

TCL

2023



Annual Report

TCL Industries Holdings Co., Ltd.



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01

Chairman's Statement



Chairman's Statement



2023 was a year of trials and tribulations. The world economy struggled to recover. High inflation, falling consumer demand, geopolitical risks and trade tensions posed challenges to global corporations. Yet, China's economy continued to grow steadily while Chinese businesses managed to identify new opportunities amidst the various challenges.

Advancing transformation and unlocking growth potential with strong determination

Facing the momentous changes on a global scale, we have remained steadfast in overcoming challenges and delivering excellence and adopted a new guiding strategy of "Lead with brand value, Excel in global efficiency, Drive with technology, Thrive on the global vitality". This deepens our "technological" and "global" development. We are exploring new business lines and discovering new growth drivers to enhance our resilience so that we can navigate uncertainties ahead. In 2023, our endeavors in mid-to-high-end strategy and international operations brought improvements in operational quality and profitability. During the year, the Company's total revenue amounted to CNY120.32 billion, representing a year-on-year increase of 13.4%. Gross profit margin increased by percentage point to 20.5%. Net profit stood at CNY3.24 billion, up by 5.7% a year-on-year. In terms of operating efficiency, net operating cash flow stood at CNY9.25 billion, representing a year-on-year increase of 62.2%, while cash conversion cycle shortened by 5 to 22 days.

Our two listed subsidiaries, namely, TCL Electronics (01070.HK), and TCL Smart Home (002668.SZ, formerly known as Homa Appliances), which was acquired by the Company in 2021, completed the merger of their refrigerator and washing machine businesses in 2023. We kept our focus on the smart device business and managed. Our continued improvements in product mix and competitiveness resulted in the expansion of business scale. In 2023, our global shipments of TCL smart screens bucked the trend and reached 25.26 set, with the market share up to 12.5% year-on-year, which ranked among top two global brand TVs. We ranked top four in global shipment for air conditioners and third for mobile routers. Homa Refrigerator was the No.1 Chinese exporter of refrigerators for 15 years in a row. On top of our smart device business, our other subsidiaries, including Tonly Technology, Getech, TCL Environmental Technology, TCL Financial Service, and TCL Industrial Park, have also made headway. They are in the middle of the financing or listing process and have all fostered the Company's robust growth.

Pursuing steady, high-quality growth through smart technologies and innovations

A journey of a thousand miles begins with a single step. Our mid-to-high-end strategy has yielded significant results in recent years and led to a steady business expansion. In 2023, our premium TCL Mini LED smart screen business witnessed fast growth, with a year-on-year increase of 180.1% in global shipments. The global shipments of TCL QLED smart screen posted a year-on-year increase of 116.1%. Both ranked No.1 in sales volume and revenue across all channels in the PRC market.

We have scaled new heights we used to look up to, setting our sights ahead while committing ourselves to technological innovation for greater excellence. In 2023, we launched many pioneering products, including RayNeo X2, the world's first binocular full-color AR glasses powered by Micro-LED optical waveguide technologies, and TCL NXTPAPER smartphone series—the world's first and only smartphone devices to offer a revolutionary full color paper-like visual experience. We obtained Hardware Low Blue Light and Reflection Free Certifications from TÜV Rheinland as well as 28 eye protection patents. TCL Air Conditioner has added two new internationally leading technologies to its arsenal, completing its three key product ranges: "Smart Fesh Air", "Smart Gentle Cool Wind", and "Smart Purified Air". In the past year, we made key breakthroughs in smart displays and AI. On the front of Mini LED display, we created displays with tens of thousands of local dimming zones. TCL Mini LED smart screens accounted for half of the sales in the PRC. We kept exploring new business models to improve user experience. We launched the industry's first "LINGKONG UI" and "Super Story Painter" AI story collection, the first customized children's column coded by AI large language model, thereby diversifying the application scenarios.

We doubled down on our global footprint expansion, irrespective of the changing global economic landscape and the rise of trade protectionism. We took localized approaches in organization, supply chain, channels and marketing to achieve global prominence. We have improved our organizational structure by setting up six major business groups in China, North America, Latin America, Europe, Asia Pacific, and the Middle East and Africa within the year. This reorganization has streamlined our decision-making process, enhanced efficiency, and bolstered our global end-to-end operation capabilities. We generated and provided our industrial capabilities through our 20 manufacturing bases and 24 R&D centers in China, Vietnam, Mexico, Brazil, Poland and other countries, while accelerating our global production and supply chain capacities. Through the flexible deployment of local capacities, we were able to meet customer demands across the globe promptly. At the same time, we stayed committed to localizing our global brands and strengthening TCL's reputation and brand influence through marketing in sports, esports, film & TV, fairs, exhibitions and other channels. Coupled with increased marketing in essential regions via key channels, this strategy has opened up new space for growth in international markets.

Staying ahead of time, thriving with nature, and moving toward a sustainable future

Society will thrive when nature flourishes and decline when it languishes. We are committed to fulfilling our social responsibilities to the highest standards on a journey toward high-quality growth. The natural environment is essential for the survival and prosperity of humankind. To do our part in tackling the severe global climate crisis, we are building low-carbon operational capabilities in all respects and harnessing digital technologies for more efficient low-carbon management under the green development philosophy. The TCL Wuhan Intelligent Industrial Park for Air Conditioners is a "zero-waste plant" and a sponge city with a smart drainage system, full photovoltaic coverage, and smart exhaust treatment. It capitalizes on AI energy-saving algorithms to control the temperature of air conditioners, effectively reducing energy consumption and attaining energy savings of up to 40%. We also worked with our partners to push for the execution of the "Initiative on Co-building of a Green Supply Chain", the first of its kind in the home appliance industry. We have been making a positive impact on the community, including active charity endeavors. In 2023, our employees offered 28,621 hours of volunteer services. We empowered education in Xizang by donating smart classroom facilities and organizing community events like walks and clean-ups. We launched the industry's first TV care solution, TCL Care, which received the Silver Award at the International Design Excellence Awards (IDEA). This solution provides care and supports for vulnerable groups including the elderly and children in their smart TV experience. At TCL, we champion a culture of equality, diversity and inclusivity and boost gender equality. As at December 31, 2023, women represented more than 36% of TCL Industries' global workforce. Standing with women's values, we launched an ongoing women-oriented project called "TCL for Her" to promote mutual support and growth for women. On the front of corporate governance, we are a staunch adherent of business ethics. We have put in place protection mechanisms for network security and data privacy to regulate data asset management and protect customer personal data.

Staying humble and cautious always while forging ahead

We attained success across many areas in the past year. This is the result of hard work. I would like to extend deepest gratitude to all members of TCL Industries for your unwavering commitment. The external landscape is expected to remain complex and turbulent in 2024. While we will be under greater pressure, we are presented with growth opportunities. We also have the trust of our customers and partners and a competent team that has a desire for victories. The external circumstances are beyond our control. What we can do is to become stronger and capitalize on the certainty to navigate the uncertainty. We must weather the turbulent storms so as to travel far and wide across the seas of opportunity.

It will be an uphill battle for us as we are undergoing a transformation. We must make the hard but right choices to improve our capabilities in product development, marketing, operation, organization and innovation, consolidate our core businesses. We must endeavor to boost our operational efficiency and pursue our technological and global development strategy. This is our way toward success.

I would like to extend heartfelt gratitude to consumers worldwide for choosing our products and trusting our company, to our Shareholders, global clients and partners for their unwavering support. The year 2024 has arrived. Let us strive toward our dream of becoming a world-leading smart device enterprise. Let us forge ahead to scale new heights!

李东生

02

About TCL Industries



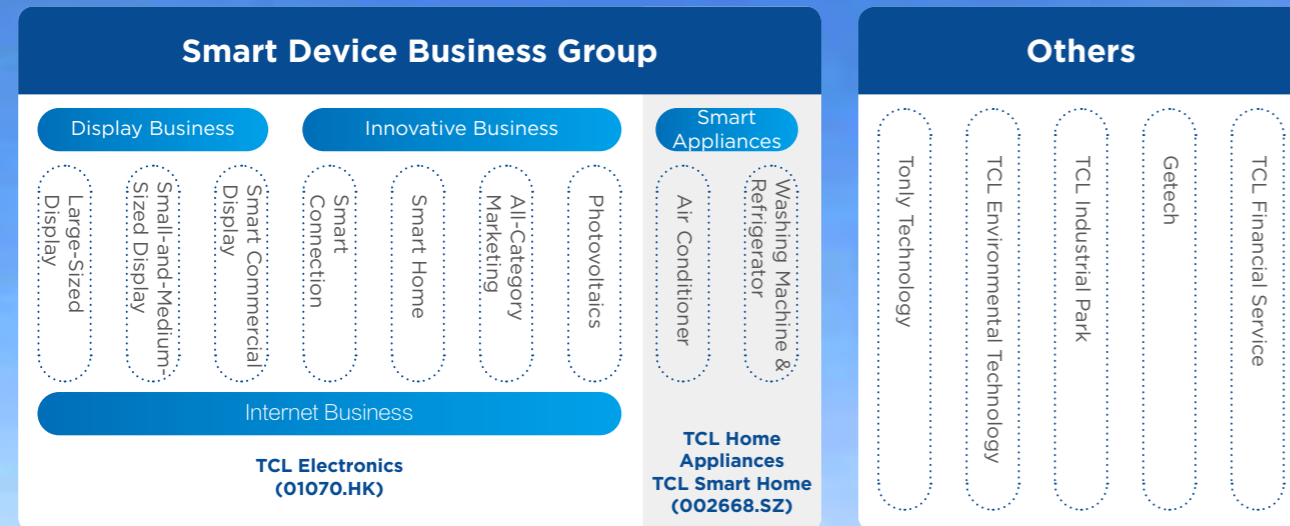
About TCL Industries

TCL Industries Holdings Co. Ltd. ("TCL Industries" or the "Company") focuses on the smart device business covering nearly all categories of smart consumer electronic products and services, ranging from displays, to smart appliances, innovative business and home Internet, while vigorously growing other aspects of its business, such as environmental technology, industrial park operation, smart manufacturing, and industrial finance.

TCL Industries has been expanding its footprint in the international markets, creating a robust global supply chain system. With over 60,000 employees across Asia, Americas, Europe and Oceania, R&D institutions worldwide and sales outlets in over 80 countries and regions, the Company has established presence in more than 160 countries and regions, operating as TCL, XESS, RayNeo, ROWA, FALCON, ALCATEL, HOMA, and TONLY.

TCL was listed as one of the "Top 50 Chinese Global Brand Builders" by BrandZ for the seventh consecutive year, ranking 11th and jumping seven places from 2022. The Company was awarded the "Annual Influential Enterprise Award" as part of the 2023 IT Impacting China Awards in recognition of its global brand influence and strength in technological innovation. In July 2023, TCL Industries released the White Paper on Carbon Neutrality, setting out its "3050" carbon neutral goal and TCLGreen initiative, with an aim to become a benchmark for green manufacturing and accelerate green transformation across the industrial chain by leveraging its technological innovations.

TCL Industries contributes to industry-wide growth through technologies and global actions. Focusing on smart products and services, the Company is committed to providing customers worldwide with future-oriented technology experiences and empowering them to lead a smart and healthy life as it endeavors to become a world leader in smart technologies.



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Business Highlights in 2023



Business Highlights in 2023

Facilitating Display Everywhere

The Mid-to-High-End Strategy will be continuously manifesting along with a successful business scale-up

The Company actively advanced its "Mid-to-High-End + Large Screen" Strategy and "TCL + FALCON" dual-brand strategy. In 2023, the number of global TCL smart screen shipments reached 25.26 million, up by 6.2% year-on-year despite unfavorable factors, with overall market share up by 0.8% to 12.5%, ranking among the top two globally¹. The global market share of TCL smart screens grew by 1.3% to 10.7%, ranking among the top three globally². In particular, TCL's high-end Mini LED smart screens maintained rapid growth momentum, with global shipments up by 180.1% year-on-year. The global shipments of TCL QLED smart screens increased by 116.1% year-on-year. Both product categories ranked No.13 in sales volume and revenue across all channels in the PRC market.

The Company consolidated its first-mover advantage and enhanced its display tech strengths on all fronts

Focusing on the core capabilities of smart screen audio and image quality, the Company continued to advance the application of Mini LED technology. In 2023, TCL Industries debuted the world's first 20000+ local dimming zone solution and six-crystal chip technology, facilitated breakthroughs in the structures and designs of ultra-large products and technologies, and made steady progress in the R&D of image quality engine-related technologies to improve the visual experience of smart screen products. By moderately increasing screen brightness and contrast, the Company optimized color performance and obtained the "Realistic Visual Experience" certification from TÜV Rheinland. With leading technologies such as the display screen's precise color reproduction, it became the first TV brand in China to receive the Pantone Validated recognition at CES 2024, which is based on the Pantone Matching System (PMS). By the end of 2023, TCL Industries had assisted in the amendment of eight national standards, 18 industry standards, 10 recommended standards, and four China UHD Video Industry Alliance (CUVA) standards for Mini LED technology, becoming one of the developers of key industry standards in the Mini LED domain.

The Company created all-scenario smart solutions through visualization, with a focus on smart displays

As an active player in the display industry, TCL Industries continued to improve its smart display technologies for applications in smart home, smart life, smart security, smart education, smart conference room, smart energy consumption management, and more. TCL's high-end displays enable a more convenient and efficient living and working experience for consumers. In 2023, TCL Industries launched a series of industry-leading products, including the world's first binocular full-color Micro-LED optical waveguide AR glasses X2, and TCL NXTPAPER, the world's first smartphone featuring TCL's proprietary "NXTPAPER" eye-protection display technology. The technology has obtained Hardware Low Blue Light and Reflection Free Certifications from TÜV Rheinland as well as 28 eye-protection patents.

In 2023, TCL Smart Screen

25.26 Million Sets

Global Shipment Reached

↑ **6.2%**

Ranking **Top Two**

Globally

180.1%

The Sales of TCL Mini LED Smart Screen Maintaining in Rapid Growth, with Global Shipment up YoY

Ranking **No.1**

Retail Sales Volume and Revenue of TCL Mini LED Smart Screen in the PRC Market



¹Source: 2023 global TV shipment and sales revenue data from Omdia.

²Source: 2023 global TV shipment and sales revenue data from Omdia.

³Source: CMM Omni-channel, Global Retail for 2023.

Enabling Universal Connection

The Company pursued innovation-driven growth and expanded its all-category smart IoT ecosystem



To strengthen its all-category smart IoT system, the Company launched a plethora of new smart products such as TCL FreshIN Series air conditioners, Dual Wash Washing Machine, Free Built-in Series refrigerators, AR/XR smart glasses, smart interactive tablets, and 3D face recognition smart door locks, while registering fast growth in the distributed PV business. These have become new growth drivers of TCL Industries, with many product categories currently leading the Chinese as well as international markets. The global shipments of TCL mobile routers ranked No.3⁴ worldwide, while those of its air conditioners ranked No.4⁵. At the same time, RayNeo Smart Glasses online sales in consumer-grade AR product market in China ranked No.1⁶, signifying consistent improvements in the Company's technical capabilities and the influence of its application ecosystem.

The Company deepened its footprint in the home Internet sector and continued to improve the user experience.



Home Internet is an important window through which TCL offersexcellent user experiences. By creating new scenarios and key innovative products and adequately reducing commercial elements, the Company improved the accuracy of content recommendation and the system's ease of use, thus increasing user stickiness and further improvingsatisfaction. On the front of its overseas Internet business, TCL Industries maintained close cooperation with Internet giants such as Roku, Google, and Netflix, and quickly acquired new users for its content aggregation application TCL Channel, through the partners' OTT platforms. So far, TCL Channel has covered over 60 countries and regions in North America, Europe, Central and South America, and Asia-Pacific, with over 23 million users in total. In the PRC market, the Company launched the industry's first AI-based customized content program, "Super Story Painter" AI story collection, which has been well-received by consumers.

The Company enhanced AI-powered smart device connections while advancing industry standard harmonization and further building ecosystem capability



As a key member of renowned technology standard organizations such as 3GPP, IEEE, SparkLink, OLA, and Matter, the Company actively advanced technical research and standardization in areas such as next-generation communication technologies, aerospace IoT, and AI+, with a focus on making homes fully smart. The Company led the formulation of multiple sets of influential industry standards such as 3GPP, IEEE, and SparkLink and garnered widespread recognition in the industry. On the front of AI voice technology, TCL Industries has become technically capable of building a fully end-to-end voice interaction chain for products such as ACs and TVs. Moreover, the Company made breakthroughs in edge AI, with AutoML winning first place in depth estimation and second place in image super-resolution at the ECCV 2022 Mobile AI Competition. TCL Industries has enabled full automation of optimization and AI model deployment on devices, as it accelerates the convergence of AI models for smart TVs, smartphones, and other smart devices and empowers smart applications such as AI fitness, remote classrooms, and made-for-kids content.

Ranking No.3

The Global Shipment of TCL Mobile Routers

Ranking No.4

The Global Shipment of TCL Air Conditioners

Ranking No.1

RayNeo Smart Glasses Online Market Share in the Domestic Consumer-Grade AR Glasses



⁴Source: TSR, global shipments for 2023.
⁵Source: ChinaIOL, global shipments for 2023.
⁶Source: RUNTO, PRC AR Market Online Sales for 2023.

Expanding Channel Presence Across the Globe

The Company rapidly expanded its global channels and gradually enhanced its brand influence

Over the years, TCL Industries has expanded its sales channels in key countries to market a variety of smart products to international markets. It has provided smart and healthy living products for consumers in over 160 countries and regions around the world, with expanding global leadership in these areas. In 2023, the market share of TCL smart screen shipments was ranked among the top five⁷ in nearly 30 countries, while that of smartphone shipments was ranked No.3 in Canada and No.4⁸ in the US. TCL's small and medium-sized displays have been adopted by top network operators in Europe and the US such as Vodafone and T-Mobile. Meanwhile, the Company enhanced its global brand influence through co-branding with world-renowned brands such as EDG, League of Legends, NFL, and TCL Chinese Theatre in sports, film and TV, e-sports, and exhibitions.

The Company connected all product categories across channels for smooth global operations and agile delivery

TCL Industries has 20 manufacturing bases in China, Vietnam, Mexico, Brazil, Poland and other countries, covering smart screens, smartphones, AC, refrigerators, washing machines and other products. They can produce over 30 million smart screens and over 53 million ACs, refrigerators, and washing machines annually and together form a robust global supply chain ecosystem featuring seamless upstream and downstream synergies. In 2023, the Company saw a decrease of 7 days in inventory turnover and a decline of 5 days in cash turnover.

The Company improved its regional configuration and localized operations

In 2023, TCL Industries divided the global marketplace into eight regions including China, North America, Latin America, Europe, Asia-Pacific, and the Middle East and Africa, to enhance its end-to-end product operations. Skilled personnel from overseas were appointed to key positions. A high level of professionalism and localization enhanced TCL's organizational and operational capabilities. Meanwhile, the TCL Global Consumer Service Center was established as a global comprehensive ecosystem for cooperation on supply chain, services, and logistics.

⁷Source: GfK, Circana, Sales for 2023.

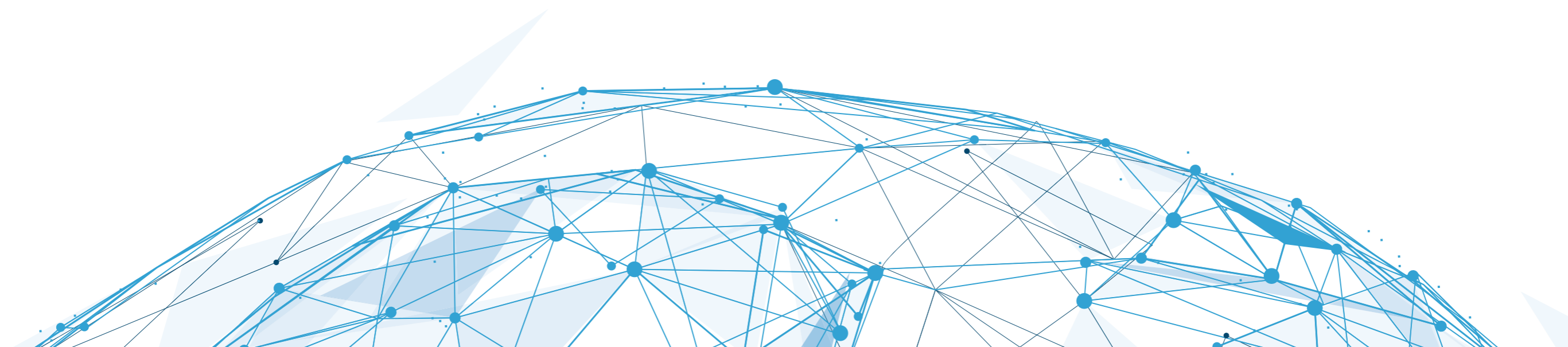
⁸Source: IDC, Global Shipments for 2023.

30+ Million Sets

Annual Output of TCL Smart Screens

53+ Million Sets

Annual Output of Air Conditioners, Refrigerators and Washing Machines



04

Financial Highlights



Financial Highlights

	2023.01-12	2022.01-12	Change
Revenue	1,203.2	1,060.9	13.4%
Gross Profit	243.4	203.2	19.8%
Gross Profit Margin	20.5%	19.5%	1.0 pct
Earnings before Interests and Tax	43.2	28.5	51.3%
Net profit	32.4	30.6	5.7%
Weighted average return on equity (%)	16.1	23.1	-7.0 pct
Net cash flows from operating activities	92.5	57.0	62.2%
Period (Days)	22	27	-5

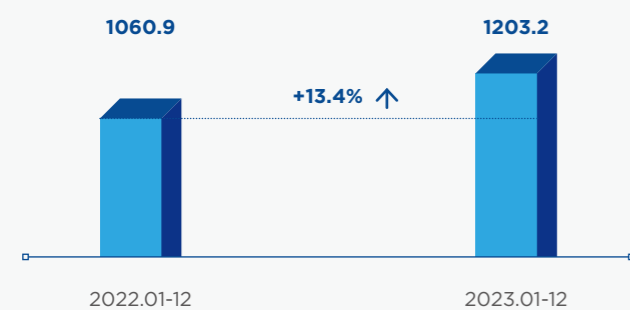
Unit: CNY 100 Million

	2023.12.31	2022.12.31	Change
Total assets	1,196.2	1,037.3	15.3%
Total liabilities	986.1	843.9	16.9%
Liabilities to assets ratio (%)	82.4%	81.4%	1.0 pct
Total owner's equity	210.2	193.4	8.6%
Owner's equity attributable to shareholders of the parent company	69.9	67.5	3.5%
Net asset per share attributable to shareholders of the parent company (CNY/share)	1.0836	1.0467	3.5%

Unit: CNY 100 Million

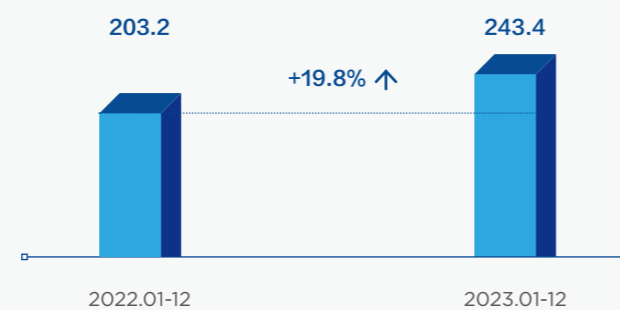
Revenue

Unit: CNY 100 Million



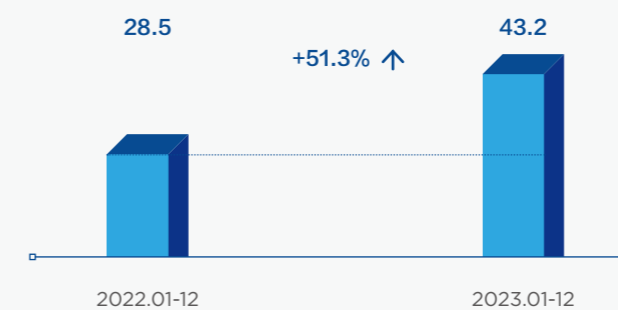
Gross Profit

Unit: CNY 100 Million



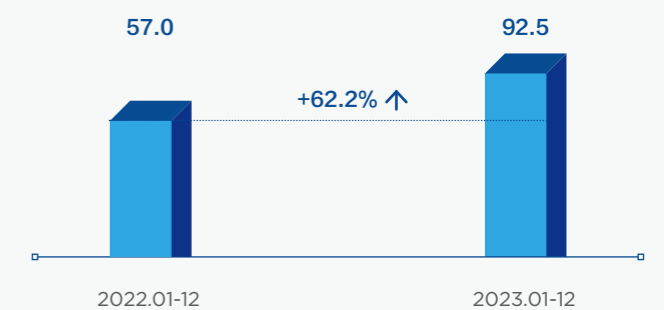
Earnings before Interests and Tax

Unit: CNY 100 Million



Net cash flows from operating activities

Unit: CNY 100 Million



05

Management Discussion and Analysis



Management Discussion and Analysis

In 2023, the global economy was shrouded in uncertainty due to geopolitical risks and other unpredictable factors, although energy prices declined faster than expected and rate hikes by European and the US central banks somewhat alleviated inflationary pressures. In 2023, China's economy grew steadily in the post-pandemic era, and the GDP reported an annual growth of 5.2%. However, there are still risks and hidden dangers such as insufficient consumer demand and a sluggish real-estate market. The tangible results of economic stimulus policies remain yet to be reviewed, indicating that the path towards a further improvement of the domestic economy continues to present challenges.

Overall, the trillion-CNY markets of traditional large home appliances, including color TVs, ACs, refrigerators, and washing machines, remained stable. The TV market was presented with opportunities for structural improvements. For instance, the demand for mid-to-high-end TVs such as large-sizes and Mini LED increased remarkably. Moreover, as global panel production capacities shifted to Chinese manufacturers, top Chinese TV brands continued to increase their market share, with the potential to grow further. The market size of air conditioners, refrigerators and washing machines industry is stable, but there is still a lot of room for exploration. Enterprises with brand and channel resource advantages are expected to further increase their market share. Besides, burgeoning sectors such as new energy demonstrated a robust growth, with newly installed capacity of the distributed photovoltaic industry in the PRC increasing by 88.5% year-on-year to 96.3 gigawatts in 2023¹⁰.

¹⁰Source: Website of National Energy Administration of China.

Vision and Strategy

With technology advances and AI development, humans have pushed the boundaries of how life could be. Modern technology has made everything in the world even more closely interconnected. Naturally, consumers of the future will pay more attention to product personalization, new technology, health, green elements and other consumer experiences. TCL Industries is committed to fully integrating tech-based smart products into all aspects of people's work and life. By leveraging its technologies, the Company deepens its strategy of "Lead with brand value, Excel in global efficiency, Drive with technology, Thrive on the global vitality", which is centered on capacity building in product development, operations, marketing, organization, and collaborative innovation to provide global consumers with "All-scenario, All-category, and Inter-connected" smart living experiences. TCL Industries vigorously expands the all-category smart IoT ecosystem, with a focus on smart displays. It places emphasis on mid-to-high-end and international markets, and actively explores other innovative business sectors, with an aim to become a world leader in smart device technology.

※ Facilitating Display Everywhere

Everyday activities, such as watching movies or TV shows and accessing sports, educational resources or information, rely heavily on displays. TCL Industries provides consumers with smart and healthy living services centered on smart displays across all scenarios, and seeks to boost the industry through its leading display technology.

Augmented by the belief that displays in the future will be "large-sized, all-scenario", TCL Industries strives to meet consumer demand for higher image quality through high-end display technologies such as Mini LED, QLED, and 8K. Also, it will continue to explore and improve product algorithms and applications in image and display technologies, to further enhance its core product competitiveness, adjust its product mix, and make breakthroughs in the mid-to-high-end market.

Moreover, the Company will roll out more smart products focused on displays, such as AR smart glasses, smart locks, smart tablets, and commercial displays, and by leveraging its competitive edge in display technology, diversify its display product range for greater future growth.

※ Enabling Universal Connection

Smart products should be interconnectable, whether for homes or businesses. TCL Industries will seize the opportunities arising from cutting-edge technology advances such as AI, IoT, and 5G and keep intensifying efforts in implementing the all-scenario smart and healthy living strategy. Beyond smart home, mobile services, and smart commercial displays, the Company will expand into smart education, smart buildings, smart hotels, and energy management fields, offering consumers "All-scenario, All-category, and Inter-connected" smart living services within the all-product category smart IoT ecosystem.

TCL Industries will ramp up investment in new technology platforms, with a focus on IoT connectivity, AI voice, data and cloud service platform building, as it strives to enable industry-leading smart display applications to provide innovative solutions for multi-form interaction.

Meanwhile, TCL Industries has expanded IoE from consumption to industry. It will deeply integrate IoT, AI, big data, 5G and other new-generation information technologies to drive upgrades in the technical architecture of intelligent industrial application platforms in an effort to continuously enhance platform resource management capabilities and enrich the industrial application ecosystem.

※ Expanding Channel Presence Across the Globe

Connectivity brings the world together, and globalization brings the world closer. Capitalizing on the competition and opportunities as presented by globalization, TCL Industries will constantly expand its global presence by stepping up efforts in developing marketing channels in key countries, continuing to increase its global market share and brand awareness across all product categories, and actively ramping up cross-category marketing.

Furthermore, by harnessing its unique vertically integrated industrial chain, the Company will further deepen its global supply chain, elevate the level of localization in key regions, and build a win-win business ecosystem with global partners.

※ Building a Green Future

Green practices and carbon neutrality represent a safety net for sustainable growth. In adherence to the green development philosophy, TCL Industries pursues low-carbon operations on all fronts, including green design, green supply chain, green manufacturing, green packaging, green logistics, green marketing and services, and green recycling and enhances the efficiency of the low-carbon management system through digital technology.

TCL Industries has an extensive network of production, sales, logistics and services. In addition to its emission reductions, the Company also requires all participants in its supply chain to adopt green and low-carbon practices, as part of its commitment to fulfilling its social responsibility as a leading tech-driven corporation by investing heavily in the "Dual Carbon" sectors and developing a "Carbon Neutral" ecosystem. Understanding that carbon neutrality benefits both present and future generations and is well worth the persistent efforts, TCL Industries pledges to achieve carbon peak by 2030 and carbon neutrality by 2050.



2023 Business Review

In 2023, the Company carried out a number of changes in response to market trends, and to build brand leadership and operational efficiency as driven by technology and talent. TCL Industries remained dedicated to its core business of smart devices as it strived for high-quality growth. In 2023, the Company registered a gross revenue of CNY120.32 billion, up 13.4% year-on-year; gross profit of CNY24.34 billion, up 19.8% year-on-year; gross profit margin of 20.5%, up 1% year-on-year; operating net cash flows of CNY9.25 billion, up 62.3% year-on-year. The Company achieved high-quality growth in cash flows, gross profit, gross profit growth, and revenue.

CNY 120.32 Billion

Revenue

↑ **13.4% YoY**

CNY 24.34 Billion

Gross profit

↑ **19.8% YoY**

Revenue by Sector	2023.01-12	2022.01-12	YoY Change
TCL Electronics	711.4	614.5	15.8%
TCL Air Conditioner	240.9	201.9	19.3%
TCL Smart Home ¹¹	150.1	114.8	30.7%
TCL Environmental Technology	23.6	20.5	15.3%
Getech	14.5	12.6	15.7%
TCL Industrial Park	9.4	9.2	1.5%
TCL Financial Service	9.2	8.8	4.5%

Unit: CNY 100 Million

Revenue by Market	2023.01-12	2022.01-12	YoY Change
The PRC market	478.6	380.8	25.7%
International markets	709.3	662.7	7.0%
Total	1,187.9	1,043.5	13.8%

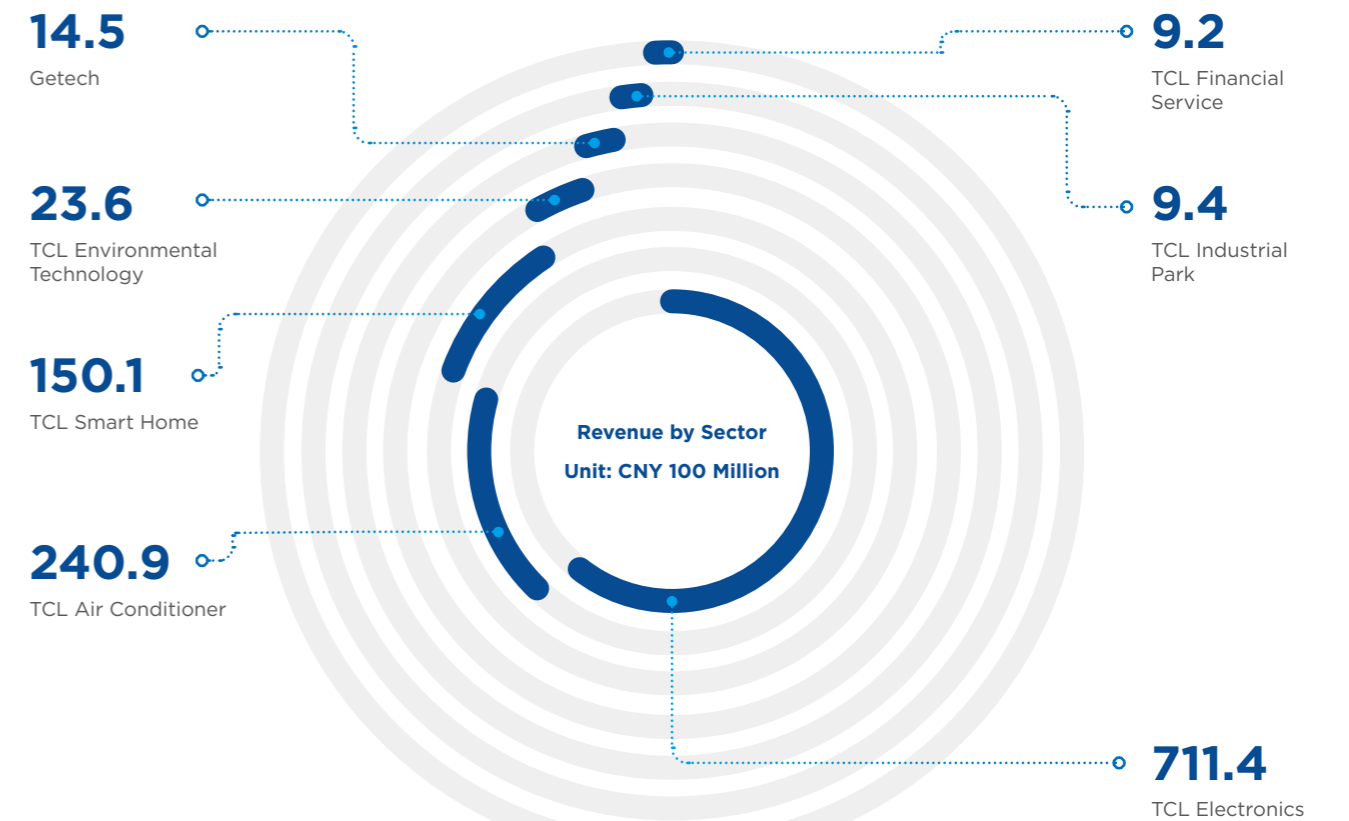
Unit: CNY 100 Million

The PRC market

The Company focused on its smart products across all categories, advanced its high-end product strategy, increased market penetration, deepened product mix upgrade, and optimized online and offline channels. These efforts drove its revenue in the PRC market to grow remarkably to CNY47.86 billion, up 25.7% year-on-year.

International markets

The Company elevated the level of operating localization in all regions, strengthened its global supply chain capabilities, and increased the share of overseas manufacturing. By enhancing synergy among global factories, the Company managed to improve its production efficiency. International markets generated total revenue of CNY70.93 billion, representing an increase of 7.0% year-on-year.



¹¹ In 2023, TCL Smart Home (formerly known as Home Appliances) completed the acquisition of Hefei Household Appliances and consolidated its 2023 and 2022 data.

TCL Electronics

In 2023, in face of a challenging external environment, TCL Electronics adopted the strategy of "Lead with brand value, Excel in global efficiency, Drive with technology, Thrive on the global vitality" and launched key initiatives to enhance its five core capabilities in product, marketing, operation, organization, and collaborative innovation. By focusing on its mid-to-high-end product strategy and international operations, it managed to diversify its revenue sources and bring its operational quality to a new level. In 2023, the company recorded a revenue of CNY71.14 billion¹², up 15.8% year-on-year, and a net profit attributable to shareholders of the parent company of CNY750 million, representing an increase of 5.6% year-on-year. Driven by the continuous optimisation of the smart screen product mix and a significant improvement in profitability under the "Mid-to-High-End + Large Screen" Strategy, TCL Electronics' gross profit grew by 18.7% year-on-year to CNY13.69 billion in 2023, and gross profit margin climbed to 19.2%.



Leadership in the display market was strong, with growth in shipments and revenue driven by technology

Focusing on the mid-to-high-end market, TCL Electronics launched high-quality and cost-effective smart screen products to meet diverse consumer demands, which were well received by consumers. In 2023, our global shipment of TCL smart screen bucked the trend and reached 25.26 million sets, representing a year-on-year increase of 6.2%, with the market share up to 12.5%, which ranked among top two global brand TVs. Notably, the shipments of smart screens at 65 inches or above saw significant year-on-year growth of 35.5%. Also, the global shipments of TCL Mini LED smart screens in the high-end segment surged by 180.1% year-on-year. In the PRC market, TCL Mini LED smart screens and QLED smart screens ranked No.1 in both sales volume and revenue across all channels.

TCL Electronics launched multiple industry-leading Mini LED smart screens among a string of fresh breakthroughs in the smart screen sector. They included the world's largest 115-inch QD-Mini LED TV featuring up to 20,000 local dimming zones and peak XDR brightness of 5000 nits, which enable precise detail reproduction in every frame of TV content. These products have received acclaim from industry experts and consumers alike.



¹²Source: TCL Electronics' financial data are all CNY data based on Chinese standards.

Amidst active efforts made in vertical innovation and international business, global Internet profitability remained robust

TCL Electronics actively deployed its home Internet businesses worldwide. In 2023, the company's global Internet business generated a revenue of CNY2.49 billion, a 25.7% increase compared to the same period last year. As an innovator in OTT, TCL Electronics launched its proprietary smart screen system called TCL LINGKONG UI, which integrates design aesthetics, innovative technology and better user experience to address common pain points found in non-user-friendly traditional TV interfaces. Additionally, the company launched the "Super Story Painter" AI story collection, the industry's first customized content column based on a cutting-edge AI LLM, efficiently empowering smart content and interaction through innovative technologies. Furthermore, TCL Electronics expanded its overseas business. As of the end of December 2023, TCL Channel, the Company's integrated content application was available in 60 countries and regions in North America, Europe, Central and South America, and Asia Pacific, with a total user base reaching more than 23 million.

Thriving innovative business became a new engine of steady growth

TCL Electronics stayed steadfast in its commitment to innovation-driven development. It set sights on opportunities in new sectors and vigorously expanded in innovative segments such as cross-category marketing and distributed PV. In 2023, the company generated CNY16.79 billion in innovative business revenue, a year-on-year increase of 86.7%.

The Company officially operated the photovoltaic business in the second quarter of 2022. In 2023, positioned as a "User-Oriented, World-Leading Distributed Intelligent Energy Solutions Service Provider", TCL Electronics fully leveraged its industrial synergy advantages. By leveraging the comprehensive upstream photovoltaic industry chain, rich financial partner resources, as well as abundant industrial and commercial project reserves. As a result, the channel coverage and penetration advantages accumulated over the years in the PRC, the scale of distributed photovoltaic business has expanded continuously. In 2023, the company's PV business revenue posted a year-on-year growth of over 19 times to CNY5.67 billion. Currently, TCL Electronics' PV business covers 20 major provinces and cities in the PRC, with more than 70 contracted industrial and commercial projects and more than 500 new channel distributors during the year, and a total of more than 40,000 contracted rural residents. In terms of overseas PV markets, TCL Electronics achieved product launches and will strive to enter the leading optical energy storage professional distributor and installer channels in key overseas countries, and create a complete product matrix.

Besides, RayNeo, a company incubated by the Company, launched consumer-grade AR glasses - RayNeo X2, X2 Lite, RayNeo Air 2 XR glasses and other new products. As of the end of 2023, ranked first in terms of domestic online market share for consumer-grade AR glasses.

TCL Air Conditioner

Under the business philosophy of "Accumulation, Focus, Breakthrough, and Sustainable Growth", TCL Air Conditioner has positioned itself as a strong competitor in "Smart Health" and kept a close eye on "new sectors and new areas". With the mission of "bringing a healthy and green life facilitated by fresh air to more people," the company has set up an R&D Team of over 1,000 members and established four core businesses of residential AC, commercial AC, specialized AC, and upstream extended business as the engines driving the company's sustainable growth. During its endeavor of promoting industry development with technological innovation and advancing third-generation air conditioners with fresh AC, TCL Air Conditioner has been committed to becoming a leading brand in air healthy management, heat pumps and thermal energy management that are trustworthy in the users' eyes, thereby remarkably improving overall business performance. In 2023, the company generated CNY24.09 billion in revenue, up 19.3% year-on-year.

Business growth was achieved against the odds, and market positioning remained stable

Despite sluggish global demand and slowdown in industry growth, TCL Air Conditioner achieved growth that exceeded that of the industry level, with annual sales of 15.49 million sets, a year-on-year increase of 20.1%, which ranked fourth globally. According to the data from China IOL, the industry grew by 11.2% in 2023. TCL Air Conditioner's domestic sales volume totaled 4.27 million, registering year-on-year growth of 28.3%, while overseas sales volume reached 9.95 million, up 25.3% year-on-year. According to the data from CMM, in the PRC retail market, online sales grew by 18.9% year-on-year as of the end of the 52nd week, while offline sales declined by 5.6%; however, TCL Air Conditioner posted a 25.2% year-on-year increase in online retail sales and a 15.2% increase in offline retail sales.

World-leading technologies enabled substantial growth in brand influence

In 2023, TCL Air Conditioner obtained 503 patents and developed two internationally leading technologies: high-efficiency energy-saving silent fresh AC, and energy-saving heat pump operation. As of the end of December 2023, TCL Air Conditioner boasted seven globally leading technologies, and built three product ranges, namely, "Smart Fresh Air", "Smart Purified Air", and "Smart Gentle Cool Wind". It led the industry in building the most comprehensive fresh AC product mix, and was recognized as the "Leading Fresh Air AC Brand" for three consecutive years. In terms of branding, TCL Air Conditioner focused on fresh air ACs with the launch of key initiatives, such as world-class smart manufacturing promotion campaign and the co-branded Fresh Air AC Music Festival, raising its brand awareness considerably.

Smart manufacturing was fully launched to achieve the "dual carbon" goals and high-quality development

In March 2023, the TCL Wuhan Intelligent Industrial Park for Air Conditioner was fully launched. Fitted with a smart system and integrating powerful digital twin technology with the 6+1 Industrial Internet platform, the Park is positioned as a model park of smart manufacturing, with 16 dark factories and advanced labs, eight smart digital lines, and the world's first dust-free fresh AC line. Guided by a green and low-carbon philosophy, the Park aims to become a "zero-waste factory" with full PV coverage, water circulation as an intelligent sponge city, and smart exhaust treatment. At CES 2024, TCL Air Conditioner showcased its star product, the Tri-thermal Heat Pump, which integrates heating, cooling, and hot water functionality into one intelligent solution. This product is expected to contribute to global carbon neutrality as well as high-quality sustainable development.

CNY 24.09 Billion

Revenue of TCL Air Conditioner

↑ 19.3%

15.49 Million Sets

Global Shipment of TCL Air Conditioner

↑ 20.1%

528 patents

TCL Air Conditioner Obtained



TCL Smart Home

In 2023, TCL Smart Home (formerly known as Homa Appliances) completed its strategic acquisition of Hefei Household Appliances, effectively mitigating potential horizontal competition with the latter's controlling shareholder and significantly enhancing its comprehensive strength. This strategic move optimized the company's business mix and broadened its product range. Homa Refrigerator, a subsidiary of TCL Smart Home, zeroed in on the refrigerator and freezer field, while advancing its smart manufacturing initiatives under its strategic positioning as a "Global Professional ODM of Refrigerator". Hefei Household Appliances concentrated on innovating and manufacturing mid-to-high-end refrigerator and washer products amidst a strategic journey toward a larger global footprint.

Its revenue crossed the CNY15 billion mark for the first time, and other core indicators also reached new heights

In 2023, its refrigerator and freezer sales volume surged to 14.19 million, up 35.7% year-on-year, and washing machine sales volume stood at 2.56 million, up 19.2% from a year earlier. Gross revenue exceeded CNY15 billion for the first time, representing a year-on-year increase of over 30%; net profit attributable to the shareholders of the listed company amounted to CNY790 million, up approximately 70% year-on-year. Homa Refrigerator was named the PRC's No.1 refrigerator exporter for the 15th consecutive year¹³, and No.1 Chinese refrigerator exporter to Europe for the 16th consecutive year¹⁴. It also received other accolades such as the AWE Award, cementing the company's leadership in the domestic and global refrigerator markets. TCL-branded refrigerators and washing machines from TCL Smart Home continued to rank among the top five¹⁵ in domestic sales volumes. The TCL Ultra-Slim Refrigerator Series was recognized as a pioneer in integrated, deep-fresh preservation technology, and the TCL Gemini Cabin Washing Machine Q10 was nominated for a Red Top Award. Hefei Household Appliances achieved significant milestones in technological innovation.

TCL Smart Home focused on premium and mid-to-high-end segments and created more blockbuster products

In 2023, Homa Refrigerator rolled out multiple flagship products, including the fully integrated 520 refrigerator, which blends aesthetics with cutting-edge technology for high energy efficiency and an appealing look. The 705 Polar Rock series side-by-side refrigerator has super-large capacity and exceptional cooling performance, catering to consumer demand for storage while demonstrating Homa's commitment to tech innovation and user experience. Hefei Household Appliances maintained its leadership in thin and embedded refrigerator technology through ongoing R&D input. It launched embedded refrigerators with enhanced design and better functionality that have captured the attention of countless consumers. In 2023, TCL embedded refrigerators ranked No.2 in market share in the PRC and No.1 in terms of individual product performance, according to third-party data. In the fourth quarter of 2023, Hefei Household Appliances expanded into another emerging market: washer and dryer combo, by introducing its ultra-thin, smart soft dry, and aesthetically pleasing Gemini Cabin T10 model. This product quickly dominated the online sales charts for washer and dryer combos.

Smart manufacturing became operational, taking ESG rating to "A"

The 2.8 million high-end frost-free Homa Refrigerator project (phase I), which began construction in 2022, was completed and commenced operation in November 2023, significantly enhancing the competitiveness of TCL Smart Home in the high-end frost-free refrigerator market. TCL Smart Home adopted a manufacturing execution system (MES) that enables real-time online operations, mobile management, intelligence and digitization improvements, improving its operational efficiency. On the front of sustainable development, TCL Smart Home fulfilled its social responsibility and emphasized environmental practices. Supported by its solid business performance and a high-quality development strategy, the company secured a Wind ESG rating of "A" as well as the Annual Most Investment-Worthy Award from CLS. CN, which helped to further enhance its public reputation and showcased its excellence in corporate governance and commitment to society.

CNY 15 Billion

Revenue of TCL Smart Home

↑ 30%

14.19 Million Sets

Global Shipment of Refrigerator and Freezer

↑ 35.7%

2.56 Million Sets

Global Shipment of Washing Machine

↑ 19.2%

¹³Source: ChinalOL

¹⁴Source: ChinalOL

¹⁵Source: ChinalOL



Tonly Technology

Tonly Technology is committed to building an intelligent hardware ODM industrial platform centered around acoustic products to enable the symbiosis of wearables, AIoT products, precision components, and accessories, based upon over a decade of experience in the acoustic ODM field. In 2023, the company focused on enhancing internal operations, ramping up production capacity, diversifying customer mix, and maximizing cost efficiency to enhance profitability.

The audio wearable business saw robust growth, while the camera business made notable advances

As a prominent supplier to globally renowned consumer electronics brands, Tonly Technology maintained its position as an industry benchmark. In 2023, Party Box, Bluetooth speakers, and Soundbars all posted stable growth in shipments. Wearables also showed continuous growth momentum, especially mid-to-high-end over-ear headphones and TWS Bluetooth earbuds. Additionally, its camera line, a new growth driver, is poised to meet new market challenges under a diversification strategy.

Precision technology capability saw breakthroughs, and integrated factories were built to optimize capacity layout

On the front of precision manufacturing, by bringing in industry talents and bolstering technical R&D, Tonly Technology significantly enhanced its precision molds and micro-acoustic technologies. This has provided robust support for the TWS earphones business, garnering praise from top clients in the industry. Efforts to tap into opportunities in components and accessories within customer bases akin to those of the Greater Bay Area have yielded a competitive product portfolio through the synergy among precision manufacturing, precision molding, and small-to-medium micro-acoustic modules. Additionally, capacity utilization in the Vietnam factory was increased, advancing production automation and digitization, thereby strengthening precision manufacturing capabilities. Through internal cost reductions and efficiency improvements, comprehensive optimization of the production capacity layout was accomplished.

Tonly Technology intensified R&D and innovation efforts to enhance engineering technical capabilities

It deepened its commitment to R&D and innovation by establishing a presence in Huizhou, Shenzhen, Xi'an, and Penang (Malaysia), while leveraging synergistic resources to construct a smart interconnected industrial platform. Its self-developed TWS Bluetooth earbuds have been well-received by consumers. The company has been continuously refining its Bluetooth LE audio technology in keeping pace with innovations in Bluetooth wireless technology to achieve low latency, low power consumption, and high-stream audio. This has expanded the product structure of interconnected devices and promoted the advancements of smart manufacturing.



TCL Environmental Technology

Under its strategy of "focusing on resource recycling, and providing comprehensive environmental services", TCL Environmental Technology endeavored to lead in segments such as electronic waste recycling, hazardous waste treatment, recycling of new materials and general solid waste, and comprehensive environmental services, in a market-oriented, technology-driven, and value-oriented manner. In 2023, despite facing challenges such as a slowdown in economic growth and weakened market demand, the company managed to achieve a revenue of CNY2.36 billion, up 15.3% year-over-year.

CNY **2.36** Billion

Revenue

↑ **15.3%**



TCL Environmental Technology delved into customer needs, enhanced quality, and increased profits

TCL Environmental Technology continued to make technological breakthroughs, including increasing the output rate of copper salts from hazardous waste recycling to 92% and that of recycled etching solutions to 87%. The production of mixed salt recycled products went up by 40%, reaching 450 tons per month. On the front of electronics and electricals recycling, the company obtained quality certifications for PCR plastic recycling technology; developed silicon mud recycling and lithium battery recycling technologies in new materials, with successful validation in pilot testing and mass production; advanced fluorine-containing sludge reduction technology in comprehensive environmental services; compiled several technical guides, and gained five patents, as it further delved into customer needs, enhanced product quality, and reaped product profits. These showcased the company's technological prowess and competitiveness.

TCL Environmental Technology deepened its market penetration, expanded customer base, and enlarged its market share

In the domain of hazardous waste recycling, the company maintained a leading market share exceeding 20% in Huizhou and over 60% in Huanggang, ranking No.1 in both cities. In 2023, hazardous waste collection and transportation volume increased by 51.1% to 143,000 tons, wastewater treatment volume rose by 108.0% to 2 million m³, and the dismantling volume for regulated electrical equipment recycling reached 4.76 million units, up by 8.6%. The maximum disassembly capacity for air conditioners exceeded 190,000 units per month. The new materials business has also completed the construction of the silicon mud collection and transportation system. In terms of environmental services centered on wastewater operations, the company built full capabilities covering design, construction, acceptance, operation, and recovery. Continuous exploration of market potential and business expansion strengthened the foundation for sustainable development.

TCL Environmental Technology improved quality and efficiency, optimized its organizational structure, and maximized cost reduction

Operational quality and efficiency continued to improve. The company reduced costs through optimizations in hazardous waste recycling and electrical and electronic recycling, and refined its operational model to enhance efficiency in the general solid waste recycling business. Meanwhile, it standardized the operations of the comprehensive environmental business, effectively reducing auxiliary material consumption. A focus on organizational optimization and extreme efficiency in cost control ensured stable development in all business areas.

Getech

Getech is a leading industrial Internet enterprise with strong manufacturing strengths that were derived from the semiconductor sector. The company focuses on providing full-stack digital solutions to customers across the semiconductor and new energy industries. In 2023, the pan-semiconductor and new energy industry landscape became complex and continued to be ever-evolving. Customers raised higher expectations for digital transformation and returns on smart manufacturing investment. Getech actively responded to these external challenges by optimizing product and solution portfolios, and by exploring new markets and opportunities. The company managed to increase its customer count by more than 450 and delivered over 1,200 digital projects. Its continuous efforts in enhancing quality and efficiency resulted in a revenue of CNY1.45 billion, representing a year-on-year increase of approximately 15.7%.

Getech consolidated its competitive edge in the pan-semiconductor industry chain and gained recognition from customers and the wider market

Getech stayed deeply engaged in its areas of strength and continued to make strides in both the upstream and downstream segments of panel and chip. Through a comprehensive approach based on "production-analysis-prediction", Getech successfully developed a domestic full-stack smart factory CIM solution. This includes delivering over 10 benchmark solutions, including infrared chip IDM factory solutions and silicon carbide packaging and testing factory solution. Among these, its QMS (Quality Management System) received industry-wide acclaim, taking Getech's product technology to the forefront of the semiconductor sector. Thanks to its outstanding contributions to smart semiconductor manufacturing, Getech was honored with the "Quality Service Award" by the Shenzhen Semiconductor Industry Association. These achievements have not only strengthened Getech's competitive edge in the semiconductor industry but also underpinned its further growth.

Getech strengthened its product competitiveness by sharpening its focus on product strategy and increasing targeted investment

Concentrating on building competitive capabilities under IT/OT integration strategies, Getech continued to strengthen its solutions in smart manufacturing, quality optimization, equipment central control, smart logistics, and dual-carbon energy. By recruiting top R&D experts, acquiring product source codes, and establishing strategic partnerships, Getech bolstered its capabilities in key semiconductor CIM products such as 12-inch semiconductor MES, EAP, RTD, and SPC. Through close R&D collaboration with strategic clients, particularly in semiconductor AMHS and AOI, the company significantly improved its full-stack service capabilities from consulting and planning to comprehensive system implementation. In 2023, the technological prowess of Getech's smart platform for industrial application was again recognized at the national level, ranking among the top 10 in the Ministry of Industry and Information Technology's dynamic evaluation of cross-platform capabilities.

CNY 1.45 Billion

Revenue

↑ 15.7%

Getech leveraged digital practices across industries and rapidly emerged as a leading provider of smart manufacturing solutions for the new energy industry

Capitalizing on a deep understanding of the production, equipment, and quality management demands of highly automated industries, Getech expanded its target customer base beyond the semiconductor industry to include PV, lithium batteries, new energy vehicles, and 3C industries. Its successful projects included supporting a leading PV chip company in establishing a unified autonomous MES system, assisting a leading lithium battery cathode material company in achieving process data-driven intelligent production line control, as well as aiding a leading battery research and manufacturing company in achieving carbon traceability and control through "AI + mechanism" solutions in efficient fault diagnosis in new energy vehicle manufacturers. In 2023, Getech was honored with the Gongkong Golden Globe Award "Technology of the Year", for its innovations in AI, big data, and IoT.

TCL Industrial Park

Against the backdrop of a macroeconomic downturn and a sluggish real estate market, TCL Industrial Park actively adjusted its organizational structure and strategic orientations to comprehensively reduce investment and operational risks. It built platforms to empower businesses and strengthened capabilities across the value chain to provide professional services to industrial clients. These supported the sustainability of its commercial offices, industrial logistics, real estate investment, and construction management operations. In 2023, it registered a revenue of CNY940 million, a 1.5% increase year-on-year.

TCL Industrial Park strengthened operations, ensured continued leasing, and stabilized profitability in the commercial office sector

In response to the changes in the commercial office market, the company flexibly adjusted leasing policies. As a result, new leases for 27,000 square meters were secured, with an increase in the average occupancy rate to 93.8%. Both the Shenzhen TCL International E-City and TCL Tower projects maintained a high occupancy rate. At the same time, the company strengthened operations management through proactive lease restructuring and renewal negotiations, and 90,000 leases were renewed in the year. Moreover, through actions aimed at improving quality and efficiency, expenditures were cut to further optimize the business mix.

TCL Industrial Park enhanced quality, ensured safety, and strengthened construction management

On the front of construction management, the company focused on improving project quality and ensuring safety during construction activities while pursuing cost reduction and efficiency improvements. By optimizing organizational management, it significantly enhanced dynamic cost control over projects, with several new projects successfully delivered. Additionally, through design optimization and competitive bidding, approximately CNY260 million in cost reductions were realized, laying a solid foundation for enhancing overall competitiveness.

TCL Industrial Park cleared inventory, stayed prudent in investing, and accelerated its recovery of capital from the real estate segment

In the real estate investment, the company adopted the strategy of price reduction to clear inventory and managed to recover equity funds of CNY710 million in the year. Facing the challenges of the real estate industry, TCL Industrial Park maintained a prudent stance on investing and made a strategic retreat to keep its strengths. The company will continue to monitoring market conditions to remain well-prepared for future growth opportunities.

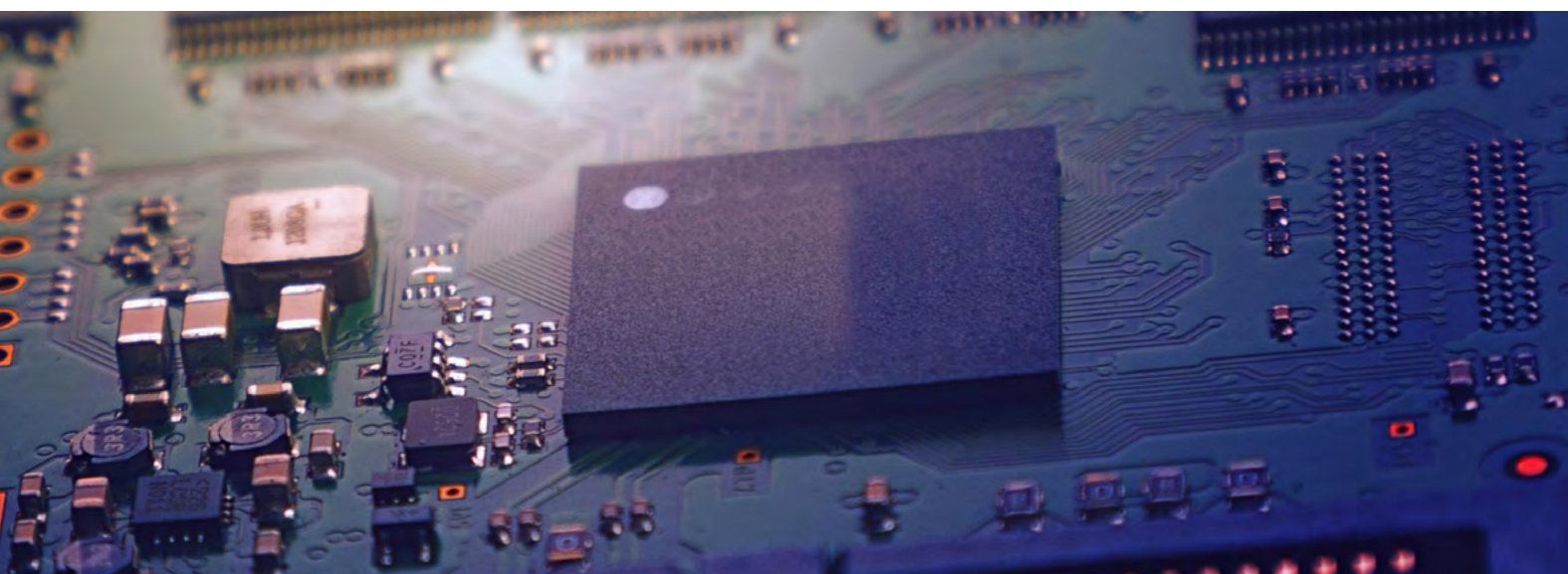
TCL Industrial Park reduced costs and inventories to mitigate risks associated with industrial logistics

In face of a sluggish market, the company adopted a series of measures targeting industrial logistics. Operational risks were effectively mitigated by delaying investments, conducting cost reduction and efficiency enhancement initiatives, and actively reducing inventory. The start date of the Hui City project (phase 2) was postponed, resulting in a total expenditure reduction of approximately CNY130 million. The Hefei project (phase 1) and Guangming project exceeded their de-stocking targets and demonstrated strong market responsiveness.

CNY 940 Million

Revenue

↑ 1.5%



TCL Financial Service

TCL Financial Service provides financial services for small and micro enterprises and families within the TCL industrial ecosystem based on industrial operations and collaboration with financial partners. Its core business focus is supply chain financial technology under a clear developmental strategy, and has been seeing rapid growth. In 2023, TCL Financial Service registered a revenue of CNY920 million, representing a 4.5% increase year-on-year.

TCL Financial Service saw fast growth in the transaction technology business

With a focus on delivering excellence to existing customers, the company actively expanded the share of cooperative banks and made significant breakthroughs with high-value clients, driven by continual product innovation, while continuing to forge core operational competitiveness. As of the end of December 2023, the supply chain finance sector was thriving. The JDH platform provided efficient and convenient services to over 62,000 businesses, with a cumulative transaction value of more than CNY13 trillion, solidifying its industry-leading position. Receivables financing (Jin Dan) posted an 83.0% increase in credit at the beginning of the year.

TCL Financial Service deepened engagement within the industrial ecosystem to enhance service effectiveness

The company optimized asset allocation, focusing on key sectors like PV, insurance, and telecommunications, while actively exploring new revenue streams. It deepened its presence in the industrial ecosystem by rolling out more innovative financial products and diverse solutions such as cross-border supply chain (Jin Dan) financing and weak right confirmation supply chain (Yin Dan) financing. Committed to market orientation and customer-centricity, TCL Financial Service consistently improved service processes and quality to jointly foster sustainable and healthy development with the industry. The company promoted industrial development and drove sales growth through financing, as it continuously improved corporate service effectiveness.

TCL Financial Service adjusted its financial business mix and strictly controlled risks

The company made business adjustments and optimized major asset allocations. It continued to expand its products such as Jin Dan financing and PV financial leasing, while adjusting the mix of inclusive financial products in response to changing conditions, reiterating its direction toward industrial finance development. In particular, it made timely adjustments to inclusive commercial lending by shifting focus to first-tier cities such as Shanghai and Beijing, and at the same time, removing or reducing operations in second and third-tier cities. Its policy-supported commercial vehicle insurance installments and agricultural insurance installment business yielded significant results. Efforts were intensified in increasing the share of low-risk high-quality operations, and post-lending collection and asset disposal efforts were stepped up. As a result, the non-performing loan rate was much better than the industry average, and asset quality was well-controlled.

TCL Financial Service advanced its adoption of green development philosophy and received high industry acclaim

The company was active in promoting innovations in green supply chain financial products and deepening green inclusive finance, and thus obtained ESG long-term funding from external sources. The company also placed high emphasis on operating compliance and maintained great communication with regulators and renowned institutions. JDH was highly acclaimed by the industry as it won numerous awards, including Guangdong Province's Specialized, Refined, Differential and Innovative "Little Giant" Enterprise, Guangzhou's Second List of Invisible Champion Enterprises, KPMG China's Leading FinTech Top 50, and the Green Sustainable Development Contribution Award.

Provided Services to

CNY **920** Million

62,000+ Businesses

Revenue

↑ **4.5%**

Capital Operation and Review

From a strategic standpoint, TCL Industries carried out capital operations through the robustness approach, aimed at optimizing its business mix and enhancing overall value.

※ Divestiture of the smart screen manufacturing facility in Inner Mongolia, advancing the "High-End + Large Screen" Strategy

In May 2023, TCL Industries' subsidiary, TCL King Electrical Appliances (Huizhou) Co., Ltd. ("Huizhou King"), entered into an equity transfer agreement with Inner Mongolia Zhonghuan Crystal Materials Co., Ltd. ("Inner Mongolia Zhonghuan"), a subsidiary of TCL Zhonghuan, to sell its wholly-owned subsidiary, Inner Mongolia TCL Photoelectric Technology Co. Ltd. ("TCL Photoelectric") for CNY140 million. This transaction was part of TCL Industries' efforts to implement its "High-End + Large Screen" Strategy with a view to further improving the product mix, optimizing capacity utilization, enhancing operational quality, and increasing overall returns to shareholders.

※ Sale of equity in Techigh Circuit, sharpening focus on principal business

In May 2023, TCL Digital Technology (Shenzhen) Co., Ltd. ("TCL Digital Technology"), a subsidiary of TCL Industries, sold its all 20% equity interest in Techigh Circuit Technology (Huizhou) Co., Ltd. ("Techigh Circuit") to Tianjin Printronics Circuit Corp. ("TPC") for CNY 100 million. Simultaneously, TPC injected additional capital of CNY320 million into Techigh Circuit and acquired an additional registered capital of approximately CNY56.94 million in the company to scale up its production and business activities. TPC owns a 51% stake in Techigh Circuit upon the closure of this transaction. Through the divestiture of the associate's equity, the Company optimized its business mix and post-investment management, secured returns on investment, and improved its cash flows.

※ TCL Smart Home's cash acquisition of Hefei Household Appliances, eliminating horizontal competition and strengthening managerial synergy

In October 2023, TCL Industries and its listed holding company, Guangdong Homa Appliances Co., Ltd. (renamed Guangdong TCL Smart Home Appliances Co., Ltd., abbreviated as "TCL Smart Home") entered into an agreement on the transfer of 100% equity in TCL Household Electric Appliance (Hefei) Co., Ltd. ("Hefei Household Appliances") to TCL Smart Home for CNY330 million, with an aim to eliminate the potential horizontal competition between Hefei Household Appliances and TCL Smart Home. This transaction significantly strengthened TCL Smart Home's principal business in terms of asset value, revenue, and profitability. Moreover, the inclusion of washing machine business on top of the refrigerator business has diversified the company's product mix and business risks and fostered a more stable profit model for better managerial synergy and stronger ability to continue as a going concern.

※ Approval of Tonly Technology IPO, potentially further cementing market position

Tonly Technology made headway in regulatory reviews. The company obtained pre-IPO registration approval from the CSRC in June 2023 and approval from the Listing Committee of the SZSE in July, and submitted its prospectus to the CSRC in November. When going public on the A-share market, the company will have access to diverse financing sources to shore up its rapid growth and reduce financial risks. That will also enhance its influence in the capital market, strengthen its core competitiveness, and further elevate its market position. As at December 31, 2023, TCL Industries, through its fully-owned subsidiary, Tonly Electronics (Hong Kong), held a 61% equity interest in Tonly Technology.

Research and Innovation

In 2023, TCL Industries continued the R&D strategy oriented toward display performance, healthy living and energy conservation, and smart technology. By consistently advancing technological research and innovation, the Company improved the product and technical competitiveness of its smart devices. In the meantime, it also explored innovative business and strengthened technology platforms for ultimate experiences, health demands, and smart interconnection and interaction. In 2023, its R&D expenses registered CNY4.09 billion.

※ Focusing on the Display Quality, Enhancing the Display Technology in all Aspects

The Company focused on the core competence in smart screen audio and image quality to consolidate its first-mover advantage in technology

It continuously iterated the application of MiniLED technology and maintained the industry-leading position with the world's first 20000+ partition solution. While innovating the structures and designs of ultra-large products and technologies, the Company steadily advanced the R&D of image quality engine-related technologies to enhance the viewing experience of smart screens. It also led one generation ahead of domestic rivals in ONKYO 6.2.2 Hi-Fi sound system and whole machine form. By moderately increasing brightness and contrast, the Company optimized color performance and obtained the "Realistic Visual Experience" certification from TÜV Rheinland. With leading technologies such as the display screen's precise color reproduction, it became the first TV brand in the PRC to receive the Pantone Validated recognition. The Company owns proprietary IPs of SoC, PMIC and AMIC powered by its improved smart screen chip technology. Also, TCL's TXR picture quality enhancement engine entered the testing stage, truly ushering the TV industry into a new era of more powerful AI algorithms and human brain-like thinking.

Iteration of Mini LED was advanced to secure a leading position in display technology

The Company formed technical control points of Mini LED through LED chips, PG-LENS, drive backplane, LD algorithms, etc., spotted opportunities to make breakthroughs in display devices through efficient group-wide synergy, and built up know-how by self-creating patent portfolio and production lines. It developed the core architecture of micro/nano light engine, leading the industry in 5,000 nits brightness and the 5,000 zones. This technology has substantially reduced the Mini LED display cost to a level much lower than competitors, as a solution one generation ahead of peers. TCL X11H series with 14,112 backlight zones and peak XDR brightness of 6500 nits went into mass production and got market recognition. They supported the core competitiveness of Mini LED's image quality, and fulfilled users' needs for a high-end visual experience. TCL Mini LED smart screens garnered many awards at home and abroad, including the European Imaging and Sound Association (EISA) Award, and the CES Display Innovation Award.

Image quality engine was optimized to realize industry-leading subjective image quality

Under the user-centered principle, the Company focused on differentiated video, gaming and work experiences, and built the technical control points of peak image quality with self-developed LD IPs, AI image enhancement and omnidirectional IP integrated with customized chips. "The overall light control is almost as good as OLED", according to Digitaltrends. It also won the influential Editor's Choice award from AVS Forums, Reviewed.com and Digital Trends.

The Company actively maintained the display technology ecosystem and led in the making of Mini LED industry standards

By the end of 2023, TCL Industries had assisted in the amendment of 8 national standards, 18 industry standards, 10 recommended standards, and 4 China UHD Video Industry Alliance (CUVA) standards for the Mini LED technology, becoming one of the founders of industry standards in the Mini LED domain.

CNY **4.09** Billion

R&D Expenses in 2023

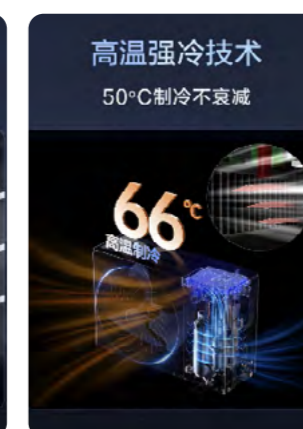
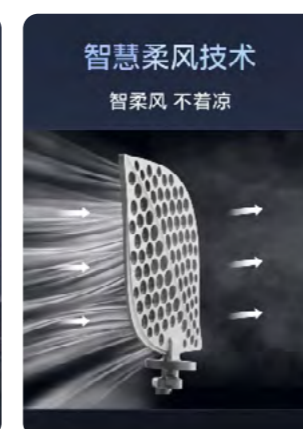
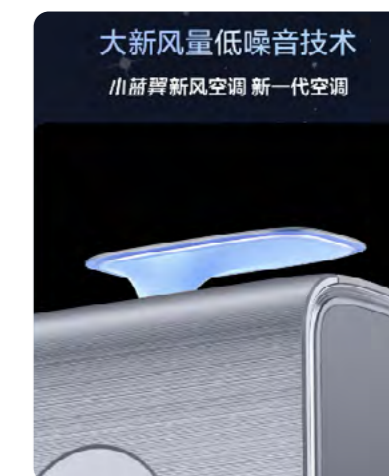
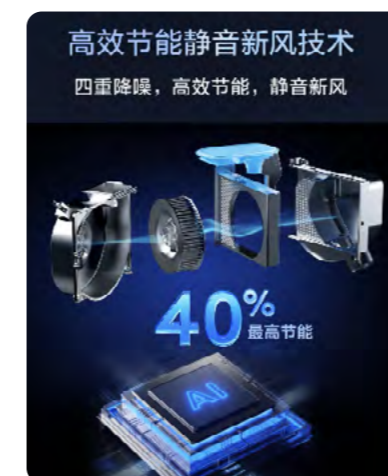


※ Notable innovations were made in AC, refrigerators and washing machines following the strategy of healthy living and energy conservation.

TCL Air Conditioner: Certified as an international leader in energy-saving silent fresh AC and heat pump operation

The energy-saving silent fresh air technology seamlessly combines the three modes of suction, exhaust, and internal circulation and resolved the bottlenecks in maintaining the indoor air clean, thermostatic, humidistatic, odorless and oxygen-rich simultaneously. It was a technically challenging and highly disruptive project, where the low-noise large fresh air volume technology and the predictive energy-saving with the big data model under free working conditions have been considered industry-leading as it solved the pain points of small air volume, too much noise, unpleasant sound, and poor user experience that have been perplexing the industry, comprehensively improving the user experience from the three dimensions of thermal, sound, and air quality comforts.

The heat pump operation energy-saving technology enables the load identification of high thermal inertia and comprehensive energy-saving control of self-optimized heat pump refrigerant/water coupling. It was a technically challenging and highly disruptive project, where the load identification of high thermal inertia and the self-adaptive air-source heat pump refrigerant energy-saving control, the multigrade hot water supply-side demand prediction and self-learning energy-saving control, and the balanced decision-making based on the refrigerant and water coupling as well as the self-optimized control have been considered industry-leading technologies.



TCL Refrigerator: Consistent exploration in healthy life, food preservation, thin embedding, ice making, material innovation, simulation technology and structure innovation, etc.



The globally leading molecular preservation technology, enabling industry-leading fresh preservation solutions for all foods, all spaces and all scenes

In the continuous exploration of healthy life and food preservation, the Company made innovative progress in the molecular preservation technology through the biomagnetic field + fine temperature/humidity control as well as 1+1+X technology portfolio. From molecular preservation to "molecular preservation+", from frozen fruit and vegetable to supercooled livestock, poultry and aquatic products, from freshness to better nutritional quality of food ingredients, the Company expanded its range of industry-leading fresh preservation solutions for all foods, all spaces and all scenes.

To maximize the benefits of integrated resources, build more control points of the healthy life and food preservation technology, and address the users' essential need for freshness, the Company established the "TCL-Jiangnan University Joint Lab for Preservation Technology Innovation" in collaboration with Jiangnan University, South China University of Technology, and Anhui University of Technology. The lab is dedicated to in-depth research and long-term technology development, such as refrigerators for all spaces and all varieties of food, multi-dimensional healthy life and food preservation technology, evaluation system of food freshness, intelligent sensing and recognition, food freshness database, as well as trend analysis and planning of preservation technology. Fitted with the molecular preservation technology, TCL's Gewu and thin & embedded refrigerator series registered excellent sales performance. They are a great success, receiving trust and good responses from consumers.

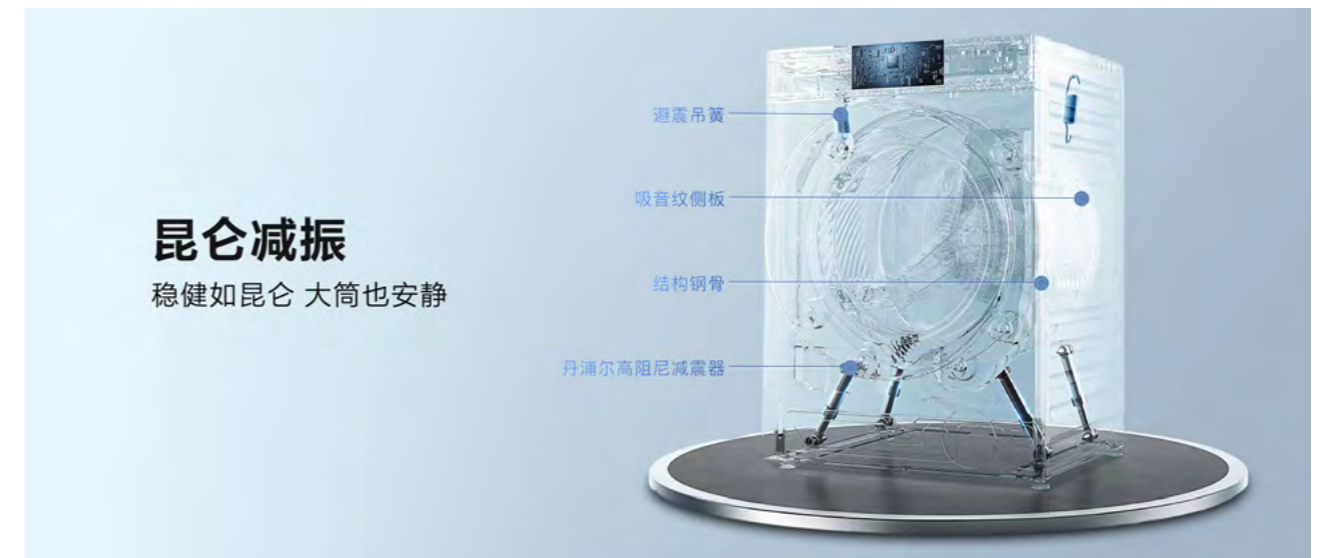
Breakthroughs in the thin and embedded refrigerator technology, creating phenomenal best-sellers in the industry

The Company channeled a lot of efforts to develop key technologies of thin and embedded refrigerators for addressing users' pain points, such as embedding without protrusion, heat dissipation in space, maximum capacity utilization, and ease of opening and closing the door. Due to the embedded hinges and the bottom heat dissipation design, the reserved gap required for refrigerator embedding was narrowed to 0.1cm, which is the smallest in the industry and can greatly enhance the integrated view of home design. This type of refrigerator can be opened and closed freely at an angle of 90°, making it easy to pick up and place items.

TCL Washing Machine: Focusing on healthy washing, cleaning and energy saving technologies

With health, drying and energy saving in mind, the Company focused on the in-depth research on the pollution-free technology, the heat pump technology, as well as the optimization and improvement of washing and care performance. The all-round pollution-free technology, together with the three key technologies – extra-large drum size design, 6D raised drum rib and sea wave drum – enables the highest cleanliness ratio of 1.2 in the industry. The pollution-free washing time can be regulated intelligently through sewage-free cabin sealing + sewage-free outer cylinder, in conjunction with the running water door seal spraying. The TPE full-plastic door seal technology was also introduced for drum-type washing machines, which can achieve the grade 1 removal rate of solid dirt and microorganisms.

Through industrial ecosystem-wide tech cooperation, the Company introduced the electroless inverter technology and single-chip dual inverter technology to solve technical bottlenecks such as deterioration of surge capacity and disturbance power, interference of dual-motor signal sampling, while enhancing the reliability of dual drums and wash & dry platform.



※ Breakthroughs were made in innovation sectors including AI and IoT in the exploration of smart applications

AI technology empowers smart device interaction and smart applications

In terms of AI voice, TCL Industries has the ability to develop end-to-end voice interaction chains, enabling the smart voice interaction of air conditioner, TVs and other terminal devices.

TCL Industrial has pioneered the integration of LLM (Large Language Model) into wearable devices, which was a groundbreaking advance in AR glasses. This ushered smart wearables into a new era, characterized by real-time information capture and interaction capabilities. The Company created a comprehensive in-house product knowledge base by integrating knowledge graphs and LLMs, thereby further consolidating its technology leadership. This strategic move drove the launch of the TCL+ APP smart Assist, making TCL one of the first appliance manufacturers in the PRC to register a large model algorithm.

Furthermore, the Company launched a smart agent platform based on LLMs. The platform has facilitated the creation of more than 300 smart agents, meeting a wide array of needs from customer service and task execution to data analysis. With it, users can easily create smart agents that perfectly fit their specific needs.

In the field of AC energy saving, TCL harnessed its proprietary ultra-power-efficient AI and big data model-driven algorithms to achieve an industry-leading 40% improvement in energy efficiency.

The Company actively advanced industry standard harmonization between the PRC and the world and ecosystem capability building

As a key member of technology standard organizations such as 3GPP, IEEE, SparkLink, OLA, and Matter, the Company actively advanced technical research and standardization in areas such as next-generation communication technologies, aerospace IoT, and AI+, with a focus on making homes fully smart. The Company led the formulation of multiple sets of influential industry standards such as 3GPP, IEEE, and SparkLink and garnered wide recognition from the industry. Meanwhile, TCL as a leader in video display TV products, has been playing an active part in JNET/AVS and other influential industry standards, including the research and formulation of standards on next-generation technologies such as ultra HD video, 3D video, immersive video and AI+ video encoding/decoding. Going ahead, TCL Industries will, based on the cooperation with over 50 partners, work with more industry players to make future-oriented breakthroughs in technology standards for connectivity, video encoding/decoding, and AI+. The Company will leverage its fully-fledged technologies to empower industry standards for wider interconnectivity and smart lifestyles.

Risk Factors

In 2023, the global economy registered steady growth, and the PRC grappled with challenges such as subdued consumer demand and real estate market despite its steady economic growth. The Company strictly followed laws and regulations as it continuously improved its governance framework, internal control system, and risk prevention and control to ensure sustained, steady and healthy development.

※ Policy Regulation Risk

Despite the continuous expansion of the Company's business in the PRC and abroad, multiple factors such as evolving international trade policies, increasingly stringent regulatory environments in various countries, and changing international political situations have exposed the Company to more severe trade, compliance, and political risks (including geopolitical risks), mainly manifested as trade policy risks, export control and sanctions compliance risks, privacy protection risks, anti-bribery risks, privacy protection, business secret and other compliance risks, as well as risks associated with political uncertainty.

Committed to promoting a compliance culture and enhancing managerial capacity, TCL Industries has defined three lines of defense against risks, namely, BUs, dedicated management departments of specific areas, and the audit department, to effectively guard against, monitor and respond to compliance risks.

The Company has put in place a comprehensive compliance management system as required by the Management. The organization, policy, operating mechanism, supervision, assessment, system and culture building, and other activities are carried out under the guidance of the Compliance Management Committee. Some risks have not yet been fully covered by the existing compliance system or are difficult to effectively prevent and control, especially abrupt changes in policies and regulations due to political factors. To manage such risks, on the one hand, TCL Industries works actively with external parties to build a monitoring mechanism for close monitoring of changes in laws, regulations and policies. On the other hand, it adopts a response mechanism for abrupt compliance risks to minimize the negative effects of policy regulation risks on its business.

※ Supply Chain Risk

In 2023, the PRC's exports recorded N-shaped performance, with YoY growth turning positive briefly driven by the delivery of backlog orders in the first half, and returning to negative due to weak external demand in the second half. In the final two months, the YoY growth went above 0 again over the low figure last year. In 2024, despite the adverse effects of a global economic downturn, Chinese exporters will continue to maintain a stable presence in international markets, propped up by positive factors such as deepening economic and trade ties with the Belt and Road countries, deepening economic and trade relations with Southeast Asian nations amidst all-round implementation of the Regional Comprehensive Economic Partnership (RCEP), systematic supply supported by a complete industry chain system, and growth in exports of mid- and high-end manufacturing products especially electrical and mechanical products. Moreover, driven by signs of CNY appreciation, escalating tensions in the Middle East, and stock replenishment by certain industries, commodity prices are likely to rise, prompting export prices to rebound and stabilize.

Against this backdrop, TCL Industries adheres to the strategy of globalized and diversified supply and implements a "1+1+N" approach. Through global strategic cooperation, it has deepened and consolidated its partnerships with strategic and key suppliers to expand the in-depth end-to-end development and cooperation. The Company's supply chain remains resilient in the face of the ever-changing markets and fierce competition for customers. To attain long-term healthy growth, the Company is working to create a safe, efficient, agile, green globally integrated and customer-centered supply chain.

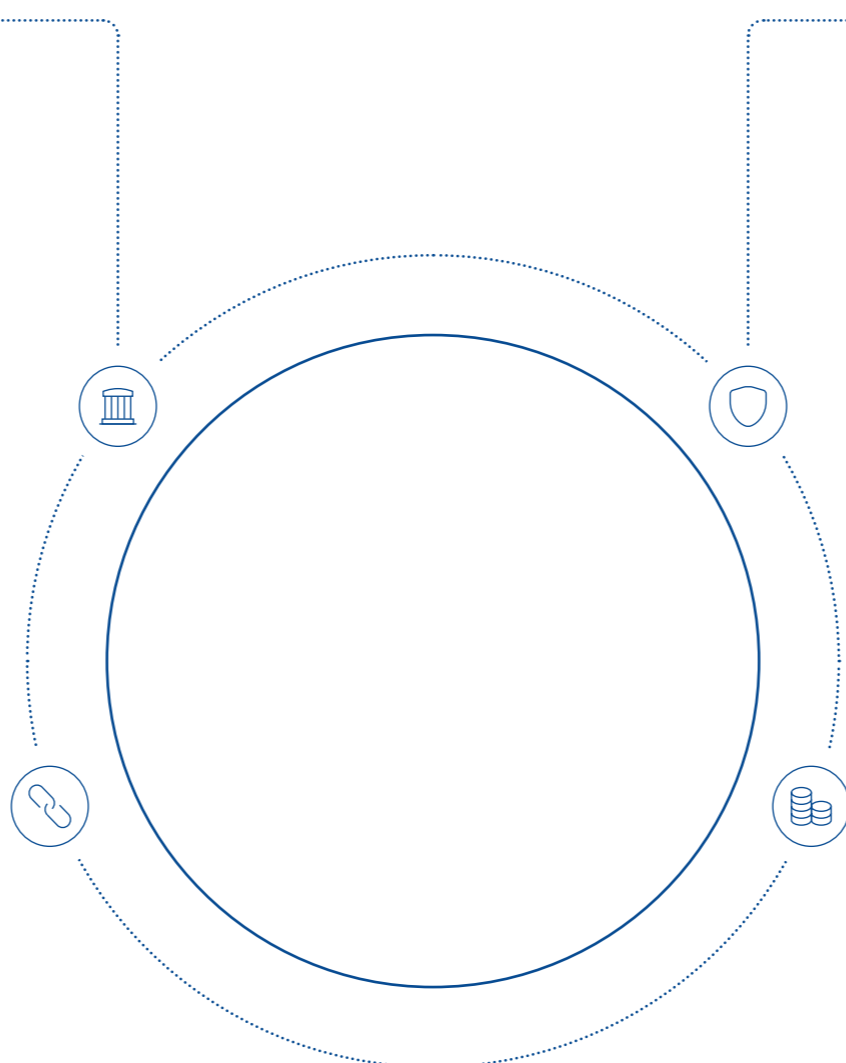
※ Liquidity Risk

The Company emphasizes debt management and keeps its debt size, mix and cost at a reasonable level. As of December 31, 2023, the Company registered a liability-asset ratio of 82.4%, up 1% year-on-year; an interest-bearing liability ratio of 21.8%, down 2.7% year-on-year; outstanding interest-bearing liabilities of CNY26.05 billion, including CNY12.23 billion due in 1 year, CNY2.97 billion due in 1-2 years, CNY8.90 billion due in 2-5 years and CNY1.96 billion due in over 5 years. In order to prevent the potential impact of a lack of liquidity on its business development, while stepping up efforts to collect accounts receivable, the Company conducts early funds planning, establishes a sound cooperative relationship with banks and other financial institutions, and raises the funds needed for normal operations by short-term borrowings and other means. Furthermore, it strives to diversify funding sources, raise medium and long-term funds at a low cost, and minimize refinancing risk.

※ Foreign Exchange Risk

TCL Industries' overseas sales network covers North America, Europe, South America, Asia Pacific, the Middle East, Africa, and other regions, which generated more than 60% of its total revenue in 2023. As its subsidiaries are exposed to foreign exchange risk from foreign currency-denominated financial assets and liabilities and net overseas investments, sharp fluctuations in exchange rates could not only adversely affect its overseas business operations, but also lead to exchange losses and hence increase financial costs. In 2023, impacted by factors such as monetary policy divergence among major economies, different paces of post-COVID economic recovery, inflation crisis and geopolitical wars, the foreign currency market saw dramatic fluctuations in some currencies. Specifically, the Fed made four rate hikes by a total of 100 bps during the year to 5.25%-5.5% - its highest level in 20 years. CNY dropped by up to 9.6%, and EUR fell up to 7.3% against USD.

The Management stayed responsive to the increasingly volatile foreign exchange market. In adherence to the risk-neutral principle, the Company adopted hedging strategies that fitted its business operations, with natural hedging as the primary approach, and derivative instruments such as forwards and swaps as supplements, to mitigate the impact of exchange rate fluctuations on its profitability. Through these operations, the Company further enhanced its foreign exchange risk management to preserve the value of its assets denominated in foreign currencies. The Fed's rate hikes resulted in a sustained increase in the Company's USD-denominated financing costs, putting pressure on its financial costs. To cope with this issue, the Company proactively adjusted its financing strategy, optimized its debt mix, and seized the opportunity for low-cost loan resources, thereby maximizing its control over interest expenses.



06

Financial Statements



Financial Statements

TCL Industries Holdings Co., Ltd. Consolidated Financial Statements (Note)

(From January 1, 2023 to December 31, 2023)

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* Financial data is disclosed in this report based on Chinese accounting standards and audited.

Consolidated Balance Sheet

In CNY1,000

Assets	Closing Balance	Beginning Balance
Current assets		
Monetary funds	15,675,984	14,132,907
Held-for-trading financial assets	5,202,528	2,675,439
Derivative financial assets	217,492	690,857
Notes receivable	2,282,525	2,136,637
Accounts receivable	22,572,100	18,328,600
Receivables financing	3,880,416	2,429,490
Prepayments	1,089,755	1,358,033
Other receivables	7,552,498	6,165,607
Inventories	17,541,274	14,697,363
Contract assets	111,562	27,913
Held-for-sale assets	-	-
Non-current assets due within one year	111,562	27,913
Other current assets	8,364,404	7,434,603
Total current assets	84,490,538	70,077,449
Non-current assets		
Loans and advances	752,015	1,200,021
Debt investments	1,212,867	764,701
Long-term receivables	934,160	572,279
Long-term equity investments	4,082,000	4,134,405
Other equity instrument investments	1,036,917	1,185,131
Other non-current financial assets	1,330,649	2,732,473
Investment properties	5,772,934	5,922,766
Fixed assets	9,389,974	7,294,890
Construction in progress	1,360,093	1,811,167
Right-of-use assets	1,754,168	951,777
Intangible assets	1,949,182	1,790,368
Development expenses	278,870	289,570
Goodwill	2,914,020	2,888,998
Long-term unamortized expenses	689,790	685,730
Deferred income tax assets	722,101	645,934
Other non-current assets	951,815	782,048
Total non-current assets	35,131,555	33,652,258
Total assets	119,622,093	103,729,707

Legal Representative: Du Juan CEO: Du Juan CFO: Peng Pan

Consolidated Balance Sheet (continued)

In CNY1,000

Liabilities and shareholders' equity	Closing Balance	Beginning Balance
Current liabilities		
Short-term borrowings	9,987,138	9,772,253
Held-for-trading financial liabilities	-	-
Derivative financial liabilities	114,144	302,569
Notes payable	8,550,864	7,742,500
Accounts payable	31,052,124	24,001,024
Advances from customers	384,191	389,019
Contract liabilities	3,526,744	3,559,508
Financial assets sold under repurchase agreements	769,214	504,439
Payroll payable	3,674,885	3,112,087
Taxes payable	1,002,468	776,901
Other payables	19,638,158	15,849,483
Non-current liabilities due within one year	2,589,133	3,288,153
Other current liabilities	1,430,411	1,053,012
Total current liabilities	82,719,474	70,350,948
Long-term borrowings	13,167,979	11,972,433
Lease liabilities	1,456,079	741,196
Long-term payables	93,726	289,143
Long-term payroll payable	47,737	40,861
Provisions	273,215	337,882
Deferred income	107,532	137,257
Deferred income tax liabilities	484,958	484,317
Other non-current liabilities	258,022	32,323
Total non-current liabilities	15,889,248	14,035,412
Total liabilities	98,608,722	84,386,360
Owner's equity (or shareholders' equity):		
Share capital	3,225,000	3,225,000
Capital reserve	509,547	504,448
Other comprehensive income	(1,500,090)	(1,183,446)
Surplus reserve	182,122	130,617
Special reserves	244	488
General risk reserves	54,339	506
Undistributed Profit	4,517,812	4,074,857
Equity attributable to shareholders of the parent company	6,988,974	6,752,470
Minority interests	14,024,397	12,590,877
Total shareholders' equity	21,013,371	19,343,347
Total liabilities and shareholders' equity	119,622,093	103,729,707

Legal Representative: Du Juan CEO: Du Juan CFO: Peng Pan

Consolidated Income Statement

In CNY1,000

	Amount for Current Period	Amount for Prior Period
I. Total operating income	120,321,916	106,086,484
Less: Total costs of sales	115,850,763	102,398,307
Of which: Costs of sales	95,761,447	85,494,610
Taxes and surcharges	748,940	687,854
Sales expenses	10,264,565	8,997,835
Administrative expenses	4,758,523	4,068,847
R&D expenses	4,087,137	4,005,346
Financial expenses	230,151	(856,185)
Of which: Interest expenses	1,603,929	1,346,586
Interest income	989,028	769,500
Plus: Other income	786,180	727,258
Investment income	27,644	(470,125)
Exchange gains or losses		
Gains on net exposure hedging	(27,114)	-
Gains on changes in fair value	(203,887)	275,580
Credit impairment loss	(475,489)	(143,413)
Asset impairment loss	(488,747)	(299,359)
Income from asset disposal	920	(7,271)
II. Operating profit	4,090,660	3,770,847
Plus: Non-operating income	188,297	106,005
Less: Non-operating expenditures	189,523	166,262
III. Total profit	4,089,434	3,710,590
Less: Income tax expenses	854,175	648,793
IV. Net profit	3,235,259	3,061,797
(I) Classified by Business Continuity		
Net profit from continuing operations	3,235,259	3,061,797
Net profit from discontinued operations	-	-
(II) Classified by Ownership		
Net profit attributable to Shareholders of the parent company	1,106,860	1,480,638
Profit or loss attributable to minority shareholders	2,128,399	1,581,159

Legal Representative: Du Juan CEO: Du Juan CFO: Peng Pan

Consolidated Cash Flow Statement

In CNY1,000

	Amount for Current Period	Amount for Prior Period
I. Cash flow from operating activities:		
Proceeds from sale of commodities and rendering of services	121,836,275	111,787,877
Tax and levy rebates	4,637,303	4,176,117
Cash from other operating activities	3,086,316	4,572,720
Subtotal of cash from operating activities	129,559,894	120,536,714
Payments for commodities and services	95,201,678	90,604,794
Cash paid to and for employees	12,237,259	11,580,943
Taxes and surcharges paid	3,907,194	3,435,954
Cash used in other operating activities	8,961,804	9,213,952
Subtotal of cash used in operating activities	120,307,935	114,835,643
Net cash flows from operating activities	9,251,959	5,701,071
II. Cash flow from investment activities:		
Proceeds from disinvestments	13,236,049	18,305,375
Proceeds from return on investments	287,323	585,407
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	54,740	50,557
Net proceeds from disposal of subsidiaries and other business units	155,526	196,975
Cash from other investing activities	720,339	988,570
Subtotal of cash from investment activities	3,220,446	3,299,729
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets	-	8,894
Payments for investments	330,117	314,699
Net payments for acquiring subsidiaries and other business units	19,835,892	24,872,761
Cash used in other investing activities	330,117	314,699
Subtotal of cash used in investing activities	19,835,892	24,872,762
Net cash used in investing activities	(5,381,915)	(4,745,877)

Consolidated Cash Flow Statement (continued)

In CNY1,000

	Amount for Current Period	Amount for Prior Period
III. Cash flow from financing activities:		
Cash received from capital injection	187,889	1,180,552
Cash received from borrowings	28,456,765	26,848,117
Cash from other financing activities	1,643,678	4,411,570
Subtotal of cash from financing activities	30,288,332	32,440,239
Cash paid for debt repayment	27,981,887	28,190,820
Cash paid for distribution of dividends and profits or payment of interests	3,144,774	2,796,068
Of which: Dividends and profits paid by subsidiaries to minority shareholders	979,731	890,781
Other cash paid in relation to financing activities	1,389,584	2,984,968
Subtotal of cash used in financing activities	32,516,245	33,971,856
Net cash from financing activities	(2,227,913)	(1,531,617)
IV. Effect of exchange rate changes on cash and cash equivalents	132,317	271,325
V. Net increase of cash and cash equivalents	1,774,448	(305,098)
Plus: Beginning balance of cash and cash equivalents	12,808,276	13,113,374
VI. Closing balance of cash and cash equivalents	14,582,724	12,808,276

Legal Representative: Du Juan CEO: Du Juan CFO: Peng Pan

Legal Representative: Du Juan CEO: Du Juan CFO: Peng Pan

Definition and Exchange Rate

Term	means	Definition
TCL Industries, the Company	means	TCL Industries Holdings Co., Ltd.
TCL Electronics	means	TCL Electronics Holdings Limited, a subsidiary of the Company listed on the HKSE (stock code: 01070.HK)
TCL Air Conditioner	means	TCL Air Conditioner (Zhongshan) Co., Ltd.
TCL Smart Home	means	Guangdong TCL Smart Home Co., Ltd., formerly known as Guangdong Homa Appliances Co., Ltd., a subsidiary of the Company listed on the SZSE (stock code: 002668.SZ)
TCL Environmental Technology	means	TCL Environmental Technology Co., Ltd.
Getech	means	Gatech Technology Co., Ltd.
TCL Industrial Park	means	TCL Technology Industrial Park Co., Ltd.
TCL Financial Service	means	TCL Financial Service Holding Group (Guangzhou) Co., Ltd.
Hefei Household Appliances	means	TCL Household Electric Appliance (Hefei) Co., Ltd.
Homa Refrigerator	means	Guangdong Homa Refrigerator Co., Ltd.
Tonly Technology	means	Tonly Technology Co., Ltd.
JDH	means	JDH Information Technology (Zhuhai) Co., Ltd.
TCL Zhonghuan	means	TCL Zhonghuan Renewable Energy Technology Co., Ltd.
Huizhou King	means	TCL King Electrical Appliances (Huizhou) Co., Ltd.
Inner Mongolia Zhonghuan	means	Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.
TCL Photoelectric	means	Inner Mongolia TCL Photoelectric Technology Co. Ltd.
TCL Digital Technology	means	TCL Digital Technology (Shenzhen) Co., Ltd.
Techigh Circuit	means	Techigh Circuit Technology (Huizhou) Co., Ltd.
TPC	means	Tianjin Printronics Circuit Corporation, a company listed on the SZSE (stock code: 002134.SZ)
Tonly Electronics (Hong Kong)	means	Tonly Electronics Technology (HK) Limited

Exchange Rate

CNY/HKD	2023.01-12	2022.01-12
Average rate	0.9010	0.8628
CNY/HKD	2023.12.31	2022.12.31
Closing rate	0.9064	0.8933

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