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 YEAR ENDED 31 DECEMBER 2023

The Board is pleased to announce the consolidated results and financial position of the Group for the year ended 31 December 2023 with comparative figures for the corresponding period of the preceding financial year.

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	
	HK$ Million	HK$ Million	Change
Revenue	**78,986**	71,351	10.7%
Gross profit	**14,756**	13,112	12.5%
Profit after tax	**827**	554	49.3%
Profit attributable to owners of the parent	**744**	447	66.4%
Non-HKFRS measure：			
Adjusted profit attributable to owners of the parent	**803**	704	14.0%
Proposed final dividend per share (HK cents)	**16.00**	12.70	26.0%

BUSINESS REVIEW AND OUTLOOK

1. Overview

Proactively Adjust Development Strategy Amid Uncertain Macro Economy; Foster Long-Term Resilience and Enhance Operational Quality

Looking back on 2023, despite a decline in energy prices that exceeded projections and global central banks' interest rate hiked which to a certain extent alleviated inflationary pressures, the global macro-economic outlook remains uncertain due in part to geopolitical tensions and unpredictable variables. In 2023, China's economy grew steadily in the post-pandemic era, and the GDP reported an annual growth of 5.2%. However, there are still risks and hidden dangers such as insufficient consumer demand and a sluggish real-estate market. The tangible results of economic stimulus policies remain under review, indicating that the path towards a further improvement of the domestic economy continues to present challenges.

Looking at the industry, the traditional household appliance industry, including TVs, air conditioners, refrigerators and washing machines, etc., has maintained a stable trillion-yuan market size. Among them, there are structural improvement opportunities in TV market, such as a marked surge in the demand for mid-to-high-end TVs such as large-sized and Mini LED TVs. At the same time, with the transfer and concentration of global panel production capacity to Chinese enterprises, the market share of Chinese top brands in the TV industry has further increased, and it is expected to take advantage of this opportunity for further breakthrough in the future. The market size of air conditioners, refrigerators and washing machines industry is stable, but there is still a lot of room for exploration. Enterprises with brand and channel resource advantages are expected to further increase their market share. Besides, burgeoning sectors such as new energy, demonstrated robust growth, with newly installed capacity of the distributed photovoltaic industry in the PRC increasing by 88.5% year-on-year to 96.3 gigawatts in 2023[1].

[1] Source: National Energy Administration of the PRC.

In the face of a challenging external environment, the Group has adapted to market changes with proactive strategic adjustments. We established a "Value Led by Brand with Global Efficiency in Operations, Driven by Technology and Paramount Vitality" development strategy with a strategic objective of evolving into a leading smart device enterprise with global operations. During the year, the Group implemented the key initiatives to foster the long-term business resilience through continuous enhancement of the five core capabilities, namely product, marketing, operational, organisational and collaborative innovation capabilities. By emphasising the mid-to-high-end market positioning strategy and international operations, the Group improved the penetration of the smart device market. On one hand, the Group has accelerated iterative improvements to display technologies such as Mini LED, continuously improved the product structure, and increased global market share. On the other hand, with user experience as the core, the Group further enriched platform content and enhanced the convenience of system control, aiming to consolidate the leading advantages of smart screen hardware and software business in the long term.

Furthermore, during the year, the Group has actively explored new growth sectors such as photovoltaic new energy, all-category marketing and AR/XR smart glasses. With these actions, the Group has managed to diversify the revenue streams and enhance operational quality continuously.

Persistent Effect of Mid-to-High-End Strategy with Scaled Business Expansion and Steady Profitable Growth

For the year ended 31 December 2023, the Group's revenue reached HK$78,986 million, up by 10.7% year-on-year. Benefitting from the optimisation of TCL smart screen product mix, steady business expansion driven by the "mid-to-high-end + large-screen" strategy and increasingly apparent economies of scale, gross profit grew by 12.5% year-on-year to HK$14,756 million. The overall gross profit margin improved by 0.3 percentage points year-on-year to 18.7%. In terms of expenses, the Group adhered to cost reduction and efficiency enhancement to continuously improve operational efficiency, with administrative expense ratio decreasing by 1.1 percentage points year-on-year to 5.1%. At the same time, while strengthening its own brand power, the Group maintained precise control over marketing investments, achieving a year-on-year reduction in the selling and distribution expense ratio of 0.4 percentage points to 10.0% and driving the Group's overall expense ratio down by 1.5 percentage points to 15.1%.

In 2023, based on the brand power, global distribution channel resources and the advantage of vertical integration across the entire industry chain accumulated in the display business, the Group continued to drive the rapid development of innovative businesses such as distributed photovoltaics, all-category marketing and AR/XR smart glasses. Leveraging the internet business as a value-added service, the Group solidified the all-category layout of "intelligent IoT ecosystem" to create brand competitiveness with higher value. This led to improving economies of scale and drove the Group's profit after tax up by 49.3% year-on-year to HK$827 million. Profit attributable to owners of the parent amounted to HK$744 million, representing a year-on-year increase of 66.4%. Adjusted profit attributable to owners of the parent increased by 14.0% year-on-year to HK$803 million. In recognition of the unwavering support from Shareholders, the Board proposed a final dividend of HK16.00 cents per share in cash, representing a dividend payout ratio of 50.0% of the adjusted profit attributable to owners of the parent.

Throughout the year, the Group's overall financial position remained robust. As of 31 December 2023, the Group's gearing ratio (gross)[2] stood at 37.2%. Committed to efficiency, the Group has also optimised its supply chain, logistics and service capabilities, as well as its cooperative ecosystem through its global layout, resulting in improved operational efficiencies. During the year, the Group's inventory turnover was 69 days, representing a year-on-year acceleration of 9 days. The cash conversion cycle was 33 days, representing a year-on-year acceleration of 14 days.

Large-Sized Display Shipment Bucks the Trend as Internet Business and Innovative Businesses Continue to Grow Strongly

In 2023, as the Group consistently launched market-leading smart device products to increase consumer awareness, accompanied by precise and targeted marketing promotions, the Group enhanced its brand awareness and reputation continuously, with the global brand index of TCL smart screen rising by 5.4% year-on-year to 85[3]. At the same time, in response to market demand for "mid-to-high-end + large screen," the Group drove continual breakthroughs in the scale of display business shipment. In 2023, the shipment of TCL smart screen increased by 6.2% year-on-year to 25.26 million sets against the downward trend of the market. The global market share of TCL smart screen in terms of shipment and sales revenue increased by 0.8 percentage points to 12.5% and 1.3 percentage points to 10.7%, ranking among the top two and the top three globally respectively[4]. Shipment of TCL smart screen of 65 inches and above grew by 35.3% year-on-year and accounted for 24.6% of total smart screen shipment, representing an increase of 5.3 percentage points year-on-year. The average size of TCL smart screen increased by 2.7 inches year-on-year to 51.1 inches.

[2] Gearing ratio (gross) is calculated as total debt (i.e. total interest-bearing bank and other borrowings and lease liabilities) divided by profit attributable to owners of the parent.

[3] The brand index is calculated by dividing the market share of sales revenue of global TV brand by the market share of shipment of 2023 from Omdia.

[4] Source: Global TV brand shipment and sales revenue data of 2023 from Omdia.

The internet business and innovative businesses, representing a strong opportunity for the Group to drive profit growth, maintain robust expansion. During the year, the Group's internet business revenue reached HK$2,763 million, representing an increase of 20.2% year-on-year. The gross profit margin grew by 4.6 percentage points year-on-year to 55.1%, demonstrating continuous contribution to profit. The Group's innovative businesses revenue in 2023 saw a significant increase of 78.5% year-on-year to HK$18,640 million, with the photovoltaic business achieving revenue of HK$6,299 million in 2023, representing a year-on-year growth of 1,820.3%, achieving profitability. The scale of the all-category marketing business continued to expand, with revenue growing by 26.3% year-on-year to HK$10,409 million in 2023. The Group's smart connection and smart home business revenue recorded a year-on-year increase of 3.2% to HK$1,932 million, with the gross profit margin of the smart connection business improving by 11.0 percentage points year-on-year to 25.4%.

Focus on Product Competitiveness and R&D Efficiency for Continued Technological Innovation with Widely Recognised Achievements

In 2023, the Group's R&D costs amounted to HK$2,327 million. The Group continued to invest in R&D in the field of smart devices, including Mini LED technology. This led to the creation of displays with tens of thousands of local dimming zones, positioning the Group's Mini LED smart screen the first in the PRC market and the second in the global market in terms of sales volume and sales revenue, supported by technological advantages ahead of the industry. For picture-quality engines, the Group leveraged algorithms to unleash the potential of its hardware. By emphasising precision in local dimming controls, its products have set industry standards for the rendering of light and shadow details, incorporating AI-driven picture quality optimisation that adapts intelligently to different contents. In the XR glasses segment, the Group innovated a waveguide technology platform that boasts industry-leading clarity and a zero-distortion light engine, along with the most efficient luminous diffractive waveguide. This technology, coupled with the Group's responsive proprietary SLAM algorithm, delivers a more realistic mixed-reality experience for users of the RayNeo X2 AR glasses. This advancement pushes the boundaries in intelligent interactive applications and elevates consumer experience.

Throughout the year, the Group launched a range of products including Mini LED smart screen, smart tablets, AR/XR glasses, refrigerators and washing machines that have been internationally recognised. In the display business, the TCL X11 LINGYAO QD-Mini LED TV received the "Award for Innovative Mini LED Display of the Year 2022-2023", the TCL X11G LINGYAO QD-Mini LED TV received the "Innovation Award" at the AWE Award Ceremony and the TCL C845 4K Mini LED TV won the "Display Technology Innovation Gold Award of the Year 2022-2023". The TCL NXTPAPER 12 Pro tablet was awarded the "Eye Protection Innovation Award of the Year 2022-2023". In the innovative businesses, the TCL Fresh Air III Series air conditioner received the "Outstanding Product Award" at the AWE Award Ceremony and the "Fresh Air Health Pioneer" title, while the TCL G160Q10-HDY Dual Wash series washing machine was awarded the "Outstanding Product Award". In terms of AR/XR smart glasses, the RayNeo X2 was honored with the "China Information Technology Expo (CITE) Innovation Award". Various new intelligent products of the Group have been recognised with awards on a number of occasions, reflecting the Group's leading position in cutting-edge display technology and smart devices.

2. Display Business

2.1. Large-Sized Display

Evolution of Demand for Mid-to-High-End Large Screen Reinforced by a Dual-Brand Strategy Leads to Quality Growth in Shipment Scale and Revenue

According to data from Omdia, the shipment of global TV industry in 2023 stood at 201 million sets, showing a slight decline of 0.9% year-on-year. Local markets such as North America, Eastern Europe, Latin America and the Caribbean, as well as Asia and Oceania continued to grow, but the shipment to regions like Japan, Western Europe, the PRC, the Middle East and Africa saw a year-on-year contraction. Benefitting from the implementation of the Group's "mid-to-high-end + large screen" strategy and the "TCL + Falcon" dual-brand strategy, the global shipment of TCL smart screen increased by 6.2% year-on-year to 25.26 million sets in 2023, with revenue from the smart screen business growing by 7.6% year-on-year to HK$48,632 million, both outperforming the industry's average level. The global market share of TCL smart screen in terms of shipment increased from 5.6% in 2015 to 12.5% in 2023. The market share of global shipment in 2023 has increased by 0.8 percentage points year-on-year, maintaining the second position globally in shipment scale. The market share of TCL smart screen in terms of global revenue reached 10.7%, improving by 1.3 percentage points year-on-year, ranking among the global top three[5] in terms of revenue, and further expanding the Group's market share.

[5] Source: Global TV brand shipment and sales revenue data from 2015 to 2023 from Omdia.

As the trend toward high-end and large-screen products in the global TV industry continues, the Group seized market opportunities created by shifting demand to further promote the implementation of the "mid-to-high-end + large screen" and the "TCL + Falcon" dual-brand strategy, and launched high-quality and cost-effective products tailored to diverse consumer needs, achieving steady growth in global shipment of TCL large-sized smart screen. In 2023, shipment of TCL smart screen of 65 inches and above grew by 35.3% year-on-year, accounting for 24.6% of the total shipment of TCL smart screen and representing an increase of 5.3 percentage points year-on-year. The average size increased by 2.7 inches year-on-year from 48.4 inches to 51.1 inches. Meanwhile, the global shipment of TCL Mini LED smart screen increased by 180.1% year-on-year, while shipment of TCL QLED smart screen also saw a year-on-year increase of 116.1%.

As a leading enterprise in Mini LED display technology, the Group continued to invest in the R&D for Mini LED technology, leading the segmented market and consolidating its innovative edge. Following the launch of the TCL Q10H flagship Mini LED TV in May 2023 to cater to audio-visual enthusiasts, the Group released the world's first 115-inch QD-Mini LED giant-screen TV in August 2023, the X11G Max, which offers the ultimate audio-visual experience for users seeking giant-screen audio-visual entertainment at home. The TCL X11G Max is the world's largest QD-Mini LED TV and is also the first QD-Mini LED TV to feature over 20,000 local dimming zones, with a peak brightness of 5,000 nits. The product's hardware features include TXR Mini LED image enhancement processor chip, AiPQ Processor and the ONKYO 6.2.2 Hi-Fi audio system, which fully demonstrates the achievements of the Group in the field of large-screen TVs and Mini LED displays.

The PRC Market

In 2023, the overall PRC TV industry exhibited signs of sluggish consumption. According to data from Omdia, the shipment scale of the PRC TV industry in 2023 was 37.60 million sets, representing a year-on-year decrease of 12.4%. Despite the overall downturn, the Group continued to cultivate brand power and domestic channel layout throughout the year, significantly outperforming the industry average. Although the annual shipment of TCL smart screen in the PRC market fell by 4.3% year-on-year in 2023, shipment in the second half of the year increased by 24.8% compared to the first half of the year, with the fourth quarter experiencing a 33.0% quarter-on-quarter increase, indicating a gradual improvement in market conditions, which drove the annual revenue of TCL smart screen in the PRC market up by 5.4% year-on-year to HK$16,016 million.

At the same time, the Group continued to promote the high-end upgrading of TV throughout the year. In 2023, shipment of 65 inches and above TCL smart screen in the PRC market increased by 18.2% year-on-year, accounting for 53.9% of the Group's total shipment of smart screen in the PRC market, up by 10.3 percentage points year-on-year. Shipment of 75 inches and above TCL smart screen grew by 45.8% year-on-year, accounting for 32.4% of the Group's total shipment of TCL smart screen in the PRC market, representing an increase of 11.2 percentage points year-on-year.

According to the latest omnichannel data from CMM, in 2023, the market share of TCL smart screen in terms of retail sales revenue increased by 3.5 percentage points year-on-year to 18.1%, securing the second position in the PRC market. The PRC market brand index rose by 10.0% year-on-year to 132[6], ranking the first among Chinese brands. During the 2023 "Double Eleven" shopping festival[7], the Group's products ranked the first in the TV category on Tmall in terms of cumulative GMV. TCL Mini LED smart screen dominated the JD.com "Double Eleven" home appliance ranking chart, securing seven titles in the Mini LED category, even occupying the top four spots, further solidifying the Group's leadership in the domestic large-screen market.

International Markets

In 2023, the global economy remained complex and volatile, with wide disparities in consumer market conditions across different regions. Notably, North American markets and Emerging Markets showed relatively ideal performance. The Group has successfully captured the growing demand for high-end and large-screen display products, driving a 10.0% year-on-year increase in the shipment of TCL smart screen in international markets. The shipment of 65 inches and above TCL smart screen in the international market increased by 60.3% year-on-year, which drove TCL smart screen revenue in the international market up by 8.7% year-on-year to HK$32,616 million during the year.

[6] The brand index is calculated by dividing the market share of sales revenue by the market share of sales volume of 2023 from CMM's omni-channel data.

[7] The statistical period spanning is from 31 October 2023 to 11 November 2023.

According to the latest reports by GfK and Circana, the market share of the Group's TCL smart screen in terms of shipment ranked among the top five in nearly 30 overseas countries in 2023, including:

- North American Markets: In 2023, the demand from North American TV market has reversed and showed a recovery trend, with shipment of TV industry achieving a year-on-year growth of 8.1%[8]. In comparison, the Group's smart screen business in North America performed well, with shipment growing 15.8% year-on-year, outperforming the industry average. Among them, TCL smart screen's retail sales volume ranked No.2 in the U.S., No.3 in Canada and No.5 in Mexico, respectively (Source: Circana[9]);

- Emerging Markets: In 2023, the regional economy continued to recover and exhibited great growth potential. The scale of middle-income group in the region expanded, leading to a steady increase in consumer demand. The Group continued to deeply cultivate Emerging Markets and improved the layout of distribution channels, driving a 17.0% year-on-year increase in the shipment of TCL smart screen in Emerging Markets, which significantly outperformed the industry average. Among them, TCL smart screen secured the top spot for market share in terms of sales volume in Australia, the Philippines, Myanmar and Pakistan; the second position in Saudi Arabia; the third in Kazakhstan and Brazil; the fourth in Vietnam, Thailand and Argentina; and the fifth in India, Chile, Ecuador and the United Arab Emirates (Source: GfK[10]); and

- European Markets: In 2023, consumer confidence in European markets remained subdued due to persistently high core inflation and the risk of a potential economic recession, resulting in a 4.4%[11] year-on-year decline in TV industry shipment. Benefitting from the solid brand foundation, the Group's brand TV shipment in the European markets increased by 18.4% year-on-year. TCL smart screen's sales volume maintained the second ranking in the industry in France; the third in Spain, the Czech Republic and Sweden; the fourth in Italy, Poland and Hungary; and the fifth in the Netherlands and Greece (Source: GfK[12]).

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8 Source: North America's TV brand shipment data of 2023 from Omdia.

9 Source: Circana's U.S./Canada/Mexico Retail Market Survey Report based on TV retail sales volume from January 2023 to December 2023.

10 Source: Global market report of GfK, based on TV retail sales volume from January 2023 to December 2023.

11 Source: European TV brand shipment data of 2023 from Omdia.

12 Source: Global market report of GfK, based on TV retail sales volume from January 2023 to December 2023.

2.2 Small-and-Medium-Sized Display

Despite Sluggish Market Demand, Focus on Quality Growth with Profitability to be Continuously Improved

In 2023, the demand for mobile communication devices and tablets remained sluggish, with global shipment of mobile phones and tablets dropping by 4.0% and 20.5%[13] year-on-year, respectively. During the year, the Group's small-and-medium-sized display business continued to focus on development, high-quality operation and streamlined structure, and further consolidated the omnichannel coverage of first-tier network operators in Europe and America. In 2023, the revenue from small-and-medium-sized display business reached HK$7,053 million, representing a year-on-year contraction of 40.2%, which greatly dragged down the Group's overall revenue growth. However, the operational efficiency was improved as a result of the streamlining of the product line of this business segment by the Group during the year, and gross profit margin recorded an increase of 6.3 percentage points year-on-year to 22.2%. The profitability of the tablet business continued to improve, with gross profit margin increasing by 9.5 percentage points year-on-year to 26.4% during the year.

With respect to major markets worldwide, according to the latest IDC report, in 2023, the Group's smartphone shipment ranked the fourth in the U.S. and fifth in Canada; while in terms of Android tablet shipment, the Group ranked the fourth worldwide, the third in the U.S., and the fourth and the fifth in Western Europe and Latin America, respectively.

2.3 Smart Commercial Display

Focus on the IFPD Market, Provide Multi-Scenario Product Solutions and Continuously Deepen Brand Cooperation

In 2023, the Group focused on display technology and used the Group's commercial operation system as the link to connect multiple display categories, especially focusing on the IFPD market, providing multi-scenario product solutions encompassing smart education, smart enterprise and smart medical solutions, with related revenue amounting to HK$855 million. The Group continued to cooperate with DingTalk and Tencent to bolster the development of the IFPD market, empowered office, education and medical scenarios, provided multi-scenario product solutions, and deepened cooperation with leading overseas IFPD brands. The Group launched new flagship smart conference products and the first 115-inch large commercial FPD screen during the year.

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[13] Source: IDC's global shipment data of mobile phone and tablet for 2023.

3. Internet Business

Focus on User Experience, Promote Innovation and Overseas Business; Achieve Double-Digit Growth in Global Revenue and Steady Contribution to Profitability

The Group continued to develop the global presence of home internet business and strived to provide users with products and services that allow multi-screen real-time interaction and smart sensing. For the year ended 31 December 2023, the Group's global internet business revenue achieved a 20.2% year-on-year increase to HK$2,763 million. The gross profit margin increased by 4.6 percentage points year-on-year to 55.1%, exhibiting a significant improvement in profitability.

3.1 Internet Business in the PRC Market

In 2023, the Group's PRC internet business focused on user experience, and continued to enrich platform content and enhance platform operational efficiency. In 2023, the domestic internet business recorded a revenue of HK$2,061 million, representing an increase of 14.7% year-on-year. With the enrichment in platform content, the Group's vertical and innovative businesses such as music, games, education, children and application stores have expanded. At the same time, the Group launched the first customised children's exclusive column "Super Story Painter" (超級智繪) AI story collection based on a cutting-edge AI large-language model during the year. This was the first customised content column generated by AI large-language model technology in the internet TV industry, which not only reflected the Group's expertise in utilising professional AI large-language model technology to produce a wealth of content for smart devices, but also demonstrated the Group's ability to provide value-added content for display products and empower smart home scenarios. In addition, as an innovator in the OTT field, the Group launched its self-developed smart screen system "TCL LINGKONG UI" during the year that integrated design aesthetics, innovative technology and user experience. The system used a minimalist, smart card-style design language to replace the waterfall-flow information presentation and interaction method of the traditional TV system, which greatly improved the readability of information, and the highly customisable and intelligent interaction methods could meet the personalised needs of different family members in different scenarios.

3.2 Internet Business in International Markets

During the year, the Group actively maintained close cooperation with internet giants like Google, Roku and Netflix to continuously enhance users' experience. At the same time, the Group increased the monetisation capability by reaching out to the vast number of TCL smart screen users through partnerships with OTT platforms. As of the end of December 2023, TCL Channel, the Group's integrated content application, was available in 60 countries and regions in North America, Europe, Central and South America, and Asia Pacific, with a total user base reaching more than 23 million. In 2023, the Group's internet business revenue from the international market reached HK$702 million, representing a substantial increase of 40.1% year-on-year.

4. Innovative Businesses

4.1 Photovoltaic Business

Focusing on Positioning as a Photovoltaic System Integration Operator and Product Brand Owner, Business Scale Grows Rapidly and Achieves Profitability

The Group has officially operated the photovoltaic business since the second quarter of 2022. In 2023, positioned as a "User-Oriented, World-Leading Distributed Intelligent Energy Solutions Service Provider", the Group has fully leveraged its industrial synergy advantages. By leveraging the comprehensive upstream photovoltaic industry chain, rich financial partner resources, abundant industrial and commercial project reserves, and the channel coverage and penetration advantages accumulated over the years in the PRC, the scale of distributed photovoltaic business has expanded continuously. As of the end of December 2023, the Group's photovoltaic business had extended coverage to 20 major provinces and cities in the PRC. In 2023, revenue from the photovoltaic business achieved a year-on-year increase of 1,820.3%, reaching HK$6,299 million, with more than 70 new industrial and commercial contracted projects and more than 500 new channel distributors during the year, and a total of more than 40,000 contracted rural residents.

The Group seeks to deeply promote the high-quality development of distributed photovoltaic business in the region with an eye on going global. In terms of household business, with the goal of entering the top tier, the Group will strengthen the channel layout and explore the business growth direction under the environment of gradually improving trading policies in the electric power market. In terms of commercial business, the Group has entered industrial and commercial storage and other businesses by providing multi-scenario solutions and financial model innovation to enhance regional influence. In terms of overseas markets, the Group has achieved product launches and will strive to enter the leading optical energy storage professional distributor and installer channels in key overseas countries, validate the business model, and create a complete product matrix. In the long run, the Group will seize the opportunities of global energy transformation and carbon-neutral development and strive to achieve the transitioning of its domestic photovoltaic power station business into a global provider of integrated new energy solutions.

4.2 All-Category Marketing

Leverage Brand and Channel Resources to Generate Synergies and Achieve Double-Digit Revenue Growth

Leveraging the global brand influence and cross-region market channel layout accumulated from the display business over the years, the Group's global distribution business of smart appliances, including air conditioners, refrigerators and washing machines, continued to grow. In 2023, revenue from the all-category marketing business increased by 26.3% year-on-year to HK$10,409 million, the gross profit increased by 60.3% year-on-year to HK$1,740 million, and the gross profit margin increased by 3.5 percentage points year-on-year to 16.7%. At the same time, the Group launched a number of intelligent products during 2023, including the TCL Fresh Air Series P7 air conditioner that integrated "smart health", "energy efficiency and environmental protection", and "AI intelligence" functions, as well as the TCL Free Built-in series refrigerators and the TCL Dual Wash series integrating washing, drying and care. Various new smart products of the Group have garnered prestigious industry accolades such as the "AWE Excellent Product Award", the "AWE Innovation Award", and the "iF Design Award", further enhancing the branding power of the Group. Furthermore, according to the global shipment data of China IOL in 2023, TCL air conditioners ranked the fourth globally.

4.3 Smart Connection and Smart Home

Continue to Improve the Intelligent IoT Ecosystem Layout and Advance Product R&D and Promotion

In 2023, the Group's smart connection and smart home businesses recorded revenue of HK$1,932 million, achieving a year-on-year growth of 3.2%. Among them, the revenue from smart home business amounted to HK$706 million, the revenue from smart connection business increased by 6.3% year-on-year to HK$1,226 million, and the gross profit margin of the smart connection business increased significantly by 11.0 percentage points year-on-year to 25.4%, demonstrating further improvement in profitability. For the smart connection business, the Group continued to deepen the efforts in the carrier channel, reduce costs and increase efficiency to achieve quality growth during 2023. For the smart home business, the Group launched a number of new smart door-lock products within the year, which accounted for more than 50% of the total shipment of new products across all channels. Additionally, the Group successfully penetrated offline regional chain channels, resulting in a remarkable year-on-year surge of over 30% in the offline door-lock shipment during the year. In addition, the Group was committed to developing AR and XR smart glasses category in 2023. RayNeo, a company internally incubated by the Group, launched consumer-grade AR glasses RayNeo X2 and X2 Lite, as well as the new XR glasses RayNeo Air2 in the PRC. As of 31 December 2023, RayNeo has continued to rank the first in the domestic consumer-grade AR glasses in terms of online market share[14].

5. Outlook

The Shift of Panel Production Capacity Has Stabilised Prices, Development Trend of the Upstream and Downstream Industries Improved; Demand for Mid-to-High-End Products Remains Unchanged

In recent years, as panel production capacity has accelerated its shift to the Mainland China, a concentrated competition landscape has emerged, leading to increased industry concentration and strengthening of pricing power. Since February 2023, leading upstream companies have cut production to stabilise panel prices, while downstream end manufacturers have relatively controllable raw material costs, which is beneficial for the synchronised, healthy and stable development of the TV industry's entire supply chain. Meanwhile, the global top four TV brands' concentration in terms of shipment steadily rose from 46.1% in 2018 to 53.7%[15] in 2023. Additionally, as per a report from Sigmaintell, global shipment of large-screen 75-inch and above TVs, as well as high-refresh-rate TVs, are forecasted to achieve rapid development with annual compound growth rates of 47.1% and 18.1% respectively from 2023 to 2025.

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[14] Source: AR online sales volume data for the PRC market of 2023 from RUNTO.

[15] Source: Global TV brand shipment data from 2018 to 2023 from Omdia.

Looking ahead to 2024, the global economy growth is expected to continue stay slow and unbalanced. However, the Group believes that as the global TV market gradually enters a stock stage, the industry will continue to undergo structural upgrades, with a focus on large-screen and mid-to-high-end development. Leading brand manufacturers with vertical industry chain advantages will have a stronger market position. The Group will continue to enhance the brand image and solidify product technology and quality in the face of an uncertain external operating environment, and remain committed to the strategy of developing mid-to-high-end and large-screen products by adopting a global perspective in product development, strengthening regional alignment, and increasing global market share.

Strengthen the Core Display Business while Seizing Opportunities in Emerging Markets and Accelerating the Cultivation and Expansion of New Businesses

Going forward, the Group will deepen the strategy of "Value Led by Brand with Global Efficiency in Operation, Driven by Technology and Paramount Vitality", continue to consolidate the display business and the internet business which leverages and develops based on the display business, firmly implement the mid-to-high-end strategy and the dual-brand strategy of "TCL + Falcon", prioritise users' experience continuously, while advancing supply chain cost reduction and efficiency improvement to steadily increase revenue and profitability.

On the other hand, the Group will seize opportunities in Emerging Markets, efficiently leverage the existing vertical industry chain, sales channels, financial resources and technological advantages to explore the second growth curve, which will drive the continuous expansion of diversified businesses such as distributed photovoltaic, all-category marketing and smart glasses, and accelerate the cultivation and development of new products and new sectors. Meanwhile, the Group will continuously enhance the product, marketing, operational, organisational and collaborative innovation capabilities, continuously upgrade the brand power and product competitiveness, deepening the layout of "Globalisation" and "Technological", and be committed to advancing towards the goal of becoming a world-leading smart device enterprise.

MANAGEMENT DISCUSSION AND ANALYSIS

Comparison between 2023 and 2022

The table below lists and compares the figures of 2023 and 2022:

	For the year ended 31 December	
	2023	2022
	HK$'000	HK$'000
		(restated)
REVENUE	**78,986,064**	71,351,415
Cost of sales	**(64,230,369)**	(58,239,832)
Gross profit	**14,755,695**	13,111,583
Other income and gains	**1,809,376**	3,140,951
Selling and distribution expenses	**(7,899,579)**	(7,401,415)
Administrative expenses	**(4,012,973)**	(4,428,643)
Research and development costs	**(2,326,980)**	(2,531,283)
Other operating expenses	**(243,614)**	(385,315)
Impairment losses of financial assets, net	**(138,731)**	(91,520)
	1,943,194	1,414,358
Finance costs	**(885,497)**	(668,671)
Shares of profits and losses of:		
– Joint ventures	**(2,220)**	26,784
– Associates	**92,707**	63,057
Profit before tax	**1,148,184**	835,528
Income tax	**(321,375)**	(281,694)
Profit for the year	**826,809**	553,834
Profit attributable to owners of the parent	**743,633**	446,975
Non-HKFRS measure:		
Adjusted profit attributable to owners of the parent	**802,704**	704,390

Revenue

The Group's revenue increased by 10.7% year-on-year from HK$71,351 million in 2022 to HK$78,986 million in 2023. The following table sets out the Group's revenue by business for the years ended 31 December 2023 and 31 December 2022.

	For the year ended 31 December			
	2023		2022	
	HK$ Million	**Proportion of the total revenue**	HK$ Million	Proportion of the total revenue
Display Business[16]	**56,540**	**71.6%**	57,907	81.1%
– Large-Sized Display	**48,632**	**61.6%**	45,194	63.3%
– The PRC Market	**16,016**	**20.3%**	15,194	21.3%
– International Markets	**32,616**	**41.3%**	30,000	42.0%
– Small-and-Medium-Sized Display	**7,053**	**8.9%**	11,802	16.5%
– Smart Commercial Display	**855**	**1.1%**	911	1.3%
Internet Business[17]	**2,763**	**3.5%**	2,298	3.2%
– The PRC Market	**2,061**	**2.6%**	1,797	2.5%
– International Markets	**702**	**0.9%**	501	0.7%
Innovative Business[18]	**18,640**	**23.6%**	10,444	14.7%
– All-Category Marketing	**10,409**	**13.2%**	8,243	11.6%
– Photovoltaic Business	**6,299**	**8.0%**	328	0.5%
– Smart Connection and Smart Home	**1,932**	**2.4%**	1,873	2.6%
Others	**1,043**	**1.3%**	702	1.0%
Total Revenue	**78,986**	**100.0%**	71,351	100.0%

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

17 "Internet business" refers to "Internet business" as set out in the operating segment information of the notes to the financial statements.

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

Display Business

The revenue from the display business decreased by 2.4% year-on-year from HK$57,907 million in 2022 to HK$56,540 million in 2023. The decline was mainly due to continued sluggish demand in the communications terminal and tablets markets during the year, coupled with the implementation of the Group's strategy of focusing on the operation of this business, revenue from the small-and-medium-sized display business declined by 40.2% year-on-year. In addition, the smart screen business consolidated the mid-to-high-end operating quality to achieve the goal of high-quality growth, with the revenue scale of the large-sized display business increased by 7.6% year-on-year.

Internet Business

The revenue from the internet business increased by 20.2% year-on-year, from HK$2,298 million in 2022 to HK$2,763 million in 2023. The growth was primarily driven by the continuous expansion of vertical and innovative business revenue in the PRC market during the year. At the same time, the Group continued to actively maintain close cooperation with internet giants, reaching users in international markets through the OTT platforms of our partners, which drove a significant year-on-year growth of 40.1% in the internet business revenue in international markets.

Innovative Business

The innovative business revenue saw a significant increase of 78.5% year-on-year from HK$10,444 million in 2022 to HK$18,640 million in 2023. This growth was primarily driven by the photovoltaic business which leveraged upstream industrial chain, financial partnerships, and industrial and commercial project resources within the year, along with strong presence in domestic channels, achieving a year-on-year revenue growth of 1,820.3%. Additionally, the all-category marketing business, leveraging the global brand influence and cross-geographical market channel deployment, contributed to a 26.3% year-on-year increase in revenue during the year.

Gross Profit and Gross Profit Margin

The overall gross profit increased by 12.5% year-on-year from HK$13,112 million in 2022 to HK$14,756 million in 2023. Gross profit margin in 2023 was 18.7%, representing an increase of 0.3 percentage points when compared to that of 2022. The growth in the Group's gross profit was mainly attributable to the Group's persistence in promoting the mid-to-high-end transformation strategy of smart screen business, promoting its steady year-on-year growth of gross profit, as well as continuously expanding the gross profit of the innovative business and the internet business as a result of the Group's commitment to the diversification of the business, coupled with appropriate cost control measures, which resulted in a higher growth in revenue than the increase in costs. The year-on-year increase in gross profit margin was mainly attributable to the continued improvement in the profitability of innovation business and internet business.

Display Business

In 2023, the gross profit margin of the display business increased by 0.1 percentage points year-on-year to 18.3%. The improvement was primarily attributable to the streamlining of product lines and improvement in operational efficiency of the Group's small-and-medium-sized display business during the year, with the profitability of the tablet business improving significantly. At the same time, the Group continued to implement its "TCL+ Falcon" dual brand strategy and further expanded the shipment scale.

Internet Business

In 2023, the gross profit margin of the internet business was 55.1%, up by 4.6 percentage points year-on-year. The increase was primarily attributable to the Group's focus on user experience, constant enrichment of platform content, enhancement of platform operation efficiency, and rapid development of vertical and innovative businesses as well as overseas businesses with relatively high gross profit.

Innovative Business

The gross profit margin of the innovative business for the year 2023 was 14.7%, showing a year-on-year increase of 1.2 percentage points, mainly attributable to the Group's all-category marketing business fully leveraging the established brands and channel resources, promoting significant growth in scale through synergistic effects, coupled with the continued expansion of the product rollout of the smart connection business and deepening of the carrier channels, as well as the continued expansion of the photovoltaic business, which has resulted in economies of scale, leading to further improvement in profitability.

Other Income and Gains

Other income and gains decreased by 42.4% year-on-year from HK$3,141 million in 2022 to HK$1,809 million in 2023, mainly due to the impact of exchange rate fluctuations resulting in lower exchange gains compared to the corresponding period in 2022.

Selling and Distribution Expenses

The selling and distribution expenses recorded a 6.7% year-on-year increase from HK$7,401 million in 2022 to HK$7,900 million in 2023. This was primarily driven by the Group's larger investment in brand marketing strategically to strengthen TCL's global brand power and mid-to-high-end image, as well as to enhance the brand's premium capacity, resulting in the increase in related expenses.

Administrative Expenses

The administrative expenses experienced a 9.4% year-on-year decrease from HK$4,429 million in 2022 to HK$4,013 million in 2023. This was mainly attributable to the decrease of net realised loss on the settlement of derivative financial instruments during the year.

R&D Costs

The Group's R&D costs decreased by 8.1% year-on-year from HK$2,531 million in 2022 to HK$2,327 million in 2023. The decrease was mainly attributable to the strategic downsizing of the small-and-medium-sized display business, resulting in a reduction in related R&D costs, as well as improved efficiency by increasing investment in platformisation and modularisation.

Impairment Losses on Financial Assets, Net

The net impairment loss on financial assets increased by 51.6% year-on-year from HK$91.52 million in 2022 to HK$139 million in 2023, mainly due to the increase in provision for trade receivables from a commercial retailer (being a listed company) during the year.

Finance Costs

Finance costs increased by 32.4% year-on-year from HK$669 million in 2022 to HK$885 million in 2023, mainly due to the increase in the federal funds rate of the U.S. and the increase in interest expenses on discounted bills and factored receivables during the year.

Share of Profits and Losses – Joint Ventures and Associates

The Group's share of profits increased slightly by 0.7% from HK$89.84 million in 2022 to HK$90.49 million in 2023.

Profit before Tax

Profit before tax increased by 37.4% year-on-year from HK$836 million in 2022 to HK$1,148 million in 2023, mainly due to the realisation of economies of scale and improved profitability as the Group's overall revenue scale continued to expand, coupled with appropriate cost reduction and efficiency gains. Moreover, the amount in 2022 included net losses from investment companies in 2022.

Income Tax

The Group's income tax increased by 14.1% year-on-year from to HK$282 million in 2022 to HK$321 million in 2023, mainly due to the increase in profit before tax of certain subsidiaries of the Company in 2023.

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

The Group's profit increased by 49.3% year-on-year from HK$554 million in 2022 to HK$827 million in 2023. The Group's profit attributable to owners of the parent increased by 66.4% year-on-year from HK$447 million in 2022 to HK$744 million in 2023. The increase was mainly due to the Group's mid-to-high-end strategy which was well deployed in 2023 as the Group continued to expand the scale of high-margin business segments and improve the quality of its operation, these initiatives, coupled with appropriate cost controls, led to an increase in profitability. Moreover, the amount in 2022 included net losses from investment companies in 2022.

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

The adjusted profit attributable to owners of the parent increased by 14.0% year-on-year from HK$704 million in 2022 to HK$803 million in 2023.

To supplement the Group's consolidated results prepared and presented in accordance with HKFRS issued by HKICPA, the Group uses non-HKFRS 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 Company 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, but 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.

	For the year ended 31 December	
	2023	2022
	HK$'000	HK$'000
		(restated)
Profit attributable to owners of the parent, as reported	**743,633**	446,975
(Gain)/loss from investment companies, net[19]	**(62,750)**	300,825
(Gain)/loss on disposal and liquidation of subsidiaries, net[20]	**(20,998)**	(4,529)
(Gain)/loss related to call options and put options, net[21]	**111,129**	(39,975)
(Gain)/loss on disposal of non-current assets, net[22]	**13,228**	1,094
Income tax effect[23]	**18,462**	–
Non-HKFRS measure: adjusted profit attributable to owners of the parent	**802,704**	704,390

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

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

[21] (Gain)/loss related to call options and put options, net include 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 expiration of call options.

[22] (Gain)/loss on disposal of non-current assets, net includes (gain)/losses on disposal of fixed assets, other intangible assets, right-of-use assets and other assets.

[23] Income tax effect refers to the income tax effect of non-HKFRS adjustments.

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

On 7 July 2023 (São Paulo time) (7 July 2023, Hong Kong time after trading hours), TCL SEMP and STA entered into the subscription bulletin, pursuant to which STA agreed to subscribe for, and TCL SEMP agreed to issue and allot to STA, the subscription shares which represent approximately 6.25% of the issued shares of TCL SEMP as enlarged by the subscription ("Subscription"). Prior to the entering into of the subscription bulletin, TCL SEMP was owned as to 80% and 20% by TCL NL and STA respectively. Immediately after the issuance and allotment of the subscription shares mentioned above to STA, TCL SEMP was owned as to approximately 75% and 25% by TCL NL and STA respectively. TCL SEMP would remain to be a subsidiary of the Company, and the results, assets and liabilities of TCL SEMP would continue to be consolidated into the accounts of the Group.

Upon the completion of the Subscription, in order to reflect the shareholders' rights and obligations following the aforesaid change in shareholding in and of TCL SEMP and with a view to strengthening the cooperation between the parties, on the same date (i.e. 7 July 2023 (São Paulo time) (7 July 2023, Hong Kong time after trading hours)), TCL NL, STA, TCL SEMP and Affonso Brandão Hennel entered into the new shareholders' agreement in respect of TCL SEMP, pursuant to which, among others, (i) the shareholders' agreement dated 20 July 2020 (São Paulo time) (21 July 2020, Hong Kong time) in respect of TCL SEMP (and hence the existing call option and the existing put option granted thereunder) was thereby terminated in its entirety; (ii) STA granted the new call option to TCL NL (or its designated assignee), pursuant to which TCL NL (or its designated assignee) would have the right to purchase from STA, and STA would be obliged to sell to TCL NL (or its designated assignee), all but not less than all option shares at the new call option purchase price; and (iii) TCL NL granted the new put option to STA, pursuant to which STA would have the right to sell to TCL NL (or its designated assignee), and TCL NL (by itself or via its designated assignee) would be obliged to purchase from STA, all but not less than all option shares at the new put option purchase price, which is subject to a maximum price of R$1,200,000,000 (equivalent to approximately HK$1,935,960,000). For further details, please refer to the Company's announcement dated 7 July 2023.

On 27 September 2023 (after trading hours), Huizhou TCL Mobile entered into an equity transfer agreement with TCL Industries Holdings, pursuant to which Huizhou TCL Mobile agreed to sell, and TCL Industries Holdings agreed to purchase, the target equity interest representing 10% equity interest in and of Huizhou Kuyu at the consideration of RMB51,000,000 (equivalent to approximately HK$55,720,000).

Immediately prior to the completion of the disposal, Huizhou Kuyu was held as to 26% by the Group through King Electrical and Huizhou TCL Mobile in aggregate, which held 16% and 10% equity interest in and of Huizhou Kuyu by King Electrical and Huizhou TCL Mobile respectively, and as to 74% by TCL Industries Holdings. Upon completion of the disposal, the Group would only hold 16% equity interest in and of Huizhou Kuyu through King Electrical, and Huizhou Kuyu ceased to be an associate company of the Company. For further details, please refer to the Company's announcement dated 27 September 2023. The transaction was completed in September 2023.

Save as disclosed above, the Group had no other significant investment held as at 31 December 2023, and did not undertake any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2023.

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 31 December 2023 amounted to approximately HK$10,736,877,000, increasing by 14.3% year-on-year, of which 45.5% was in U.S. dollars, 36.3% was in Renminbi, 4.3% was in Euros, 2.1% was in Hong Kong dollars and 11.8% 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 and other borrowings of the Group as at 31 December 2023 were approximately HK$5,811,654,000, which were interest-bearing at fixed rates ranging from 0.60% to 6.64% and denominated in U.S. dollars, Renminbi and Euros. The maturity profile of borrowing was 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 2022 and there was no asset held under finance lease as at 31 December 2023.

As at 31 December 2023, the Group's gearing ratio was 0% since the Group's cash and cash equivalents, and restricted cash and pledged deposits of approximately HK$10,794,309,000 were higher than the total interest-bearing bank and other borrowings and lease liabilities of approximately HK$6,218,970,000. 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 owner. The maturity profile of such borrowings ranged from on demand to within three years.

Pledge of Assets

As at 31 December 2023, the Group had restricted cash and pledged deposits balance of approximately HK$57,432,000 (31 December 2022: HK$119,555,000) pledged as the balance of performance and quality guarantees, financial assets and banking facilities for the Group.

Capital Commitments and Contingent Liabilities

As at 31 December 2023, the Group had the following capital commitments:

	2023	2022
	HK$'000	HK$'000
Contracted, but not provided for	**599,510**	673,618
Authorised, but not contracted for	**–**	116,590
	599,510	790,208

As at 31 December 2023, 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 31 December 2023, 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 seriously the outcome. 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

Save as disclosed above, the Group was not involved in any material litigation as at 31 December 2023.

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 affiliate positions 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 31 December 2023, the Group had a total of 24,620 dynamic and talented employees. During the year ended 31 December 2023, the total staff costs amounted to approximately HK$5,838,566,000. The employees of the Group were all dedicated to advancing the quality and reliability of our operations. 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 package is 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 was 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. Share options carrying rights to subscribe for a total number of 34,924,064 shares of the Company remained outstanding as at 31 December 2023.

On 3 November 2023, the Company adopted a new 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 31 December 2023.

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 of the Company 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. There remained a total of 37,001,744 awarded shares granted but remained outstanding as at 31 December 2023, all granted under the 2008 Share Award Scheme. No share award has been granted under the 2023 Share Award Scheme since its adoption up to 31 December 2023.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2023 HK$'000	2022 HK$'000 (restated)
REVENUE	5	**78,986,064**	71,351,415
Cost of sales		**(64,230,369)**	(58,239,832)
Gross profit		**14,755,695**	13,111,583
Other income and gains		**1,809,376**	3,140,951
Selling and distribution expenses		**(7,899,579)**	(7,401,415)
Administrative expenses		**(4,012,973)**	(4,428,643)
Research and development costs		**(2,326,980)**	(2,531,283)
Other operating expenses		**(243,614)**	(385,315)
Impairment losses on financial assets, net		**(138,731)**	(91,520)
		1,943,194	1,414,358
Finance costs	6	**(885,497)**	(668,671)
Share of profits and losses of:			
Joint ventures		**(2,220)**	26,784
Associates		**92,707**	63,057
PROFIT BEFORE TAX	7	**1,148,184**	835,528
Income tax	8	**(321,375)**	(281,694)
PROFIT FOR THE YEAR		**826,809**	553,834

	For the year ended 31 December	
	2023	2022
	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 year	**89,493**	31,604
Reclassification adjustments for gains included in profit or loss	**(110,228)**	(40,345)
Income tax effect	**2,855**	(1,456)
	(17,880)	(10,197)
Exchange differences:		
Exchange differences on translation of foreign operations	**(105,490)**	(1,756,071)
Reclassification adjustments for foreign operations disposed of or liquidated during the year	**(930)**	(2,786)
Reclassification adjustments for associates deemed partial disposed, disposed of or liquidated during the year	**3,496**	(234)
	(102,924)	(1,759,091)
Financial assets at fair value through other comprehensive income:		
Changes in fair value, net of income tax	**(2,547)**	642
Share of other comprehensive loss of associates and a joint venture	**(413)**	–
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(123,764)**	(1,768,646)

	Note	For the year ended 31 December 2023 HK$'000	2022 HK$'000 *(restated)*
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value, net of income tax		**24,247**	31,478
Share of other comprehensive income/(loss) of associates and a joint venture		**(1,493)**	42,673
Remeasurements of post-employment benefit obligations		**(1,052)**	824
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		**21,702**	74,975
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		**(102,062)**	(1,693,671)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**724,747**	(1,139,837)
Profit attributable to:			
Owners of the parent		**743,633**	446,975
Non-controlling interests		**83,176**	106,859
		826,809	553,834
Total comprehensive income/(loss) attributable to:			
Owners of the parent		**606,798**	(1,229,187)
Non-controlling interests		**117,949**	89,350
		724,747	(1,139,837)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		**HK30.65 cents**	HK18.53 cents
Diluted		**HK30.01 cents**	HK17.87 cents

Details of the dividends for the year are disclosed in note 9.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**31 December 2023 HK$'000**	31 December 2022 HK$'000 *(restated)*	1 January 2022 HK$'000 *(restated)*
NON-CURRENT ASSETS				
Property, plant and equipment		**2,384,306**	2,738,647	3,061,005
Investment properties		**544,530**	545,800	569,177
Right-of-use assets		**846,034**	992,237	1,079,530
Goodwill		**3,193,639**	3,195,180	3,322,316
Other intangible assets		**1,377,238**	1,206,929	1,311,484
Investments in joint ventures		**101,223**	110,458	80,852
Investments in associates		**1,252,557**	1,558,882	1,600,929
Equity investments designated at other fair value through comprehensive income		**323,592**	200,433	141,356
Deferred tax assets		**490,690**	429,644	340,520
Other deferred assets		**749,247**	567,197	179,210
Derivative financial instruments		**1,071**	–	–
Total non-current assets		**11,264,127**	11,545,407	11,686,379
CURRENT ASSETS				
Inventories		**12,211,524**	9,837,314	13,555,596
Trade receivables	11	**15,547,888**	10,935,081	11,697,726
Bills receivable		**3,458,107**	2,219,329	1,901,694
Contract assets		**147,702**	–	–
Prepayments, other receivables and other assets		**10,143,709**	9,019,669	6,901,965
Tax recoverable		**78,378**	191,904	122,154
Financial assets at fair value through profit or loss		**943,102**	1,266,076	1,342,088
Derivative financial instruments		**187,604**	579,984	240,587
Restricted cash and pledged deposits		**57,432**	119,555	576,758
Cash and cash equivalents		**10,736,877**	9,390,941	11,509,166
		53,512,323	43,559,853	47,847,734
Assets classified as held for sale	12	**–**	3,681	3,952
Total current assets		**53,512,323**	43,563,534	47,851,686

	Notes	**31 December 2023 HK$'000**	31 December 2022 HK$'000 *(restated)*	1 January 2022 HK$'000 *(restated)*
CURRENT LIABILITIES				
Trade payables	13	**19,115,674**	14,086,945	15,826,244
Bills payable		**4,892,498**	4,859,890	3,599,248
Other payables and accruals		**15,108,788**	11,525,218	12,743,589
Interest-bearing bank and other borrowings	14	**4,922,828**	4,433,624	6,387,292
Lease liabilities		**163,836**	153,915	140,820
Tax payable		**183,295**	175,716	116,231
Financial liability associated with put option		**–**	160,667	121,370
Derivative financial instruments		**96,518**	134,214	34,782
Provisions		**1,052,159**	1,007,542	971,448
Total current liabilities		**45,535,596**	36,537,731	39,941,024
NET CURRENT ASSETS		**7,976,727**	7,025,803	7,910,662
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,240,854**	18,571,210	19,597,041
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	14	**888,826**	1,029,459	492,825
Lease liabilities		**243,480**	255,826	319,684
Deferred tax liabilities		**340,361**	327,928	342,039
Other long-term payables		**52,986**	76,896	48,715
Other non-current liabilities		**140,114**	–	–
Financial liability associated with put option		**269,001**	–	–
Derivative financial instruments		**–**	–	17,579
Total non-current liabilities		**1,934,768**	1,690,109	1,220,842
Net assets		**17,306,086**	16,881,101	18,376,199
EQUITY				
Equity attributable to owners of the parent				
Issued capital	15	**2,507,569**	2,499,780	2,479,959
Reserves		**14,200,085**	13,963,889	15,481,377
		16,707,654	16,463,669	17,961,336
Non-controlling interests		**598,432**	417,432	414,863
Total equity		**17,306,086**	16,881,101	18,376,199

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and certain financial assets which have been measured at fair value. As further explained in note 12, assets classified as held for sale is stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in HK$ and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

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

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The quantitative impact on the financial statements is summarised below.

Impact on the consolidated statement of financial position:

	Note	**Increase/(decrease)** **As at 31 December 2023 HK$'000**	As at 31 December 2022 HK$'000	As at 1 January 2022 HK$'000
Assets				
Deferred tax assets	(i)	**4,565**	3,494	3,728
Total non-current assets		**4,565**	3,494	3,728
Total assets		**4,565**	3,494	3,728
Liabilities				
Deferred tax liabilities	(i)	**(648)**	49	193
Total non-current liabilities		**(648)**	49	193
Total liabilities		**(648)**	49	193
Net assets		**5,213**	3,445	3,535
Equity				
Retained profits		**5,210**	3,441	3,473
Equity attributable to owners of the parent		**5,210**	3,441	3,473
Non-controlling interests		**3**	4	62
Total equity		**5,213**	3,445	3,535

(i) The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the consolidated statement of financial position for presentation purposes.

Impact on the consolidated statement of profit or loss and other comprehensive income:

	Increase/(decrease) For the year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Income tax expense	**(1,768)**	90
Profit for the year	**1,768**	(90)
Attributable to:		
Owners of the parent	**1,769**	(32)
Non-controlling interests	**(1)**	(58)
	1,768	(90)
Total comprehensive income/(loss) for the year	**1,768**	(90)

The Group has adopted amendments to HKAS 12 retrospectively with the date of initial application of 1 January 2023. The comparative information for the basic and diluted earnings per share attributable to ordinary equity holders of the parent and total comprehensive loss for the year ended 31 December 2022 were restated.

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments and the mandatory temporary exception retrospectively. The Group would continually evaluate the impact of the Pillar Two income tax exposure on the consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")[1,4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")[1,4]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024

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

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2020 Amendments and the 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

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. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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 amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

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. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

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

(a) Smart screen segment – manufacture and sale of smart screen in:

- TCL smart screen – the PRC market; and

- TCL smart screen – the international markets;

(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 display and service;

(d) All-category marketing segment – distribution of TCL branded air conditioners, refrigerators, washing machines and other household appliances; and

(e) Smart commercial display, smart home, photovoltaic 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.

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

	Smart screen				Internet business		Smart mobile, connective devices and services		All-category marketing		Smart commercial display, smart home, photovoltaic and other businesses		Total		Eliminations		Consolidated	
	TCL smart screen – the PRC market		TCL smart screen – international markets															
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:																		
Sales to external customers	**16,016,765**	15,194,117	**32,615,812**	29,999,916	**2,762,526**	2,298,195	**8,278,969**	12,956,448	**10,408,969**	8,243,564	**8,903,023**	2,659,175	**78,986,064**	71,351,415	**–**	–	**78,986,064**	71,351,415
Intersegment sales	**2,881,163**	1,796,179	**373,960**	1,766,617	**21,941**	13,889	**2,508**	4,633	**27,857**	386	**47,773**	116,165	**3,355,202**	3,697,869	**(3,355,202)**	(3,697,869)	**–**	–
Total	**18,897,928**	16,990,296	**32,989,772**	31,766,533	**2,784,467**	2,312,084	**8,281,477**	12,961,081	**10,436,826**	8,243,950	**8,950,796**	2,775,340	**82,341,266**	75,049,284	**(3,355,202)**	(3,697,869)	**78,986,064**	71,351,415
Gross profit	**3,676,650**	3,702,991	**5,023,150**	4,779,836	**1,521,091**	1,160,033	**1,879,379**	2,041,469	**1,739,912**	1,085,467	**915,513**	341,787	**14,755,695**	13,111,583	**–**	–	**14,755,695**	13,111,583

5. REVENUE

An analysis of revenue is as follows:

	2023	2022
	HK$'000	HK$'000
Revenue from contracts with customers	**78,986,064**	71,351,415

Disaggregated revenue information for revenue from contracts with customers

For the year ended 31 December 2023

Segments	**Smart screen and others*** **HK$'000**	**Internet business** **HK$'000**	**Total** **HK$'000**
Type of goods or services			
Sale of goods	**75,191,230**	**162,447**	**75,353,677**
Construction services	**1,032,308**	**–**	**1,032,308**
Video-on-demand services	**–**	**511,262**	**511,262**
Advertising, vertical application and other new businesses	**–**	**2,088,817**	**2,088,817**
Total revenue from contracts with customers	**76,223,538**	**2,762,526**	**78,986,064**
Geographical markets			
Chinese Mainland	**30,185,354**	**2,060,447**	**32,245,801**
Europe	**8,986,714**	**–**	**8,986,714**
North America	**16,121,607**	**359,828**	**16,481,435**
Emerging Markets	**20,929,863**	**342,251**	**21,272,114**
Total revenue from contracts with customers	**76,223,538**	**2,762,526**	**78,986,064**
Timing of revenue recognition			
Goods transferred at a point in time	**75,191,230**	**162,447**	**75,353,677**
Services transferred over time	**1,032,308**	**511,262**	**1,543,570**
Services transferred at a point in time	**–**	**2,088,817**	**2,088,817**
Total revenue from contracts with customers	**76,223,538**	**2,762,526**	**78,986,064**

Disaggregated revenue information for revenue from contracts with customers (continued)

For the year ended 31 December 2022

Segments	Smart screen and others* HK$'000	Internet business HK$'000	Total HK$'000
Type of goods or services			
Sale of goods	68,915,963	139,622	69,055,585
Construction services	137,257	–	137,257
Video-on-demand services	–	517,559	517,559
Advertising, vertical application and other new businesses	–	1,641,014	1,641,014
Total revenue from contracts with customers	69,053,220	2,298,195	71,351,415
Geographical markets			
Chinese Mainland	21,835,754	1,797,120	23,632,874
Europe	9,840,245	–	9,840,245
North America	17,927,898	205,516	18,133,414
Emerging Markets	19,449,323	295,559	19,744,882
Total revenue from contracts with customers	69,053,220	2,298,195	71,351,415
Timing of revenue recognition			
Goods transferred at a point in time	68,915,963	139,622	69,055,585
Services transferred over time	137,257	517,559	654,816
Services transferred at a point in time	–	1,641,014	1,641,014
Total revenue from contracts with customers	69,053,220	2,298,195	71,351,415

* Smart screen and others including other four operating segments except interest business segment.

6. FINANCE COSTS

	2023 **HK$'000**	2022 HK$'000
Interest on:		
Bank loans	**817,023**	573,094
Loans from companies controlled by TCL Industries Holdings	**36,234**	45,055
Interest expense on lease liabilities	**17,024**	18,041
Imputed interests on a financial liability arising from a put option	**15,067**	31,510
Loans from an affiliate of TCL Industries Holdings	**129**	–
Loan from a company controlled by TCL Technology	**20**	–
Discounted bills receivable from a company controlled by TCL Industries Holdings	**–**	971
Total	**885,497**	668,671

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2023	2022
	HK$'000	HK$'000
Cost of inventories sold and services provided	**64,230,369**	58,239,832
Depreciation of property, plant and equipment	**405,726**	401,441
Depreciation of investment properties	**14,749**	14,078
Depreciation of right-of-use assets	**209,177**	204,799
Depreciation on other deferred assets	**24,855**	16,509
Research and development costs	**2,326,980**	2,531,283
Amortisation of other intangible assets	**540,620**	622,922
Lease payments not included in the measurement of lease liabilities	**106,651**	87,781
Auditor's remuneration	**11,937**	11,937
Employee benefits expenses (including directors' remuneration):		
Wages and salaries	**5,253,561**	4,925,322
Equity-settled share option expense	**–**	91
Employee share-based compensation benefits under the 2008 Share Award Scheme	**83,636**	147,629
Defined contribution expenses	**501,369**	495,187
Total	**5,838,566**	5,568,229
Foreign exchange differences, net	**(202,476)**	(1,345,131)
Impairment of financial assets:		
Impairment of trade receivables, net	**123,523**	83,408
Impairment of other receivables, net	**15,127**	8,112
Impairment of contract assets, net	**81**	–
Total	**138,731**	91,520
Impairment of property, plant and equipment**	**1,538**	–
Impairment of other intangible assets**	**21,927**	–
Impairment of investment in associates**	**32,884**	–
Write-down of inventories to net realisable value	**302,580**	148,162
Rental income, net	**(34,060)**	(22,250)
Interest income	**(794,171)**	(631,002)
Government grants*:		
Credited to other revenue and gains	**(535,252)**	(661,401)
Deducted from cost of sales and relevant expenses	**(108,701)**	(12,393)
Total	**(643,953)**	(673,794)

	2023	2022
	HK$'000	HK$'000
Fair value (gains)/losses, net:		
Derivative instruments – transactions not qualifying as hedges***	**198,944**	(176,344)
Financial assets at fair value through profit or loss	**(25,072)**	–
Call options and put option**	**47,177**	(53,906)
Realised (gain)/loss on settlement, net:		
Derivative financial instruments***	**(25,259)**	1,295,490
Financial assets at fair value through profit or loss***	**1,684**	(78,589)
Ineffectiveness of fair value hedges***	**30,094**	–
(Gain)/loss on expiration of call options**	**48,885**	(17,579)
Loss on disposal of items of property, plant and equipment, net**	**20,968**	1,898
(Gain)/loss on disposal of other intangible assets, net**	**(2,344)**	741
Gain on disposal of items of right-of-use assets, net	**(5,255)**	(1,545)
Gain on disposal of items of other deferred assets, net	**(141)**	–
Gain on liquidation of subsidiaries	**(1,051)**	(104)
Gain on disposal of subsidiaries	**(19,947)**	(4,425)
(Gain)/loss on disposal of associates**	**(57,063)**	298,071
Deemed (gain)/loss on partial disposal of associates**	**(5,687)**	9,329
Deemed gain on partial acquisition of a joint venture	**–**	(7,749)
Loss on liquidation of an associate**	**–**	1,174

Notes:

* Certain government grants have been received related to the Group's day-to-day activities. Government grants including VAT refund and national patent subsidies are recorded in "Other revenue and gains" in the consolidated statement of the profit and loss and other comprehensive income. There are no unfulfilled conditions or contingencies relating to these grants.

** Losses of these items are included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** Losses of these items are included in "Administrative 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% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2023	2022
	HK$'000	HK$'000
		(restated)
Current – Hong Kong		
Charge for the year	**11,097**	7,449
Underprovision/(overprovision) in prior years	**5,580**	(479)
Current– Elsewhere		
Charge for the year	**344,021**	356,102
Underprovision in prior years	**9,260**	47,357
Deferred	**(48,583)**	(128,735)
Total tax charge for the year	**321,375**	281,694

9. DIVIDENDS

	2023	2022
	HK$'000	HK$'000
Proposed final dividend – HK16.00 cents (2022: HK12.70 cents) per ordinary share	**401,211**	317,472
	401,211	317,472

The above amount of proposed final dividend for the year ended 31 December 2023 was calculated based on the number of shares of the Company as at 31 December 2023 for illustration. The proposed final dividend for the year is subject to the approval of Shareholders at the forthcoming AGM. These consolidated financial statements do not reflect this dividend payable.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,426,406,730 (2022: 2,412,318,560) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	2023	2022
	HK$'000	HK$'000
		(restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations:	**743,633**	446,975

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue less shares held for 2008 Share Award Scheme during the year used in the basic earnings per share calculation	**2,426,406,730**	2,412,318,560
Effect of dilution – weighted average number of ordinary shares:		
Share options	**78,175**	277,097
Awarded shares	**51,501,651**	89,246,219
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	**2,477,986,556**	2,501,841,876

11. TRADE RECEIVABLES

	Note	2023 HK$'000	2022 HK$'000
Due from third parties		**11,792,769**	8,146,870
Due from related parties:			
Companies controlled by TCL Industries Holdings	(a)	**2,092,248**	154,659
Affiliates of TCL Industries Holdings	(a)	**379,120**	184,501
Companies controlled by TCL Technology	(a)	**647,213**	521,234
Affiliates of TCL Technology	(a)	**–**	28,804
Joint ventures	(a)	**535,761**	388,213
Associates	(a)	**399,745**	1,752,743
		4,054,087	3,030,154
Impairment allowance		**(298,968)**	(241,943)
		15,547,888	10,935,081

Note:

(a) As at 31 December 2023 and 2022, the amounts were interest-free, unsecured and repayable within one year.

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 the 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$354,540,000 (2022: HK$359,746,000) due by them with interest bearing at 3% (2022: 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.

Included in the Group's trade receivables are (i) receivables to be factored of HK$910,616,000 (2022: HK$315,207,000), as well as (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$26,964,000 (2022: HK$25,106,000). 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$14,909,276,000 (2022: HK$10,836,711,000) are measured at amortised cost.

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

	2023	2022
	HK$'000	HK$'000
Current to 90 days	**10,740,047**	8,349,202
91 to 180 days	**3,186,071**	1,672,728
181 to 365 days	**916,826**	324,001
Over 365 days	**1,003,912**	831,093
	15,846,856	11,177,024
Impairment allowance	**(298,968)**	(241,943)
	15,547,888	10,935,081

12. ASSETS CLASSIFIED AS HELD FOR SALE

In previous years, the Group entered into a land transfer agreement with the local government. The land was classified as assets held for sale and the transaction was completed in 2023.

13. TRADE PAYABLES

	Note	**2023** **HK$'000**	2022 HK$'000
Due to third parties		**11,838,216**	8,053,031
Due to related parties:			
Companies controlled by TCL Industries Holdings	(a)	**2,208,371**	2,528,936
Affiliates of TCL Industries Holdings	(a)	**398,403**	622,568
Companies controlled by TCL Technology	(a)	**3,812,639**	2,187,509
Affiliates of TCL Technology	(a)	**–**	16,430
Joint ventures	(a)	**122,124**	68,267
Associates	(a)	**735,921**	610,204
		7,277,458	6,033,914
		19,115,674	14,086,945

Note:

(a) As at 31 December 2023 and 2022, the amounts were interest-free, unsecured and repayable within one year.

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

	2023 **HK$'000**	2022 HK$'000
Current to 90 days	**15,712,598**	11,589,314
91 to 180 days	**2,502,257**	1,920,841
181 to 365 days	**731,302**	382,203
Over 365 days	**169,517**	194,587
	19,115,674	14,086,945

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

	2023	2022
	HK$'000	HK$'000
Current		
Bank loans – unsecured	**4,344,214**	4,408,518
Advances from banks as consideration for factored trade receivables	**26,964**	25,106
Loans from a company controlled by TCL Industries Holdings	**551,650**	–
	4,922,828	4,433,624
Non-current		
Bank loans – unsecured	**888,826**	1,029,459
	5,811,654	5,463,083
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**4,371,178**	4,433,624
In the second year	**665,290**	250,287
In the third to fifth years, inclusive	**223,536**	738,870
After fifth years	**–**	40,302
	5,260,004	5,463,083
Analysed into:		
Other loans repayable:		
Within one year or on demand	**551,650**	–
	551,650	–
	5,811,654	5,463,083

Notes:

(a) As at 31 December 2023 and 2022, the carrying amounts of the Group's bank and other borrowings were approximated to their fair values.

(b) TCL Technology has individually guaranteed certain of the Group's bank loans up to HK$80,888,000 (2022: HK$123,114,000) and TCL Industries Holdings has individually guaranteed certain of the Group's bank loans up to HK$4,006,479,000 (2022: HK$3,374,453,000) as at the end of the reporting period.

15. SHARE CAPITAL

	2023	2022
	HK$'000	HK$'000
Authorised:		
3,000,000,000 (2022: 3,000,000,000) shares of HK$1.00 each	**3,000,000**	3,000,000
Issued and fully paid:		
2,507,568,733 (2022: 2,499,780,203) shares of HK$1.00 each	**2,507,569**	2,499,780

On 28 April 2023, the Company allotted and issued 7,731,969 shares pursuant to award granted in the form of new shares under the 2008 Share Award Scheme.

During the year, the subscription rights attaching to 50,000, 1,000 and 5,561 share options were exercised at the subscription prices of HK$3.7329, HK$3.5700 and HK$4.1520 per share, respectively, resulting in the issue of an aggregate of 56,561 shares of HK$1.00 each for a total cash consideration of approximately HK$214,000 before expenses.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

On 25 January 2024, the Company granted an aggregate of 82,270,000 awarded shares pursuant to the 2023 Share Award Scheme to a total of 363 Selected Persons (as defined in the announcement of the Company dated 25 January 2024), being Directors and chief executives of the Company, other Employee Participants and Related Entity Participants (both as defined in the announcement of the Company dated 25 January 2024), subject to their acceptance. For details, please refer to the announcement of the Company dated 25 January 2024.

FINAL DIVIDEND

The Board has proposed a final dividend of HK16.00 cents (2022: HK12.70 cents) in cash per Share for the year ended 31 December 2023. Subject to approval at the forthcoming AGM to be held on 20 May 2024, Monday, the said final dividend will be payable on or about 31 July 2024, Wednesday to Shareholders whose names appear on the register of members of the Company on 9 July 2024, Tuesday.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlements to attend and vote at the forthcoming AGM, Shareholders must lodge the relevant transfer document(s) and share certificate(s) at the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 13 May 2024, Monday for registration. Shareholders whose names are recorded in the register of members of the Company on 13 May 2024, Monday are entitled to attend and vote at the forthcoming AGM.

The Hong Kong register of members of the Company will be closed on 9 July 2024, Tuesday, for the purposes of determining the entitlements of the Shareholders to the proposed final dividend for the year ended 31 December 2023 upon the passing of relevant resolution. No transfer of the shares of the Company may be registered on the said date. The record date for determining the entitlements of the Shareholders to the proposed final dividend is 9 July 2024, Tuesday. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 8 July 2024, Monday.

AGM

The AGM of the Company will be held on 20 May 2024, Monday. The notice of AGM will be published on the websites of the Company and the Stock Exchange and disseminated to Shareholders in due course.

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 subordinated 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 year ended 31 December 2023, the Company has complied with the code provisions as set out in the CG Code, except for the deviation from the Code Provision C.6.1 of the CG Code during the period from 1 October 2023 to 8 October 2023, the details of which are set out below.

Under Code Provision C.6.1 of the CG Code, the company secretary should be an employee of the Company and have the day-to-day knowledge of the Company's affairs.

During the period from 1 October 2023 to 8 October 2023, Ms. CHOY Fung Yee was the then sole company secretary of the Company, who is a practising solicitor in Hong Kong and a partner of the Company's legal advisor, but not an employee of the Company. During the said period, Mr. PENG Pan, an executive Director and the CFO, was the assigned contact person with Ms. CHOY Fung Yee. Information in relation to the performance, financial position and other major developments and affairs of the Group (including but not limited to the management monthly report to the Board) is speedily delivered to Ms. CHOY Fung Yee through the contact person assigned. Given the long-term relationship between Ms. CHOY Fung Yee and the Group, Ms. CHOY Fung Yee is very familiar with the operations of the Group and has an in-depth knowledge of the management of the Group. Having in place a mechanism that Ms. CHOY Fung Yee will get hold of the Group's development promptly without material delay and with her expertise and experience, the Board is confident that having Ms. CHOY Fung Yee as the company secretary of the Company is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

On 9 October 2023, Mr. PENG Pan has been appointed as a joint company secretary of the Company for a term of three years with effect from 9 October 2023, whilst Ms. CHOY Fung Yee has been re-designated as the other joint company secretary of the Company. For details, please refer to the announcement of the Company dated 9 October 2023.

SCOPE OF WORK OF THE COMPANY'S AUDITOR ERNST AND YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by Ernst and Young to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst and Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst and Young on this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2023, 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 code of conduct regarding securities transactions by Directors 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 year ended 31 December 2023.

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 2023 to 31 December 2023 (both dates inclusive), they had fully complied with the Deed of Non-competition in favour of the Company.

The Company has received a written confirmation from TCL Technology confirming that for the period from 1 January 2023 to 31 December 2023 (both dates inclusive), it had fully complied with the Deed of Termination (2020).

The independent non-executive Directors have reviewed the relevant confirmations on Deed of Non-Competition (2020) and Deed of Termination (2020), and all of them are satisfied that Deed of Non-Competition (2020) and the Deed of Termination (2020) have been complied with during the period from 1 January 2023 to 31 December 2023 (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 has expired on 5 February 2023;
"2016 Share Option Scheme"	the share option scheme adopted by the Company on 18 May 2016, which has been 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;
"AGM"	annual general meeting of the Company;
"AI"	artificial intelligence;
"AR"	agmented reality;
"Audit Committee"	the audit committee of the Company;
"AWE Award"	an award presented during the China Home Appliance and Consumer Electronics Expo, which is one of the top three global home appliance and consumer electronics exhibitions;
"Board"	the board of Directors;
"China IOL"	Beijing Zhixindao Technology Co., Ltd.* (北京智信道科技股份有限公司), an industry chain research platform in the PRC, providing industry analyses 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 that formed through the merger of NPD Group L.P. and Information Resources Corporation;

"CMM"	China Market Monitor Co., Ltd., a research institute focused on the research of consumer goods and the retail home appliance market in the PRC;
"Company"	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 Stock Exchange (stock code: 01070);
"CFO"	the chief financial officer;
"CG Code"	the corporate governance code as set out in Appendix C1 to the Listing Rules;
"Code Provision(s)"	the code provision(s) of the CG Code;
"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 Markets"	regions such as Asia-Pacific, Latin America, Middle East etc.;

"FPD"	flat panel display;
"GDP"	gross domestic product;
"GfK"	Gesellschaft für Konsumforschung, a consumer goods and global market research organisation headquartered in Nuremberg, Germany;
"GMV"	gross merchandise volume;
"Group"	the Company and its subsidiaries collectively;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKAS"	Hong Kong Accounting Standard;
"HKFRS(s)"	Hong Kong Financial Reporting Standards which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations;
"HKICPA"	Hong Kong Institute of Certified Public Accountants;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Huizhou TCL Mobile"	Huizhou TCL Mobile Communication Co., Ltd.* (惠州TCL移動通信有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
"Huizhou Kuyu"	Huizhou Kuyu Network Technology Co., Ltd.* (惠州酷友網絡科技有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of TCL Industries Holdings;
"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;

"King Electrical"	TCL King Electrical Appliances (Huizhou) Company Limited* (TCL王牌電器(惠州)有限公司), a company established under the laws of the PRC with limited liability and an indirect subsidiary of the Company;
"LED"	light emitting diode;
"Listing Rules"	the rules governing the listing of securities on the 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;
"OTT"	Over The Top, which is 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 for the purposes of this announcement;
"QD"	quantum dot;
"R&D"	research and development;
"RayNeo"	RayNeo Co., Ltd. (formerly literally translated and known as Falcon Innovations Technology (Shenzhen) Co., Ltd), a company established under the laws of the PRC with limited liability, which primarily operates the Group's smart glasses business and 11.73% equity interest of which was held by the Group as at 31 December 2023;
"RUNTO"	Beijing Runto Technology Co., Ltd., a third-party organisation in the PRC that provides data products and research and advisory services;
"Share(s)"	share(s) of the Company;

"Shareholder(s)"	shareholder(s) of the Company;
"Sigmaintell"	Sigmaintell Consulting Co., Ltd., a service company in the PRC specialising in research and consulting for the global high-tech industry;
"smart screen"	smart TVs under the large-sized display business, over 95% of the Group's TVs in terms of shipment volume are smart screen products;
"STA"	SEMP Amazonas S.A., a company incorporated under the laws of Brazil with limited liability;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"subsidiary"	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 NL"	TCL Netherlands B.V., a company established under the laws of the Netherlands with limited liability and an indirect wholly-owned subsidiary of the Company;
"TCL SEMP"	TCL SEMP Indústria e Comércio de Eletroeletrônicos S.A. (formerly known as SEMP TCL Indústria e Comércio de Eletroeletrônicos S.A.), a company incorporated under the laws of Brazil with limited liability, an indirect non-wholly-owned subsidiary of the Company;
"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 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"	television(s);
"XR"	extended reality; and
"%"	per cent.

On behalf of the Board
DU Juan
Chairperson

Hong Kong, 28 March 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. YAN Xiaolin and Mr. PENG Pan as executive Directors, Mr. WANG Cheng, Mr. SUN Li, and Mr. LI Yuhao as non-executive Directors and Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive Directors.