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TCL ELECTRONICS HOLDINGS LIMITED

TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited consolidated results and financial position of the Group for the six months ended 30 June 2024 with comparative figures for the corresponding period in 2023.

FINANCIAL HIGHLIGHTS	Six months ended 30 June		Change
	2024	2023	
	(unaudited)	(unaudited)	
	HK\$ Million	HK\$ Million	
		<i>(restated)</i>	
Revenue	45,494	34,916	30.3%
Gross profit	7,748	6,500	19.2%
Profit after tax	653	316	106.6%
Profit attributable to owners of the parent	650	264	146.5%
Non-HKFRS measure:			
adjusted profit attributable to owners of the parent	654	265	147.3%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

1. Overview

Adherence to Strategic Direction and Enhancement of Operational Quality in Response to Complex and Changing Economic Circumstances

In the first half of 2024, the global economy experienced a turbulent and volatile situation. While signs of recovery emerged, inflation continued to exert pressure on major economies worldwide and geopolitical uncertainty and volatile energy prices also introduced variables into the global economic landscape. Concurrently, China's economic landscape was characterised by a slowdown in export growth and ongoing adjustments in the property market. However, infrastructure investment and consumer market gradually warmed up, and the policy sector introduced a series of measures aimed at promoting consumption. Under the impacts of these complexities, China's economy achieved solid growth in the first half of 2024, with domestic GDP rising by 5.0% year-on-year.

Benefitting from the surge in demand from major sporting events such as the Euro Cup and the Olympic Games in the European and American TV markets, shipment of global TV industry increased slightly by 1.9% year-on-year in the first half of 2024. However, shipment of the PRC TV market fell by 6.1%¹ year-on-year. Against the background of fierce competition in the relatively mature market, the global TV market focused on structural upgrade and display technology innovation. Demand for mid-to-high-end TV, including large-sized TV and Mini LED TV, further expanded, with global shipment of 75-inch and above TV increasing by 37.8%² year-on-year and shipment of Mini LED TV seeing a year-on-year growth of 74.3%³ during the first half of 2024. At the same time, the consolidation of the market share of the leading industry players continued to increase, with the top four global TV brands accounting for 54.6%⁴ of global shipment in the first half of 2024, up from 53.8% in 2023. The photovoltaic market maintained its rapid growth trajectory, with newly installed capacity of domestic distributed photovoltaic industry increasing by 29.1% year-on-year to 52.9GW⁵ in the first half of 2024.

¹ Source: Global TV brand shipment data in the first half of 2024 from Omdia.

² Source: Global TV brand shipment data in the first half of 2024 from Omdia.

³ Source: Global TV shipment data in the first half of 2024 from Sigmaintell.

⁴ Source: Global TV brand shipment data from 2023 to the first half of 2024 from Omdia.

⁵ Source: National Energy Administration of the PRC.

Navigating the complex operating environment with both opportunities and challenges co-existing, TCL Electronics, as a leading consumer technology company, adhered to its strategic direction of “Lead with Brand Value, Excel in Global Efficiency, Drive with Technology, Thrive on Global Vitality” in the first half of 2024. The Group actively implemented key initiatives to enhance its core competencies in products, marketing, operations and organisation. In the first half of 2024, the Group vigorously promoted its mid-to-high-end strategy and globalisation operations, expanding its presence in the smart device market. The Group achieved high-quality growth in display business and internet business while actively promoting the development in scale of innovative business such as photovoltaic business, all-category marketing and AR/XR smart glasses. These efforts resulted in rapid growth in diversified revenue and a steady upgrade in the quality of the Group’s operations.

Mid-to-High-End and Globalisation Strategies Yielded Tangible Results, Quality Growth in Operations, and Continued Stable Financial Position

For the six months ended 30 June 2024, the Group achieved remarkable financial performance, with revenue reaching HK\$45,494 million, representing a year-on-year increase of 30.3%. During the reporting period, TCL Electronics’ well-executed strategy of promoting mid-to-high-end and globalisation operations, coupled with the economies of scale resulting from the rapid development of new businesses, contributed to a 19.2% year-on-year increase in gross profit, amounting to HK\$7,748 million. Regarding expenses, benefitting from economies of scale and improvement in quality and efficiency, the Group’s operational efficiency continued to improve in the first half of 2024, with the administrative expense ratio decreased by 1.1 percentage points year-on-year to 4.1%. Meanwhile, due to the Group’s adherence to a precision marketing technique, the selling and distribution expense ratio decreased by 0.9 percentage points to 9.6%. The overall expense ratio decreased by 2.0 percentage points year-on-year to 13.7%. Driven by economies of scale, the Group’s profit after tax during the reporting period increased by 106.6% year-on-year to HK\$653 million. Profit attributable to owners of the parent grew by 146.5% year-on-year to HK\$650 million, and adjusted profit attributable to owners of the parent increased by 147.3% year-on-year to HK\$654 million.

During the reporting period, the Group maintained a healthy financial position, with a net gearing ratio⁶ of 0.0% as at 30 June 2024. By prioritising efficiency and optimising its supply chain, logistics, service capabilities and partner ecosystem through globalisation, the Group improved operational efficiency. Inventory turnover days amounted to 69 days, accelerated by 1 day year-on-year, while the cash conversion cycle was reduced to 36 days, representing a year-on-year acceleration of 2 days. Meanwhile, the Group has consistently maintained a high dividend payout policy to reward Shareholders since 2017, with a dividend payout ratio of 50.0% in 2023.

Global Brand Reputation Improved, Display Business Scale Growth Outpacing the Industry, Innovative Business Becoming a New Growth Driver

In the first half of 2024, the Group adhered to its branding strategy of localisation and precision marketing in various areas such as major sports events, e-sports, films and TV series, and exhibitions, effectively enhancing its global brand influence. The global brand index of TCL TV increased by 11.1% year-on-year to 92⁷ in the first half of 2024, and the TCL brand was recognised in the prestigious “Google x Kantar BrandZ Top 50 Chinese Global Brand Builders” for the eighth consecutive year.

The Group’s proactive development in the global market and effective enhancement of its brand influence, coupled with the optimisation of its product structure and the continuous increase in the proportion of high-end products, contributed to a 21.3% year-on-year increase in the revenue of the display business, reaching HK\$30,135 million in the first half of 2024. Meanwhile, the Group continued to expand and deepen the coverage of key channels in multiple regions such as North America, Europe, and Emerging Market, shipment of TCL TV grew by 9.2% year-on-year to 12.52 million sets in the first half of 2024, significantly outperforming the industry average, and market share in terms of shipment increased by 0.9 percentage points year-on-year to 13.3%, ranking among the top two⁸ TV brands in the world with TCL TV ranking among the top five⁹ in terms of shipment in nearly 30 countries around the world.

⁶ Gearing ratio (net) is calculated as net debt (i.e. total interest-bearing bank and other borrowings and lease liabilities less cash and cash equivalents, and restricted cash and pledged deposits) divided by equity attributable to owners of the parent.

⁷ The brand index is calculated by dividing the market share of sales revenue by the market share of shipment in the first half of 2024 from Omdia.

⁸ Source: Global TV brand shipment data in the first half of 2024 from Omdia.

⁹ Source: U.S./Canada/Mexico retail market survey report of Circana, global market report of GfK, based on TV retail sales volume in the first half of 2024.

The Group has enhanced the “Smart IoT Ecosystem” with an all-category layout through its internet business, continuously improving brand competitiveness and customer experience. In the first half of 2024, the revenue of internet business increased by 8.9% year-on-year to HK\$1,212 million, with the gross profit margin maintaining at a high level of 54.0%. At the same time, the Group continued to leverage the brand strength, globalised channel resources, and advantages of vertical integration across the entire industry chain accumulated from the display business to drive the rapid development of innovative business such as photovoltaic business and all-category marketing. In the first half of 2024, the Group’s revenue from the innovative business expanded by 60.6% year-on-year to HK\$13,953 million, with gross profit increasing by 64.1% year-on-year to HK\$2,009 million. Notably, the revenue and gross profit of the photovoltaic business surged by 212.7% and 322.5% year-on-year to HK\$5,269 million and HK\$543 million, respectively, and the gross profit margin increased by 2.7 percentage points year-on-year to 10.3%. The revenue of the all-category marketing business increased by 27.7% year-on-year to HK\$7,753 million, with the gross profit margin up by 1.1 percentage points year-on-year to 16.3%.

Continuous Strengthening of R&D Capability and Enhancement of User Experience, Technological Achievements Widely Recognised

In the first half of 2024, R&D costs of the Group amounted to HK\$1,093 million. The Group continued to invest in R&D in smart devices, focusing on the development of advanced display technologies such as Mini LED and QLED, as well as innovative products such as AR/XR smart glasses and IoT smart home appliances. During the reporting period, the Group made a number of technological breakthroughs in the fields of display, AI and IoT, further consolidating its technological competitive edge.

During the reporting period, a wide array of products launched by the Group, including Mini LED TVs, tablets, AR/XR glasses, refrigerators, and washing machines, garnered widespread recognition for their exceptional performance and innovative designs and earned numerous international accolades. Notably, the TCL X11 QD-Mini LED TV was awarded the prestigious “AWE Gold Award”, and TCL NXTPAPER 14 Pro tablet received both the “AWE Excellent Product Award” and the “Eye Protection Display Technology Innovation Award”, showcasing TCL’s leading position in the next-generation display technology.

Furthermore, TCL Fresh Air P7 air conditioner, and TCL Free Built-in Refrigerator R540P12-DQ were honoured with the “Innovation Award” and the “AWE Excellent Product Award” at the AWE Award Ceremony, respectively. The RayNeo X2 Lite AR glasses were recognised with the “AR Glasses Innovation Award of the Year 2023-2024”, highlighting the Group’s innovative achievements in the smart home appliance and AR/XR sectors, and cementing TCL’s status as one of the global frontrunners in consumer-grade AR/XR hardware. Additionally, 10 products and designs including the TCL X11 QD-Mini LED TV were awarded the prestigious “2024 iF Design Award”, further demonstrating TCL’s prowess in product design.

2. Display Business

2.1 Large-Sized Display

Capturing High-End and Large-Screen Market Opportunities, Continuous Improvement in Brand and Product Competitiveness, Sales Volume and Revenue Performance Far Outperforming Industry

Despite the pressure faced in the recovery of global TV shipment, the Group remained committed to its mid-to-high-end and “TCL + Falcon” dual brand strategies. In the first half of 2024, global shipment of TCL TV reached 12.52 million sets, representing a year-on-year increase of 9.2%, with revenue growing by 23.2% year-on-year to HK\$25,914 million. Both sales volume and revenue growth significantly outperformed the industry average. Notably, the shipment of TCL TV in the second quarter of 2024 further accelerated, reaching 6.68 million sets and representing a year-on-year increase of 12.9% and a quarter-on-quarter growth of 14.3%. According to the latest report from Omdia¹⁰, TCL TV’s global market share in terms of shipment expanded from 5.6% in 2015 to 13.3% in the first half of 2024, increasing by 0.9 percentage points year-on-year in the first half of 2024, ranking top two globally. Moreover, the market share in terms of sales revenue reached 12.1%, representing a year-on-year increase of 1.9 percentage points, ranking top three and achieving the largest year-on-year growth among the top ten TV brands.

In the first half of 2024, the Group continued to align itself with the mid-to-high-end and large-screen market trends, with its high-end and large-sized products being increasingly favoured by global users. The global shipment of TCL TV of 75-inch and above grew by 34.5% year-on-year, with its proportion in terms of shipment increasing by 2.3 percentage points year-on-year to 11.8%. The global average size of TV shipped also increased by 1.8 inches year-on-year, from 49.9 inches to 51.7 inches. Global shipment of TCL’s mid-to-high-end products, QLED TV and Mini LED TV recorded a year-on-year increase of 64.4% and 122.4%, respectively, with Mini LED TV maintaining its leading position worldwide in terms of scale.

¹⁰ Source: Global TV brand shipment and sales revenue data from 2015 to the first half of 2024 from Omdia.

The PRC Market

According to Omdia’s data¹¹, the shipment of the domestic TV industry declined by 6.1% year-on-year in the first half of 2024 due to the sustained decrease in domestic demand. Nevertheless, the Group actively leveraged policy opportunities such as “trade-ins of consumer goods” and achieved breakthroughs in product mix upgrade through the TCL brand and by targeting younger demographics with the Falcon brand, which drove rapid shipment growth. In the first half of 2024, the shipment of TCL TV in the PRC market grew by 5.4% year-on-year, defying industry trends, and revenue increased by 21.1% year-on-year to HK\$8,353 million. Notably, the shipment of Falcon-branded TVs grew at a year-on-year rate of 66.4%. Affected by the change in brand proportion structure, the gross profit margin of TCL TV in the PRC market dropped by 2.4 percentage points year-on-year to 19.8% in the first half of 2024. Nonetheless, proper expense control ensured that the operating results of TCL TV in the PRC market remained robust.

The Group also made further advancements in the mid-to-high-end market during the reporting period. The shipment of 65-inch and above and 75-inch and above TCL TV in the PRC market grew by 6.7% and 17.7% year-on-year, respectively, with their corresponding proportions increasing by 0.6 percentage points to 51.5% and 3.5 percentage points to 33.2%, respectively. Meanwhile, the scale of TCL Mini LED TV has been developing rapidly, with shipment increasing by 120.1% year-on-year in the first half of 2024, and its corresponding proportion increasing significantly by 4.5 percentage points to 8.6%. In terms of market position, in the first half of 2024, the market share of TCL TV in terms of retail sales revenue in the PRC market increased by 1.5 percentage points year-on-year to 22.1%¹², ranking the second in the industry. The retail sales volume of TCL Mini LED TV remained the first¹³ in the PRC market.

¹¹ Source: TV brand shipment data in the first half of 2024 in the PRC market from Omdia.

¹² Source: TV brand retail sales revenue in the first half of 2024 in the PRC market from CMM’s omni-channel data, TCL and Falcon brands combined.

¹³ Source: TV brand retail sales volume in the first half of 2024 in the PRC market from CMM’s omni-channel data, TCL and Falcon brands combined.

International Market

Benefitting from the continuous enhancement of TCL TV's brand influence and product competitiveness, the Group's performance in the overseas market was particularly outstanding in the first half of 2024. In the first half of 2024, shipment of TCL TV in the international market increased by 10.4% year-on-year, with revenue increasing by 24.2% year-on-year to HK\$17,561 million. Notably, the shipment of 75-inch and above TV and TCL Mini LED TV saw significant growth of 77.9% and 124.7% year-on-year, respectively, leading to further optimisation of the product mix. In terms of gross profit margin, affected by the increased proportion of sales volume in low-margin regions and the rise in panel price, the gross profit margin in overseas market in the first half of 2024 dropped by 2.2 percentage points year-on-year to 15.6%. However, benefitting from operational quality improvement and efficiency enhancement, TCL TV's operating results in the international market further improved year-on-year in the first half of 2024.

In addition, the Group has made targeted investments in brand marketing and increased coverage in key channels across multiple regions, including North America, Europe, and Emerging Market. TCL TV ranked among the top five in terms of retail sales volume in nearly 30 countries overseas, according to data from GfK and Circana.

- North American Market: The economy achieved a “soft landing” in the first half of 2024, with inflation easing but pressures remaining, shipment of TCL TV fell slightly by 2.7% year-on-year. Meanwhile, benefitting from the Group persistently pursued its mid-to-high-end strategy and proactively adjusted its product and channel structure, the shipment of 75-inch and above TV increased by 46.9% year-on-year, and the corresponding proportion of shipment went up by 2.8 percentage points to 8.4%. Moreover, TCL TV's market share in terms of retail sales volume in the U.S. increased by 0.5 percentage points year-on-year to 12.5%, securely maintaining its position as the second in the market, the third in Canada and the fifth in Mexico (Source: Circana¹⁴);

¹⁴ Source: U.S./Canada/Mexico retail market survey report of Circana, based on TV retail sales volume in the first half of 2024.

- **Emerging Market:** The first half of 2024 saw a marked divergence in economic performances, with certain regions showcasing robust growth, while others confronted the dual challenges of inflationary pressures and political turmoil. According to data from Omdia¹⁵, shipment of TV industry increased slightly by 0.3% year-on-year in the first half of 2024. The Group took the lead in launching new competitive products in certain regions in the first half of 2024 while actively strengthening its brand marketing, outperforming the industry level. Shipment of TCL TV in Emerging Market grew by 4.0% year-on-year, remaining the top one in the industry in terms of market share of retail sales volume in Australia, the Philippines and Myanmar, securing the second in Saudi Arabia and Pakistan, ranking the third in Vietnam, Thailand, South Korea, Brazil and Argentina, and the fifth in the United Arab Emirates, India and Indonesia (Source: GfK¹⁶); and
- **European Market:** Benefitting from the sporting events such as the Euro Cup and the Olympic Games, the shipment of TV industry in the first half of 2024 grew by 9.8%¹⁷ year-on-year. The Group continued to expand its channels in key countries during the reporting period. Shipment of TCL-branded TV grew by 40.1% year-on-year and ranked among the top two in terms of market share of retail sales volume in France, Sweden and Poland, the third in the Czech Republic and Spain, the fourth in Italy, the Netherlands, Greece and Hungary, and the fifth in the United Kingdom (Source: GfK¹⁸).

2.2 *Small-and-Medium-Sized Display*

Early Signs of Market Recovery, Satisfactory Revenue Growth, and Profitability Yet to Be Improved

According to IDC's data¹⁹, the global shipment of mobile phones and tablets in the first half of 2024 increased by 8.4% and 10.0% year-on-year, respectively. During the reporting period, the Group insisted on its product-driven and focused approach, achieving results in improving operation efficiency through differentiated innovation. In the first half of 2024, revenue from the Group's small-and-medium-sized display business increased by 10.7% year-on-year to HK\$3,761 million, while gross profit increased by 13.6% year-on-year to HK\$628 million and gross profit margin improved by 0.4 percentage points to 16.7%.

¹⁵ Source: TV brand shipment data in the first half of 2024 in Emerging Market from Omdia.

¹⁶ Source: Global market report of GfK, based on TV retail sales volume in the first half of 2024.

¹⁷ Source: TV brand shipment data in the first half of 2024 in European market from Omdia.

¹⁸ Source: Global market report of GfK, based on TV retail sales volume of the first half of 2024.

¹⁹ Source: Global shipment data of mobile phones and tablets of the first half 2024 from IDC.

2.3 Smart Commercial Display

Focusing on the IFPD Market, Product Competitiveness Leading Business Breakthroughs and Empowering Long-Term Scale Growth

In the first half of 2024, the Group leveraged core display technologies such as Mini LED and QLED, and collaborated with DingTalk and Tencent to integrate multiple display categories with TCL's commercial OS. The Group placed particular emphasis on the IFPD market, providing multi-scenario product solutions, including smart education, smart enterprise and smart commerce. Furthermore, based on its existing supply chain resources and the advantages of vertical integration within the industry chain, the Group has continued to deepen its cooperation with leading overseas IFPD brands. During the reporting period, the Group launched new products such as the sixth-generation eye-protection IFPD 98X60A and the sixth-generation smart blackboard 86C60M. The Group also introduced several new products in the M-series and E-series of the new category of smart displays for office use, which are equipped with innovative designs such as cutting-edge paper-like display technology, 4K screen mirroring within a second, and the TCL Enterprise Edition OS to satisfy the lightweight and diversified needs of the office environment. In the first half of 2024, the Group's smart commercial display business recorded a year-on-year growth of 11.3% in revenue, reaching HK\$460 million, with a gross profit margin of 13.8%.

3. Internet Business

Focusing on User Experience, Solid Growth in Global Revenue Scale, Profitability Maintained at a High Level

The Group is committed to expanding the global presence of its home internet business and strives to provide users with products and services that allow multi-screen real-time interaction and smart sensing across all scenarios. For the six months ended 30 June 2024, the Group's global internet business revenue reached HK\$1,212 million, representing a year-on-year increase of 8.9%, and the gross profit margin maintained at a high level of 54.0%.

The PRC Market

In the first half of 2024, the Group's internet business in the PRC market centred around intelligence, convenience and innovation, focusing on breakthroughs and innovations in experience and application scenarios such as customised desktop and AI interaction. The Group continuously enriched the platform content and optimised the platform operation efficiency to enhance user experience and strengthen user loyalty. As an innovator in the OTT field, the Group upgraded the "TCL LINGKONG UI 2.0" during the reporting period, which greatly enhanced the convenience and comfort of use through simplified control, customisable user profile system, ad-free, visual upgrade, etc. The upgrade also realised

large-and-small-screen connection and mobile phone editing TV home screen, providing users with more personalised services. Meanwhile, the Group has created its proprietary IP of “Lei Dong Dong” based on the AI large-language model and cooperated with leading children’s IPs to develop AI animation for children’s education, continuing to provide users with rich platform content. During the reporting period, the Group’s internet business in the PRC generated revenue of HK\$870 million, maintaining a stable performance.

International Market

During the reporting period, the Group continued to strengthen its close cooperation with internet giants such as Google, Roku and Netflix, relentlessly pursuing continuous upgrade of user service experience. At the same time, the Group continued to make breakthroughs in its business model, with the average daily consumption time²⁰ on its self-developed content for June 2024 doubled year-on-year and traffic monetisation capacity further enhanced. As at the end of June 2024, TCL Channel, the Group’s integrated content application, has covered 60 countries in North America, Europe, Central and South America, Asia Pacific and other regions, with a total of more than 24.8 million users. In the first half of 2024, the Group’s internet business revenue from the international market amounted to HK\$342 million, representing a significant year-on-year increase of 51.2%.

4. Innovative Business

4.1 Photovoltaic Business

Exponential Growth in Scale and Enhanced Profitability, Seizing Market Development Opportunities, Continuously Promoting High-Quality Business Development

In the first half of 2024, amidst dynamic changes in the market, the Group adhered to the “Relatively Light Asset” model and achieved quality growth in business scale through refined operations by strengthening core competencies in products, digitisation, engineering technology, finance and channels. In the first half of 2024, the revenue of the Group’s photovoltaic business surged by 212.7% year-on-year to HK\$5,269 million, while gross profit increased significantly by 322.5% year-on-year to HK\$543 million, and gross profit margin increased by 2.7 percentage points to 10.3% year-on-year. As at the end of June 2024, the Group’s photovoltaic business has covered 23 key provinces and cities in the PRC, with over 150 industrial and commercial contracted projects, over 1,200 distribution channels, and more than 70,000 contracted rural residents.

²⁰ The average daily consumption time is calculated by taking the sum of the daily active users multiplied by the average daily usage hours within the month, and divided by the number of days in the month.

Positioned as a “user-oriented, world-leading distributed intelligent energy solutions service provider”, the Group is committed to exploring the high-quality development of distributed photovoltaic business under a well-developed policy environment for electricity transaction market. The Group aims to enhance the penetration rate of the mainstream market in the PRC and achieve orderly expansion, with the goal of entering the first tier in the household business, and enhancing the regional influence of the commercial business and developing the energy storage business for small-and-micro-sized enterprises through multi-scenario solutions and financial model innovation. In overseas market, the Group will identify the optimal path to globalisation, focus resources on channels, localise operations in markets where it has advantages, and strengthen the organisational layout to stimulate business efficiency. In the long run, the Group is committed to transforming its domestic photovoltaic power station business into an integrated global new energy solution provider, grasping the opportunities arising from the global energy transformation and carbon-neutral development.

4.2 All-Category Marketing

Strengthened Advantages of Global Branding and Channel Synergies, Driving Strong Revenue Growth

Leveraging the global brand influence accumulated by the display business over the years and the trans-regional market channels, the Group’s global brand distribution business of smart products, such as air conditioners, refrigerators, and washing machines, has maintained rapid growth. In the first half of 2024, the all-category marketing revenue increased by 27.7% year-on-year to HK\$7,753 million, with gross profit increasing by 37.1% year-on-year to HK\$1,264 million, and the distribution gross profit margin improved by 1.1 percentage points year-on-year to 16.3%. According to the global shipment data of China IOL for the first half of 2024, TCL air conditioner ranked the third globally. Furthermore, several new products were recognised by industry awards, such as the “Innovation Award” and the “Outstanding Product Award” at the AWE Award Ceremony, further consolidating the Group’s brand awareness.

4.3 Smart Connection and Smart Home

Continuous Optimisation of the Smart Connected Devices Ecosystem and Enhancement of Product Development and Marketing Capabilities

In the first half of 2024, the revenue of the Group’s smart connection and smart home business reached HK\$931 million, representing a slight increase of 0.1% year-on-year. The gross profit margin increased by 3.1 percentage points year-on-year to 21.7%, indicating further improvement in profitability. For the smart connection business, the Group continued to cultivate carrier channels in the first half of 2024 while proactively developing 4G and 5G

product lineup. For the smart home business, the Group launched the K7 series smart door locks within the RMB1,000 price range, the K9 series smart door locks within the mid-to-high price range, and the C3V indoor visual security camera during the period, with sales volume meeting expectations.

In addition, the Group has consistently focused on the development of AR and XR technologies. RayNeo, a company internally incubated by the Group, launched RayNeo Air 2s, the first AR glasses that have passed the ZREAL certification for ultra-high-definition video quality and enhanced frame rate performance in the domestic market during the first half of 2024, which features the latest Sony Micro OLED screen and is also the first in the industry to incorporate a symmetrical dual-driver audio structure and a bi-directional force-cancelling system. Furthermore, the device is equipped with the industry's first user-adjustable panel, and enabling users to enjoy 3D stereoscopic videos, providing a more immersive audio and visual experience. During the 618 (18 June) Shopping Festival, RayNeo smart glasses secured the top positions in both sales volume and sales revenue on both JD.com and Tmall, demonstrating its market leadership.

5. Outlook

Rising Demand for Mid-to-High-End TV, Upstream Panel Competition Stabilising, Advantages of Downstream Chinese TV Enterprises Expanding, Aggressively Building New Long-Term Growth Trajectory amidst Opportunities and Risks

In recent years, despite the relatively saturated demand within the TV industry, the industry concentration of panel production capacity has continued to tilt towards Chinese manufacturers, with the upstream competition pattern stabilising, thereby providing a strong support for the healthy and stable development of the TV industry's upstream and downstream sectors and further expanding the downstream advantages of leading Chinese TV enterprises. Meanwhile, although demand of global TV market remains stable, the trend of product structure upgrading and the shift towards mid-to-high-end products is becoming increasingly evident. According to a report from Sigmaintell, global shipment of large-sized TV of 75-inch and above and of Mini LED TV is expected to grow at a compound annual growth rate of 25.0% and 60.1% from 2023 to 2025, respectively. In response to changes in market demand, the Group will continue to promote its mid-to-high-end strategy, strengthen its brand image through precision marketing, and enhance the technological quality of its products to capture market share.

In the future, the global market size of air conditioner, refrigerator, and washing machine is expected to remain relatively stable, but there is still a significant market space when compared to the TV market. By leveraging its global TV branding and channel advantages accumulated through years of intensive overseas development, the Group will continue to actively expand the scale of all-category marketing business to further increase the market share of its all-category products, opening up new opportunities for the Group's diversified development. Meanwhile, the photovoltaic market and the AR/XR headset market have maintained rapid growth. Despite fierce market competition, the Group will continue to innovate and explore to seize industry opportunities and proactively position its business to build a new long-term sound growth trajectory with great potential.

Expanding Scale and Enhancing Operations, Continuous Strengthening of Capabilities, High-Quality Development Driven by Globalisation

In the second half of 2024, the Group will vigorously pursue strategies centered around “Scale Expansion, Strong Operation, Dynamic Organisation, and Globalisation”, striving to achieve high-quality development with net profit growth > gross profit growth > revenue growth. While stabilising the mid-to-low-end market, the Group will continue to achieve breakthrough in the mid-to-high-end market, deepen its overseas retail, channel, and marketing capabilities, and strengthen its global branding advantages. The Group will also strive for optimal operational efficiency, continuously improve its global organisational capabilities, and strengthen its data-driven operations to comprehensively contribute to lowering costs, increasing efficiency, and enhancing user experience. Moreover, the Group will adhere to the globalisation of operations, achieving local or nearby supply of products through global production capacity deployment, foster global talent to ensure the global deployment of local talents, and promote global localisation of brand marketing to effectively enhance the global brand influence.

Looking forward, the Group will adhere to the strategy of “Lead with Brand Value, Excel in Global Efficiency, Drive with Technology, Thrive on Global Vitality”, focus on strengthening core competencies in product, marketing, operation, and organisation, and promote the long-term sustainable development of the Group's core businesses, such as the display business and internet business, as well as the innovative business. The Group will continue to deepen its “Global” and “Tech-driven” layout, moving towards the goal of becoming a “world-leading smart device enterprise”.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison between the First Half of 2024 and the First Half of 2023

The table below lists and compares the figures of the first half of 2024 and the first half of 2023:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		<i>(restated)</i>
REVENUE	45,493,620	34,916,442
Cost of sales	<u>(37,745,894)</u>	<u>(28,416,397)</u>
Gross profit	7,747,726	6,500,045
Other income and gains	1,094,792	1,008,228
Selling and distribution expenses	(4,367,160)	(3,652,736)
Administrative expenses	(1,860,323)	(1,829,709)
Research and development costs	(1,092,783)	(1,095,434)
Other operating expenses	(171,529)	(42,773)
Impairment losses of financial and contract assets, net	<u>(10,053)</u>	<u>(49,669)</u>
	1,340,670	837,952
Finance costs	(521,358)	(431,684)
Shares of profits and losses of:		
– Joint ventures	16,039	9,573
– Associates	<u>46,445</u>	<u>3,986</u>
Profit before tax	881,796	419,827
Income tax	<u>(228,882)</u>	<u>(103,775)</u>
Profit for the period	<u>652,914</u>	<u>316,052</u>
Profit attributable to owners of the parent	649,920	263,709
Non-HKFRS measure: adjusted profit attributable to owners of the parent	654,211	264,562

Revenue

The Group's revenue increased by 30.3% year-on-year from HK\$34,916 million in the first half of 2023 to HK\$45,494 million in the first half of 2024. The following table shows the Group's revenue by business segment for the six months ended 30 June 2024 and 30 June 2023:

	Six months ended 30 June			
	2024	2023	2024	2023
	HK\$ Million	Proportion of the total revenue	HK\$ Million	Proportion of the total revenue
Display Business²¹	30,135	66.3%	24,851	71.2%
Large-Sized Display	25,914	57.0%	21,042	60.3%
– The PRC Market	8,353	18.4%	6,898	19.8%
– International Market	17,561	38.6%	14,144	40.5%
Small-and-Medium-Sized Display	3,761	8.3%	3,396	9.7%
Smart Commercial Display	460	1.0%	413	1.2%
Internet Business²²	1,212	2.7%	1,113	3.1%
The PRC Market	870	1.9%	887	2.5%
International Market	342	0.8%	226	0.6%
Innovative Business²³	13,953	30.6%	8,688	24.9%
Photovoltaic Business	5,269	11.6%	1,685	4.8%
All-Category Marketing	7,753	17.0%	6,073	17.4%
Smart Connection and Smart Home	931	2.0%	930	2.7%
Others	194	0.4%	264	0.8%
Total Revenue	45,494	100.0%	34,916	100.0%

²¹ “Display business” (including large-sized display (i.e. TV business), small-and-medium-sized display and smart commercial display) corresponds to both (i) the “TV” segment; and (ii) the display business in both “Smart mobile, connective devices and services” segment and “Smart commercial display, smart home and other businesses” segment as set out in the operating segment information of the notes to the financial statements.

²² “Internet business” refers to “Internet business” as set out in the operating segment information of the notes to the financial statements.

²³ “Innovative business” (including smart connection, smart home, all-category marketing and photovoltaic business) corresponds to (i) “All-category marketing” segment; (ii) “Photovoltaic business” segment; and (iii) the remaining business after excluding the display business in the “Smart mobile, connective devices and services” segment and the “Smart commercial display, smart home and other businesses” segment as set out in the operating segment information of notes to the financial statements.

Display Business

Revenue from the display business increased by 21.3% year-on-year from HK\$24,851 million in the first half of 2023 to HK\$30,135 million in the first half of 2024. The increase was mainly attributable to the Group's proactive development in the global market and the effective enhancement of its brand influence, contributing to a year-on-year growth in global shipment of TCL TV in the first half of 2024. Coupled with the improvement in product mix, the revenue scale of the large-sized display business expanded by 23.2% year-on-year.

Internet Business

The revenue from internet business increased by 8.9% year-on-year from HK\$1,113 million in the first half of 2023 to HK\$1,212 million in the first half of 2024. The growth was primarily driven by the continued breakthrough in commercial monetisation of the overseas internet business, the revenue of which increased by 51.2% to HK\$342 million during the reporting period.

Innovative Business

The Group's innovative business revenue increased by 60.6% year-on-year from HK\$8,688 million in the first half of 2023 to HK\$13,953 million in the first half of 2024. The growth was mainly attributable to the expansion of the photovoltaic business in terms of regions and channels, as well as the Group's diversification of designs targeting different building structures to meet market demand, which led to a rapid growth of 212.7% in revenue scale during the reporting period. Meanwhile, the all-category marketing business, benefitting from the Group's global brand power and synergistic channel advantages, developed rapidly and saw a year-on-year increase of 27.7% in scale during the reporting period.

Gross Profit and Gross Profit Margin

Overall gross profit of the Group increased by 19.2% year-on-year from HK\$6,500 million in the first half of 2023 to HK\$7,748 million in the first half of 2024. The year-on-year growth in gross profit was mainly attributable to the Group's persistent efforts in promoting the mid-to-high-end restructuring strategy of the business, the improvement in product mix, coupled with appropriate cost control measures, driving the steady year-on-year growth in the overall gross profit. The gross profit margin for the first half of 2024 was 17.0%, representing a year-on-year decrease of 1.6 percentage points as compared to that in the first half of 2023, mainly due to the decrease in the gross profit margin of the large-sized display business.

Display Business

Gross profit margin of the display business for the first half of 2024 was 16.9%, representing a decrease of 1.9 percentage points year-on-year. This was mainly attributable to the decrease in the gross profit margin of the large-sized display business as a result of the Group's continuous promotion of the "TCL+Falcon" dual brand strategy, changes in the proportion of domestic brands and overseas regions and the impact of the increase in panel costs.

Internet Business

Gross profit margin of the internet business for the first half of 2024 was 54.0%, remaining flat year-on-year. The stable gross profit margin was mainly attributable to the Group's continuous effort to tap into the vertical and innovative business of the internet business in the PRC and its overseas monetisation capabilities while enhancing the product experience of its internet business in the PRC.

Innovative Business

Gross profit margin of the innovative business for the first half of 2024 was 14.4%, representing an increase of 0.3 percentage points year-on-year. This was mainly attributable to the continuous improvement in the product mix of the Group's all-category marketing business as it fully utilised the established brand and channel resources, as well as further improvement in the profitability of the photovoltaic business as it continued to expand its operations and achieve economies of scale.

Other Income and Gains

Other income and gains increased by 8.6% year-on-year from HK\$1,008 million in the first half of 2023 to HK\$1,095 million in the first half of 2024, mainly due to the increase in interest income of the Group.

Selling and Distribution Expenses

Selling and distribution expenses increased by 19.6% year-on-year from HK\$3,653 million in the first half of 2023 to HK\$4,367 million in the first half of 2024. This was mainly due to the Group's strategic increase in investments related to brand marketing and product promotion in tandem with the expansion in scale and the gradual recovery of the consumer market.

Administrative Expenses

Administrative expenses increased by 1.7% year-on-year from HK\$1,830 million in the first half of 2023 to HK\$1,860 million in the first half of 2024, mainly due to the increase in bonus accruals as a result of the Group's favourable results of the first half of 2024.

R&D Costs

R&D costs decreased slightly by 0.2% year-on-year from HK\$1,095 million in the first half of 2023 to HK\$1,093 million in the first half of 2024, mainly due to the depreciation of RMB during the period.

Other Operating Expenses

Other operating expenses increased by 301.0% year-on-year from HK\$42.77 million in the first half of 2023 to HK\$172 million in the first half of 2024, which was mainly due to the Group's provision of impairment loss on goodwill during the reporting period. For details, please refer to note 11 to the financial statements set out in this announcement.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses of financial and contract assets, net decreased by 79.8% year-on-year from HK\$49.67 million in the first half of 2023 to HK\$10.05 million in the first half of 2024, which was mainly due to the impact of the provision for trade receivables from a commercial retailer (which is a listed company) in the corresponding period of last year.

Finance Costs

Finance costs increased by 20.8% year-on-year from HK\$432 million in the first half of 2023 to HK\$521 million in the first half of 2024, mainly due to the increase of interest expenses on discounting of bills during the reporting period.

Share of Profits and Losses – Joint Ventures and Associates

The share of profits increased by 360.8% year-on-year from HK\$13.56 million in the first half of 2023 to HK\$62.48 million in the first half of 2024, which was mainly attributable to the improvement in the results and the growth in profitability of the Group's joint ventures and the impact of the reduction in the proportionate shareholding of loss-making associates.

Profit before Tax

Profit before tax increased by 110.0% year-on-year from HK\$420 million in the first half of 2023 to HK\$882 million in the first half of 2024. This was mainly attributable to the significant improvement in the quality of operations of a number of business sectors including the display business, the internet business and the innovative business during the reporting period, as well as the effective reduction in the overall expense ratio as a result of the continuous improvement in operating efficiency and economies of scale.

Income Tax

Income tax increased by 120.6% year-on-year from HK\$104 million in the first half of 2023 to HK\$229 million in the first half of 2024, mainly due to the increase in profit before tax of certain subsidiaries of the Group during the reporting period.

Profit for the Period and Profit Attributable to Owners of the Parent

Profit for the period increased by 106.6% year-on-year from HK\$316 million in the first half of 2023 to HK\$653 million in the first half of 2024. Profit attributable to the owners of the parent increased by 146.5% year-on-year from HK\$264 million in the first half 2023 to HK\$650 million in the first half 2024. The increase was mainly attributable to the Group's scale expansion and the improvement in the quality of operation, which led to the rebound in profitability.

Non-HKFRS Measure: Adjusted Profit Attributable to Owners of the Parent

Adjusted profit attributable to owners of parent increased by 147.3% year-on-year from HK\$265 million in the first half of 2023 to HK\$654 million in the first half of 2024. This was mainly attributable to the significant improvement in the operating results of various business sectors during the reporting period, including the display business, the internet business and the innovative business, as well as the effective reduction in the overall expense ratio as a result of the continuous improvement in operating efficiency and economies of scale.

To supplement the Group's consolidated results prepared and presented in accordance with HKFRS issued by the HKICPA, the Group uses adjusted profit attributable to owners of the parent as an additional financial measure. The Group defines adjusted profit attributable to owners of the parent as profit attributable to owners of the parent after adding back the following adjustments: (i) (gain)/loss from investment companies, net; (ii) (gain)/loss on disposal and liquidation of subsidiaries, net; (iii) (gain)/loss related to call options and put options, net; (iv) (gain)/loss on disposal of non-current assets, net; and (v) income tax effect.

Whilst adjusted profit attributable to owners of the parent is not required by or presented in accordance with HKFRS, the management of the Group believes that such non-HKFRS financial measure provides useful supplementary information to investors in assessing the results of the Group's core businesses by excluding the impact of certain non-cash items, investments and non-current assets transactions. However, such unaudited non-HKFRS financial measure should be regarded as supplement to, and not substitute for, the Group's financial results prepared in accordance with HKFRS. In addition, the definition of such non-HKFRS financial measure does not have a standardised meaning prescribed by HKFRS and therefore may not be comparable to similar measures presented by other companies, and may differ from similar terminology used by other companies. Accordingly, the use of such non-HKFRS measure has limitation as an analytical tool, and investors should not consider it in isolation form, or as a substitute for analysis of our results of operations or financial conditions as reported under HKFRS.

The following tables set forth reconciliations of the Group's adjusted profit attributable to owners of the parent to the nearest comparable financial measure (profit attributable to owners of the parent) prepared and presented in accordance with HKFRS.

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
		<i>(restated)</i>
Profit attributable to owners of the parent, as reported	649,920	263,709
(Gain)/loss from investment companies, net ²⁴	253	3,345
(Gain)/loss on disposal and liquidation of subsidiaries, net ²⁵	–	(19,771)
(Gain)/loss related to call options and put options, net ²⁶	449	2,464
(Gain)/loss on disposal of non-current assets, net ²⁷	4,764	12,288
Income tax effect ²⁸	(1,175)	2,527
	<hr/>	<hr/>
Non-HKFRS measure:		
adjusted profit attributable to owners of the parent	654,211	264,562
	<hr/> <hr/>	<hr/> <hr/>

²⁴ (Gain)/loss from investment companies, net includes net (gains)/losses on deemed disposals, disposals, liquidations, deemed partial purchases/disposals of investment companies.

²⁵ (Gain)/loss on disposal and liquidation of subsidiaries, net includes gain on bargain purchase, net (gains)/losses on deemed disposals, disposals and liquidation of subsidiaries.

²⁶ (Gain)/loss related to call options and put options, net includes changes in fair value of call options and put options, imputed interests on a financial liability arising from a put option and net (gain)/loss on settlement of expired call options.

²⁷ (Gain)/loss on disposal of non-current assets, net includes net (gains)/losses on disposal of fixed assets, other intangible assets, right-of-use assets and other assets.

²⁸ Income tax effect refers to the income tax effect of non-HKFRS adjustments.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

The Group had no significant investment held as at 30 June 2024, and did not undertake any material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2024.

Liquidity and Financial Resources

The Group's principal financial instruments to manage liquidity risk comprise bank loans, factorings, cash and short-term deposits. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

The cash and cash equivalents of the Group as at 30 June 2024 amounted to approximately HK\$9,850,755,000, representing a decrease of 8.3% compared with that as at 31 December 2023, of which 48.5% was in RMB, 36.3% was in U.S. dollars, 4.8% was in Euros, 0.6% was in Hong Kong dollars and 9.8% was in other currencies for overseas operations.

For the purpose of day-to-day liquidity management and future expansion, the Group has access to bank and other borrowings. The bank borrowings of the Group as at 30 June 2024 were approximately HK\$6,653,421,000 which were interest-bearing at fixed and floating rates and denominated in U.S. dollars, RMB, Euros and Vietnamese Dong. The maturity profile of borrowings ranged from on demand to within three years. It is the intention of the Group to maintain a mix of equity and debt to ensure an efficient capital structure and in view of the reasonable interest rate. There was no material change in available credit facilities when compared with the year ended 31 December 2023 and there was no asset held under finance lease as at 30 June 2024.

As at 30 June 2024, the Group's gearing ratio was 0% since the Group's cash and cash equivalents, and restricted cash and pledged deposits of approximately HK\$10,049,600,000 were higher than the total interest-bearing bank and other borrowings and lease liabilities of approximately HK\$7,001,575,000. Gearing ratio was calculated by net borrowings (i.e. total interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents, and restricted cash and pledged deposits), divided by equity attributable to owners of the parent. The maturity profile of such borrowings ranged from on demand to within nine years.

Pledge of Assets

As at 30 June 2024, the Group had restricted cash and pledged deposits balance of approximately HK\$198,845,000 (31 December 2023: HK\$57,432,000), inventories of approximately HK\$328,681,000 (31 December 2023: Nil) and bills receivable of approximately HK\$284,392,000 (31 December 2023: Nil) pledged as the balance of performance and quality guarantees, financial assets and banking facilities for the Group.

Capital Commitments and Contingent Liabilities

As at 30 June 2024, the Group had capital commitments which were contracted but not provided for of approximately HK\$576,737,000 (31 December 2023: HK\$599,510,000) and no capital commitments which were authorised but not contracted for (31 December 2023: Nil).

As at 30 June 2024, the Group had the following contingent liabilities which have not been provided for in the financial statements:

TCL SEMP Eletroeletronicos is currently a respondent in a tax assessment dispute in Brazil with Brazil tax authority for alleged improper application of tax credits for the financial years of 2012 and 2013. As at 30 June 2024, the tax assessment dispute was still ongoing. The information usually required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that such disclosure can be expected to prejudice the outcome seriously. Based on the response from the independent attorney in charge, it is expected that the dispute will last for 3 to 8 years. The Group has not made any provision as the Group, based on the advice from its legal counsel, believes that TCL SEMP Eletroeletronicos has a valid defence against the allegation.

Pending Litigation

Saved as disclosed above, the Group was not involved in any material litigation as at 30 June 2024.

Foreign Exchange Exposure

Due to its international presence and operation, the Group is facing foreign exchange exposure including transaction exposure and translation exposure.

It is the Group's policy to centralise foreign currency management to monitor its total foreign currency exposure, to net off the positions of its affiliated companies and to consolidate hedging transactions with banks. The Group emphasises the importance of trading, investing and borrowing in functional currency to achieve natural hedging. In addition, in line with the aim of prudent financial management, the Group does not engage in any high risk derivative trading or leveraged foreign exchange contracts.

Employee and Remuneration Policy

As at 30 June 2024, the Group had a total of 25,817 dynamic and talented employees. During the six months ended 30 June 2024, the total staff costs amounted to approximately HK\$2,836,547,000. The employees of the Group were all dedicated to contributing to the growth and development of the Group. The Group promotes individuals based on their performance in the positions held and development potential. In order to attract and retain high-quality staff, competitive remuneration packages are offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual employees' performance. In addition, training and development programmes are provided on an on-going basis throughout the Group. The remuneration policy of the Group is reviewed regularly, making reference to current legislation, market condition and both the performance of individual employees and the Group.

In order to align the interests of staff with those of Shareholders, share options were granted to relevant grantees, including employees of the Group, under the 2016 Share Option Scheme. No share options carrying rights to subscribe for shares of the Company remained outstanding as at 30 June 2024. On 3 November 2023, the Company adopted the 2023 Share Option Scheme that complies with the new Chapter 17 of the Listing Rules, whereas the 2016 Share Option Scheme was terminated on the same date. No share option has been granted under the 2023 Share Option Scheme since its adoption up to 30 June 2024.

The 2023 Share Award Scheme was also adopted by the Company on 3 November 2023 in view of the expiry of the 2008 Share Award Scheme on 5 February 2023. Pursuant to the 2023 Share Award Scheme, existing Shares may be purchased from the market or new shares may be subscribed for by the designated trustee out of cash contributed by the Company, and would be held on trust by the designated trustee for the relevant selected persons until such shares are vested with the relevant selected persons in accordance with the rules of the 2023 Share Award Scheme. Awarded Shares granted and subsisting under the 2008 Share Award Scheme prior to its expiry shall continue to be in full force and effect in accordance with the 2008 Share Award Scheme and their terms of grant. On 25 January 2024, 82,270,000 awarded Shares (all to be satisfied in the form of existing shares) have been granted under the 2023 Share Award Scheme. There remained a total of 84,448,550 awarded Shares granted but remained outstanding as at 30 June 2024, of which 2,928,550 shares were granted under the 2008 Share Award Scheme and 81,520,000 shares were granted under the 2023 Share Award Scheme.

FINANCIAL INFORMATION

The following condensed consolidated interim financial statements have not been audited, but have been reviewed by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
REVENUE	5	45,493,620	34,916,442
Cost of sales		<u>(37,745,894)</u>	<u>(28,416,397)</u>
Gross profit		7,747,726	6,500,045
Other income and gains		1,094,792	1,008,228
Selling and distribution expenses		(4,367,160)	(3,652,736)
Administrative expenses		(1,860,323)	(1,829,709)
Research and development costs		(1,092,783)	(1,095,434)
Other operating expenses		(171,529)	(42,773)
Impairment losses on financial and contract assets, net		<u>(10,053)</u>	<u>(49,669)</u>
Finance costs	6	1,340,670	837,952
Share of profits and losses of:		(521,358)	(431,684)
Joint ventures		16,039	9,573
Associates		<u>46,445</u>	<u>3,986</u>
PROFIT BEFORE TAX	7	881,796	419,827
Income tax	8	<u>(228,882)</u>	<u>(103,775)</u>
PROFIT FOR THE PERIOD		<u>652,914</u>	<u>316,052</u>

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of the hedging instruments arising during the period	38,995	(65,196)
Reclassification adjustments for (gains)/losses included in profit or loss	38,766	(56,929)
Income tax effect	649	14,277
	<u>78,410</u>	<u>(107,848)</u>
Exchange differences:		
Translation of foreign operations	(441,667)	(329,955)
Reclassification adjustments for foreign operations disposed of or liquidated during the period	–	307
Reclassification adjustments for an associate deemed partial disposed during the period	84	166
	<u>(441,583)</u>	<u>(329,482)</u>
Financial assets at fair value through other comprehensive income:		
Changes in fair value of bills receivable, net of income tax	9,818	(15,876)
Share of other comprehensive income of associates and a joint venture	14,333	–
	<u>(339,022)</u>	<u>(453,206)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(339,022)</u>	<u>(453,206)</u>

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
<i>Note</i>	HK\$'000	HK\$'000
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Share of other comprehensive income/(loss) of associates and a joint venture	<u>(14)</u>	<u>1,453</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>(14)</u>	<u>1,453</u>
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	<u>(339,036)</u>	<u>(451,753)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	<u>313,878</u>	<u>(135,701)</u>
Profit attributable to:		
Owners of the parent	<u>649,920</u>	<u>263,709</u>
Non-controlling interests	<u>2,994</u>	<u>52,343</u>
	<u>652,914</u>	<u>316,052</u>
Total comprehensive income/(loss) attributable to:		
Owners of the parent	<u>393,670</u>	<u>(214,930)</u>
Non-controlling interests	<u>(79,792)</u>	<u>79,229</u>
	<u>313,878</u>	<u>(135,701)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT		
	10	
Basic	<u>HK26.69 cents</u>	<u>HK10.92 cents</u>
Diluted	<u>HK25.62 cents</u>	<u>HK10.62 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		2,275,464	2,384,306
Investment properties		525,911	544,530
Right-of-use assets		777,274	846,034
Goodwill	11	3,022,443	3,193,639
Other intangible assets		1,441,765	1,377,238
Investments in joint ventures		98,019	101,223
Investments in associates		1,328,917	1,252,557
Equity investments designated at fair value through other comprehensive income		378,398	323,592
Deferred tax assets		463,237	490,690
Other deferred assets		744,320	749,247
Derivative financial instruments		936	1,071
		11,056,684	11,264,127
CURRENT ASSETS			
Inventories		15,436,727	12,211,524
Trade receivables	12	17,206,053	15,547,888
Contract assets		289,886	147,702
Bills receivable		2,559,151	3,458,107
Prepayments, other receivables and other assets		13,758,323	10,143,709
Tax recoverable		79,797	78,378
Financial assets at fair value through profit or loss		541,025	943,102
Derivative financial instruments		291,680	187,604
Restricted cash and pledged deposits		198,845	57,432
Cash and cash equivalents		9,850,755	10,736,877
		60,212,242	53,512,323

		30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
	<i>Notes</i>		
CURRENT LIABILITIES			
Trade payables	13	23,718,780	19,115,674
Bills payable		3,860,841	4,892,498
Other payables and accruals		17,284,175	15,108,788
Interest-bearing bank and other borrowings	14	6,211,010	4,922,828
Lease liabilities		140,225	163,836
Tax payable		137,150	183,295
Derivative financial instruments		163,552	96,518
Provisions		1,097,146	1,052,159
		<hr/> 52,612,879	<hr/> 45,535,596
Total current liabilities			
		<hr/> 7,599,363	<hr/> 7,976,727
NET CURRENT ASSETS			
		<hr/> 18,656,047	<hr/> 19,240,854
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<hr/> 18,656,047	<hr/> 19,240,854
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	14	442,411	888,826
Lease liabilities		207,929	243,480
Deferred tax liabilities		320,566	340,361
Other long-term payables		44,354	52,986
Other non-current liabilities		227,490	140,114
Financial liabilities associated with put option		269,001	269,001
		<hr/> 1,511,751	<hr/> 1,934,768
Total non-current liabilities			
		<hr/> 17,144,296	<hr/> 17,306,086
Net assets		<hr/> 17,144,296	<hr/> 17,306,086
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	2,520,935	2,507,569
Reserves		14,113,041	14,200,085
		<hr/> 16,633,976	<hr/> 16,707,654
Non-controlling interests		510,320	598,432
		<hr/> 17,144,296	<hr/> 17,306,086
Total equity		<hr/> 17,144,296	<hr/> 17,306,086

Notes:

1. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial statements have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the HKICPA and the disclosure requirements of Appendix D2 of the Listing Rules.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The accounting policies and the basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with HKFRSs (which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, except for the adoption of the revised HKFRSs as disclosed in note 2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments, certain financial assets and equity investments which are measured at fair value. These unaudited interim condensed consolidated financial statements are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the revised HKFRSs effective as of 1 January 2024.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs that are applicable to the Group are described below:

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. The amendments did not have any impact on the interim condensed consolidated financial information.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSS

The Group has not applied the following new and revised HKFRSSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSSs upon initial application.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their geographical TV segments and other product types and has six reportable operating segments as follows:

- (a) TV segment – manufacture and sale of TV in:
 - TCL TV – the PRC market; and
 - TCL TV – the international market;
- (b) Internet business segment – membership cards, video-on-demand, advertising, vertical application and other new businesses;
- (c) Smart mobile, connective devices and services segment – manufacture and sale of mobile phones, smart connective products and smart display and service;
- (d) All-category marketing segment – distribution of TCL branded air conditioners, refrigerators, washing machines and other household appliances;
- (e) Photovoltaic business segment – sale of photovoltaic power generation equipment and systems, provision of construction, operation and maintenance services and other new energy technology business; and
- (f) Smart commercial display, smart home and other businesses segment.

The management of the Group monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on segment revenue and gross profit of each operating segment.

The presentation of reportable operating segments has been revised as detailed in page 33 of this announcement, and accordingly the comparative figures of such reportable operating segments have been restated, as the management believes that the information regarding such restated segments would be useful to the users of these financial statements.

Information regarding these reportable segments, together with their related comparative information, is presented below.

		Six months ended 30 June											
		TV				Smart mobile, connective devices and services				Smart commercial display, smart home and other businesses			
		TCL TV - the PRC market		TCL TV - international market		Internet business		All-category marketing		Photovoltaic business*		Consolidated	
		2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
		(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers		8,353,344	17,560,766	14,144,334	1,212,056	1,112,871	4,410,323	4,011,634	7,752,507	6,072,908	5,269,368	1,684,966	45,493,620
												(restated)	
													935,256
													992,194
													115,510
													7,747,726
													6,500,045
Gross profit		1,650,150	2,738,598	2,516,799	654,923	601,829	781,934	678,871	1,264,174	922,042	542,437	128,401	118,703

* Photovoltaic segment has been reclassified to a separate segment from smart commercial display, smart home and other businesses segment for better decision making of management of the Company.

5. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Revenue from contracts with customers	45,493,620	34,916,442

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	TV and others* (unaudited) HK\$'000	Internet business (unaudited) HK\$'000	Total (unaudited) HK\$'000
Types of goods or services			
Sale of goods	43,515,661	30,653	43,546,314
Construction services	765,903	–	765,903
Video-on-demand services	–	306,518	306,518
Advertising, vertical application and other new businesses	–	874,885	874,885
Total revenue from contracts with customers	44,281,564	1,212,056	45,493,620
Geographical markets			
Chinese Mainland	18,194,431	869,837	19,064,268
Europe	5,504,723	35,479	5,540,202
North America	7,282,697	176,363	7,459,060
Emerging Market	13,299,713	130,377	13,430,090
Total revenue from contracts with customers	44,281,564	1,212,056	45,493,620
Timing of revenue recognition			
Goods transferred at a point in time	43,515,661	30,653	43,546,314
Services transferred over time	765,903	306,518	1,072,421
Services transferred at a point in time	–	874,885	874,885
Total revenue from contracts with customers	44,281,564	1,212,056	45,493,620

For the six months ended 30 June 2023

Segments	TV and others* (unaudited) HK\$'000	Internet business (unaudited) HK\$'000	Total (unaudited) HK\$'000
Types of goods or services			
Sale of goods	33,462,435	10,613	33,473,048
Construction services	341,136	–	341,136
Video-on-demand services	–	267,728	267,728
Advertising, vertical application and other new businesses	–	834,530	834,530
	<u>33,803,571</u>	<u>1,112,871</u>	<u>34,916,442</u>
Total revenue from contracts with customers	<u>33,803,571</u>	<u>1,112,871</u>	<u>34,916,442</u>
Geographical markets			
Chinese Mainland	12,921,951	886,605	13,808,556
Europe	3,765,212	–	3,765,212
North America	7,086,519	63,918	7,150,437
Emerging Market	10,029,889	162,348	10,192,237
	<u>33,803,571</u>	<u>1,112,871</u>	<u>34,916,442</u>
Total revenue from contracts with customers	<u>33,803,571</u>	<u>1,112,871</u>	<u>34,916,442</u>
Timing of revenue recognition			
Goods transferred at a point in time	33,462,435	10,613	33,473,048
Services transferred over time	341,136	267,728	608,864
Services transferred at a point in time	–	834,530	834,530
	<u>33,803,571</u>	<u>1,112,871</u>	<u>34,916,442</u>
Total revenue from contracts with customers	<u>33,803,571</u>	<u>1,112,871</u>	<u>34,916,442</u>

* TV and others including all other five operating segments except internet business segment.

6. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Interest on:		
Bank loans	497,732	399,851
Loans from companies controlled by TCL Industries Holdings	15,187	18,578
Interest expense on lease liabilities	8,439	10,791
Imputed interest on financial liabilities arising from put option	—	2,464
	<u> </u>	<u> </u>
Total finance costs for the period	<u>521,358</u>	<u>431,684</u>

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	188,058	205,216
Depreciation of investment properties	7,450	7,150
Depreciation of right-of-use assets	89,743	104,133
Impairment of goodwill*	126,040	—
Amortisation of other intangible assets	241,031	233,148
Employee share-based compensation benefits under the TCL Share Award Schemes	44,645	69,215
	<u>44,645</u>	<u>69,215</u>

Note:

- * Loss of this item is included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2024 (unaudited) HK\$'000	2023 (unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	2,640	11,411
Overprovision in prior periods	–	(735)
Current – Elsewhere		
Charge for the period	218,749	120,259
Underprovision/(Overprovision) in prior periods	14,429	(9,714)
Deferred	<u>(6,936)</u>	<u>(17,446)</u>
Total tax charge for the period	<u><u>228,882</u></u>	<u><u>103,775</u></u>

9. DIVIDENDS

The Board has resolved not to declare any dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of the basic and diluted earnings per share are based on:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations:	<u>649,920</u>	<u>263,709</u>
	Number of shares	
	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
Shares		
Weighted average number of ordinary shares in issue less shares held for TCL Share Award Schemes during the period used in the basic earnings per share calculation	2,434,812,243	2,415,861,008
Effect of dilution – weighted average number of ordinary shares:		
Share options	–	19,657
Awarded shares	<u>102,298,251</u>	<u>66,241,889</u>
Weighted average number of ordinary shares in issue during the period used in the diluted earnings per share calculation	<u>2,537,110,494</u>	<u>2,482,122,554</u>

11. GOODWILL

	HK\$'000
At 1 January 2024:	
Cost	3,256,671
Accumulated impairment	<u>(63,032)</u>
Net carrying amount	<u><u>3,193,639</u></u>
Cost at 1 January 2024, net of accumulated impairment	3,193,639
Impairment during the period	(126,040)
Exchange realignment	<u>(45,156)</u>
Cost and net carrying amount at 30 June 2024 (unaudited)	<u><u>3,022,443</u></u>
At 30 June 2024:	
Cost	3,211,515
Accumulated impairment	<u>(189,072)</u>
Net carrying amount (unaudited)	<u><u>3,022,443</u></u>

During the six months ended 30 June 2024, impairment loss of HK\$126,040,000 on goodwill was charged to consolidated statement of profit or loss and other comprehensive income resulting from changes in the market environment forecast of the smart mobile, connective devices and services cash-generating unit.

12. TRADE RECEIVABLES

The majority of the Group's sales in Chinese Mainland were mainly made on the cash-on-delivery basis or on commercial bills guaranteed by banks within credit periods ranging from 30 to 90 days. For overseas sales, the Group usually requires settlement by letters of credit with tenures ranging from 90 to 180 days. Sales to certain long-term strategic customers were made on the open-account basis with credit terms of no more than 180 days.

Save for those amounts due from related parties, in view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group holds a commercial property from a group of customers as collaterals for trade receivables of HK\$242,303,000 (31 December 2023: HK\$354,540,000) due by them with interest bearing at 3% (31 December 2023: 3%) per annum. The Group does not hold any collaterals or other credit enhancements over its remaining trade receivables. The remaining trade receivables are non-interest bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Current to 90 days	13,177,840	10,740,047
91 to 180 days	2,075,442	3,186,071
181 to 365 days	1,331,821	916,826
Over 365 days	917,976	1,003,912
	17,503,079	15,846,856
Impairment allowance	(297,026)	(298,968)
	17,206,053	15,547,888

Included in the Group's trade receivables are (i) receivables to be factored of HK\$1,510,579,000 (31 December 2023: HK\$910,616,000), and (ii) the assets and the associated liabilities representing the extent of the Group's continuing involvement in the factored trade receivables of which the Group neither retained nor transferred substantially all of the risks and rewards, amounted to HK\$12,634,000 (31 December 2023: HK\$26,964,000). The above receivables are classified as financial assets at fair value through profit or loss. The remaining trade receivables with a gross carrying amount of HK\$15,979,866,000 (31 December 2023: HK\$14,909,276,000) are measured at amortised cost.

13. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on invoice date, is as follows:

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Current to 90 days	20,145,703	15,712,598
91 to 180 days	3,081,185	2,502,257
181 to 365 days	273,776	731,302
Over 365 days	218,116	169,517
	23,718,780	19,115,674

The trade payables are non-interest-bearing and are normally settled within credit periods ranging from 30 to 120 days.

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Current		
Bank loans – unsecured	5,737,615	4,344,214
Bank loans – secured	460,761	–
Advances from banks as consideration for factored trade receivables	12,634	26,964
Loans from a company controlled by TCL Industries Holdings	–	551,650
	<u>6,211,010</u>	<u>4,922,828</u>
Non-current		
Bank loans – unsecured	442,411	888,826
	<u>6,653,421</u>	<u>5,811,654</u>
Analysed into:		
Bank loans repayable:		
Within one year or on demand	6,211,010	4,371,178
In the second year	223,839	665,290
In the third to fifth years, inclusive	218,572	223,536
	<u>6,653,421</u>	<u>5,260,004</u>
Analysed into:		
Other loans repayable:		
Within one year or on demand	–	551,650
	<u>6,653,421</u>	<u>5,811,654</u>

Notes:

- (a) As at 30 June 2024 and 31 December 2023, the carrying amounts of the Group's bank and other borrowings approximated to their fair values.
- (b) TCL Industries Holdings has individually guaranteed certain of the Group's bank loans up to HK\$4,326,925,000 (31 December 2023: HK\$4,006,479,000) and TCL Technology has individually guaranteed certain of the Group's bank loans up to HK\$56,227,000 (31 December 2023: HK\$80,888,000) as at the end of the reporting period.
- (c) Certain of the Group's bank loans are secured by the pledge of certain of the Group's restricted cash and pledged deposits amounting to HK\$132,080,000 (31 December 2023: Nil) and inventories amounting to HK\$328,681,000 (31 December 2023: Nil).

15. SHARE CAPITAL

	30 June 2024 (unaudited) HK\$'000	31 December 2023 (audited) HK\$'000
Authorised:		
3,000,000,000 (31 December 2023: 3,000,000,000) shares of HK\$1.00 each	<u>3,000,000</u>	<u>3,000,000</u>
Issued and fully paid:		
2,520,935,155 (31 December 2023: 2,507,568,733) shares of HK\$1.00 each	<u>2,520,935</u>	<u>2,507,569</u>

On 28 May 2024, the Company allotted and issued 8,788,507 shares pursuant to award granted in the form of new shares under the 2008 Share Award Scheme.

During the six months ended 30 June 2024, share options carrying rights to subscribe for 4,577,915 shares were exercised at the exercise price of HK\$3.57 per share, pursuant to the terms of the 2016 Share Option Scheme, resulting in the issue of an aggregate of 4,577,915 shares of HK\$1.00 each for a total cash consideration of approximately HK\$16,344,000 before expenses.

PURCHASES, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board has resolved not to declare any dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

CORPORATE GOVERNANCE

The Company has established and will continue to optimise its risk management and internal control system. The management reports to the Board and the Audit Committee the governance situation and the improvement progress of the Company regularly to strengthen the collaboration on corporate governance between the Board and the management continuously, and fulfill their respective responsibilities in terms of corporate governance.

Throughout the six months ended 30 June 2024, the Company has complied with the Code Provisions of the CG Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2024, including the accounting principles adopted by the Group, with the Company's management. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. LAU Siu Ki (chairperson), Dr. TSENG Shieng-chang Carter and Professor WANG Yijiang, all being independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by Director on terms no less exacting than the required standard as set out in the Model Code. Specific enquiries have been made with all Directors, and all of them have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the six months ended 30 June 2024.

COMPLIANCE WITH DEED OF NON-COMPETITION

The Company has received a written confirmation from TCL Industries Holdings and T.C.L. Industries (H.K.) confirming that for the period from 1 January 2024 to 30 June 2024 (both dates inclusive), they had fully complied with the Deed of Non-Competition (2020) executed by them in favour of the Company dated 29 June 2020.

The Company has received a written confirmation from TCL Technology confirming that for the period from 1 January 2024 to 30 June 2024 (both dates inclusive), it had fully complied with the Deed of Termination (2020) executed by and among TCL Technology, T.C.L. Industries (H.K.) and the Company dated 29 June 2020.

The independent non-executive Directors have reviewed the relevant confirmations on the Deed of Non-Competition (2020) and the Deed of Termination (2020), and all of them are satisfied that the non-competition undertakings under the Deed of Non-Competition (2020) and the Deed of Termination (2020) have been complied with during the period from 1 January 2024 to 30 June 2024 (both dates inclusive).

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“2008 Share Award Scheme”	the restricted share award scheme adopted by the Company on 6 February 2008 (as amended from time to time), which expired on 5 February 2023;
“2016 Share Option Scheme”	the share option scheme adopted by the Company on 18 May 2016, which was terminated on 3 November 2023;
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 3 November 2023;
“2023 Share Option Scheme”	the share option scheme adopted by the Company on 3 November 2023;
“AI”	artificial intelligence;
“AR”	augmented reality;
“Audit Committee”	the audit committee of the Company;
“AWE Award”	an award presented during the Appliance and Electronics World Expo, which is one of the top three global home appliance and consumer electronics exhibitions;

“Board”	the board of Directors;
“CG Code”	the corporate governance code as set out in Appendix C1 to the Listing Rules;
“China IOL”	An industry chain research platform in the PRC, providing industry analysis and research reports on household appliances, refrigeration and air conditioning, heating and ventilation, components, and other related industries;
“Circana”	Circana Group, a market research company that provides global data, industry expertise and analysis from a variety of perspectives. It is formed through the merger of NPD Group L.P. and Information Resources Corporation;
“CMM”	China Market Monitor Co., Ltd., a research institute focusing on the research of consumer goods and the retail home appliance market in the PRC;
“Code Provision(s)”	the code provision(s) of the CG Code;
“Company” or “TCL Electronics”	TCL Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01070.HK);
“Deed of Non-Competition (2020)”	the deed executed by TCL Industries Holdings, T.C.L. Industries (H.K.) and the Company on 29 June 2020 in favour of the Company whereby each of TCL Industries Holdings and T.C.L. Industries (H.K.) has undertaken not to (save for the Exception as defined on page 39 of the announcement of the Company dated 29 June 2020), directly or indirectly, carry on or be engaged or interested in the manufacture and assembly of TCL brand TV sets and smart phones;

“Deed of Termination (2020)”	the deed executed by TCL Technology, T.C.L. Industries (H.K.) and the Company on 29 June 2020 pursuant to which the parties agreed to terminate the Deed of Non-Competition (1999) as amended from time to time and TCL Technology has undertaken not to (save for the Exception as defined on page 39 of the announcement of the Company dated 29 June 2020), directly or indirectly, carry on or be engaged or interested in the manufacture and assembly of TV sets bearing TCL brand;
“Director(s)”	the director(s) of the Company;
“Emerging Market”	regions including Asia-Pacific (excluding the PRC), Latin America, Middle East and Africa;
“FPD”	flat panel display;
“GDP”	gross domestic product;
“GfK”	Gesellschaft für Konsumforschung, a consumer goods and global market research organisation headquartered in Nuremberg, Germany;
“Group”	collectively the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKAS(s)”	Hong Kong Accounting Standard(s);
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s);
“HKICPA”	Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“IDC”	International Data Corporation, a global provider of market information and consulting services related to the information technology, telecommunications and consumer technology markets;
“IFPD”	interactive flat panel display;
“IoT”	Internet of Things;
“IP”	intellectual property;
“LED”	light emitting diode;
“Listing Rules”	the rules governing the listing of securities on the Hong Kong Stock Exchange;
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules;
“Omdia”	a global technology research organisation formed through the merger of the research divisions (Ovum/ Heave Reading and Tractica) and the acquisition of IHS Markit International;
“OS”	operating system;
“OTT”	Over The Top, an acronym for a variety of media services provided directly to viewers via the internet;
“PRC” or “China”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, China for the purposes of this announcement;
“QLED” or “QD”	quantum dot display technology;
“R&D”	research and development;
“RayNeo”	RayNeo Co., Ltd., a company established under the laws of the PRC with limited liability, which primarily operates the Group’s smart glasses business and of which the Group held 11.50% equity interest as at 30 June 2024;

“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Sigmaintell”	Sigmaintell, a service company in the PRC specialising in research and consulting for the global high-tech industry;
“subsidiary(ies)”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“TCL Industries Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司) (formerly known as TCL Industries Holdings (Guangdong) Inc.* (TCL實業控股(廣東)股份有限公司)), a joint stock limited company established under the laws of the PRC;
“T.C.L. Industries (H.K.)”	T. C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, an immediate controlling Shareholder, and a wholly-owned subsidiary of TCL Industries Holdings;
“TCL SEMP Eletroeletronicos”	TCL SEMP Eletroeletronicos Ltda. (formerly known as SEMP TCL Mobilidade Ltda.), a company incorporated under the laws of Brazil with limited liability, an indirect subsidiary of the Company;
“TCL Share Award Schemes”	collectively the 2008 Share Award Scheme and the 2023 Share Award Scheme;
“TCL Technology”	TCL Technology Group Corporation (TCL科技集團股份有限公司) (formerly known as TCL Corporation (TCL集團股份有限公司)), a joint stock limited company established under the laws of the PRC, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100.SZ);
“TV(s)”	television(s);
“U.S.”	the United States of America;

“XR” extended reality; and

“%” per cent.

On behalf of the Board
DU Juan
Chairperson

Hong Kong, 23 August 2024

The English translation of Chinese names or words in this announcement, where indicated by “”, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.*

As at the date of this announcement, the Board comprises Ms. DU Juan, Mr. ZHANG Shaoyong, Mr. PENG Pan and Mr. SUN Li as executive Directors and Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.