing on the manufacturing efficiency and process advantages of its G8.5 and G11 high-gen production lines, TCL CSOT led the way in improving image quality and reducing energy consumption for large-sized products, and collaborated with strategic customers to enhance the penetration of premium TVs in the market and elevate the value of key segments alongside the industry chain. During the Reporting Period, the Company consolidated its No. 2 position in terms of global market share of TV panels, with 81% of the shipment

area for products above 55 inches, and 55% of the shipment area for products above 65 inches, with the average size increased by 1.2 inches compared to the same period of the last year; meanwhile, 55-inch and 75-inch products ranked No. 1 in the world, with the market share of 65-inch products ranked No. 2 globally. In commercial markets such as interactive whiteboards, digital signage, and splicing screens, the Company ranked among the top three in terms of global market share.

In the mid-size panel segment, TCL CSOT seized growth opportunities in niche applications by deepening cooperation with new business clients in IT and vehicle-mounted devices, and enhancing product competitiveness and market share. Aligned with mid-sized IT and vehicle-mounted devices, the t9 production line made steady progress in terms of product development and customer acquisition. The Company further diversified its product portfolio with IGZO oxide products put into SoP and shipments, and the Gen 6 LTPS line undergoing rapid product upgrades. Riding on the worldwide e-sports market and commercial PC replacement needs in Europe and the Americas, the Company significantly increased its monitor shipments, which are now ranked second globally. Our gaming monitors for e-sports hold the largest market share worldwide. Additionally, notebook and tablet shipments have shown steady growth, with our LTPS notebooks ranked second and LTPS tablets ranked first globally. We have continued to focus on the premiumization and large-size trends in vehicle-mounted devices, the shipment area of LTPS car screens has ascended to the third largest in the world.

In the field of small size, TCL CSOT drives business development with technological innovation continuously optimizing the product and customer mix, and achieving significant growth in OLED shipments. In the first half of the year, the Company's LTPS smartphone panel shipments secured the second position globally. Our flexible OLED smartphone panel shipments hit 39 million units, marking a substantial 180% year-on-year growth, and our market share climbed to third place globally. Furthermore, we ranked fourth globally in terms of foldable display shipments. The Company has pioneered innovative technologies in flexible OLEDs, e.g. foldable displays, LTPO, Pol-Less, and FIAA ultra-narrow bezels. As a supplier for top-tier flagship smartphone brands, we have successfully elevated our average selling prices by increasing high-end products.

The global market for display terminals maintained a steady pace throughout the year. The increasing demand for larger sizes will continue to fuel growth in the overall display segment. The benign competition in the supply-side industry will further drive the balanced development of

industrial supply and demand. Corporate profitability is recovering with reasonable business returns under favorable circumstances.

Recently, TCL CSOT participated in the bidding of 70% of LG Display (China) Co., Ltd. and 100% of LG Display (Guangzhou) Co., Ltd., and has been chosen as the preferred bidder. This potential acquisition will enable TCL CSOT to diversify its display production line technologies and further consolidate the industry. TCL CSOT is committed to fostering a healthy and sustainable industry, driving profitability, and enhancing overall industry value.

(II) New Energy Photovoltaics and Other Silicon Materials Business

In the first half of 2024, global photovoltaic terminal installations continued to grow steadily. However, the rapid release of production capacity across the supply chain in the photovoltaic industry has led to further supply-demand imbalances and intensified short-term competition. In the second quarter of 2024, prices throughout the main industry chain product fell below costs, causing net losses. At the end of June, the industry reached the bottom of the cycle, with many companies suffering cash-cost losses and facing operational performance pressures. During the Reporting Period, TZE achieved a revenue of RMB16.213 billion, with a year-on-year decrease of 53.54%, and a net profit of negative RMB3.176 billion. Net cash flows from operating activities amounted to RMB128 million.

TZE prioritizes technological innovation, cementing a leading position in G12 and N-type photovoltaic materials technology. Through continuous cost reductions and efficiency optimizations, the Company is actively enhancing its relative comparative competitiveness. By leveraging technological innovation and lean manufacturing, the Company has established a competitive edge with ongoing efforts to enhance silicon material utilization, reduce furnace costs, and increase wafer output per kilogram, which are driving the industry's transition to N-type and larger-sized products. During the Reporting Period, the Company's monocrystalline silicon capacity expanded to 190GW, while photovoltaic material shipments grew by 18.3% year-on-year to approximately 62GW. The Company secured a leading position in the industry with a 23.5% market share for silicon wafers. Notably, its N-type products achieved a 42% external sales market share, signifying a 6 percentage point increase from 2023. Although a comparably high depreciation rate per unit caused by different investment methods, the Company's photovoltaic material business

maintains a cost advantage of approximately 0.033 yuan/W more cost-competitive than the industry's second-best player.

TZE is solidifying its Industry 4.0 smart manufacturing capabilities and resolutely implementing a global leadership strategy. Building on its globally leading G12 silicon wafer technology, Industry 4.0 flexible manufacturing capabilities, and a strong intellectual property portfolio, the Company is accelerating its internationalization efforts and expanding its localized manufacturing footprint overseas. In collaboration with RELC which is fully owned by Saudi Arabia's Public Investment Fund (PIF), and Vision Industries, the Company is building the world's largest overseas crystal wafer plant to bolster its global competitiveness. The Company aims to fully capitalize on Maxeon's unique competitive advantages in its core markets and its proven technological innovation capabilities. By fostering a collaborative ecosystem between global production and distribution channels, the Company seeks to strengthen its competitive edge in the global marketplace (especially in North America).

In the second half of 2024, the global photovoltaic industry remains at the bottom of the cycle, with fundamental changes in market conditions and intensifying competition. In the wake of operational challenges, TZE will uphold its bottom line of extreme cost efficiency, accelerate organizational restructurings and management optimizations, and enhance its comparable competitiveness. The global renewable energy market presents ample growth opportunities, yet the distribution of production capacity worldwide remains uneven. The Company's management team believes that the Matthew effect within the photovoltaic industry will contribute to a more optimized long-term market structure and enhance profitability.

III. Analysis of Core Competitiveness

Since its establishment in 1981, TCL has consistently demonstrated resilience and adaptability, successfully navigating through various market cycles. Through a sustained commitment to innovation and transformation, the Company has emerged as a prominent technology manufacturing group in China. At present, TCL TECH has established a business structure centered on displays and new energy photovoltaics. With a well-defined development roadmap and efficient operations, the Company has a distinctive corporate culture and is well-poised for building its core competitiveness and sustainable development capabilities.

Leading at scale: Continuously improving our business layout and building scale

advantages

TCL CSOT, a preeminent global display company and a pioneer in domestic display manufacturing, has invested over RMB260 billion to establish 9 state-of-the-art panel lines and 5 module factories, serving a diverse range of global clients. The Company leverages its strategic “Twin Star” production line layout to maximize synergies with a focus on both endogenous growth and epitaxial mergers and acquisitions, enabling it to expand its production capacity and build leadership through size. By establishing its own production lines and acquiring Samsung’s Suzhou plant, TCL CSOT has gradually solidified its leading position in the global large-size panel market, actively enhanced its value chain structure, increased module capacity, and further elevated its position along the value chain and increased profitability. TCL CSOT has passed through several industry cycles, transforming from a “follower” to a “peer” and then to a front-runner, which features high-quality development by expanding its product portfolio from large-size panels to a full range of display sizes.

TZE will leverage its competitive advantages in terms of capacity, product offerings, and cost structure, while driving technological innovations and operational transformations to bolster its market position. The Company is committed to ongoing improvements in its flexible manufacturing capabilities for photovoltaic silicon wafers, and is ensuring that it can meet the diverse needs of its customers. The Company’s patented technologies enable it to develop differentiated products, technologies, and manufacturing processes for photovoltaic cell modules.

Leading in technology and ecology: Prioritizing the growth of high-tech sectors, and building a first-mover advantage through ecological leadership

The Company has established a strategic foothold in core technologies, e.g. displays and new energy photovoltaics, capitalizing on its subsidiaries TCL COST and TZE. Through strategic partnerships with upstream and downstream industry players, the Company has built a robust global ecosystem for technology and innovation, and is steadily advancing its technological leadership in next-generation display technologies as well as G12 and N-type photovoltaic materials. The Company has accumulated over 70,000 patent applications and has been instrumental in developing over 200 international and domestic technical standards, underscoring its unwavering commitment to technological innovation and its status as a preeminent high-tech enterprise. The Company has secured over 2,400 patents in quantum dot display technology, ranking second globally, which will ensure the independent and controllable development of key technologies for next-generation

displays. TCL TECH took the leads in establishing the “National Printing and Flexible Display Innovation Center” and the “National New Display Technology Innovation Center”, with 9 national-level enterprise open innovation platforms and 33 provincial-level innovation platforms obtaining the relevant qualifications.

Leading in efficiency and management: navigating cycles with industry-leading efficiency and effectiveness

TCL has leveraged its substantial scale and technological prowess to achieve industry-leading levels of efficiency and effectiveness. Through ongoing management reforms and system upgrades, the Company has maintained its competitive edge. TCL CSOT leverages the synergy of its twin factories to optimize production line planning and maximize capacity expansion. Through management reforms and process optimizations, TCL has strengthened end-to-end collaboration, resulting in improved overall operational efficiency. By pursuing cost excellence, we have established an end-to-end cost advantage, resulting in continuous improvements in product quality and performance, as well as a leading competitive position in the industry. At the same time, TCL CSOT has established proven risk mitigation capabilities which have been honed through multiple industry cycle fluctuations. Looking ahead, TCL will make use of this core competency, and will be well-poised to navigate future uncertainties and achieve global leadership.

Amidst the cyclical downturn in the new energy photovoltaic industry, TZE has steadfastly adhered to its core business philosophy of “digging in”. The Company has comprehensively implemented Industry 4.0 intelligent manufacturing systems, coupled with Operation 4.0 and Quality 4.0 management frameworks. Through the relentless optimization of production automation, labor productivity, and operational efficiency, TZE has fortified its competitive edge in terms of efficiency and cost, thereby positioning itself to successfully navigate the industry cycle and emerge as a leading global player in the new energy photovoltaic sector.

Corporate culture upgrade: With the mission of “leading technology, harmonious coexistence”, we are effectively addressing operational changes and competition

In early 2020, TCL inaugurated a new phase of corporate culture, as articulated in the strategic document *The Path to Global Leadership*. The Company has adopted a core mission centered around “leading technology, harmonious coexistence”, underpinned by the core values of “change, innovation, accountability, and excellence”. This cultural transformation has empowered TCL

employees to embrace change, break through limitations, and drive business optimizations and upgrades through active exploration and innovation. Guided by a commitment to responsibility and a relentless pursuit of excellence, TCL has dedicated itself to delivering superior products and services to its valued customers. Amidst a complex and dynamic external business environment, TCL employees will continue to uphold its core principles and values—“The Path to Global Leadership”. Demonstrating unwavering courage and determination, TCL will remain at the forefront of its industry, undeterred by competitive pressures. Through strategic adaptations and innovative initiatives, TCL will navigate the evolving business landscape and successfully transition into a new phase of growth.

IV. Analysis of Core Businesses

Overview

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

Year-on-year changes in key financial information

Unit: RMB'0,000

	H1 2024	H1 2023	Change (%)	Reason for change
Operating Revenue	8,022,374	8,514,873	-5.78%	No significant change
Operating cost	7,038,438	7,426,760	-5.23%	No significant change
Sales expenses	113,557	120,670	-5.89%	No significant change
Administrative expenses	200,384	201,592	-0.60%	No significant change
R&D expenses	440,157	489,235	-10.03%	No significant change
Financial expenses	209,127	161,316	29.64%	No significant change
Income tax expenses	5,221	-9,980	152.32%	Primarily due to the increase in profits from the display business during the period
R&D investments	426,586	546,528	-21.95%	No significant change
Net cash generated from operating activities	1,263,272	1,041,617	21.28%	No significant change
Net cash used in investing activities	-1,744,450	-1,954,096	10.73%	No significant change
Net cash generated from financing activities	269,747	310,146	-13.03%	Mainly caused by a decrease in financing activities
Net increase in cash and cash equivalents	-207,327	-593,138	65.05%	Mainly due to a year-on-year increase in net cash inflows from operating activities and a year-on-year decrease in net cash outflows from investing activities

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

Applicable Not Applicable

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

Breakdown of revenue

Unit: RMB'0,000

	H1 2024		H1 2023		Change (%)
	Amount	As % of total revenue (%)	Amount	As % of total revenue (%)	
Total revenue	8,022,374	100%	8,514,873	100%	-5.78%
By operating division					
Display business	4,987,706	62.17%	3,552,843	41.73%	40.39%
New energy photovoltaics and other silicon materials business	1,621,349	20.21%	3,489,779	40.98%	-53.54%
Distribution business	1,364,933	17.01%	1,381,282	16.22%	-1.18%
Other and offsets	48,385	0.61%	90,968	1.07%	-46.81%
By product category					
Display devices	4,987,706	62.17%	3,552,843	41.73%	40.39%
New energy photovoltaics and other silicon materials	1,621,349	20.21%	3,489,779	40.98%	-53.54%
Distribution of electronics	1,364,933	17.01%	1,381,282	16.22%	-1.18%
Other and offsets	48,385	0.61%	90,968	1.07%	-46.81%
By operating segment					
Mainland China	5,389,603	67.18%	5,881,602	69.07%	-8.37%
Overseas (including Hong Kong)	2,632,771	32.82%	2,633,271	30.93%	-0.02%

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

 Applicable Not applicable

Unit: RMB'0,000

	Revenue	Operating cost	Gross profit margin	Change in revenue year-on-year (%)	Change in operating cost year-on-year (%)	Change in gross profit margin year-on-year (%)
By operating division						
Display business	4,987,706	4,049,818	18.80%	40.39%	20.21%	13.63%
New energy photovoltaics and other silicon materials business	1,621,349	1,666,533	-2.79%	-53.54%	-37.81%	-26.00%
Distribution business	1,364,933	1,316,942	3.52%	-1.18%	-0.93%	-0.24%
By product category						
Display devices	4,987,706	4,049,818	18.80%	40.39%	20.21%	13.63%
New energy photovoltaics and other silicon materials	1,621,349	1,666,533	-2.79%	-53.54%	-37.81%	-26.00%
Distribution of electronics	1,364,933	1,316,942	3.52%	-1.18%	-0.93%	-0.24%
By operating segment						
Mainland China	5,389,603	4,954,407	8.07%	-8.37%	-6.73%	-1.61%
Overseas (including Hong Kong)	2,632,771	2,084,032	20.84%	-0.02%	-1.45%	1.15%

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

 Applicable Not Applicable**V. Analysis of Non-Core Businesses** Applicable Not applicable

Unit: RMB'0,000

	Amount	As % of gross profit	Source	Sustainability
Return on investment	42,176	-101.40%	Mainly due to the recognition of return on investment from joint ventures and investment returns on financial assets, etc	No
Gain/loss of fair-value changes	13,295	-31.96%	Mainly due to the movement in fair value of financial assets during the holding period	No
Asset impairment	-205,965	495.18%	Falling price of inventory write-offs in line with the market	No
Non-operating income	22,744	-54.68%	Mainly due to claim income	No
Non-operating expenses	7,814	-18.79%	Mainly due to donations and losses from the retirement of long-term assets	No

VI. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB'0,000

	End of the Reporting Period		December 31, 2023		Weight Change	Main reason for change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	1,958,750	5.12%	2,192,427	5.73%	-0.61%	No significant change
Accounts receivable	2,311,643	6.05%	2,200,365	5.75%	0.30%	No significant change
Contract assets	37,157	0.10%	34,391	0.09%	0.01%	No significant change
Inventories	2,018,193	5.28%	1,848,175	4.83%	0.45%	No significant change
Investment property	81,338	0.21%	91,168	0.24%	-0.03%	No significant change
Long-term equity investments	2,490,824	6.51%	2,543,127	6.64%	-0.13%	No significant change
Fixed assets	17,026,738	44.53%	17,642,262	46.08%	-1.55%	Mainly due to a decrease in depreciation during the year
Construction in progress	2,012,670	5.26%	1,700,005	4.44%	0.82%	No significant change
Right-of-use assets	606,403	1.59%	638,645	1.67%	-0.08%	No significant change
Short-term borrowings	1,184,463	3.10%	847,358	2.21%	0.89%	No significant change
Contract liabilities	146,557	0.38%	189,947	0.50%	-0.12%	No significant change
Long-term borrowings	12,030,446	31.47%	11,766,221	30.73%	0.74%	No significant change
Lease liabilities	569,959	1.49%	573,729	1.50%	-0.01%	No significant change

2. Major Assets Overseas

Applicable Not Applicable

3. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB'0,000

Item	Beginning amount	Gain/loss of fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Impairment allowances established in the Reporting Period	Amount purchased in the Reporting Period	Amount sold in the Reporting Period	Others changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	2,615,568	4,731	-	-	3,404,415	3,113,176	10,693	2,922,232
2. Derivative financial assets	10,801	9,294	-7,607	-	-	-	-4,586	15,509
3. Receivables financing	95,441	-	-	-	-	-	-33,545	61,896
4. Investments in other equity instruments	38,665	-	-20,643	-	-	-	61	38,725
Subtotal of financial assets	2,760,475	14,025	-28,250	-	3,404,415	3,113,176	-38,131	3,038,362
Total of the above	2,760,475	14,025	-28,250	-	3,404,415	3,113,176	-38,131	3,038,362
Financial liabilities	31,004	-731	-11,519	-	65,701	71,487	2,913	28,862

Other changed content

None

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

Yes No

4. Restricted Asset Rights as of the Period-End

Restricted assets	Carrying amount (RMB'0,000)	Reason for restriction
Monetary assets	39,307	Deposited in the central bank as the required reserve
Monetary assets	127,088	Other monetary assets and restricted bank deposits
Notes receivable	3,595	Endorsement, and attached recourse and pledge
Fixed assets	8,715,909	As collateral for loan
Intangible assets	389,966	As collateral for loan
Held-for-trading financial assets	45,420	Pledge
Construction in progress	140,140	As collateral for loan
Accounts receivable	90,649	Pledge
Contract assets	37,081	Pledge

Investment property	960	As collateral for loan
Other non-current assets due within one year	43,747	Pledge
Total	9,633,864	

VII. Investments Made

1. Total Investment Amount

Applicable Not applicable

Total investment amount in the Reporting Period (RMB'0,000)	Total investment amount in the same period last year (RMB'0,000)	Change (%)
1,501,865	1,951,463	-23.04%

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 Assets Investments

(1) Securities Investments

Applicable Not applicable

Unit: RMB'0,000

Security type	Stock Code	Stock Abbr.	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss of fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Amount purchased in the Reporting Period	Amount sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding Source
Stocks	300842.SZ	DK Electronic Materials, Inc.	2,430	Fair value	33,724	-6,223	-	-	5,818	-4,631	23,276	Other non-current financial assets	Self-funded
Stocks	688469.SH	UNT	26,745	Fair value	23,408	-4,794	-	-	-	-4,794	18,614	Other non-current financial assets	Self-funded
U.S. Treasury bill	US912797GB79	TREASURY BILL	1,414	Fair value	-	29	-	14,903	-	29	14,932	Held-for-trading financial assets	Self-funded
Financial bonds	XS2587421681	Nanyang Commercial Bank	7,083	Measurement at amortized cost	7,251	-	-	-	-	261	7,295	Debt investments	Self-funded
Bonds	XS2560662541	LINK CB LTD	4,455	Fair value	6,064	-176	-	-	-	-138	5,926	Held-for-trading financial assets	Self-funded
Financial bonds	223001.IB	22 ICBC Macau Bond 01	5,000	Measurement at amortized cost	5,044	-	-	-	-	64	5,108	Debt investments	Self-funded
Bonds	USF2941JAA81	ELECTRICITE DE FRANCE SA	2,919	Fair value	4,754	-214	-	1,611	1,114	-168	5,083	Held-for-trading financial assets	Self-funded
Bonds	USG98149AG59	WYNN MACAU LTD	623	Fair value	859	128	-	4,298	403	133	4,888	Held-for-trading financial assets	Self-funded
Bonds	US279158AL39	ECOPETROL SA	2,421	Fair value	4,590	1	-	-	-11	18	4,619	Held-for-trading financial assets	Self-funded
Bonds	USG5975LAA47	MELCO RESORTS FINANCE	1,328	Fair value	3,832	31	-	1,193	1,182	44	3,887	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			227,091	--	176,114	3,805	-19,237	417,092	455,692	9,470	146,683		
Total			281,509	--	265,641	-7,413	-19,237	439,097	464,197	288	240,310		
Disclosure date of the board announcement approving securities investments			April 30, 2024										
Date for disclosure and announcement on approving securities investment by the general meeting			May 25, 2024										

Note: The initial investment cost represents the initial investment cost in securities held at the end of the period.

(2) Investments in Derivative Financial Instruments

☑ Applicable ☐ Not applicable

1) Derivative investments for hedging purposes made during the Reporting Period

☑ Applicable ☐ Not applicable

Unit: RMB'0,000

Type of contract	Beginning amount		Ending amount		Gain/loss in the Reporting Period	Closing contractual amount as a percentage of the closing net assets reported by the Company (%)	
	Contractual amount	Transaction limit	Contractual amount	Transaction limit		Contractual amount	Transaction limit
1. Forward forex contracts	3,039,040	114,095	4,725,237	182,334	27,459	34.18	1.32
2. Interest rate swaps	407,686	12,231	314,600	9,438		2.28	0.07
Total	3,446,726	126,326	5,039,837	191,772	27,459	36.46	1.39
Accounting policies and specific accounting principles for hedging business during the Reporting Period and a description of whether there have been significant changes from those of the previous reporting period	No significant change.						
Description of actual profits and losses during the Reporting Period	During the Reporting Period, profit from changes in the fair value of hedged items amounted to RMB124.85 million; losses from the delivery of due forward exchange contracts amounted to negative RMB58.09 million; and profit from the valuation of outstanding forward exchange contracts amounted to RMB91.65 million.						
Description of the hedging effect	During the Reporting Period, the Company's main foreign exchange risk exposures include exposures of assets and liabilities denominated in foreign currencies arising from business such as outbound sales, raw material procurement, and financing. The uncertain risks arising from the exchange rate fluctuations were effectively hedged by using derivative contracts with the same purchase amounts and maturities in opposite directions.						
Funding source for derivative investment	Self-funded.						
Analysis of risks and control measures associated with derivative investments held in the Reporting Period	In order to effectively manage the exchange and interest rate risks of foreign currency assets, liabilities, and cash flows, the Company, after fully analyzing the market trends and predicting operations (including orders and capital plans), adopted forward foreign exchange contracts, options, and interest rate swaps to avoid future exchange rate and interest rate risks. As its business scale changes, the Company will adjust its exchange rate risk management strategy according to the actual market conditions and business plans.						

<p>(including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)</p>	<p>Risk analysis:</p> <ol style="list-style-type: none"> 1. Market risk: the financial derivatives business carried out by the Group is related to hedging and trading activities associated with the main business operations. There is a market risk associated with potential losses due to fluctuations in market prices, such as underlying interest rates and exchange rates, which affect the prices of financial derivatives; 2. Liquidity risk: the derivatives business carried out by the Group is an over-the-counter transaction operated by a financial institution, and there is a risk of incurring losses due to paying fees to the bank for liquidating or selling the derivatives below the buying prices; 3. Performance risk: the Group conducts its derivative business based on rolling budgets for risk management, and there is a risk of performance failure due to deviation arising between the actual operating results and budgets; 4. Other risks: in the case of specific business operations, the failure of operational personnel to report and obtain approvals in accordance with established procedures or to accurately, promptly, and comprehensively record information related to financial derivative transactions may result in potential losses or missed trading opportunities in the derivative business. Moreover, if the trading operator fails to fully understand the terms of transaction contracts or product information, the Group may face legal risks and transaction losses. <p>Risk control measures:</p>
	<ol style="list-style-type: none"> 1. Basic management principles: the Group strictly follows the hedging principle mainly to fix costs and avoid risks. It is necessary for the financial derivatives business to align with the variety, size, direction, and duration of spot goods, and this should not involve any speculative trading. When selecting hedging instruments, only simple financial derivatives that are closely related to the main business operations and comply with the requirements of hedge accounting should be selected. Avoid engaging in complex business activities that go beyond the established scope of operations and involve risks and pricing that are difficult to understand; 2. The Group has formulated a special risk management system tailored to the risk characteristics of the financial derivatives business, covering all key aspects such as preemptive prevention, in-process monitoring, and post-processing. It reasonably allocates professionals for investment decision-making, business operations, and risk control as required. Personnel involved in investment are required to fully understand the risks of financial derivatives investment and strictly implement the business operations and risk management system of derivatives. Before the holding company engages in derivative business activities, the holding company must submit detailed business reports to the competent department of the Group, including information about its internal approval, main product terms, operational necessity, preparations, risk analysis, risk management strategy, fair value analysis, and accounting methods. Additionally, a special summary report of previously conducted operations should be submitted. Only after obtaining the opinion of the relevant professional departments within the Group may the holding company proceed with the operations. 3. Relevant departments should track the changes in the open market price or fair value of financial derivatives, promptly assess the risk exposure changes of invested financial derivatives, and compile reports to the board of directors on business development; 4. The financial company should actively manage and disclose in a timely manner any confirmed gains and losses as well as unrealized losses from futures and derivative transactions of listed companies. When such losses account for 10% of the audited net profits attributable to the shareholders of the listed

	company in the last year and exceed RMB10 million, the financial company should make timely disclosure thereof.
Changes in market prices or fair value of derivative investments in the Reporting Period (fair value analysis should include the measurement method and related assumptions and parameters)	With the rapid expansion of overseas sales, the Company continued to follow the above rules in the operation of forward foreign exchange contracts, interest rate swap contracts, and futures contracts to avoid and hedge against foreign exchange risks arising from operations and financing. During the Reporting Period, there were profits and losses of RMB124.85 million from changes in the fair value of hedged items and negative RMB149.74 million from derivatives. The fair value of derivatives is determined by the real-time quoted price of the foreign exchange market, and is based on the difference between the contractual price and the forward exchange rate quoted immediately on the foreign exchange market on the balance sheet date.
Legal matters involved	None
Disclosure date of the board announcement approving the derivative investments	April 29, 2024
Disclosure date of the general meeting announcement approving the derivative investments	May 24, 2024

2) Derivative investments for speculative purposes during the Reporting Period

Applicable Not Applicable

There were no derivative investments for speculative purposes made by the Company during the Reporting Period.

5. Use of the capital raised

Applicable Not applicable

(1) General Information about the Use of Raised Funds

Applicable Not applicable

Unit: RMB'0,000

Year of raising	Method of raising	Total amount raised	Net amount raised	Used in the current period	Total amount used	Total amount of changed-purpose funds during the Reporting Period	Total amount of changed-purpose funds	Total amount of changed-purpose funds as a % of total amount raised	Total proceeds that have not been used	Purpose and location of the unused amount	Amount left idle for over two years
2024	Public issuance of corporate bonds	150,000	149,595	149,595	149,595	Not applicable	Not applicable	Not applicable	0	Not applicable	0
2024	Public	150,000	149,865	149,865	149,865	Not	Not	Not	0	Not	0

	issuance of corporate bonds					applicable	applicable	applicable		applicable	
Total	--	300,000	299,460	299,460	299,460	Not applicable	Not applicable	Not applicable	0	--	0
Use of the Capital Raised											
Pursuant to the approval of the China Securities Regulatory Commission under the registration number CSRC Permit [2022] No. 1561, the Company is authorized to issue up to RMB10 billion in corporate bonds to professional investors through a phased issuance.											
The net proceeds from “Sci-Tech Innovation Corporate Bonds Publicly Offered by TCL Technology Group Corporation to Professional Investors (Phase 1) in 2024” have been fully closed on February 1, 2024. On the date of this announcement, all proceeds raised have been fully utilized, and the actual use of proceeds is consistent with the intended use as stated in the prospectus.											
Net proceeds from “Sci-Tech Innovation Corporate Bonds Publicity Offered by TCL Technology Group Corporation Publicly Offered to Professional Investors (Phase 2) in 2024” were fully closed on April 11, 2024. On the date of this announcement, all proceeds raised have been fully utilized, and the actual use of proceeds is consistent with the intended use as stated in the prospectus.											

(2) Promised Use of Raised Funds

Applicable Not Applicable

(3) Change of the raised fund projects

Applicable Not Applicable

No such cases in the Reporting Period.

VIII. Sale of Major Assets and Equity Investments**1. Sale of Major Assets**

Applicable Not Applicable

The Company did not dispose of any major assets at the end of the Reporting Period.

2. Sale of Major Equity Investments

Applicable Not Applicable

IX. Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

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

Unit: RMB'0,000

Company name	Company Type of change	Principal activity	Registered capital	Total assets	Net assets	Revenue	Operating profit	Net profits
TCL China Star Optoelectronics Technology Co., Ltd.	Subsidiary	Display	RMB33.08 billion	19,657,554	7,235,770	4,409,606	249,498	247,992
TCL Zhonghuan Renewable Energy Technology Co.,	Subsidiary	New energy photovoltaics and other silicon	RMB4.04 billion	12,519,637	5,593,539	1,621,349	-338,126	-317,576

Ltd.		materials business						
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB0.42 billion	780,162	149,117	1,364,933	8,530	6,294

Acquisition and disposal of subsidiaries in the Reporting Period

 Applicable Not applicable

Company name	How subsidiaries were obtained or disposed of in the Reporting Period	Effects on overall operations and operating performance
Zhonghuan Advanced Korea Co., Ltd.	Newly established	No significant effect
MOKA TECHNOLOGY VIETNAM COMPANY LIMITED	Acquisition	No significant effect
Xi'an Maichi Technology Co., Ltd.	Newly established	No significant effect
Tianjin Binhai Huanxu New Energy Co., Ltd.	Newly established	No significant effect
Yixing Huanxu New Energy Co., Ltd.	Newly established	No significant effect
Tianjin Huiyi Digital Technology Co., Ltd.	Newly established	No significant effect
Yixing Huanxu Investment Management Co., Ltd.	Newly established	No significant effect
Shenzhen Zhixian Shijie Software Technology Co., Ltd.	Newly established	No significant effect
Shenzhen Zhilian Shuchuang Technology Co., Ltd.	Newly established	No significant effect
Guangzhou TCL High-Tech Development Co., Ltd.	Newly established	No significant effect
Tianjin Jincheng Internet Technology Co., Ltd.	Newly established	No significant effect
Diamond Union Ltd.	Acquisition	No significant effect
Huansheng New Energy (Inner Mongolia) Co., Ltd.	Newly established	No significant effect
Hangjinhouqi Guangsen New Energy Co., Ltd.	Newly established	No significant effect
Hohhot Mingfeng New Energy Co., Ltd.	Newly established	No significant effect
Hangjinhouqi Yusheng New Energy Co., Ltd.	Newly established	No significant effect
Inner Mongolia Chenhe New Energy Co., Ltd.	Newly established	No significant effect
Heilongjiang Huanju New Energy Co., Ltd.	Newly established	No significant effect
Huansheng Photovoltaic Technology (Lingwu City) Co., Ltd.	Newly established	No significant effect
Inner Mongolia Zhonghuan Construction Management Co., Ltd.	De-registered	No significant effect

Jiangsu Mingjing Bandaoti Technology Co., Ltd.	De-registered	No significant effect
Ningxia Huanneng New Energy Co., Ltd.	Transferred	No significant effect
Tianjin Binhai New Area Huanju New Energy Co., Ltd.	Transferred	No significant effect
Ningxia Hongmao New Energy Co., Ltd.	Newly established	No significant effect
Lingwu Huishun New Energy Co., Ltd.	Newly established	No significant effect
Huansheng Photovoltaic Technology (Lingwu City) Co., Ltd.	Newly established	No significant effect

Explanation of Principal Subsidiaries and Joint Stock Companies

None

X. Structured Bodies Controlled by the Company

Applicable Not Applicable

XI. Risks and Responses

1. Risk of Macroeconomic Fluctuations

The global economy has slowed down, and a series of factors are further elevating global economic uncertainties, such as the Russia-Ukraine and Israel-Palestine geopolitical conflicts, a super year for global elections, and the evolving landscape of trade bloc regulations. To date, global trade has not exhibited any substantial signs of recovery. Despite a recent easing in inflation rates across major global economies, they have yet to return to expected levels. The high-interest rate policies persistently adopted by the United States, European countries, and others have amplified economic and financial risks. The multifaceted risks and uncertainties outlined above are posing formidable obstacles to enterprises' global operations. Against this backdrop, the Company will continuously analyze macroeconomic trends and assess influential risks. It will also prioritize its core business strategies, foster innovation, enhance its competitive advantages, and maximize commercial value returns. Meanwhile, the Company will firmly implement its global strategy, systematically fortify its global supply chains to mitigate risks, and leverage its industry-specific advantages to mitigate the adverse effects of macroeconomic fluctuations.

2. Risk of Industry Prosperity Fluctuations

Despite the rebound in the panel industry in the first half of the year due to increasing demand for larger displays and downstream applications, the industry will continue to grapple with growth challenges due to sluggish global demand. The rapid expansion of production capacity across China's

photovoltaic industry has led to a notable supply-demand imbalance, making it challenging to restore equilibrium in the near term. The Company will closely monitor shifts in industry supply and demand, optimize capacity allocation, and foster healthy industry development. At the same time, it will enhance its investment in R&D, and continuously expand its advantages in terms of size and effectiveness by creating high barriers to competition and broadening its business moat.

3. Corporate Supply Risks

There is a risk of commodity price fluctuations in the second half of 2024, which are affected by the evolving international landscape and ongoing energy transition. Some individual suppliers may have delivery risks due to the overall economic situation and squeezed price of end-products. The Company will develop its long-term partnerships with its suppliers through strategic cooperation and other means, and will enhance risk control for upstream material supply, so as to promptly identify and respond to risks.

XII. Implementation of the “Joint Improvement of Quality and Investment Return” Action Plan

Whether the Company has disclosed the “Joint Improvement of Quality and Investment Returns” Action Plan Announcement.

Applicable Not applicable

To better implement the guidance on enhancing the quality and investment value of listed companies, the Company has developed the “Joint Improvement of Quality and Investment Returns” Action Plan, which is based on in-depth research on industry trends and careful consideration of our future business trajectory. For a comprehensive overview, please refer to the progress report on the “Joint Improvement of Quality and Investment Returns” Action Plan. For more details, please see the *Joint Improvement of Quality and Investment Returns Action Plan* and the progress report on the *Joint Improvement of Quality and Investment Returns Action Plan* disclosed on February 28, 2024, and May 8, 2024, respectively.

The development of the company cannot be separated from the care and support of investors. The Company remains committed to its “investor-centric” approach, ensuring compliant and prudent operations while safeguarding investor interests.

Part IV Corporate Governance

I. Annual and Extraordinary General Meetings Convened during the Reporting Period

1. General Meetings Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Date of disclosure	Resolutions of the meeting
The 2023 Annual General Meeting	Annual general meeting	20.38%	May 24, 2024	May 25, 2024	All proposals were adopted. Please refer to the <i>Notice on Resolutions of General Meeting of 2023</i> disclosed on www.cninfo.com.cn on May 25, 2024 (Notice No.: 2024-044)
The First Extraordinary General Meeting of 2024	Extraordinary general meeting	11.24%	June 17, 2024	June 18, 2024	All proposals were adopted. Please refer to the <i>Notice on the 1st Extraordinary General Meeting of 2024</i> disclosed on www.cninfo.com.cn on June 18, 2024 (Notice No.: 2024-053)

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

Voting Rights

Applicable Not applicable

II. Change of Directors, Supervisors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Zhang Zuoteng	Vice Chairman of the Board	Elected	May 24, 2024	The general meeting of the Company deliberated and approved the proposals for the election of the Board of Directors and Supervisory Committee.
Jin Li	Independent director			
Wang Lixiang	Independent director			
Wu Zhiming	Chairman of the Supervisory Committee			
Zhuang Weidong	Shareholder Representative Supervisor			
Zhu Wei	Employee Representative Supervisor	Elected	May 24, 2024	She was elected by the workers' congress of the Company.
Liang Weihua	Former Vice Chairman of the Board	Left office upon expiration of term	May 23, 2024	The general meeting of the Company deliberated and approved the proposals for the election of the Board of Directors and Supervisory Committee. Some of the former directors and supervisors left office after their terms of office expired.
Wang Cheng	Former Director	Left office upon expiration of term		
Gan Yong	Former Independent Director	Left office upon expiration of term		

Chen Shiyi	Former Independent Director	Left office upon expiration of term		
Liu Xunci	Former Independent Director	Left office upon expiration of term		
Zheng Tao	Former Chairman of the Supervisory Committee	Left office upon expiration of term		
Qiu Haiyan	Former Shareholder Representative Supervisor	Left office upon expiration of term		
Mao Tianxiang	Former Employee Representative Supervisor	Left office upon expiration of term		

III. Interim Dividend Plan and Share Capital Converted from Capital Reserve for the Reporting Period

Applicable Not applicable

The Company has no interim dividend plan for profit distribution or conversion of capital reserve fund into share capital

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

Applicable Not applicable

1. Equity Incentives

Applicable Not applicable

2. Implementation of Employee Stock Ownership Plan

Applicable Not applicable

All the valid employee stock ownership plans during the Reporting Period

Name	Scope of employees	Number of employees	Total number of shares held (share)	Changes	Proportion to total share capital of listed companies	Funding source for implementing the plan
2021-2023 Employee Stock Ownership Plan (Phase I)	The Company's middle and senior management and outstanding key staff	Less than 3,600	11,146,814	Not applicable	0.06%	Special incentive funds provisioned by the Company
2021-2023 Employee Stock Ownership Plan (Phase II)	The Company's middle and senior management and outstanding key staff	Less than 3,600	21,628,535	Not applicable	0.12%	Special incentive funds provisioned by the Company
2021-2023 Employee Stock Ownership Plan (Phase III)	The Company's middle and senior management and outstanding key staff	Less than 3,600	64,992,964	Not applicable	0.35%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations

Note: At the end of the reporting period, 2024 Employee Stock Ownership Plan (Draft) and other related matters have been deliberated and approved by the general meeting. The underlying shares under the ESOP have not been transferred/purchased.

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

Name	Position	Beginning amount in the Reporting Period	Ending amount in the Reporting Period	Proportion to total share capital of listed companies
Li Dongsheng	Chairman, CEO	About 17.89 million shares	About 8.75 million shares	0.05%
Zhao Jun	Director, Senior Vice President			
Liao Qian	Director, Board Secretary and Senior Vice President			
Li Jian	CFO			
Yan Xiaolin	Senior Vice President, CTO			
Zhu Wei	Employee Representative Supervisor			

Changes of asset management institutions during the Reporting Period

Applicable Not applicable

Changes of equity caused by the holder's disposal of shares during the Reporting Period

Applicable Not applicable

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

Exercise of shareholder rights during the Reporting Period

Applicable Not applicable

During the reporting period, the Company's ESOP participants exercised their shareholder rights to receive the profit distribution for 2023, but did not participate in voting at the general meeting or exercise other shareholder rights.

Other relevant information and explanations of the Employee Stock Ownership Plan during the Reporting Period.

Applicable Not applicable

Changes of the members of Employee Stock Ownership Plan Management Committee

Applicable Not applicable

Financial impact of Employee Stock Ownership Plan on the Company during the Reporting Period and related accounting treatment

Applicable Not applicable

The financial, accounting treatment and taxation involved in the Company's shareholding plan shall be implemented according to laws and regulations and normative documents on financial systems, accounting standards, taxation systems, etc. The holder of the shareholding plan shall pay the personal income tax generated due to the shareholding plan according to law, and can choose to sell the corresponding amount of shares to the shareholding plan to cover personal income tax. The remaining shares will be attributed to

individuals.

Termination of Employee Stock Ownership Plan during the Reporting Period

Applicable Not applicable

Based on the agreements under the *Phase III Global Partner Program (Draft)*, the shares attributable to employees under the Program within 2023 have been fully vested, sold and transferred to employees. In March 2024, shares attributed to the Company in the scheme of the current period were sold.

Other instructions: none

3. Other Employee Incentives

Applicable Not applicable

Part V Environmental and Social Responsibility

I Major Environmental Issues

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

Yes No

Policies and Industrial Standards in connection with Environmental Protection

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

Industrial standards referred by the Company in environmental protection include: the Electronic Industry Water Pollutant Discharge Standards, Battery Industry Pollutant Discharge Standards, Pollutant Discharge Standards for Urban Sewage Treatment Plants, Environmental Noise Discharge Standards for Industrial Enterprise and Factories, Pollutant Discharge Standards for Urban Sewage Treatment Plants, Hazardous Waste Storage Pollution Control Standards and Malodorous Pollutant Discharge Standards, with the aim to ensure the continuous and stable operation of various environmental protection facilities, achieve effective treatment of "three wastes" and meet emission standards.

Administrative License for Environmental Protection

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

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

Name of the Company or subsidiary	Key pollutants and types of specific pollutants	Major pollutants	Way of discharge	Number of discharge outlets	Distribution of discharge outlets	Discharge intensity	Governing discharge standards	Total discharge	Approved total discharge	Excessive discharge
TCL China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Discharged to Guangming Sewage Plant	1	North of the plant area	145mg/L	260mg/L	524.56t	2071.12t	None
		COD	Discharged to the artificial wetland	1	Artificial wetland	14mg/L	30mg/L	26.929t	174.89t	None
Shenzhen China Star	Waste water pollutants	COD	Discharged to Guangming	2	Southeast corner of the	39mg/L	110mg/L	130.967t	1077.8t	None

Optoelectronics Bandaoti Display Technology Co., Ltd.			Sewage Plant		plant					
Wuhan China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Indirectly discharged	2	Southwest and northwest corners of the plant	62.53mg/L	400 mg/L	42.05t	847.95t	None
		Ammonia nitrogen	Indirectly discharged	2	Southwest and northwest corners of the plant	13.50mg/L	30mg/L	1.3092t	85.80t	None
		Ag	Indirectly discharged	2	Southwest and northwest corners of the plant	0.012mg/L	0.1 mg/L	0.00004t	0.00105t	None
	Air pollutants	Nitrogen oxides	Directly discharged	14	Southeast and southwest corners of the plant	94 mg/m ³	150 mg/m ³	4.91t	59.51t	None
		VOCS	Directly discharged	5	Southeast and southwest corners of the plant	14.86 mg/m ³	50 mg/m ³	4.87t	114.319t	None
		PM (particulate matter)	Directly discharged	11	Southeast and southwest corners of the plant	3.5 mg/m ³	60 mg/m ³	7.99t	26.48t	None
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Waste water pollutants	COD	Indirectly discharged	1	Northwest corner of the plant	110.54 mg/L	400 mg/L	34.57t	570.80t	None
		Ammonia nitrogen	Indirectly discharged	1	Northwest corner of the plant	11.41mg/L	30 mg/L	0.92t	57.10t	None
		Ag	Indirectly discharged	1	Northwest corner of the plant	0.039 mg/L	0.3 mg/L	0.0049t	0.0315t	None
	Air pollutants	Nitrogen oxides	Directly discharged	10	Northeastern corner of the plant	46 mg/m ³	150 mg/m ³	11.83t	139.84t	None
		VOCS	Directly discharged	2	Northeastern corner of the plant	8.8 mg/m ³	50 mg/m ³	12.38t	99.785t	None
		PM (particulate matter)	Directly discharged	10	Northeastern corner of the plant	12.6 mg/m ³	60 mg/m ³	12.31t	36.70t	None
Suzhou China Star Optoelectronics Technology Co., Ltd.	Waste water pollutants	COD	Continuously discharged to Suzhou Huaxin Environmental Technology Co., Ltd.	2	Within the Wastewater Treatment Plant of Suzhou Huaxin Environmental Technology	97.7mg/L	500mg/L	62.72t	129.6t	None
						6mg/L	100mg/L	6.22t	449.82t	None
		Ammonia nitrogen		1		0.289mg/L	6mg/L	0.578t	22.68t	None
Suzhou China Star Optoelectronics Display Co., Ltd.	Waste water pollutants	COD	Continuously discharged to Suzhou Industrial Park First Sewage	1	South gate of the plant area	22.8mg/L	500mg/L	1.97t	96.335t	None
						0.298mg/L	45mg/L	1.79t	5.65t	None

			Treatment Plant							
TianJin Zhonghuan Advanced Material&Technology Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 <i>Integrated Wastewater Discharge Standard</i>	9.11t	700.24t	None
		Ammonia nitrogen	Organized	1	General discharge outlet		DB12/356-2018 <i>Integrated Wastewater Discharge Standard</i>	0.77t	33.03t	None
Tianjin Huan'ou Bandaoti Material&Technology Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	DB12/356-2018 <i>Integrated Wastewater Discharge Standard</i>	32.05t	42.19t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			6.20t	/	None
		Total nitrogen	Organized	1	General discharge outlet			5.14t	/	None
Tianjin Huanzhi New Energy Technology Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	DB12/599-2015 <i>Pollutant Discharge Standards for Urban Sewage Treatment Plants</i>	2.19t	20.78t	None
		Total phosphorus	Organized	1	General discharge outlet			0.003t	0.23t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			0.02t	4.39t	None
		Total nitrogen	Organized	1	General discharge outlet			0.14t	1.48t	None
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	As per emission standard	GB8978-1996 <i>Integrated Wastewater Discharge Standard</i>	77.59t	/	None
		Total phosphorus	Organized	1	General discharge outlet	As per emission standard	GB8978-1996 <i>Integrated Wastewater Discharge Standard</i>	1.19t	/	None
		Ammonia nitrogen	Organized	1	General discharge outlet	As per emission standard	GB8978-1996 <i>Integrated Wastewater Discharge Standard</i>	0.22t	/	None
		Fluoride	Organized	1	General discharge outlet	As per emission standard	GB8978-1996 <i>Integrated Wastewater Discharge Standard</i>	2.51t	/	None
Zhonghuan Advanced Bandaoti	Waste water pollutants	Total phosphorus	Discharged to centralized industrial sewage	2	DW001 DW003	As per emission standard	GB/T 31962 <i>Wastewater Quality</i>	0.24t	1.59t	None

Technology Co., Ltd.			treatment plant				<i>Standards for</i>			
		Total nitrogen	Discharged to centralized industrial sewage treatment plant	2	DW001 DW003		<i>Discharged to Municipal Sewers</i>	43.40t	157.19t	None
		COD	Discharged to centralized industrial sewage treatment plant	2	DW001 DW003		<i>Integrated Wastewater Discharge Standard</i>	421.29t	1851.36t	None
		Ammonia nitrogen	Discharged to centralized industrial sewage treatment plant	2	DW001 DW003		<i>GB8978-1996 Integrated Wastewater Discharge Standard GB16297-1996 Integrated Emission Standard of Air Pollutants</i>	27.73t	138.26t	None
Huansheng Solar (Jiangsu) Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Organized	1	General discharge outlet	Discharged according to the standard	GB 30484--2013 <i>Discharge Standard for Battery Industry Pollutants</i>	6.13t	72.14t	None
		Flouride	Organized	1	General discharge outlet			0.57t	2.23t	None
		Ammonia nitrogen	Organized	1	General discharge outlet			0.01t	0.20t	None
		Total nitrogen	Organized	1	General discharge outlet			0.03t	0.30t	None
		Total phosphorus	Organized	1	General discharge outlet			0.00004t	0.01t	None
Wuxi Zhonghuan Applied Materials Co., Ltd.	Waste water pollutants	Chemical oxygen requirement	Discharged to urban sewage treatment plant	1	General discharge outlet	Discharged according to the standard	GB39731-2020 <i>Discharge Standard of Water Pollutants for Electronic Industry</i>	169.90t	883.38t	None
		Ammonia nitrogen	Discharged to urban sewage treatment plant	1	General discharge outlet			0.04t	2.37t	None
		Total nitrogen	Discharged to urban sewage treatment plant	1	General discharge outlet			4.00t	7.67t	None
		Total phosphorus	Discharged to urban sewage treatment plant	1	General discharge outlet			0.50t	0.70t	None

Disposing of pollutants

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

The Company's waste water includes domestic waste water and industrial waste water, of which domestic waste water is

discharged into the local municipal sewage treatment pipe network after being pre-treated with oil separation and septic treatment; industrial waste water enters different treatment systems according to its characteristics, and is discharged after physical, chemical and biochemical treatment.

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

The solid wastes generated by the Company include general waste, hazardous waste and domestic garbage, of which, hazardous wastes are treated by an entrusted qualified hazardous waste disposal agency according to the regulations. General wastes are recycled and disposed of by a resource recycling manufacturer after being classified in the plant area. Domestic garbage is uniformly handled by the municipal public. All of the above disposals have been carried out according to laws and regulations.

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

Emergency Response Plan for Environmental Incidents

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

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

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

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

Environmental Self-Monitoring Program

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

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

None

Other environment information that should be publicly disclosed

None

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

Applicable Not applicable

In order to cope with global challenges such as climate change, energy security and environmental pollution, TCL TECH. continuously accelerated the green and low-carbon transformation of its energy structure in pursuit of the "dual carbon" goal. The Company actively responded to the requirements of the national greenhouse gas emission reduction strategy. In order to effectively support the implementation of the Company's climate strategy, TCL pledged to the "3050" target commitment, i.e. "reaching emission peak no later than 2030 and achieving carbon neutrality in its own operations no later than 2050" at the strategic level. In response to these commitment targets, TCL TECH. established dedicated working groups at major business departments to address climate changes, responsible for implementing specific strategies and actions. TCL comprehensively promoted its climate governance from various aspects, such as carbon metering supervision, carbon emission reduction management, carbon asset coordination, carbon trading services and carbon financial support, in combination with its own development status, market environment and policy orientation. In addition, the Company also carried out the ISO 14064 Greenhouse Gas Accounting and Verification through third-party agencies, scientifically formulated carbon emission reduction paths and related improvement measures after disassembling the Group's dual carbon goals, as well as conducted annual self-evaluation to ensure the targets achieved.

TCL TECH. always upholds the business philosophy of green and sustainable development. TCL CSOT, its main subsidiary, implemented a series of measures such as selection of energy-efficient equipment (100% major equipment equipped with frequency conversion and automation equipment), smart energy system management and optimization of power supply to effectively reduce equipment energy consumption, and recovered waste heat and ice water energy and used solar energy for power generation, thereby reducing carbon emissions. TCL CSOT's Wuhan Base sorted out and implemented 98 energy-saving projects in the first half of the year, with an expected reduction of 15,991 tons of CO₂, and generated 15.99 million kWh of photovoltaic power. TCL CSOT's

Shenzhen Base has completed 36 energy-saving projects, mainly focusing on the process innovation of factory equipment while kept production, saving about 24.5 million kWh of electricity and achieved energy-saving income of RMB13.65 million.

TZE, engaging in the new energy industry, actively explored energy saving and consumption reduction technology transformation based on the process characteristics of different production products, and comprehensively improved the level of energy saving and consumption reduction. During the reporting period, Ningxia Huanou adopted the technology of reusing waste heat from recycling equipment and implemented the air compressor waste heat recovery project, saving approximately 2.129 million kWh of electricity. The projects such as HVAC system and process circulating water system free cooling were implemented, utilizing environmental natural cooling sources and other technologies, saving approximately 1.974 million kWh of electricity and effectively reducing its dependence on conventional power energy. As of the end of the reporting period, the Company had achieved a renewable electricity consumption of over 1.7 million MWh through green electricity trading in the electricity market and measures such as rooftop photovoltaic power generation, with renewable electricity consumption accounting for approximately 39% of the total electricity consumption.

In the future, TCL TECH. will keep the sustainable development in mind, take long-term strategy as the guidance, constantly break through the boundaries, collaborate with the upstream and downstream of the industrial chain, create a cooperative ecological chain, and build a future-oriented open ecosystem, so as to contribute to achieve global net zero emissions and promote the transformation of global clean energy.

Other environmental related information

None

Reasons for not disclosing other environmental information

Not applicable

Relevant information on environmental accidents occurring in the Company

None

II. Social Responsibility

TCL Tech actively responds to national calls and focuses on four major areas (i.e. science and technology, education, culture and sports, and targeted relief), continuously strengthens investment in public charitable undertakings, integrates public charitable resources, and contributes to promoting social equity, consolidating and expanding achievements of poverty alleviation and, and achieving rural revitalization and common prosperity. The Company has combined its advantageous industrial resources to implement projects such as “TCL Photovoltaic Low-carbon School”, “TCL Smart Classroom”, “A.I. Home”, “Little Music+”, and “TCL Hope Project Candlelight Award Plan”, in assistance with the revitalization of rural education from such aspect as rural school educational

resources and infrastructure. By carrying out targeted donations for the needed, the Company consolidated and extended the achievements of poverty alleviation and pushed forward rural revitalization.

To address the sustainable development issues for rural schools, TCL Charity Foundation cooperated with TCL Zhonghuan to implement the TCL Photovoltaic Low-carbon School Project, building solar photovoltaic power generation systems free of charge on the roofs of the rural schools and donating the income from such power generation to the schools. The electricity so generated is fully integrated into the power grid, and the power generation income is used for improving the instructional environment and funding for students from poor families, creating a sustainable educational aid model. From March - June 2024, the Foundation donated roof-based photovoltaic power generation systems and income from 25 years of power generation by such equipment, to a total of 6 schools in Xixiang County, Hanzhong City, Shaanxi Province, and Zhongkai Primary School in Huizhou, Guangdong Province, and it is expected that the photovoltaic power generation systems in the 7 schools will generate 10.06 million KWH of electricity throughout their life cycles. Up to now, the Foundation has donated 27 Photovoltaic Low-carbon Schools in Shaanxi, Ningxia, Inner Mongolia and Guangdong, benefiting over 30,000 students.

To address the inequity of educational resources between urban and rural areas, TCL Charity Foundation establishes TCL Smart Classrooms in urban and rural schools, including smart instructional equipment and software, to build multimedia smart classrooms, tailored and simultaneous classrooms between “urban and rural areas”. In June 2024, TCL Charity Foundation started the donation for Smart Classrooms in Yuanshan Town Primary School, Lianping County, Heyuan City. Up to now, the Foundation has donated 4 Smart Classrooms in Shenzhen, Guangdong, Guilin, Guangxi and Heyuan, Guangdong benefiting more than 4,000 students.

In 2019, TCL Charity Foundation cooperated with the TCL Industrial Research Institute to launch the “A.I. Home” project, developed and designed the “Eagle Storytelling Machine”, and delivered the “Eagle Story Club” campaign in rural schools, bringing together children from rural schools, to improve their wellbeing and help them with growing up. In 2024, TCL Charity Foundation distributed over 200 customized “Eagle Storytelling Machines” to left-behind children and migrant children; The seventh batches of pilot schools were selected for the “Eagle Story Club” project. A total of 20 schools from 10 provinces including Sichuan, Yunnan, Guizhou, were selected as the “Eagle Story Club” pilot schools, and a total of 200 story boxes were distributed, benefiting 6,000 students.

To address the shortage of high-quality music education resources for children, TCL Charity Foundation and the Education Foundation of the Beijing Central Conservatory of Music launched the "Little Music+" project, developed and designed the "Little Snow Music Machine", and carried out “Little Snow Music Class” in the rural

schools to introduce both Chinese and international famous music works and appreciation to children who lack music resources and motivate kids to develop positive and optimistic characters. In 2024, the seventh batches of pilot schools were selected for the “Little Snow Music Class” project. A total of 20 schools from 9 provinces including Guizhou, Guangxi, Henan, were selected as the “Little Snow Music Class” pilot schools, and a total of 200 music boxes were distributed, benefiting more than 3,000 students.

To promote the development of rural education, TCL Charity Foundation continues to implement the "TCL Hope Project Candlelight Award Plan" to recruit and encourage rural teachers to stay in their jobs and contribute to rural education. The project solicited excellent teachers from 194 counties and districts in 14 provinces that serve as the key counties in the National Rural Revitalization and the pairing support areas of Shenzhen. Each of the winners received a personal award worth RMB9,500, including a cash reward and 7-day offline “Candlelight Class” training. In H1 2024, the 10th "TCL Hope Project Candlelight Award Plan" started its candidate selection, and finally 400 outstanding rural teachers won the awards. Till now, the project applicants cover 523 counties in 23 provinces across the country. More than 3,400 outstanding rural teachers from 2,000 schools have won the awards. A total investment of over RMB46 million has been made in this project.

In addition, TCL Charity Foundation continues to launch projects such as targeted assistance and community charity. Through actions such as helping the needy, and pairing assistance, it supports, consolidates and expands the poverty alleviation achievements, builds harmonious urban and rural communities, and contributes to social equity and harmonious development. In H1 2024, to enable more rural infants and young children to receive early childhood care services and improve the development of rural infants and young children to reach the national average level, TCL Charity Foundation supported the China Development Research Foundation with RMB 2 million to carry out the “Sunshine Starting Point: 100,000 Rural Infants and Young Children Home Care Guidance Action Plan”. TCL Charity Foundation supported the construction project of a smart "light storage and charging" integrated charging station in Checun Village, Taimei Town, Huizhou with RMB1 million, and donated RMB100,000 to the Huizhou Charity Federation for rural revitalization construction in Henghe Town, Boluo County. In addition, TCL Charity Foundation launched an employee creative competition project, encouraging employees to lend a help hand to disadvantaged groups, and initiated innovative and socially beneficial charitable projects in support of the community development and the rural cultural and ethical progress from multiple dimensions.

Part VI Significant Events

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

Applicable Not Applicable

During the Reporting Period, the Company has no commitments that were fully fulfilled or that are overdue and have not been fully fulfilled by the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities in the Reporting Period as of the end of the period.

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

Applicable Not Applicable

No such cases in the Reporting Period.

III. Irregularities in the Provision of Guarantees

Applicable Not Applicable

No such cases in the Reporting Period.

IV. Engagement and Disengagement of Independent Auditor

Whether the semi-annual financial report has been audited

Yes No

The interim financial statements are unaudited.

V. Explanation of the Board of Directors and Supervisors Committee on the "Non-Standard Auditor's Report"

Applicable Not Applicable

VI. Explanation of the Board of Directors on the "Non-Standard Auditor's Report" for the Previous Year

Applicable Not Applicable

VII. Insolvency and Reorganization

Applicable Not Applicable

No such cases in the Reporting Period.

VIII. Lawsuits

Significant Lawsuits and Arbitrations

Applicable Not Applicable

No such cases in the Reporting Period.

IX. Punishments and Rectifications

Applicable Not Applicable

No significant punishments or rectifications in the Reporting Period.

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

Applicable Not Applicable

XI. Major Related-Party Transactions

1. Continuing Related-Party Transactions

Applicable Not Applicable

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

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

Applicable Not Applicable

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

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

Applicable Not Applicable

No related-party major transactions regarding significant joint investments in third parties which occurred during the Company's Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

Indicate whether there were any amounts due to and from related parties for non-operating purposes.

Yes No

During the Reporting Period, the Company has no amounts due to and from related parties for non-operating purposes.

5. Transactions with Related Finance Companies

Applicable Not Applicable

6. Transactions Between the Financial Company Controlled by the Company and Related Companies

Applicable Not applicable

Deposits

Related parties	Relationship with the Company	Daily deposit ceiling (RMB'0,000)	Range of interest	Beginning balance (RMB'0,000)	Amount incurred in the current period		Ending balance (RMB'0,000)
					Total deposit amount in current period (RMB'0,000)	Total withdrawal amount in current period (RMB'0,000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	250,000.00	0.8%-1.15%	30.3	423,929.98	416,046.86	7,913.42

Loans

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

Credit or other financial business

Related parties	Relationship with the Company	Business type	Total (RMB'0,000)	Ending balance (RMB'0,000)
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill discount)	The balance of comprehensive credit on any day shall not exceed RMB2.5 billion (including loans, notes discounting, and notes acceptance)	72,552.63
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill acceptance)		54,404.35

7. Other Major Related-Party Transactions

Applicable Not applicable

Related inquiries on the website for temporary disclosure of major related-party transactions

Title of announcement	Date of interim disclosure	Website for disclosure
Announcement on the Related-party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2024	April 30, 2024	www.cninfo.com.cn
Announcement on Continuing to Provide Financial Services by TCL Technology Group Finance Co., Ltd. to Related Parties and Renewing the <i>Financial Services Agreement</i> for Related-party Transactions	April 30, 2024	
Announcement on the Expected Continuing Related-Party Transactions for 2024	April 30, 2024	
Report on the Execution of Daily Related-Party Transactions in 2023	April 30, 2024	
Announcement on the Launch of Accounts Receivable Factoring and the Related-party Transaction	April 30, 2024	
Announcement on Adjustment of Daily Related-party Transaction Quotas among the Same Controlling Entity for 2023	January 27, 2024	

XII. Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not Applicable

The Company has no significant entrustment in the Reporting Period.

(2) Contracting

Applicable Not Applicable

The Company has no significant contracting in the Reporting Period.

(3) Leases

Applicable Not Applicable

The Company has no significant leases in the Reporting Period.

2. Major Guarantees

Applicable Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Guarantee line	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral	Counter guarantee	Term of guarantee	Expired or not	Guarantee for related parties or not
TCL Industries Holdings (HK) Limited	April 28, 2022	514,629	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes

TCL Air-Conditioner (Zhongshan) Co., Ltd.	April 28, 2022	158,600	December 17, 2021	1,325	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	54 days	No	Yes
TCL King Electrical Appliances (Huizhou) Co., Ltd.	April 28, 2022	345,000	August 29, 2019	5,132	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	59 days	No	Yes
Tonly Technology Co., Ltd.	April 28, 2022	40,000	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL King Electrical Appliance (Chengdu) Co., Ltd.	April 28, 2022	51,653	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
Huizhou TCL Mobile Communication Co., Ltd.	April 28, 2022	212,507	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Mobile Communication (HK) Company Limited	April 28, 2022	29,225	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Home Appliances (Hefei) Co., Ltd.	April 28, 2022	68,280	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Home Appliances (Zhongshan) Co., Ltd.	April 28, 2022	4,929	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL	-	Yes	Yes

							Industrial Holding Co., Ltd.			
TCL Air Conditioner (Wuhan) Co., Ltd.	April 28, 2022	13,480	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
Zhongshan TCL Refrigeration Equipment Co., Ltd.	April 28, 2022	31,749	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
Guangdong TCL Smart Heating & Ventilation Equipment Co., Ltd.	April 28, 2022	2,522	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Home Appliances (Huizhou) Co., Ltd.	April 28, 2022	10,000	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Air-Conditioner (Jiujiang) Co., Ltd.	April 28, 2022	5,488	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
TCL Very Lighting Technology (Huizhou) Co., Ltd.	April 28, 2022	1,034	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
Shenzhen Shifen Daojia Service Technology Co., Ltd.	April 28, 2022	77	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes

Guangzhou TCL Science and Technology Development Co., Ltd.	April 28, 2022	84,700	-	0	Joint liability guarantee	/	Counter guarantee provided by TCL Industrial Holding Co., Ltd.	-	Yes	Yes
Huizhou Zhongkai TCL Zhirong Technology Microcredit Co., Ltd.	May 22, 2021	45,500	-	0	Joint liability guarantee	/	With counter- guarantee	-	Yes	Yes
Guangzhou Qihang International Supply Chain Co., Ltd.	May 24, 2024	10,000	-	0	Joint liability guarantee	/	With counter- guarantee	-	Yes	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	May 24, 2024	46,000	September 27, 2023	42,971	Joint liability guarantee	/	With counter- guarantee	86-361 days	No	No
Aijieyu New Electronic Display Glass (Shenzhen) Co., Ltd.	May 24, 2024	35,000	April 28, 2020	20,100	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	7.5 years	No	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	May 24, 2024	40,000	May 22, 2023	32,680	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	5.9 years	No	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	May 24, 2024	180,000	June 15, 2023	148,000	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	5 years	No	No
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	May 24, 2024	3,000	-	0	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	-	Yes	No
Total approved line for such guarantees in Reporting Period (A1)		314,000		Total actual amount of such guarantees in Reporting Period (A2)			88,801			
Total approved line for such guarantees at the end of the Reporting Period (A3)		1,933,373		Total actual balance of such guarantees at end of Reporting Period (A4)			250,208			
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral	Counter guarantee	Term of guarantee	Expired or not	Guarantee for related parties or not
TCL MOKA INTERNATIONAL LIMITED	May 24, 2024	100,000	May 31, 2023	12,876	Joint liability guarantee	/	/	335 days-1.9 years	No	No

TCL Technology Investments Limited	May 24, 2024	220,000	July 14, 2020	213,804	Joint liability guarantee	/	/	1 years	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	May 24, 2024	2,420,000	December 22, 2022	1,626,373	Joint liability guarantee	/	/	274 days-8.5 years	No	No
TCL Technology Group (Tianjin) Co., Ltd.	May 24, 2024	70,000	August 31, 2022	60,000	Joint liability guarantee	/	/	3.2 years	No	No
TCL Technology Group Finance Co., Ltd.	May 24, 2024	150,000	-	0	Joint liability guarantee	/	/	-	Yes	No
TTE Electronics India Private Limited	May 24, 2024	10,000	-	0	Joint liability guarantee	/	/	-	Yes	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	May 24, 2024	10,000	September 9, 2023	10,000	Joint liability guarantee	/	/	71 days	No	No
Beijing Lingyun Data Technology Co., Ltd.	May 24, 2024	128,000	April 21, 2023	32,246	Joint liability guarantee	/	/	56-292 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	May 24, 2024	135,000	September 4, 2023	121,213	Joint liability guarantee	/	/	66-328 days	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	May 24, 2024	5,000	-	0	Joint liability guarantee	/	/	-	Yes	No
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 24, 2024	1,750,000	March 7, 2022	1,261,297	Joint liability guarantee	/	/	2 days-5.7 years	No	No
Guangzhou Zhihui Shengke Co., Ltd.	May 24, 2024	30,000	-	0	Joint liability guarantee	/	/	-	Yes	No
Highly (Tianjin) E-Commerce Co., Ltd.	May 24, 2024	10,000	April 21, 2023	6,236	Joint liability guarantee	/	/	274 days	No	No
Highly (Tianjin) Technology Co., Ltd.	May 24, 2024	100,000	April 21, 2023	47,545	Joint liability guarantee	/	/	274 days	No	No
Highly Information Industry Co., Ltd.	May 24, 2024	424,000	May 18, 2022	362,739	Joint liability guarantee	/	/	8 days-3.0 years	No	No

Tianjin Huiyi Digital Technology Co., Ltd.	May 24, 2024	3,000	June 24, 2024	3,000	Joint liability guarantee	/	/	3 years	No	No
Beijing Youyi Online Technology Co., Ltd.	May 24, 2024	4,000	June 24, 2024	4,000	Joint liability guarantee	/	/	3 years	No	No
Xiaoyuzaixian (Beijing) Technology Co., Ltd.	May 24, 2024	3,000	June 24, 2024	3,000	Joint liability guarantee	/	/	3 years	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	May 24, 2024	79,000	April 21, 2023	18,890	Joint liability guarantee	/	/	50-274 days	No	No
Huizhou China Star Optoelectronics Technology Co., Ltd.	May 24, 2024	900,000	March 23, 2021	565,681	Joint liability guarantee	/	/	12 days-4.7 years	No	No
Huizhou Moka Technology Development Co., Ltd.	May 24, 2024	20,000	-	0	Joint liability guarantee	/	/	-	Yes	No
Moka Technology (Guangdong) Co., Ltd.	May 24, 2024	450,000	April 21, 2023	158,858	Joint liability guarantee	/	/	164 days-4.7 years	No	No
Qingdao Blue Business Consulting Co., Ltd.	May 24, 2024	1,000	December 25, 2023	191	Joint liability guarantee	/	/	55 days	No	No
Shaanxi Titi Electronic Technology Co., Ltd.	May 24, 2024	10,000	September 9, 2023	10,000	Joint liability guarantee	/	/	71 days	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 24, 2024	940,600	April 28, 2018	819,775	Joint liability guarantee	/	/	274 days-5.0 years	No	No
Suzhou China Star Optoelectronics Display Co., Ltd.	May 24, 2024	92,500	August 30, 2022	50,959	Joint liability guarantee	/	/	8 years	No	No
Tianjin Printronics Circuit Corporation	May 24, 2024	53,000	September 9, 2022	7,036	Joint liability guarantee	/	/	6.2 years	No	No
Tianjin YiTi Yunchuang Technology Co., Ltd.	May 24, 2024	5,000	September 9, 2023	5,000	Joint liability guarantee	/	/	71 days	No	No
Tianjin WanfangNuoxin Technology Co., Ltd.	May 24, 2024	5,000	September 9, 2023	5,000	Joint liability guarantee	/	/	71 days	No	No

Tianjin Xincheng Pilot Technology Co., Ltd.	May 24, 2024	5,000	September 9, 2023	5,000	Joint liability guarantee	/	/	71 days	No	No
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 24, 2024	1,631,600	March 1, 2018	1,085,655	Joint liability guarantee	/	/	2 days-3.7 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	May 24, 2024	1,670,500	August 25, 2022	1,027,496	Joint liability guarantee	/	/	3 day-6.2 years	No	No
Chongqing Blue Business Consulting Co., Ltd.	May 24, 2024	7,000	-	0	Joint liability guarantee	/	/	-	Yes	No
China Star Optoelectronics International (HK) Limited	May 24, 2024	10,000	-	0	Joint liability guarantee	/	/	-	Yes	No
Total guarantee line for subsidiaries approved in the Reporting Period (B1)		11,452,200		Total actual amount of such guarantees for subsidiaries in Reporting Period (B2)		2,270,954				
Total guarantees line for subsidiaries approved at the end of the Reporting Period (B3)		11,452,200		Total balance of actual guarantees for subsidiaries at the end of the Reporting Period (B4)		7,523,872				
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral	Counter guarantee	Term of guarantee	Expired or not	Guarantee for related parties or not
Huhehaote Huanju New Energy Development Co., Ltd.	November 26, 2014	2,029	August 5, 2016	2,029	Joint liability guarantee	/	/	9.5 years	No	No
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	9,560	July 21, 2017	9,560	Joint liability guarantee	/	/	15 years	No	No
Otog Banner Huanju New Energy Co., Ltd.	June 24, 2017	13,733	August 30, 2017	13,733	Joint liability guarantee	/	/	10 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021 May 26, 2022	403,324	April 30, 2021	403,324	Joint liability guarantee	/	/	7 years	No	No
Ningxia Zhonghuan Solar Material Co., Ltd.	January 23, 2022	748,000	May 30, 2022	600,000	Joint liability guarantee	/	/	7 years	No	No

Tianjin Huanzhi New Energy Technology Co., Ltd.	May 26, 2022	27,700	September 29, 2022	7,700	Joint liability guarantee	/		5 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd	May 26, 2022	115,000	September 28, 2022	44,728	Joint liability guarantee	/	/	7 years	No	No
Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	96,589	June 30, 2022	96,589	Joint liability guarantee	/	/	7 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	150,813	September 30, 2022	105,647	Joint liability guarantee	/	/	5-7 years	No	No
Huansheng New Energy (Tianjin) Co., Ltd.	April 8, 2023	170,000	February 28, 2024	36,000	Joint liability guarantee	/	/	7 years	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 24, 2024	2,351,300	April 28, 2018	1,944,518	Joint liability guarantee	/	/	1.9-4 years	No	No
Techigh Circuit Technology (Huizhou) Co., Ltd.	May 24, 2024	4,590	June 27, 2024	160	Joint liability guarantee	/	/	1 years	No	No
Techigh Circuit Technology (Zhuhai) Co., Ltd.	May 24, 2024	24,225	April 23, 2024	11,828	Joint liability guarantee	/	/	10 years	No	No
TCL MOKA INTERNATIONAL LIMITED	May 24, 2024	214,500	April 30, 2024	8,110	Joint liability guarantee	/	/	5-90 days	No	No
Total guarantee line for subsidiaries approved in the Reporting Period (C1)			2,594,615		Total actual amount of such guarantees for subsidiaries in Reporting Period (C2)					99,245
Total guarantees line for subsidiaries approved at the end of the Reporting Period (C3)			4,331,363		Total balance of actual guarantees for subsidiaries at the end of the Reporting Period (C4)					3,283,926
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)			14,360,815		Total actual guarantee amount in the Reporting Period (A2+B2+C2)					2,459,000
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)			17,716,936		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)					11,058,005
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										211.15%
Of which:										

Balance of guarantees provided for shareholders, the actual controller and their related parties (D)	6,457
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)	1,662,198
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	8,439,528
Total of the three above amounts (D+E+F)	8,439,528
Joint liability already borne or possibly borne with evidence in the Reporting Period for outstanding guarantees	-
Guarantees provided in breach of prescribed procedures	-

Note: (1) The guarantee period in the above table is the occurrence period of the principal debt. The actual guarantee is valid for two or three years from the expiration date of the principal debt, which is subject to the single contract.

(2) During the Reporting Period, the Company adjusts the guarantee limit to its controlling subsidiaries based on their demands. The details are outlined as follows:

The Company transferred the guarantee limit that was formerly provided by the Company to Highly Information Industry Co., Ltd. to Tianjin Huiyi Digital Technology Co., Ltd., Beijing Youyi Online Technology Co., Ltd., and Xiaoyu Online (Beijing) Technology Co., Ltd., which are wholly-owned subsidiaries of Highly Information Industry Co., Ltd. The guarantee limits for the mentioned three companies are RMB30 million, RMB40 million and RMB30 million respectively after adjustment. The Company has performed internal review procedures for the above-mentioned guarantee transfers. It's found that they did not violate the legal provisions on listed companies, and complied with the relevant requirements of the *Announcement on Providing Guarantees for Subsidiaries in 2024* reviewed and approved at the 2023 Annual General Meeting held on May 24, 2024.

(3) In the table above, Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd., a subsidiary controlled by the Company, was jointly guaranteed by the Company and its subsidiary TCL China Star Optoelectronics Technology Co., Ltd. in an external syndicated loan, in which the Company provided certain percentage of guarantee, while TCL China Star Optoelectronics Technology Co., Ltd. provided full guarantee.

(4) As at the end of the Reporting Period, the debt portion under joint guarantee amounted to RMB19.44518 billion. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively.

In the "guarantee among subsidiaries", the guaranteed entity and Huhehaote Huanju New Energy Development Co., Ltd. were provided with the guarantee under joint and several liability by TCL Technology Group (Tianjin) Co., Ltd. and TCL Zhonghuan Renewable Energy Technology Co., Ltd. both of which were subsidiaries. As at the end of the Reporting Period, the debt portion under joint guarantee amounted to RMB20.29 million.

3. Entrusted Wealth Management

Applicable Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment allowance for unrecovered overdue amount of wealth management products
Bank's wealth management product	Self-funded	1,235,821.24	1,130,221.24	0	0
Securities firm's wealth management product	Self-funded	582,485.17	513,080.61	0	0
Trust plan	Self-funded	292,677.54	173,497.54	0	0
Other	Self-funded	196,039.42	96,038.58	0	0
Total		2,307,023.37	1,912,837.97	0	0

The specific situation of high-risk entrusted financial management with a large single amount or low security, poor liquidity

Applicable Not Applicable

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

Applicable Not Applicable

4. Other Major Contracts

Applicable Not Applicable

The Company did not have any other major contracts that should be disclosed during the reporting period.

XIII. Other Significant Events

Applicable Not Applicable

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

XIV. Significant Events of Subsidiaries

Applicable Not Applicable

Part VII Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before change		Increase/decrease in the Reporting Period (+/-)					After change	
	Shares	Percentage	New issues	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Shares	Percentage
I. Restricted Shares	680,539,213	3.62%	0	0	0	413,083	413,083	680,952,296	3.63%
1. Shares held by state-owned legal entities	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by other domestic investors	679,314,082	3.62%	0	0	0	1,638,214	1,638,214	680,952,296	3.63%
Among which: Shares held by domestic legal entities	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	679,314,082	3.62%	0	0	0	1,638,214	1,638,214	680,952,296	3.63%
3. Shares held by foreign investors	1,225,131	0.007%	0	0	0	-	-1,225,131	0	0.00%
Among which: Shares held by foreign legal entities	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign individuals	1,225,131	0.007%	0	0	0	-	-1,225,131	0	0.00%
II. Non-restricted shares	18,098,541,554	96.38%	0	0	0	-413,083	-413,083	18,098,128,471	96.37%
1. RMB-denominated ordinary shares	18,098,541,554	96.38%	0	0	0	-413,083	-413,083	18,098,128,471	96.37%
III. Total shares	18,779,080,767	100.00%	0	0	0	0	0	18,779,080,767	100.00%

Reasons for changes in shares

Applicable Not applicable

1. On June 29, 2024, the Company disclosed the *Voluntary Announcement on the Non-trading Transfer of Certain Shares of the Holders under the Employee Stock Ownership Plan*. The Company has completed the second non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase I) and the first non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase II). Among them, 3,234,162 shares were transferred to the current directors, supervisors and senior managers of the Company through non-trading transfer.

2. During the Reporting Period, locked-up shares held by senior management increased by 413,083 shares, as non-restricted shares decreased by the same amount.

Approval of changes in shares

Applicable Not Applicable

Transfer of share ownership

Applicable Not applicable

On June 29, 2024, the Company disclosed the *Voluntary Announcement on the Non-trading Transfer of Certain Shares of Holders under the Employee Stock Ownership Plan*. The Company has completed the second non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase I) and the first non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase II). Among them, 3,234,162 shares were transferred to the current directors, supervisors and senior managers of the Company through non-trading transfer, and 42,158,024 shares were transferred to other holders through non-trading transfer.

Progress on any share repurchase

Applicable Not applicable

During the Reporting Period, the Company repurchased a total of 117,993,100 shares of the Company through centralized bidding from the special securities account for repurchase from June 4, 2024 to June 7, 2024, accounting for 0.63% of the total share capital of the Company. The highest and lowest trading price were RMB4.49 per share and RMB4.26 per share, respectively, and the total payment approximated to RMB520 million (excluding transaction fees).

Progress on reducing the repurchased shares by means of centralized bidding

Applicable Not Applicable

Effects of changes in shares on the basic earnings per share, diluted earnings per share, net asset 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 regulatory authorities to be disclosed

Applicable Not Applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: Share

Name of shareholder	Number of restricted shares at period-begin	Number of released restricted shares of the period	Number of increased restricted shares of the period	Number of restricted shares at period-end	Reason for restriction	Date of restriction release
Others	680,539,213	0	413,083	680,952,296	Locked-up shares of senior management	Not applicable
Total	680,539,213	0	413,083	680,952,296	--	--

II. Issuance and Listing of Securities

Applicable Not applicable

Name of stocks and their derivative securities	Issue date	Issue price (or interest rate)	Issue quantity	Listing date	Aggregate number of shares permitted to be traded	Transaction closing date	Index to disclosed information	Date of disclosure
Stocks								
Not applicable								
Convertible corporate bonds, convertible corporate bonds traded separately, corporate bonds								
Corporate bonds (24TCLK2, 148683)	April 9, 2024	2.69%	15,000,000	April 19, 2024	15,000,000	Not applicable	Please refer to the website: http://www.cninfo.com.cn/	April 8, 2024
Corporate bonds (24TCLK1, 148600)	January 30, 2024	2.64%	15,000,000	February 7, 2024	15,000,000	Not applicable		January 29, 2024
Other derivative securities								
Not applicable								

Description of Securities Issuance during the Reporting Period

Pursuant to the approval of the China Securities Regulatory Commission under the registration number CSRC Permit [2022] No. 1561, the Company is authorized to issue up to RMB10 billion in corporate bonds to professional investors through a phased issuance.

(1) On January 30, 2024, The Company issued Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase 1), with bond abbreviation of “24TCLK1” and bond code of “148600”, alongside an issuance scale of RMB1.5 billion and a coupon rate of 2.64%.

(2) On April 9, 2024, the Company issued Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase 2), with bond abbreviation of “24TCLK2” and bond code of

“148683”, alongside an issuance scale of RMB1.5 billion and a coupon rate of 2.69%.

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders by the end of the reporting period		582,209		Total number of preferred shareholders with resumed voting rights by the end of the reporting period			0	
Shareholdings of ordinary shareholders with more than 5% or the top 10 shareholders of ordinary shares (excluding the lending of shares under refinancing)								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of shares held at the period-end	Increase/decrease during the reporting period	Number of restricted ordinary shares held	Number of non-restricted ordinary shares held	Shares in pledge, marked or frozen	
							Status	Number
Li Dongsheng	Domestic individual/Domestic general legal entity	6.74%	1,265,347,805	1,294,616	673,839,802	591,508,003		
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)							In pledge	293,668,015
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	3.56%	667,733,276	-369,879,267		667,733,276		
Huizhou Investment Holding Co., Ltd.	Public legal entity	3.35%	629,663,094	-187,790,730		629,663,094		
Wuhan Optics Valley Industrial Investment Co., Ltd.	Public legal entity	2.41%	452,866,342	-79,136,674		452,866,342	In pledge	226,430,000
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	410,554,710	-		410,554,710		
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Fund, wealth management product, etc.	1.18%	222,000,000	-4,736,512		222,000,000		
Industrial and Commercial Bank of China - Huatai-Pinebridge CSI 300 ETF	Fund, wealth management product, etc.	1.18%	221,615,930	81,578,200		221,615,930		
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Fund, wealth management product, etc.	1.04%	195,242,960	-8,836,800		195,242,960		
China Foreign Economy and Trade Trust Co., Ltd. - Foreign trade trust - Gaoyi Xiaofeng	Fund, wealth management product, etc.	0.88%	166,000,000	-2,599,830		166,000,000		

Hongyuan Collective Fund Trust Scheme								
Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares	Not applicable							
Note on the above shareholders' associations or concerted actions	Among the top 10 shareholders, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the <i>Agreement on Concerted Action</i> . Mr. Li Dongsheng holds 898,453,069 shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 shares, representing 1,265,347,805 shares in total and becoming the largest shareholder of the Company.							
Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	Not applicable							
Explanation on repurchase accounts among top 10 shareholders	Not applicable							
Shareholdings of top 10 non-restricted ordinary shareholders (excluding the lending of shares under refinancing and locked-up shares held by senior management)								
Name of shareholder	Number of non-restricted ordinary shares held at the end of the reporting period	Type of shares						
		Type of shares	Quantity					
Hong Kong Securities Clearing Company Ltd.	667,733,276	RMB-denominated ordinary shares	667,733,276					
Huizhou Investment Holding Co., Ltd.	629,663,094	RMB-denominated ordinary shares	629,663,094					
Li Dongsheng	591,508,003	RMB-denominated ordinary shares	591,508,003					
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)								
Wuhan Optics Valley Industrial Investment Co., Ltd.	452,866,342	RMB-denominated ordinary shares	452,866,342					
China Securities Finance Corporation Limited	410,554,710	RMB-denominated ordinary shares	410,554,710					
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	222,000,000	RMB-denominated ordinary shares	222,000,000					
Industrial and Commercial Bank of China - Huatai-Pinebridge CSI 300 ETF	221,615,930	RMB-denominated ordinary shares	221,615,930					
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	195,242,960	RMB-denominated ordinary shares	195,242,960					
China Foreign Economy and Trade Trust Co., Ltd. - Foreign trade trust - Gaoyi Xiaofeng Hongyuan Collective Fund Trust Scheme	166,000,000	RMB-denominated ordinary shares	166,000,000					
Related or acting-in-concert parties among top 10 non-restricted ordinary shareholders, as well as between top 10 non-restricted ordinary shareholders and top 10 ordinary shareholders	Among the top 10 shareholders with non-restricted shares, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the <i>Agreement on Concerted Action</i> . Mr. Li Dongsheng holds 224,613,267 non-restricted shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 non-restricted shares, representing 591,508,003 non-restricted shares in total and becoming the largest shareholder of the Company.							
Explanation for the top 10 ordinary shareholders participating in securities margin trading	At the end of the Reporting Period, Wuhan Optics Valley Industrial Investment Co., Ltd., among the shareholders above, held certain shares of the Company through a credit security account.							

Participation of shareholders holding more than 5%, top 10 shareholders, and top 10 non-restricted shareholders in the lending of shares under the refinancing business

Applicable Not applicable

Unit: Share

Participation of shareholders holding more than 5%, top 10 shareholders, and top 10 non-restricted shareholders in the lending of shares under the refinancing business								
Name of shareholder (full name)	Shares in the ordinary account and credit account at the beginning of the period		Shares lent under refinancing at the beginning of the period that have not been returned		Shares in the ordinary account and credit account at the end of the period		Shares lent under refinancing at the end of the period that have not been returned	
	Total number	Proportion to total share capital	Total number	Proportion to total share capital	Total number	Proportion to total share capital	Total number	Proportion to total share capital
Industrial and Commercial Bank of China - Huatai-Pinebridge CSI 300 ETF	140,037,730	0.75%	136,900	0.001%	221,615,930	1.18%	0	0%
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	204,079,760	1.09%	1,602,800	0.01%	195,242,960	1.04%	193,000	0.001%

Change in top 10 shareholders and top 10 non-restricted shareholders due to securities lending/returning under refinancing as compared to the previous period

Applicable Not Applicable

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

Yes No

No such cases in the Reporting Period.

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

Applicable Not applicable

Name	Position	Position Status	Number of shares held at the beginning of the reporting period	Increase of shares during the reporting period	Decrease of shares during the reporting period	Number of shares held at the end of the reporting period	Number of restricted shares granted at the beginning of the reporting period	Number of restricted shares granted during the reporting period	Number of restricted shares granted at the end of the reporting period
Li Dongsheng	Chairman, CEO	Incumbent	897,158,453	1,294,616	-	898,453,069	-	-	-
Zhang Zuoteng	Vice Chairman of the Board	Incumbent	-	-	-	-	-	-	-
Lin Feng	Director	Incumbent	-	-	-	-	-	-	-

Shen Haoping	Director, Senior Vice President	Incumbent	-	-	-	-	-	-	-
Zhao Jun	Director, Senior Vice President	Incumbent	942,854	328,684	-	1,271,538	-	-	-
Liao Qian	Director, Board Secretary and Senior Vice President	Incumbent	1,289,075	437,544	-	1,726,619	-	-	-
Jin Li	Independent director	Incumbent	-	-	-	-	-	-	-
Wan Liangyong	Independent director	Incumbent	-	-	-	-	-	-	-
Wang Lixiang	Independent director	Incumbent	-	-	-	-	-	-	-
Wu Zhiming	Chairman of the Supervisory Committee	Incumbent	-	-	-	-	-	-	-
Zhuang Weidong	Shareholder Representative Supervisor	Incumbent	-	-	-	-	-	-	-
Zhu Wei	Employee Representative Supervisor	Incumbent	10,000	97,704	-	107,704	-	-	-
Li Jian	CFO	Incumbent	968,621	607,321	-	1,575,942	-	-	-
Yan Xiaolin	Senior Vice President, CTO	Incumbent	2,342,265	468,293	-	2,810,558	-	-	-
Liang Weihua	Former Vice Chairman of the Board	Former	-	-	-	-	-	-	-
Wang Cheng	Former Director	Former	333,183	416,113	-	749,296	-	-	-
Gan Yong	Former Independent Director	Former	-	-	-	-	-	-	-
Chen Shiyi	Former Independent Director	Former	-	-	-	-	-	-	-
Liu Xunci	Former Independent Director	Former	-	-	-	-	-	-	-
Zheng Tao	Former Chairman of the Supervisory Committee	Former	-	-	-	-	-	-	-
Qiu Haiyan	Former Shareholder Representative Supervisor	Former	-	-	-	-	-	-	-
Mao Tianxiang	Former Employee Representative Supervisor	Former	566,575	177,354	-	743,929	-	-	-
Total	--	--	903,611,026	3,827,629	-	907,438,655	-	-	-

Note: 1. The increase in the number of shares held by the Company's directors, supervisors, and senior management during the Reporting Period was due to the non-trading transfer of shares corresponding to holders' shares under the 2021-2023 Employee Stock Ownership Plan (Phase 1) and the 2021-2023 Employee Stock Ownership Plan (Phase 2) to employees' securities accounts. For details, please refer to the *Company's Announcement on the Non-Trading Transfer of Certain Shares of the Holders under the Employee Stock Ownership Plan* published on the designated media on June 29, 2024.

2. The number of shares held by directors Zhang Zuoteng, Jin Li, Wang Lixiang and supervisors Wu Zhiming, Zhuang Weidong and Zhu Wei at the beginning of the period was the number of shares held on the date of their appointment as directors or supervisors of the Company.

V. Change of the Controlling Shareholder or the Actual Controller

Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the *Agreement on Concerted Action*, holding 1,265,347,805 shares in total and becoming the largest shareholder of the Company.

Change of the controlling shareholder in the Reporting Period

Applicable Not Applicable

Change of the actual controller in the Reporting Period

Applicable Not Applicable

Part VIII Preferred Shares

Applicable Not Applicable

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

Part IX Bonds

Applicable Not applicable

I. Enterprise Bonds

Applicable Not Applicable

No enterprise bonds in the Reporting Period.

II. Corporate Bonds

Applicable Not applicable

1. General Information on Corporate Bonds

Unit: RMB'0,000

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Outstanding balance	Coupon rate	Way of principal repayment and interest payment	Place of trading
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase 2)	24TCLK2	148683	April 9, 2024	April 11, 2024	April 11, 2029	150,000	2.69%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase 1)	24TCLK1	148600	January 30, 2024	February 1, 2024	February 1, 2026	150,000	2.64%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Corporate Bonds Publicly Offered by TCL Corporation to Qualified Investors in 2019 (Phase 3)	19TCL03	112983	October 17, 2019	October 21, 2019	October 21, 2024	44,000	2.95%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Corporate Bonds Publicly Offered by TCL Corporation to Qualified Investors in 2019 (Phase 2)	19TCL02	112938	July 19, 2019	July 23, 2019	July 23, 2024	100,000	3.05%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Investor eligibility	For qualified investors / for professional investors; not applicable for foreign bonds								
Applicable trading mechanism	Match to trade, click to trade, inquire to trade, bid to trade, negotiate to trade; not applicable for foreign bonds								
Risk of termination of listing and trading and countermeasures	No								

Overdue bonds

Applicable Not Applicable

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

Applicable Not Applicable

3. Adjustments of credit rating results during the Reporting Period

Applicable Not Applicable

4. The implementation and changes of guarantees, debt repayment plans and other safeguard measures regarding debt repayment during the Reporting Period, and their impact on the equity of bond investors

Applicable Not Applicable

III. Debt Financing Instruments of Non-Financial Enterprises

Applicable Not applicable

1. General information of debt financing instruments of non-financial enterprises

Unit: RMB'0,000

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Bonds balance	Coupon rate	Way of principal repayment and interest payment	Place of trading
2023 Mid-Term Notes of TCL Technology Group Corporation (Phase 1) (Sci-Tech Innovation Notes)	23TCL Group MTN001 (Sci-Tech Innovation Notes)	102380151	February 3, 2023	February 7, 2023	February 7, 2026	150,000	4.10%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Notes of TCL Technology Group Corporation (Phase 3) (Sci-Tech Innovation Notes)	22TCL Group MTN003 (Sci-Tech Innovation Notes)	102281474	July 4, 2022	July 6, 2022	July 6, 2025	200,000	3.45%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Green Notes of TCL Technology Group Corporation (Phase 2)	22TCL Group GN002	132280040	April 25, 2022	April 27, 2022	April 27, 2025	150,000	3.30%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2022 Mid-Term Notes of TCL Technology Group Corporation (Phase 1)	22TCL Group MTN001	102280089	January 12, 2022	January 14, 2022	January 14, 2025	200,000	3.45%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
Investor eligibility	Mid-term notes are issued to institutional investors in the national interbank bond market (excluding those prohibited from purchasing by national laws and regulations)								
Applicable trading mechanism	Transaction inquiry, request for quotation and click to trade								
Risk of termination of listing and trading and countermeasures	No								

Overdue bonds

Applicable Not Applicable

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

Applicable Not Applicable

3. Adjustments of credit rating results during the Reporting Period

Applicable Not Applicable

4. The implementation and changes of guarantees, debt repayment plans and other safeguard measures regarding debt repayment during the Reporting Period, and their impact on bond investor equity

Applicable Not Applicable

IV. Convertible Corporate Bonds

Applicable Not Applicable

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

V. Consolidated loss of the Reporting Period Exceeding 10% of Net Assets of the last year-end

Applicable Not Applicable

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

Unit: RMB'0,000

Item	End of the Reporting Period	December 31, 2023	Change
Current ratio	1.01	1.03	-1.94%
Debt/asset ratio	63.84%	62.06%	1.78%
Quick ratio	0.71	0.75	-5.33%
	H1 2024	H1 2023	Change
Net profits after deducting non-recurring gains and losses	-161,879	49,891	-424.47%
Debt to EBITDA ratio	6.97%	6.82%	0.15%
Interest coverage ratio	0.73	1.70	-57.06%
Cash coverage ratio	5.79	4.76	21.64%
EBITDA coverage ratio	6.43	6.01	6.99%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

Section X Unaudited Financial Report

(For the period from January 1, 2024 to June 30, 2024)

I. Auditor's Report

Whether the 2024 interim report has been audited or not?

Yes No

The Company's 2024 interim financial report has not yet been audited.

II. Financial Statements

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

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

	Note V	June 30, 2024	January 1, 2024
Current assets			
Monetary assets	1	19,587,500	21,924,271
Held-for-trading financial assets	2	25,226,582	23,184,117
Derivative financial assets	3	155,087	108,008
Notes receivable	4	199,917	615,392
Accounts receivable	5	23,116,435	22,003,651
Receivables financing	6	618,962	954,410
Prepayments	7	2,676,779	2,946,288
Other receivables	8	4,400,197	5,706,855
Inventories	9	20,181,927	18,481,755
Contract assets	10	371,574	343,907
Held-for-sale assets		-	162,416
Non-current assets due within one year	11	599,083	580,695
Other current assets	12	7,547,622	5,286,534
Total current assets		104,681,665	102,298,299
Non-current assets			
Debt investments	13	144,853	122,349
Long-term receivables	14	698,831	720,281
Long-term equity investments	15	24,908,240	25,431,271
Investments in other equity instruments	16	387,255	386,648
Other non-current financial assets	17	3,995,736	2,971,566
Investment property	18	813,380	911,679
Fixed assets	19	170,267,383	176,422,621
Construction in progress	20	20,126,696	17,000,052
Right-of-use assets	21	6,064,032	6,386,446
Intangible assets	22	18,322,601	18,419,544
Development costs	23	2,180,888	2,541,493
Goodwill	24	10,516,742	10,516,742
Long-term deferred expenses	25	2,355,213	3,402,689
Deferred income tax assets	26	2,372,450	2,246,222
Other non-current assets	27	14,497,575	13,081,184
Total non-current assets		277,651,875	280,560,787
Total assets		382,333,540	382,859,086

Legal
representative:

Li Dongsheng

Person-in-charge
of financial affairs:

Li Jian

Person-in-
charge of the
financial
department:

Jing Chunmei

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

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

Liabilities and shareholders' equity:	Note V	June 30, 2024	January 1, 2024
Current liabilities			
Short-term borrowings	28	11,844,635	8,473,582
Borrowings from the Central Bank	29	809,468	995,010
Customer deposits and deposits from other banks and financial institutions	30	366,470	270,929
Held-for-trading financial liabilities	31	208,434	251,451
Derivative financial liabilities	32	80,185	58,591
Notes payable	33	6,014,274	5,610,802
Accounts payable	34	28,415,307	29,402,493
Advances from customers	35	857	678
Contract liabilities	36	1,465,572	1,899,468
Employee compensation payable	37	2,826,227	3,034,497
Taxes and levies payable	38	897,148	861,342
Other payables	39	22,206,210	22,171,402
Non-current liabilities due within one year	40	27,177,946	24,631,659
Other current liabilities	41	1,536,846	1,563,245
Total current liabilities		103,849,579	99,225,149
Non-current liabilities			
Long-term borrowings	42	120,304,465	117,662,209
Bonds payable	43	8,627,636	9,113,848
Lease liabilities	44	5,699,585	5,737,288
Long-term payables	45	2,577,466	2,739,444
Long-term employee compensation payable	37	23,531	29,645
Deferred income	46	1,567,859	1,540,648
Deferred income tax liabilities	26	1,257,440	1,427,487
Estimated liabilities	47	189,789	117,395
Total non-current liabilities		140,247,771	138,367,964
Total liabilities		244,097,350	237,593,113
Share capital	48	18,779,081	18,779,081
Capital reserves	49	10,349,364	10,752,055
Less: Treasury share	50	919,322	1,094,943
Other comprehensive income	51	(767,601)	(945,798)
Surplus reserves	52	3,874,006	3,874,006
Specific reserves	53	15,003	11,343
General risk reserve	54	8,934	8,934
Retained earnings	55	21,030,075	21,537,188
Total equity attributable to shareholders of the parent company		52,369,540	52,921,866
Non-controlling interests		85,866,650	92,344,107
Total shareholders' equity		138,236,190	145,265,973
Total liabilities and shareholders' equity		382,333,540	382,859,086

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

TCL Technology Group Corporation
Consolidated Income Statement
(RMB'000)

	Note V	January - June 2024	January - June 2023
I. Total revenue		80,303,409	85,190,189
Including: Operating revenue	56	80,223,737	85,148,726
Interest income	57	79,672	41,463
Less: Operating cost	56	70,384,382	74,267,599
Interest expenditures	57	14,885	9,976
Taxes and levies	58	500,128	391,897
Sales expenses	59	1,135,573	1,206,698
Administrative expenses	60	2,003,836	2,015,924
R&D expenses	61	4,401,567	4,892,354
Financial expenses	62	2,091,275	1,613,163
Including: Interest expenses		2,472,976	2,325,785
Interest income		381,577	415,285
Plus: Other income	63	1,135,393	1,199,925
Return on investment	64	421,758	2,313,775
Including: Return on investment in joint ventures and associates		(49,289)	1,220,326
Exchange gain	57	(116)	(295)
Gain on changes in fair value	65	132,946	452,401
Credit impairment loss	66	(7,269)	(45,502)
Asset impairment loss	67	(2,059,648)	(2,358,956)
Asset disposal income	68	39,940	(40,012)
II. Operating profit		(565,233)	2,313,914
Plus: Non-operating income	69	227,436	26,030
Less: Non-operating expenses	70	78,140	49,160
III. Gross profit		(415,937)	2,290,784
Less: Income tax expenses	71	52,212	(99,799)
IV. Net profits		(468,149)	2,390,583
(I) Classification by business continuity			
1. Net profits from continuing operations		(468,149)	2,390,583
2. Net profits from discontinued operations		-	-
(II) Classification by ownership			
1. Net profits attributable to shareholders of the Company		995,213	340,493
2. Net profits attributable to non-controlling interests		(1,463,362)	2,050,090
V. Other comprehensive income, net of tax	51	174,996	(451,010)
(I) Other comprehensive income that cannot be subsequently reclassified into profit or loss		122,012	(19,415)
(II) Other comprehensive income that may subsequently be reclassified into profit or loss upon satisfaction of prescribed conditions		52,984	(431,595)
VI. Total comprehensive income		(293,153)	1,939,573
Total comprehensive income attributable to the shareholders of the parent company		1,173,410	(23,753)
Total comprehensive income attributable to non-controlling interests		(1,466,563)	1,963,326
VII. Earnings per share	72		
(I) Basic earnings per share (RMB yuan)		0.0535	0.0184
(II) Diluted earnings per share (RMB yuan)		0.0530	0.0181

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

TCL Technology Group Corporation
Consolidated Cash Flow Statement
(RMB'000)

	Note V	January - June 2024	January - June 2023
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		79,229,089	61,503,988
Net increase/(decrease) in deposits from customers, banks and other financial institutions		95,348	(40,289)
Net increase/(decrease) in borrowings from the Central Bank		(186,534)	(50,474)
Cash received from interest, handling charge and commission		63,657	41,463
Tax and levy rebates		2,678,607	4,842,869
Cash generated from other operating activities	73	3,396,202	5,588,817
Sub-total of cash generated from operating activities		85,276,369	71,886,374
Cash paid for commodities and services		(58,121,474)	(48,233,115)
Net (increase)/decrease in loans and advances to customers		143,975	27,311
Net (increase)/decrease in deposits in the central bank and in interbank loans granted		(51,978)	54,883
Cash paid to and for employees		(6,676,204)	(6,043,453)
Taxes and levies paid		(2,603,937)	(2,226,234)
Cash used in other operating activities	74	(5,334,029)	(5,049,598)
Sub-total of cash used in operating activities		(72,643,647)	(61,470,206)
Net cash generated from operating activities	79	12,632,722	10,416,168
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		35,100,021	26,691,189
Proceeds from return on investments		1,844,013	1,202,097
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		316,506	39,062
Net proceeds from disposal of subsidiaries and other business units	79	-	-
Cash generated from other investing activities	75	352,014	1,640,766
Sub-total of cash generated from investment activities		37,612,554	29,573,114
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(12,401,270)	(16,465,349)
Cash paid for investments		(42,087,664)	(31,830,252)
Net payments for acquiring subsidiaries and other business units	79	(4,284)	(342,527)
Cash used in other investing activities	76	(563,835)	(475,943)
Subtotal of cash used in investing activities		(55,057,053)	(49,114,071)
Net cash used in investing activities		(17,444,499)	(19,540,957)

Legal representative:	Li Dongsheng	Person-in-charge of financial affairs:	Li Jian	Person-in-charge of the financial department:	Jing Chunmei
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The attached notes to the financial statements form an integral part of the financial statements.

TCL Technology Group Corporation
Consolidated Cash Flow Statement (Continued)
(RMB'000)

	Note V	January - June 2024	January - June 2023
III. Cash flow generated from financing activities:			
Cash received from capital contributions		2,000	1,047,506
Including: Capital contributions by non-controlling interests to subsidiaries		2,000	1,047,506
Cash received from raising borrowings		38,491,832	41,697,801
Cash received from bonds issue		3,000,000	1,500,000
Cash generated from other financing activities	77	422,120	1,895,912
		<u>41,915,952</u>	<u>46,141,219</u>
Sub-total of cash generated from financing activities			
Cash paid for debt repayment		(32,904,575)	(33,255,720)
Cash paid for distribution of dividends and profits or the repayment of interests		(4,383,419)	(3,471,466)
Including: Dividends and profits paid by subsidiaries to minority shareholders		(71,763)	(325,152)
Cash used in other financing activities	78	(1,930,490)	(6,312,578)
		<u>(39,218,484)</u>	<u>(43,039,764)</u>
Subtotal of cash used in financing activities			
Net cash generated from financing activities		<u>2,697,468</u>	<u>3,101,455</u>
IV. Effect of exchange rate changes on cash and cash equivalents		41,042	91,958
V. Net increase in cash and cash equivalents		(2,073,267)	(5,931,376)
Add: Opening balance of cash and cash equivalents		19,996,815	33,675,624
VI. Ending balance of cash and cash equivalents	79	<u>17,923,548</u>	<u>27,744,248</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

TCL Technology Group Corporation
Consolidated Statement of Changes in Shareholders' Equity (Continued)
(RMB'000)

	January - June 2024										
	Equity attributable to shareholders of the parent company										
	Share capital	Other equity instruments	Capital reserves	Treasury share	Special Reserves	Other comprehensive income	Surplus reserves	General risk reserve	Undistributed profit	Non-controlling interests	Shareholders' equity Total
I. Balance at the end of the prior year	18,779,081	-	10,752,055	(1,094,943)	11,343	(945,798)	3,874,006	8,934	21,537,188	92,344,107	145,265,973
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	18,779,081	-	10,752,055	(1,094,943)	11,343	(945,798)	3,874,006	8,934	21,537,188	92,344,107	145,265,973
III. Movement of current period	-	-	(402,691)	175,621	3,660	178,197	-	-	(507,113)	(6,477,457)	(7,029,783)
(I) Total comprehensive income	-	-	-	-	-	178,197	-	-	995,213	(1,466,563)	(293,153)
(II) Capital contributed and reduced by shareholders	-	-	(392,181)	175,621	-	-	-	-	-	(4,208,043)	(4,424,603)
1. Capital contributed by shareholders	-	-	-	-	-	-	-	-	-	(3,878,546)	(3,878,546)
2. Share-based payments included in owners' equity	-	-	96,276	696,104	-	-	-	-	-	109,652	902,032
3. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	(488,457)	(520,483)	-	-	-	-	-	(439,149)	(1,448,089)
(III) Profit distribution	-	-	-	-	-	-	-	-	(1,502,326)	(802,851)	(2,305,177)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-	-	-	-
2. Appropriation of general risk reserve	-	-	-	-	-	-	-	-	-	-	-
3. Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,502,326)	(802,851)	(2,305,177)
4. Others	-	-	-	-	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserves into capital (or share capital)	-	-	-	-	-	-	-	-	-	-	-
(V) Specific reserves	-	-	-	-	3,660	-	-	-	-	-	3,660
1. Accrued in current period	-	-	-	-	17,674	-	-	-	-	-	17,674
2. Used in current period	-	-	-	-	(14,014)	-	-	-	-	-	(14,014)
(VI) Others	-	-	(10,510)	-	-	-	-	-	-	-	(10,510)
IV. Balance as at the end of current period	18,779,081	-	10,349,364	(919,322)	15,003	(767,601)	3,874,006	8,934	21,030,075	85,866,650	138,236,190

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

TCL Technology Group Corporation
Consolidated Statement of Changes in Shareholders' Equity (Continued)
(RMB'000)

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

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

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

assets	Note XVII	June 30, 2024	January 1, 2024
Current assets			
Monetary assets		2,698,582	2,646,890
Held-for-trading financial assets		17,335,697	14,178,884
Derivative financial assets		66	66
Accounts receivable	1	191,593	350,788
Prepayments		17,708	9,241
Other receivables	2	8,893,299	19,614,272
Inventories		-	-
Other current assets		31,068	1,629
Total current assets		29,168,013	36,801,770
Non-current assets			
Long-term receivables		-	-
Long-term equity investments	3	80,261,168	79,664,992
Other non-current financial assets	4	1,046,615	644,300
Investment property		75,532	77,364
Fixed assets		31,238	34,806
Construction in progress		-	-
Right-of-use assets		430,132	435,915
Intangible assets		89,711	96,319
Long-term deferred expenses		30,004	33,005
Deferred income tax assets		7	7
Other non-current assets		1,500,000	-
Total non-current assets		83,464,407	80,986,708
Total assets		112,632,420	117,788,478

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

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

Liabilities and shareholders' equity:	Note XVII	June 30, 2024	January 1, 2024
Current liabilities			
Short-term borrowings		2,402,033	2,124,045
Accounts payable		93,742	202,691
Contract liabilities		3,987	6,750
Employee compensation payable		163,871	184,320
Taxes and levies payable		7,115	12,415
Other payables		21,211,108	26,818,710
Non-current liabilities due within one year		10,864,418	6,167,442
Other current liabilities		9,164	3,656
Total current liabilities		<u>34,755,438</u>	<u>35,520,029</u>
Non-current liabilities			
Long-term borrowings		16,584,755	19,963,555
Bonds payable		6,491,666	6,992,012
Lease liabilities		18,636	20,816
Long-term employee compensation payable		20,101	26,215
Deferred income		53,147	53,147
Total non-current liabilities		<u>23,168,305</u>	<u>27,055,745</u>
Total liabilities		<u>57,923,743</u>	<u>62,575,774</u>
Shareholders' equity			
Share capital		18,779,081	18,779,081
Capital reserves		16,190,416	16,127,030
Less: Treasury share		919,322	1,094,943
Other comprehensive income		1,239	(142,055)
Surplus reserves		3,671,942	3,671,942
Retained earnings		16,985,321	17,871,649
Total shareholders' equity		<u>54,708,677</u>	<u>55,212,704</u>
Total liabilities and shareholders' equity		<u>112,632,420</u>	<u>117,788,478</u>

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

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

	Note XVII	January - June 2024	January - June 2023
I. Operating revenue	5	699,303	736,414
Less: Operating cost	5	449,606	504,204
Taxes and levies		4,191	8,793
Sales expenses		18,060	17,908
Administrative expenses		164,415	165,184
R&D expenses		51,723	22,282
Financial expenses		500,159	390,668
Including: Interest expenses		777,950	807,654
Interest income		194,975	321,244
Plus: Other income		1,179	4,995
Return on investment	6	895,659	1,788,747
Of which: Investment income from joint ventures and associates	6	505,600	682,026
Gain on changes in fair value		211,802	117,382
Credit impairment loss		(3,811)	10
Asset disposal income		11	1,093
II. Operating profit		615,989	1,539,602
Plus: Non-operating income		18	15
Less: Non-operating expenses		9	6,321
III. Gross profit		615,998	1,533,296
Less: Income tax expenses		-	-
IV. Net profits		615,998	1,533,296
V. Other comprehensive income		143,295	32,333
VI. Total comprehensive income		759,293	1,565,629

Legal representative:	Li Dongsheng	Person-in-charge of financial affairs:	Li Jian	Person-in-charge of the financial department:	Jing Chunmei
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The attached notes to the financial statements form an integral part of the financial statements.

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

	Note XVII	January - June 2024	January - June 2023
I. Cash flow from operating activities:			
Proceeds from sale of commodities and rendering of services		805,134	687,718
Tax and levy rebates		1,427	1
Cash generated from other operating activities		5,677,470	420,249
Sub-total of cash generated from operating activities		6,484,031	1,107,968
Cash paid for commodities and services		(505,721)	(397,613)
Cash paid to and for employees		(84,865)	(114,193)
Taxes and levies paid		(61,246)	(77,503)
Cash used in other operating activities		(322,436)	(5,065,900)
Sub-total of cash used in operating activities		(974,268)	(5,655,209)
Net cash generated from operating activities	7	5,509,763	(4,547,241)
II. Cash flow from investing activities:			
Proceeds from disinvestments		17,413,365	8,180,269
Proceeds from return on investments		1,327,458	1,131,472
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		-	-
Sub-total of cash generated from investment activities		18,740,823	9,311,741
Cash paid for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(1,146)	(6,631)
Cash paid for investments		(22,881,623)	(12,791,025)
Cash used in other investing activities		-	-
Subtotal of cash used in investing activities		(22,882,769)	(12,797,656)
Net cash used in investing activities		(4,141,946)	(3,485,915)
Legal representative:	Li Dongsheng	Person-in-charge of financial affairs:	Li Jian
		Person-in-charge of the financial department:	Jing Chunmei

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

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

	Note XVII	January - June 2024	January - June 2023
III. Cash flow generated from financing activities:			
Cash received from capital contributions		-	-
Cash received from raising borrowings		8,630,000	11,780,000
Cash received from bonds issue		3,000,000	1,500,000
Cash generated from other financing activities		425,625	54,267
		<u>12,055,625</u>	<u>13,334,267</u>
Sub-total of cash generated from financing activities		<u>12,055,625</u>	<u>13,334,267</u>
Cash paid for debt repayment		(10,397,600)	(9,203,619)
Cash paid for distribution of dividends and profits or repayment of interests		(2,178,628)	(715,827)
Cash used in other financing activities		(812,165)	(269,708)
		<u>(13,388,393)</u>	<u>(10,189,154)</u>
Subtotal of cash used in financing activities		<u>(13,388,393)</u>	<u>(10,189,154)</u>
Net cash generated from financing activities		<u>(1,332,768)</u>	<u>3,145,113</u>
IV. Effect of exchange rate changes on cash and cash equivalents		293	(53,755)
V. Net increase in cash and cash equivalents		35,342	(4,941,798)
Add: Opening balance of cash and cash equivalents		2,642,115	17,570,270
		<u>2,677,457</u>	<u>12,628,472</u>
VI. Ending balance of cash and cash equivalents	8	<u>2,677,457</u>	<u>12,628,472</u>

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

TCL Technology Group Corporation
Statement of Changes in Shareholders' Equity of the Company
(RMB'000)

	January - June 2024							Total shareholders' equity
	Share capital	Other equity instruments	Capital reserves	Treasury share	Other comprehensive income	Surplus reserves	Retained earnings	
I. Balance at the end of the prior year	18,779,081	-	16,127,030	(1,094,943)	(142,055)	3,671,942	17,871,649	55,212,704
Add: Change in accounting policies	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	18,779,081	-	16,127,030	(1,094,943)	(142,055)	3,671,942	17,871,649	55,212,704
III. Movement of current period	-	-	63,386	175,621	143,294	-	(886,328)	(504,027)
(I) Total comprehensive income	-	-	-	-	143,294	-	615,998	759,292
(II) Capital contributed and reduced by shareholders	-	-	63,406	175,621	-	-	-	239,027
1. Capital contributed by owners	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	63,406	696,104	-	-	-	759,510
4. Amount of bond issue included in owners' equity	-	-	-	-	-	-	-	-
5. Others	-	-	-	(520,483)	-	-	-	(520,483)
(III) Profit distribution	-	-	-	-	-	-	(1,502,326)	(1,502,326)
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	(1,502,326)	(1,502,326)
3. Others	-	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-	-
1. Capitalization of capital reserves into capital (or share capital)	-	-	-	-	-	-	-	-
(V) Others	-	-	(20)	-	-	-	-	(20)
IV. Balance as at the end of current period	18,779,081	-	16,190,416	(919,322)	1,239	3,671,942	16,985,321	54,708,677

Legal representative: Li Dongsheng Person-in-charge of financial affairs: Li Jian Person-in-charge of the financial department: Jing Chunmei

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

TCL Technology Group Corporation
Statement of Changes in Shareholder Equity of the Company (Continued)
(RMB'000)

	January - June 2023							
	Share capital	Other equity instruments	Capital reserves	Treasury share	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
I. Balance at the end of the prior year	17,071,892	-	17,715,533	(1,314,581)	(128,195)	3,510,209	16,416,054	53,270,912
Add: Change in accounting policies	-	-	-	-	-	-	-	-
II. Balance at the beginning of current period	17,071,892	-	17,715,533	(1,314,581)	(128,195)	3,510,209	16,416,054	53,270,912
III. Movement of current period	1,707,189	-	(1,685,569)	195,545	32,332	-	1,533,297	1,782,794
(I) Total comprehensive income	-	-	-	-	32,332	-	1,533,297	1,565,629
(II) Capital contributed and reduced by shareholders	-	-	17,836	219,638	-	-	-	237,474
1. Capital contributed by owners	-	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	-	17,836	466,809	-	-	-	484,645
4. Amount of bond issue included in owners' equity	-	-	-	-	-	-	-	-
5. Others	-	-	-	(247,171)	-	-	-	(247,171)
(III) Profit distribution	-	-	-	-	-	-	-	-
1. Appropriation of surplus reserves	-	-	-	-	-	-	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	1,707,189	-	(1,683,096)	(24,093)	-	-	-	-
1. Capitalization of capital reserves into capital (or share capital)	1,707,189	-	(1,683,096)	(24,093)	-	-	-	-
(V) Others	-	-	(20,308)	-	-	-	-	(20,308)
IV. Balance as at the end of current period	18,779,081	-	16,029,964	(1,119,036)	(95,863)	3,510,209	17,949,351	55,053,706
Legal representative:	Li Dongsheng	Person-in-charge of financial affairs:		Li Jian	Person-in-charge of the financial department:		Jing Chunmei	

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

I General information

TCL Technology Group Corporation (hereinafter referred to as "the Company") is a limited liability company established in Huizhou on July 17, 1997. It was changed to a limited liability company as a whole in 2002 and was listed on the Shenzhen Stock Exchange in January 2004. After years of new share placements, non-public reissuances, conversion into share capital, exercise of options and repurchase and cancellation of shares, etc., the registered capital and share capital of the Company were RMB 18,779,080,767 as at June 30, 2024.

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

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

Approval and issue: These financial statements were authorized for issue by the Company's Board of Directors on August 26, 2024.

II Scope of consolidated financial statements

As at the end of the Reporting Period, for subsidiaries included in the consolidated financial statements, please refer to Note VIII, 1, (1) "Breakdown of important subsidiaries". For the changes to the scope of the consolidated financial statements of the Reporting Period, see Note VII.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

III Significant accounting policies and accounting estimates

1 Basis for the preparation of financial statements

The preparation of financial statements of the Company is based on the actual transactions and events in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" published by the Ministry of Finance and specific corporate accounting standards, application guidelines for corporate accounting standards, corporate accounting standards interpretations and other relevant regulations (hereinafter collectively referred to as "corporate accounting standards") for confirmation and measurement, combining the provisions of "Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports" (revised in 2023) published by CSRC.

2 Going concern basis

The Company has evaluated the ability to continue as a going concern for 12 months from the end of the Reporting Period and has not identified any issues or circumstances that result in significant doubts about its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3 Accounting Basis and Measurement Basis

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

4 Statement of compliance with corporate accounting standards

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the financial position, operating results, cash flow and other relevant information of the Company during the Reporting Period.

5 Accounting period

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

6 Operations cycle

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

7 Functional currency for bookkeeping

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

8 Method and selection basis for determining importance criteria

Item	Importance criteria
The recovery, reversal and actual write-off of bad debt provisions for important receivables with bad debt provisions accrued on an individual basis	The amount of an individual item is greater than RMB 50 million.
Important construction in progress	The ending carrying amount of an individual item exceeds RMB 10 billion.
Important non-wholly-owned subsidiaries	The total asset of non-wholly-owned subsidiaries exceeds 10% of that of the Group or the total revenue of non-wholly-owned subsidiaries exceeds 10% of that of the Group.
Important joint ventures or associates	The carrying amount of long-term equity investments in a single investee exceeds 5% of the total asset of the Group.
Important prepayments, contract liabilities, accounts payable and other payables are aged for more than 1 year	The amount of an individual item exceeds 0.5% of the total asset of the Group.
Important capitalized research and development projects	The cumulative expenditure of an individual project exceeds 0.5% of the total asset of the Group.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

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

- (1) When the terms, conditions and economic influence of transactions in the process of a step-by-step combination conform to one or more of the following, accounting for multiple transactions is treated as a package transaction:
 - (a) These transactions are made simultaneously or with consideration of influence on each other;
 - (b) These transactions can only achieve a complete business outcome when they are accounted for collectively;
 - (c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
 - (d) A transaction is uneconomical individually, but is economical when considered collectively with other transactions.
- (2) Business combinations involving enterprises under common control

A combination of enterprises that are ultimately controlled by the same party or parties before and after the combination on a non-temporary basis constitutes a business combination under common control.

Assets and liabilities acquired by the Company in business combination are measured at the carrying amounts of assets and liabilities of the acquired party in the consolidated financial statements of the ultimate controlling party as at the date of combination (including the goodwill resulting from the acquisition of the acquired party by the ultimate controlling party). The difference between the carrying amount of net assets acquired in the combination and that of the consideration paid for the combination (or the total par value of shares issued) is used to adjust the share capital premium in the capital reserve, and when the share capital premium in the capital reserve is insufficient for offset, it is used to adjust the retained earnings. If there is a contingent consideration and it is necessary to confirm estimated liabilities or assets, the difference between the amounts of the estimated liabilities or assets and the settlement amount of subsequent contingent consideration is used to adjust the capital reserve (capital premium or share capital premium), and when the capital reserve is insufficient, it is used to adjust the retained earnings.

For a business combination that is ultimately realized through multiple transactions, if it is a package transaction, each transaction is treated as a transaction that acquires control; if it is not a package transaction, on the date of acquisition of control, the difference between the initial cost of long-term equity investments and the carrying amount of long-term equity investments before the combination plus the carrying amount of the newly paid considerations on the date of combination is used to adjust the capital reserve; and when the capital reserve is insufficient for offset, it is used to adjust the retained earnings. For equity investments held prior to the date of combination, no accounting treatment is carried out for other comprehensive gains recognized by equity accounting or financial instrument confirmation and measurement standards, and up to the disposal of the investment, the accounting treatment shall be based on the same basis as the direct disposal of the assets or liabilities of the invested entity; other changes in the owner's equity other than net profits or loss, other comprehensive income or profit distribution of net assets of the invested company recognized as equity are not subject to accounting, and will be transferred to the current profit and loss until disposal of the investment.

- (3) Business combination not under common control

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

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

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

Assets paid and liabilities incurred or assumed by the Company as a consideration for the business combination are measured at fair value on the date of purchase, and the difference between the fair value and their carrying amount is recognized in current profits and losses.

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

In the case where a business combination not under common control is realized through multiple exchanges and transactions, if it is a package transaction, each transaction will be accounted for as a transaction for acquiring control; in the case it is not a package transaction, if the equity investment held before the date of combination is accounted for using equity method, the sum of the carrying amount of equity investments of the acquired party held before the date of acquisition, plus the new investment cost on the date of acquisition will be recognized as the initial cost of the investment; the remaining comprehensive income recognized in equity investments using equity method before the date of acquisition will be recorded, when the investment is disposed of on the same basis as those the investee adopted directly to dispose of the relevant assets or liabilities. If the equity investment held before the date of combination is accounted for by financial instrument recognition and measurement criteria, the sum of the fair value of equity investment on the date of combination plus the new investment cost is taken as the initial investment cost on the date of combination. The difference between the fair value and the carrying amount of the original equity, and the accumulated fair value changes originally included in other comprehensive income should be transferred to return on investment in the current period which matches the combination date.

(4) Expenses incurred from combination

The agency fees paid for audits, legal services, assessments and consultations and other directly related expenses incurred in the business combination are recognized in profit or loss during the period in which they are incurred. The transaction costs for the issuance of equity securities for the business combination that may be directly attributed to equity transactions can be deducted from equity;

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III Significant accounting policies and accounting estimates (continued)

10 Methods for judging control and preparing consolidated financial statements

(1) Criteria for judging control

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

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

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

(2) Consolidation scope

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including separate entities controlled by the Company) are included into the consolidated financial statements.

(3) Consolidation procedure

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

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidated financial statements are consistent with those of the Company. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments will be made in accordance with the Company's accounting policies and accounting periods when preparing consolidated financial statements.

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

The impact of intracompany transactions between the Company and its subsidiaries, and intracompany transactions between subsidiaries, on the consolidated balance sheet, consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity is offset in the preparation of consolidated financial statements. Where a transaction is recognized by the Company or its subsidiaries as the transaction subject, which is different from that under the consolidated financial statement of the group, the transaction should be adjusted at the group level.

If the current losses shared by the minority shareholders of a subsidiary exceed the share enjoyed by the minority shareholder in the initial owners' equity of the subsidiary, the balance will still be used to offset the equity of minority interests.

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

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

During the Reporting Period, if a subsidiary or business is added due to a business combination involving enterprises under non-common control, the opening balance of the consolidated balance sheet is not adjusted; the income, expenses and profits of the subsidiary or business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flow of the subsidiary or business from the date of acquisition to the end of the Reporting Period is included in the consolidated cash flow statement.

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

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

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III Significant accounting policies and accounting estimates (continued)

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

(3) Consolidation procedure (continued)

When the Company loses control over the invested party due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured based on its fair value by the Company on the date of loss of control. The difference of the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of net assets and goodwill of the original subsidiary that should be enjoyed in accordance with the original shareholding 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 profits and loss related to the original subsidiary's equity investment, other comprehensive income and other changes in owners' equity other than profit distribution, will be converted into current return on investment when control is lost, except for other comprehensive gains arising from the re-measurement of net liabilities of the Benefit Plan made by the invested party or changes in net assets.

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

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

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

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

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

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

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III Significant accounting policies and accounting estimates (continued)

11 Classification of joint arrangements and accounting treatment method for joint operations

(1) Classification of joint arrangements

The Company classifies a joint arrangement as a joint operation or a joint venture according to factors such as the structure and legal form of the joint arrangement, the terms agreed in the joint arrangement, other relevant facts and circumstances.

Joint arrangements not reached through independent entities are classified as joint operations; joint arrangements reached through independent entities are usually classified as joint ventures; however, a joint arrangement that is indicated by conclusive evidence of meeting any of the following conditions and meeting the provisions of relevant laws and regulations is classified as a joint operation:

- ① The legal form of the joint arrangement shows that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- ② The contractual terms of the joint arrangement stipulates that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- ③ Other relevant facts and circumstances show that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. For example, the parties enjoy all the output substantially related to the joint arrangement, and the repayment of the liabilities relating to the arrangement continues relying on the support of the parties.

(2) Accounting treatment for joint operation

The Company shall recognize the following items in relation to interest in the joint operation, and carry out accounting treatment in accordance with the provisions of relevant accounting standards for business enterprises:

- ① Its assets, including its share of any assets held jointly;
- ② Its liabilities, including its share of any liabilities incurred jointly;
- ③ Its revenue from the sale of its share of the output arising from the joint operations;
- ④ Its share of the revenue from the sale of the output by the joint operations; and
- ⑤ Its expenses, including its share of any expenses incurred jointly.

If investing or selling assets (except those that constitute a business), etc., into or to the joint operation, the Company shall only recognize the part of the profit and loss arising from the transaction attributable to other participants in the joint operation, before the assets, etc., are sold to a third party by the joint operation. The Company will recognize in full the asset impairment loss arising if the assets invested or sold are impaired in compliance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, etc.

If purchasing assets (except those that constitute a business), etc., from the joint operation, the Company shall only recognize the part of the profit and loss arising from the transaction attributable to other participants in the joint operation, before the assets, etc., are sold to a third party by the Company. The Company will recognize its share of the asset impairment loss arising if the assets purchased are impaired in compliance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, etc.

The Company does not enjoy joint control over the joint operations. If the Company has rights to the assets, and obligations for the liabilities, relating to the joint operation, it shall still be accounted for by the above principles; otherwise, it shall be accounted for by the relevant accounting standards for business enterprises.

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III Significant accounting policies and accounting estimates (continued)

12 Criteria for determining cash and cash equivalents

In the preparation of the cash flow statement, the Company recognizes cash holdings and deposits that can be used for payment at any time as cash.

The Company recognizes cash that is easily converted into known amount with short holding period (generally due within three months from the date of purchase) and strong liquidity, and investments with low risk of changes in value (including investments in bonds which due within three months, while excluding equity investments), as cash equivalents.

13 Foreign currency business and translation of foreign currency statements

(1) Foreign currency transactions

Foreign currency transactions between the Company and its subsidiaries are translated into base currency at the spot exchange rate on the transaction date.

Foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the exchange differences resulted therefrom, except that the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization should be treated in accordance with the principle of capitalization of borrowing costs, are all included in the current profit and loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date, and the amount of base currency for bookkeeping is not changed.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rates on the date when the fair value is determined, and the exchange differences resulted therefrom are included in current profits and loss as a change in fair value. In the case of foreign currency non-monetary items that are at fair value through other comprehensive income, the exchange differences incurred are included in other comprehensive income.

(2) Translation of foreign currency financial statement

When the Company translates the financial statements of overseas operations, the assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. The owner's equity items, except for the "Retained earnings" item, are translated at the spot exchange rate at the time of occurrence of the items. All the incurred items in the income statement are translated at the current average exchange rate of the period in which transactions occur. The translation differences of foreign currency financial statement arising from the above translation are included in other comprehensive income.

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

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments

When the Company becomes a party to a financial instrument, it recognizes a financial asset or liability.

The effective interest method refers to the method of calculating the amortized cost of financial assets or liabilities and allocating interest income or interest expenses into each accounting period.

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of a financial asset or financial liability during its expected duration to the book balance of the financial asset or the amortized cost of the financial liability. When determining the effective interest rate, the expected cash flow is estimated on the basis of considering all contract terms of financial assets or liabilities (such as prepayment, extension, call options or other similar options), but the expected credit loss is not considered.

The amortized cost of a financial asset or financial liability is the accumulated amortization amount formed by deducting the repaid principal from the initial recognition amount of the financial asset or financial liability, adding or subtracting the difference between the initial recognition amount and the maturity amount by using the effective interest method, and then deducting the accumulated accrued loss reserve (only applicable to financial assets).

(1) Classification and measurement of financial assets

According to the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company divides the financial assets into the following three categories:

- (a) Financial assets measured at amortized cost.
- (b) Financial assets measured at fair value through other comprehensive income.
- (c) Financial assets measured 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 measured at fair value through profit or loss, transaction expenses are directly recognized in the current profit and loss. For other financial assets, transaction expenses are included in the initial recognition amount.

Subsequent measurement of financial assets depends on their classification. All related financial assets affected will be reclassified when and only when the Company changes its business model of managing financial assets.

- (a) Financial assets classified as those measured at amortized cost
The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial asset is to collect the contractual cash flow, then the Company classifies the financial asset as measured at amortized cost. Financial assets of the Company that are classified as those measured at amortized cost include monetary assets, notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

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

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

The Company recognizes interest income from such financial assets with the effective interest method, and carries out subsequent measurement at amortized cost. Gains or losses arising from impairment or derecognition or modification are included in current profits and losses. The Company calculates and determines the interest income based on the book balance of financial assets multiplied by the effective interest rate except for the following circumstances:

① For purchased or originated credit-impaired financial assets, the Company calculates and determines their interest income at the amortized cost of the financial assets and the credit-adjusted effective interest rate since the initial recognition.

② For financial assets not credit-impaired at the time of being purchased or originated but in the subsequent period, the Company calculates and determines their interest income at the amortized cost and the effective interest rate of the financial assets in the subsequent period. If the financial instrument is no longer credit-impaired due to the improvement of its credit risk in the subsequent period, the Company calculates and determines the interest income by multiplying the effective interest rate by the book balance of the financial asset.

(b) Financial assets classified as those measured at fair value through other comprehensive income

The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial assets is both to collect contractual cash flow and for its sale, then the Company classifies the financial assets as measured at fair value through other comprehensive income.

The Company recognizes interest income from such financial assets with the effective interest method. Except that the interest income, impairment loss and exchange difference are recognized as the current profit and loss, other changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in current profits and losses.

Notes and accounts receivable measured at fair value through other comprehensive income are reported as receivables financing, and such other financial assets are reported as other debt investments. Among them, other debt investments maturing within one year from the balance sheet date are reported as the current portion of non-current assets, and other debt investments maturing within one year are reported as other current assets.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

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

(c) Financial assets designated as measured at fair value through other comprehensive income

At the time of initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income on the basis of individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income without allowance for impairment. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the retained earnings. During the investment period when the Company holds the equity instrument, the dividend income is recognized and included in the current profit and loss when the Company's right to receive dividends has been established, the economic benefits related to dividends are likely to flow into the Company, and the amount of dividends can be measured reliably. The Company reports such financial assets under the item of investments in other equity instruments.

An investment in equity instruments is a financial asset measured at fair value through current profits and losses when it is obtained mainly for recent sale, or is part of the identifiable portfolio of financial assets centrally managed when initially recognized and objective evidence exists for a short-term profit model in the near future, or is a derivative (except for derivatives defined as financial guarantee contracts and designated as effective hedging instruments).

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

If failing to be classified as those measured at amortized cost or at fair value through other comprehensive income, or not designated as measured at fair value through other comprehensive income, financial assets are all classified as those measured at fair value through profit or loss.

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

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

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

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

(e) Financial assets designated as measured at fair value through current profits and losses

At the time of initial recognition, the Company may irrevocably designate financial assets as measured at fair value through current profits and losses 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 measured at fair value through current profits and losses. Except under the following circumstances:

- ① Embedded derivatives do not significantly change the cash flow of mixed contracts.
- ② When determining initially whether similar mixed contracts need to be split, it is substantially clear that embedded derivatives contained in them should not be split without analysis. If the prepayment right embedded in a loan allows the holder to prepay the loan at an amount close to the amortized cost, the prepayment right does not need to be split.

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

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

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

14 Financial instruments (continued)

(2) Classification and measurement of financial liabilities

The Company classifies a financial instrument or its components into financial liabilities or equity instruments upon initial recognition according to the contract terms of and the economic substance reflected by the financial instrument issued, rather than only in legal form, in combination with the definitions of financial liabilities and equity instruments. Financial liabilities are classified at initial recognition as measured at fair value through profit or loss, or other financial liabilities, or derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value upon initial recognition. For financial liabilities measured at fair value through current profits and losses, 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 measured at fair value through current profits and losses

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 current profits and losses.

A financial liability is a held-for-trading financial liability if it is mainly undertaken for recent sale or repurchase, or is part of the identifiable portfolio of financial instruments centrally managed, and there is objective evidence that the enterprise has recently employed a short-term profit model, or is a derivative instrument, except derivatives designated as effective hedging instruments and derivatives conforming to financial guarantee contracts. Held-for-trading financial liabilities (including derivatives falling under financial liabilities) are subsequently measured at fair value. All changes in fair values except for hedging accounting are included in current profits and losses.

The Company irrevocably designates financial liabilities as measured at fair value through current profits and losses at the time of initial recognition in order to provide more relevant accounting information, provided:

- ① Such financial liabilities can eliminate or significantly reduce accounting mismatches.
- ② The financial liability portfolio or the portfolio of financial assets and liabilities is managed and evaluated for performance on the basis of fair value according to the enterprise risk management or investment strategy stated in the official written documents, and is reported to key management personnel within the enterprise on this basis.

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

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

14 Financial instruments (continued)

(2) Classification and measurement of financial liabilities (continued)

(b) Other financial liabilities

The Company classifies financial liabilities except for the following items as measured at amortized cost. Such financial liabilities are recognized by the effective interest method and subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in current profits and losses:

- ① Financial liabilities measured at fair value through current profits and losses.
- ② Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.
- ③ Financial guarantee contracts that do not fall under the first two categories hereof, and loan commitments that do not fall under category (1) hereof and lend at a below-market interest rate.

Financial guarantee contracts refer to contracts that require the issuer to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument. Financial guarantee contracts that are not financial liabilities designated as measured at fair value through profit or loss are measured after initial recognition according to the loss reserve amount and of the initial recognition amount, less the accumulated amortization amount during the guarantee period, whichever is higher.

(3) Derecognition of financial assets and liabilities

(a) Financial asset are derecognized, i.e. written off from its account and balance sheet if any of the following conditions is met:

- ① The contractual right to receive cash flow from the financial asset is terminated; or
- ② The financial asset has been transferred, which meets the requirements for derecognition of financial assets.

(b) Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, such financial liability (or part thereof) is derecognized.

The existing financial liability is derecognized with a new one recognized, and the difference between the carrying amount and the consideration paid (including transferred non-cash assets or assumed liabilities) is included in 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 current profits and losses.

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

14 Financial instruments (continued)

(4) Recognition basis and measurement method of financial asset transfer

When a financial asset is transferred, the Company evaluates the risks and rewards retained of the financial asset ownership:

- (a) If almost all the risks and rewards of the financial asset ownership are transferred, such financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.
- (b) If risks and rewards of the financial asset ownership are substantially retained, such financial asset shall continue to be recognized.
- (c) In circumstances where the Company neither transfers nor retains risks and rewards of the financial asset ownership substantially (i.e. circumstances other than ① and ② of this article), based on whether it retains control over such financial asset,

① the financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities if such control is not retained; or

② the relevant financial asset shall continue to be recognized to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly if such control is retained. The extent that it continues to be involved in the transferred financial asset refers to the extent the Company bears the risks or rewards on changes in the value of the transferred financial asset.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer.

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

① The carrying amount of the transferred financial asset on the date of derecognition.

② The sum of the consideration received for the transfer of financial assets and the amount of the respective derecognized portion of the accumulated changes in fair value originally included in other comprehensive income directly (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

- (b) If the financial asset is partially transferred and the transferred part meets the conditions for derecognition, the carrying amount of the financial asset before transfer shall be allocated between the derecognition portion and the continuing recognition portion (in this case, the retained service asset shall be regarded as the continuing recognition part of the financial asset) according to the respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profits and losses:

① The carrying amount of the derecognized portion on the derecognition date.

② The sum of the consideration received for the derecognized portion and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

(4) Recognition basis and measurement method of financial asset transfer (continued)

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset shall continue to be recognized and the consideration received shall be recognized as a financial liability.

(5) Determination of fair value of financial assets and liabilities

The fair value of a financial asset or liability with an active market shall be determined by the quoted price in the active market, unless the financial asset has a sell-off period for the asset itself. For the financial assets restricted for the assets themselves, the compensation amount demanded by market participants due to the risk of not being able to sell the financial assets on the open market within the specified period shall be deducted from the quoted price in the active market. Quoted prices in the active market includes those for related assets or liabilities that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing or regulatory agencies, and can represent actual and recurring market transactions on the basis of fair trade.

Financial assets initially acquired or derived or financial liabilities assumed shall be determined on the basis of market transaction price.

The fair value of financial assets or liabilities without an active market shall be determined by valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of relevant assets or liabilities considered by market participants in the transactions thereof, and gives priority to the use of relevant observable input values whenever possible. If the relevant observable input value cannot be obtained or be feasibly obtained, the unobservable input value shall be used.

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as those measured at amortized cost, financial assets classified as those measured at fair value through other comprehensive income and financial guarantee contracts and recognizes loss reserves.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

(6) Impairment of financial instruments

Expected credit loss refers to the weighted average of the credit losses of financial instruments weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows discounted at the original effective interest rate and receivable according to the contract and all cash flows expected to be collected of the Company, i.e. the present value of all cash shortfalls. Among them, credit-impaired purchased or originated financial assets of the Company shall be discounted at the credit-adjusted effective interest rate of such financial assets.

For receivables arising from transactions regulated by the income criteria, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

For credit-impaired purchased or originated financial assets, only the accumulated changes in the expected credit losses during the entire duration since the initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the amount of change in the expected credit loss during the entire duration is included in the current gains and losses as impairment losses or gains. Even if the expected credit loss during the entire duration on the balance sheet date is less than that reflected in the estimated cash flow upon initial recognition, the favorable change in the expected credit loss is recognized as impairment gains.

In addition to other financial assets adopting the above simplified measurement method and other than the credit-impaired purchased or originated ones, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial recognition, measures its loss reserves and recognizes the expected credit loss and its changes respectively according to the following circumstances on each balance sheet date:

- (a) If the credit risk of the financial instrument has not increased significantly since its initial recognition, it is in the first stage, and its loss reserve shall be measured according to an amount equivalent to its expected credit loss over the next 12 months, and the interest income shall be calculated according to the book balance and the effective interest rate.
- (b) If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and its loss reserve shall be measured according to an amount equivalent to its expected credit loss throughout its life, and the interest income shall be calculated according to the book balance and the effective interest rate.
- (c) If the financial instrument is credit-impaired since its initial recognition, it is in the third stage, and the Company shall measure its loss reserve according to an amount equivalent to its expected credit loss throughout its life, and calculate the interest income at the amortized cost and the effective interest rate.

The increase or reversed amount of the credit loss reserve for financial instruments shall be included in the current profits and losses as impairment losses or gains. Except for financial assets classified as those measured at fair value through other comprehensive income, the credit loss reserve will offset the carrying amount of the financial assets. For financial assets classified as those measured at fair value through other comprehensive income, the Company recognizes its credit loss reserve in other comprehensive income without reducing its carrying amount presented in the balance sheet.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

In the previous accounting period, the Company has measured the loss reserve, the amount equivalent to the expected credit loss of the financial instruments throughout its life. However, on the balance sheet date of the current period, the financial instrument no longer conforms to the situation of significant increase in credit risk since initial confirmation; on the balance sheet date of the current period, the Company has measured the loss reserve of the financial instruments, the amount equivalent to the expected credit loss in the next 12 months, and the reversed amount of the loss reserve thus formed is included in current profits and losses as impairment profit.

(a) Significant increase in credit risk

In order to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, the Company uses the available reasonable and based forward-looking information and compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date. When the Company applies provisions on depreciation of financial instruments to financial guarantee contracts, the initial recognition date shall be regarded as the date when the Company becomes a party to make irrevocable commitments.

For the assessment of whether the credit risk has increased significantly, the Company will consider the following factors:

- ① According to whether the actual or expected debtor's operations results have changed significantly;
- ② Whether the regulatory, economic or technological environment of the debtor has undergone significant adverse changes;
- ③ Whether the following items have changed significantly: the value of collateral as debt mortgage, or the guarantee provided by a third party, or the quality of credit enhancement; these changes will reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract and could impact the probability of default;
- ④ Whether the debtor's expected performance and repayment behavior have changed significantly;
- ⑤ Whether the Company's credit management methods for financial instruments have changed, etc.

If, on the balance sheet date, the credit risk of the financial instrument is judged to be low by the Company, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong capacity to fulfill its contractual cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

(b) Financial assets with depreciation of credit

If one or more events have adverse effects on the expected future cash flow of a financial asset, the financial asset will become a financial asset that has suffered credit impairment. The following observable information can be regarded as evidence of credit impairment of financial assets:

- ① The issuer or debtor is in serious financial difficulty;
- ② The debtor breaches the contract, such as default or overdue payment of interest or principal, etc.;
- ③ The creditor gives concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties; the concessions will not be made under any other circumstances;
- ④ There is a great possibility of bankruptcy or other financial restructuring of the debtor;
- ⑤ The issuer or debtor has financial difficulties, resulting in the disappearance of the active market for the financial assets;
- ⑥ Purchasing or generation of a financial asset with a large discount, which reflects the fact of credit loss.

Credit impairment of financial assets may not be caused by separately identifiable events, but may be caused by the combined effect of multiple events.

(c) Determination of expected credit loss

The expected credit losses of financial instruments is assessed individually and collectively. During the assessment of the expected credit losses, the Company will take into account reasonable and reliable information about past events, the current situation and future economic situation forecast.

The Company divides financial instruments into different combinations on the basis of common credit risk characteristics. Common credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging combination, overdue aging combination, contract settlement cycle, debtor's industry, etc. To understand the individual evaluation criteria and combined credit risk characteristics of relevant financial instruments, please refer to the accounting policies of relevant financial instruments for details.

The Company adopts the following methods to determine the expected credit losses of relevant financial instruments:

- ① In terms of financial assets, credit loss is equivalent to the present value of the difference between the contract cash flow that the Company shall receive and the expected cash flow.
- ② In terms of the financial guarantee contract, credit loss is equal to the expected amount of payment made by the Company to the holder of the contract for credit loss incurred, less the present value of the difference between the amount expected to be collected from the holder of the contract, the debtor or any other party.
- ③ If, on the balance sheet date, a financial asset has suffered credit impairment, but one does not purchase or generate a financial asset that has suffered credit impairment, the credit loss is equivalent to the difference between the book balance of the financial asset and the present value of the estimated future cash flow discounted at the original actual interest rate.

Factors reflected in the Company's method of predicting credit losses by quantitative finance tools include: unbiased probability weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and reliable information about past events, current situation and future economic situation forecast that can be obtained on the balance sheet date without unnecessary extra costs or efforts.

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III Significant accounting policies and accounting estimates (continued)

14 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

(d) Write-off of financial assets

If the Company cannot reasonably expect the contract cash flow of the financial asset to be fully or partially recovered, the book balance of the financial asset will be written off directly. This write-off constitutes the derecognition of relevant financial assets.

(7) Offset of financial assets and financial liabilities

In the balance sheet, financial assets and financial liabilities are shown separately without offsetting each other. However, if the following conditions are met at the same time, the net amount after offset will be listed in the balance sheet:

(a) The Company has the legal right, which is currently enforceable, to offset the confirmed amount;

(b) The Company plans to settle on a net basis, or realize the financial assets and settle the financial liabilities at the same time.

15 Notes receivable

For the determination method and accounting treatment method of the Company's expected credit loss on notes receivable, please refer to 14(6) of note III Impairment of financial instruments.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of a single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situation, divide notes receivable into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

16 Accounts receivable

For the determination method and accounting treatment method of the Company's expected credit loss on accounts receivable, please refer to 14(6) of note III Impairment of financial instruments.

As for the accounts receivable, if there is objective evidence that the Company will not be able to recover the money according to the original terms of the accounts receivable, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be assessed at reasonable cost at the level of single instrument, the Company will divide the accounts receivable into several combinations according to the credit risk characteristics, and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss, and in combination with the current situation with the judgment of future economic situation)

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III Significant accounting policies and accounting estimates (continued)

17 Receivables financing

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

18 Other receivables

For the determination method and accounting treatment method of the Company's expected credit loss of other receivables, please refer to 14(6) of note III Impairment of financial instruments.

For other receivables for which there is objective evidence that the Company will not be able to recover the amount according to the original terms of the receivables, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situation, divide other receivables into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

19 Inventories

(1) Classification of inventories

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

(2) Valuation method for inventories shipped in transit

When acquired, inventory is initially measured at cost, including purchase costs, processing costs, and other costs. Inventories are shipped in transit by weighted average method.

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III Significant accounting policies and accounting estimates (continued)

19 Inventories (continued)

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

After conducting a comprehensive counting at the end of the period, inventory valuation allowance shall be accrued or adjusted based on whichever lower of the cost and net realizable value of the inventory. For inventories of goods directly used for sale, such as finished goods, merchandise inventories and materials for sale, in the normal production and operations process, the net realizable value is determined by the amount of the estimated Sales expenses of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operations process, the net realizable value is determined by the amount of the estimated selling expenses of finished products produced less the estimated cost occurred at the time of completion, the estimated selling expenses and related taxes; for inventories held for the execution of sales contracts or labor contracts, the net realizable value is calculated on the basis of the contract price, and if the quantity of inventories held is more than the quantity specified in sales contracts, the net realizable value of excess inventories is calculated based on the general sales price.

At the end of the period, inventory valuation allowance is accrued according to individual inventory items; but for a large number of inventories with lower unit prices, inventory valuation allowance is accrued according to inventory category; for inventories related to the product series produced and sold in the same region with the same or similar end use or purpose, which is difficult to measure separately from other items, thus inventory valuation allowance is accrued and combined with other items.

If the influencing factors of the write-down of inventory value have disappeared, the amount written-down is recovered and reversed to the amount of inventory valuation allowance already accrued, and the amount reversed is included in current profits and losses.

(4) Inventory system

The Company adopts a perpetual inventory system for inventory management.

(5) Amortization method of turnover materials

The Company's turnover materials are amortized by the one-time amortization method.

20 Contract assets

A contract asset shall be recognized if the Company has transferred the goods to the customer and has the right to receive a consideration depending on other factors than the passage of time. The right of the Company to unconditionally receive the considerations from customers (i.e., only depending on the passage of time) is listed independently as receivables.

For the determination method and accounting treatment method of the Company's expected credit loss on contract assets, please refer to 14(6) of note III Impairment of financial instruments.

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III Significant accounting policies and accounting estimates (continued)

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

(1) Criteria for classification as being held for sale

The Company recognizes non-current assets or disposal groups that meet both of the following conditions as components held for sale:

① they can be sold immediately under the current status according to the practice of selling such assets or disposal groups in similar transactions;

② The sale is likely to occur, that is, the Company has made a resolution on the sale plan, obtained the approval from the regulatory authorities (if applicable), and obtained a confirmed purchase commitment that the sale is expected to be completed in one year.

The confirmed purchase commitment refers to a legally binding purchase agreement concluded by and between the Company and another party, which contains important terms such as transaction price, time and sufficiently severe penalty for breach of contract, so that there will be little possibility of major adjustments to or cancellation of the agreement.

(2) Accounting treatment for held-for-sale assets

The Company shall not depreciate or amortize non-current assets or disposal groups held for sale. If the carrying amount is higher than the amount of fair value net of selling expenses, the former shall be written down to the latter. The amount written down shall be recognized as asset impairment loss and included in the current profit and loss, and the impairment allowance for assets held for sale shall be accrued at the same time.

The non-current asset or disposal group classified as being held for sale on the date of acquisition shall be initially measured at whichever initially measured amount is lower under the assumption that it is not classified as being held for sale and the amount of fair value net of selling expenses.

The above principles are applicable to all non-current assets, except investment real estate subsequently measured by the fair value model, biological assets measured by the amount of fair value net of selling expenses, assets formed by employee compensation, deferred income tax assets, financial assets regulated by the relevant accounting standards of financial instruments, and rights arising from insurance contracts regulated by the relevant accounting standards of insurance contracts.

22 Debt Investments

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

23 Long-term receivables

For the determination method and accounting treatment method of the Company's expected credit loss on long-term receivables, please refer to 14(6) of note III Impairment of financial instruments.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situations, divide long receivables into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments

(1) Recognition of initial investment cost

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

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

(b) Long-term equity investment acquired by other means

For long-term equity investment acquired by cash payment, the actual acquisition price is recognized as initial investment cost. The initial investment cost includes expenses, taxes and other necessary expenses directly related to the acquisition of the long-term equity investment.

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

Provided that the non-monetary asset exchange contains commercial substance and the fair value of the assets received or assets surrendered can be reliably measured, the initial investment cost of the long-term equity investment received with non-monetary assets is determined based on the fair value of the assets surrendered, except that there is conclusive evidence that indicates that the fair value of assets received is more reliable. For non-monetary assets that do not satisfy the above condition, the carrying amount of assets surrendered and related taxes and fees payable are recognized as the initial investment cost of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by debt restructuring is determined on the basis of fair value.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

(2) Subsequent measurement and recognition of profit and loss

(a) Cost method

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

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

(b) Equity method

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

The difference between the higher initial cost of the long-term equity investment and the fair value share of identifiable net assets of the investee enjoyed in the investment is not used to adjust the initial investment cost of the long-term investment; the difference between the lower initial investment cost and the higher fair value share of identifiable net assets of the investee enjoyed at the time of conducting the investment is included in current profits and losses.

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

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

When the Company recognizes its share in the losses incurred by the investee, the Company should, firstly, offset the carrying amount of the long-term equity investment. Then, if the carrying amount of the long-term equity investment is insufficient for the offset, the investment loss is continued to be recognized, and the carrying amount of long-term receivable items is offset, subject to other carrying amount of the long-term equity constitutes the net investment in the investee. Finally, after the above-mentioned treatment, if the Company still bears additional obligations in accordance with the investment contract or agreement, the provision are recognized according to the estimated obligations and included in the current investment losses.

If the investee realizes profit in the future period, the Company shall, after deducting the unconfirmed loss share, conduct the process in the reverse order of the above to write down the book balance of the recognized liabilities and recover other long-term equity that substantially constitutes net investment of the investee and the carrying amount of the long-term equity, and then recover the recognition of the profit as return on investment.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

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

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

For an equity investment, originally held by the Company without control, joint control or significant impact on the investee that is accounted for based on the financial instrument recognition and measurement standards, if as a result of additional investment or otherwise, the equity investment enables the Company to exercise significant impact on or joint control (rather than control) over the investee, the sum of the fair value of the originally held equity investment determined under the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the new investment cost should be deemed as the initial cost of the investment accounted for using equity method.

The difference between the lower initial investment cost accounted for using equity method and the higher share of the fair value of the identifiable net assets of the investee as at the date of the additional investment calculated based on the new shareholding percentage after the additional investment is made, shall be used to adjust the carrying amount of the long-term equity investment and included in the non-operating income for the period.

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

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

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

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

(c) Transfer from equity method to fair value measurement

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

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

(d) Transfer from cost method to equity method

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

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

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

(e) Transfer from cost method to fair value measurement

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

(4) Disposal of long-term equity investments

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

When the terms, conditions and economic influence of transactions of the equity investment of the subsidiary conform to one or more of the following, accounting for multiple transactions is treated as a package transaction:

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

When an enterprise loses control over the original subsidiary due to disposal of part of the equity investment or other reasons, if the transactions do not belong to a package transaction, the accounting treatment of individual financial statements and consolidated financial statements should be distinguished as follows:

- (a) In the individual financial statements, the disposed equity should be accounted for in accordance with the "Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investment"; meanwhile, the remaining equity should be recognized as long-term equity or other related financial assets based on its carrying amount. If the remaining equity after disposal can be used to exercise common control or significant influence on the original subsidiary, it shall be accounted for in accordance with the relevant provisions on the conversion of the cost method into the equity method.

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III Significant accounting policies and accounting estimates (continued)

24 Long-term equity investments (continued)

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

- (b) In the consolidated financial statements, the remaining equity should be re-measured in accordance with its fair value on the date of loss of control. The difference between the sum of the consideration acquired from the disposal of the equity and the fair value of the remaining equity, less the share of net assets of the original subsidiary that should be enjoyed in accordance with the original shareholding ratio from the date of acquisition, is included in the current profit and loss of the period in which loss of control occurred. Other comprehensive income related to the original subsidiary's equity investment should be converted into current investment income when control is lost. The Company shall disclose in the notes the fair value of the remaining equity after disposal on the date of loss of control and the amount of relevant gains or losses arising from the disposal remeasured based on the fair value.

If the transactions of disposal of equity investment in a subsidiary until the loss of control is a package transaction, the accounting treatment of individual financial statements and consolidated financial statements should be distinguished as follows: :

- (a) In the individual financial statements, the difference between each disposal price and the carrying amount of the long-term equity investment corresponding to the disposed equity before the loss of control is recognized as other comprehensive income, and transferred to the current profit and loss of the period in which the loss of control occurred;
- (b) In the consolidated financial statements, the difference between each disposal price and the disposal of investment corresponding to the share of the net assets of the subsidiary before the loss of control is recognized as other comprehensive income, and transferred to the current profit and loss of the period in which the loss of control occurred.
- (5) Criteria for judgment of joint control and significant impact

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

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

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

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

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III Significant accounting policies and accounting estimates (continued)

25 Investment property

The Company's investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation, and the leased buildings. In addition, for the vacant buildings held by the Company for the purpose of leases, if the Board of Directors makes a written resolution that expressly indicates that the buildings will be used for leases and the intention of holding will not change in a short-term, the building will also be reported as investment property.

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

The Company adopts the cost model for subsequent measurement of investment property. For the purpose of depreciation or amortization method, the same amortization policy adopted for buildings as fixed assets and land use rights as intangible assets are used.

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

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

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III Significant accounting policies and accounting estimates (continued)

26 Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets mean tangible assets held for the purpose of producing goods, rendering of services, leases or operation management, whose service life is more than one fiscal year. Fixed assets satisfying the following conditions are recognized:

- (a) The economic benefits associated with the fixed assets are likely to flow into the enterprise;
- (b) The cost of the fixed asset can be measured in a reliable way.

The Company's fixed assets are classified into buildings, machinery and equipment, office and electronic equipment, transportation vehicles and fixed assets renovation in line with capitalization conditions. Where each component of a fixed asset with a different service life provides economic benefits to the Company in different ways and applies different depreciation rates, it is recognized as a single fixed asset.

Fixed assets are initially measured at cost. The cost of purchasing fixed assets includes the purchase price, related taxes, and other expenses attributable to the fixed asset before it is ready for the intended use, such as the expenses on transportation, handling, installation and professional services, etc. When determining the cost of fixed assets, discard expenses should be considered. Subsequent expenditures related to fixed assets that satisfy the recognition criteria of fixed assets are included in the cost of fixed assets; otherwise, they are recognized in profit and loss in the period in which they arise.

Fixed assets are depreciated by the straight-line method. The depreciation rate of various fixed assets is determined according to the estimated service life and estimated residual value (the estimated residual value is 0-10% of the original value). The depreciation rate of classified fixed assets is as follows:

Asset Category	Estimated Service Life	Annual Depreciation Rate
Houses and buildings	20-50 years	1.8%-5%
Machinery equipment	5-15 years	6%-20%
Office and electronic equipment	2-5 years	18%-50%
Transportation equipment	3-5 years	18%-33.33%
Power stations	20-25 years	3.8%-4.75%
Others	4-5 years	18%-25%

Fixed assets renovation is amortized evenly over the benefit period.

All fixed assets are subject to depreciation, except for fixed assets that have been fully depreciated and continue to be used, and the land that is priced and recorded separately. Fixed assets are depreciated on a monthly basis. Fixed assets added are not depreciated in the current month when being added but from the following month; fixed assets reduced are still depreciated in the current month when being reduced, and no depreciation is made from the following month. Fixed assets that are not profitable for the Company or not used temporarily (other than seasonally deactivated) are recognized as idle fixed assets. The estimated life expectancy and depreciation rate of idle fixed assets should be re estimated, and depreciation is directly included in the current profit and loss.

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

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III Significant accounting policies and accounting estimates (continued)

27 Construction in progress

Construction in progress refers to the necessary expenses incurred by the Company for the purchase and construction of fixed assets or investment property before being ready for the expected usable status, including engineering materials costs, labor costs, related taxes and fees, borrowing costs that should be capitalized and indirect costs that should be apportioned. Construction in progress is accounted for separately according to individual projects.

After the construction in progress is ready for its intended use, it must be transferred to fixed assets or investment property, whether the final accounting procedures are completed or not.

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

28 Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Company as a result of borrowings, including interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings.

Borrowing costs that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and included in the relevant asset cost. Other borrowing costs are recognized as expenses in the period in which they are incurred, and are included in the current profit and loss. Assets eligible for capitalization refer to fixed assets, investment property and inventories and other assets that require a substantial period of acquisition, construction or production activities to get ready for the intended use or sale status.

Borrowing costs become capitalized when:

- (1) The asset expenditure has occurred, including expenditure incurred in the form of cash payments, transfer of non-cash assets, or assuming interest-bearing debts for the purpose of acquisition, construction or production of assets that are eligible for capitalization;
- (2) Borrowing costs have occurred;
- (3) The acquisition, construction or production activities necessary to enable the assets to be ready for the intended usable or saleable state have commenced.

When an asset satisfied the capitalization conditions is abnormally interrupted during the process of acquisition, construction or production and the interruption period lasts for more than three months, the capitalization of the borrowing costs is suspended and recognized as the current expenses until the acquisition, construction or production of the assets starts again. When an asset satisfied the capitalization conditions is ready for its intended use or sale, the capitalization is stopped and the borrowing costs incurred in the future are included in the current profit and loss.

The period of capitalization refers to the period from the time when the borrowing costs start to be capitalized to the point when the capitalization is stopped, and the period in which the borrowing costs are suspended for capitalization is not included. During the period of capitalization, if special borrowings are made for the acquisition, construction or production of assets eligible for capitalization, the amount of the interest expenses actually incurred during the current period of the special borrowings, less the amount of interest income earned by depositing unused borrowing funds in a bank or investment income earned by temporary investment, is recognized as the amount of capitalization. When a general loan is occupied for the purpose of purchasing, constructing or producing assets satisfied the capitalization conditions, the amount of capitalization is determined according to the weighted average of the accumulated asset expenditure exceeding the special loan portion multiplied by the capitalization rate of the general loan occupied; the capitalization rate is determined based on the weighted average interest rate of general borrowings.

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III Significant accounting policies and accounting estimates (continued)

29 Right-of-use assets

The Company initially measures right-of-use assets at cost. Such cost includes:

- (1) The initial measurement amount of lease liabilities;
- (2) Lease payments made on or before the commencement date of the lease term (if a lease incentive exists, net of the amount related to the lease incentive already taken);
- (3) Initial direct costs incurred by the Company;
- (4) Costs expected to be incurred by the Company to disassemble and remove the leased asset(s), restore the premises where the leased asset(s) is/are located, or restore the leased asset(s) to the condition agreed upon under the terms of the lease (excluding costs incurred to produce inventory).

After the commencement date of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets.

If it is reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over its/their remaining service life. If it is not reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over the lease term or the remaining service life of the leased asset(s), whichever is shorter. Right-of-use assets for which impairment reserves have been accrued are depreciated in future periods at their carrying amount net of impairment reserves, with reference to the above principles.

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

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III Significant accounting policies and accounting estimates (continued)

30 Intangible assets

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

Intangible assets are recorded at the actual cost at the time of acquisition. The service life of intangible assets is analyzed and judged at the time of acquisition. Intangible assets with a finite service life are amortized on the shortest of the estimated service lives, the beneficial period of the contract and the effective period specified by law from the time when the intangible assets are available for use. The amortization period is as follows:

Category	Amortization years
Land use rights	The shorter of the years of the land use rights and the operating years of the Company
Patents and non-patent technologies	10 years or the shorter of service life, beneficiary years and legally valid years
Others	Beneficiary period

The Company reviews the service life and amortization method of intangible assets with limited service life at least at the end of each year, and made adjustment if necessary.

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

If an intangible asset is foreseen as unable to bring economic benefits to the Company, it is regarded as an intangible asset with an indefinite service life, which will be reviewed in each accounting period. If evidence indicates that the service life of the intangible asset is limited, then it is converted to an intangible asset with limited service life. Intangible assets with indefinite service lives are not amortized.

The expenditures of the Company's internal research and development projects are classified into expenditures in the research phase and expenditures in the development phase. Research means an original, planned survey of acquiring and understanding new scientific or technical knowledge. Development means the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. prior to commercial production or use.

The expenditures in the research phase of the Company's internal research and development projects are included in the current profit and loss when incurred; expenditures in the development phase are recognized as intangible assets only when the following conditions are all satisfied:

- (1) It is technically feasible to complete the intangible asset to enable it to be used or sold;
- (2) There is intent to complete the intangible asset and use or sell it;
- (3) The intangible assets can bring economic benefits;
- (4) There are sufficient technical, financial and other resources to support the development of the intangible assets as well as ability to use or sell the intangible assets;
- (5) Expenditures attributable to the development stage of the intangible asset can be measured in a reliable way.

If the above conditions cannot be all satisfied, the expenditures are included in the current profit and loss when incurred.

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III Significant accounting policies and accounting estimates (continued)

31 Impairment of long-term assets

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

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

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

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

For the goodwill formed by business combination and the intangible assets with indefinite service life, impairment test is carried out every year regardless of whether there is any indication of impairment.

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

32 Long-term deferred expenses

Long-term deferred expenses refer to various expenses that the Company has paid, should be amortized over the current and future periods, and whose period of amortization is more than one year, such as the improvement expenses incurred in renting fixed assets by operating leases. Long-term deferred expenses are amortized on a straight-line basis within the beneficial period of the expense items.

33 Contract liabilities

The Company recognizes as contract liabilities the part of the obligation to transfer the goods to the customer due to received or receivable consideration from the customer.

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III Significant accounting policies and accounting estimates (continued)

34 Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensations for the termination of employment relationship.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, and short-term paid absences. During the accounting period when employees provide services, the Company recognizes the actual short-term remuneration as liabilities, and includes it in current profits and losses or related asset costs according to the beneficiaries of the services provided by employees. Non-monetary benefits are measured at their fair value.

(b) Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the Reporting Period, the Company's defined contribution plans mainly include basic pensions and unemployment insurance.

(c) Termination benefits

If the Company terminates the labor relationship with an employee before the labor contract expires, or offers compensation for encouraging the employee to accept the redundancies voluntarily, the liabilities arising from compensation for the termination of labor relations with the employee is determined, and also included in current profits and losses, at the time when the Company cannot unilaterally withdraw the termination of the labor relationship plan or redundancies proposal, or the time when the cost associated with reorganization involving payment of termination benefits is confirmed, whichever is earlier.

(d) Other long-term employee benefits

Other long-term employee benefits refer to all employee benefits except short-term employment benefits, post-employment benefits and termination benefits.

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

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III Significant accounting policies and accounting estimates (continued)

35 Estimated liabilities

(1) Recognition standards for estimated liabilities

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

(2) Measurement methods for estimated liabilities

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

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

The best estimates are handled as follows:

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

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

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

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III Significant accounting policies and accounting estimates (continued)

36 Lease liabilities

The Company initially measures lease liabilities at the present value of the lease payments outstanding on the commencement date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in lease as the rate of discount. If the implicit interest rate of the lease cannot be determined, the incremental loan interest rate of the Company shall be used as the discount rate. Lease payments include:

- (a) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments;
- (b) Variable lease payments that depend on indexation or ratio;
- (c) The exercise price of the purchase option, when applicable, if the Company is reasonably certain that the option will be exercised;
- (d) The amount required to be paid to exercise the option to terminate the lease if the lease term reflects that the Company will exercise the option to terminate the lease;
- (e) The estimated amount payable based on the secured residual value provided by the Company.

The Company calculates the interest expenses of lease liabilities for each period within the lease term at a fixed rate of discount and includes them in profit or loss for the current period or cost of the related assets.

Variable lease payments that are not included in the measurement of lease liabilities should be included in profit or loss for the current period or cost of the related assets when they are actually incurred.

37 Share-based payments

The share-based payments of the Company are mainly equity-settled share-based payments, and only allow to be exercised by employees after the completion of their services in the waiting period. On each balance sheet date in the waiting period, based on the best estimate of the number of vesting equity instruments, the services obtained in the current period are included in the relevant costs or expenses and capital reserve based on the fair value at the grant date of the equity instruments.

The fair value of equity instruments is determined by the external appraiser or management based on the binomial distribution method. The best estimate of the vesting equity instrument is determined by the management based on historical statistics on the vesting weights and turnover rates on the balance sheet date.

Equity-settled share-based payments are measured based on the fair value of the equity instruments granted to employees. In case that the vesting right is available immediately after the grant, it is included in relevant cost or expense based on the fair value of the equity instrument on the grant date, and the capital reserve is increased accordingly. In case that the vesting right is available after the completion of services in the waiting period or satisfaction of stipulated performance conditions, on each balance sheet day during the waiting period, the services acquired in the current period are included into the relevant costs or expenses and capital reserve on the basis of the best estimate of the number of feasible equity instruments and at the fair value of the date on which the equity instruments are granted. No adjustments are made to the identified related costs or expenses or total owners' equity after the vesting date.

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III Significant accounting policies and accounting estimates (continued)

38 Revenue recognition

(1) General principles applied to revenue recognition

The Company shall recognize the revenue according to the transaction price assigned to the performance obligation when any due performance obligation is fulfilled (namely when the client obtains the control over relevant commodities or services). Performance Obligation means that, under the contract, the Company promises to transfer commodities or services that can be clearly distinguished to the client. "Obtain the control over relevant commodities or services" refers to the ability to completely dominate the use of commodities and obtain almost all economic benefits. From the contract's effectiveness date, the Company shall evaluate the contract, recognize each single performance obligation included and determine whether each performance obligation is fulfilled within a certain period or at a time point.

When any of the following conditions is met, for performance obligation to be fulfilled within a certain period, the Company shall recognize corresponding revenue within the period according to the performance schedule:

- (a) While fulfilling the due obligation in the Company, the client obtains and consumes the resulting economic benefit;
- (b) The client is able to control the commodities under construction during the Company's fulfillment;
- (c) Commodities generated from the Company's fulfillment possess irreplaceable purpose and the Company has the right to charge all fulfilled performance obligations within the whole contract period; otherwise, the Company shall recognize corresponding revenue when the client obtains the control over relevant commodities or services.

For any performance obligation with a certain period, the Company shall apply the output method/input method to determine the appropriate fulfillment schedule based on the specific nature of commodities and services. The output method is to determine the fulfillment schedule according to the value of commodities transferred to the client (while the input method is to determine the fulfillment schedule according to the Company's input to fulfill the performance obligation). If the fulfillment schedule cannot be reasonably determined and the Company's costs are predicted to be compensated, corresponding revenue shall be recognized based on the specific cost amount until the fulfillment schedule could be reasonably determined.

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III Significant accounting policies and accounting estimates (continued)

38 Revenue recognition (continued)

(2) Specific revenue recognition method

(a) Product sales contract

According to the contract terms, for the selling of products subject to performance obligation fulfillment conditions at a time point and other products, the Company shall recognize the realization of sales revenues when the client obtains the control over relevant commodities or services according to the delivery condition agreed in the sales contract upon signed by the client after commodities are received.

(b) Technical service contract

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

(c) Royalty income

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

(d) Revenue from photovoltaic power stations

a. Centralized power stations: Power stations are combined to the grid. The revenue is recognized based on the documents on power supply provided by the business departments of the Company, after the duration of continuous and trouble-free operation specified by the electric power company is met. b. Distributed power stations: Power stations are combined to the grid. The revenue is recognized based on the documents on settlement provided by the business departments of the Company.

(3) Principles of handling revenues from specific transactions

(a) For the contract containing the sales return article: When the client obtains the control over relevant commodities, corresponding revenue shall be recognized according to the consideration amount (excluding the amount predicted to be returned due to sales return) predicted to be duly charged from transferring commodities to the client, and corresponding liabilities shall be recognized based on the amount predicted to be returned due to sales return. Meanwhile, when commodities are sold, the balance through deducting the predicted cost for taking back commodities from the carrying amount of commodities predicted to be returned (including the impairment of value of returned commodities) shall be accounted for under "Returned Commodities Cost Receivable".

(b) For the contract containing the quality assurance article: it's required to evaluate whether the quality assurance involves any separable service except for the promise (to the client) that commodities conform to established standards. If the Company provides additional service, it shall be deemed as a single performance obligation and subject to the accounting treatment according to relevant revenue criteria provisions; otherwise, the quality assurance liability shall be subject to the accounting treatment according to the accounting criteria provisions on Contingency.

(c) For the sales contract containing the client's additional purchase option: the Company shall evaluate whether the option provides the client with any significant right. If any, it shall be deemed as a single performance obligation and the transaction price shall be apportioned to the performance obligation, and corresponding revenues shall be recognized when the client executes the purchase option right and obtains the control over relevant commodities in the future or when the option becomes invalid. If the separable selling price applied to the client's additional purchase option right cannot be directly observed, it's required to comprehensively consider the difference in discounts between the client's execution of option right and the client's non-execution of option right and analyze the possibility for the client to execute the option right and other relevant information. Then, corresponding reasonable estimate shall be made.

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III Significant accounting policies and accounting estimates (continued)

38 Revenue recognition (continued)

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

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

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

39 Contract costs

(1) Contract performance cost

For the cost resulting from performing the contract which is not included in other ASBE except the revenue standards and meets the following conditions, the Company shall recognize it as an asset:

- (a) The cost is directly related to a current or predicted contract, including the direct labor, direct material and manufacturing expenses (or similar expenses), the cost borne by the client and other costs resulting from the contract;
- (b) The cost adds various resources that can be applied by the Company to fulfill due performance obligations; and
- (c) The cost is predicted to be recovered.

The asset shall be presented and reported in inventory or other non-current assets, which depends on whether the amortization period exceeds a normal operating cycle during the initial recognition.

(2) Contract acquisition cost

If the increment cost resulting from the Company's acquisition of contract is predicted to be recovered, it shall be recognized as an asset as the contract acquisition cost. Increment Cost refers to the cost which only results from the contract acquisition, like the sales commission. If the amortization period is less than one year, it shall be included in current profit and loss.

(3) Contract cost amortization

The asset related to the contract cost shall, by adopting the same basis for the recognition of commodities or services revenues related to the asset, be amortized during the period of fulfilling the performance obligation or according to the fulfillment schedule and be included into current profit and loss.

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III Significant accounting policies and accounting estimates (continued)

39 Contract costs (continued)

(4) Impairment of contract costs

For the asset related to the contract cost as mentioned above, if the carrying amount is higher than the difference between the residual consideration predicted to be obtained from the Company's transfer of commodities related to the asset and the cost to be incurred due to such transfer, depreciation reserves shall be calculated and withdrawn for the surplus which shall also be recognized as the asset impairment loss.

After the provision for impairment is made, if changes in depreciation factors during previous periods have made the above difference higher than the asset's carrying amount, it shall be restituted to previously established asset impairment allowances and included in current profit and loss. However, the carrying amount of restituted assets shall not exceed the carrying amount of the asset on the date of restitution without establishing impairment allowances.

40 Public grants

(1) Type of change

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

(2) Recognition of public grants

If a public grant is a monetary asset, it is measured at the amount received or receivable. If a public grant is a non-monetary asset, it is measured at fair value. If the fair value cannot be obtained in a reliable way, it is measured at the nominal amount (RMB 1). Public grants measured at nominal amounts are recognized directly in the current profits and losses.

(3) Accounting treatment

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

If the public grants related to income are used to compensate related costs or losses in the subsequent period, it is recognized as deferred income and included in the current profit and loss or offset costs in the period in which the related costs or losses are recognized; public grants used to compensate costs or losses incurred by the enterprise shall be directly included in current profits and losses or offset related costs. For public grants related to the day-to-day activities of the enterprise, the R&D and VAT-related subsidies and the taxation, or operation-based incentive public subsidies are included in other income; other public grants are written off against related costs based on the substance of economic activities. Public grants not related to daily activities of the Company are included in the non-operating income and expenditure. For preferential loans for policy discount, if the public finance department appropriates the discounted funds to the lending bank, the borrowing cost is accounted for according to the principal of the loan and the policy preferential interest rate, with the amount actually received as the entry value of the loan. If the public finance department directly appropriates the interest grant funds to the Company, the grants shall offset the related borrowing costs.

In case that a recognized public grant is required to be returned, the carrying amount of the asset is adjusted if the carrying amount of relevant assets is offset at the initial recognition; if there is related deferred income, the book balance of deferred income is offset, and the excess is included in the current profit and loss; and in case of other circumstances, it is directly included in current profits and losses.

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

41 Deferred income tax assets and deferred income tax liabilities

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

(1) Basis for recognition of deferred income tax assets

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

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

(2) Basis for recognition of deferred income tax liabilities

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

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

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

(c) For taxable temporary differences related to investments in subsidiaries and associates, the timing of the reversal of the temporary differences can be controlled and the temporary differences are unlikely to be reversed in the foreseeable future.

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

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

(b) Deferred income tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same taxable entity or different taxable entities which intend to either settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are reversed.

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III Significant accounting policies and accounting estimates (continued)

42 Leases

From the effectiveness date of a contract, the Company assesses whether the contract is a lease or includes any lease. If a party to the contract transfers the right allowing the control over the use of one or more assets that have been identified within a certain period, in exchange for a consideration, such contract is a lease or includes a lease.

(1) Lease contract split

If a contract contains multiple single leases at the same time, the Company will split the contract, and conduct accounting treatment of each single lease respectively.

If a contract contains both lease and non-lease parts at the same time, the Company will split the lease and non-lease parts, conduct accounting treatment of the lease part in accordance with the accounting standards governing leases, and conduct accounting treatment of the non-lease part in accordance with other applicable corporate accounting standards.

(2) Lease contract combination

With regard to two or multiple contracts containing leases concluded by the Company with the same counterparty or its related parties at the same or a similar time, when any of the following conditions is met, the contracts are combined into one contract for accounting treatment:

- (a) Two or multiple contracts are concluded based on an overall business purpose and constitute a package deal, and if they are not considered as a whole, the overall business purpose cannot be understood.
- (b) The consideration amount of one contract among the two or multiple contracts depends on the pricing or performance of other contracts.
- (c) The rights to use assets transferred by the two or multiple contracts constitute one single lease.

(3) Accounting treatment with the Company as lessee

On the commencement date of the lease term, the Company recognises the right-of-use assets and lease liabilities for the lease, unless it is a simplified short-term lease or low-value asset lease.

(a) Short-term leases and low-value asset leases

A short-term lease refers to a lease that does not include a purchase option and whose lease term does not exceed 12 months. A low-value asset lease refers to a lease where the value will be low when a single leased asset is a new asset.

The Company does not recognize the right-of-use assets or lease liabilities for the following short-term leases and low-value asset leases. In each period within the lease term, the relevant lease payments are included in cost of the related assets or profit or loss for the current period on a straightline basis or according to other systemic and reasonable methods.

Item	Simplified leased asset type
Short-term lease	A lease whose lease term does not exceed 12 months from the commencement date of the lease term
Low-value asset lease	An asset lease with a value of less than RMB 40,000 or its foreign currency equivalents

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III Significant accounting policies and accounting estimates (continued)

42 Leases (continued)

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

The Company recognises the right-of-use assets and lease liabilities for short-term leases and low-value asset leases other than those mentioned above.

(b) The accounting policies for right-of-use assets and lease liabilities are detailed in Note III, 29 and Note III, 36.

(4) Accounting treatment with the Company as lessor

(a) Lease classification:

The Company classifies leases into finance leases and operating leases at the inception of leases. A finance lease refers to a lease where almost all the risks and rewards, related to the ownership of the leased asset(s), are substantially transferred, regardless of whether the ownership is transferred eventually. An operating lease refers to all leases other than finance leases.

Usually, the Company classifies a lease that meets any one or more of the following conditions as a finance lease:

- 1) Upon expiry of the lease term, the ownership of the leased asset(s) is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets. As the agreed purchase price is low enough compared with the fair value of the leased asset(s) at the time the option is expected to be exercised, it can be reasonably determined at the inception of the lease that the lessee will exercise the option.
- 3) Although the ownership of the asset(s) is not transferred, the lease term accounts for the majority of the service life of the leased asset(s).
- 4) At the inception of the lease, the present value of the lease payments receivable is almost equal to the fair value of the leased asset(s).
- 5) The leased asset(s) is/are special in nature and can be only used by the lessee, unless there is a large alteration.

The Company may also classify a lease that falls under any one or more of the following circumstances as a finance lease:

- 1) If the lessee cancels the lease, losses to the lessor caused by the cancellation will be borne by the lessee.
- 2) Gains or losses arising from fluctuations in the fair value of the residual value of the leased asset(s) are borne by the lessee.
- 3) The lessee is able to renew the lease with a rental far lower than the market level to the next term.

(b) Accounting treatment of finance leases

On the commencement date of the lease term, the Company recognises the finance lease receivables for the finance lease and derecognises the leased asset(s) of the finance lease.

In the initial measurement of finance lease receivables, the sum of the unsecured residual value and the present value of the lease payments receivable not yet received on the commencement date of the lease term discounted at the interest rate implicit in lease is the entry value of the finance lease receivables. Lease payments receivable include:

- 1) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments;
- 2) Variable lease payments that depend on indexation or ratios;
- 3) The exercise price of the purchase option, when applicable, if it is reasonably certain that the lessee will exercise the purchase option;
- 4) The amount required to be paid by the lessee to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the lease;
- 5) Secured residual value provided to the lessor by the lessee, a party related to the lessee, or an independent third party that has the financial ability to perform the security provision obligation.

The received variable lease payments that are not included in the measurement of the net investment in the lease are included in profits and losses for the current period when they are actually incurred.

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

(4) Accounting treatment with the Company as lessor (continued)

(c) Accounting treatment of operating leases

For each period of the lease term, the Company adopts the straight-line method or other systematic and reasonable methods to recognize the lease receipts of the operating lease as rental income; the Company capitalizes the initial direct expenses incurred in connection with the operating lease, amortizes them over the lease term on the same basis as that for the recognition of the rental income, and includes them in the current profit and loss by stage; the Company includes the variable lease payments, obtained in connection with the operating lease that are not included in the lease receipts, in current profits and losses when they actually incurred.

(5) Sale and leaseback

(a) The Company as seller and lessee

If the asset transfer in a sale and leaseback transaction is a sale, the Company will measure the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's carrying amount that is related to the use right acquired by the leaseback, and recognize related gains or losses only for the right transferred to the lessor. If the fair value of the sales consideration is different from the fair value of the asset, or if the lessor does not charge the rent at the market price, the Company will conduct accounting treatment with the sales consideration amount below the market price as the prepaid rent, or the amount above the market price as the additional financing provided by the lessor to the lessee; at the same time, the relevant sales gains or losses will be adjusted based on the fair value.

If the asset transfer in a sale and leaseback transaction is not a sale, the Company will continue to recognise the transferred asset and at the same time recognise a financial liability equivalent to the transfer income.

(b) The Company as buyer and lessor

If the asset transfer in a sale and leaseback transaction is a sale, the Company will conduct corresponding accounting treatment for asset purchase and apply the accounting standards governing leases to the accounting treatment of the asset lease. If the fair value of the sales consideration is different from the fair value of the asset, or if the Company does not charge the rent at the market price, the Company will conduct accounting treatment with the sales consideration amount below the market price as the pre-collected rent, or the amount above the market price as the additional financing provided by the Company to the lessee; at the same time, the rental receipt will be adjusted based on the market price.

If the asset transfer in a sale and leaseback transaction is not a sale, the Company will recognise a financial asset equivalent to the transfer income.

43 Related parties

If one party controls, commonly controls or exerts a significant influence on the other party, and two or more parties are under the control, common control or significant influence of the other party, they constitute related parties. Enterprises that are solely controlled by the state and do not have any other related party relationship shall not be deemed as related parties.

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

44 Discontinued operations

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

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

Operating profit and loss, such as impairment losses for discontinued operations and the amount reversed, and disposal profit and loss are presented in the income statement as profit and loss of discontinued operations.

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

45 Hedge Accounting

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

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

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

45 Hedge Accounting (continued)

(1) A hedging relationship qualifies for hedge accounting only if all of the following criteria are met (continued)

(c) The hedging relationship meets the hedge effectiveness requirements.
The hedging relationship meets the hedge effectiveness requirements only if all of the following criteria are met:

1) There is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes opposite changes in the value of the hedging instrument and the hedged item in face of the identical hedged risk.

2) The effect of credit risk does not dominate the value changes that result from that economic relationship.

3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

(2) Fair value hedge accounting

(a) Gain or loss on the hedging instrument shall be recognised in profit or loss. If the hedging instrument hedges a non-trading equity instrument (or a component thereof) that the Company has elected to be measured at fair value through other comprehensive income, the hedging gain or loss generated by the hedging instrument shall be recognized in other comprehensive income.

(b) Gain or loss generated by the hedged item due to the hedged risk exposure shall be recognized in profit or loss, and shall adjust the carrying amount of the recognized hedged item that is not measured at fair value. If the hedged item is a financial asset (or a component thereof) measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognized in profit or loss, and will not be required for adjustment since the carrying amount has been measured at fair value. However, if the hedged item is a non-trading equity instrument (or a component thereof) that the Company has elected to be measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognized in other comprehensive income, and will not be required for adjustment, since the carrying amount has been measured at fair value.

When a hedged item represents a defined commitment that has not been unrecognized (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation caused by the hedge relationship is recognized as an asset or a liability with a corresponding gain or loss recognized in profit or loss. When a defined commitment is made to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability is adjusted to include the cumulative change in the fair value of the hedged item that has been recognized.

(c) If the hedged item is a financial instrument (or a component thereof) measured at amortized cost, the adjustment made to the carrying amount of the hedged item shall be amortized based on the effective interest rate recalculated on the amortization commencement date, and recognized in current profits and losses. This amortization can commence from the adjustment date, but not later than the time when the hedging gain or loss adjustment is made for the termination of the hedged item. If the hedged item is a financial asset (or a component thereof) measured at fair value through other comprehensive income, the cumulative recognized hedging gain or loss shall be amortized in the same manner and recognized in the profit or loss, but the carrying amount of the financial asset (or a component thereof) shall not be adjusted.

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

45 Hedge Accounting (continued)

(3) Accounting treatment of cash flow hedges

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

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

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

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

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

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

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

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

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

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

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

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

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

45 Hedge Accounting (continued)

(5) Termination of hedge accounting

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

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

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

(6) Fair value selection of credit risk exposure

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

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

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

46 Changes to major accounting policies and estimates

(1) Change of accounting policies

Impact of the adoption of the *Interpretation to Accounting Standards for Business Enterprises No. 17* on the Company

On October 25, 2023, the Ministry of Finance issued the Corporate Accounting Standards Interpretation No. 17 (Cai Kuai [2023] No. 21, hereinafter referred to as "Interpretation No. 17"). The Company has adopted the "Accounting for Sale and Leaseback Transactions" since January 1, 2024, and the adoption of the Interpretation No. 17 has had no significant impact on the consolidated and the Company's financial statements.

(2) Changes to accounting estimates

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

47 Correction of previous accounting errors

No previous accounting errors were identified and corrected in the Reporting Period.

TCL Technology Group Corporation
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IV Taxes

1 Value-added tax

In the Reporting Period, output tax was calculated at 3%, 5%, 6%, 9% or 13% of the taxable income of general taxpayers and the value added-tax was paid based on the difference after deducting the allowance deduction of input tax in the current period. The value added-tax payment for the Company's directly exported goods is executed in accordance with the regulations of "Exemption, Offset and Refund". The tax refund rate is 0%-13% during the reporting period.

2 Urban maintenance and construction tax

Subject to the relevant tax laws and regulations of the state and local regulations, urban maintenance and construction tax is paid based on the proportion stipulated by the state according to the individual circumstances of each member of the Company.

3 Education surcharges

Education surcharges are paid according to the individual circumstances of each member of the Company based on the proportion stipulated by the state in accordance with the relevant national tax regulations and local regulations.

4 Property tax

Property tax is paid on the houses with property rights according to the proportion stipulated by the state in accordance with the relevant national tax regulations and local regulations.

TCL Technology Group Corporation
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IV Taxes (continued)

5 Corporate income tax

The corporate income tax rate for the Company was 15% in the current period. According to Article 28 of the *Enterprise Income Tax Law of the People's Republic of China*, a reduced corporate income tax rate of 15% is applied to important high-tech enterprises that the public supports.

According to the relevant provisions of the *Announcement on the Preferential Income Tax Policies for Small and Micro Enterprises and Self-employed Businesses* (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) and the *Announcement of the Ministry of Finance and the State Taxation Administration on Tax Policies for Further Supporting the Development of Small and Micro Enterprises and Self-employed Businesses* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), issued by the Ministry of Finance and the State Taxation Administration in 2023, from January 1, 2023 to December 31, 2027, the annual taxable income of small and low-profit enterprises not exceeding RMB1 million will be included in the taxable income at a reduced rate of 25%, and the enterprise income tax will be paid at the rate of 20%.

Except for the following subsidiaries entitling to preferential tax treatment and the overseas subsidiaries that adopt local applicable tax rate, other entities under the Company are subject to the applicable tax rate of 25%, or the preferential tax rate for small and micro enterprises.

Subsidiaries entitled to tax preferences:

Company Name	Preferential tax rate	Reason
TCL China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Suzhou China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Huizhou Kedate Smart Display Technology Co., Ltd.	15.00%	High-tech enterprise
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen Qianhai Maojia Software Technology Co., Ltd.	15.00%	High-tech enterprise
Qingdao Blue Business Consulting Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15.00%	High-tech enterprise
Techhigh Circuit Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15.00%	High-tech enterprise
TCL Financial Technology (Shenzhen) Co., Ltd.	15.00%	High-tech enterprise
Suzhou China Star Environmental Protection Technology Co., Ltd.	15.00%	Corporate income tax is levied at a reduced rate of 15% on eligible third-party enterprises, engaged in pollution prevention and control
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	12.50%	A high-tech enterprise; an integrated circuit materials enterprise exempt from corporate income tax for the first two years starting from the tax year in which the first production and operation income is obtained, and subject to a 50% reduction in corporate income tax for the three years following such two years, namely being exempt from corporate income tax between 2021 and 2022 and subject to 50% reduction in corporate income tax between 2023 and 2025; and an integrated circuit enterprise
Tianjin Huan'Ou Bandaoti Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	15.00%	High-tech enterprise

TCL Technology Group Corporation
Notes to Financial Statements
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IV Taxes (continued)

5 Corporate income tax (continued)

Company Name	Preferential tax rate	Reason
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanzhi New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Jiangsu) Co., Ltd.	15.00%	High-tech enterprise
Xuzhou Jingrui Bandaoti Equipment Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanou New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Tianjin) Co., Ltd.	15.00%	High-tech enterprise
Wuxi Zhonghuan Applied Materials Co., Ltd.	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15.00%	High-tech enterprise, and encouraged business in West China
Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd.	15.00%	High-tech enterprise
Ningxia Zhonghuan Solar Material Co., Ltd.	15.00%	Encouraged business in West China
Huhehaote Huanju New Energy Development Co., Ltd.	15.00%	Encouraged business in West China
Sonid Left Banner Huanxin New Energy Co., Ltd.	15.00%	Encouraged business in West China
Otog Banner Huanju New Energy Co., Ltd.	15.00%	Encouraged business in West China
Ongniud Banner Guangrun New Energy Co., Ltd.	15.00%	Encouraged business in West China
Tuquan Guanghuan New Energy Co., Ltd.	15.00%	Encouraged business in West China
Inner Mongolia New Huanyu Yangguang New Energy Technology Co., Ltd.	15.00%	Encouraged business in West China
Ningxia Zhonghuan New Energy Co., Ltd.	15.00%	Encouraged business in West China
Ningxia Huanou New Energy Technology Co., Ltd.	15.00%	Encouraged business in West China
Inner Mongolia TCL Photoelectric Technology Co., Ltd.	15.00%	Encouraged business in West China
Shaanxi Huanshuo Green New Energy Co., Ltd.	15.00%	Encouraged business in West China
Tianjin Binhai New Area Huanju New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure project
Tianjin Zhonghuan New Energy Co., Ltd.	Tax-exempt and 12.5%	State-supported public infrastructure project
Tianjin Binhai Huanxu New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure project
Hohhot Shuguang New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure project, and encouraged business in West China
Ningxia Huanneng New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure project, and encouraged business in West China
Dangxiang Youhao New Energy Development Co., Ltd.	7.50%	State-supported public infrastructure project, and encouraged business in West China
Shaanxi Runhuan Tianyu Technology Co., Ltd.	7.50%	State-supported public infrastructure project, and encouraged business in West China

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements

1 Monetary assets

	June 30, 2024	January 1, 2024
Cash on hand	556	583
Bank deposits	17,650,332	19,807,150
Deposits with the central bank	398,920	397,191
Other monetary assets	1,537,692	1,719,347
	19,587,500	21,924,271

Note Monetary assets with restricted use rights

	June 30, 2024	January 1, 2024
TCL Tech Finance's statutory reserve deposits with the central bank	393,069	341,091
Other restricted monetary assets	1,270,883	1,586,365
	1,663,952	1,927,456

On June 30, 2024, the Company's bank deposits of RMB393,069,000 (December 31, 2023: RMB341,091,000) were statutory deposit reserves deposited with the Central Bank by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company.

On June 30, 2024, the Company's monetary assets offshore amounted to RMB2,564,865,000 (December 31, 2023: RMB1,533,937,000), all of which were owned by the overseas subsidiaries of the Company.

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

2 Held-for-trading financial assets

	June 30, 2024	January 1, 2024
Financial assets classified as those measured at fair value through profit or loss	25,226,582	23,184,117
Including: Debt instrument investments	25,182,899	23,131,691
Equity instrument investments	43,683	52,426
	25,226,582	23,184,117

3 Derivative financial assets

	June 30, 2024	January 1, 2024
Foreign exchange forwards and foreign exchange swaps	155,087	73,645
Interest rate swaps	-	34,363
	155,087	108,008

4 Notes receivable

(1) Notes receivable by category

	June 30, 2024	January 1, 2024
Bank acceptance notes	197,052	615,059
Trade acceptance notes	2,865	333
	199,917	615,392

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (continued)

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

	June 30, 2024					January 1, 2024				
	Gross amount Amount	Ratio (%)	Bad-debt Amount	Allowance Accrual percentage	Carrying amount	Gross amount Amount	Ratio (%)	Bad-debt Amount	Allowance Accrual percentage	Carrying amount
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis	199,917	100%	-	-	199,917	615,392	100%	-	-	615,392
Including: low-risk portfolio	199,917	100%	-	-	199,917	615,392	100%	-	-	615,392
	<u>199,917</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>199,917</u>	<u>615,392</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>615,392</u>

(3) As at June 30, 2024, notes receivable in pledge were RMB 22,933,000.

(4) As at June 30, 2024, endorsed or discounted notes receivable that were outstanding and derecognized amounted to RMB 87,000,000 and endorsed or discounted notes receivable that were outstanding and not derecognized amounted to RMB 13,020,000.

5 Accounts receivable

	June 30, 2024	January 1, 2024
Accounts receivable	23,482,100	22,362,875
Less: allowance for doubtful accounts	<u>365,665</u>	<u>359,224</u>
	<u>23,116,435</u>	<u>22,003,651</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (1) Accounts receivable as at June 30, 2024 are classified as follows by how the doubtful debts were provisioned:

	June 30, 2024		
	Gross amount	Bad-debt Allowance	Gross amount
		Lifetime ECL rate	
Accounts receivable for which the related allowances for doubtful accounts were established on the individual basis	201,379	87.10%	175,402
Of which:			
Accounts receivable	201,379	87.10%	175,402
Accounts receivable for which the related allowances for doubtful accounts were established on the grouping basis	23,280,721	0.82%	190,263
Of which:			
Group 1: by aging analysis	16,946,902	0.44%	74,597
Group 2: by tariff	942,874	0.01%	71
Group 3: by photovoltaics	4,556,136	2.24%	102,031
Group 4: other silicon materials	834,809	1.62%	13,564
	<u>23,482,100</u>		<u>365,665</u>

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

	June 30, 2024		January 1, 2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	21,833,601	92.98%	21,061,059	94.18%
1 to 2 years	774,701	3.30%	489,084	2.19%
2 to 3 years	233,622	0.99%	193,256	0.86%
Over 3 years	640,176	2.73%	619,476	2.77%
	<u>23,482,100</u>	100.00%	<u>22,362,875</u>	100.00%

TCL Technology Group Corporation
Notes to Financial Statements
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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:

	June 30, 2024
Beginning amount	359,224
New subsidiary	-
Accrued in the period	60,275
Reversal of current period	(51,686)
Write-off of current period	(2,323)
Reduced subsidiary	-
Exchange adjustment	175
	175
Ending amount	365,665

(4) On June 30, 2024, the accounts receivable of the top five balances are as follows:

	June 30, 2024	January 1, 2024
Total amount owed by the top five	10,308,494	10,129,405
Proportion of total accounts receivable	43.90%	45.30%

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

	Methods of transfer of financial assets	Amount derecognized for the period	Gain or loss on derecognition
Accounts receivable	Factoring without recourse	3,636,232	(6,648)

6 Receivables financing

	June 30, 2024	January 1, 2024
Notes receivable financing	463,152	954,410
Receivable financing	155,810	-
	618,962	954,410

Note As at June 30, 2024, endorsed or discounted receivables financing that were outstanding and derecognized on the balance sheet date amounted to RMB 14,588,309,000.

As of June 30, 2024, the Company believes that receivables financing it held did not have significant credit risks and will not cause significant losses due to default.

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

7 Prepayments

(1) Prepayments are analyzed as follows:

	June 30, 2024	January 1, 2024
Within 1 year	2,543,100	2,798,957
1-2 years	87,239	138,561
2-3 years	40,480	7,423
Over 3 years	5,960	1,347
	<u>2,676,779</u>	<u>2,946,288</u>

(2) As of June 30, 2024, the prepayments of the top five balances are as follows:

	June 30, 2024	January 1, 2024
Total amount owed by the top five	1,341,544	1,790,548
As % of total prepayments	50.12%	60.77%

8 Other receivables

	June 30, 2024	January 1, 2024
Dividends receivable	681,036	1,381,490
Other receivables	<u>3,719,161</u>	<u>4,325,365</u>
	<u>4,400,197</u>	<u>5,706,855</u>

(1) Dividends receivable

	June 30, 2024	January 1, 2024
Xinjiang Goens Energy Technology Co., Ltd.	698,082	1,398,344
Tianjin Binhai Huanneng New Energy Co., Ltd.	-	192
Less: allowance for doubtful accounts	<u>17,046</u>	<u>17,046</u>
	<u>681,036</u>	<u>1,381,490</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(1) Dividends receivable (continued)

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

Category	June 30, 2024					January 1, 2024				
	Gross amount Amount	Ratio (%)	Bad-debt Amount	Allowance Accrual percentage	Carrying amount	Gross amount Amount	Ratio (%)	Bad-debt Amount	Allowance Accrual percentage	Carrying amount
Allowances for bad debts accrued on an individual basis	698,082	100%	17,046	2.44%	681,036	1,398,536	100%	17,046	1.22%	1,381,490
	698,082	100%	17,046	2.44%	681,036	1,398,536	100%	17,046	1.22%	1,381,490

(2) Other receivables

	June 30, 2024	January 1, 2024
Other receivables	4,082,141	4,691,149
Less: allowance for doubtful accounts	362,980	365,784
	<u>3,719,161</u>	<u>4,325,365</u>

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

	June 30, 2024	January 1, 2024
Subsidy receivables	1,662,166	2,342,535
Equity transfer receivables	573,469	618,752
Security and deposits	502,740	497,819
Others	980,786	866,259
	<u>3,719,161</u>	<u>4,325,365</u>

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

8 Other receivables (continued)

(2) Other receivables (continued)

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

Category	June 30, 2024					January 1, 2024				
	Gross amount Amount	Ratio (%)	Bad-debt Amount	Allowance Accrual percentage	Carrying amount	Gross amount Amount	Ratio (%)	Bad-debt Amount	Allowance Accrual percentage	Carrying amount
Allowances for bad debts accrued on an individual basis	360,251	8.83%	289,184	80.27%	71,067	426,084	9.08%	293,600	68.91%	132,484
Provisions for bad debts accrued on a portfolio basis	3,721,890	91.17%	73,796	1.98%	3,648,094	4,265,065	90.92%	72,184	1.69%	4,192,881
	<u>4,082,141</u>	<u>100%</u>	<u>362,980</u>	<u>8.89%</u>	<u>3,719,161</u>	<u>4,691,149</u>	<u>100%</u>	<u>365,784</u>	<u>7.80%</u>	<u>4,325,365</u>

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
January 1, 2024	62,322	28,965	274,497	365,784
Current accrual	5,231	181	-	5,412
Increase of new subsidiaries	-	-	-	-
Reversal of current period	(3,103)	-	(30)	(3,133)
Write-off of current period	-	-	(27)	(27)
Decrease due to disposal of subsidiaries	-	-	(5,000)	(5,000)
Exchange adjustment	(56)	-	-	(56)
June 30, 2024	<u>64,394</u>	<u>29,146</u>	<u>269,440</u>	<u>362,980</u>

TCL Technology Group Corporation
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For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

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

	June 30, 2024		January 1, 2024	
	Carrying amount	Ratio (%)	Carrying amount	Ratio (%)
Within 1 year	2,168,310	53.11%	3,192,635	68.05%
1 to 2 years	1,102,900	27.02%	785,690	16.75%
2 to 3 years	386,450	9.47%	371,464	7.92%
Over 3 years	424,481	10.40%	341,360	7.28%
	<u>4,082,141</u>	<u>100.00%</u>	<u>4,691,149</u>	<u>100.00%</u>

(e) As of June 30, 2024, the other receivables of the top five balances are as follows:

	June 30, 2024	January 1, 2024
Total amount owed by the top five	2,204,659	3,006,544
As % of total other receivables	54.01%	64.09%

(f) On June 30, 2024, there was no transfer of other receivables that did not conform to the conditions for derecognition in the balance of this account; no transaction arrangement for asset securitization with other receivables as the subject asset; and no financial instrument that was the subject of securitization and did not conform to the conditions for derecognition.

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

9 Inventories

(1) Inventories are classified as follows:

	June 30, 2024			January 1, 2024		
	Carrying balance	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount	Carrying balance	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount
Raw materials	5,569,025	584,753	4,984,272	6,605,273	636,587	5,968,686
Work in progress	3,411,368	763,962	2,647,406	3,656,706	659,073	2,997,633
Finished Goods	13,763,489	1,629,919	12,133,570	10,640,524	1,536,291	9,104,233
Turnover materials	418,056	1,377	416,679	412,583	1,380	411,203
	<u>23,161,938</u>	<u>2,980,011</u>	<u>20,181,927</u>	<u>21,315,086</u>	<u>2,833,331</u>	<u>18,481,755</u>

As of June 30, 2024, the Company had no inventory for liabilities guarantee.

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

	January 1, 2024	Amount of increase in the current period		Amount of decrease in the current period			June 30, 2024
		Accrued in the period	Others	Reversal of current period	Write-off of current period	Others	
Raw materials	636,587	223,068	-	(56,533)	(218,497)	128	584,753
Work in progress	659,073	753,666	-	(82,360)	(566,419)	2	763,962
Finished Goods	1,536,291	1,427,415	-	(267,082)	(1,066,905)	200	1,629,919
Turnover materials	1,380	2	-	(5)	-	-	1,377
	<u>2,833,331</u>	<u>2,404,151</u>	<u>-</u>	<u>(405,980)</u>	<u>(1,851,821)</u>	<u>330</u>	<u>2,980,011</u>

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

10 Contract assets

(1) Contract assets are classified as follows:

	June 30, 2024			January 1, 2024		
	Carrying balance	Impairment allowance	Carrying amount	Carrying balance	Impairment allowance	Carrying amount
Electricity charges receivable	394,432	22,858	371,574	362,058	18,151	343,907

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

	January 1, 2024	Current Accrual	Current Reversal or write-off	Other increases and decreases	June 30, 2024
Electricity charges	18,151	4,707	-	-	22,858

11 Non-current assets due within one year

	June 30, 2024	January 1, 2024
Other non-current assets due within one year	470,114	461,179
Debt investments due within one year	128,969	119,516
	<u>599,083</u>	<u>580,695</u>

12 Other current assets

	June 30, 2024	January 1, 2024
VAT to be deducted, to be certified, etc.	5,412,552	4,244,948
Loans and advances to customers	705,389	845,764
Others (note)	1,429,681	195,822
	<u>7,547,622</u>	<u>5,286,534</u>

Note: Others mainly include fixed income large-amount certificates of deposit that are subsequently measured at amortized cost.

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

13 Debt Investments

	June 30, 2024	January 1, 2024
Treasury bonds and corporate bonds	144,853	122,349

14 Long-term receivables

	June 30, 2024			January 1, 2024			Discount rate
	Gross amount	Bad-debt Allowance	Carrying amount	Gross amount	Bad-debt Allowance	Carrying amount	
Finance lease	698,831	-	698,831	720,281	-	720,281	
Including: Unrealized financing income	(488,379)	-	(488,379)	(518,000)	-	(518,000)	8.115%
	698,831	-	698,831	720,281	-	720,281	

15 Long-term equity investments

	June 30, 2024			January 1, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates (1)	25,864,741	1,452,985	24,411,756	26,404,102	1,452,985	24,951,117
Joint ventures (2)	545,987	49,503	496,484	529,657	49,503	480,154
	26,410,728	1,502,488	24,908,240	26,933,759	1,502,488	25,431,271

As of June 30, 2024, the Company made impairment allowances for long-term equity investments in investees with poor management and insolvent assets.

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V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(1) Associates

Name of investee	January 1, 2024	Increase or decrease in current period							June 30, 2024
		Increase/ decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehen sive income adjustment	Other equity changes	Declared Cash dividends or profit	Accrued Impairment allowance	Other increases and decreases	
China Innovative Capital Management Limited	970,300	-	(66,750)	-	-	-	-	-	903,550
LG Electronics (Huizhou) Co., Ltd.	89,810	-	6,241	-	-	(13,400)	-	-	82,651
Shenzhen Jucai Supply Chain Technology Co., Ltd.	19,642	-	2,881	1	797	-	-	-	23,321
Shenzhen Tixiang Business Management Technology Co., Ltd.	1,375	-	(285)	-	-	-	-	-	1,090
TCL Air Conditioner (Wuhan) Co., Ltd.	40,982	-	(9,007)	-	-	-	-	-	31,975
TCL Finance (Hong Kong) Co., Limited	111,096	-	(20,243)	-	-	-	-	-	90,853
Urumqi TCL Equity Investment Management Co., Ltd.	1,087	-	(30)	-	-	-	-	-	1,057
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,159,319	(219,966)	(32,314)	-	-	-	-	-	907,039
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership)	425,471	(3,474)	(4,359)	2	-	(1,856)	-	-	415,784
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	149,118	-	(28,581)	-	-	-	-	-	120,537

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V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2024	Increase or decrease in current period						June 30, 2024	
		Increase/ decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehe nsive income adjustme nt	Other equity changes	Declared Cash dividends or profit distribution declared	Provision for impairment		Other increases and decreases
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	274,943	(1,499)	(36,716)	-	-	-	-	1	236,729
Wuxi TCL Aisikai Bandaoti Industry Investment Fund Partnership (Limited Partnership)	278,753	(28,606)	(7,924)	-	-	-	-	-	242,223
Wuxi TCL Venture Capital Partnership (Limited Partnership)	36,842	-	99	9	-	-	-	-	36,950
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	32,183	-	(8,216)	-	-	-	-	-	23,967
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership)	15,766	-	(4,187)	74	-	(3,426)	-	-	8,227
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership)	20,862	(8,851)	615	1	-	-	-	-	12,627
Huizhou Kaichuang Venture Investment Partnership (Limited Partnership)	8,903	-	2	-	-	-	-	-	8,905
Beijing A Dynamic Venture Capital Center (Limited Partnership)	4,138	-	38	-	-	-	-	-	4,176
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership)	4,212	(273)	(694)	1	-	-	-	-	3,246
Shenzhen Chuangdong New Industry Investment Fund Enterprise (Limited Partnership)	2,335	-	-	-	-	-	-	-	2,335
Hubei Changjiang Hezhi Equity Investment Fund Management Co., Ltd.	10,127	-	(232)	-	-	-	-	-	9,895
Huizhou Kaimeng Angel Investment Partnership (Limited Partnership)	2,490	-	(14)	-	-	-	-	-	2,476
Ningbo Jiutian Matrix Investment Management Co., Ltd.	9,852	-	2,636	-	-	(4,094)	-	-	8,394
Urumqi Qixinda Equity Investment Management Co., Ltd.	5,375	-	(247)	-	-	-	-	-	5,128

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V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2024	Increase or decrease in current period							June 30, 2024
		Increase/ decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehen sive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance	Other increases and decreases	
Urumqi TCL Create Dynamic Equity Investment Management Co., Ltd.	758	-	(1)	-	-	-	-	-	757
Beijing A Dynamic Investment Consulting Co., Ltd.	463	-	-	-	-	-	-	-	463
Shanghai Gen Auspicious Investment Management Co., Ltd.	735	-	272	-	-	-	-	-	1,007
Nanjing A Dynamic Equity Investment Fund Management Co., Ltd.	277	-	-	-	-	-	-	-	277
Wuxi TCL Medical Imaging Technology Co., Ltd.	18,005	-	(1,510)	-	-	-	-	23	16,518
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	857,073	-	43,989	-	(15,935)	-	-	-	885,127
Getech Ltd.	82,095	-	(23,889)	(8)	-	-	-	-	58,198
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	870,274	-	(83,343)	-	-	-	-	-	786,931
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	180,833	-	(8,780)	-	-	-	-	-	172,053

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V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2024	Increase/ decrease in investment in current period	Increase or decrease in current period					June 30, 2024	
			Investment gains and losses recognized by equity method	Other comprehen sive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance		Other increases and decreases
Shenzhen Xihuoyicheng Recreational and Sports Industry Co., Ltd.	1,276	-	(8)	-	-	-	-	-	1,268
Sichuan Shengtian New Energy Development Co., Ltd.	531,804	-	16,913	-	-	(5,905)	-	-	542,812
SunPower Systems International Limited	30,206	-	-	-	-	-	-	-	30,206
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	2,493	-	(396)	-	-	-	-	-	2,097
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd.	136,325	-	(829)	-	-	-	-	-	135,496
Hunan Guoxin Bandaoti Technology Co., Ltd.	9,889	-	27	-	-	-	-	-	9,916
Maxeon Solar Technologies, Ltd.	622,768	29,430	(241,053)	-	-	-	-	-	411,145
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	727,700	14,970	(10,180)	-	-	(2,705)	-	-	729,785
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	4,267	-	695	-	-	-	-	-	4,962
Ningbo Zhongxin Venture Capital Partnership (Limited Partnership)	142,311	-	(1,260)	-	-	-	-	-	141,051

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V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(1) Associates (continued)

Name of investee	January 1, 2024	Increase/ decrease in investment in current period	Increase or decrease in current period					Other increases and decreases	June 30, 2024
			Investment gains and losses recognized by equity method	Other comprehen- sive income adjustment	Other equity changes	Cash dividends or profit distribution declared	Accrued impairment allowance		
TCL Huanxin Bandaoti (Tianjin) Co., Ltd.	431,134	-	(28,565)	-	-	-	-	-	402,569
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	1,487	-	-	-	-	-	-	-	1,487
Inner Mongolia Huanye Material Co., Ltd.	7,222	-	-	-	-	-	-	-	7,222
Shenzhen Shutuo Technology Co., Ltd.	39,247	-	(294)	-	-	-	-	-	38,953
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	28,137	-	(3,282)	30	-	-	-	-	24,885
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	49,901	-	(1,818)	-	-	-	-	-	48,083
Zhihui Xinyuan Commercial (Huizhou) Co., Ltd.	10,391	(5,500)	(601)	-	-	-	-	-	4,290
Purplevine Holdings Limited	10,395	-	2,504	-	1,752	-	-	72	14,723
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	549,139	40,000	(1,938)	-	543	-	-	-	587,744
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,745,617	-	(195,180)	-	(59)	-	-	-	1,550,378
Shanghai Feilihua Shichuang Technology Co., Ltd.	49,792	-	115	-	94	(531)	-	-	49,470
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd.	12,415	-	(234)	-	-	-	-	-	12,181
Xi'an Simovi New Material Co., Ltd.	30,873	-	1,033	20	-	-	-	-	31,926
Guangdong TCL New Technology Co., Ltd.	1,767	-	-	-	-	-	-	-	1,767
Hubei Consumer Finance Co., Ltd.	179,409	-	8,192	-	-	-	-	-	187,601
Tianjin Qiyier Communication & Broadcasting Co., Ltd.	183,483	(19,979)	4,726	-	46	(1,390)	-	(21,442)	145,444
Others	13,726,174	-	696,932	143,264	(311)	(376,230)	-	-	14,189,829
	<u>24,951,116</u>	<u>(203,748)</u>	<u>(35,050)</u>	<u>143,394</u>	<u>(13,073)</u>	<u>(409,537)</u>	<u>-</u>	<u>(21,346)</u>	<u>24,411,756</u>

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

15 Long-term equity investments (continued)

(2) Joint ventures

Name of investee	January 1, 2024	Increase/ decrease in investment in current period	Increase or decrease in current period					June 30, 2024	
			Investment gains and losses recognized by equity method	Other comprehens ive income adjustment	Other equity changes	Declared Cash dividends or profit distribution declared	Accrued Impairment allowance		Other increases and decreases
Zhangjiakou Qixin Equity Investment Fund Partnership	51,686	-	(9)	-	-	-	-	-	51,677
Tianjin Huanyan Technology Co., Ltd.	139,983	-	(79)	-	-	-	-	-	139,904
TCL Huizhou City, Kai Enterprise Management Limited	1,359	-	(15)	-	-	-	-	-	1,344
Huizhou TCL Human Resources Service Co., Ltd.	8,930	-	3,445	-	228	-	-	-	12,603
TCL Microchip Technology (Guangdong) Co., Ltd.	278,196	30,000	(17,581)	-	341	-	-	-	290,956
	<u>480,154</u>	<u>30,000</u>	<u>(14,239)</u>	<u>-</u>	<u>569</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,484</u>

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

15 Long-term equity investments (continued)

(3) Impairment allowances for long-term equity investments

	January 1, 2024	Increase in current period	Decrease in current period	Other changes	June 30, 2024	Note
Pride Telecom Limited	1,414	-	-	-	1,414	Note 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	49,503	-	-	-	49,503	Note 1
JOLED Incorporation	438,148	-	-	-	438,148	Note 2
Maxeon Solar Technologies, Ltd.	1,013,423	-	-	-	1,013,423	Note 1
	<u>1,502,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,502,488</u>	

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

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

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V Notes to Consolidated Financial Statements (Continued)

16 Investments in other equity instruments

	June 30, 2024	January 1, 2024
Stocks	16,002	17,127
Equity of unlisted companies	371,253	369,521
	387,255	386,648

Item name	Recognized Dividend income	Accumulated Profits	Accumulated losses	Amount of other comprehensive income transferred to retained earnings	Reasons designated as measured at fair value and whose changes are included in other comprehensive income
Stocks	-	3,055	(195,424)	-	Being held long term for strategic purposes
Equity of unlisted companies	11,489	10,303	(24,361)	-	Being held long term for strategic purposes
Total	11,489	13,358	(219,785)	-	

17 Other non-current financial assets

	June 30, 2024	January 1, 2024
Equity investments	3,392,106	2,770,251
Debt investments	603,630	201,315
	3,995,736	2,971,566

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

18 Investment property

	Houses and buildings	Land use rights	Total
Gross amount:			
January 1, 2024	1,121,480	219,676	1,341,156
Increase	6,162	-	6,162
Reclassified from fixed assets and intangible assets	6,162	-	6,162
Decreases	(90,516)	-	(90,516)
Reclassified to fixed assets and intangible assets	(84,683)	-	(84,683)
Other decreases	(5,833)	-	(5,833)
June 30, 2024	<u>1,037,126</u>	<u>219,676</u>	<u>1,256,802</u>
Accumulated depreciation and amortization:			
January 1, 2024	316,833	44,753	361,586
Increase	24,963	2,361	27,324
Accrued in the period	18,870	2,361	21,231
Reclassified from fixed assets and intangible assets	6,093	-	6,093
Decreases	(13,396)	-	(13,396)
Reclassified to fixed assets and intangible assets	(9,201)	-	(9,201)
Other decreases	(4,195)	-	(4,195)
June 30, 2024	<u>328,400</u>	<u>47,114</u>	<u>375,514</u>
Investment property, net:			
June 30, 2024	<u>708,726</u>	<u>172,562</u>	<u>881,288</u>
January 1, 2024	<u>804,647</u>	<u>174,923</u>	<u>979,570</u>
Impairment allowance:			
January 1, 2024	67,891	-	67,891
Increase	17	-	17
Increase in current period	17	-	17
Decreases	-	-	-
Decrease in current period	-	-	-
June 30, 2024	<u>67,908</u>	<u>-</u>	<u>67,908</u>
Investment property, net:			
June 30, 2024	<u>640,818</u>	<u>172,562</u>	<u>813,380</u>
January 1, 2024	<u>736,756</u>	<u>174,923</u>	<u>911,679</u>

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

19 Fixed assets

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Gross amount:							
December 31, 2023	54,954,646	228,210,600	3,256,808	306,667	2,345,600	27,937	289,102,258
Increase	1,304,274	5,184,851	116,584	10,278	18,405	1,388,841	8,023,233
Acquisition and other	66,429	645,435	44,051	7,449	-	1,335,646	2,099,010
Reclassified from investment property	84,683	-	-	-	-	-	84,683
Reclassified from construction in progress	1,153,162	4,539,416	72,533	2,829	18,405	53,195	5,839,540
Decreases	(107,000)	(1,149,108)	(35,688)	(3,275)	(120,885)	(163)	(1,416,119)
Written down with public grants	-	(152,012)	(323)	-	-	-	(152,335)
Reclassified to investment property	(6,162)	-	-	-	-	-	(6,162)
Decrease due to disposal of subsidiaries	-	-	-	-	(120,885)	-	(120,885)
Other decreases	(100,838)	(997,096)	(35,365)	(3,275)	-	(163)	(1,136,737)
Exchange adjustment	(1,855)	1,988	(808)	(75)	-	(524)	(1,274)
June 30, 2024	56,150,065	232,248,331	3,336,896	313,595	2,243,120	1,416,091	295,708,098
Accumulated depreciation:							
December 31, 2023	9,665,532	98,642,863	1,967,994	203,385	579,566	15,179	111,074,519
Increase	971,047	11,645,613	167,813	24,019	41,085	278,866	13,128,443
Accrual	961,804	11,267,724	167,793	24,019	41,085	40,910	12,503,335
Reclassified from investment property	9,201	-	-	-	-	-	9,201
Other increases	42	377,889	20	-	-	237,956	615,907
Decreases	(7,324)	(370,542)	(24,478)	(2,056)	(2,469)	(22)	(406,891)
Reclassified to investment property	(6,093)	-	-	-	-	-	(6,093)
Decrease due to disposal of subsidiaries	-	-	-	-	(2,469)	-	(2,469)
Other decreases	(1,231)	(370,542)	(24,478)	(2,056)	-	(22)	(398,329)
Exchange adjustment	(813)	407	(413)	(106)	-	(280)	(1,205)
June 30, 2024	10,628,442	109,918,341	2,110,916	225,242	618,182	293,743	123,794,866
Fixed assets, net:							
June 30, 2024	45,521,623	122,329,990	1,225,980	88,353	1,624,938	1,122,348	171,913,232
January 1, 2024	45,289,114	129,567,737	1,288,814	103,282	1,766,034	12,758	178,027,739

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V Notes to Consolidated Financial Statements (Continued)

19 Fixed assets (continued)

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Impairment allowance:							
January 1, 2024	746,611	760,715	35,210	111	62,059	412	1,605,118
Accrued in the period	-	56,770	-	-	-	-	56,770
Write-off of current period	-	(9,208)	(6,402)	-	-	(412)	(16,022)
Other transfers out	(17)	-	-	-	-	-	(17)
June 30, 2024	746,594	808,277	28,808	111	62,059	-	1,645,849
Fixed assets, carrying amount:							
June 30, 2024	44,775,029	121,521,713	1,197,172	88,242	1,562,879	1,122,348	170,267,383
January 1, 2024	44,542,503	128,807,022	1,253,604	103,171	1,703,975	12,346	176,422,621

Please refer to Item 81 of Note V for information on fixed asset pledge.

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

	Carrying amount	Reasons for pending ownership certificates:
Houses and buildings (Note)	18,671,434	In process

Note As at June 30, 2024, the fixed assets with pending ownership certificates of the Company were mainly the buildings and constructions of CSOT's t3, t5 and t9 manufacturing bases, as well as the buildings and constructions of Inner Mongolia Zhonghuan Crystal Material Co., Ltd., Ningxia Huanou New Energy Technology Co., Ltd. and Tianjin Huanhai Industrial Park Co., Ltd.

20 Construction in progress

(1) Schedule of construction in progress

	June 30, 2024	January 1, 2024
Construction in progress	20,139,823	17,013,179
Less: Impairment allowance	13,127	13,127
	<u>20,126,696</u>	<u>17,000,052</u>

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V Notes to Consolidated Financial Statements (Continued)

20 Construction in progress (continued)

(2) Changes to construction in progress

Project name	Budget	January 1, 2024	Increase in current period	Transfer-in in current period Fixed assets	Other movements	June 30, 2024	Accumulated investment in the project as % of budget	Project progress	Cumulative capitalized interest	Including: capitalized interest in current period	Interest capitalization rate for current period	Funding source
t9 production line of LCD panel	31,500,000	363,638	939,842	(87,385)	(4,507)	1,211,588	78%	Under construction	300,733	26,239	3.2%	Proprietary funds, proceeds from share offering and loans
Large-diameter Bandaoti silicon wafers for integrated circuit	5,410,520	2,987,964	476,378	(187,226)	(40,005)	3,237,111	88%	Under construction	23,979	3,352	3.4%	Self-funded and financed funds
50GW (G12) solar-grade monocrystalline silicon material smart factory project	10,979,740	925,986	394,081	(714,097)	(243,606)	362,364	98%	Under construction	150,163	-	2.3%	Self-funded and financed funds
Smart factory with an annual output of 35GW high-purity solar ultra-thin monocrystalline silicon	3,650,050	992,614	528,424	(996,695)	-	524,343	50%	Under construction	20,615	16,745	2.9%	Self-funded and financed funds
Production line of 8-12-inch Bandaoti silicon wafers for integrated circuit	5,707,172	1,259,475	118,900	(426,505)	(47,139)	904,731	83%	Under construction	5,895	569	3.4%	Self-funded and financed funds
Bandaoti silicon wafers for integrated circuit	10,500,000	1,183,319	703,895	(324,236)	(28,741)	1,534,237	69%	Under construction	385,773	-	6.2%	Self-funded and financed funds
Others	Not applicable	9,287,056	6,449,396	(3,103,396)	(280,734)	12,352,322	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
		<u>17,000,052</u>	<u>9,610,916</u>	<u>(5,839,540)</u>	<u>(644,732)</u>	<u>20,126,696</u>						

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V Notes to Consolidated Financial Statements (Continued)

21 Right-of-use assets

	Houses and buildings	Transportation equipment	Machinery equipment	Land use rights	Total
Gross amount:					
January 1, 2024	5,963,784	1,895	1,196,371	122,767	7,284,817
Increase	81,990	-	-	124,560	206,550
Leased in	69,517	-	-	45,514	115,031
Other increases	12,473	-	-	79,046	91,519
Decreases	(222,668)	(758)	(323,183)	-	(546,609)
Reduction due to contract revision	(7,193)	-	-	-	(7,193)
Other decreases	(215,475)	(758)	(323,183)	-	(539,416)
Exchange adjustment	(15,824)	(29)	-	-	(15,853)
June 30, 2024	<u>5,807,282</u>	<u>1,108</u>	<u>873,188</u>	<u>247,327</u>	<u>6,928,905</u>
Accumulated depreciation:					
January 1, 2024	574,227	1,244	298,732	24,168	898,371
Increase	171,632	144	56,044	10,261	238,081
Accrual	171,632	144	56,044	10,261	238,081
Decreases	(148,476)	(758)	(119,609)	-	(268,843)
Other decreases	(148,476)	(758)	(119,609)	-	(268,843)
Exchange adjustment	(2,724)	(12)	-	-	(2,736)
June 30, 2024	<u>594,659</u>	<u>618</u>	<u>235,167</u>	<u>34,429</u>	<u>864,873</u>
Right-of-use assets, carrying amount:					
June 30, 2024	<u>5,212,623</u>	<u>490</u>	<u>638,021</u>	<u>212,898</u>	<u>6,064,032</u>
January 1, 2024	<u>5,389,557</u>	<u>651</u>	<u>897,639</u>	<u>98,599</u>	<u>6,386,446</u>
Impairment allowance:					
January 1, 2024	-	-	-	-	-
June 30, 2024	-	-	-	-	-
Right-of-use assets, carrying amount					
June 30, 2024	<u>5,212,623</u>	<u>490</u>	<u>638,021</u>	<u>212,898</u>	<u>6,064,032</u>
January 1, 2024	<u>5,389,557</u>	<u>651</u>	<u>897,639</u>	<u>98,599</u>	<u>6,386,446</u>

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V Notes to Consolidated Financial Statements (Continued)

22 Intangible assets

	Land use rights	Non-patent technologies /patents	Others	Total
Gross amount:				
January 1, 2024	9,385,883	13,812,555	2,931,992	26,130,430
Increase	18,540	844,995	116,934	980,469
New subsidiary	-	-	-	-
Purchase	18,540	51,989	113,683	184,212
Reclassified from investment property	-	-	-	-
Reclassified from development costs	-	793,006	-	793,006
Others	-	-	3,251	3,251
Decreases	-	(79,280)	(4,715)	(83,995)
Sale and disposal	-	-	(3,902)	(3,902)
Other decreases	-	(79,280)	(813)	(80,093)
Exchange adjustment	-	435	(389)	46
June 30, 2024	<u>9,404,423</u>	<u>14,578,705</u>	<u>3,043,822</u>	<u>27,026,950</u>
Accumulated amortization:				
January 1, 2024	1,279,847	5,049,816	1,232,516	7,562,179
Increase	127,823	754,749	159,874	1,042,446
Accrual	127,823	754,749	159,874	1,042,446
New subsidiary	-	-	-	-
Decreases	(1,292)	(47,544)	(374)	(49,210)
Sale and disposal	(1,292)	-	(374)	(1,666)
Other decreases	-	(47,544)	-	(47,544)
Exchange adjustment	-	207	(201)	6
June 30, 2024	<u>1,406,378</u>	<u>5,757,228</u>	<u>1,391,815</u>	<u>8,555,421</u>
Intangible assets, net:				
June 30, 2024	<u>7,998,045</u>	<u>8,821,477</u>	<u>1,652,007</u>	<u>18,471,529</u>
January 1, 2024	<u>8,106,036</u>	<u>8,762,739</u>	<u>1,699,476</u>	<u>18,568,251</u>
Impairment allowance:				
January 1, 2024	23,562	113,997	11,148	148,707
Accrual	-	-	-	-
Exchange adjustment	-	221	-	221
June 30, 2024	<u>23,562</u>	<u>114,218</u>	<u>11,148</u>	<u>148,928</u>
Intangible assets, carrying amount:				
June 30, 2024	<u>7,974,483</u>	<u>8,707,259</u>	<u>1,640,859</u>	<u>18,322,601</u>
January 1, 2024	<u>8,082,474</u>	<u>8,648,742</u>	<u>1,688,328</u>	<u>18,419,544</u>

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

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V Notes to Consolidated Financial Statements (Continued)

23 Development costs

Development expenditures are presented as follows:

	June 30, 2024	January 1, 2024
LCD panel projects	1,372,049	1,455,110
New energy photovoltaics and other silicon materials	808,839	1,086,383
	2,180,888	2,541,493

24 Goodwill

(1) Gross amount of goodwill

Name of investee or item incurring goodwill	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
TCL Medical Radiological Technology (Beijing) Co., Ltd. Note 1	28,967	-	-	28,967
Qingdao Blue Business Consulting Co., Ltd. Note 2	2,452	-	-	2,452
Tianjin Huan'Ou Bandaoti Material&Technology Co., Ltd. Note 3	214,683	-	-	214,683
Tianjin Zhonghuan Electronic Information Group Co., Ltd. Note 4	6,726,130	-	-	6,726,130
Moka International Limited Note 5	1,728,973	-	-	1,728,973
Suzhou China Star Optoelectronics Technology Co., Ltd. Note 6	486,603	-	-	486,603
Huizhou Kedate Smart Display Technology Co., Ltd. Note 7	3,011	-	-	3,011
Suzhou China Star Environmental Protection Technology Co., Ltd. Note 8	43,408	-	-	43,408
Xinxin Bandaoti Technology Co., Ltd. Note 9	1,180,005	-	-	1,180,005
Techhigh Circuit Technology (Huizhou) Co., Ltd. Note 10	131,477	-	-	131,477
	10,545,709	-	-	10,545,709

(2) Goodwill impairment allowance

Name of investee	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
TCL Medical Radiological Technology (Beijing) Co., Ltd.	28,967	-	-	28,967
	28,967	-	-	28,967

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V Notes to Consolidated Financial Statements (Continued)

24 Goodwill (continued)

- Note 1 In 2010, the Company acquired a 51.82% interest in TCL Medical Radiological Technology (Beijing) Co., Ltd. (hereinafter referred to as "TCL Medical Radiological Technology") with capital of RMB 52,319,000. Thus, the difference between the accumulated investment of the Company in TCL Medical Radiological Technology (corresponding to 51.82% equity) and the fair value of the net identifiable assets of TCL Medical Radiological Technology attributable to the Company on the settlement date (equal to RMB 28,967,000) was recorded in the Company's goodwill. An impairment allowance of RMB 28,967,000 had been made on such goodwill in 2018.
- Note 2 In October 2016, Highly Information Industry Co., Ltd., a subsidiary of the Company, acquired 60% interest in Qingdao Blue Business Consulting Co., Ltd. (hereinafter referred to as "Blue Business Consulting") with consideration of RMB 10,000,000. Thus, the difference between the accumulated investment of Highly Information Industry Co., Ltd. in Blue Business Consulting (corresponding to a 60% interest) and the fair value of the net identifiable assets of Blue Business Consulting attributable to Highly Information Industry Co., Ltd. on the settlement date (equivalent to RMB 2,452,000) was recorded in this item.
- Note 3 Tianjin Huan'Ou Bandaoti Material&Technology Co., Ltd. is a subsidiary of TCL Technology Group (Tianjin) Co., Ltd., which the Company has acquired in a business combination not involving entities under common control.
- Note 4 The Company completed its acquisition of 100% stake in TCL Technology Group (Tianjin) Co., Ltd. (former name: Tianjin Zhonghuan Electronic Information Group Co., Ltd.) on October 1, 2020 with a cash consideration of RMB 12,500,000,000. At the date of acquisition, the Group obtained the effective control of TCL Technology Group (Tianjin) Co., Ltd., and included such company into the consolidated financial statements. On the date of transaction, the difference between the accumulated investment of the Company in TCL Technology Group (Tianjin) Co., Ltd. (corresponding to the 100% equity) and the fair value of the net identifiable assets of TCL Technology Group (Tianjin) Co., Ltd. attributable to the Company on the settlement date (equal to RMB 6,726,130,000) was recorded in this item. The goodwill mainly consists of 2 asset groups: the new energy photovoltaic and other silicon materials and the Tianjin Printronics Circuit Corp.
- Note 5 In April 2021, the Company acquired 100% interest in Moka International Limited with a cash consideration of RMB 2,800,000,000. Thus, the difference between the accumulated investment of the Company in Moka International Limited (corresponding to the 100% equity) and the fair value of the net identifiable assets of Moka International Limited attributable to the Company on the settlement date (equal to RMB 1,728,973,000) was recorded in this item.
- Note 6 In April 2021, the Company acquired 60% interest in Suzhou China Star Optoelectronics Technology Co., Ltd. (formerly known as "Samsung Suzhou LCD Co. Ltd.") with a cash consideration of RMB 4,757,727,000. The difference between the accumulated investment of the Company in Suzhou China Star Optoelectronics Technology Co., Ltd. (corresponding to the total 70% equity) and the fair value of the identifiable net assets of Suzhou China Star Optoelectronics Technology Co., Ltd. attributable to the Company on the settlement date (equivalent to RMB 486,603,000) was recorded in this item.
- Note 7 In August 2022, the Company acquired in 100% interest in Huizhou Kedate Smart Display Technology Co., Ltd. with a cash consideration of RMB 51,000,000. As such, the difference between the investment of the Company in Huizhou Kedate Smart Display Technology Co., Ltd. (corresponding to the 100% equity) and the fair value of the net identifiable assets of Huizhou Kedate Smart Display Technology Co., Ltd. attributable to the Company on the settlement date (equal to RMB 3,011,000) was recorded in this item.
- Note 8 Suzhou China Star Optoelectronics Technology Co., Ltd., a subsidiary of the Company, completed the acquisition of 100% equity of Suzhou China Star Environmental Protection Technology Co., Ltd. in May 2023 at a cash consideration of RMB 344,942,000. As at the date of this transaction, the difference (RMB 43,408,000) between the investment amount i.e. the 100% equity of Suzhou China Star Environmental Protection Technology Co., Ltd. held by Suzhou China Star Optoelectronics Technology Co., Ltd. and the fair value of the identifiable net assets of the equity was recorded in this item.

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

24 Goodwill (continued)

Note 9 Zhonghuan Advanced Bandaoti Technology Co., Ltd., formerly Zhonghuan Advanced Bandaoti Material Co., Ltd., a subsidiary of the Company, completed the acquisition of 100% equity of Xinxin Bandaoti Technology Co., Ltd. in February, 2023 at a consideration of RMB 7,399,683,000 by issuing equity securities. As at the date of this transaction, the difference (RMB 1,180,005,000) between the investment amount i.e. the 100% equity of Xinxin Bandaoti Technology Co., Ltd. held by Zhonghuan Advanced Bandaoti Technology Co., Ltd. and the fair value of the identifiable net assets of the equity was recorded in this item.

Note 10 Tianjin Printronics Circuit Corporation, a subsidiary of the Company, completed the acquisition of the equity of and increased investment in Techhigh Circuit Technology (Huizhou) Co., Ltd. in October 2023 at a consideration of RMB 423,103,000 in cash. As at the date of this transaction, the difference (RMB 131,477,000) between the investment amount i.e. the 51% equity of Techhigh Circuit Technology (Huizhou) Co., Ltd. held by the Company and the fair value of the identifiable net assets of the equity are recognized in this item.

(3) Goodwill impairment test

As at June 30, 2024, the asset group of Blue Business Consulting business, asset group of new energy photovoltaic and other silicon material, asset group of Moka International Limited, asset group of Huizhou Kedate Smart Display Technology Co., Ltd., asset group of Suzhou China Star Optoelectronics Technology Co., Ltd., asset group of Suzhou China Star Environmental Protection Technology Co., Ltd., asset group of Xinxin Bandaoti Technology Co., Ltd., asset group of Techhigh Circuit Technology (Huizhou) Co., Ltd., and asset group of Tianjin Printronics, including goodwill, showed no indication of impairment, and no provision for impairment is required to be accrued for the goodwill of the above asset groups.

25 Long-term deferred expenses

	January 1, 2024	Increase in current period	Amortization in the period	Others	June 30, 2024
Improvement expense on leased fixed assets	1,601,156	193,047	(57,384)	(1,130,946)	605,873
Others	1,801,533	1,193,791	(1,245,980)	(4)	1,749,340
	<u>3,402,689</u>	<u>1,386,838</u>	<u>(1,303,364)</u>	<u>(1,130,950)</u>	<u>2,355,213</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

26 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	June 30, 2024		January 1, 2024	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	24,711,789	3,868,404	24,627,580	4,048,128
Asset impairment allowances	2,565,037	436,831	3,817,375	629,482
Provisions	1,480,256	210,306	831,604	130,466
Changes in fair value	47,453	8,023	143,302	22,170
Lease liabilities	4,096,180	458,525	4,309,382	486,276
Others	5,683,441	903,158	2,423,324	469,382
	<u>38,584,156</u>	<u>5,885,247</u>	<u>36,152,567</u>	<u>5,785,904</u>

(2) Un-offset deferred income tax liabilities

	June 30, 2024		January 1, 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	23,419,943	3,611,138	23,433,110	3,778,803
Increase in value of assets as assessed in business combination not involving entities under common control	2,751,254	514,233	2,841,620	529,769
Changes in fair value	224,117	50,592	301,793	70,908
Right-of-use assets	4,239,013	540,656	4,083,249	472,463
Others	317,393	53,618	522,095	115,226
	<u>30,951,720</u>	<u>4,770,237</u>	<u>31,181,867</u>	<u>4,967,169</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

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

(3) There were no deferred income tax assets or liabilities presented on a net basis after offsetting

Item	Amount subject to mutual offset of deferred income tax assets against liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	(3,512,797)	2,372,450
Deferred income tax liabilities	(3,512,797)	1,257,440

Item	Amount subject to mutual offset of deferred income tax assets against liabilities at the beginning of the period	Opening balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	(3,539,682)	2,246,222
Deferred income tax liabilities	(3,539,682)	1,427,487

(4) Unrecognized deferred income tax assets

	June 30, 2024	January 1, 2024
Deductible temporary difference	3,652,888	1,712,962
Deductible losses	21,240,310	13,284,658
	<u>24,893,198</u>	<u>14,997,620</u>

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

	June 30, 2024	January 1, 2024
2023	-	581
2024	158,859	129,992
2025	334,292	286,860
2026	928,226	952,925
2027	1,658,919	1,717,971
2028 onwards	18,160,014	10,196,329
	<u>21,240,310</u>	<u>13,284,658</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

27 Other non-current assets

	June 30, 2024			January 1, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Other non-current assets	14,497,575	-	14,497,575	13,081,184,444	-	13,081,184
	<u>14,497,575</u>	<u>-</u>	<u>14,497,575</u>	<u>13,081,184</u>	<u>-</u>	<u>13,081,184</u>

Note Other non-current assets mainly include prepayments for engineering equipment, payments for land use rights, fixed income large-amount certificates of deposit that are subsequently measured at amortized cost and time deposits., etc.

28 Short-term borrowings

	June 30, 2024	January 1, 2024
Unsecured borrowings	11,792,095	8,437,478
Borrowings secured by pledge	43,132	19,076
Interest payable	9,408	17,028
	<u>11,844,635</u>	<u>8,473,582</u>

As at June 30, 2024, the Company's short-term pledged loans were equivalent to RMB 43,132,000, pledged with held-for-trading financial assets equivalent to RMB 48,691,000.

As of June 30, 2024, the Company does not have any short-term borrowings that have expired and have not been repaid.

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

29 Borrowings from the Central Bank

As of June 30, 2024, the balance of the borrowings of TCL Technology Group Finance Co., Ltd. (a subsidiary of the Company) from the central bank was RMB 809,468,000 (December 31, 2023: RMB 995,010,000).

30 Customer deposits and deposits from banks and other financial institutions

	June 30, 2024	January 1, 2024
Customer deposits and deposits from other banks and financial institutions	366,470	270,929
	<u>366,470</u>	<u>270,929</u>

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

31 Held-for-trading financial liabilities

	June 30, 2024	January 1, 2024
Financial liabilities measured at fair value through profit or loss.	208,434	251,451
	<u>208,434</u>	<u>251,451</u>

32 Derivative financial liabilities

	June 30, 2024	January 1, 2024
Derivative financial liabilities	80,185	58,591
	<u>80,185</u>	<u>58,591</u>

33 Notes payable

	June 30, 2024	January 1, 2024
Bank acceptance notes	5,498,276	5,518,113
Trade acceptance notes	515,998	92,689
	<u>6,014,274</u>	<u>5,610,802</u>

As of June 30, 2024, the Company had no notes payable that were due but not paid.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V	Notes to Consolidated Financial Statements (Continued)		
34	Accounts payable		
		June 30, 2024	January 1, 2024
	Amounts due to suppliers	<u>28,415,307</u>	<u>29,402,493</u>
	As of June 30, 2024, there were no significant accounts payable aged over one year.		
35	Advances from customers		
		June 30, 2024	January 1, 2024
	Advances from customers	<u>857</u>	<u>678</u>
	As of June 30, 2024, the Company had no significant accounts receivable aged over one year.		
36	Contract liabilities		
		June 30, 2024	January 1, 2024
	Advances from customers	<u>1,465,572</u>	<u>1,899,468</u>
	As at June 30, 2024, the Company had no significant contract liability aged over one year.		
37	Employee benefits payable and long-term employee benefits payable		
(1)	Employee compensation payable		
		June 30, 2024	January 1, 2024
	Short-term employee benefits payable	2,814,251	3,016,708
	Defined contribution plans payable	8,854	14,599
	Dismissal benefits payable	<u>3,122</u>	<u>3,190</u>
		<u>2,826,227</u>	<u>3,034,497</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

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

(1) Employee benefits payable (continued)

(a) Short-term employee benefits presented

	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
Wages, bonuses, allowances and subsidies	2,909,014	5,676,156	(5,866,353)	2,718,817
Employee services and benefits	-	224,415	(224,415)	-
Social insurance benefits	32,705	204,139	(207,046)	29,798
Including: medical insurance premium	32,008	185,640	(188,388)	29,260
Employment injury insurance premiums	679	11,253	(11,411)	521
Maternity insurance	18	7,246	(7,247)	17
Housing fund	18,727	197,317	(196,882)	19,162
Trade union funds and staff education funds	55,121	91,321	(100,475)	45,967
Other employee salaries	1,141	1,333	(1,967)	507
	<u>3,016,708</u>	<u>6,394,681</u>	<u>(6,597,138)</u>	<u>2,814,251</u>

(b) Defined contribution plans

	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
Basic pension insurance	14,210	394,869	(400,446)	8,633
Unemployment insurance	389	14,949	(15,117)	221
	<u>14,599</u>	<u>409,818</u>	<u>(415,563)</u>	<u>8,854</u>

(2) Long-term employee compensation payable

	June 30, 2024	January 1, 2024
Supplementary pension insurance	22,940	23,276
Other long-term benefits	591	6,369
	<u>23,531</u>	<u>29,645</u>

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

38 Taxes and levies payable

	June 30, 2024	January 1, 2024
Corporate income tax	348,806	406,607
Value-added tax	12,214	112,854
Individual income tax	95,882	31,238
Urban maintenance and construction tax	128,954	72,993
Education surcharges	92,127	52,134
Others	219,165	185,516
	<u>897,148</u>	<u>861,342</u>

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

39 Other payables

	June 30, 2024	January 1, 2024
Dividends payable	784,741	54,251
Other payables	21,421,469	22,117,151
	<u>22,206,210</u>	<u>22,171,402</u>

(1) Dividends payable

	June 30, 2024	January 1, 2024
Other non-controlling interests	784,741	54,251
	<u>784,741</u>	<u>54,251</u>

(2) Other payables

	June 30, 2024	January 1, 2024
Payables for engineering equipment	15,590,638	16,886,446
Unpaid expenses	3,083,773	2,653,858
Security and deposits	445,749	396,797
Others	2,301,309	2,180,050
	<u>21,421,469</u>	<u>22,117,151</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

40 Non-current liabilities due within one year

		June 30, 2024	January 1, 2024
Long-term borrowings due within one year (Note 1)	42	21,204,427	18,603,703
Bonds payable due within one year (Note 2)	43	4,937,453	4,436,729
Long-term payables due within one year		358,810	377,513
Interest payable due within one year		293,180	391,958
Lease liabilities due within one year	44	366,658	520,010
Long-term employee compensation payable due within one year		17,418	301,746
		27,177,946	24,631,659

Note 1 The interest rates of the Company's long-term borrowing due within one year ranged from 2.1% to 4.625% in the current period (2023: from 2.3% to 4.8%).

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

- ① Corporate bond 19TCL 02: Issued in July 2019, with a term of 5 years, the closing balance as at June, 30 of RMB 999,860,000.
- ② Corporate bond 19TCL 03: Issued in October 2019, with a term of 5 years, the closing balance as at June, 30 of RMB 439,475,000.
- ③ Medium-term note 22TCL Group MTN001 (high-growth bond): Issued in January 2022, with a term of 3 years, the closing balance as at June, 30 of RMB 1,999,239,000.
- ④ Corporate bond 22TCL 02: Issued in April 2022, with a term of 3 years, the closing balance as at June 30 was RMB 1,498,879,000.

41 Other current liabilities

		June 30, 2024	January 1, 2024
After-sales service expense (note)		1,400,579	1,311,853
Output tax to be transferred		119,179	202,571
Others		17,088	48,821
		1,536,846	1,563,245

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

42 Long-term borrowings

	June 30, 2024	January 1, 2024
Borrowings secured by collateral	40,435,285	39,851,294
Borrowings secured by pledge	4,636,002	5,595,835
Unsecured borrowings	<u>96,437,605</u>	<u>90,818,783</u>
	<u>141,508,892</u>	<u>136,265,912</u>
Including: long-term loans due within one year	<u>(21,204,427)</u>	<u>(18,603,703)</u>
	<u>120,304,465</u>	<u>117,662,209</u>

The maturities of the Company's long-term borrowings vary from 2024 to 2043.

As at June 30, 2024, the long-term borrowings secured by collateral were equivalent to RMB 40,435,285,000 (December 31, 2023: RMB 39,851,294,000), which were secured by the collaterals of the land use right, houses and buildings, machinery and equipment of about RMB 96,876,846,000 (December 31, 2023: RMB 97,095,652,000); the long-term pledged borrowings were equivalent to RMB 4,636,002,000 (December 31, 2023: RMB 5,595,835,000), which were pledged by the pledges of accounts receivable and contract assets of about RMB 499,737,000 (December 31, 2023: RMB 505,109,000).

The interest rates of the Company's long-term borrowing ranged from 2.1% to 4.75% in the current period (2023: from 2.30% to 7.79%).

43 Bonds payable

	June 30, 2024	January 1, 2024
Corporate bonds	2,135,971	2,121,837
MTN	<u>6,491,665</u>	<u>6,992,011</u>
	<u>8,627,636</u>	<u>9,113,848</u>

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

43 Bonds payable (continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Maturity	Issued amount	January 1, 2024	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note)	June 30, 2024
TCL TEC 1	1,957,483	July 14, 2020	5	1,957,483	2,121,837	-	19,821	(611)		14,745	2,135,971
22TCL Group MTN001	2,000,000	January 14, 2022	3	2,000,000	1,998,540	-	34,375	699		(1,999,239)	-
22TCL Group GN002	1,500,000	April 27, 2022	3	1,500,000	1,498,415	-	24,660	464		(1,498,879)	-
22TCL Group MTN003 (Sci-Tech Innovation Notes)	2,000,000	July 6, 2022	3	2,000,000	1,997,580	-	34,375	796		-	1,998,376
23TCL Group MTN001 (Sci-Tech Innovation Notes)	1,500,000	February 7, 2023	3	1,500,000	1,497,476	-	30,639	597		-	1,498,073
ZQYWKJ2402010102-24TCLK1	1,500,000	February 1, 2024	2	1,500,000	-	1,500,000	16,266	(1,071)		-	1,498,929
ZQYWKJ2404120002-24TCLK2	1,500,000	April 11, 2024	5	1,500,000	-	1,500,000	8,844	(3,713)		-	1,496,287
Total	11,957,483	-	-	11,957,483	9,113,848	3,000,000	168,980	(2,839)		(3,483,373)	8,627,636

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

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

44 Lease liabilities

	June 30, 2024	January 1, 2024
Total lease liabilities	6,066,243	6,257,298
Less: Current portion of lease liabilities	366,658	520,010
Total	5,699,585	5,737,288

45 Long-term payables

	June 30, 2024	January 1, 2024
Finance lease	2,577,466	2,739,444

46 Deferred income

	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
Public grants	1,540,648	2,035,951	(2,008,740)	1,567,859
	1,540,648	2,035,951	(2,008,740)	1,567,859

Items involving public grants

	January 1, 2024	New grants in current period	Amount recorded in other income in current period	Amount used to offset costs and expenses in current period	Other changes (note)	June 30, 2024
Public grants related to assets	241,180	300,377	(632)	(139,799)	(155,598)	245,528
Public grants related to income	1,299,468	1,735,574	(461,421)	(1,232,249)	(19,041)	1,322,331
	1,540,648	2,035,951	(462,053)	(1,372,048)	(174,639)	1,567,859

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

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

47 Estimated liabilities

	June 30, 2024	January 1, 2024
After-sales service fee of products	62,493	55,426
Pending litigation	127,296	61,969
	<hr/>	<hr/>
	189,789	117,395
	<hr/>	<hr/>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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V Notes to Consolidated Financial Statements (Continued)

48 Share capital

	January 1, 2024		Increase or decrease in current period				June 30, 2024	
	Amount	Ratio (%)	New issues	Shares converted from capital reserve	Others	Subtotal	Amount	Ratio (%)
I. Restricted Shares	680,538	3.62%	-	-	413	413	680,951	3.63%
II. Non-restricted shares	18,098,543	96.38%	-	-	(413)	(413)	18,098,130	96.37%
III. Total shares	18,779,081	100.00%	-	-	-	-	18,779,081	100.00%

As of June 30, 2024, the Company's total share capital was 18,779,081,000 shares.

Note

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

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

49 Capital reserves

	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
Share capital premium	10,489,271	56,668	(483,399)	10,062,540
Other capital reserves	<u>262,784</u>	<u>65,532</u>	<u>(41,492)</u>	<u>286,824</u>
	<u>10,752,055</u>	<u>122,200</u>	<u>(524,891)</u>	<u>10,349,364</u>

50 Treasury share

	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
Treasury share	<u>1,094,943</u>	<u>520,482</u>	<u>(696,103)</u>	<u>919,322</u>

Increase in the period is mainly stock repurchases for the employee stock ownership plan or the equity incentives of the Company. On November 28, 2023, the 36th meeting of the Seven-term Board of Directors was held to deliberate and approve the "Proposal on the Second Repurchase of Certain Shares from the Social Public in 2023". The Company will repurchase its own shares via centralized bidding, and the Company's shares repurchased will be used for the employee stock ownership plans or equity incentives. As of June 30, 2024, the repurchase plan had been fully completed, and the total number of shares repurchased was 117,993,000 shares at the total consideration of RMB 520 million.

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

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

51 Other comprehensive income

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

	January - June 2024	January - June 2023
I. Items that cannot be reclassified to profit or loss subsequently	122,012	(19,415)
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	122,166	4,483
Share of the period	122,166	4,483
Previous other comprehensive income reclassified to retained earnings for current period		-
2. Changes in fair value of other equity instruments	(154)	(23,898)
Current gain/(loss)	119	(20,062)
Previous other comprehensive income reclassified to retained earnings for current period	-	-
Income tax effects recorded in other comprehensive income	(273)	(3,836)
II. Items that will be reclassified to profit or loss subsequently	52,984	(431,595)
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	21,228	29,896
Share of the period	21,228	29,896
Income tax effects recorded in other comprehensive income	-	-
2. Changes in fair value of financial assets recorded in other comprehensive income	-	-
Current gain/(loss)	-	-
3. Cash flow hedges	1,877	(360,611)
Current gain/(loss)	(13,059)	(340,791)
Previous other comprehensive income reclassified to profit for current period	16,073	(23,262)
Income tax effects recorded in other comprehensive income	(1,137)	3,442
4. Differences arising from translation of foreign currency financial statements of overseas operations	29,879	(100,880)
5. Net income arising from disposal of overseas operations through profit or loss	-	-
	<u>174,996</u>	<u>(451,010)</u>

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

51 Other comprehensive income (continued)

(2) Changes in other comprehensive income items

	Equity attributable to shareholders of the parent company										
	Change of accounting policies	Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method	Gain/loss on changes in fair value of financial assets	Gain/(Loss) on changes in cash flow hedges	Differences arising from translation of foreign currency-denominated financial statements	Fair value changes of other equity instruments	Fair value changes of other debt instruments	Other comprehensive income transferred to retained earnings	Subtotal	Non-controlling interests	Total other comprehensive income
January 1, 2023	334,950	29,387	(350,569)	78,161	(636,710)	(157,710)	-	(109,331)	(811,822)	76,240	(735,582)
Movement of 2023	-	(4,422)	-	(49,418)	(24,180)	(58,699)	-	2,743	(133,976)	(55,244)	(189,220)
January 1, 2024	334,950	24,965	(350,569)	28,743	(660,890)	(216,409)	-	(106,588)	(945,798)	20,996	(924,802)
Movement from January to June 2024	-	143,396	-	(9,792)	44474	119	-	-	178,197	(3,201)	174,996
June 30, 2024	334,950	168,361	(350,569)	18,951	(616,416)	(216,290)	-	(106,588)	(767,601)	17,795	(749,806)

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

52 Surplus reserves

	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
Statutory surplus reserves	3,691,136	-	-	3,691,136
Discretionary surplus reserves	182,870	-	-	182,870
	<u>3,874,006</u>	<u>-</u>	<u>-</u>	<u>3,874,006</u>

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

After the appropriation to the statutory surplus reserves, the Company may appropriate the discretionary surplus reserves. Upon approval, the discretionary surplus reserves can be used to make up the previous loss or increase the share capital.

53 Specific reserves

	January 1, 2024	Appropriation in current period	Decrease in current period	June 30, 2024
Production safety reserve	<u>11,343</u>	<u>17,674</u>	<u>(14,014)</u>	<u>15,003</u>

54 General risk reserve

	January 1, 2024	Appropriation in the period	Decrease in current period	June 30, 2024
General risk reserve	<u>8,934</u>	<u>-</u>	<u>-</u>	<u>8,934</u>

As per the General Rules on Financial Affairs of Financial Enterprises and the Guide to the Implementation of the General Rules on Financial Affairs of Financial Enterprises promulgated by the Ministry of Finance, as well as the Articles of Association of TCL Technology Group Finance Co., Ltd., the Company's subsidiary - TCL Technology Group Finance Co., Ltd. - appropriated 1% of its net profit as general risk reserve in the previous years.

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

55 Retained earnings

	January - June 2024	January - June 2023
Retained earnings at the beginning of the year	21,537,188	19,486,730
Change of accounting policies	-	-
Net profits for current period	995,213	340,493
Decrease in current period	(1,502,326)	-
Including: Appropriation of surplus reserves	-	-
Distributed to ordinary shareholders as dividends	(1,502,326)	-
Others	-	-
Retained earnings at the end of the period	<u>21,030,075</u>	<u>19,827,223</u>

56 Operating revenue and operating costs

	January - June 2024		January - June 2023	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	77,594,877	68,292,912	82,810,846	72,687,776
Non-core business	2,628,860	2,091,470	2,337,880	1,579,823
	<u>80,223,737</u>	<u>70,384,382</u>	<u>85,148,726</u>	<u>74,267,599</u>

(1) Business by operating segment

	Operating revenue		Operating cost		Gross profit	
	January - June 2024	January - June 2023	January - June 2024	January - June 2023	January - June 2024	January - June 2023
Domestic sales	53,896,028	58,816,019	49,544,066	53,158,646	4,351,962	5,657,373
Foreign sales	26,327,709	26,332,707	20,840,316	21,108,953	5,487,393	5,223,754
	<u>80,223,737</u>	<u>85,148,726</u>	<u>70,384,382</u>	<u>74,267,599</u>	<u>9,839,355</u>	<u>10,881,127</u>

- (2) The sales revenue from the top five customers combined was RMB 27,053,817,000 and RMB 22,802,968,000 respectively for January-June, 2024 and January-June, 2023, accounting for 34.9% and 27.5% of the core business revenue.

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

56 Operating Revenue and operating costs (continued)

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

	January - June 2024	January - June 2023
Operating revenue	255,217	457,949
Operating cost	225,302	417,719

57 Interest income/expense and exchange gain

	January - June 2024	January - June 2023
Interest income	79,672	41,463
Interest expenditures	14,885	9,976
Exchange gain/(loss)	(116)	(295)

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

58 Taxes and levies

	January - June 2024	January - June 2023
Property tax	190,296	190,060
Stamp tax	94,293	119,421
Urban maintenance and construction tax	110,639	35,287
Education surcharges	68,213	18,924
Land use tax	15,703	18,063
Others	20,984	10,142
	500,128	391,897

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

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

59 Sales expenses

	January - June 2024	January - June 2023
Employee salaries and benefits	415,185	340,417
After-sales service expense	258,176	408,042
Promotional and marketing expenses	109,593	121,280
Others	352,619	336,959
	1,135,573	1,206,698

60 General and administrative expense

	January - June 2024	January - June 2023
Employee salaries and benefits	945,366	755,363
Depreciation and amortization expenses	389,201	391,849
Expenses for hiring intermediaries	260,367	225,762
Digital development expenses	57,650	64,244
Others	351,252	578,706
	2,003,836	2,015,924

61 R&D expenses

	January - June 2024	January - June 2023
Depreciation and amortization expenses	2,359,818	1,815,422
Material expenses	555,016	1,469,934
Employee salaries and benefits	1,140,394	1,053,804
Others	346,339	553,194
	4,401,567	4,892,354

62 Financial expenses

	January - June 2024	January - June 2023
Interest expenditures	2,472,976	2,325,785
Interest income	(381,577)	(415,285)
Exchange loss / (gain)	(127,718)	(360,345)
Others	127,594	63,008
	2,091,275	1,613,163

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

63 Other income

	January - June 2024	January - June 2023
R&D subsidies	217,272	896,801
VAT rebates on software	17,952	20,873
Over-deduction in taxable amount for VAT	586,905	1,585
Others	313,264	280,666
	1,135,393	1,199,925

64 Return on investment

	January - June 2024	January - June 2023
Gain on disposal of debt instruments at fair value through profit or loss	(8,447)	23,310
Gain on disposal of debt instruments measured at fair value through current profits and losses	15,027	703,905
Gain on holding of equity instruments measured at fair value through current profits and losses	11,489	8,840
Gain on holding of debt instruments measured at fair value through current profits and losses	355,080	137,076
Share of net income of associates	(35,050)	1,257,953
Share of net income of joint ventures	(14,239)	(37,627)
Net income from disposal of long-term equity investments	36,917	360,377
Others	60,981	(140,059)
	421,758	2,313,775

65 Gain on changes in fair value

	January - June 2024	January - June 2023
Held-for-trading financial assets	47,309	483,079
Derivative financial assets	92,943	37,768
Held-for-trading financial liabilities	(5,672)	(68,190)
Derivative financial liabilities	(1,634)	(256)
	132,946	452,401

V Notes to Consolidated Financial Statements (Continued)

66 Credit impairment loss

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	January - June 2024	January - June 2023	
Loss on uncollectible accounts receivable	(8,589)	(42,425)	
Loss on uncollectible other receivables	(2,279)	(3,760)	
Other financial assets	3,599	683	
	<u>(7,269)</u>	<u>(45,502)</u>	
67 Asset impairment loss	January - June 2024	January - June 2023	
Inventory valuation loss	(1,998,171)	(2,217,911)	
Impairment loss on long-term equity investments	-	(137,375)	
Others	(61,477)	(3,670)	
	<u>(2,059,648)</u>	<u>(2,358,956)</u>	
68 Asset disposal income	January - June 2024	January - June 2023	
Income/(loss) from disposal of fixed assets	17,926	(18,624)	
Income/(loss) from disposal of intangible assets	21,683	(22,271)	
Others	331	883	
	<u>39,940</u>	<u>(40,012)</u>	
69 Non-operating income			Amount through
	January - June	January - June	current non-
	2024	2023	recurring gains and
			losses
Gains on retired or damaged non-current assets	6	176	6
Public grants and others	227,430	25,854	227,430
	<u>227,436</u>	<u>26,030</u>	<u>227,436</u>

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

70 Non-operating expense

	January - June 2024	January - June 2023	Amount through current non- recurring gains and losses
Losses on retired or damaged non-current assets	29,203	2,392	29,203
Others	48,937	46,768	48,937
	78,140	49,160	78,140

71 Income tax expenses

(1) Table of income tax expenses

	January - June 2024	January - June 2023
Current income tax expense	350,489	577,065
Deferred income tax expense	(298,277)	(676,864)
	52,212	(99,799)

(2) Accounting profit and income tax adjustment process

	January - June 2024	January - June 2023
Gross profit	(415,937)	2,290,784
Income tax expense calculated at statutory/applicable tax rate	(62,391)	572,696
Impact of different tax rates applied to subsidiaries	437,578	20,717
Impact of adjusting income tax in previous periods	77,334	(182,054)
Impact of non-taxable income	(751,090)	(344,175)
Impact of non-deductible costs, expenses and losses	58,962	31,332
Impact of the use of deductible losses carry forward without recognizing deferred income tax assets in the previous periods	29,348	(118,357)
Impact of unrecognized deferred income tax assets of deductible temporary differences or deductible losses in the current period	368,522	384,393
Others	(106,051)	(464,351)
Income tax expense	52,212	(99,799)

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

72 Earnings per share

(1) Basic earnings per share

	January - June 2024	January - June 2023
Net profits attributable to shareholders of the parent company	995,213	340,493
Weighted average outstanding ordinary shares (in thousand shares)	18,588,572	18,519,475
Basic earnings per share (RMB yuan)	0.0535	0.0184

(2) Diluted earnings per share

	January - June 2024	January - June 2023
Net profits attributable to shareholders of the parent company	995,213	340,493
Diluted weighted average outstanding ordinary shares (in thousand shares)	18,779,081	18,779,081
Diluted earnings per share (RMB yuan)	0.0530	0.0181

73 Cash generated from other operating activities

Other cash received from operating activities in the consolidated cash flow statement was RMB 3,396,202,000 (year-on-year: RMB 5,588,817,000), which primarily consisted of current payments received, public grants and special appropriation, etc.

74 Cash used in other operating activities

Other cash paid for other operating activities in the consolidated cash flow statement was RMB 5,334,029,000 (year-on-year: RMB 5,049,598,000), which primarily consisted of various expenses and current payments, etc.

75 Cash generated from other investing activities

Cash received from other related investing activities in the consolidated cash flow statement was RMB 352,014,000 (year-on-year: RMB 1,640,766,000), which primarily consisted of current payments received, etc.

76 Cash used in other investing activities

Other cash paid for investing activities in the consolidated cash flow statement was RMB 563,835,000 (year-on-year: RMB 475,943,000), which primarily consisted of payments for foreign exchange forward delivery, etc.

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

77 Cash generated from other financing activities

Other cash received from financing activities in the consolidated cash flow statement was RMB 422,120,000 (year-on-year: RMB 1,895,912,000), which primarily consisted of the sale of the Company's stocks, etc.

78 Cash used in other financing activities

Other cash paid for financing activities in the consolidated cash flow statement was RMB 1,930,490,000 (year-on-year: RMB 6,312,578,000), primarily consisted of the payments for the repurchase of minority interests in subsidiaries, repurchase of the Company's shares, and financial lease payments, etc.

79 Supplementary information for the cash flow statement

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

	January - June 2024	January - June 2023
Net profits	(468,149)	2,390,583
Add: Asset impairment allowance	2,066,917	2,404,458
Depreciation of fixed assets	12,514,781	9,763,566
Depreciation of right-of-use assets	238,081	224,847
Amortization of intangible assets	1,041,749	808,784
Amortization of long-term deferred expenses	1,303,364	1,025,787
Loss/(Gain) on disposal of fixed assets, intangible assets and other long-term assets	(39,940)	40,012
Loss/(Gain) on retired or damaged fixed assets	29,197	2,216
Loss/(Gain) on changes in fair value	(132,946)	(452,401)
Financial expenses	2,360,259	1,975,711
Return on investment	(421,758)	(2,313,775)
Decrease/(Increase) in deferred income tax assets	(126,228)	(1,008,863)
Increase/(Decrease) in deferred income tax liabilities	(170,047)	496,643
Decrease/(Increase) in inventory	(3,698,344)	(324,976)
Decrease/(Increase) in operating receivables	477,841	(8,800,043)
Increase/(Decrease) in operating payables	(2,605,556)	3,073,357
Others	263,501	1,110,262
	<u>12,632,722</u>	<u>10,416,168</u>
Net cash generated from operating activities	<u>12,632,722</u>	<u>10,416,168</u>

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

79 Supplementary information for the cash flow statement (continued)

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

	January - June 2024	January - June 2023
Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	23,312	350,155
Less: cash and cash equivalents held by subsidiary on acquisition date	19,028	7,628
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	4,284	342,527

(3) Breakdown of cash and cash equivalents

	June 30, 2024	January 1, 2024
I. Cash	17,923,548	19,996,815
Including: Cash on hand	556	583
Bank deposits available for payment on demand	17,650,332	19,807,150
Other monetary assets available for payment on demand	266,809	132,982
Deposits with the central bank available for payment	5,851	56,100
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	17,923,548	19,996,815

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

80 Net changes in cash and cash equivalents

	January - June 2024	January - June 2023
Ending balance of cash and cash equivalents	17,923,548	27,744,248
Less: Cash at the beginning of the year	<u>19,996,815</u>	<u>33,675,624</u>
Net increase in cash and cash equivalents	<u>(2,073,267)</u>	<u>(5,931,376)</u>
Analysis of ending cash and cash equivalents:		
Monetary assets at the end of the period	19,587,500	29,286,645
Less: Non-cash equivalents at the end of the period (note)	<u>1,663,952</u>	<u>1,542,397</u>
Ending balance of cash and cash equivalents	<u>17,923,548</u>	<u>27,744,248</u>

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

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

81 Assets with restricted ownership or use rights

	June 30, 2024		Reason for restriction
	Gross carrying amount	Carrying amount	
Monetary assets	393,069	393,069	Deposited in the central bank as the required reserve
Monetary assets	1,270,883	1,270,883	Other monetary funds and restricted bank deposits
Notes receivable	35,953	35,953	Endorsement with recourse and pledge
Fixed assets	118,878,930	87,159,091	As collateral for loan
Intangible assets	4,589,567	3,899,659	As collateral for loan
Held-for-trading financial assets	454,204	454,204	Pledge
Construction in progress	1,401,401	1,401,401	As collateral for loan
Accounts receivable	906,493	906,493	Pledge
Contract assets	393,619	370,813	Pledge
Investment property	9,909	9,597	As collateral for loan
Other non-current assets due within one year	437,474	437,474	Pledge
	128,771,502	96,338,637	

82 Foreign currency monetary items

	June 30, 2024		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	346,610	7.1268	2,470,220
HKD	122,141	0.9127	111,478
INR	1,223,933	0.0854	104,524
EUR	53,670	7.6193	408,928
PLN	2,528	1.7669	4,467
JPY	13,520,798	0.0442	597,619
KRW	916,323	0.0051	4,701
SGD	708	5.2445	3,713
MXN	21,871	0.3836	8,390
VND	8,115,114	0.0003	2,272
CAD	2	5.1918	10

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V Notes to Consolidated Financial Statements (Continued)

82 Foreign currency monetary items (continued)

	June 30, 2024		
	Foreign currency balance	Conversion rate	RMB balance
Accounts receivable			
Including: USD	1,314,347	7.1268	9,367,088
HKD	8,870	0.9127	8,096
INR	8,077,386	0.0854	689,809
EUR	8,590	7.6193	65,450
JPY	27,775	0.0442	1,228
MXN	1,464	0.3836	562
VND	31,163,654	0.0003	8,726
Receivables financing			
Including: USD	21,863	7.1268	155,810
Accounts payable			
Including: USD	534,728	7.1268	3,810,900
HKD	475,955	0.9127	434,404
INR	808,920	0.0854	69,082
EUR	8,765	7.6193	66,783
JPY	16,472,718	0.0442	728,094
AUD	17	4.7215	80
VND	1,731,373	0.0003	485
Other receivables			
Including: USD	23,468	7.1268	167,252
HKD	13,102	0.9127	11,958
INR	58,414	0.0854	4,989
EUR	1,590	7.6193	12,115
PLN	936	1.7669	1,654
JPY	27,047	0.0442	1,195
KRW	89,165	0.0051	457
SGD	91	5.2445	477
MXN	20,849	0.3836	7,998
VND	16,986,050	0.0003	4,756

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V Notes to Consolidated Financial Statements (Continued)
82 Foreign currency monetary items (continued)

	June 30, 2024		
	Foreign currency balance	Conversion rate	RMB balance
Other payables			
Including: USD	533,745	7.1268	3,803,894
HKD	424,184	0.9127	387,153
INR	392,141	0.0854	33,489
EUR	216	7.6193	1,646
PLN	175	1.7669	309
JPY	12,979,174	0.0442	573,679
KRW	315,418	0.0051	1,618
SGD	48	5.2445	252
MXN	26,967	0.3836	10,345
TWD	839	0.2188	184
AUD	11	4.7215	52
VND	65,203,314	0.0003	18,257
Short-term borrowings			
Including: USD	6,052	7.1268	43,131
Long-term borrowings			
Including: USD	2,650	7.1268	18,886
Long-term borrowings due within one year			
Including: USD	299,357	7.1268	2,133,457

83 Leases

(1) The Company acting as a lessee

From January to June 2024, short-term lease rents, low-value asset rents and income obtained from subleasing right-of-use assets, for which the Group, acting as a lessee, chose simplified accounting, were not significant.

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

83 Leases (continued)

(2) The Company acting as a lessor

① Operating leases where the Company acts as a lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Houses and buildings	94,236	-
Machinery equipment	3,587	-
Total	97,823	-

② Finance leases where the Company acts as a lessor

Item	Sales gains and losses	Financing income	Income related to variable lease payments not included in net lease investment
Finance lease	-	30,693	-
Total	-	30,693	-

Annual undiscounted lease receipts for the next five years

Item	Annual undiscounted lease receipts	
	Ending balance	Beginning balance
Year 1	213,165	95,518
Year 2	204,761	88,031
Year 3	194,325	86,910
Year 4	184,649	86,910
Year 5	183,057	86,910
Total undiscounted lease receipts after five years	1,716,091	904,691

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VI R&D expenses

1 Presentation by nature of expenses

Item	Amount incurred in the current period	Amount incurred in the previous period
Material costs	1,120,205	2,254,305
Labor costs	1,356,702	1,269,485
Depreciations and amortizations	1,229,349	1,320,351
Others	559,602	621,141
Total	4,265,858	5,465,282
Including: Expensed R&D expenses	2,868,939	3,554,646
Capitalized R&D expenses	1,396,919	1,910,636

2 Development expenses of R&D projects eligible for capitalization

Item	Beginning balance	Increase in current period			Decrease in current period		Ending balance
		Internal development costs	Others	Recognized as intangible assets	Included in profits and losses	Others	
Display	1,455,110	1,211,599	-	(330,142)	(180,394)	(784,124)	1,372,049
New energy photovoltaics and other silicon materials	1,086,383	185,320	-	(462,864)	-	-	808,839
Total	2,541,493	1,396,919	-	(793,006)	(180,394)	(784,124)	2,180,888

3 The Company had no significant outsourced projects under research.

VII Changes to the Consolidation Scope

1 Newly consolidated entities for current period

Name of investee	Reason for change	Registered capital	Contribution ratio
Guangzhou TCL High-Tech Development Co., Ltd.	New establishment	RMB5 million	100.00%
Shenzhen Zhixian Shijie Software Technology Co., Ltd.	New establishment	RMB15 million	100.00%
Shenzhen Zhilian Shuchuang Technology Co., Ltd.	New establishment	RMB12 million	100.00%
Xi'an Maichi Shangpai Technology Co., Ltd.	New establishment	RMB300,000	100.00%
Tianjin Huiyi Digital Technology Co., Ltd.	New establishment	RMB30 million	100.00%
Tianjin Jincheng Internet Technology Co., Ltd.	New establishment	RMB10 million	100.00%
Zhonghuan Advanced Korea Co., Ltd.	New establishment	KRW500 million	100.00%
Tianjin Binhai Huanxu New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Yixing Huanxu New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Yixing Huanxu Investment Management Co., Ltd.	New establishment	RMB1 million	100.00%

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VII Changes to Consolidation Scope (continued)

1 Newly consolidated entities for current period (continued)

Name of investee	Reason for change	Registered capital	Contribution ratio
Huansheng New Energy (Inner Mongolia) Co., Ltd.	New establishment	RMB10 million	100.00%
Hangjinhou Banner Guangsen New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Hohhot Mingfeng New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Hangjinhou Banner Yusheng New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Inner Mongolia Chenhe New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Heilongjiang Huanju New Energy Co., Ltd.	New establishment	RMB1 million	100.00%
Huansheng Photovoltaic Technology (Lingwu City) Co., Ltd.	New establishment	RMB1 million	100.00%
MOKA TECHNOLOGY VIETNAM COMPANY LIMITED	Acquisition	USD25 million	100.00%
Diamond Union Ltd.	Acquisition	HKD4.76 million	100.00%

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

(1) Acquisition of the equity of MOKA TECHNOLOGY VIETNAM COMPANY LIMITED

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

On January 1, 2024 (the "Acquisition Date"), the Group acquired 100% equity of MOKA TECHNOLOGY VIETNAM COMPANY LIMITED at a cash consideration of RMB 60,061,000, and included such company into the scope of consolidation.

Cash consideration	60,061
Less: Share of fair value of identifiable net assets acquired	60,061
Goodwill amount	-

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

	Fair value as at the acquisition date	Carrying amount as at the acquisition date
Total assets	83,467	73,668
Total liabilities	23,406	23,406
Net assets	60,061	50,262
Less: non-controlling interests	-	-
Net assets acquired	60,061	50,262

2 Deconsolidated entities for current period

Name of investee	Time of deconsolidation	Reason for change
Inner Mongolia Zhonghuan Construction Management Co., Ltd.	January 2024	De-registered
Jiangsu Mingjing Bandaoti Technology Co., Ltd.	February 2024	De-registered
Ningxia Huanneng New Energy Co., Ltd.	February 2024	Transferred
Tianjin Binhai New Area Huanju New Energy Co., Ltd.	February 2024	Transferred

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VII Changes to Consolidation Scope (continued)

3 Subsidiaries disposed in current period

Name of subsidiary	Ningxia Huanneng New Energy Co., Ltd.	Tianjin Binhai New Area Huanju New Energy Co., Ltd.
Price for equity interest disposal		
% equity interest disposed	100%	100%
Way of equity disposal	Sale	Sale
Time of loss of control	February 29, 2024	February 29, 2024
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	(19,094)	4,645

VIII Interests in Other Entities

1 Interests in subsidiaries

(1) Principal subsidiaries

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
TCL China Star Optoelectronics Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	79.78%	-	Incorporated
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	-	57.90%	Incorporated
Guangzhou China Ray Optoelectronic Materials Co., Ltd.	Guangzhou	Research and development	Guangzhou	-	100.00%	Incorporated
Wuhan China Star Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	97.30%	Incorporated
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	57.14%	Incorporated
China Star Optoelectronics International (HK) Limited	Hong Kong	Sales	Hong Kong	-	100.00%	Incorporated
China Display Optoelectronics Technology Holdings Limited	Bermuda	Investment holding	Bermuda	-	64.20%	Business combination not under common control
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100.00%	Incorporated
Wuhan China Display Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	100.00%	Incorporated

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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of key subsidiaries (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
Suzhou China Star Optoelectronics Technology Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100.00%	Business combination not under common control
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100.00%	Business combination not under common control
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	55.00%	Incorporated
TCL Culture Media (Shenzhen) Co., Ltd.	Shenzhen	Ad planning	Shenzhen	100.00%	-	Incorporated
Highly Information Industry Co., Ltd.	Beijing	Product distribution	Beijing	66.46%	-	Incorporated
Beijing Sunpiestore Technology Co., Ltd.	Beijing	Sales	Beijing	-	53.45%	Incorporated
Beijing Lingyun Data Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
TCL Technology Group Finance Co., Ltd.	Huizhou	Financial	Huizhou	82.00%	18.00%	Incorporated
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd.	Shenzhen	Investment business	Shenzhen	100.00%	-	Incorporated
Ningbo TCL Equity Investment Ltd.	Ningbo	Investment business	Shenzhen	100.00%	-	Incorporated
TCL Technology Park (Huizhou) Co., Ltd.	Huizhou	Property management	Huizhou	-	100.00%	Incorporated
TCL Research America Inc.	U.S.	Research and development	U.S.	-	100.00%	Incorporated
TCL Industrial Technology Research Institute (Hong Kong) Limited	Hong Kong	Research and development	Hong Kong	-	100.00%	Incorporated

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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of key subsidiaries (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
TCL Technology Investments Limited	Hong Kong	Investment business	Hong Kong	100.00%	-	Incorporated
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	2.55%	27.37%	Business combination not under common control
Tianjin Printronics Circuit Corporation	Tianjin	Manufacturing and sales	Tianjin	-	26.86%	Business combination not under common control
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	59.32%	Business combination not under common control
Ningxia Zhonghuan Solar Material Co., Ltd.	Ningxia Hui Autonomous Region	Manufacturing and sales	Ningxia Hui Autonomous Region	-	100.00%	Business combination not under common control
Tianjin Huan'Ou Bandaoti Material&Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	100.00%	Business combination not under common control
Wuxi Zhonghuan Applied Materials Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	98.08%	Business combination not under common control
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	100.00%	Business combination not under common control
Tianjin Huanou International Silicon Material Co., Ltd.	Tianjin	Sales	Tianjin	-	100.00%	Business combination not under common control
Zhonghuan Hong Kong Holding Limited	Hong Kong	Import and export	Hong Kong	-	100.00%	Business combination not under common control
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	7.35%	35.30%	Business combination not under common control
Huansheng Solar (Jiangsu) Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	100.00%	Business combination not under common control
Huansheng New Energy (Jiangsu) Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	95.75%	Business combination not under common control
Huansheng New Energy (Tianjin) Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	95.5%	Business combination not under common control

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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of key subsidiaries (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding ratio (%)		How subsidiary was obtained
				Direct	Indirect	
Tianjin Zhonghuan New Energy Co., Ltd.	Tianjin	Power generation, power transmission, power supply (distribution)	Tianjin	-	100.00%	Business combination not under common control
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Purchase	Tianjin	-	100.00%	Business combination not under common control
Moka International Limited	BVI	Investment holding	BVI	-	100.00%	Business combination not under common control
Moka Technology (Guangdong) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100.00%	Business combination not under common control

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Non-controlling shareholding ratio (%)	Profit or loss attributable to minority shareholders in the current period	Dividends distributed to minority shareholders in the current period	Balance of minority interests at the end of the period
TCL China Star Optoelectronics Technology Co., Ltd.	20.22%	731,069	13,326	40,420,323
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	70.09%	(2,261,307)	735,495	43,468,734
Highly Information Industry Co., Ltd.	33.54%	26,985	5,813	573,259

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VIII Interests in Other Entities (continued)

1 Interests in subsidiaries (Continued)

(2) Subsidiaries with substantial non-controlling interests (continued)

The key financial information of the above subsidiaries is as follows:

	June 30, 2024						January 1, 2024					
	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.	49,051,248	147,524,292	196,575,540	56,329,265	67,888,573	124,217,838	55,759,259	153,177,418	208,936,677	66,215,558	68,629,981	134,845,539
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	33,898,400	91,297,973	125,196,373	22,725,402	46,535,581	69,260,983	34,627,478	90,435,565	125,063,043	22,324,095	42,501,836	64,825,931
Highly Information Industry Co., Ltd.	7,623,817	177,802	7,801,619	6,281,096	29,356	6,310,452	7,086,563	179,985	7,266,548	5,807,990	24,523	5,832,513
	January - June 2024				January - June 2023							
	Operating revenue	Net profits	Total comprehensive income	Net cash generate from/used in operating activities	Operating revenue	Net profit	Total comprehensive income	Net cash generate from/used in operating activities	Operating revenue	Net profit	Total comprehensive income	Net cash generate from/used in operating activities
TCL China Star Optoelectronics Technology Co., Ltd.	44,096,058	2,479,923	2,566,892	14,129,920	30,600,624	(3,619,167)	(3,976,323)	6,612,328				
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	16,213,493	(3,175,764)	(3,175,713)	128,102	34,897,789	4,838,880	4,839,827	2,860,116				
Highly Information Industry Co., Ltd.	13,649,333	62,945	62,945	(611,454)	13,812,825	78,707	78,707	(605,431)				

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VIII Interests in Other Entities (continued)

2 Interests in joint ventures and associates

(1) Basic information about principal joint ventures and associates

Name of investee	Principal place of business/place of registration	Nature of business	Strategic to the Group's activities or not	Shareholding ratio (%)	
				Direct	Indirect
<u>Associate</u>					
Bank of Shanghai Co., Ltd.	Shanghai	Financial	Yes	5.76%	-

Note: As of the date of issuance of this Report, Bank of Shanghai Co., Ltd. has not announced information on its H1 2024 report.

(2) The Company had no significant joint ventures in the Reporting Period.

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IX Risks related to financial instruments

The purpose of the Company's risk management is to achieve a right balance between the risk and the benefit and maximally reduce the adverse impact of financial risks on the Company's financial performance. Based on such purpose, the Company has established various risk management policies to recognize and analyze possible risks to be encountered by the Company, set an appropriate risk acceptable level and designed corresponding internal control procedures so as to control the Company's risk level. In addition, the Company will regularly review these risk management policies and relevant internal control system in order to adapt to the market or handle various changes in the Company's operating activities. Meanwhile, the Company's internal audit department will also regularly or randomly check whether the implementation of internal control system conforms to relevant risk management policies. In fact, the Company has applied proper diversified investment and business portfolio to disperse various financial instrument risks and worked out corresponding risk management policies to reduce the risk of concentrating on one single industry, specific region or specific counterpart.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (mainly foreign exchange risk and interest rate risk).

(1) Credit risk

Credit risk refers to the risk of financial loss caused by any party of financial instruments to another party due to the failure in fulfilling performance obligations. The Group controls the credit risk based on the specific group classification, and credit risk mainly results from bank deposit, due from central bank, notes receivable, accounts receivable, loans and advances to customers and other receivables.

The Group's bank deposits and due from central bank are mainly deposited in stated-owned banks and other large and medium-sized listed banks. The Group considers no significant credit risk existed and no significant loss will be caused by the counterpart's breach of contract.

For notes receivable, accounts receivable, loans and advances to customers and other receivables, the Group has established relevant policies to control the credit risk exposure, and will evaluate the client's credit qualification and determine corresponding credit period based on the client's financial status, the possibility of obtaining guarantees from the third party, relevant credit records and other factors (like the current market situation). In the meantime, the Group will regularly monitor the client's credit records. For any client with unfavorable credit records, the Group will issue written reminders, shorten the credit period or cancel the credit period so as to keep the Group's overall credit risk controllable.

As of June 30, 2024, no significant guarantee or other credit enhancements held due to the debtor mortgage was found in the Group.

(2) Liquidity risk

Liquidity risk refers to the risk of capital shortage the Company encounters when the Company is fulfilling the obligation of settlement in the form of cash or other financial assets. Various subsidiaries under the Group shall be responsible for predicting their own cash flow. The financial department of the headquarter shall firstly summarize predictions on the cash flow of various subsidiaries and then continuously monitor the short-term and long-term fund demand at the Group's level so as to maintain sufficient cash reserves and negotiable securities that can be realized at any time; meanwhile, special efforts shall also be made to continuously monitor whether provisions stated in the loan agreement are observed and to make major financial institutions promise to provide sufficient reserve funds so as to satisfy short-term and long-term capital demand.

As of June 30, 2024, the Group had no liquidity risk events.

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IX Risks Related to Financial Instruments (continued)

(3) Market risk

(a) Foreign exchange risk

The Group has carried out various economic activities around the world including manufacturing, selling, investment and financing etc., and corresponding interest rate fluctuation risks exist in the Group's foreign currency assets and liabilities and future foreign currency transactions.

The Group always regards "Locking the Cost and Avoiding Possible Risks" as the foreign currency risk management goal. Through the natural hedging of settlement currency, matching with the foreign currency liabilities, signing simple derivative products closely related to the owner's operation and meeting corresponding hedge accounting treatment requirements and applying other management methods, the foreign currency risk exposure can be controlled within a reasonable scope and the impact of interest rate fluctuations on the Group's overall profit and loss will be reduced.

(a) On June 30, 2024, foreign-currency asset and liability items with significant exposure to exchange risk were mainly denominated in US dollars. After management, the total risk exposure of the US dollar-denominated items had a net asset exposure of USD269,484,000, equivalent to RMB1,920,562,000 based on the spot exchange rate on the balance sheet date. The differences arising from the translation of foreign currency financial statements were not included.

The Group applies the following exchange rate of USD against RMB:

	Average exchange rate January - June 2024	Exchange rate at period-end June 30, 2024
USD/RMB	7.1074	7.1268

Provided that other risk variables remained unchanged except for the exchange rate, a 5% depreciation/appreciation in RMB as a result of the changes in the exchange rate of RMB against USD would cause an increase/decrease of RMB96,028,000 in shareholders' equity and net profits respectively of the Group on June 30, 2024.

The above-mentioned sensitivity analysis is made based on the assumption that the exchange rate changes on the balance sheet date, and financial instruments held by the Group on the balance sheet date exposed to the exchange risk are re-calculated based on the changed exchange rate. The above analysis does not include differences arising from the translation of foreign currency financial statements.

(b) Interest risk

The Group's interest rate risk mainly results from interest-bearing bank borrowings adopting floating interest rates, and the Group determined the proportion of fixed interest rates and floating interest rates based on the market environment and its risk tolerance. Up until June 30, 2024, the Group's liabilities with floating interest rates accounted for 67.27% of its total interest-bearing liabilities. And, the Group will continuously monitor the interest rates and make corresponding adjustments according to the specific market changes so as to avoid interest rate risk.

(4) Offset of financial assets and financial liabilities

As at the end of the reporting period, the amount offset between the financial assets and financial liabilities

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recognized under executable master netting arrangements or similar agreements was RMB21,195,123,000.

X Classification of Financial Instruments and Fair Value

Fair value of financial instruments and levels

1 Fair value is divided into the following levels in measurement and disclosure:

Level 1 refers to the (unadjusted) quotation of the same type of assets or liabilities on the active market; and the Company mainly adopts the closing price as the value of a financial asset. Financial instruments of level 1 mainly include exchange listed stocks and bonds.

Level 2 refers to the directly or indirectly observable input of a financial asset or liability that does not belong to level 1.

Level 3 refers to the input of a financial asset or liability determined based on variables other than the observable market data (non-observable input).

2 Basis for determining the market value of items measured at continuous level 1 fair value

The Company adopts the active market quotation as the fair value of a level 1 financial asset.

3 Items measured at continuous level 2 fair value adopt the following valuation techniques and parameters:

The Company's receivables financing was bank acceptance notes and trade acceptance notes, of which the market prices were determined based on the transfer or discounted amounts.

Derivative financial assets and liabilities are multiple IRS and CCS signed between the Group and financial institutions. The Company adopts the quotations provided by the financial institution in valuation.

4 Items measured at continuous level 3 fair value adopt the following valuation techniques and parameters (nature and quantity):

Other non-current financial assets measured at continuous level 3 fair value are mainly unlisted equity investments held by the Company. In measuring the fair value, the Company mainly adopts the valuation technique of comparison with listed companies, taking into account the price of similar securities and liquidity discount.

Held-for-trading financial assets measured at continuous level 3 fair value are mainly wealth management products held by the Company. In valuation of the fair value, the Company adopts the method of discounting future cash flows based on the agreed expected yield rate.

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X Classification of Financial Instruments and Fair Value (continued)

5 Financial instruments measured in three levels of fair value

Financial assets

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets (see Note V. 2)	633,276	21,169,297	3,424,009	25,226,582
Derivative financial assets (see Note V.3)	-	155,087	-	155,087
Receivables financing (see Note V.6)	-	-	618,962	618,962
Investments in other equity instruments (see Note V. 16)	16,002	-	371,253	387,255
Other non-current financial assets (see Note V. 17)	356,850	300,690	3,338,196	3,995,736
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets continuously measured at fair value	1,006,128	21,625,074	7,752,420	30,383,622
	<hr/>	<hr/>	<hr/>	<hr/>

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V, 31)	-	4,000	204,434	208,434
Derivative financial liabilities (see Note V, 32)	-	80,185	-	80,185
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities continuously measured at fair value	-	84,185	204,434	288,619
	<hr/>	<hr/>	<hr/>	<hr/>

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XI Related Parties and Related-Party Transactions

1 Actual controller and its acting-in-concert parties

Explanation of The Company's Absence of Controlling Shareholders

Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,265,347,805 shares in total and becoming the largest shareholder of the Company.

As per Article 216 of the *Company Law*, a controlling shareholder refers to a shareholder who owns over 50% of a limited liability company's total capital or over 50% of a joint stock company's total share capital; or, despite the ownership of less than 50% of a limited liability company's total capital or less than 50% of a joint stock company's total number of shares, who can still prevail in the resolution of a meeting of shareholders or a general meeting of shareholders according to the voting rights corresponding to their interest in the limited liability company's total capital or the joint stock company's total number of shares. According to the definition above, the Company has no controlling shareholder or actual controller.

2 Related parties that do not control or are not controlled by the Company

Information about such related parties:

Company Name	Relationship with the Company
SunPower Systems International Limited	Associate
LG Electronics (Huizhou) Co., Ltd.	Associate
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	Associate
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	Associate
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	Associate
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	Associate
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	Associate
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	Associate
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	Associate
JOLED Incorporation	Associate
China Innovative Capital Management Limited	Associate
MAXEON SOLAR TECHNOLOGIES,PTE.LTD. and its subsidiaries	Associate and its subsidiaries
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Purplevine Holdings Limited and its subsidiaries	Associate and its subsidiaries
Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Getech Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries

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XI Related parties and related-party transactions (continued)

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

Company name	Relationship with the Company
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	Joint venture
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Tianjin Huanyan Technology Co., Ltd.	Joint venture
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	Joint venture and subsidiary
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	Joint venture and subsidiary
TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	Other relationships
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions

(1) Selling raw materials and finished goods (Note 1)

	January - June 2024	January - June 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	10,125,470	7,423,420
MAXEON SOLAR TECHNOLOGIES,PTE.LTD. and its subsidiaries	713,021	1,524,583
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	98,112	677,985
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	26,751	51,496
SunPower Systems International Limited	13,026	79,537
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	4,674	3,840
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	4,065	4,647
LG Electronics (Huizhou) Co., Ltd.	589	-
Purplevine Holdings Limited and its subsidiaries	71	75
Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	10	16
	10,985,789	9,765,599

(2) Purchasing raw materials and finished products (Note 2, Note 5)

	January - June 2024	January - June 2023
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	2,320,232	2,329,164
TCL Industries Holdings Co., Ltd. and its subsidiaries	870,360	703,978
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	680,552	628,990
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	572,585	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	254,202	747,306
Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	152,875	172,513
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	111,848	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	72,702	119,831
Getech Ltd. and its subsidiaries	47,818	11,666
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	42,112	-
Purplevine Holdings Limited and its subsidiaries	11,615	-
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	779	401
Xinjiang Goens Energy Technology Co., Ltd.	-	1,890,773
	5,137,680	6,604,622

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(3) Receiving funding (Note 3)

	January - June 2024	January - June 2023
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	211,045	172,328
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	114,904	76,370
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	78,790	125
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	63,758	30,005
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	5,533	5,619
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	1,486	1,483
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	614	633
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	391	411
TCL Industries Holdings Co., Ltd. and its subsidiaries	344	350,564
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	34	33
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership) and its subsidiaries	11	9,082
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	2	-
	476,912	646,653

(4) Funding

	January - June 2024	January - June 2023
TCL Industries Holdings Co., Ltd. and its subsidiaries	226	-
	226	-

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(5) Leases

	January - June 2024	January - June 2023
Rental income		
TCL Industries Holdings Co., Ltd. and its subsidiaries	30,934	31,218
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	22,810	30,171
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	11,519	9,668
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	2,996	2,752
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	517	439
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	282	427
Getech Ltd. and its subsidiaries	251	376
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	101	-
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., L and its subsidiaries	72	-
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	23	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	7	-
	69,512	75,051
Rental expense		
TCL Industries Holdings Co., Ltd. and its subsidiaries	26,382	33,563
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	4,732	4,926
Tianjin Huanyan Technology Co., Ltd.	2,214	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	1,673	-
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1,379	703
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	123	70
Getech Ltd. and its subsidiaries	728	-
	37,231	39,262

(6) Rendering or receipt of services

	January - June 2024	January - June 2023
Rendering of services	163,883	127,756
Receipt of services	946,617	888,553

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XI	Related Parties and Related-Party Transactions (Continued)		
3	Major related-party transactions (continued)		
(7)	Receiving interest or paying interest (Note 3)		
		January - June 2024	January - June 2023
	Interest received	7,806	7,058
	Interest paid	10,358	2,319
(8)	Remuneration of key management personnel (Note 4)		
		January - June 2024	January - June 2023
	Remuneration of key management personnel	6,146	6,996

Note 1 Selling raw materials and finished products to related parties

The Company sells raw materials, spare parts, auxiliary materials and finished goods to its joint ventures and associates at market prices, which are settled in the same way as non-related-party transactions. These related-party transactions have no material impact on the Company's net profits but play an important role as to the Company's continued operations.

Note 2 Purchasing raw materials and finished products from related parties

The Company purchases raw materials and finished goods from its joint ventures and associates at prices similar to those paid to third-party suppliers, which are settled in the same way as non-related-party transactions. These related-party transactions have no material impact on the Company's net profits but play an important role as to the Company's continued operations.

Note 3 Providing funding for or receiving funding from related parties and corresponding interest received or paid

The Company set up a settlement center in 1997 and TCL Technology Group Finance Co., Ltd. in 2006 (together, the "Financial Settlement Center"). The Financial Settlement Center is responsible for the financial affairs of the Company, including capital operation and allocation. The Center settles accounts with the Company's subsidiaries, joint ventures and associates and pays the interest. It also allocates the money deposited by the subsidiaries, joint ventures and associates in it to these enterprises and charges interest. The interest income and expense between the Company and the Center are calculated according to the interest rates declared by the People's Bank of China. The funding amount provided refers to the outstanding borrowings due from the Center to related parties, while the funding amount received means the balances of related parties' deposits in the Center.

Note 4 The remunerations of key management personnel include fixed salaries, allowances and performance bonuses received from the Company by the directors, supervisors and senior executives of the Company during their terms of office, but do not include share-based payments.

Note 5 The transactions between Xinjiang Goens Energy Technology Co., Ltd. and the Group between January - June 2023 are related party transactions.

TCL Technology Group Corporation
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XI	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(1)	Accounts receivable		
		June 30, 2024	January 1, 2024
	TCL Industries Holdings Co., Ltd. and its subsidiaries	3,869,121	3,686,514
	MAXEON SOLAR TECHNOLOGIES,PTE.LTD. and its subsidiaries	371,113	46,949
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	155,512	144,349
	TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	14,405	12,559
	SunPower Systems International Limited	13,640	13,163
	Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	7,066	-
	Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	5,751	10,095
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	2,732	-
	Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	2,586	2,500
	Getech Ltd. and its subsidiaries	289	-
	Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	100	-
	LG Electronics (Huizhou) Co., Ltd.	191	478
	Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	65	54
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	30	22
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	-	785
	Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	-	658
		4,442,601	3,918,126

TCL Technology Group Corporation
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XI	Related Parties and Related-Party Transactions (Continued)		
4	Balances due from and to related parties (continued)		
(2)	Accounts payable		
		June 30, 2024	January 1, 2024
	Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,518,668	1,113,639
	TCL Industries Holdings Co., Ltd. and its subsidiaries	1,152,088	1,246,459
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	315,624	284,721
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	190,644	198,696
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	60,035	49,341
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	48,463	46,226
	Getech Ltd. and its subsidiaries	33,073	34,963
	TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	20,111	22,373
	Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	12,873	31,915
	Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd. and its subsidiaries	599	-
	Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	-	2,671
		3,352,178	3,031,004

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

4 Balances due from and to related parties (continued)

(3) Other receivables

	June 30, 2024	January 1, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	193,382	133,531
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	21,363	13,026
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	17,046	8,120
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	7,738	7,791
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	5,169	1,898
Getech Ltd. and its subsidiaries	5,120	5,127
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	4,144	9,114
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	3,619	12,335
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	3,053	3,053
MAXEON SOLAR TECHNOLOGIES,PTE.LTD. and its subsidiaries	1,243	1,105
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	369	219
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	293	215
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	176	170
LG Electronics (Huizhou) Co., Ltd.	10	336
JOLED Incorporation	-	2,823
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	-	1,629
	262,725	200,492

TCL Technology Group Corporation
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XI	Related parties and related-party transactions (continued)		
4	Balances due from and to related parties (continued)		
(4)	Other payables	June 30, 2024	January 1, 2024
	TCL Industries Holdings Co., Ltd. and its subsidiaries	557,168	613,191
	Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	428,100	428,100
	Getech Ltd. and its subsidiaries	80,009	112,086
	Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	79,430	46,151
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	71,742	82,487
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	64,534	77,143
	Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	9,317	9,317
	Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	5,533	5,500
	Inner Mongolia Shengou Electromechanical Engineering Co., Ltd.	4,594	2,796
	TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1,493	3,751
	Tianjin Huanyan Technology Co., Ltd.	1,099	-
	Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	936	943
	Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	614	611
	Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	465	401
	Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	391	389
	Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	76	118
	Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	67	66
	China Innovative Capital Management Limited	57	86
	Huaxia CPV (Inner Mongolia) Power Co., Ltd.	45	45
	Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	20	20
	Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership) and its subsidiaries	11	8,892
	Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	8	-
	Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd. and its subsidiaries	2	-
		1,305,711	1,392,093

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XI Related parties and related-party transactions (continued)

4 Balances due from and to related parties (continued)

(5) Non-current liabilities due within one year

	June 30, 2024	January 1, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	20,860	14,042
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	2,775
	20,860	16,817

(6) Prepayments

	June 30, 2024	January 1, 2024
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	66,755	-
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	15,092	133
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	8,753	-
Getech Ltd. and its subsidiaries	7,539	15,695
Tianjin Huanyan Technology Co., Ltd.	6,466	6,466
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	3,685	399
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,747	156
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,691	46,726
Xinjiang Goens Energy Technology Co., Ltd.	-	152
	111,728	69,727

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XI Related parties and related-party transactions (continued)

4 Balances due from and to related parties (continued)

(7) Advances from customers

	June 30, 2024	January 1, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	8,028	304
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	110	110
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	9	-
	8,147	414

(8) Contract liabilities

	June 30, 2024	January 1, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	31,839	71,842
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	1,058	1,424
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	121	67
MAXEON SOLAR TECHNOLOGIES,PTE.LTD. and its subsidiaries	41	46
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	22	32
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	4	-
	33,085	73,411

(9) Lease liabilities

	June 30, 2024	January 1, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	43,473	40,772
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	8,690
	43,473	49,462

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

4 Balances due from and to related parties (continued)

(10) Deposits from related parties (note)

	June 30, 2024	January 1, 2024
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	211,200	195,470
TCL Air Conditioner (Wuhan) Co., Ltd. and its subsidiaries	78,796	98
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	67,716	60,899
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	7,432	6,134
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	550	547
TCL Industries Holdings Co., Ltd. and its subsidiaries	344	270
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	2	7,505
	366,040	270,923

Note: These deposits are made by related parties in the Company's subsidiary TCL Technology Group Finance Co., Ltd.

(11) Other non-current assets

	June 30, 2024	January 1, 2024
Purplevine Holdings Limited and its subsidiaries	105,362	174,422
Getech Ltd. and its subsidiaries	12,064	4,429
TCL Industries Holdings Co., Ltd. and its subsidiaries	684	68
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	297	297
	118,407	179,216

TCL Technology Group Corporation
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XII Share-based payments

1 Overall share-based payments(excluding TZE and its subsidiaries)

Total amount of each equity instrument granted by the Company in the current period	-
Total amount of each equity instrument exercised by the Company in the current period	14,332
Total amount of the Company's equity instruments that expired in the current period	2,043
Range of exercise prices of the Company's stock options outstanding and remaining contract term at the end of the period	-
Range of exercise prices of the Company's other equity instruments outstanding and remaining contract term at the end of the period	-

(1) Employee Stock Ownership Plan (Phase II) 2021-2023

According to the Proposal on the Management Measures of the Company's Employee Stock Ownership Plan (Phase II) 2021-2023 deliberated and adopted at the Second Extraordinary General Meeting 2022, and the Proposal on the Company's Employee Stock Purchase Plan (Phase II) 2021-2023 (Draft) adopted by the resolution of the of the 19th Meeting of the Seventh-term Board of Directors and the 14th Meeting of the Seventh-term Board of Supervisors; 32.6211 million shares were granted to no more than 3,600 awardees at the price of RMB4.35 on July 22, 2022. From January to June 2024, a total of 2,043,000 restricted shares granted by the Company became void due to the awardees' resignation.

(2) Employee Stock Ownership Plan (Phase III) 2021-2023

According to the Proposal on the *Management Measures of the Company's Employee Stock Ownership Plan (Phase III) 2021-2023 deliberated and adopted at the Second Extraordinary General Meeting of 2023*, and the Proposal on the *Company's Employee Stock Purchase Plan (Phase III) 2021-2023 (Draft) adopted by the resolution of the 32nd Meeting of the Seventh-term Board of Directors and the 21st Meeting of the Seventh-term Board of Supervisors*, 64.99 million shares were granted to no more than 3,600 awardees at the price of RMB3.94 on June 16, 2023.

The vesting arrangement of the restricted stock granted under the above incentive plan is shown in the following table:

Number of times	Vesting period and ratio
First non-trade transfer or sale	After 12 months from the date of vesting of the holder's respective quota of the underlying shares, the Shareholding Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's respective shares to the account of the holder of the Shareholding Plan, provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation;
Second non-trade transfer or sale	After 24 months from the date of vesting of the holder's corresponding quota of the underlying shares, the Shareholding Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's corresponding shares to the account of the holder of the Shareholding Plan provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation.

2 Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	The Group determined the fair value of equity instruments on the grant date based on the fair value of the shares.
Basis for determining the number of exercisable equity instruments	On each balance sheet date within the vesting period, the Group determines the best estimate based on the latest number of employees eligible to exercise their options, and revise the estimated number of exercisable equity instruments.
Reasons for significant differences between current and previous estimates	None
Accumulated amount of equity-settled share-based payment included in capital reserve	RMB 146,454,000
Total expense recognized for equity-settled share-based payments in the current period	RMB 72,595,000

3 The Company has no cash-settled share-based payments.

4 The Company has no share-based payment modification or termination.

TCL Technology Group Corporation
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XII Share-based payments
5 Share-based payments by the controlling subsidiary TZE

(1) Stock option incentive plan

There were no options exercised during the reporting period. The remaining deadline for the exercise of the second batch options under the stock option incentive plan 2021 is July 8, 2024. It is planned that they will be cancelled after the expiration date.

Changes in stock options during the year

Number of stock options outstanding as at the beginning of the year	2,558
Number of stock options granted by the Company in the current period	-
Number of stock options of the Company exercised in the current period	-
Number of stock options of the Company voided in the current period	-
Others	-
Number of stock options outstanding as at the end of the year	2,558

(2) Employee stock ownership plan

(a) TZE's employee stock ownership plan for 2022

On August 30, 2022, TZE held its second extraordinary general meeting of 2022 where the *Proposal for the Employee Stock Ownership Plan (Draft) and Its Summary for 2022* (hereinafter referred to as the "Employee Stock Ownership Plan for 2022") was deliberated and adopted. In 2022, TZE repurchased a total of 9,515,263 shares by centralized bidding through the securities account opened specially for repurchasing shares, at an average repurchase price of RMB 41.09 per share. Among the repurchased shares, 9,492,797 shares were used for the Employee Stock Ownership Plan for 2022. The remaining 161,615 shares repurchased in 2021 were also used for the Employee Stock Ownership Plan for 2022. In summary, a total of 9,654,412 shares were used for the Employee Stock Ownership Plan for 2022. The lock up period for the shares purchased for the Employee Stock Ownership Plan for 2022 is from September 8, 2022 to September 7, 2023. On June 30, 2023, the Management Committee for the Employee Stock Ownership Plan for 2022 determined that the grant date of stock quota under the Employee Stock Ownership Plan for 2022 should be July 1, 2023, and agreed to grant a total of approximately 9,654,412 shares to employees who met the conditions of the Employee Stock Ownership Plan for 2022.

(b) TZE's employee stock ownership plan for 2023

The lock up period of the Company's 2023 Employee Stock Ownership Plan expired on June 8, 2024. As KPIs were not met, all the 14,391,980 underlying shares corresponding to the 2023 Employee Stock Ownership Plan (the total number of shares is 17,989,975 after the conversion into share capital in 2022) and their corresponding dividends and other rights would belong to the Company according to the provisions of the 2023 Employee Stock Ownership Plan and would no longer belong to the holders. The management committee for this phase of stock ownership plan would sell the shares at an appropriate time before the expiration of the 2023 Employee Stock Ownership Plan, and the proceeds will belong to the Company.

The Company held the 43rd meeting of the Six-term Board of Directors on October 25, 2023 to deliberate and approve the "Proposal on the Scheme for the Repurchase of Corporate Shares". The Company repurchased a total of 4,999,968 shares by centralized bidding through a dedicated securities account for share repurchase, in order to use such shares to implement employee stock ownership plans or equity incentives.

TCL Technology Group Corporation
Notes to Financial Statements
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XII Share-based payments (continued)

5 Share-based payments by the controlling subsidiary TZE (continued)

(3) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant

The Group determined the fair value of equity instruments on the grant date based on the fair value of the shares.

Basis for determining the number of exercisable equity instruments

On each balance sheet date within the vesting period, the Group determines the best estimate based on the latest number of employees eligible to exercise their options, and revise the estimated number of exercisable equity instruments.

Reasons for significant differences between current and previous estimates

None

Accumulated amount of equity-settled share-based payment included in capital reserve

RMB 648,573,000

Total expense recognized for equity-settled share-based payments in the current period

RMB 147,738,000

(4) TZE has no cash-settled share-based payments.

(5) TZE has no share-based payment modification or termination.

TCL Technology Group Corporation
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XIII Commitments

1 Capital commitments

		June 30, 2024
Contracted but not provisioned	Note 1	35,628,315
Approved by Board but not contracted	Note 2	502,018
		36,130,333

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 are not under contractual obligations in the current period primarily consist of such commitments for display business projects.

As of June 30, 2024, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

XIV Contingencies

Guarantees Provided for External Parties

As at June 30, 2024, the guarantee provided by the Company for the related party's bank loans, commercial drafts, letters of credit, etc., was RMB 2,502,078,000, as detailed below:

Obligor	Actual guarantee amount	Type of guarantee	Actual occurrence date	Term of guarantee	Expired or not
Subsidiary of TCL Industries Holdings Co., Ltd.	64,570	Joint liability guarantee	December 17, 2021	54 days	No
			August 29, 2019	59 days	No
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	201,000	Joint liability guarantee	April 28, 2020	7.5	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	429,708	Joint liability guarantee	September 27, 2023	86-361 days	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	326,800	Joint liability guarantee	May 22, 2023	5.9	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,480,000	Joint liability guarantee	May 24, 2024	5	No
2,502,078					

As at June 30, 2024, the amount of credit granted by the Group for the note discounting, note acceptance, and non-financing guarantees of related parties was RMB1,291,570,000.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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XV Events after the Balance Sheet Date

- 1 In July 2024, TCL TECH completed the issuance of the 2024 Technology Innovation Corporate Bond (Digital Economy) (Phase III), with an issuance scale of RMB 2 billion. This phase of bonds are divided into two varieties. Among them, i) a Variety I bond has a maturity of 5 years providing the issuer with the options to redeem at the end of the third year and adjust the coupon rate and providing the investors with put options; the amount of Variety I bonds are RMB1 billion with a coupon rate of 2.29%; and ii) a Variety II bond has a maturity of 5 years, with a total amount of RMB 1 billion and a coupon rate of 2.46%.

XVI Other Important Matters

(I) Segment reporting

1 Basis for determining reporting segment and accounting policies

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company's business is divided into four reporting segments: the display business, the new energy photovoltaic and other silicon materials business, the distribution business and the other businesses. The Company's management regularly evaluates the operating results of these reporting segments to determine the allocation of resources and evaluate their performance. The Company's four reporting segments are:

- (1) Display business: mainly includes the research and development, manufacturing and sales of display panels and display modules, as well as complete display processing.
- (2) New energy photovoltaic and other silicon materials business: mainly includes the manufacture and sales of other silicon materials, devices, new energy materials, and new energy; development and operation of high-efficiency photovoltaic power station projects.
- (3) Distribution business: mainly includes the sales of computers, software, tablet computers, mobile phones and other electronic products.
- (4) Other businesses: other businesses besides the above, including industrial finance and investment business, technology development services and patent maintenance services provided by the company, etc.

Segment assets include all current assets such as tangible assets, intangible assets, other long-term assets and receivables attributable to each segment. Segment liabilities include payables, bank loans and other long-term liabilities attributable to each segment.

Segment operating results refer to the income generated by each segment (including external transactions income and inter-segment transaction income), net of expenses incurred by each segment, depreciation, amortization and impairment losses of assets attributable to each segment, gains or losses from changes in fair value, return on investment, non-operating income and income tax expenses. Transfer pricing of inter-segment income is calculated on terms similar to other foreign transactions.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

XVI Other Important Matters (Continued)

(I) Segment reporting (continued)

2 Financial information of reporting segments

For the six-month period ending June 30, 2024

	Display	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	49,877,063	16,213,493	13,649,333	483,848	80,223,737
Net profits	2,696,011	(3,175,764)	62,945	(51,341)	(468,149)
Total assets	221,429,601	125,196,373	7,801,619	27,905,947	382,333,540
Total liabilities	146,688,074	69,260,983	6,310,452	21,837,841	244,097,350

For the six-month period ending June 30, 2023

	Display and materials business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	35,528,427	34,897,789	13,812,825	909,685	85,148,726
Net profits	(3,448,872)	4,838,880	78,707	921,868	2,390,583
Total assets	217,251,615	122,327,493	8,833,579	32,911,805	381,324,492
Total liabilities	144,644,005	63,920,179	7,364,037	25,762,965	241,691,186

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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XVII Notes to the key items presented in the financial statements of the Company

1 Accounts receivable

	June 30, 2024				January 1, 2024			
	Amount	Ratio (%)	Bad-debt Allowance	Accrual Percentage	Amount	Ratio (%)	Bad-debt Allowance	Accrual Percentage
Within 1 year	192,399	100%	806	0.42%	351,594	100%	806	0.23%

2 Other receivables

	June 30, 2024	January 1, 2024
Dividends receivable	26,780	-
Other receivables	8,866,519	19,614,272
	<u>8,893,299</u>	<u>19,614,272</u>

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

	June 30, 2024	January 1, 2024
Security and deposits	2,942	2,841
Others	8,863,577	19,611,431
	<u>8,866,519</u>	<u>19,614,272</u>

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
January 1, 2024	1,607	-	31,636	33,243
Accrued in the period	3,819	-	-	3,819
Reversal of current period	-	-	(8)	(8)
Write-off of current period	-	-	(27)	(27)
June 30, 2024	<u>5,426</u>	<u>-</u>	<u>31,601</u>	<u>37,027</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

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

2 Other receivables (continued)

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

	June 30, 2024		January 1, 2024	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	7,489,630	84.12%	17,998,302	91.61%
1 to 2 years	62,866	0.71%	673,321	3.43%
2 to 3 years	662,660	7.44%	12,776	0.06%
Over 3 years	688,390	7.73%	963,116	4.90%
	<u>8,903,546</u>	<u>100.00%</u>	<u>19,647,515</u>	<u>100.00%</u>

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

The top five other receivables of the Company amounted to approximately RMB 7,170,577,000 (December 31, 2023: RMB 18,826,190,000), accounting for 80.54% of the total other receivables of the Company (December 31, 2023: 95.82%).

3 Long-term equity investments

	June 30, 2024			January 1, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	16,965,418	-	16,965,418	16,717,864	-	16,717,864
Subsidiaries (2)	63,295,750	-	63,295,750	62,947,128	-	62,947,128
	<u>80,261,168</u>	<u>-</u>	<u>80,261,168</u>	<u>79,664,992</u>	<u>-</u>	<u>79,664,992</u>

As of June 30, 2024, there are no major restrictions on the realization of investment and the remittance of return on long-term equity investments.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

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

3 Long-term equity investments (continued)

(1) Associates and joint ventures

	January 1, 2024	Increase or decrease in current period							June 30, 2024
		Increase/ decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Provision for impairment	Other increases and decreases	
China Innovative Capital Management Limited	970,300	-	(66,750)	-	-	-	-	-	903,550
LG Electronics (Huizhou) Co., Ltd.	89,810	-	6,241	-	-	(13,400)	-	-	82,651
Shenzhen Tixiang Business Management Technology Co., Ltd.	1,375	-	(285)	-	-	-	-	-	1,090
Shenzhen Jucai Supply Chain Technology Co., Ltd.	19,642	-	2,881	1	797	-	-	-	23,321
Guangdong Innovative Lingyue Intelligent Manufacturing and Information Technology Industry Equity Investment Fund Partnership (Limited Partnership)	870,274	-	(83,343)	-	-	-	-	-	786,931
Guangdong Utrust Emerging Industry Equity Investment Fund Partnership (Limited Partnership)	180,833	-	(8,780)	-	-	-	-	-	172,053
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. (HQ)	28,137	-	(3,282)	30	-	-	-	-	24,885

TCL Technology Group Corporation
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For the period from January 1 to June 30, 2024
(RMB'000)

XVII Notes to Financial Statements of the Parent Company (Continued)
3 Long-term equity investments (continued)
(1) Associates and joint ventures

	January 1, 2024	Increase or decrease in current period						June 30, 2024	
		Increase/ decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits	Provision for impairment		Other increases and decreases
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)	149,118	-	(28,581)	-	-	-	-	-	120,537
Ningbo Meishan Bonded Port Qiyu Investment Management Partnership (Limited Partnership)	32,182	-	(8,216)	-	-	-	-	-	23,966
Huizhou TCL Human Resources Service Co., Ltd. (HQ)	8,930	-	3,445	-	228	-	-	-	12,603
TCL Microchip Technology (Guangdong) Co., Ltd. (HQ)	278,198	30,000	(17,581)	-	341	-	-	-	290,958
Others	14,089,065	(19,979)	709,851	143,264	(265)	(377,620)	-	(21,443)	14,522,873
	<u>16,717,864</u>	<u>10,021</u>	<u>505,600</u>	<u>143,295</u>	<u>1,101</u>	<u>(391,020)</u>	<u>-</u>	<u>(21,443)</u>	<u>16,965,418</u>

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

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

3 Long-term equity investments (continued)

(2) Subsidiaries

	Direct shareholding ratio (%)	January 1, 2024	Increase in current period	Decrease in current period	June 30, 2024
TCL China Star Optoelectronics Technology Co., Ltd. (HQ)	79.78%	34,049,253	283,977	-	34,333,230
TCL Technology Group Finance Co., Ltd.	82.00%	1,256,003	321	-	1,256,325
TCL Technology Group (Tianjin) Co., Ltd. (HQ)	100.00%	16,200,000	-	-	16,200,000
TCL Zhonghuan Renewable Energy Technology Co., Ltd. (HQ)	2.55%	1,929,733	-	-	1,929,733
TCL Culture Media (Shenzhen) Co., Ltd.	100.00%	361,414	-	-	361,414
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd. (HQ)	100.00%	200,000	-	-	200,000
Guangdong TCL Juxiang Technology Co., Ltd.	100.00%	110,000	-	-	110,000
Highly Information Industry Co., Ltd. (HQ)	66.46%	107,296	-	-	107,296
TCL Communication Equipment (Huizhou) Co., Ltd. (HQ)	75.00%	79,500	-	-	79,500
TCL Medical Radiological Technology (Beijing) Co., Ltd. (HQ)	100.00%	58,497	-	-	58,497
Shenzhen TCL Strategic Equity Investment Fund Partnership (Limited Partnership)	100.00%	71,010	-	15,346	55,664
TCL Industrial Technology Research Institute, Ltd. (Europe)	100.00%	20,000	-	-	20,000
Wuhan TCL Industrial Technology Research Institute, Ltd.	100.00%	20,000	9	-	20,009
Shenzhen TCL High-Tech Development Co., Ltd. (HQ)	100.00%	20,000	155	-	20,155
Beijing HAWK Cloud Information Technology Co., Ltd.	100.00%	20,000	-	-	20,000
Huizhou Hongsheng Science and Technology Development Co., Ltd.	100.00%	1,000	-	-	1,000
Tianjin Silica Material Technology Co., Ltd.	100.00%	2,800,000	-	-	2,800,000
Xiamen TCL Technology Industrial Investment Co., Ltd.	100.00%	464,397	77,500	-	541,897
TCL Internet Technology (Shenzhen) Co., Ltd. (HQ)	100.00%	15,000	-	-	15,000
Ningbo TCL Equity Investment Ltd.	100.00%	300,000	-	-	300,000
TCL Technology Investments Limited (HQ)	100.00%	2,988,293	-	-	2,988,293
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	99.94%	10,000	-	-	10,000
TCL Financial Technology (Shenzhen) Co., Ltd.	100.00%	15,036	-	-	15,036
Zhonghuan Advanced Bandaoti Technology Co., Ltd. (HQ)	7.50%	1,790,312	-	-	1,790,312
Equity incentives of subsidiaries		60,384	2,005	-	62,389
		<u>62,947,128</u>	<u>424,351</u>	<u>(75,730)</u>	<u>63,295,750</u>

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

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

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

4 Other non-current financial assets

	June 30, 2024	January 1, 2024
Equity investments	442,985	442,985
Debt investments	603,630	201,315
	1,046,615	644,300

5 Operating revenue and operating costs

	January - June 2024		January - June 2023	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	386,446	380,021	433,463	431,097
Non-core business	312,857	69,585	302,951	73,107
	699,303	449,606	736,414	504,204

6 Return on investment

	January - June 2024	January - June 2023
Profit from holding debt instruments measured at fair value through current profits and losses	176,467	104,795
Gain on disposal of derivative financial assets/liabilities	-	4,637
Dividends from subsidiaries	162,097	713,047
Share of profit of associates for current period	519,736	716,859
Share of profit of joint ventures for current period	(14,136)	(34,833)
Net income from disposal of long-term investments	51,495	284,242
	895,659	1,788,747

As of June 30, 2024, there were no significant restrictions on the collection of return on investment.

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
(RMB'000)

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

7 Net cash generated from operating activities

Net cash used in operating activities of the Company was RMB5,509,763,000.

8 Ending balance of cash and cash equivalents

The ending balance of cash and cash equivalents of the Company was RMB 2,677,457,000.

9 Contingent liabilities

As of June 30, 2024, the contingent liabilities not provided for in the financial report were as follows:

	June 30, 2024
Guarantees for bank loans of subsidiaries	50,189,223
Guarantees such as trade notes, letters of credit and letters of guarantee for subsidiaries	25,049,495
Guarantees for bank loans, trade notes, letters of credit, etc. of related parties	2,502,078

XVIII Comparative Figures

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

TCL Technology Group Corporation
Notes to Financial Statements
For the period from January 1 to June 30, 2024
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XIX Non-recurring profit and loss items and amount

	January - June 2024	January - June 2023
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	48,439	321,753
Public subsidies charged to current profits and losses (exclusive of public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses)	972,603	1,267,259
The profits or losses generated from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and the profits or losses from the disposal of such financial assets and financial liabilities, except for the effective hedging business related to the company's normal business operations	(3,310)	(42,740)
Reversal of provision for impairment of receivables that have been individually tested for impairment	30,500	2,500
Non-operating income and expenses other than the above	258,631	707,421
Income tax effects	(156,219)	(364,522)
Non-controlling interests effects	(714,189)	(951,111)
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	436,455	940,560

According to the relevant provisions of the Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public - Non-recurring Profits and Losses (Revised in 2023), public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses shall be presented as recurring profits and losses. Public grants presented as non-recurring profits or losses for the period from January to June 2023 comprise of the public grants related to assets amounting to RMB 191,378,000, which should be classified as recurring profits or losses in accordance with the relevant provisions of the 2023 Explanatory Announcement No. 1. The change did not have any material impact on the Company's financial position and operation results.

TCL Technology Group Corporation
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XX Weighted Average Return on Equity (ROE) and Earnings per Share (EPS)

The Company calculates the ROE and EPS as follows in accordance with "the Compilation Rules No. 9 for Information Disclosure of Companies Offering Securities to the Public-Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010)" issued by the China Securities Regulatory Commission and relevant provisions of accounting standards:

Item	Net profits attributable to the parent company for the reporting period	Weighted average return on equity (%)	Earnings per share (RMB yuan)	
			Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	995,213	1.87%	0.0535	0.0530
Net profits attributable to ordinary shareholders of the Company before non-recurring gains and losses	558,758	1.05%	0.0301	0.0298

Company Name: TCL Technology Group Corporation

Date: August 26, 2024

The financial statements and the notes thereto from page 1 to page 169 are signed by:

Legal representative:	<u>Li Dongsheng</u>	Person-in-charge of financial affairs:	<u>Li Jian</u>	Person-in-charge of the accounting department:	<u>Jing Chunmei</u>
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