

TCL 科技集团股份有限公司

TCL Technology Group Corporation

TCL

First Quarter 2022 Report

April 27, 2022

Table of Contents

Section I Important Notice	3
Section II Key Financial Information.....	4
Section III Management Discussion and Analysis	7
Section IV Shareholder Information	10
Section V Other Important Matters	12
Section VI Quarterly Financial Statements	12

Section I Important Notice

The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of TCL Technology Group Corporation (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this First Quarter 2022 Report, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.

Mr. Li Dongsheng, the Chairman of the Board, Ms. Li Jian, the person-in-charge of financial affairs (Chief Financial Officer), and Mr. Xi Wenbo, the person-in-charge of the financial department, hereby guarantee that the financial statements carried in this First Quarter 2022 Report are factual, accurate and complete.

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

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

Section II Key Financial Information

I. Key financial information and financial indicators

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

Yes No

Reasons for retroactive adjustment or restatement

Change of accounting policy

	Q1 2022	Q1 2021		YoY change
		Before adjustment	After adjustment	After adjustment
Revenue (RMB)	40,566,851,319	32,143,561,563	32,244,933,306	25.81%
Net profit attributable to the company's shareholders (RMB)	1,352,533,125	2,403,729,935	2,410,539,527	-43.89%
Net profits attributable to the company's shareholders before non-recurring gains and losses (RMB)	611,554,193	2,123,056,041	2,129,865,633	-71.29%
Net cash generated from operating activities (RMB)	3,863,953,881	8,003,201,979	8,003,201,979	-51.72%
Basic earnings per share (RMB/share)	0.1008	0.1781	0.1786	-43.56%
Diluted earnings per share (RMB/share)	0.0993	0.1713	0.1718	-42.20%
Weighted average return on equity (%)	3.16%	7.07%	7.09%	-3.93%
	March 31, 2022	December 31, 2021		Change
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	316,518,995,777	308,733,133,305	308,987,970,915	2.44%
Owner's equity attributable to the company's shareholders (RMB)	43,504,943,301	43,034,234,611	43,103,580,799	0.93%

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

Total share capital at the end of the last trading session before the disclosure of this Report (share)	14,030,642,421
---	----------------

Fully diluted earnings per share based on the latest total share capital above:

Fully diluted earnings per share based on the latest total share capital above (RMB/share)	0.0964
--	--------

II. Non-recurring profit and loss items and amount

Applicable Not applicable

Unit: RMB

Item	Amount for the current reporting period	Note
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	-2,868,821	Not applicable
Government subsidies charged to current profits and loss (except for government subsidies closely related to the Company's normal business which comply with national policies and regulations and are enjoyed on an ongoing basis according to certain standard quotas or quantities)	277,162,460	Not applicable
The profits and losses generated from changes in fair value arising from holding marketable financial assets and marketable financial liabilities, as well as the investment-related income from the disposal of marketable financial assets, marketable financial liabilities and available-for-sale financial assets, except for the effective hedging business related to the Company's normal business operation.	-3,059,068	Not applicable
Non-operating income and expenses other than the above	568,266,489	Not applicable
Less: Corporate income tax	29,836,572	Not applicable
Non-controlling interests (net of tax)	68,685,556	Not applicable
Total	740,978,932	--

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

Applicable Not applicable

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

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

Applicable Not applicable

The Company does not have any non-recurring profit and loss items listed in the Explanatory Announcement on Information Disclosure of Companies Offering Securities to the Public No. 1 Non-recurring Profits and Losses that are defined as recurring profit and loss items.

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

Applicable Not applicable

Unit: RMB

Balance Sheet	Ending balance	Beginning	Increase /	Reason for change
---------------	----------------	-----------	------------	-------------------

items		balance	decrease ratio (%)	
Prepayments	3,481,851,278	2,306,325,116	51.0	Mainly due to an expansion of production scale and an increase in prepayments
Short-term borrowings	14,457,812,778	9,341,426,543	54.8	Mainly due to an increase in financing scale
Borrowings from the Central Bank	931,249,178	1,437,062,154	-35.2	Mainly due to a decrease in borrowings from the Central Bank by the Finance Company
Notes payable	5,158,493,935	3,275,295,915	57.5	Mainly due to an increase in scale and an increase in operating notes payable
Contract liabilities	3,878,494,022	2,593,882,004	49.5	Mainly due to an increase in advance receipts
Income Statement items	January - March 2022	January - March 2021	Increase / decrease ratio (%)	Reason for change
Cost of sales	35,594,751,040	25,383,357,989	40.2	Mainly due to the expansion of operating revenue scale and the merger of Moka
R&D expenses	2,042,751,101	1,540,240,528	32.6	Mainly due to the increase of R&D investment
Financial expenses	991,083,508	740,010,321	33.9	Mainly due to an increase in exchange losses
Cash Flow Statement items	January - March 2022	January - March 2021	Increase / decrease ratio (%)	Reason for change
Net cash generated from operating activities	3,863,953,881	8,003,201,979	-51.7	Mainly due to an increase in payments for commodities and services
Net cash generated from financing activities	4,613,471,688	2,657,860,614	73.6	Mainly due to the absorbing of minority shareholders' investments and the issuing of bonds

Section III Management Discussion and Analysis

This year, the international situation has become increasingly complicated and increasingly severe; geopolitical conflicts have triggered an increase in commodity prices and sparked the expectation of inflation; the spread of the pandemic has weakened downstream production and consumption links; and the global economy is facing great challenges. Faced with business pressure, the Company adheres to the strategic policy of “Striving to Ramp Up, Catching Up and Surpassing, Pressing on Toward Global Leadership” to promote the high-quality development of the enterprise.

The Company focuses on the development of core high-tech industries of semi-conductor displays and new energy photovoltaic and semi-conductor materials, implements the business strategy of “Improving Business Quality and Efficiency, Strengthening Advantages and Making up for Disadvantages, Innovation-driven Development and Accelerating Global Layout”, sticks to the business bottom line of extreme cost efficiency, and strengthens risk control capabilities and adaptability. **In the first quarter, the Company achieved an operating revenue of RMB40.57 billion, a year-on-year increase of 25.8%; it achieved a net profit of RMB2.35 billion, a year-on-year decrease of 27.5% but a month-on-month increase of 29.5%; its net profit attributable to shareholders of the listed company was RMB1.35 billion, a year-on-year decrease of 43.9% but a month-on-month increase of 41%; its R&D investment was RMB2.25 billion, a year-on-year increase of 10.1%.**

Impacted by factors such as the weakening of downstream demand and short-term stagnation of the supply chain, the prosperity of the semi-conductor display industry fell to the bottom of its field, the prices of large-scale products decreased significantly compared with the same period last year, and industry profitability came under pressure. TCL CSOT continued to expand its economy of scale, improve the business structure, and optimize the composition of products and customers, meeting business challenges with extreme management efficiency. **In the first quarter of 2022, the sales area of TCL CSOT products increased by 34.7% year-on-year to 11.241 million square meters; it achieved an operating revenue of RMB20.04 billion from the semi-conductor display business, a year-on-year increase of 15.3%, and earned a net profit of RMB340 million, a year-on-year decrease of 85.8%.**

In the field of large-scale products business, Factory t7 ramped up as scheduled, and the market share of the Company in the field of large-scale products further improved: it ranked second in the world in terms of market share for TV panels, and the first in the world in terms of market share for 8K and 120Hz high-end TV panels; it ranked first in the world in terms of market share for interactive whiteboards, and maintained rapid growth in field of commercial displays such as digital signs and splicing screens; it maintained its ranking as first in the world in terms of e-sports displays, and the revenue share from non-TV business increased to 24%. In the field of small and medium-sized products business, Factory t3, the factory with the largest single production capacity of LTPSs in the world, is actively transforming its products such as notebook computers, tablets and onboard products to optimize the product portfolio; LTPS tablets ranked first in the world, notebook computers ranked second in the world, and revenue from LTPS business other than mobile phone business reached 54%; the Factory t3 expansion project is progressing in an accelerated manner, and the overall capacity of LTPSs will achieve a scale and comprehensive competitiveness that ranks first overall; the production capacity for Phase II and Phase III of the Factory t4 production line are under construction as scheduled, and are still facing business pressure during the ramp-up period, but the development of new technologies and products such as flexible OLED folding, under-screen cameras and LTPO is progressing smoothly, and the customer structure is gradually being optimized, laying the foundation for subsequent business improvement; Factory t9, positioned for the layout of new businesses such as medium-sized IT and onboard products, is accelerating in its construction and is expected to achieve mass production in 2023.

The business of new energy photovoltaic and semi-conductor materials continued to grow rapidly, with the proportion of its performance contribution increasing significantly. During the reporting period, TCL Zhonghuan achieved an operating revenue of RMB13.37 billion, a year-on-year increase of 79.1%, and earned a net profit of RMB1.46 billion, a year-on-year increase of 96.2%.

Benefiting from the growth of domestic distributed installed capacity and the demand for accelerated transformation of overseas energy, there was continued demand in the new energy photovoltaic industry; however, uncertainties such as industrial chain coordination and logistics exacerbated business challenges due to the impact of the epidemic. The Company gives full play to

the comprehensive advantages of G12 advanced production capacity, laminated tile patent barrier and Industry 4.0 flexible manufacturing, to maintain industry leadership in advanced production capacity scale, technology and production efficiency, as well as continue improving market share. As of the end of the first quarter of 2022, the production capacity of single crystals had increased to 95GW, of which G12 production capacity accounted for 72%, ranking first in the global market.

Benefiting from the rapid growth of 5G and automotive electronics, the speed of expansion of wafer factories has driven the strong demand for semiconductor materials. Through the dual-path development of 'characteristic process + advanced manufacturing process', during the reporting period, the production capacity of 8-12 inch polished wafers and epitaxial wafers increased rapidly, the product and customer structure was upgraded rapidly, the product sales scale increased by 54% year-on-year, and the production capacity of 8-inch products reached 800,000 pieces per month, having formed a comprehensive product capacity and market competitiveness comparable with international first-line manufacturers, and realized the full coverage of domestic customers; the production capacity of 12-inch products reached 170,000 pieces per month, and accelerated catching up in terms of advanced process products. At present, 28nm and above series products have entered the stage of mass production, having signed into long-term strategic cooperation agreements with a number of front-line customers at home and abroad.

Looking ahead to the whole year, the world development pattern is complex and changeable, and global economic development faces great challenges. In response to the changing situation, the Company will adhere to the spirit of "Striving to Ramp Up, Catching Up and Surpassing", respond to the uncertainty from the surrounding environment with business certainty, and give full play to the advantages of efficiency and technological innovation; **the Company will accelerate the upgrade from being a leader in large-scale displays to being a leader in full-scale products in terms of the field of semi-conductor displays, achieve global leadership in comprehensive competitiveness in the field of new energy photovoltaic materials, give play to industrial synergy in the field of semiconductor materials, and build a leading global technology industry group.**

Section IV Shareholder Information

I. Table of the total number of shareholders holding common stocks, number of shareholders holding preferred stocks with resumed voting rights, and shareholding of the top ten shareholders

Unit: share

Total number of ordinary shareholders at the period-end		773,077	Total number of preference shareholders with resumed voting rights at the period-end (if any)			0
Shareholding of the top 10 shareholders						
Name of Shareholder	Nature of shareholder	Shareholding ratio (%)	Number of shares held	Restricted shares held	Shares in pledge, marked or frozen	
					Share Status	Shares
Li Dongsheng and his acting-in-concert party	Domestic natural person / Domestic non-state-owned legal person	8.26	1,158,599,393	610,181,602	Pledge	164,338,800
					Pledge	215,000,000
Huizhou Investment Holding Co., Ltd.	State-owned legal person	5.30	743,139,840	0		
Wuhan Optics Valley Industrial Investment Co., Ltd.	State-owned legal person	3.98	558,552,396	0	Pledge	255,754,475
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	2.71	380,385,171	0		
China Securities Finance Corporation Limited	Domestic non-state-owned legal person	2.66	373,231,553	0		
Tibet Tianfeng Enterprise Management Co., Ltd.	Domestic non-state-owned legal person	1.54	215,582,406	0		
TCL Technology Group Corporation -	Fund, wealth management product, etc.	0.81	113,143,154	0		

2021 to 2023 Employee Stock Ownership Plan (Phase I)						
Sinatay Life Insurance Co., Ltd. - Conventional Product	Fund, wealth management product, etc.	0.74	104,190,172	0		
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53	74,761,500	0		
Southern Asset Management - Agricultural Bank of China - Southern China Securities Financial Asset Management Plan	Fund, wealth management product, etc.	0.53	74,761,500	0		
Top 10 unrestricted ordinary shareholders						
Name of Shareholder	Number of unrestricted ordinary shares held	Shares by class				
		Shares by class	Shares			
Huizhou Investment Holding Co., Ltd.	743,139,840	RMB-denominated ordinary stock	743,139,840			
Wuhan Optics Valley Industrial Investment Co., Ltd.	558,552,396	RMB-denominated ordinary stock	558,552,396			
Li Dongsheng and his acting-in-concert party	548,417,791	RMB-denominated ordinary stock	548,417,791			
Hong Kong Securities Clearing Company Ltd.	380,385,171	RMB-denominated ordinary stock	380,385,171			
China Securities Finance Corporation Limited	373,231,553	RMB-denominated ordinary stock	373,231,553			
Tibet Tianfeng Enterprise Management Co., Ltd.	215,582,406	RMB-denominated ordinary stock	215,582,406			

TCL Technology Group Corporation - 2021 to 2023 Employee Stock Ownership Plan (Phase I)	113,143,154	RMB-denominated ordinary stock	113,143,154
Sinatay Life Insurance Co., Ltd. - Conventional Product	104,190,172	RMB-denominated ordinary stock	104,190,172
ICBC Credit Suisse Fund - Agricultural Bank of China - ICBC Credit Suisse China Securities Financial Asset Management Plan	74,761,500	RMB-denominated ordinary stock	74,761,500
Southern Asset Management - Agricultural Bank of China - Southern China Securities Financial Asset Management Plan	74,761,500	RMB-denominated ordinary stock	74,761,500
Note on the above shareholders' associations or concerted actions	Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the Agreement on Concerted Action, holding 1,158,599,393 shares in total and becoming the largest shareholder of the Company.		
Note on the top 10 shareholders' participation in securities margin trading (if any)	Tibet Tianfeng Enterprise Management Co., Ltd., a shareholder of the Company, holds 123,187,314 shares through the general securities account, and holds 92,395,092 shares through the credit securities account, with a total of 215,582,406 shares actually held.		
Special account for share repurchases (if any) among the top 10 shareholders	The top ten shareholders of the Company include the "The Securities Account of TCL Technology Group Corporation for Repurchases". As of the end of the reporting period, there were 327,728,516 shares held in the repurchase account.		

II. Total number of shareholders holding preferred stocks and shareholding of the top 10 thereof

Applicable Not applicable

Section V Other Important Matters

Applicable Not applicable

Section VI Quarterly Financial Statements

I. Financial statements

1. Consolidated Balance Sheet

Prepared by: TCL Technology Group Corporation

Unit: RMB

Item	March 31, 2022	December 31, 2021
Current assets:		
Monetary assets	28,552,470,300	31,393,692,485
Settlement reserves		
Funds on loan		
Held-for-trading financial assets	8,069,926,732	7,601,255,964
Derivative financial assets	322,678,427	70,928,566
Notes receivable	727,550,494	776,201,686
Accounts receivable	18,500,042,137	18,238,782,247
Receivables financing	2,490,926,634	2,217,638,736
Prepayments	3,481,851,278	2,306,325,116
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract provisions receivable		
Other receivables	5,061,976,198	4,458,621,235
Of which: Interests receivable	-	-
Dividends receivable	-	-
Financial assets purchased under sale-back agreement	-	-
Inventories	15,655,222,396	14,083,356,918
Contract assets	251,695,386	233,528,786
Held-for-sale assets	-	-
Non-current assets maturing within one year	-	-
Other current assets	6,067,310,872	5,802,960,362
Total current assets	89,181,650,854	87,183,292,101
Non-current assets:		
Loans and advances to customers	-	-
Debt investments	20,005,392	-
Other debt investments	-	-
Long-term receivables	636,980,360	651,117,971
Long-term equity investments	26,312,482,901	25,640,578,245
Investments in other equity instruments	907,425,159	927,319,447

Other non-current financial assets	2,544,518,385	2,704,037,825
Investment property	887,658,397	761,902,236
Fixed assets	113,933,544,407	113,579,297,130
Construction in progress	38,973,986,371	36,965,885,393
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,279,108,039	2,426,911,208
Intangible assets	15,053,564,730	13,982,647,108
Development costs	2,531,852,461	2,508,418,669
Goodwill	9,158,841,295	9,158,841,295
Long-term deferred expenses	2,639,976,273	2,640,530,156
Deferred income tax assets	2,186,797,451	2,153,345,865
Other non-current assets	9,270,603,302	7,449,008,656
Total non-current assets	227,337,344,923	221,549,841,204
Total assets	316,518,995,777	308,733,133,305
Current liabilities:		
Short-term borrowings	14,457,812,778	9,341,426,543
Borrowings from the Central Bank	931,249,178	1,437,062,154
Borrowed funds	490,296,314	-
Held-for-trading financial liabilities	1,107,531,562	925,035,483
Derivative financial liabilities	150,126,418	22,204,824
Notes payable	5,158,493,935	3,275,295,915
Accounts payable	22,333,315,646	24,297,859,803
Advances from customers	4,720,742	5,794,242
Contract liabilities	3,878,494,022	2,593,882,004
Financial assets sold under repurchase agreements	-	-
Customer deposits and deposits from other banks and financial institutions	1,245,502,887	666,056,133
Funds for brokering securities transaction		
Funds for brokering securities underwriting		
Employee compensation payable	2,694,460,641	3,311,933,217

Taxes and levies payable	1,074,816,975	1,238,849,334
Other payables	19,002,048,259	19,386,888,623
Of which: Interests payable	-	-
Dividends payable	1,258,937,007	34,607,012
Service charges and commissions payable		
Reinsurance accounts payable		
Held-for-sale liabilities	-	-
Current portion of non-current liabilities due within a one-year period	14,965,660,824	13,006,764,842
Other current liabilities	1,335,041,800	1,269,886,904
Total current liabilities	88,829,571,981	80,778,940,021
Non-current liabilities:		
Insurance contract provisions		
Long-term borrowings	86,196,079,447	87,279,081,955
Bonds payable	12,057,598,825	13,066,281,402
Of which: Preferred stocks		
Perpetual bonds		
Lease liabilities	1,084,941,574	1,102,071,813
Long-term payables	649,802,775	671,344,466
Long-term employee compensation payable	686,643,663	669,931,395
Estimated liabilities		
Deferred income	2,397,904,434	2,361,205,043
Deferred income tax liabilities	3,097,626,266	3,158,985,929
Other non-current liabilities	-	-
Total non-current liabilities	106,170,596,984	108,308,902,003
Total liabilities	195,000,168,965	189,087,842,024
Owner's equity:		
Share capital	14,030,642,421	14,030,642,421
Other equity instruments	200,334,057	200,334,057
Of which: Preferred stocks		
Perpetual bonds		
Capital reserves	5,238,082,152	6,079,267,240
Less: Treasury stock	2,054,946,580	1,885,556,526

Other comprehensive income	-351,078,842	-409,447,681
Specific reserves	2,584,804	1,549,125
Surplus reserves	2,550,172,644	2,550,172,644
General risk reserve	8,933,515	8,933,515
Retained earnings	23,880,219,130	22,458,339,816
Total equity attributable to the owners of the parent company	43,504,943,301	43,034,234,611
Non-controlling interests	78,013,883,511	76,611,056,670
Total owner's equity	121,518,826,812	119,645,291,281
Total liabilities and owner's equity	316,518,995,777	308,733,133,305

Legal representative: Li Dongsheng

Person-in-charge of financial affairs: Li Jian

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

2. Consolidated Income Statement

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Total revenue	40,597,535,003	32,173,945,858
Of which: Revenue	40,566,851,319	32,143,561,563
Interest income	30,683,684	30,384,295
Earned premiums		
Service charge and commission income	-	
II. Total costs	40,004,606,380	28,868,451,833
Of which: Cost of sales	35,594,751,040	25,383,357,989
Interest expenditures	9,336,013	4,754,960
Service charge and commission expenditures	-	
Surrender value		
Net claims payment		
Net insurance liability provisions accrued		
Policy dividend expenditures		
Reinsurance expenses		
Taxes and levies	137,883,718	106,853,638
Selling expenses	471,927,285	330,230,062

Administrative expense	756,873,715	763,004,335
R&D expenses	2,042,751,101	1,540,240,528
Financial expenses	991,083,508	740,010,321
Including: Interest expenses	999,858,819	966,852,847
Interest income	176,470,746	103,593,808
Plus: Other income	976,625,863	343,452,869
Return on investment (losses are indicated by "-")	661,221,895	493,372,758
Including: Share of profit or loss of joint ventures and associates	804,480,527	149,003,152
Income from derecognition of financial assets measured at amortised costs		
Exchange gains (losses are indicated by "-")	14,068,652	-14,384
Gain on net exposure hedging (losses are indicated by "-")	-	-
Gain on changes in fair value (losses are indicated by "-")	-136,683,550	-292,943,771
Credit impairment losses (losses are indicated by "-")	5,829,571	-31,736,912
Asset impairment losses (losses are indicated by "-")	-246,385,486	-301,118,508
Income from asset disposal (losses are indicated by "-")	-4,567,331	159,503
III. Operating profit (losses are indicated by "-")	1,863,038,237	3,516,665,580
Plus: Non-operating income	581,485,774	210,942,953
Less: Non-operating expenses	8,873,689	4,694,406
IV. Gross profits (total losses are indicated by "-")	2,435,650,322	3,722,914,127
Less: Income tax expenses	89,681,571	487,257,128
V. Net profits (net losses are indicated by "-")	2,345,968,751	3,235,656,999
(1) Classification by business continuity		
1. Net profits from continuing operations (net losses are indicated by "-")	2,345,968,751	3,235,656,999
2. Net profits from discontinued operations (net losses are indicated by "-")	-	-
(2) Classification by ownership		
1. Net profits attributable to the owners of the parent company	1,352,533,125	2,403,729,935

2. Net profit attributable to non-controlling interests	993,435,626	831,927,064
VI. Other comprehensive income, net of tax	107,592,545	-180,087,886
Other comprehensive income attributable to the owners of the parent company, net of tax	58,368,839	-151,737,311
(1) Other comprehensive income that will not be reclassified to profit or loss	-18,244,588	-65,621,285
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be subsequently reclassified into profits and losses under the equity method	-	-
3. Changes in fair value of other equity instrument investments	-18,244,588	-65,621,285
4. Changes in fair value of the enterprise's own credit risks		
5. Others		
(2) Other comprehensive income that may subsequently reclassified into profit and loss	76,613,427	-86,116,026
1. Other comprehensive income that can be transferred to profits and losses under the equity method	129,581	11,868
2. Changes in fair value of other debt investments	-	-
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investments		
5. Reserves for cash flow hedging	27,994,488	-75,069,636
6. Conversion differences in foreign currency financial statements	48,489,358	-11,058,258
7. Others		-
Other net comprehensive income attributable to minority interests, net of tax	49,223,706	-28,350,575
VII. Total comprehensive income	2,453,561,296	3,055,569,113
Total comprehensive income attributable to the owners of the parent company	1,410,901,964	2,251,992,624
Total comprehensive income attributable to	1,042,659,332	803,576,489

non-controlling interests		
VIII. Earnings per share:		
(1) Basic earnings per share	0.1008	0.1781
(2) Diluted earnings per share	0.0993	0.1713

Legal representative: Li Dongsheng

Person-in-charge of financial affairs: Li Jian

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

3. Consolidated Cash Flow Statement

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Cash flow generated from operating activities:		
Proceeds from sale of commodities and rendering of services	32,479,892,087	27,034,723,608
Net increase of deposits from customers and banks and other financial institutions	579,446,754	733,511,000
Net increase of borrowings from the Central Bank	-505,812,976	198,608,011
Net increase in loans from other financial institutions	490,296,314	
Cash received from collecting premiums for original insurance contracts		
Net cash received for reinsurance business		
Net increase of deposits and investments of policyholders		
Interest, fees and commissions received	30,683,684	30,384,295
Net increase of borrowed funds from banks and other financial institutions		
Net increase of repurchase business funds		
Net cash received from brokering securities transaction		
Tax and levy rebates	1,801,281,700	1,394,337,857
Cash generated from other operating activities	1,752,565,605	1,171,334,830
Sub-total of cash generated from operating activities	36,628,353,168	30,562,899,601
Payments for commodities and services	25,746,314,393	17,145,704,624
Net increase of loans and advances to customers	-291,363,670	1,013,946,603
Net increase of deposits with the Central Bank,	202,991,230	68,720,062

banks and other financial institutions		
Cash paid for claims for original insurance contracts		
Net increase of funds on loan		
Cash paid for interest, service charges and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	3,158,375,360	2,018,238,456
Taxes and levies paid	806,447,479	582,590,307
Cash used in other operating activities	3,141,634,495	1,730,497,570
Sub-total of cash used in operating activities	32,764,399,287	22,559,697,622
Net cash generated from operating activities	3,863,953,881	8,003,201,979
II. Cash flow generated from investing activities:		
Proceeds from disinvestments	9,653,344,653	6,373,430,027
Proceeds from return on investments	239,383,580	125,899,457
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	3,422,583	18,531,879
Net proceeds from disposal of subsidiaries and other business units		
Cash generated from other investing activities	50,123,919	6,368,912
Sub-total of cash generated from investment activities	9,946,274,735	6,524,230,275
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets	10,941,138,741	7,543,249,643
Payments for investments	11,495,911,476	9,287,433,997
Net increase of pledged loans		
Net payments for acquiring subsidiaries and other business units		
Cash used in other investing activities	100,914,607	50,133,413
Subtotal of cash used in investing activities	22,537,964,824	16,880,817,053
Net cash used in investing activities	-12,591,690,089	-10,356,586,778
III. Cash flow generated from financing activities:		
Capital contributions received	2,571,180,000	94,900,000
Including: Capital contributions by non-controlling interests to subsidiaries	2,571,180,000	94,900,000
Borrowings raised	18,821,994,041	16,219,912,408

Cash generated from other financing activities		151,949,228
Sub-total of cash generated from financing activities	21,393,174,041	16,466,761,636
Cash paid for debt repayment	13,689,241,447	10,706,121,604
Cash paid for distribution of dividends and profits or payment of interests	1,111,330,624	1,209,556,374
Including: Dividends paid by subsidiaries to non-controlling interests	19,790,027	23,055,560
Cash used in other financing activities	1,979,130,282	1,893,223,044
Subtotal of cash used in financing activities	16,779,702,353	13,808,901,022
Net cash generated from financing activities	4,613,471,688	2,657,860,614
IV. Effect of exchange rate changes on cash and cash equivalents	-27,326,776	57,381,895
V. Net increase of cash and cash equivalents	-4,141,591,296	361,857,710
Plus: Beginning balance of cash and cash equivalents	30,081,704,864	18,208,416,780
VI. Closing balance of cash and cash equivalents	25,940,113,568	18,570,274,490

Legal representative: Li Dongsheng

Person-in-charge of financial affairs: Li Jian

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

II. Notes on adjustments in the financial statements

On December 31, 2021, the Ministry of Finance issued the Notice on the Issuance of ‘Interpretation of Accounting Standards for Business Enterprises No. 15’ (CK [2021] No. 35) (hereinafter referred to as ‘Interpretation No. 15’), which defines the accounting handling of the external sales of products or by-products produced before the fixed assets reach the expected serviceable state or during the R&D process. In accordance with the requirements of Interpretation No. 15, the company has adopted new accounting standards as of January 1, 2022, and retroactively adjusted the profit and loss realized from the external sales of trial products produced in previous periods. The impact of the adoption of the new standards on relevant items is as follows.

1. Adjustments to the beginning balances of the relevant items of the financial statements due to the adoption of the new Accounting Standards initially implemented beginning in 2022

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2021	January 1, 2022	Amount of adjustment
Current assets:			
Monetary assets	31,393,692,485	31,393,692,485	
Settlement reserves			

Funds on loan			
Held-for-trading financial assets	7,601,255,964	7,601,255,964	
Derivative financial assets	70,928,566	70,928,566	
Notes receivable	776,201,686	776,201,686	
Accounts receivable	18,238,782,247	18,238,782,247	
Receivables financing	2,217,638,736	2,217,638,736	
Prepayments	2,306,325,116	2,306,325,116	
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract provisions receivable			
Other receivables	4,458,621,235	4,458,621,235	
Of which: Interests receivable			
Dividends receivable			
Financial assets purchased under sale-back agreement			
Inventories	14,083,356,918	14,083,356,918	
Contract assets	233,528,786	233,528,786	
Held-for-sale assets			
Non-current assets maturing within one year			
Other current assets	5,802,960,362	5,802,960,362	
Total current assets	87,183,292,101	87,183,292,101	-
Non-current assets:			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables	651,117,971	651,117,971	
Long-term equity investments	25,640,578,245	25,640,578,245	
Investments in other equity instruments	927,319,447	927,319,447	
Other non-current financial assets	2,704,037,825	2,704,037,825	
Investment property	761,902,236	761,902,236	

Fixed assets	113,579,297,130	113,723,758,876	144,461,746
Construction in progress	36,965,885,393	37,029,504,222	63,618,829
Productive biological assets			
Oil and gas assets			
Right-of-use assets	2,426,911,208	2,426,911,208	
Intangible assets	13,982,647,108	14,000,546,363	17,899,255
Development costs	2,508,418,669	2,540,199,289	31,780,620
Goodwill	9,158,841,295	9,158,841,295	
Long-term deferred expenses	2,640,530,156	2,640,530,156	
Deferred income tax assets	2,153,345,865	2,150,423,025	-2,922,840
Other non-current assets	7,449,008,656	7,449,008,656	
Total non-current assets	221,549,841,204	221,804,678,814	254,837,610
Total assets	308,733,133,305	308,987,970,915	254,837,610
Current liabilities:			
Short-term borrowings	9,341,426,543	9,341,426,543	
Borrowings from the Central Bank	1,437,062,154	1,437,062,154	
Borrowed funds			
Held-for-trading financial liabilities	925,035,483	925,035,483	
Derivative financial liabilities	22,204,824	22,204,824	
Notes payable	3,275,295,915	3,275,295,915	
Accounts payable	24,297,859,803	24,297,859,803	
Advances from customers	5,794,242	5,794,242	
Contract liabilities	2,593,882,004	2,593,882,004	
Financial assets sold under repurchase agreements			
Customer deposits and deposits from other banks and financial institutions	666,056,133	666,056,133	
Funds for brokering securities transaction			
Funds for brokering securities underwriting			
Employee compensation payable	3,311,933,217	3,311,933,217	
Taxes and levies payable	1,238,849,334	1,238,849,334	

Other payables	19,386,888,623	19,386,888,623	
Of which: Interests payable			
Dividends payable	34,607,012	34,607,012	
Service charges and commissions payable			
Reinsurance accounts payable			
Held-for-sale liabilities			
Current portion of non-current liabilities due within a one-year period	13,006,764,842	13,006,764,842	
Other current liabilities	1,269,886,904	1,269,886,904	
Total current liabilities	80,778,940,021	80,778,940,021	-
Non-current liabilities:			
Insurance contract provisions		-	
Long-term borrowings	87,279,081,955	87,279,081,955	
Bonds payable	13,066,281,402	13,066,281,402	
Of which: Preferred stocks			
Perpetual bonds			
Lease liabilities	1,102,071,813	1,102,071,813	
Long-term payables	671,344,466	671,344,466	
Long-term employee compensation payable	669,931,395	669,931,395	
Estimated liabilities			
Deferred income	2,361,205,043	2,361,205,043	
Deferred income tax liabilities	3,158,985,929	3,158,985,929	
Other non-current liabilities			
Total non-current liabilities	108,308,902,003	108,308,902,003	-
Total liabilities	189,087,842,024	189,087,842,024	-
Owner's equity:			
Share capital	14,030,642,421	14,030,642,421	
Other equity instruments	200,334,057	200,334,057	
Of which: Preferred stocks			
Perpetual bonds			
Capital reserves	6,079,267,240	6,079,267,240	
Less: Treasury stock	1,885,556,526	1,885,556,526	

Other comprehensive income	-409,447,681	-409,447,681	
Specific reserves	1,549,125	1,549,125	
Surplus reserves	2,550,172,644	2,550,172,644	
General risk reserve	8,933,515	8,933,515	
Retained earnings	22,458,339,816	22,527,686,004	69,346,188
Total equity attributable to the owners of the parent company	43,034,234,611	43,103,580,799	69,346,188
Non-controlling interests	76,611,056,670	76,796,548,092	185,491,422
Total owner's equity	119,645,291,281	119,900,128,891	254,837,610
Total liabilities and owner's equity	308,733,133,305	308,987,970,915	254,837,610

2. Notes on retrospective adjustments to the previous comparative data due to adoption of the new Accounting Standards initially implemented beginning in 2022

Consolidated Income Statement

Unit: RMB

Item	Amount incurred in the previous period before adjustment	Amount incurred in the previous period after adjustment	Amount of adjustment
I. Total revenue	32,173,945,858	32,275,317,601	101,371,743
Of which: Revenue	32,143,561,563	32,244,933,306	101,371,743
Interest income	30,384,295	30,384,295	
Earned premiums			
Service charge and commission income			
II. Total costs	28,868,451,833	28,950,337,978	81,886,145
Of which: Cost of sales	25,383,357,989	25,462,422,453	79,064,464
Interest expenditures	4,754,960	4,754,960	
Service charge and commission expenditures			
Surrender value			
Net claims payment			
Net insurance liability provisions accrued			
Policy dividend expenditures			
Reinsurance expenses			
Taxes and levies	106,853,638	106,853,638	
Selling expenses	330,230,062	330,230,062	
Administrative expense	763,004,335	763,004,335	

R&D expenses	1,540,240,528	1,543,062,209	2,821,681
Financial expenses	740,010,321	740,010,321	
Including: Interest expenses	966,852,847	966,852,847	
Interest income	103,593,808	103,593,808	
Plus: Other income	343,452,869	343,452,869	
Return on investment (losses are indicated by "-")	493,372,758	493,372,758	
Including: Share of profit or loss of joint ventures and associates	149,003,152	149,003,152	
Income from derecognition of financial assets measured at amortised costs			
Exchange gains (losses are indicated by "-")	-14,384	-14,384	
Gain on net exposure hedging (losses are indicated by "-")	-	-	
Gain on changes in fair value (losses are indicated by "-")	-292,943,771	-292,943,771	
Credit impairment losses (losses are indicated by "-")	-31,736,912	-31,736,912	
Asset impairment losses (losses are indicated by "-")	-301,118,508	-301,118,508	
Income from asset disposal (losses are indicated by "-")	159,503	159,503	
III. Operating profit (losses are indicated by "-")	3,516,665,580	3,536,151,178	19,485,598
Plus: Non-operating income	210,942,953	210,942,953	
Less: Non-operating expenses	4,694,406	4,694,406	
IV. Gross profits (total losses are indicated by "-")	3,722,914,127	3,742,399,725	19,485,598
Less: Income tax expenses	487,257,128	490,179,967	2,922,839
V. Net profits (net losses are indicated by "-")	3,235,656,999	3,252,219,758	16,562,759
(1) Classification by business continuity			
1. Net profits from continuing operations (net losses are indicated by "-")	3,235,656,999	3,252,219,758	16,562,759
2. Net profits from discontinued operations (net losses are indicated by "-")	-	-	
(2) Classification by ownership			
1. Net profits attributable to the owners of the parent company	2,403,729,935	2,410,539,527	6,809,592
2. Net profit attributable to non-controlling	831,927,064	841,680,231	9,753,167

interests			
VI. Other comprehensive income, net of tax	-180,087,886	-180,087,886	-
Other comprehensive income attributable to the owners of the parent company, net of tax	-151,737,311	-151,737,311	
(1) Other comprehensive income that will not be reclassified to profit or loss	-65,621,285	-65,621,285	-
1. Changes arising from remeasurement of defined benefit plans			
2. Other comprehensive income that cannot be subsequently reclassified into profits and losses under the equity method	-		
3. Changes in fair value of other equity instrument investments	-65,621,285	-65,621,285	
4. Changes in fair value of the enterprise's own credit risks			
5. Others			
(2) Other comprehensive income that may subsequently reclassified into profit and loss	-86,116,026	-86,116,026	-
1. Other comprehensive income that can be transferred to profits and losses under the equity method	11,868	11,868	
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provisions for credit impairment of other debt investments			
5. Reserves for cash flow hedging	-75,069,636	-75,069,636	
6. Conversion differences in foreign currency financial statements	-11,058,258	-11,058,258	
7. Others	-		
Other net comprehensive income attributable to minority interests, net of tax	-28,350,575	-28,350,575	
VII. Total comprehensive income	3,055,569,113	3,072,131,872	16,562,759
Total comprehensive income attributable to the owners of the parent company	2,251,992,624	2,258,802,216	6,809,592
Total comprehensive income attributable to non-controlling interests	803,576,489	813,329,656	9,753,167

VIII. Earnings per share:			
(1) Basic earnings per share	0.1781	0.1786	
(2) Diluted earnings per share	0.1713	0.1718	

III. Auditor's report

Whether the First Quarter 2022 Report has been audited or not?

Yes No

The Company's First Quarter 2022 Report has not yet been audited.

TCL Technology Group Corporation

Board of Directors

April 27, 2022