

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



ANNUAL REPORT 2025

March 2026

Seizing Development Opportunities in a Dynamic Landscape

ANNUAL REPORT 2025 Chairman's Statement

2025 saw accelerated restructuring of the global economic landscape. Trade protectionism has continued to intensify, and geopolitical competition has profoundly disrupted the layout of global industrial chains. Meanwhile, a new round of technological revolution—spearheaded by artificial intelligence—is reshaping industrial logic and competitive paradigms with unprecedented reach and complexity. Against this challenging external environment, the Company has always anchored itself to the strategic goal of "Global Leadership", focusing on the three core business pillars—displays, new energy photovoltaics, and other silicon materials. Our operating revenue achieved RMB 184.06 billion, representing an increase of 11.7% YoY; net profit attributable to shareholders of the listed company reached RMB 4.52 billion, up 188.8% YoY; and net cash flow from operating activities amounted to RMB 44.02 billion, up 49.1% YoY, indicating the steady growth of our operating efficiency and ongoing enhancement of our core competitiveness.

TCL CSOT's display business delivered high-quality growth, with significantly improved profitability. During the Reporting Period, TCL CSOT recorded revenue of RMB 105.24 billion and net profit of RMB 8.01 billion. The Company further consolidated its competitive advantages in large-size TV and commercial displays. The Company's market share in medium-size LCD products—including notebooks, tablets, automotive displays, and professional displays—rose notably, achieving breakthroughs in both scale and profitability. Small-size products were strategically positioned in the mid-to-high-end market, with operational performance improving at an accelerated pace. Meanwhile, the Company actively expanded its M-LED business. During the same period, TCL CSOT further strengthened the integration and deployment of its core assets. The Generation 8.6 t9 factory achieved full-capacity production; the acquisition of LGD Guangzhou's Generation 8.5 factory (t11) was completed. The Company also acquired minority stakes in the Generation 11 t6 and t7 projects held by Shenzhen state-owned capital, thereby boosting profitability. In addition, the Generation 5.5 printed OLED line (t12) was expanded to support mass production and delivery, while construction kicked off for the Generation 8.6

printed OLED production line (t8). The investment in industrial ecosystem projects laid the foundation for sustainable development. The Company believes that as the global display industry landscape undergoes restructuring, Chinese enterprises have solidified their advantages in the LCD sector. Looking ahead, competition in the industry will focus on new display technologies and materials, such as OLED and M-LED. Through continuous technological innovation to enhance the competitiveness of its LCD products, TCL CSOT has consolidated its leading advantages in large-size displays and strengthened its competitiveness in medium and small-size panels, thus forming a relative competitive edge in the LCD sector. Meanwhile, the Company has built differentiated competitiveness in printed OLED. Moving forward, TCL CSOT is committed to striving for a leading position in the global display industry.

Moka Technology strengthened business synergy with TCL CSOT, further consolidating its leading position in the global TV ODM sector with a market share of 14.5%. It continued to expand its monitor ODM business, increasing its market share to 7.9% and establishing a second growth curve. Meanwhile, the Company actively advanced the development of its commercial display business. The annual revenue reached RMB 21.73 billion, up 5.9%.

The Chinese photovoltaic industry continues to grapple with intense "involutionary" competition, as product prices remain under persistent downward pressure, posing significant operational challenges for the entire industry. During the Reporting Period, TZE's photovoltaic business recorded revenue of RMB 22.725 billion, representing a YoY decrease of 0.28%, with revenue stabilizing in the second half of the year. During the Reporting Period, TZE made every effort to consolidate the competitiveness of its crystal and wafer production, accelerate the development of its cell and module business, improve its industrial chain layout, actively expand its global presence, and enhance operating performance. Guided by the strategy of "Resolving Crises Through Development and Seeking Opportunities in Overcoming Difficulties", TZE pursued mergers and acquisitions to strengthen its capabilities and enhance industrial chain competitiveness. The Company believes that the global energy transition toward clean energy will continue to drive growth in overseas photovoltaic markets, while technological progress will generate new market demand. We are confident in continuously improving our relative competitiveness during the industry downward, optimizing our industrial layout, achieving

restorative growth this year, and improving our operating performance.

During the Reporting Period, Zhonghuan Advanced remained committed to its "Lead at Home, Compete Globally" development strategy. Its silicon materials business generated an operating revenue of RMB 5.71 billion, a year-on-year increase of 21.7%. Leveraging industry-leading operational efficiency and performance, the business ranked first in China by revenue. Zhonghuan Advanced's business covers major domestic customers, and its comprehensive competitiveness is at the forefront of the industry, while it is actively expanding overseas. The Company will seize opportunities from China's industry's high-quality development, continue to expand our business scale, optimize product mix, improve process and technical capabilities, increase basic R&D investment, enhance AI and digital operating systems, and achieve high-quality development.

During the Reporting Period, Tianjin Printronics Circuit and Highly maintained stable operations across their core businesses, while their financial and investment segments continued to generate steady earnings.

Technological innovation is the fundamental strategic support for the Company to cope with uncertainties and build long-term competitive advantages. During the Reporting Period, the Company invested RMB 9.54 billion in R&D and filed 3,327 new invention patent applications, including 221 PCT applications, with both the quantity and quality of patents improved. The Company independently developed the "X-Intelligence" large model for the display industry, deeply integrating artificial intelligence into intelligent manufacturing, process optimization, and R&D processes, laying a solid foundation for operational efficiency improvement and product competitiveness. The Company will continue to advance the digitalization of the photovoltaic industry and introduce AI applications to enhance our competitiveness. The Company will also continuously explore breakthroughs in frontier technologies while strengthening our basic research, and elevate artificial intelligence to a strategic priority, thus fully empowering product innovation, intelligent manufacturing, and global operations, and enhancing our sustainable development capabilities.

Looking ahead to 2026, the Company will continue to anchor itself on the goal of "Global

Leadership" and uphold the business philosophy of "Strategic Guidance, Innovation-Driven, Advanced Manufacturing, and Global Operations". We will consolidate and further enhance the competitive advantages of our display business to drive overall performance. Meanwhile, we will support TZE in strengthening its capabilities and addressing gaps in its photovoltaic business to improve operating results. We will also back the accelerated development of Zhonghuan Advanced's silicon material business, while ensuring steady growth across our remaining business segments. The Company is confident in continuing to achieve overall performance growth this year.

The Company remains committed to delivering shareholder value through steady dividend distribution. For 2025, the Board of Directors has proposed a cash dividend of RMB 0.90 per 10 shares, enabling all shareholders to share in the Company's value growth. We are sincerely grateful for the long-term trust and support of all shareholders! Our heartfelt gratitude goes to all our partners for working with us! We extend our deepest thanks to all the employees for their diligent efforts!



March 26, 2026

Part I Important Notes, Table of Contents and Definitions

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

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

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

The future plans, development strategies or other forward-looking statements mentioned in this Report and its summary shall NOT be considered as promises of the Company to investors. Investors and related persons shall maintain sufficient awareness of risks and understand the differences between plans, forecasts and commitments. Therefore, investors are kindly reminded to pay attention to possible investment risks.

The profit distribution plan approved by the meeting of the Board of Directors is as follows: For every 10 shares held, shareholders will receive a cash dividend of RMB 0.9 (including tax) based on the total share capital of 20,800,862,447 shares, without bonus shares or shares converted from capital reserve.

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

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Documents Available for Reference

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

(II) The original of the auditor's report with the seal of the accounting firm, and signed and stamped by CPAs.

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

Definitions

Term	Refers to	Definition
The "Company", the "Group", "TCL TECH.", "TCL", or "we"	Refers to	TCL Technology Group Corporation
The "Reporting Period", "current period"	Refers to	The period from January 1, 2025 to December 31, 2025.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
TZE	Refers to	TCL Zhonghuan Renewable Energy Technology Co., Ltd., a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002129.SZ)
Zhonghuan Advanced	Refers to	Zhonghuan Advanced Bandaoti Technology Co., Ltd.
Moka Technology	Refers to	Moka International Limited
TPC	Refers to	Tianjin Printronics Circuit Corporation, a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002134.SZ)
Highly	Refers to	Highly Information Industry Co., Ltd., a holding subsidiary of the Company listed on the National Equities Exchange and Quotations
t1	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at TCL CSOT
t2	Refers to	The generation 8.5 (or G8.5) TFT-LCD (oxide) production line at TCL CSOT
t3	Refers to	The generation 6 (or G6) LTPS-LCD panel production line at Wuhan CSOT
t4	Refers to	The generation 6 (or G6) flexible LTPS-AMOLED panel production line at Wuhan CSOT Bandaoti
t5	Refers to	The generation 6 (or G6) new display production line at Wuhan CSOT
t6	Refers to	The generation 11 (or G11) new TFT-LCD display production line at Shenzhen CSOT Bandaoti
t7	Refers to	The generation 11 (or G11) new ultra high definition display production line at Shenzhen CSOT Bandaoti
t8	Refers to	The generation 8.6 (or G8.6) printed OLED production line at TCL CSOT
t9	Refers to	The generation 8.6 (or G8.6) new oxide display production line at Guangzhou CSOT
t10	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at Suzhou CSOT
t11	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at Guangzhou CSOT
t12	Refers to	The generation 5.5 (or G5.5) printed OLED production line at Wuhan CSOT
CSRC	Refers to	The China Securities Regulatory Commission
SZSE	Refers to	Shenzhen Stock Exchange
RMB	Refers to	Renminbi

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	TCL TECH.	Stock code	000100
Stock abbreviation before change (if any)	-		
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	TCL 科技集团股份有限公司		
Abbr.	TCL 科技		
Company name in English (if any)	TCL Technology Group Corporation		
Abbr. in English (if any)	TCL TECH.		
Legal representative	Li Dongsheng		
Place of registration	TCL TECH. Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province.		
Zip code	516001		
Historical changes in the Company's place of registration	-		
Office address	TCL TECH. Building, 17 Huifeng Third Road, Zhongkai Hi-Tech Development District, Huizhou City, Guangdong Province.		
Zip code	516001		
Company website	https://www.tcltech.com/		
Email address	ir@tcl.com		

II. Contact Information

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

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

Stock exchange website for publication of this Report	Shenzhen Stock Exchange http://www.szse.cn
Media and website for publication of this Report	<i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , as well as www.cninfo.com.cn (http://www.cninfo.com.cn)
Place where this Report is lodged	Capital Market Department of TCL Technology Group Corporation

IV. Changes to Company Registered Information

Unified Social Credit Code	91441300195971850Y
Changes in main business activities of the Company	1. In 2019, the Company focused on display devices by selling smart terminal businesses such as consumer electronics and household

since going public	appliances and related supporting businesses. 2. In 2020, the Company acquired 100% equity of Tianjin Zhonghuan Electronics through public delisting, shaping a business structure that focused on display, and new energy photovoltaics.
Changes of controlling shareholder since incorporation	Not applicable

V. Other Information

The independent audit firm hired by the Company

Name	RSM China (LLP)
Office address	Suite 1001-1 to 1001-26, 10th floor, Building 1, No. 22 Fuchengmenwai St, Xicheng Dist., Beijing, China
Name of signing accountants	Chen Zefeng, Xiao Mengying, Chen Zhihao

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period

Applicable Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period

Applicable Not applicable

Name of financial consultant	Office address of financial consultant	Name of sponsors of financial consultant	Continuous supervision period
Shenwan Hongyuan Financing Services Co., Ltd.	75th Floor, North Tower, Ping An Finance Center, 5033 Yitian Road, Futian District, Shenzhen	Ren Cheng, Mo Kai, Huang Simin	The period from July 1, 2025 to December 31, 2026.

VI. Key Accounting Data and Financial Indicators

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

Yes No

	2025	2024	2025-Over-2024 Change	2023
Operating revenue (RMB)	184,063,390,556	164,822,832,863	11.67%	174,366,657,015
Net profits attributable to the company's shareholders (RMB)	4,516,783,411	1,564,109,407	188.78%	2,214,935,302
Net profits attributable to the company's shareholders after non-recurring gains and losses (RMB)	2,896,878,481	298,355,801	870.95%	1,021,080,065
Net cash generated from operating activities (RMB)	44,021,698,580	29,526,569,404	49.09%	25,314,756,105
Basic earnings per share (RMB/share)	0.2333	0.0842	177.08%	0.1195
Diluted earnings per share (RMB/share)	0.2301	0.0833	176.23%	0.1179
Weighted average return	7.98	2.95	Increased by 5.03	4.27

on equity (%)			percentage points YoY	
	The end of 2025	The end of 2024	Change	The end of 2023
Total assets (RMB)	372,738,314,312	378,251,915,923	-1.46%	382,859,086,727
Net assets attributable to shareholders of the listed company (RMB)	61,432,756,524	53,167,609,357	15.55%	52,921,867,086

The net profit before or after the deduction of non-recurring gains and losses in the latest three accounting years, whichever is lower, is negative and the audit report of the latest year shows the Company's ability to continue as a going concern

Yes No

The lowest value among the Company's audited gross profit, net profit, and net profit after deducting non-recurring gains and losses during the Reporting Period is negative

Yes No

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

Total share capital at the end of the last trading session before the disclosure of this Report (share)	20,800,862,447
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Fully diluted earnings per share based on the latest total share capital above:

Fully diluted earnings per share based on the latest total share capital above (RMB/share)	0.2171
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VII. Accounting Data Differences under China Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

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

Applicable Not applicable

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

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

Applicable Not applicable

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

3. Reasons for Accounting Data Differences Above

Applicable Not applicable

VIII. Major Financial Indicators by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	40,075,565,888	45,484,438,609	50,383,422,256	48,119,963,803
Net profits attributable to the company's	1,012,576,836	870,922,616	1,163,292,951	1,469,991,008

shareholders (RMB)				
Net profits attributable to the company's shareholders after non-recurring gains and losses	957,668,832	601,066,616	870,128,672	468,014,361
Net cash generated from operating activities	12,074,907,584	15,199,073,810	6,562,620,750	10,185,096,436

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what has been disclosed in the Company's quarterly or interim reports.

Yes No

IX. Non-Recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2025	2024	2023
Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs)	-62,540,776	143,159,409	275,255,225
Public grants charged to current gains and losses (except for public grants that are closely related to the Company's daily operations, comply with national policies, are granted based on determined standards, and have a continuous impact on the Company's gains and losses)	2,226,112,201	2,614,019,013	2,764,042,905
The profits or losses generated from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and the profits or losses from the disposal of such financial assets and financial liabilities, except for the effective hedging business related to the company's normal business operations	17,504,455	4,832,618	-114,258,710
Reversal of provision for impairment of receivables that have been individually tested for impairment	27,831,364	62,761,876	22,894,255
Non-operating income and expenses other than the above	591,663,170	857,484,211	228,994,235
Less: Amount affected by income tax	357,989,915	507,096,990	603,197,886
Amount affected by equity of minority shareholders (net of tax)	822,675,569	1,909,406,531	1,379,874,787
Total	1,619,904,930	1,265,753,606	1,193,855,237

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

Applicable Not applicable

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

Notes on non-recurring profit and loss items that are listed in the *Explanatory Announcement No. 1 on Information Disclosure for*

Companies Offering Their Securities to the Public—Non-Recurring Gain/Loss shall be used to define Recurring Gain/Loss items

Applicable Not applicable

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

Part III Management Discussion and Analysis

I. Overall Operations Performance of the Company During the Reporting Period

In 2025, frequent international geopolitical conflicts, a significant rise in trade protectionism, and overseas tariff policies triggered the restructuring of the global supply chain. Trends of deglobalization, regionalization, and localization of the global economy took shape, exerting a considerable impact on the development of China's manufacturing industry. In the face of external challenges, the Company focused on three key business pillars, including displays, new energy photovoltaics, and other silicon materials. We continuously strengthened the operations barriers characteristic of high-tech, heavy-asset, and long-cycle industries, anchored our leading strategy, and pursued sustainable high-quality development.

During the Reporting Period, the Company achieved all-round growth in revenue, profit and operating cash flow. Operating revenue amounted to RMB 184.06 billion, representing a year-on-year increase of 11.7%. Net profit attributable to shareholders reached RMB 4.52 billion, representing a 188.8% increase year-on-year, while operations cash flow rose 49.1% year-on-year to RMB 44.02 billion. As of the end of the Reporting Period, the Company's debt-to-asset ratio stood at 64.2%, a decrease of 0.7 percentage points from the end of the previous reporting period; cash and cash equivalents at the end of the Reporting Period were RMB 50.57 billion.

II. Operations Performance of the Company's Core Businesses During the Reporting Period

The Company was deeply engaged in leading edge manufacturing industries characterized by high technology, heavy assets, and long cycles with displays, new energy photovoltaics, and other silicon materials at its core, and continuously promoted technological innovation and industrial advancement supporting the strategic goals of global leadership.

(I) Display business

1. TCL CSOT

In 2025, the global displays industry accelerated its transformation from scale competition to value-driven development, with profound adjustments to industry development logic. On the demand side, supported by consumer subsidy policies and the trend toward larger product sizes, demands relating to display area grew steadily, while emerging applications such as automotive and professional displays saw notable acceleration. On the supply side, the industry landscape continued to optimize. With the whole supply chain committed to demand-based production,

supply-demand dynamics moved toward balance, key product prices stayed resilient, a profit recovery mechanism took shape, and the industry officially entered a new phase of high-quality development.

During the Reporting Period, TCL CSOT anchored its strategic goal of "Global Leadership", focused on enhancing commercial value, and promoted significant improvement in operations quality. For the full year, TCL CSOT achieved an operating revenue of RMB 105.24 billion, an increase of 17.4% YoY; net profit was RMB 8.01 billion, up 44.4% YoY; and net profit attributable to shareholders of TCL TECH. was RMB 5.36 billion, an increase of 54.4% YoY. Leveraging its global footprint, supply chain resilience, refined operations capabilities, and continuously optimized product mix, TCL CSOT has successfully achieved a strategic transformation from "scale expansion" to "value creation," further enhancing its overall operations quality and cycle-resilience capability.

(1) Multiple Breakthroughs Across Business Segments, Diversified Development Pattern Continuously Consolidated

During the Reporting Period, the Company's core businesses demonstrated a development trend of "steady progress in the large-sized segment, rapid growth in the small- and medium-sized segment, and comprehensive blossoming in emerging applications," with competitiveness across all business segments continuing to improve. In the large-sized display field, TV and commercial display businesses maintained sound development, with comprehensive competitiveness and profitability firmly ranked at global leading levels, further consolidating its position as an industry leader. In the small and medium-sized display segment, all product lines achieved rapid growth, with both market share and core competitiveness enhanced simultaneously. Among these, monitor panel shipments increased by 17% year-on-year, with the overall global market share ranking second, while the market share for gaming monitors remained first globally. Laptop panel shipments surged 64% year-on-year, leading the industry in growth rate. Mobile phone panel shipments rose 29% year-on-year, with global market share climbing to third. High-end OLED product shipments saw substantial growth, and wearable products achieved large-scale mass production. The tablet business experienced leapfrog growth, with its global market share jumping to second. In emerging application fields, business development showed a diversified growth trend. The automotive display shipment area increased 61% year-on-year and the market share rose to 11%. Professional display business maintained rapid growth, with products widely used in education, medical care, e-paper, smart projection, and other application scenarios.

(2) In-Depth Integration of Strategic Assets, Industrial Leading Position Continuously Strengthened

During the Reporting Period, TCL CSOT accurately seized strategic opportunities in industrial integration and capacity upgrades, continuously deepened its core asset integration and coordinated capacity layout, and further strengthened its core competitiveness in the industry. Following the successful acquisition and integration of the former LG Display (China) Co., Ltd. (t11) assets, the Company quickly realized large-scale mass production of monitor products. The second phase of the Guangzhou t9 project was fully commissioned, further optimizing the Company's medium and large-size LCD capacity layout, enabling coordinated capacity complementarity and technology integration, and effectively advancing industry supply-side structural improvement. The strategic acquisition of minority stakes in the G11 production lines (t6, t7) was completed, strengthening core asset control and resource allocation efficiency. This move optimized the asset structure, boosted contributions to net profit attributable to shareholders of the parent company, and provided a more robust operations basis for the Company to mitigate industry cycle volatility.

(3) Achieving Industrialization on Two Strategic Tracks Through Continuous Core Technology Breakthroughs

During the Reporting Period, TCL CSOT intensified its layout in cutting-edge technologies, focused on advancing the industrialization of its two strategic tracks — printed OLED and MLED — and consolidated its long-term technological competitive edge. During the Reporting Period, in the field of printed OLED, the world's first high-generation (G8.6) printed OLED production line (the t8 project) officially broke ground in Guangzhou, marking a milestone for the Company in advancing next-generation display technologies. The mass production expertise accumulated through the Wuhan G5.5 production line (t12) has laid a solid foundation for the subsequent ramp-up of the t8 project, while accelerating the market adoption of printed OLED in mid-to-high-end display applications. In the MLED sector, the Company achieved mass production of Mini LED P1.2 COB products, establishing a complete chain spanning laboratory R&D to large-scale manufacturing. It acquired a controlling stake in Fujian Zhaoyuan Optoelectronics (now renamed Huazhao Optoelectronics), realizing vertical integration of the industrial chain covering LED epitaxial wafers, chips, and terminal modules. This has further enhanced industrial collaboration efficiency and core technological self-sufficiency, while unlocking new innovation potential across optoelectronic application fields.

(4) Deepening Digital and Intelligent Transformation to Empower the Entire Value Chain with AI

TCL CSOT accelerated the deep integration of AI technology across R&D, manufacturing, supply chain, and operations, steadily strengthening its end-to-end value creation capabilities. During the Reporting Period, the Company launched "X-Intelligence 3.0", the first powerful

reasoning vertical large model in the global display field, ranked 11th in the 2025 Global Industrial Large Model List and first in the display field. To date, the model has been implemented in product development, boosting product issue analysis efficiency by 20% and material development efficiency by 30%. Looking ahead, TCL CSOT will further expand the application scope of AI technologies, establish a leading edge manufacturing systems centered on "data-driven operations plus intelligent decision-making", and build an industry-leading "AI Factory".

(5) Continuous Improvement of Global Operations, Coordinated Enhancement of Overseas Business and Sustainable Development

TCL CSOT continuously improved its global industrial layout, built a resilient supply chain system, and achieved steady growth in overseas business. During the Reporting Period, supported by local tax reforms and the trend toward larger-sized panels in the Indian market, the sales volume of large-sized TV products doubled. The newly built module factory in Vietnam successfully passed key customer audits, enabling IT products to enter mass production and volume shipment, thereby further enhancing the Company's overseas delivery capacity and customer service capabilities. On the sustainability front, TCL CSOT made steady progress in building its ESG management system, earning several internationally recognized certifications. These included a "Gold" rating from EcoVadis, "A-/A" ratings from CDP for Climate Change and Water Security, and—for its Suzhou base—AWS Gold Level certification, making it the first company in China's display industry to achieve this recognition under the International Water Stewardship Standard.

(6) Future Development Outlook

Facing the dual development opportunities from the cycle restructuring of the global display industry and the iteration of display technologies, TCL CSOT will continue to anchor the strategic goal of "Global Leadership", focus on enhancing commercial value, consistently implement the business philosophy of "Strategic Guidance, Innovation-Driven, Leading Edge Manufacturing, and Global Operations", and steadily improve the quality and profitability of operations. Meanwhile, the Company will collaborate with upstream and downstream partners to build a safe, efficient, and mutually beneficial industrial ecosystem, strengthen its long-term core competitiveness, and deliver sustainable and stable value for shareholders and investors.

2. Moka Technology

Moka Technology strengthened business synergy with TCL CSOT, specializing in the ODM business for intelligent display terminal products such as TVs, monitors, and commercial displays,

and is the world's largest TV ODM manufacturer. In 2025, Moka Technology achieved operations revenue of RMB 21.73 billion, a year-on-year increase of 5.9%. Among these, the TV ODM business ranked first globally for three consecutive years, with its market share rising by 0.9 percentage points year-on-year to 14.5% in 2025, further expanding its scale-leading advantage. The monitor ODM business grew rapidly—shipment volume rose 26% YoY and market share increased 1.5 percentage points to 7.9%, securing a global rank of fifth and creating a second growth curve. MoKa Technology, meanwhile, actively pursued opportunities in the commercial display business.

(II) New Energy Photovoltaics Business

During the Reporting Period, the supply-demand imbalance in the photovoltaic industry persisted. Rush installations in the terminal market led to periodic demand fluctuations. Anti-involution efforts drove up silicon material and wafer prices in the third quarter; however, sluggish demand and insufficient price transmission continued. New scenarios and applications failed to substantially improve supply-demand dynamics, resulting in intensified operations pressure in the fourth quarter. In the face of challenges, the Company maintained its strategic resolve, addressed business shortcomings, and continued to advance organizational reform and operations efficiency, thereby reshaping its relative competitiveness. In 2025, the new energy photovoltaic business of TZE achieved operating revenue of RMB 22.73 billion.

The Company's new energy photovoltaic business actively tracked industry trends, adopted a market-driven, demand-based production model, helped restore the supply-demand balance, and promoted the healthy development of the industry. During the Reporting Period, the Company accelerated the implementation of the moderate integration and globalization strategies. This approach was designed to solidify our competitive edge in crystal and wafer production, bolster our capabilities in cells and modules, expand our overseas market presence, and ultimately enhance profitability. The Company continued to pursue technological innovation while enhancing its intellectual property protection framework for BC (Back Contact) and shingled technologies, using both product technology and patents to foster a high-quality industrial ecosystem. From the beginning of the year to the end of the Reporting Period, the photovoltaic materials segment generated operating revenue of RMB 12.24 billion; the revenue of cells and modules amounted to RMB 9.32 billion, a year-on-year increase of 60.5%.

We are confident in continuously improving the relative competitiveness of our new energy photovoltaic business during the industry downturn, achieving restorative growth in 2026, and improving our operations performance.

(III) Silicon Materials Business

Guided by its "Lead at Home, Compete Globally" strategy and adopting a long-term perspective, the Company's silicon materials business delivered strong performance during the Reporting Period: shipments exceeded 1,200 MSI, operating revenue totaled RMB 5.71 billion, a year-on-year increase of 21.7%, ranking first domestically in revenue while achieving industry-leading efficiency and effectiveness. In 2025, the Company's operations efficiency improved significantly, with customer coverage expanded to both key domestic and overseas groups, and its comprehensive competitiveness led the domestic industry. The Company will continue to diversify its product and customer mix, and build differentiated competitive advantages by focusing on technology, efficiency and quality.

(IV) Non-core business

During the Reporting Period, Tianjin Printronics Circuit and Highly maintained stable operations across their core businesses, while their financial and investment segments continued to generate steady earnings.

Facing a severe and complex external environment, the Company will embrace the spirit of "Forging Ahead to Conquer New Challenges". By adhering to the operational philosophy of "Strategic Leadership, Innovation-Driven, Leading Edge Manufacturing, and Global Operations", the Company will seize the historic opportunities presented by the advancement of the leading edge manufacturing industry and transformation of the global energy structure to achieve sustainable high-quality development and move toward global leadership.

III. Analysis of Core Competitiveness

Since its establishment in 1981, TCL has consistently demonstrated resilience and adaptability, successfully navigating through various market cycles. Through sustained exploration, reform, and transformation, the Company, which is always standing firm at the forefront and demonstrating the audacity to pioneer, has emerged as a high-tech industry group with global competitiveness.

Strategic Leadership: Leading strategic goals and clear strategic development philosophy

In 2018, TCL underwent its most significant corporate transformation, shifting from a diversified conglomerate to a specialized business model focused on developing high-tech and capital-intensive industries with long investment cycles. Following the delisting of Zhonghuan

Electronic in July 2020, the Company officially entered the fields of new energy photovoltaics and silicon materials. TCL TECH. has established a business structure centered on displays, new energy photovoltaic and other silicon materials. The Company followed a consistent logic in its business strategy and development. With complementary business cycles and strong management synergy across its segments, it achieved outstanding competitive strengths.

Guided by its strategic goal of achieving global leadership, the Company is committed to its development philosophy of "Strategic Guidance, Innovation-Driven, Leading Edge Manufacturing, and Global Operations". It prioritizes strengthening its core competitiveness and organizational capacity, and addresses uncertainties in the external environment with clear strategic objectives, leading core competencies and a highly efficient management system.

Scale Leadership: Leading market position and comprehensive business layout

By the end of the Reporting Period, TCL CSOT, as a preeminent global display company and a pioneer in domestic display manufacturing, invested over RMB 300 billion to establish 11 state-of-the-art panel lines (including the t8 line under construction) and 7 module factories, serving a diverse range of global clients. The Company has established its leading position in large-sized panels globally through both self-built production lines and strategic acquisitions. In 2025, the Company ranked second globally in TV panel shipments, and first globally in terms of market share for panels sized 98 inches and above. The Company has built t9 production lines targeting high-value-added mid-sized products such as IT and commercial displays, achieving a full-size strategic layout. In 2025, it secured the world's second-largest market share in MNT panels and tablet panels, and led globally in key segments such as e-sports monitors, LTPS laptops and LTPS tablets. In 2025, the construction of the first high-generation printed OLED production line (t8 project) commenced, and the strategic LED direct display business achieved mass production and delivery. TCL CSOT proactively positioned its high-performance and all-scenario display solutions while bolstering its value chain ecosystem. By expanding its reach from a large-sized display leader to a full-range provider, and transitioning from a panel manufacturer to a comprehensive solution specialist, it successfully navigated multiple industry cycles. Evolving from a "follower" to a "peer" and ultimately a "leader", TCL CSOT achieved sustained high-quality development.

Leveraging its wafer business as a cornerstone, TZE accelerated its downstream expansion

into cells, modules, and energy storage, steadily forging a resilient, industry-leading competitive edge. In the photovoltaic wafer segment, TZE capitalized on its advantages in smart manufacturing, technology, and product quality to meet diverse customer requirements. In 2025, it retained its position as the global leader in terms of comprehensive wafer market share. Regarding photovoltaic modules, TZE drew upon its technical prowess in wafer manufacturing to intensify innovation and R&D investment. By delivering superior products and solutions, it secured a spot among the global top 10 in module shipments in 2025. Navigating the intense involutionary landscape of the domestic photovoltaic industry, TZE accelerated the execution of its overseas strategy and the construction of a robust global supply chain. These efforts enabled it to proactively mitigate tariff risks and unlock new avenues for growth.

Zhonghuan Advanced remained steadfast in its "Lead at Home, Compete Globally" strategy, establishing itself as one of China's premier silicon materials enterprises with the most extensive scale, diverse product portfolio, and the most leading edge technology. Serving key global and domestic clients, its revenue from silicon wafers ranked first in China in 2025. The Company continuously boosted its production capacity for 12-inch large wafers, leading to a significant surge in both production and sales volumes. In 2025, revenue from 12-inch large wafers maintained its leading domestic position. Moving forward, the Company will continue to diversify product application scenarios and engage more high-value clients to further elevate its market standing and global influence.

Technological and Ecological Leadership: Spearheading innovation and fostering extensive collaborations to secure a technological first-mover advantage

The Company has established a strategic foothold in core technologies (i.e., displays, new energy photovoltaics and other silicon materials) by capitalizing on its subsidiaries TCL CSOT and TZE. Through strategic partnerships with upstream and downstream industry players, the Company has built a robust global ecosystem for technology and innovation, and is steadily advancing its technological leadership in next-generation display technologies, as well as G12 and N-type photovoltaic materials. The Company has applied for over 80,000 patents, and facilitated or participated in the establishment of more than 300 industry standards, underscoring its status as a preeminent high-tech enterprise. The Company has applied for over 3,200 patents in quantum dot display technology, ranking second globally, which will ensure the independent and

controllable development of key technologies for next-generation displays. TCL TECH. has established 29 R&D centers worldwide, and has been certified with 9 national-level open innovation platforms and 33 provincial-level innovation platform qualifications.

Efficiency and Cost Leadership: Navigating cycles with industry-leading efficiency and effectiveness

Based on its scale and technological prowess, TCL TECH. has achieved efficiency and benefits which maintain its industry leadership through continuous management changes and digitalization upgrades. TCL CSOT has leveraged the synergy of its twin factories to optimize production line planning and maximize capacity expansion. Through management reforms and process optimizations, TCL CSOT strengthened end-to-end collaboration, resulting in improved overall operations efficiency and cost reduction. Furthermore, sustained investments in AI and digitalization propelled continuous advancements in product performance, quality, and effectiveness, establishing a formidable competitive edge in management within the industry. Moreover, through numerous industry cycles, TCL CSOT has developed robust forecasting and management mechanisms and capabilities to address external uncertainties. These capabilities will continue to steer the Company through various risks, supporting the strategic pursuit of global leadership.

While the new energy photovoltaics industry continues to face uncertainties in global demand and policy shifts, TZE streamlined its end-to-end business processes through a series of management reforms. This has facilitated the development of global operations capabilities and integrated solution offerings, significantly boosting overall efficiency. By empowering its operations with AI and intelligent manufacturing, the Company further enhanced product performance and quality. Maintaining its industry-leading efficiency and cost advantages, the Company is well-positioned to smoothly navigate industry cycles and evolve into a premier global provider of new energy photovoltaic solutions.

Cultural Leadership: Guided by our core values of "change, innovation, accountability, and excellence", the Company is being driven to achieve industry leadership

In 2020, the Company inaugurated its corporate culture, as laid out in its strategic document *The Path to Global Leadership*. The Company has adopted a core mission centered around "leading technology, harmonious coexistence", underpinned by the core values of "change,

innovation, accountability, and excellence". This cultural transformation has empowered TCL employees to embrace change, drive business optimizations and upgrades through active exploration and innovation, and guided TCL in dedicating itself to delivering superior products and services to its valued customers through accountability and the pursuit of excellence. Confronting an increasingly complex and ever-changing external business environment, TCL employees will remain steadfast in the spirit and culture of "The Path to Global Leadership". Standing at the forefront of the industry and undeterred by challenges, we will collectively drive the Company toward new milestones and realize our vision of global leadership.

IV. Analysis of Core Businesses

1. Overview

In 2025, the Company's year-on-year changes in key financial information:

Unit: RMB

	2025	2024	Change (%)	Main reason for change
Operating revenue	184,063,390,556	164,822,832,863	11.67%	No significant change
Operating cost	159,857,486,840	145,722,435,839	9.70%	No significant change
Sales expenses	2,403,613,794	2,054,073,329	17.02%	No significant change
Administrative expenses	4,601,266,320	4,446,293,387	3.49%	No significant change
R&D expenses	11,144,741,720	9,433,286,566	18.14%	No significant change
Financial expenses	4,769,705,555	4,179,269,969	14.13%	No significant change
Income tax expense	220,797,664	202,337,232	9.12%	No significant change
R&D investments	9,536,452,206	8,869,739,644	7.52%	No significant change
Net cash generated from operating activities	44,021,698,580	29,526,569,404	49.09%	Mainly due to the performance improvement during the Reporting Period
Net cash used in investing activities	-20,254,158,967	-26,682,007,281	24.09%	Mainly due to the decrease in capital expenditure for the new energy photovoltaic business during the Reporting Period
Net cash used in financing activities	-18,248,079,372	-2,005,942,941	-809.70%	Mainly due to the decrease in financing scale during the Reporting Period
Net increase in cash and cash equivalents	5,704,548,238	864,439,716	559.91%	Mainly due to a year-on-year increase in net cash inflows from operating activities and a year-on-year decrease in net cash outflows from investment activities during the Reporting Period

See "III Management Discussion and Analysis" for an analysis on the specific operating situation of the Company's main business

2. Revenue and costs

(1) Breakdown of operating revenue

Unit: RMB

	2025		2024		Change (%)
	Amount	As % of total operating revenue (%)	Amount	As % of total operating revenue (%)	
Total operating revenue	184,063,390,556	100%	164,822,832,863	100%	11.67%
By operating division					
Display business	120,720,415,020	65.59%	104,254,496,685	63.25%	15.79%
New energy photovoltaics and other silicon materials business	29,050,247,640	15.78%	28,418,504,236	17.24%	2.22%
Distribution business	34,649,079,784	18.82%	31,465,203,388	19.09%	10.12%
Other and offsets	-356,351,888	-0.19%	684,628,554	0.42%	-152.05%
By product category					
Display devices	120,720,415,020	65.59%	104,254,496,685	63.25%	15.79%
New energy photovoltaics and other silicon materials	29,050,247,640	15.78%	28,418,504,236	17.24%	2.22%
Distribution of electronics	34,649,079,784	18.82%	31,465,203,388	19.09%	10.12%
Other and offsets	-356,351,888	-0.19%	684,628,554	0.42%	-152.05%
By operating segment					
Chinese Mainland	116,355,211,146	63.21%	109,583,287,983	66.49%	6.18%
Overseas (including Hong Kong)	67,708,179,410	36.79%	55,239,544,880	33.51%	22.57%
Distribution method					
Direct sales	156,718,075,999	85.14%	139,504,381,517	84.64%	12.34%
Distribution	26,884,600,996	14.61%	24,976,737,976	15.15%	7.64%
Dealer	460,713,561	0.25%	341,713,369	0.21%	34.82%

(2) Operating division, product category, region, or sales method contributing over 10% of the revenue or operating profit

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	Change in operating revenue year-on-year (%)	Change in operating cost year-on-year (%)	Change in gross profit margin year-on-year (%)
By operating division						
Display business	120,720,415,020	96,461,134,011	20.10%	15.79%	14.44%	0.95%
New energy photovoltaics and other silicon materials business	29,050,247,640	30,897,605,870	-6.36%	2.22%	-0.33%	2.72%
Distribution business	34,649,079,784	33,467,121,589	3.41%	10.12%	10.23%	-0.10%
By product category						
Display devices	120,720,415,020	96,461,134,011	20.10%	15.79%	14.44%	0.95%
New energy photovoltaics and other silicon materials	29,050,247,640	30,897,605,870	-6.36%	2.22%	-0.33%	2.72%
Distribution of electronics	34,649,079,784	33,467,121,589	3.41%	10.12%	10.23%	-0.10%
By operating segment						
Chinese Mainland	116,355,211,146	106,350,698,548	8.60%	6.18%	4.21%	1.73%
Overseas (including Hong Kong)	67,708,179,410	53,506,788,292	20.97%	22.57%	22.54%	0.02%
Distribution method						
Direct sales	156,718,075,999	133,147,212,961	15.04%	12.34%	10.01%	1.80%
Distribution	26,884,600,996	26,336,794,771	2.04%	7.64%	8.03%	-0.35%
Dealer	460,713,561	373,479,108	18.93%	34.82%	21.94%	8.56%

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

Applicable Not applicable

(3) Was revenue from product sales higher than service revenue?

Yes No

Operating division	Item	Unit	2025	2024	Change (%)
Display	Sales	10,000 square meters	7,006	5,819	20.39%
	Production volume	10,000 square meters	7,306	5,904	23.74%
	Inventory	10,000 square meters	626	326	92.34%
Modules and finished machines	Sales	10,000 sets	2,381	2,171	9.63%
	Production volume	10,000 sets	2,387	2,196	8.67%
	Inventory	10,000 sets	91	85	7.17%
Photovoltaic silicon wafers	Sales	10,000 pieces	1,335,497	1,429,983	-6.61%
	Production volume	10,000 pieces	1,298,320	1,448,853	-10.39%

	Inventory	10,000 pieces	42,045	79,221	-46.93%
Other silicon materials	Sales	Million square inches	1,222	986	23.99%
	Production volume	Million square inches	1,246	1,004	24.11%
	Inventory	Million square inches	91	67	35.87%
Energy	Sales	10,000 kWh	74,334	67,814	9.61%
	Production volume	10,000 kWh	74,334	67,814	9.61%
Photovoltaic modules	Sales	MW	15,116	8,292	82.31%
	Production volume	MW	14,559	7,541	93.08%
	Inventory	MW	1,172	1,729	-32.19%

Explanation of why any financial indicator in the table above registered a year-on-year change of over 30%

Applicable Not applicable

1. The increase in inventory of displays was mainly driven by the release of t9 capacity and the addition of inventory following the acquisition of t11;
2. The inventory of photovoltaic silicon wafers decreased by 46.93% year-on-year. This was mainly due to the Company's proactive measures to navigate the bottom of the photovoltaic market cycle, including improving operations efficiency, accelerating inventory turnover, and reducing capital tie-up (solar silicon wafers were calculated based on G10 equivalent products; photovoltaic silicon wafers included certain photovoltaic silicon rod products for export converted into equivalent units);
3. The inventory of other silicon materials increased by 35.87% year-on-year. This was primarily attributed to the expansion of the Company's business scale, increased inventory turnover, and the impact of the customer consignment model;
4. Changes in the production and sales volumes of photovoltaic modules both exceeded 30%. This was mainly due to the release of capacity from module projects and the expansion of sales scale.

(4) Execution progress of major sales contracts and materials purchasing contracts signed during the Reporting Period

Applicable Not applicable

(5) Breakdown of operating costs

Operating division

Unit: RMB

Operating division	Item	2025		2024		Change (%)
		Amount	As % of total operating cost (%)	Amount	As % of total operating cost (%)	
Display business	Materials, salary, depreciation, etc.	96,461,134,011	60.34%	84,289,589,861	57.84%	14.44%
New energy photovoltaics and other silicon	Materials, salary, depreciation, etc.	30,897,605,870	19.33%	30,999,317,595	21.27%	-0.33%

materials business						
Distribution business	Finished goods, etc.	33,467,121,589	20.94%	30,361,957,012	20.84%	10.23%
Others	Materials, salary, depreciation, etc.	-968,374,631	-0.61%	71,571,371	0.05%	-1453.02%

Product category

Unit: RMB

Product category	Item	2025		2024		Change (%)
		Amount	As % of total operating cost (%)	Amount	As % of total operating cost (%)	
Display devices	Materials, salary, depreciation, etc.	96,461,134,011	60.34%	84,289,589,861	57.84%	14.44%
New energy photovoltaics and other silicon materials	Materials, salary, depreciation, etc.	30,897,605,870	19.33%	30,999,317,595	21.27%	-0.33%
Distribution of electronics	Finished goods, etc.	33,467,121,589	20.94%	30,361,957,012	20.84%	10.23%
Others	Materials, salary, depreciation, etc.	-968,374,631	-0.61%	71,571,371	0.05%	-1453.02%

(6) Were there changes in the scope of consolidated financial statements for the Reporting Period?

Yes No

Compared with 2024, 41 subsidiaries (36 newly incorporated, 1 acquired through capital increase, and 4 acquired) were newly included in the consolidation scope of 2025, and 16 subsidiaries (7 de-registered and 9 disposed of) are excluded from the consolidation scope of 2025.

(7) Major changes to the business scope or product or service range in the Reporting Period

Applicable Not applicable

(8) Major customers and suppliers

Major customers

Total sales of the top five customers (RMB)	62,166,134,813
Total sales of the top five customers as a % of the total sales of the Reporting Period (%)	33.77%
Total sales of related parties among the top five customers as a % of the total sales of the Reporting Period (%)	12.55%

Top five customers

No.	Customer name	Sales revenue (RMB)	As a % of the total sales revenue (%)
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1	Customer A	23,090,793,448	12.55%
2	Customer B	16,774,759,488	9.11%
3	Customer C	14,060,070,156	7.64%
4	Customer D	4,698,074,559	2.55%
5	Customer E	3,542,437,163	1.92%
Total	--	62,166,134,813	33.77%

Other information about major customers: For sales transactions between the Company and its related parties, see provisional announcements disclosed by the Company on the designated platform for information disclosure.

Applicable Not applicable

Major suppliers

Total purchases from the top five suppliers (RMB)	25,172,925,435
Total purchases from the top five suppliers as % of the total purchases of the Reporting Period (%)	18.02%
Total purchases from related parties among the top five suppliers as % of the total purchases of the Reporting Period (%)	-

Top five suppliers

No.	Supplier name	Purchases in the Reporting Period (RMB)	As a % of the total purchases (%)
1	Supplier A	8,235,869,506	5.89%
2	Supplier B	6,176,866,697	4.42%
3	Supplier C	5,130,362,797	3.67%
4	Supplier D	2,997,902,025	2.15%
5	Supplier E	2,631,924,410	1.88%
Total	--	25,172,925,435	18.02%

Other information about major suppliers

Applicable Not applicable

During the Reporting Period, the Company's revenue from trade business accounted for more than 10% of its operating revenue

Applicable Not applicable

3. Expenses

Unit: RMB

	2025	2024	Change (%)	Main reason for change
Sales expenses	2,403,613,794	2,054,073,329	17.02%	No significant change
Administrative expenses	4,601,266,320	4,446,293,387	3.49%	No significant change
Financial expenses	4,769,705,555	4,179,269,969	14.13%	No significant change
R&D expenses	11,144,741,720	9,433,286,566	18.14%	No significant change

4. R&D investments

Applicable Not applicable

Main R&D project	Purpose	Progress	Preset goals	Anticipated impact on the future development of the Company
X-Ark AI Platform	To standardize and modularize the AI project development process for improved project delivery efficiency	The platform has been deployed across all TCL CSOT bases, boosting the overall delivery efficiency of AI projects	To lower the barrier for AI applications and enhance the efficiency of AI implementation	Bolster efficiency and production benefits, and support the Company's evolution into a digitalized and intelligent manufacturing enterprise
High-Performance Oxide Technology Development and Productization	To support the development of high-mobility Oxide products	Realized industrial transformation	To achieve breakthroughs in mass production technologies for high-specification and low-cost Oxide at TCL CSOT, filling the technical gap in its high-mobility Oxide mass production	Facilitate the continued simplification of IC driver architectures and expand the competitive range of Oxide technology beyond IGZO
Enhancement of IPS Comprehensive Competitiveness	To build IPS competitiveness based on "Ultimate Cost Efficiency" and "Extreme Energy Efficiency", driving iterations of TV, CID, and MNT products	Realized industrial transformation	To build extreme architecture design capabilities; to complete high-refresh rate upgrades compatible with DLG functions; to surpass competitors in transmittance performance through comprehensive optimization of design, materials, and processes	Rapidly establish product and technical competitiveness in IPS, effectively addressing TCL CSOT's previous shortcomings in this field
Application of X-Intelligence AI in Display	To promote deep integration of R&D workflows with AI, utilizing multi-agent collaboration to enhance R&D efficiency and quality	Realized industrial transformation	Leveraging multimodal AI models in our R&D design workflow to drive innovation in display panel and material development	Further elevate R&D efficiency and product quality
Intelligent Control R&D for Monocrystalline Silicon Growth	To achieve a highly intelligent and unmanned automatic crystal pulling mode under the Industry 4.0 manufacturing framework, minimizing reliance on manual labor	The development and application of the "single-click" crystal pulling control model were completed, with automation levels leading the industry	To establish deterministic models by combining process logic with engineering experience, achieving fully automated "single-click" crystal pulling with an automation efficiency of 95%	Significantly improve production efficiency and product consistency, ensuring the Company maintains a sustained lead in intelligent manufacturing
Ultra-Thin Wire Cutting Project	To develop supporting processes and auxiliary materials for ultra-fine wire cutting	Process development for 20-wire and 18-wire core wires has been completed, and industrialization has been achieved	To reduce the mass-produced core wire diameter by 4 μ m while maintaining a process yield of over 95%. To continuously improve fine-wire	Increase the slice yield per kilogram and enhance product competitiveness

			cutting technology	
TOPCon Half-Cell Photovoltaic Modules	To complete the development of the half-cell product and equipment platform, achieving mass production conversion and product certification, and further refine the product portfolio to meet diverse application scenarios and market demands	The development of the half-cell product series was completed; expansion of various sizes and module power enhancements will follow based on market demand	To complete the switchover of N-type half-cell module products and increase market share	Enhance the core competitiveness of the cell and module business, expanding application scenarios and corporate strength
BC Photovoltaic Modules	To develop and promote BC (Back Contact) photovoltaic module technology, improving power generation efficiency and performance	Development of certain BC product versions was completed, with further refinements ongoing	To increase the mass production conversion efficiency of BC photovoltaic modules to over 24%	Strengthen the market competitiveness of the cell and module business, promoting industrial synergy and diversified development

R&D personnel

	2025	2024	Change (%)
Number of R&D employees	13,316	10,855	22.67%
As % of R&D employees (%)	18.64%	15.27%	3.37%
Education			
PhD	212	175	21.14%
Master	2,560	2,113	21.15%
Bachelor's degree and others	10,544	8,567	23.08%
Age			
Under 30 years old	6,295	5,516	14.12%
30-40 years old	5,796	4,649	24.67%
Over 40 years old	1,225	690	77.54%

R&D investments

	2025	2024	Change (%)
R&D investment amount (RMB)	9,536,452,206	8,869,739,644	7.52%
R&D investments as % of the total revenue (%)	5.18%	5.38%	-0.20%
Capitalization amount of R&D investments (RMB)	2,753,276,338	2,872,305,027	-4.14%
Capitalization amount of R&D investments as % of the total revenue (%)	28.87%	32.38%	-3.51%

Reasons and impacts of major changes in the composition of R&D personnel of the Company

Applicable Not applicable

Reasons for significant changes in R&D investment as % of the total revenue compared with the previous year

Applicable Not applicable

Reasons for significant changes in R&D investments capitalization and explanation of rationale

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2025	2024	Change (%)
Sub-total of cash generated from operating activities	221,679,351,713	183,619,379,779	20.73%
Sub-total of cash used in operating activities	177,657,653,133	154,092,810,375	15.29%
Net cash generated from operating activities	44,021,698,580	29,526,569,404	49.09%
Sub-total of cash generated from investment activities	120,193,280,642	86,164,143,488	39.49%
Subtotal of cash used in investing activities	140,447,439,609	112,846,150,769	24.46%
Net cash used in investing activities	-20,254,158,967	-26,682,007,281	24.09%
Sub-total of cash generated from financing activities	104,897,774,227	77,793,154,885	34.84%
Subtotal of cash used in financing activities	123,145,853,599	79,799,097,826	54.32%
Net cash generated from financing activities	-18,248,079,372	-2,005,942,941	-809.70%
Net increase in cash and cash equivalents	5,704,548,238	864,439,716	559.91%

Explanation of why related data has significant changes year-on-year

Applicable Not applicable

Net cash generated from operating activities: primarily due to the increase in performance during the Reporting Period.

Net cash generated from investing activities: primarily due to the decrease in capital expenditure of the new energy photovoltaic business during the Reporting Period.

Net cash generated from financing activities: primarily due to the decrease in scale of financing during the reporting period.

Increase in net cash and cash equivalent: mainly due to a year-on-year increase in net cash inflows from operating activities and a year-on-year decrease in net cash outflows from investment activities.

Explanation of the significant difference between the net cash flow generated by the Company's operating activities and the net profit of the current year during the reporting period

Applicable Not applicable

The large difference between the net cash flow generated by the Company's operations and the net profits of the current year is primarily caused by factors such as depreciation, amortization, and impairment of the Company's assets during the Reporting Period.

V. Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Sustainability
Return on investment	2,522,300,078	580.31%	Mainly due to the recognition of return on investment from joint ventures and investment returns on financial assets, etc	Yes
Gain/loss of fair-value changes	988,618,468	227.45%	Mainly due to the movement in fair value of financial assets during the holding period	Yes
Asset impairment	-5,543,445,898	-1275.40%	Falling price of inventory write-offs in line with the market	No
Non-operating income	114,400,869	26.32%		No
Non-operating expenses	168,131,051	38.68%		No

VI. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	The end of 2025		The beginning of 2025		Weight Change	Main reason for change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	30,460,060,493	8.17%	23,007,772,733	6.08%	2.09%	Mainly due to a year-on-year increase in net cash inflows from operating activities and a year-on-year decrease in net cash outflows from investment activities during the Reporting Period
Accounts	22,153,002,606	5.94%	22,242,152,687	5.88%	0.06%	No significant

receivable						change
Contract assets	385,576,416	0.10%	395,116,789	0.10%	0.00%	No significant change
Inventories	18,370,708,289	4.93%	17,594,133,395	4.65%	0.28%	No significant change
Investment property	401,873,017	0.11%	612,733,509	0.16%	-0.05%	No significant change
Long-term equity investments	23,349,193,104	6.26%	24,595,634,142	6.50%	-0.24%	No significant change
Fixed assets	165,003,155,646	44.27%	170,512,009,105	45.08%	-0.81%	Mainly due to the increase in depreciation of fixed assets
Construction in progress	16,176,848,470	4.34%	23,580,503,161	6.23%	-1.89%	Mainly due to the decrease in additional capital expenditure during the Reporting Period
Right-of-use assets	6,189,174,496	1.66%	6,697,687,926	1.77%	-0.11%	No significant change
Short-term borrowings	7,552,523,460	2.03%	8,193,283,100	2.17%	-0.14%	No significant change
Contract liabilities	2,009,842,277	0.54%	1,969,271,038	0.52%	0.02%	No significant change
Long-term borrowings	116,139,349,491	31.16%	116,815,131,219	30.88%	0.28%	No significant change
Lease liabilities	4,148,597,798	1.11%	6,334,785,779	1.67%	-0.56%	No significant change

Higher proportion of overseas assets

Applicable Not applicable

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss of fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Impairment allowances established in the Reporting Period	Amount purchased in the Reporting Period	Amount sold in the Reporting Period	Other changes	Ending amount
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	16,560,971,113	424,358,873			106,763,439,443	109,587,206,232	311,629,934	14,473,193,131
2. Derivative financial assets	172,488,618	151,480,629			19,290,296	670,301,106	405,998,968	78,957,405
3. Receivables financing	831,407,255						-205,618,503	625,788,752
4. Other debt investments	-							
5. Investments in other equity instruments	387,850,846		-196,364,304			1,435,818	-29,959,261	356,455,767
6. Other non-current financial assets	2,225,199,823	430,765,028			1,149,317,900	693,656,430	61,032,756	3,172,659,077
Subtotal of financial assets	20,177,917,655	1,006,604,530	-196,364,304		107,932,047,639	110,952,599,586	543,083,894	18,707,054,132
Total of the above	20,177,917,655	1,006,604,530	-196,364,304		107,932,047,639	110,952,599,586	543,083,894	18,707,054,132
Financial liabilities	695,159,977	17,986,062	-		1,838,435,677	2,016,394,873	-41,662,480	493,524,364

Other changed content

None

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

Yes No

3. Restricted Asset Rights as of the Period-End

Please refer to "29 Assets with restricted ownership or use rights" under "V Notes to Consolidated Financial Statements" for details

VII. Investments Made

1. Total Investment Amount

Applicable Not applicable

Total investment amount in the Reporting Period (RMB)	Total investment amount in the same period last year (RMB)	Change (%)
25,994,298,891	30,774,451,026	-15.53%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

Unit: RMB'000,000,000

Name of investee	Principal activity	Investment method	Investment amount	Shareholding percentage	Funding source	Partner	Investment period	Product type	Progress as of the balance sheet date	Expected returns	Investment gains and losses for the Reporting Period	Involvement in litigation	Date of disclosure (if any)	Index to disclosed information (if any)
LG Display (China) Co., Ltd.	Producing large-sized LCD panels for TV and commercial display products	Equity acquisition	137.03	100%	Self-raised	None	Not applicable	Not applicable	Transferred	Not applicable	Not applicable	No	March 19, 2025	(www.cninfo.com.cn)
LG Display (Guangzhou) Co., Ltd.	Producing LCD display modules			100%	Self-raised	None	Not applicable	Not applicable	Transferred	Not applicable	Not applicable	No		
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Panel production	Equity acquisition	176.07	32.2967%	Self-raised	None	Not applicable	Not applicable	Contracted	Not applicable	Not applicable	No	March 4, 2025, December 16, 2025	(www.cninfo.com.cn)
Fujian Zhaoyuan Optoelectronics Co., Ltd.	R&D, production, and sales of LED epitaxial wafers and chips	Equity acquisition	4.90	80%	Self-raised	None	Not applicable	Not applicable	Contracted	Not applicable	Not applicable	No	December 27, 2025	(www.cninfo.com.cn)
Total	--	--	318.00	--	--	--	--	--	--	--	--	--	--	--

Note: 1. LG Display (China) Co., Ltd. has been renamed Guangzhou China Star Optoelectronics Technology Co., Ltd.; LG Display (Guangzhou) Co., Ltd. has been renamed Guangzhou China Star Optoelectronics Display Co., Ltd.

2. The industrial and commercial registration for the transfer of a 21.5311% equity interest in Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd. was completed in July 2025; the registration for a 10.7656% equity interest was completed in January 2026.

3. Fujian Zhaoyuan Optoelectronics Co., Ltd. was renamed Fuzhou Huazhao Optoelectronics Co., Ltd., and completed the industrial and commercial registration of equity transfer in March 2026.

3. Major Non-Equity Investments Ongoing in the Reporting Period

Applicable Not applicable

During the Reporting Period, the Company invested in the construction of the G8.6 printed OLED production line project. For details, please refer to the announcement published by the Company on designated media on September 13, 2025.

4. Financial Assets Investments

(1) Securities Investments

Applicable Not applicable

Unit: RMB'0,000

Security type	Stock Code	Stock Abbr.	Initial investment cost	Accounting measurement method	Beginning carrying amount	Gain/loss of fair-value changes in the Reporting Period	Cumulative fair-value changes recorded in equity	Amount purchased in the Reporting Period	Amount sold in the Reporting Period	Gain/loss in the Reporting Period	Ending carrying amount	Accounting title	Funding source
Stocks	688469.SH	UNT	26,745	Fair value	24,113	6,940	0	0	0	6,940	31,053	Other non-current financial assets	Self-funded
Bonds	240311	24 Eximbank 11	20,679	Measurement at amortized cost	0	0	0	20,635	0	173	20,809	Debt investments	Self-funded
Bonds	250420	25 ADBC 20	20,027	Measurement at amortized cost	0	0	0	20,081	0	169	20,251	Debt investments	Self-funded
Stocks	300842.SZ	DK Electronic Materials, Inc.	2,430	Fair value	24,306	6,003	0	0	22,053	12,016	14,118	Other non-current financial assets	Self-funded
Bonds	XS2587421681	Nanyang Commercial Bank	7,083	Measurement at amortized cost	7,359	0	0	0	0	524	7,195	Debt investments	Self-funded
Stocks	301636.SZ	Zerun New Energy	1,746	Fair value	1,746	2,816	0	0	0	2,869	4,562	Other non-current financial assets	Self-funded
Bonds	USF2941JAA81	ELECTRICITE DE FRANCE SA	2,919	Fair value	4,074	109	0	0	0	435	4,091	Held-for-trading financial assets	Self-funded
Bonds	XS3038559129	MONGOLIAN MINING CORP	5,680	Fair value	0	185	0	7,412	3,623	327	3,971	Held-for-trading financial assets	Self-funded
Bonds	XS1389118453	LI & FUNG LTD	972	Fair value	3,716	506	0	0	179	941	3,952	Held-for-trading financial assets	Self-funded
Bonds	USG84228GE26	STANDARD CHARTERED PLC	4,300	Fair value	3,833	105	0	3,017	3,017	386	3,851	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			200,125	--	154,639	3,169	-12,987	406,135	418,943	11,838	155,767	--	--
Total			292,706	--	223,786	19,833	-12,987	457,281	447,816	36,618	269,621	--	--
Disclosure date of the board announcement approving securities investments			April 29, 2025										
Date for disclosure and announcement on approving securities investment by the general meeting (if any)			May 21, 2025										

(2) Investments in Derivative Financial Instruments

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB'0,000

Type of contract	Beginning amount		Ending amount		Gain/loss in the Reporting Period	Closing contractual amount as a percentage of the closing net assets reported by the Company (%)	
	Contractual amount	Transaction limit	Contractual amount	Transaction limit		Contractual amount	Transaction limit
1. Forward forex contracts	5,022,555	194,046	4,268,834	164,989	23,244	32.01	1.24
2. Interest rate swaps	314,100	9,423	0	0		0.00	0.00
Total	5,336,655	203,469	4,268,834	164,989	23,244	32.01	1.24
Accounting policies and specific accounting principles for hedging business during the Reporting Period and a description of whether there have been significant changes from those of the previous reporting period	No significant change.						
Description of actual profits and losses during the Reporting Period	During the Reporting Period, changes in the fair value of hedged items resulted in a loss of RMB 325.69 million; the settlement of matured derivative contracts resulted in a gain of RMB 410.17 million; and the valuation of outstanding derivative contracts resulted in a gain of RMB 147.96 million.						
Description of the hedging effect	During the Reporting Period, the Company's main foreign exchange risk exposures included exposures of assets and liabilities denominated in foreign currencies arising from business such as outbound sales, raw material procurement, and financing. The uncertain risks arising from the exchange rate fluctuations were effectively hedged by using derivative contracts with the same purchase amounts and maturities in opposite directions.						
Funding source for derivative investment	Self-funded.						
Analysis of risks and control measures associated with derivative investments held in the Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>In order to effectively manage the exchange and interest rate risks of foreign currency assets, liabilities, and cash flows, the Company, after fully analyzing the market trends and predicting operations (including orders and capital plans), adopted forward foreign exchange contracts, options, and interest rate swaps to avoid future exchange rate and interest rate risks. As its business scale changes, the Company will adjust its exchange rate risk management strategy according to the actual market conditions and business plans.</p> <p>Risk analysis:</p> <ol style="list-style-type: none"> 1. Market risk: the financial derivatives business carried out by the Group is related to hedging and trading activities associated with the main business operations. There is a market risk associated with potential losses due to fluctuations in market prices, such as underlying interest rates and exchange rates, which affect the prices of financial derivatives; 2. Liquidity risk: the derivatives business carried out by the Group is an over-the-counter transaction operated by a financial institution, and there is a risk of incurring losses due to paying fees to the bank for liquidating or selling the derivatives below the buying prices; 3. Performance risk: the Group conducts its derivative business based on rolling budgets for risk management, and there is 						

	<p>a risk of performance failure due to deviation arising between the actual operating results and budgets;</p> <p>4. Other risks: in the case of specific business operations, the failure of operational personnel to report and obtain approvals in accordance with established procedures or to accurately, promptly, and comprehensively record information related to financial derivative transactions may result in potential losses or missed trading opportunities in the derivative business. Moreover, if the trading operator fails to fully understand the terms of transaction contracts or product information, the Group may face legal risks and transaction losses.</p> <p>Risk control measures:</p> <p>1. Basic management principles: the Group strictly follows the hedging principle mainly to fix costs and avoid risks. It is necessary for the financial derivatives business to align with the variety, size, direction, and duration of spot goods, and this should not involve any speculative trading. When selecting hedging instruments, only simple financial derivatives that are closely related to the main business operations and comply with the requirements of hedge accounting should be selected. Avoid engaging in complex business activities that go beyond the established scope of operations and involve risks and pricing that are difficult to understand;</p> <p>2. The Group has formulated a special risk management regulation tailored to the risk characteristics of the financial derivatives business, covering all key aspects such as preemptive prevention, in-process monitoring, and post-processing. It reasonably allocates professionals for investment decision-making, business operations, and risk control as required. Personnel involved in investment are required to fully understand the risks of financial derivatives investment and strictly implement the business operations and risk management system of derivatives. Before the holding company engages in derivative business activities, the holding company must submit detailed business reports to the competent department of the Group, including information about its internal approval, main product terms, operational necessity, preparations, risk analysis, risk management strategy, fair value analysis, and accounting methods. Additionally, a special summary report of previously conducted operations should be submitted. Only after obtaining the opinion of the relevant professional departments within the Group may the holding company proceed with the operations.</p> <p>3. Relevant departments should track the changes in the open market price or fair value of financial derivatives, promptly assess the risk exposure changes of invested financial derivatives, and compile reports to the board of directors on business development;</p> <p>4. The financial company should actively manage and disclose in a timely manner any confirmed gains and losses as well as unrealized losses from futures and derivative transactions of listed companies. When such losses account for 10% of the audited net profits attributable to the shareholders of the listed company in the last year and exceed RMB 10 million, the financial company should make timely disclosure thereof.</p>
<p>Changes in market prices or fair value of derivative investments in the Reporting Period (fair value analysis should include the measurement method and related assumptions and parameters)</p>	<p>With the rapid expansion of overseas sales, the Company continued to follow the above rules in the operations of forward foreign exchange contracts, interest rate swap contracts, and other contracts to avoid and hedge against foreign exchange risks arising from its operations and financing. During the Reporting Period, there were profits and losses of RMB -325.69 million from changes in the fair value of hedged items and negative RMB 558.13 million from derivatives. The fair value of derivatives is determined by the real-time quoted price of the foreign exchange market, and is based on the difference between the contractual price and the forward exchange rate quoted immediately on the foreign exchange market on the balance sheet date.</p>
<p>Legal matters involved (if applicable)</p>	<p>None</p>
<p>Disclosure date of the board announcement approving the derivative investments (if any)</p>	<p>April 29, 2025</p>
<p>Disclosure date of the general meeting announcement approving the derivative investments (if any)</p>	<p>May 21, 2025</p>

2) Derivative investments for speculative purposes during the Reporting Period

Applicable Not applicable

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

VIII. Sale of Major Assets and Equity Investments

1. Sale of Major Assets

Applicable Not applicable

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

2. Sale of Major Equity Investments

Applicable Not applicable

The Company did not conduct any significant equity sales during the Reporting Period.

IX. Principal Subsidiaries and Joint Stock Companies

Applicable Not applicable

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

Unit: RMB'0,000

Company name	Company Type of change	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profits
TCL China Star Optoelectronics Technology Co., Ltd.	Subsidiary	Display	RMB 33.08 billion	20,245,759	8,644,732	10,523,797	825,468	800,811
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	Subsidiary	New energy photovoltaics and other silicon materials business	RMB 4.04 billion	11,799,717	3,925,905	2,905,025	-1,013,595	-988,262
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB 412 million	816,873	171,171	3,464,908	20,537	15,966

Acquisition and disposal of subsidiaries in the Reporting Period

Applicable Not applicable

Company name	How subsidiaries were obtained or disposed of in the Reporting Period	Effects on overall operations and operating performance
Zhengzhou Shangzhao Electronic Technology Co., Ltd.	Newly established	No significant effect
Chongqing Sunpiestore Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengcheng Technology Co., Ltd.	Newly established	No significant effect
Guizhou Shangpai Zhengcheng Technology Co., Ltd.	Newly established	No significant effect
Urumqi Shangpai Lingchuang Trading	Newly established	No significant effect

Development Co., Ltd.		
Anyang Shangyi Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengyan Technology Co., Ltd.	Newly established	No significant effect
Changji Shangpai Yifan Trading Co., Ltd.	Newly established	No significant effect
Urumqi Shangpai Zhuoyao Trading Development Co., Ltd.	Newly established	No significant effect
Shake Kawo (Xi'an) Technology Co., Ltd.	Newly established	No significant effect
Xi'an Shengkai Shangpai Technology Co., Ltd.	Newly established	No significant effect
Luoyang Shangyi Electronic Technology Co., Ltd.	Newly established	No significant effect
Zhengzhou Shangfeng Electronic Technology Co., Ltd.	Newly established	No significant effect
Xi'an Shake Jisu Technology Co., Ltd.	Newly established	No significant effect
Luoyang Shangxuan Electronic Technology Co., Ltd.	Newly established	No significant effect
Xi'an Shengfeng Shangpai Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengqi Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengfu Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengxin Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhenghong Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengrong Technology Co., Ltd.	Newly established	No significant effect
Luoyang Shangwu Electronic Technology Co., Ltd.	Newly established	No significant effect
Zhengzhou Titi YunChuang Technology Co., Ltd.	Newly established	No significant effect
Maoxing Holdings Limited	Capital increase for controlling interest	No significant effect
Mingsi Technology Co., Ltd.	Newly established	No significant effect
Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhenghui Technology Co., Ltd.	Newly established	No significant effect
Zhengzhou Shanghong Electronic Technology Co., Ltd.	Newly established	No significant effect
Foshan Shangpai Electronic Technology Co., Ltd.	Newly established	No significant effect
Huizhou Sunpiestore Technology Co., Ltd.	Newly established	No significant effect

Chongqing Shangpai Zhengyu Technology Co., Ltd.	Newly established	No significant effect
Chongqing Shangpai Zhengyin Technology Co., Ltd.	Newly established	No significant effect
Shenzhen Shangpai Zhuoyue Technology Co., Ltd.	Newly established	No significant effect
Guangzhou Shangpai Digital Co., Ltd.	Newly established	No significant effect
Qingdao Shanhai Nabian Information Service Co., Ltd.	Newly established	No significant effect
Lumetech S.A. Pte Ltd	Newly established	No significant effect
Lumetech Energy	Newly established	No significant effect
TCL International Marketing Limited (BVI)	De-registered	No significant effect
Guizhou Sunpiestore Technology Co., Ltd.	De-registered	No significant effect
Tianjin Xincheng Pilot Technology Co., Ltd.	De-registered	No significant effect
StoryHold LLC	De-registered	No significant effect
Lumetech LLC	De-registered	No significant effect
Jiangsu Lixin Bandaoti Technology Co., Ltd.	De-registered	No significant effect
Singapore NExcel Electronic Technology Co., Ltd.	De-registered	No significant effect
Hohhot Shuguang New Energy Co., Ltd.	Disposed of	No significant effect
Shanxi Province Loufan County Huanshuo New Energy Co., Ltd.	Disposed of	No significant effect
Xuzhou Huanneng New Energy Co., Ltd.	Disposed of	No significant effect
Tianjin Binhai Huanxu New Energy Co., Ltd.	Disposed of	No significant effect
Heilongjiang Huanju New Energy Co., Ltd.	Disposed of	No significant effect
Hangjinhou Banner Guangsen New Energy Co., Ltd.	Disposed of	No significant effect
Hangjinhouqi Yusheng New Energy Co., Ltd.	Disposed of	No significant effect
Lumetech B.V.	Disposed of	No significant effect
Guangzhou Ruixin Commercial Co., Ltd.	Disposed of	No significant effect
Guangzhou China Star Optoelectronics Display Co., Ltd.	Acquisition	No significant effect
Guangzhou China Star Optoelectronics Technology Co., Ltd.	Acquisition	No significant effect
Tianjin Xuhua Industrial Park Development Co., Ltd.	Acquisition	No significant effect
Shenzhen Pulin Gaote Circuit Co., Ltd.	Acquisition	No significant effect

Explanation of Principal Subsidiaries and Joint Stock Companies: None

X. Structured Bodies Controlled by the Company

Applicable Not applicable

As of the end of the Reporting Period, the consolidated financial statements included one structured entity—a collective trust plan controlled by the Group. As the manager and an investor in the structured entity, the Group has relevant management power over the structured entity, is exposed to variable returns, and has the ability to use its power to influence those returns.

XI. Prospects

Focusing on the high-tech manufacturing sector, TCL TECH. accelerates its growth by capitalizing on strategic opportunities created by China's high-quality economic development. Backed by strong strategic resources, improved organizational efficiency, and a presence in high-growth markets, the Company solidifies its industry leadership with promising long-term prospects.

With a strategic focus on displays and new energy photovoltaics, TCL is building core assets in the global technology industry.

Since spinning off its consumer-end business in 2019 and repositioning itself as a global technology industry group, the Company has built long-term competitive advantages by focusing on core elements and critical growth drivers within the display and technology sectors, leveraging both organic growth and strategic M&A. As a global leader in the display industry, the Company drives market growth through continuous technological innovation and a comprehensive product portfolio spanning all size categories. These strategic initiatives have cemented the Company's competitive advantage on the global stage. Through its acquisition of TZE in 2021, the Company expanded into the new energy photovoltaic industry, establishing a foothold in sustainable development. Empowered by the Company's management expertise and strategic resources, TZE has optimized its capital structure, further stimulated its organizational vitality, and effectively enhanced its operational management capabilities. The solid foundation laid in the early stages has effectively support TZE in navigating through the bottom of the industry cycle, gradually enhancing its competitiveness and restoring profitability. Meanwhile, Zhonghuan Advanced has witnessed rapid scaling of its business, accompanied by marked improvements in both technological capabilities and profit margins. Today, the Company operates with two core business engines—complementary in cycle, unified in management philosophy, and synergistic in technological innovation. This dual-driver model strengthens the Company's resilience against macroeconomic shifts and industry volatility.

Effectively implementing major strategic initiatives to achieve the goals of 2026’s strategic planning

Guided by the "Global Leadership" strategy, the Company will continue to uphold the philosophy of "Innovation-Driven, Advanced Manufacturing, and Global Operations" throughout the year. The focus remains on enhancing commercial value, strengthening organizational and team capabilities, and fortifying its financial, financing, and capital capabilities. Drawing on 44 years of industrial excellence, TCL is ready to embrace the future, build on its momentum, honor its legacy, and explore new frontiers for high-quality growth.

XII. Communications with the Investment Community, such as Research, Inquiries, and Interviews

Applicable Not applicable

Time of reception	Location	Manner of communication	Type of communication party	Communication party	Primary focus of the discussion and materials provided	Index of the main information communicated
April 29, 2025	Conference Room of TCL TECH. in Shenzhen	Web conferencing	Individuals, institutions, etc.	All investors	Performance and operations of TCL TECH. for the Year 2024 and the first Quarter in 2025	Log Sheet No. 2025-001 on Investor Relations Activities dated April 29, 2025 disclosed by the Company at www.cninfo.com.cn on April 29, 2025.
September 1, 2025	Conference Room of TCL TECH. in Shenzhen	Web conferencing	Institution	Perseverance Asset Management, CITIC Securities, CICC, Fullgoal Fund, etc.	Semi-annual performance and operations of TCL TECH. in 2025	Log Sheet No. 2025-002 on Investor Relations Activities dated September 1, 2025 disclosed by the Company at www.cninfo.com.cn on September 2, 2025.
October 31, 2025	Conference Room of TCL TECH. in Shenzhen	Web conferencing	Institution	Perseverance Asset Management, ChinaAMC, Ping An Asset Management, Southern Asset Management, etc.	Performance and operations of TCL TECH. for the first 3 quarters in 2025	Log Sheet No. 2025-003 on Investor Relations Activities dated October 31, 2025 disclosed by the Company at www.cninfo.com.cn on October 31, 2025.
January - December 2025	The Company's office	Investor hotline (telephone)	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	-
January - December 2025	The Company's office	irm.cninfo.com.cn	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	irm.cninfo.com.cn

XIII. Formulation and Implementation of the Rules for Market Value Management and Valuation Enhancement Plan

Whether the Company has formulated the Rules for Market Value Management

Yes No

Whether the Company has disclosed the valuation enhancement plan

Yes No

On December 27, 2024, *the Proposal on Formulating the Rules for Market Value Management* was deliberated on and adopted at the 7th Meeting of the 8th-term Board of Directors. To strengthen the Company's market value management, further standardize its market value management practices, effectively enhance the Company's investment value, increase investor returns, and protect the legitimate rights and interests of the Company, the investors and other stakeholders, the Company has formulated the *Rules for Market Capitalization Management* in accordance with *the Company Law, the Securities Law, the Several Opinions of the State Council on Strengthening Regulation to Prevent Risk and Promoting the High-quality Development of the Capital Market, the Administrative Measures for the Information Disclosure by Listed Companies, the Guidelines for the Regulation of Listed Companies No. 10 – Market Value Management*, and other related provisions.

The Company firmly upholds the principle of shareholder returns, taking measures to protect investor interests, especially those of minority shareholders. It upholds ethical operations, regulatory compliance, and a focused approach to core business, ensuring prudent management. By developing advanced capabilities, the Company continuously enhances operational efficiency and quality growth. Additionally, the Company prioritizes strong investor relations, enhancing transparency and communications to ensure investment value reflects its core strengths, while proactively strengthening investor confidence.

XIV. Implementation of the "Joint Improvement of Quality and Investment Return" Action Plan

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

Yes No

To better implement the guidance on enhancing the quality and investment value of listed companies, the Company has developed the "Joint Improvement of Quality and Investment Returns" Action Plan, which is based on in-depth research on industry trends and careful consideration of our future business trajectory. In addition, the Company has disclosed the progress report on the "Joint Improvement of Quality and Investment Returns" Action Plan in combination with the implementation. For more details, please see *the Joint Improvement of Quality and Investment Returns Action Plan* and *the Progress Report on the Joint Improvement of Quality and Investment Returns Action Plan* disclosed on February 28, 2024, and May 8, 2024, respectively.

During the Reporting Period, the Company achieved significant growth in net profit attributable to shareholders of the listed company, with net cash flow from operating activities showing steady improvement and various tasks progressing in an orderly manner. The Company remains committed to delivering shareholder value. For 2025, the Board of Directors has proposed a cash dividend of RMB 0.9 (tax inclusive) per 10 shares, enabling all shareholders to benefit from the Company's value growth.

Part IV Corporate Governance, Environment and Social Responsibility

I. General Information of Corporate Governance

Since being listed, in accordance with *the Company Law of the People's Republic of China* (the "*Company Law*"), *the Securities Law of the People's Republic of China* (the "*Securities Law*"), *the Code of Corporate Governance for Listed Companies*, *the Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, *the Self-Regulatory Guidelines No. 1 of Shenzhen Stock Exchange for Listed Companies - Standardized Operation of Main Board Listed Companies* and other relevant laws, regulations and normative documents, along with the *Articles of Association of TCL Technology Group Corporation* (the "*Articles of Association*"), TCL TECH. has continued to enhance its governance structure and strengthen its internal control system, establishing a modern governance mechanism characterized by clearly defined responsibilities and standardized operations.

During the Reporting Period, the Company pushed ahead with its corporate public work in many aspects:

(I) Shareholders and general meeting

In strict accordance with the provisions and requirements of *the Company Law*, *the Securities Law*, *the Articles of Association*, *the Rules of Procedure for General Meetings*, and other laws, regulations and normative documents, the Company has standardized procedures for convening, attending, and voting at general meetings by combining in-person and online participation. This approach facilitates the exercise of shareholder rights and ensures all shareholders, especially minority shareholders, can fully participate in corporate governance.

(II) Directors and the Board of Directors

During the Reporting Period, the Board of Directors was constituted in strict accordance with legal requirements and the Company's operational needs. Board members possessed the requisite knowledge, skills, and qualifications to perform their duties. The Board rigorously upheld all laws and regulations, including the *Company Law*, *the Securities Law*, *the Articles of Association*, and *the Rules of Procedure for the Board of Directors*. The procedures for convening, holding, and voting at meetings remained legally compliant and valid, with the Board exercising its authority strictly within the scope granted by the General Meeting. The Board has established four specialized committees—the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, and the Strategic and Sustainable Development Committee. Composed entirely of

directors, these committees function in alignment with their respective implementation rules, providing consultation and recommendations to the Board to ensure its professional and efficient deliberation and decision-making. All directors of the Company strictly complied with relevant laws and regulations in the performance of their duties. They diligently attended board meetings and general meetings, fulfilled their responsibilities with integrity and diligence, and actively participated in training on relevant topics to enhance their familiarity with applicable laws and regulations, thereby safeguarding the legitimate rights and interests of the Company and its shareholders.

(III) System optimization and governance structure upgrade

In accordance with the *Company Law*, the *Code of Corporate Governance for Listed Companies*, the *Guidelines for the Articles of Association of Listed Companies*, the *Rules for the Listing of Shares on the Shenzhen Stock Exchange*, and other relevant regulations, the *Articles of Association* were revised during the Reporting Period. The Supervisory Committee and supervisors were abolished, and the Audit Committee of the Board of Directors assumed the functions and powers of the Supervisory Committee as prescribed by the *Company Law*. This further strengthened supervision over finance, internal control, and compliance to protect the overall interests of the Company. To align with business development needs and actual conditions, the Company completed the revision of 18 regulations during the Reporting Period, including the *Articles of Association*, the *Rules of Procedure for the Board of Directors*, the *Working System for Independent Directors*, the *Management System for Related-Party Transactions*, the *Registration and Management System for Insiders of Inside Information*, and the *Administration Measures for Information Disclosure*. Furthermore, the *Management System for Suspension and Exemption of Information Disclosure* was formulated to ensure that the Company's governance framework is fully synchronized with new regulatory requirements.

(IV) Information disclosure and transparency

The Company disclosed information in a timely and fair manner in strict accordance with the provisions of relevant laws, regulations, requirements of the *Information Disclosure Management Measures*, and relevant normative documents on corporate governance, and ensured the authenticity, accuracy, and completeness of the information disclosed. The Company has always placed high priority on investor communication, promptly addressing inquiries and concerns through multiple channels, including the investor hotline, dedicated investor email, and irm.cninfo.com.cn. Additionally, the Company actively organizes investor exchange meetings and earnings briefings to enhance engagement and provide stakeholders with deeper insights into its operations.

The Company maintains rigorous corporate governance standards through regular specialized training programs that keep directors and senior management informed about evolving regulatory priorities and supervisory trends. This systematic approach enhances management accountability and self-regulation while ensuring diligent fulfillment of fiduciary duties. We implement robust safeguards to protect the interests of all shareholders, with particular emphasis on minority shareholder rights protection. Our comprehensive incentive mechanisms include successive employee stock ownership plans involving mid-level and senior executives as well as top-performing staff members, aligning management interests with corporate performance improvement and sustained value enhancement. Demonstrating social responsibility, the Company actively engages in public welfare initiatives and charitable donations. These comprehensive initiatives have established the Company as an industry leader in corporate governance best practices.

Is there any material non-compliance with the regulatory documents issued by the CSRC governing the governance of listed companies?

Yes No

There is no material non-compliance with the regulatory documents issued by the CSRC governing the governance of listed companies.

II. The Company's Independence from Its Controlling Shareholder and Actual Controller in Asset, Personnel, Finance, Organization and Business

Applicable Not applicable

III. Horizontal Competition

Applicable Not applicable

IV. Directors and Senior Management

1. General information

Name	Gender	Age	Position	Position Status	Start of tenure	End of tenure	Number of shares held at the beginning of the year	Increase of shares during the Reporting Period	Decrease of shares during the Reporting Period	Other increase/decrease (share)	Number of shares held at the end of the year	Reason for change
Li Dongsheng	Male	68	Chairman	Incumbent	April 19, 2002	May 23, 2027	898,453,069	-	-	1,333,002	899,786,071	See the note below
			CEO	Resigned	June 20, 2005	January 18, 2026						

Zhang Zuoteng	Male	44	Vice Chairman of the Board	Former	May 24, 2024	March 25, 2026	-	-	-	-	-	None
Zhao Jun	Male	53	Executive Director	Incumbent	January 9, 2023	May 23, 2027	1,271,538	-	-	264,403	1,535,941	See the note below
			Senior Vice President		December 23, 2022							
Yan Xiaolin	Male	59	Director	Incumbent	January 13, 2025	May 23, 2027	2,810,558	-	-	409,482	3,220,040	See the note below
			Senior Vice President		September 1, 2014							
			CTO		December 6, 2012							
Liao Qian	Male	45	Executive Director	Incumbent	September 1, 2017	May 23, 2027	1,726,619	-	-	714,210	2,440,829	See the note below
			Board Secretary		April 23, 2014							
			Senior Vice President		August 27, 2020							
Lin Feng	Male	40	Non-Executive Director	Incumbent	April 29, 2022	May 23, 2027	-	-	-	-	-	None
Jin Li	Male	55	Independent director	Incumbent	May 24, 2024	May 23, 2027	-	-	-	-	-	None
Wan Liangyong	Male	46	Independent director	Incumbent	November 13, 2020	May 23, 2027	-	-	-	-	-	None
Wang Lixiang	Male	62	Independent director	Incumbent	May 24, 2024	May 23, 2027	-	-	-	-	-	None
Kei May LAU	Female	71	Independent director	Incumbent	October 27, 2025	May 23, 2027	-	-	-	-	-	None
Zhu Wei	Female	52	Employee Representative Director	Incumbent	October 27, 2025	May 23, 2027	107,704	-	-	82,909	190,613	See the note below
Li Jian	Female	53	CFO	Incumbent	August 9, 2021	May 23, 2027	1,575,942	-	-	1,030,395	2,606,337	See the note below
Wang Yanjun	Male	42	Senior Vice President	Incumbent	December 27, 2024	May 23, 2027	-	-	-	-	-	None
Total	--	--	--	--	--	--	905,945,430	-	-	3,834,401	909,779,831	--

Notes: 1. At the 19th meeting of the 8th Board of Directors convened on January 19, 2026, the Company reviewed and approved the *Proposal on the Appointment of the Chief Executive Officer (CEO) of the Company*. Upon nomination by Mr. Li Dongsheng, Chairman of the Board, the meeting agreed to appoint Mr. Wang Cheng as the Chief Executive Officer (CEO) of the Company, who shall be fully responsible for the daily operation and management of the Company. Mr. Li Dongsheng will continue to serve as the Chairman and will no longer concurrently serve as the CEO. The term of office of Mr. Wang Cheng shall commence on the date of adoption of this proposal by the Board meeting and expire on the date when the term of the 8th Board of Directors ends.

2. On March 25, 2026, Mr. Zhang Zuoteng, a director of the Company, tendered his resignation from his position as director of the Company and other positions for personal reasons. He will not hold any position in the Company after his resignation.

3. The increase in the number of shares held by the Company's directors and senior management during the Reporting Period was due to the non-trading transfer of shares corresponding to holders' shares under the 2021-2023 Employee Stock Ownership Plan (Phase II) and the 2021-2023 Employee Stock Ownership Plan (Phase III) to employees' securities accounts. For details, please refer to the *Voluntary Announcement on the Non-Trading Transfer of Certain Shares of the Holders under the Employee Stock Ownership Plan* published by the Company on the designated media on June 19, 2025.

Indicate whether any directors or senior management resigned during their term of office during the Reporting Period

Yes No

Changes in Directors and Senior Management

Applicable Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Yan Xiaolin	Director	Elected	January 13, 2025	Elected
Kei May LAU	Independent director	Elected	October 27, 2025	Elected
Zhu Wei	Employee Representative Director	Elected	October 27, 2025	Democratically elected by the Employee Representative Congress

Notes: 1. At the 19th meeting of the 8th Board of Directors convened on January 19, 2026, the Company reviewed and approved the *Proposal on the Appointment of the Chief Executive Officer (CEO) of the Company*. Upon nomination by Mr. Li Dongsheng, Chairman of the Board, the meeting agreed to appoint Mr. Wang Cheng as the Chief Executive Officer (CEO) of the Company, who shall be fully responsible for the daily operation and management of the Company. Mr. Li Dongsheng will continue to serve as the Chairman and will no longer concurrently serve as the CEO. The term of office of Mr. Wang Cheng shall commence on the date of adoption of this proposal by the Board meeting and expire on the date when the term of the 8th Board of Directors ends.

2. On March 25, 2026, Mr. Zhang Zuoteng, a director of the Company, tendered his resignation from his position as director of the Company and other positions for personal reasons. He will not hold any position in the Company after his resignation.

2. Positions

Professional background, major work experience, and current post held in the Company of incumbent directors and senior management

Mr. Li Dongsheng, the founder of TCL who currently serves as TCL TECH.'s Chairman; delegate of the 16th CPC National Congress, delegate of the 10th, 11th, 12th, 13th, and 14th National People's Congress; Vice Chairman of the 12th ACFIC, Vice Chairman of the China Chamber of International Commerce, and Chairman of Shenzhen General Chamber of Commerce.

Mr. Zhao Jun, Executive Director and Senior Vice President of TCL TECH. He was born in Xianyang, Shaanxi Province in November 1972, and is a CPC member. He graduated from Northwestern Polytechnical University with a Master's degree of engineering in polymer materials. After graduation, he served as vice president at Tianma Micro-Electronics Group, and currently serves as Senior Vice President of TCL TECH. and CEO of TCL CSOT. From April 1997 to January 2018, he worked for Tianma Micro-Electronics Group, successively served as a pre-process engineer, deputy manager of the quality department, director of manufacturing and quality, deputy general manager, assistant president, and general manager and vice president of the Procurement Center and Quality Center. From May 2018 to October 2019, he joined Wuhan China Star Optoelectronics Technology Co., Ltd. as general manager and director. From October 2019 to February 2021, he served as Vice President of TCL Tech, Senior Vice President of TCL CSOT, General Manager of TCL CSOT Large Size Business Group and General Manager of the TV Business Department. On July 30, 2021, he was awarded the title of "Top 100 Pioneering Innovators of Shenzhen" in the New Era. From February 2021 to December 2022, he served as Chief Operating Officer of TCL CSOT and presided over the overall work of the CSOT. Since December 2022, he has served as Senior Vice President of TCL TECH. and CEO of TCL CSOT.

Mr. Yan Xiaolin, PhD and a professor-level senior engineer, is now the Director, CTO and Senior Vice President of TCL TECH. He also serves as Dean of the TCL Industrial Technology Research Institute, Ltd.; Director of TCL CSOT, and CTO of TCL CSOT; Chairman of Guangdong Juhua Printed Display Technology Co., Ltd., Chairman of Xiamen Extremely PQ Display Technology Co., Ltd., Chairman of the IEC Technical Committee on Electronic Display Devices (IEC/TC110), and Fellow of the Society for Information Display (SID Fellow). Mr. Yan is an expert of the National Advisory Committee of Experts on New Material Industry Development, leader of the new display direction under the "12th Five-Year Plan" and "State High-Tech Development Plan (863 Plan)" of the Ministry of Science and Technology, leader of the new display direction "Strategic Advanced Electronic Materials Special Project" of the key R&D plan under the "13th Five-Year Plan" of the State, leader of the new display directions of the implementation plan of the "Key Special Project for New Displays and Strategic Electronic Materials" of the key R&D plan under the "14th Five-Year Plan", scientific and

technological innovation leading talent of the special support plan for high-level talents of the Organization Department of the CPC Central Committee, and one of the national young and middle-aged experts with outstanding contributions to the national project "Hundred, Thousand, and Ten Thousand Talents Project".

Mr. Liao Qian, Executive Director, Senior Vice President, and Secretary of the Board of Directors of TCL TECH. He has a Master's Degree and holds the Legal Profession Qualification Certificate in China. From August 2006 to February 2014, he worked at Guotai Junan International Holdings Co., Ltd. and was engaged in the investment banking business in Hong Kong and Mainland China. Having joined TCL Corporation in March 2014, he is in charge of strategic planning, strategic investment, and matters related to domestic and overseas capital markets. He concurrently holds such positions as Chairman of Highly Information Industry Co., Ltd., Tonly Technology Co., Ltd. and CDOT (0334.HK); and Director of TCL Zhonghuan Renewable Energy Technology Co., Ltd. (002129.SZ).

Mr. Lin Feng, Non-executive Director of TCL TECH. He graduated from Central South University of Economics and Law in 2011 with a Master's degree in management science and engineering. From July 2011 to January 2013, he worked for China Sanjiang Space Group Corporation; from February 2013 to May 2016, he served as project director and deputy director of the Industrial Investment Department of Hubei Science & Technology Investment Group Co., Ltd.; from May 2016 to May 2018, he served as deputy general manager of Wuhan Optics Valley Industrial Investment Co., Ltd.; from May 2018 to April 2023, he worked as General Manager of Wuhan Optics Valley Industrial Investment Co., Ltd.; from April to November 2023, he served as Chairman of the Board of Directors of Wuhan Optics Valley Health Industry Investment Co., Ltd., and concurrently General Manager of Wuhan Optics Valley Industrial Investment Co., Ltd.; from November 2023 to December 2025, he served as Chairman of the Board of Directors and General Manager of Wuhan Optics Valley Industrial Investment Co., Ltd.; since January 2026, he has been serving as a member of the Party Committee and deputy general manager of Wuhan Optics Valley Financial Holding Group Co., Ltd.

Mr. Jin Li, Independent Director of TCL TECH. Gender: Male; Ethnic group: Han; Date of birth: December 1970; Nationality: Chinese; no foreign permanent residency, doctor's degree; member of the Jiusan Society, and chair professor. He once served as a faculty member of Fudan University, assistant professor and associate professor of Harvard Business School, tenured professor and doctoral supervisor of Saïd Business School of Oxford University, deputy director of the Department of Economics and Management, deputy dean of Guanghua School of Management, and chair professor of finance of Peking University. He is currently the Vice President,

and Acting Dean of Business School of Southern University of Science and Technology, and concurrently holds such positions as independent director of Ping An Insurance (Group) Co., Ltd. (601318.SH). Mr. Jin is a member and a Standing Committee member of the 15th Central Committee of the Jiusan Society and a member of the 14th National Committee of the CPPCC.

Mr. Wan Liangyong, Independent Director of TCL TECH. Born in 1979, he is a CPC member and one of the "Leading Accounting Talents Nationwide" of the Ministry of Finance. Currently, he is a professor and a doctoral supervisor at the School of Business Administration of South China University of Technology, and director of the Accounting Development Research Center. He is also a council member of the Accounting Society of China (ASC), and an independent director of Urtrust Insurance.

Mr. Wang Lixiang, Independent Director of TCL TECH. He serves as a researcher and a doctoral supervisor at Changchun Institute of Applied Chemistry, Chinese Academy of Sciences. Having been engaged in the research of photoelectric polymer synthetic chemistry and functional regulation, he won the second prize of the State Natural Science Award in 2009, and the first prize of Science and Technology Progress Award of Jilin Province in 2007 and 2012 respectively. He currently serves as the Vice Chairman of the Organic Solid Professional Committee of the Chinese Chemical Society, deputy editor-in-chief of *Chinese J. Polymer Science* and *Acta Chemica Sinica*, and member of the editorial board of *Aggregate*, *Giant*, and other magazines. He has successively won the titles of National Outstanding Doctoral Dissertation Tutor and National May Day Labor Medal.

Ms. Kei May LAU, Independent Director of TCL TECH., is a Research Professor at The Hong Kong University of Science and Technology (HKUST). She obtained her degrees from the University of Minnesota and Rice University successively. Prior to joining HKUST in 2000, she served as a faculty member at the University of Massachusetts Amherst. She is a member of the National Academy of Engineering (NAE) (USA), and a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), Optica (formerly OSA) and the Hong Kong Academy of Engineering Sciences. She is the recipient of the IPRM Award, IET JJ Thomson Medal for Electronics, Optica Nick Holonyak Jr. Award, IEEE Photonics Society Aron Kressel Award, US National Science Foundation (NSF) Faculty Award for Women Scientists and Engineers, and Hong Kong Croucher Senior Research Fellowship. She has served as Editor of *IEEE Transactions on Electron Devices* and *Electron Device Letters*, and Associate Editor of *Journal of Crystal Growth* and *Applied Physics Letters*.

Ms. Zhu Wei, Employee Representative Director of TCL TECH. Ethnic group: Han; CPC member;

Currently, she is a member of the Party Committee, Chairman of the Labor Committee, Vice Director of the Party and Mass Office of TCL TECH., Supervisor of TCL Public Welfare Foundation, Member of the 15th Committee of Guangdong Federation of Trade Unions, Member of the Women Workers’ Committee, Member of the Standing Committee and concurrently Vice Chairman of the 16th Committee of Huizhou Federation of Trade Unions, and People's Supervisor of Huizhou.

Mr. Wang Cheng, CEO of TCL TECH. Male, Ethnic group: Han, born in 1974, holds an EMBA degree from the University of Texas at Arlington, USA. He is currently Chief Executive Officer (CEO) of TCL Technology Group Corporation. Mr. Wang Cheng joined TCL Group in 1997. From then until 2019, he successively held various managerial positions in charge of overseas business of TCL Multimedia, Director of Human Resources and Senior Vice President of TCL Group. He served as CEO of TCL Electronics from October 2017 to August 2021, CEO of TCL Industrial from January 2019 to August 2021, and Chief Operating Officer of TCL Technology Group Corporation from August 2021 to January 2026.

Ms. Li Jian, CFO of TCL TECH. Born in 1972, she has an MBA from MIT. She joined TCL in 2004, successively served as the capital director of TCL Multimedia Technology Holding Co., Ltd., the deputy general manager and general manager of TCL Group Finance Co., Ltd., and now serves as the Chairman of TCL Technology Group Finance Co., Ltd. Since August 2021, she has been serving as the CFO of TCL TECH.

Mr. Wang Yanjun, Senior Vice President of TCL TECH. Nationality: Chinese; Born in 1983, he has a doctor’s degree in electronic information and the title of professor senior engineer. He once served as the Senior Vice President and Deputy General Manager of TCL Zhonghuan Renewable Energy Technology Co., Ltd., and now serves as the Vice Chairman of Zhonghuan Advanced Bandaoti Technology Co., Ltd.

Cases where the controlling shareholder or actual controller concurrently serves as the Chairman and General Manager of the listed company

Applicable Not applicable

Positions held at the shareholding entity

Applicable Not applicable

Name	Name of shareholding entity	Office title at the shareholding entity	Start of tenure	End of tenure	Any pay received from the shareholding entity?
Li Dongsheng	Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)	Representative appointed by the executive partner	August 2014	Incumbent	No
Lin Feng	Wuhan Optics Valley Industrial Investment	Chairman and General	May 2018	November 2025	Yes

	Co., Ltd.	Manager			
Notes to positions held at the shareholding entity	Not applicable				

Positions held at other entities

Applicable Not applicable

Name	Name of other entities	Office title at other entities	Start of tenure	End of tenure	Any pay received from other entities?
Li Dongsheng	TCL Industries Holdings Co., Ltd.	Chairman	September 2018	Incumbent	Yes
	Tencent Holdings Limited	Independent non-executive director	April 2004	Incumbent	Yes
Lin Feng	Wuhan Optics Valley Financial Holding Group Co., Ltd.	Member of the Party Committee, Deputy General Manager	December 2025	Incumbent	Yes
Wan Liangyong	URTRUST Insurance Co., Ltd.	Independent director	February 2020	Incumbent	Yes
Wang Cheng	TCL Technology Park Co., Ltd.	Chairman, Legal Representative	December 2021	Incumbent	No
	Getech Ltd.	Director	September 2018	Incumbent	No
	Shenzhen Jucai Supply Chain Technology Co., Ltd.	Chairman	January 2022	Incumbent	No
Li Jian	Bank of Shanghai Co., Ltd.	Director	January 2022	Incumbent	No
Notes to positions held at other entities	Other major jobs or concurrently held jobs and resume				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors and senior management as well as those who left during the Reporting Period

Applicable Not applicable

3. Remuneration of Directors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors and senior management

(I) Decision-making procedure

The allowance scheme for directors of the Company shall be submitted to the General Meeting for deliberation and determination after being deliberated and adopted by the Board of Directors. The allowances for non-executive directors and independent non-executive directors of the 8th Board of Directors of the Company were approved at the 2023 Annual General Meeting of the Company held on May 24, 2024. The remuneration for executive directors and senior management shall be subject to the Company's remuneration rules.

(II) Determination basis and actual payment

1. Remuneration or allowance criteria for directors

The remuneration of executive directors: As the Company pays remuneration to executive directors, it shall not pay additional allowances to them. The remuneration is determined as per the Company's remuneration management rules.

The allowances of non-executive directors: RMB 160,000/year (tax inclusive):

The allowances of independent non-executive directors: The allowance for each independent non-executive director is RMB 160,000/year (tax inclusive), and the allowance for the convener of the Audit Committee is RMB 200,000/year (tax inclusive).

The Company shall bear the travel expenses arising from non-executive directors and independent directors attending the Company's board and general meetings, as well as other expenses arising from non-executive directors and independent directors exercising their functions and powers as per *the Company's Articles of Association*.

2. Remuneration criteria for senior management

The remuneration of senior management shall be determined as per *the Company's Articles of Association* and remuneration management rules.

Remuneration of directors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Position	Position Status	Total before-tax remuneration from the Company	Remuneration from any related party or not
Li Dongsheng	Male	68	Chairman, CEO	Incumbent	1,204.64	Yes
Zhang Zuoteng	Male	44	Vice Chairman of the Board	Former	16.00	Yes
Zhao Jun	Male	53	Director, Senior Vice President	Incumbent	1,140.56	No
Yan Xiaolin	Male	59	Director, Senior Vice President, CTO	Incumbent	998.54	No
Liao Qian	Male	45	Director, Board Secretary and Senior Vice President	Incumbent	593.22	No
Lin Feng	Male	40	Director	Incumbent	0	No
Jin Li	Male	55	Independent director	Incumbent	0	No
Wan Liangyong	Male	46	Independent director	Incumbent	20.00	No

Wang Lixiang	Male	62	Independent director	Incumbent	16.00	No
Kei May LAU	Female	71	Independent director	Incumbent	2.88	No
Zhu Wei	Female	52	Employee Representative Director	Incumbent	129.64	No
Li Jian	Female	53	CFO	Incumbent	604.06	No
Wang Yanjun	Male	42	Senior Vice President	Incumbent	Note	No
Total	--	--	--	--	4,725.54	--

Note: 1. The above amounts include fixed salaries, allowances, and performance bonuses received from the Company by the directors and senior executives of the Company during their terms of office.

2. As of the end of the Reporting Period, Mr. Jin Li had an unpaid allowance of RMB 256,800 (pre-tax); Mr. Lin Feng voluntarily relinquished his allowance; Mr. Wang Yanjun received remuneration from TZE, with the specific data subject to TZE's announcements. Ms. Zhu Wei listed in the table above had already been employed by the Company before the new appointment took effect, and her remuneration is calculated as the total remuneration received from the Company during the Reporting Period.

3. In 2025, the Company took out liability insurance for all of its directors and senior management, with a total premium of RMB 337,440 per year. The participation of the directors and senior management in the Company's employee stock ownership plan is detailed in the relevant announcements issued by the Company.

Performance assessment basis for the actual remuneration received by all directors and senior management as of the end of the Reporting Period	Relevant remuneration and performance assessment management policies of the Company
Completion of performance assessment for actual remuneration received by all directors and senior management as of the end of the Reporting Period	Performance assessment has been effectively implemented and completed in accordance with the relevant corporate policies on performance assessment.
Deferred payment arrangement for actual remuneration received by all directors and senior management as of the end of the Reporting Period	Not applicable
Payment suspension and recovery for actual remuneration received by all directors and senior management as of the end of the Reporting Period	Not applicable

Other explanations

Applicable Not applicable

V. Performance of Duty by Directors during the Reporting Period

1. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director eligible to	Board Meetings attended on site	Board Meetings attended by way of telecommunication	Board Meetings attended through a	Board Meetings the director failed to attend	The director failed to attend two consecutive board meetings	General meetings attended

	attend			proxy		or not	
Li Dongsheng	11	2	9	-	-	No	1
Zhang Zuoteng	11	1	10	-	-	No	6
Zhao Jun	11	1	10	-	-	No	-
Yan Xiaolin	11	1	10	-	-	No	1
Liao Qian	11	1	10	-	-	No	4
Lin Feng	11	1	10	-	-	No	5
Jin Li	11	2	9	-	-	No	3
Wan Liangyong	11	1	10	-	-	No	7
Wang Lixiang	11	-	11	-	-	No	3
Kei May LAU	3	-	3	-	-	No	1
Zhu Wei	3	-	3	-	-	No	1

Note: The Company respectively reviewed and approved the *Proposal on Amending the Articles of Association* and the *Proposal on Electing an Additional Independent Director for the 8th Board of Directors* at the 15th Meeting of the 8th Board of Directors convened on October 10, 2025 and the 2025 Fifth Extraordinary General Meeting held on October 27, 2025, approving Ms. Kei May LAU as an independent director of the 8th Board of Directors of the Company. Ms. Zhu Wei was elected as an employee representative director of the 8th Board of Directors of the Company by the Employee Representative Congress convened on October 10, 2025. The term of office of the aforementioned directors shall commence on the date of adoption of the relevant proposals at the general meeting and expire on the date when the term of the 8th Board of Directors ends.

Explanation for absence from the Board meetings in person for two consecutive times: None

2. Objections Raised by Directors on Matters of the Company

Whether the directors raised objections on matters of the Company

Yes No

No such cases in the Reporting Period.

3. Other Information about the Performance of Duty by Directors

Whether the directors adopted the proposals of the Company

Yes No

Explanation for the proposal adopted by directors or not

During the reporting period, the directors of the Company diligently performed their duties and obligations in accordance with the provisions of *the Company Law*, *the Securities Law*, *the Listing Rules of Shenzhen Stock Exchange*, *the Articles of Association*, *the Rules of Procedure for the Board of Directors* and other laws, regulations, and corporate policies. They provided valuable professional opinions on the internal control and daily operation decision-making of the Company, which effectively improved the standard operation and scientific decision-making of the Company. The independent directors of the Company performed their duties independently and impartially in strict accordance with *the Measures for the Administration of Independent Directors of Listed Companies* and relevant laws and regulations, and issued independent and impartial opinions on major matters such as the Company's annual daily affiliated transaction forecast, effectively safeguarding the legitimate rights and interests of investors, especially small and medium-sized investors.

VI. Performance of Duties by Specialized Committees During the Reporting Period

Name	Members	Meetings convened	Date of the meeting	Meeting agenda	Important opinions and proposals raised	Other duties performed	Objection matters (if any)
Audit Committee of the 8th Board of Directors	Wan Liangyong, Jin Li, Wang Lixiang	4	April 8, 2025	1. 2024 Audit Plan for Financial Statements of TCL Technology Group Corporation; 2. 2024 Internal Control Plan of TCL Technology Group Corporation.	The Audit Committee carried out its work in strict accordance with <i>the Company Law</i> , the regulatory rules of the CSRC, <i>the Articles of Association</i> , <i>the Rules of Procedure for the Board of Directors</i> , <i>the Rules of Procedure for the Audit Committee of the Board of Directors</i> and other relevant regulations. Upon thorough communication and discussion, all proposals were unanimously adopted.	-	None
			April 27, 2025	1. Proposal on the 2024 Annual Financial Report of the Company; 2. Proposal on the full text and summary of the 2024 Annual Report. 3. Proposal on the Company's Report of Q1 2025; 4. Proposal on the 2024 Internal Control Evaluation Report; 5. Proposal on the Report of the Audit Committee of the Board of Directors for the Assessment of the Performance of Duties and the Performance of Supervisory Duties of the Accounting Firm in 2024; 6. Proposal on the Re-appointment of Accounting Firm.		-	None
			August 28, 2025	1. The full text and summary of the Company's 2025 Semi-annual Report; 2. Proposal on Amending the Rules of Procedure for the Audit Committee of the Board of Directors.		-	None
			October 30, 2025	1. The full text of the Company's Report of Q3 2025		-	None
Nomination Committee of the 8th Board of Directors	Jin Li, Wang Lixiang, Liao Qian	2	August 28, 2025	1. Proposal on Amending the Rules of Procedure for the Nomination Committee of the Board of Directors	The Nomination Committee carried out its work in strict accordance with <i>the Company Law</i> , the regulatory rules of the CSRC, <i>the Articles of Association</i> , <i>the Rules of Procedure for the Board of Directors</i> , <i>the Rules of Procedure for the Nomination Committee of the</i>	-	None
			October 10, 2025	1. The Proposal on Electing Additional Independent Directors for the 8th Board of Directors;		-	None

Name	Members	Meetings convened	Date of the meeting	Meeting agenda	Important opinions and proposals raised	Other duties performed	Objection matters (if any)
					<i>Board of Directors</i> and other relevant regulations. Upon thorough communication and discussion, all proposals were unanimously adopted.		
Remuneration and Appraisal Committee of the 8th Board of Directors	Wang Lixiang, Wan Liangyong, Zhao Jun	3	April 27, 2025	1. Proposal on Remuneration of Directors, Supervisors and Senior Management for 2024	The Remuneration and Appraisal Committee carried out its work in strict accordance with <i>the Company Law</i> , the regulatory rules of the CSRC, <i>the Articles of Association</i> , <i>the Rules of Procedure for the Board of Directors</i> , <i>the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors</i> and other relevant regulations. Upon thorough communication and discussion, all proposals were unanimously adopted.	-	None
			June 27, 2025	1. Proposal on the <i>2025 Employee Stock Ownership Plan of TCL Technology Group Corporation (Draft)</i> and Its Summary; 2. Proposal on the <i>Management Measures for the 2025 Employee Stock Ownership Plan of TCL Technology Group Corporation</i> .		-	None
			August 28, 2025	1. Proposal on Amending the Rules of Procedure for the Remuneration and Appraisal Committee of the Board of Directors		-	None
Strategic and Sustainable Development Committee of the 8th Board of Directors	Li Dongsheng, Zhao Jun, Liao Qian, Yan Xiaolin, Jin Li	3	March 3, 2025	1. Report on the <i>Issuance of Shares and Payment of Cash to Purchase Assets and Raising Supporting Funds of TCL Technology Group Corporation (Draft)</i> and its Summary	The Strategic and Sustainable Development Committee carried out its work in strict accordance with <i>the Company Law</i> , the regulatory rules of the CSRC, <i>the Articles of Association</i> , <i>the Rules of Procedure for the Board of Directors</i> , <i>the Rules of Procedure for the Strategic and Sustainable Development Committee of the Board of Directors</i> and other relevant regulations. Upon thorough communication and discussion, all proposals were unanimously adopted	-	None
			April 27, 2025	1. 2024 ESG Report		-	None
			August 28, 2025	1. Proposal on Amending the Rules of Procedure for the Strategic and Sustainable Development Committee of the Board of Directors		-	None

VII. Work Performance of the Audit Committee

Indicate whether the Audit Committee found any risk to the Company during its supervision in the Reporting Period.

Yes No

The Audit Committee raised no objections regarding the supervisory matters in the Reporting Period.

VIII. Employees

1. Number, Functions, and Educational Backgrounds of Employees

Number of in-services of the Company as the parent at the end of period	599
Number of in-services of the Company of major subsidiaries at the end of period	70,820
Total number of in-services of the Company at the end of period	71,419
Total number of paid employees in the Reporting Period	71,419
Number of retirees to whom the Company as the parent or its major subsidiaries needs to pay retirement pensions	2,116
Functions	
Function	Employees
Production	46,643
Sales	2,332
Technical	13,316
Financial	1,038
Administrative	403
Management	2,018
Others	5,669
Total	71,419
Educational backgrounds	
Educational background	Employees
PhD	285
Master	4,123
Bachelor's degree	15,046
Junior college and others	4,242
Total	23,696

Note: The "educational backgrounds" section excludes front-line operators.

2. Employee Remuneration Policy

The Company implements the remuneration management based on the principle of "job-determined responsibilities and salary, and pay for performance". Fixed pay is determined based on position evaluation, while variable pay is tied to performance assessment, establishing an internal compensation mechanism driven by both role and performance.

3. Employee Training Plans

With the vision of "Forging Organizational Capability and Driving Global Leadership", TCL University aligned its plans with the Group's strategy and the business strategies of all industrial sectors in 2025. By focusing on key business priorities and critical scenarios, the University distilled the TCL Management Philosophy, empowered the organization and talents, and facilitated the enhancement of core organizational capabilities in strategic change management, global operations, and technological innovation.

Aiming to transform the training and combat-readiness model and support business globalization, the University introduced several dedicated programs designed to address the different globalization stages and specific needs of each business. Participants joined the sessions with real business topics, discussed on-site action plans, delivered presentations and received feedback. These programs benefited more than 750 employees across all industries, resulting in 5 methodological courses and 15 internal and external cases.

To develop "Eagle Series" high-potential talents and build a team of entrepreneurial executives, the University continued to run talent development and executive training programs. Through lectures by internal and external instructors, visits to global benchmark enterprises, and advanced studies at business schools, it broadened executives' global vision and enhanced their professional competence. Focusing on improving entrepreneurial capabilities, the University established simulated business scenarios and provided courses on strategic financial literacy to deepen executives' understanding of business operations, nurturing a world-class management team. In 2025, the Eagle Series programs trained 262 middle and senior managers, and the executive training curriculum covered 3,300 participants.

To empower corporate functional teams and support the development of professional capabilities across all functions, the Group's headquarters departments provided professional empowerment for the industrial sectors through talent development programs, training workshops, lectures, seminars and courses. More than 20 professional courses were developed. Meanwhile, management requirements such as integrity, compliance and ESG codes of conduct were effectively implemented through targeted empowerment sessions.

For resource and platform development, TCL regards internal management experience as a valuable asset. It accelerated the summarization of such experience and promoted it via learning platforms and diverse projects to support organizational capability building. In 2025, over 150 high-quality courses were added; the number of internal trainers at TCL University grew rapidly, and the construction of curriculum systems in key fields progressed steadily. The domestic T-Learning platform launched a series of courses tailored to business needs and

introduced an AI-powered course inquiry tool to assist employee learning. An overseas learning platform was also rolled out, covering more than 2,800 overseas employees.

Going forward, TCL University will aim to "distill the TCL Management Philosophy, build learning platforms and resources, empower the organization and talents, and support organizational capability development". It will strengthen talent development, empower the building of core organizational capabilities, support the implementation of the AI strategy, upgrade the digital intelligent learning platform, and develop globally adaptable learning resources to underpin the Group’s goal of global business leadership.

4. Labor Outsourcing

Applicable Not applicable

IX. Profit Distributions to Shareholders and Share Capital Converted from Capital Reserve

Formation, implementation, or adjustment of profit distribution policy, especially cash dividend policy, in the Reporting Period

Applicable Not applicable

Special explanation of cash dividend policy	
In compliance with the Company's Articles of Association and resolutions of general meetings	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due roles:	Yes
Companies that do not distribute cash dividends shall disclose the specific reasons and the measures they intend to take to enhance investor returns in the next step:	Not applicable
Non-controlling interests were able to fully express their opinions and desires and their legal rights and interests were fully protected:	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved were in compliance with applicable regulations and were transparent:	Not applicable

During the Reporting Period, the Company made profits and the parent company's profits that were eligible for profit distribution for shareholders were positive, but no cash dividend distribution plan was put forward

Applicable Not applicable

Indicate Whether the Board of Directors deliberated on the profit distribution proposal (including no dividend distribution and no capitalization of share capital)

Yes No

Final Dividend Plan and Share Capital Converted from Capital Reserve for the Reporting Period

Applicable Not applicable

Bonus issue from profit (share/10 shares)	0
Cash dividend/10 shares (RMB) (tax inclusive)	0.9
Bonus issue from capital reserves (share/10 shares)	0
Share base (share)	20,800,862,447
Cash dividends (RMB) (tax inclusive)	1,872,077,620.23
Cash dividends in other forms (e.g. share repurchase) (RMB)	799,911,737.91
Total cash dividends (including those in other forms) (RMB)	2,671,989,358.14
Distributable profits (RMB)	17,386,344,428
Total cash dividends (including those in other forms) as a percentage of total profits to be distributed (%)	100%
Cash dividend plan	
Based on the Company's capital share as of March 23, 2026, i.e. 20,800,862,447 shares eligible for the profit distribution (any repurchased shares held by the Company upon profit distribution are exclusive of the distribution), shareholders will receive a cash dividend of RMB 0.9 for every 10 shares held (tax included).	
Details of profit distribution or capital reserve fund transfer plan	
Based on the Company's capital share as of March 23, 2026, i.e. 20,800,862,447 shares eligible for the profit distribution (any repurchased shares held by the Company upon profit distribution are exclusive of the distribution), shareholders will receive a cash dividend of RMB 0.9 for every 10 shares held (tax included) with a total distributed profit of RMB 1,872,077,620.23 and the remaining undistributed profit carried forward for distribution in future years. No bonus share was distributed, nor was the capital reserve converted to share capital this year.	
Where any changes occur, before the implementation of the dividend plan, to the total share capital of the Company due to any convertible bonds-to-stock programs, share repurchases, exercises of equity incentives, new share issues in refinancing, etc., the dividend will be adjusted according to the principle of "adjusting the total distribution amount under the same distribution ratio", subject to the actual distribution amount.	

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

Applicable Not applicable

1. Equity Incentives

Equity Incentives Granted to Directors and Senior Management

Applicable Not applicable

Appraisal of and Incentive for Senior Management

During the Reporting Period, the Company conducted performance appraisals and competency and quality assessments on the managers, The Contract to Success (CTS) system was used for performance assessment. In respect to the team led by each manager, the key factors of performance appraisal included phased strategic goals and operating goals of the current period (such as profits, cash flow, products, and service quality) and key projects; the comprehensive results of each accomplished goal were considered as the main basis for motivating managers. In that way, corporate strategies were converted into internal management activities through the process of goal setting, implementation, and accomplishment to direct all systems of the Company and serve the purpose of enhancing the overall efficiency of the Company. The management assessment consisted of four dimensions, including manager

performance, competence, experience, and quality (potential, personality, and aspiration/values). An annual examination report for managers was generated through annual performance assessment, manager review and inspection, talent appraisal & development center, 360-degree behavior interviews or online assessment, supported by key experience, personality or management style assessment, which served as the main basis for assessing, appointing, and dismissing leaders.

2. Implementation of Employee Stock Ownership Plan

Applicable Not applicable

All the valid employee stock ownership plans during the Reporting Period

Name	Scope of employees	Number of employees	Total number of shares held (shares)	Changes	Proportion to total share capital of the listed companies	Funding source for implementing the plan
2021-2023 Employee Stock Ownership Plan (Phase III)	The Company's middle and senior management and outstanding key staff	Less than 3,600	38,955,827	Not applicable	0.19%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations
2024 Employee Stock Ownership Plan	The Company's middle and senior management and outstanding key staff	Less than 3,600	117,993,100	Not applicable	0.57%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations
2025 Employee Stock Ownership Plan	The Company's middle and senior management and outstanding key staff	Less than 3,600	174,747,985	Not applicable	0.84%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations

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

Name	Position	Number of shares held at the beginning of the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Proportion to total share capital of the listed companies
Li Dongsheng	Chairman	About 17.97 million shares	About 24.42 million shares	0.12%
Zhao Jun	Director, Senior Vice President			
Yan Xiaolin	Director, Senior Vice President, CTO			
Li Jian	CFO			
Liao Qian	Director, Board Secretary and Senior Vice President			
Zhu Wei	Employee Director			

Changes of asset management institutions during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

Exercise of shareholder rights during the Reporting Period

During the reporting period, the Company's ESOP participants exercised their shareholder rights to receive the profit distribution for 2024, but did not participate in voting at the general meeting or exercise other shareholder rights.

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

Applicable Not applicable

Changes in the members of the management committee for Employee Stock Ownership Plan

Applicable Not applicable

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

Applicable Not applicable

The financial, accounting treatment and taxation involved in the Company's Employee Stock Ownership Plan (ESOP) shall be implemented according to relevant laws, regulations and normative documents such as financial systems, accounting standards, taxation systems, etc. The holder of the shareholding plan shall pay the personal income tax generated due to the shareholding plan according to law, and can choose to sell the corresponding amount of shares to the shareholding plan to cover personal income tax.

The remaining shares will be attributed to individuals.

Termination of Employee Stock Ownership Plan during the Reporting Period

Applicable Not applicable

Based on the relevant provisions of the *2021-2023 Employee Stock Ownership Plan (Phase I) (Revised Draft)* and the *2021-2023 Employee Stock Ownership Plan (Phase II) (Draft)*, during the Reporting Period, all plan shares attributable to employees under the aforementioned two plans have been fully vested, and the sales and transfer of such shares have been completed.

Other instructions: none

3. Other Employee Incentives

Applicable Not applicable

XI. Construction and Implementation of Internal Control System During the Reporting Period

1. Construction and Implementation of Internal Control System

In accordance with the provisions of the internal control standard system, the Company establishes, improves, and effectively implements internal controls to reasonably ensure the legal compliance of business management, asset security, authenticity and integrity of financial statements and relevant information, improves business efficiency and effectiveness, and promotes the realization of development strategy.

2. Material Internal Control Weaknesses Identified in the Reporting Period

Yes No

XII. Management and Control of Subsidiaries by the Company During the Reporting Period

Abnormalities exist in the management and control of subsidiaries;

Yes No

XIII. Internal Control Evaluation Report or Independent Auditor's Report on Internal Controls

1. Internal Control Evaluation Report

Disclosure date of the internal control self-evaluation report	March 28, 2026	
Index to the disclosed internal control self-evaluation report	http://www.cninfo.com.cn	
Evaluated entities' combined assets as a percentage of consolidated total assets		98%
Evaluated entities' combined revenue as a percentage of consolidated revenue		98%
Identification standards for internal control weaknesses		
Category	Weaknesses in internal controls over financial reporting	Weaknesses in internal controls not related to financial reporting
Nature standard	<p>Material weaknesses: (1) an invalid control environment; (2) fraud by directors and senior management; (3) any material misstatement of financial reporting of the current period that was identified by the registered accountants but not reported by the Company; and (4) invalid internal control supervision by the Audit Committee and the internal audit organ.</p> <p>Serious weaknesses: A single weakness or a group of weaknesses that are less serious than a material weakness but could still cause deviation from the control objectives.</p> <p>Common weaknesses: Other internal control weaknesses that are neither material nor serious.</p>	<p>Material weaknesses: (1) material violations of the country's laws or regulations in the Company's operating activities; (2) any material decision-making error that is caused by an irrational decision-making procedure and causes material property loss to the Company; (3) a massive loss of key managerial or technical personnel; and (4) frequent negative news coverage that causes great concern for the regulatory administration and a material long-lasting impact on the Company's brand and reputation.</p> <p>Serious weaknesses: A single weakness or a group of weaknesses that are less serious than a material weakness but could still cause deviation from the control objectives.</p> <p>Common weaknesses: Other internal control weaknesses that are neither material nor serious.</p>
Quantitative standard	<p>Material weaknesses: misstatements \geq 5% of total profit;</p> <p>Serious weaknesses: 3% of total profit \leq misstatements $<$ 5% of total profit</p> <p>Common weaknesses: misstatements $<$</p>	Not applicable

	3% of total profit	
Number of material weaknesses in internal controls over financial reporting		None
Number of material weaknesses in internal controls not related to financial reporting		None
Number of serious weaknesses in internal controls over financial reporting		None
Number of serious weaknesses in internal controls not related to financial reporting		None

2. Independent Auditor's Report on Internal Controls

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal controls	
In our opinion, TCL TECH. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on <i>the Basic Rules for Enterprise Internal Control</i> and other applicable rules.	
Independent auditor's report on internal controls disclosed or not	<i>The Internal Control Audit Report of TCL Technology Group Corporation</i> is disclosed at www.cninfo.com.cn dated March 28, 2026
Disclosure date	March 28, 2026
Index to such report disclosed	http://www.cninfo.com.cn
Type of the auditor's opinion	Unmodified opinions
Material weaknesses in internal controls not related to financial reporting	No

Indicate whether any modified opinion is expressed in the independent auditor's report on the Company's internal controls.

Yes No

Indicate whether the independent auditor's report on the Company's internal controls is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes No

Indicate Whether a non-standard audit opinion on internal control was issued for the Reporting Period or the previous year.

Yes No

XIV. Ad-hoc Self-inspection and Rectification for Corporate Governance of Listed Companies

Not applicable

XV. Environmental Information Disclosure

Whether the listed company and its major subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with laws

Yes No

Number of enterprises included in the list of enterprises that disclose environmental information in accordance with the law		19
No.	Name of enterprise	Index for environmental information disclosure report

1	TCL China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
2	Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
3	Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
4	Guangzhou China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
5	Wuhan China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=6a15f252-dd39-40a0-b08c-ba0387086f16&XH=1677751270208009244672&year=2024
6	Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=10470c7d-faf3-4981-8a87-e813881ef749&XH=1677751269448009244672&year=2024
7	Suzhou China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
8	Suzhou China Star Optoelectronics Display Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
9	Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Enterprise Environmental Information Disclosure System (Inner Mongolia) http://sthjj.huhhot.gov.cn/ztzl/xzzt/cxjsgc/202507/t20250717_1912456.html
10	Wuxi Zhonghuan Applied Materials Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
11	Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Tianjin) https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
12	Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
13	TCL Zhonghuan Energy Technology (Jiangsu) Co., Ltd. (Formerly: Huansheng Photovoltaic (Jiangsu) Co., Ltd.)	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
14	Moka Technology (Guangdong) Co., Ltd.	Ecological Environment Statistics Business System https://hjtj.cnemc.cn/htqy/#/login
15	TTE ELECTRONICS INDIA PRIVATE LIMITED (India)	Central Pollution Control Board, India https://eprplastic.cpcb.gov.in/
16	CÔNG TY TNHH CÔNG NGHỆ MOKA VIỆT NAM	Industrial Park Management of the Department of Natural Resources and Environment (Vietnam) https://www.quangninh.gov.vn/So/sonongnghiepnt/Trang/ChiTietTinTuc.aspx?nid=8846
17	TCL Moka Manufacturing S.A de C.V (Mexico)	Ministry of Environment and Natural Resources Leyes y Normas del Sector Medio Ambiente Secretaría de Medio Ambiente y Recursos Naturales Gobierno gob.mx
18	Tianjin Printronics Circuit Corporation	Enterprise Environmental Information Disclosure System (Tianjin) https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
19	Techigh Circuit Technology (Huizhou) Co.,	Department of Ecology and Environment of Guangdong Province -

	Ltd.	Enterprise Environmental Information Disclosure System https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E6%B3%B0%E5%92%8C%E7%94%B5%E8%B7%AF&reportType=&areaCode=&entType=&reportDateStartStr=&reportDateEndStr=
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XVI. Social Responsibility

To advance the high-quality development of educational informatization and bridge the urban-rural divide in educational resources, the TCL Public Welfare Foundation launched the TCL Smart Classroom public welfare program. Built around a "1+N" smart classroom network, the program delivered an immersive and intelligent teaching environment through smart blackboards, all-in-one teaching machines, educational tablets, eye-protection lamps, and other smart education equipment, complemented by supporting teaching software. This enabled the inclusive sharing of high-quality educational resources. To date, the program has been completed and put into use at Haide School and Chiwan School of Nanshan Second Foreign Languages School (Group) in Shenzhen, Guangdong Province, Longsheng Experimental Junior Middle School and No. 18 Primary School in Multinational Autonomous County of Longsheng, Guangxi Province, and Yuanshan County Primary School in Lianping County, Heyuan, Guangdong Province. Leveraging the smart classroom network, the program has carried out a variety of innovative teaching practices such as dual-teacher classes and four-school joint courses, benefiting more than 7,700 students.

XVII. Consolidation and Expansion of Poverty Alleviation Achievements and Rural Revitalization

In response to the national "dual carbon" goals, the TCL Public Welfare Foundation launched the construction of TCL PV Low-Carbon Campuses in 2022. In 2024, it joined hands with the China Youth Development Foundation to launch the TCL Project Hope PV Low-Carbon Campuses initiative. Based on the development needs of urban and rural schools, the program donated rooftop photovoltaic power generation systems and all associated power generation revenue to rural schools, injecting green momentum into the sustainable development of rural education. The program was also equipped with a real-time data monitoring platform for PV low-carbon campuses. With supporting courses on PV science popularization and environmental protection practices, it continuously fostered low-carbon, environmental protection awareness and green development concepts among young people. As of December 2025, the project expanded to regions including the Inner Mongolia Autonomous Region, Guangdong Province, Shaanxi Province, and the Ningxia Hui Autonomous

Region. To date, 35 photovoltaic low-carbon campuses have been established nationwide, with a total installed capacity of 2,054.65 kW. Over the entire lifecycle of these solar power stations, they are expected to generate 61.91 million kWh of green electricity, equivalent to saving approximately 20,109 tons of standard coal and reducing CO2 emissions by approximately 49,877 tons, or planting 2.76 million trees.

The TCL Public Welfare Foundation focuses on key areas such as rural revitalization, ecological development, and educational public welfare. By establishing and leveraging a targeted assistance mechanism, it precisely addresses the actual needs of specific regions and groups, ensuring that its public welfare actions generate tangible impact. For rural revitalization, the Foundation supported infrastructure construction, visited and offered condolences to disadvantaged groups, and helped improve local living conditions. For ecological development, it organized ecological environmental protection and restoration initiatives, and supported the construction of green facilities such as PV-energy storage-charging integrated charging piles and PV carports to promote the use of sustainable energy. For educational public welfare, the Foundation is committed to improving the educational environment of kindergartens, primary and secondary schools and enhancing the learning and living experience of teachers and students. In addition, the Foundation launched a staff creativity competition to encourage employees to support disadvantaged groups and design innovative public welfare projects with social benefits, contributing to the cultural and ethical progress of communities and rural areas in multiple dimensions. Furthermore, the Foundation also initiated public welfare innovation competitions and planned innovative, socially beneficial public welfare projects, thereby contributing to the cultural and ethical development of communities and rural areas in multiple dimensions.

Part V Significant Events

I. Fulfillment of Commitments

1. Commitments fulfilled during the reporting period and outstanding commitments as of the end of the reporting period by the Company’s actual controller, shareholders, related parties, acquirers, the Company itself, and other relevant commitment parties

Applicable Not applicable

Commitment	Commitment party	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in refinancing	Li Dongsheng	About horizontal competition, related-party transaction and capital occupation	1) I will avoid horizontal competition between the companies, enterprises or other business organizations that I own, control, control with others, have significant influence on and the Company with its subsidiaries; and 2) I will reduce and control transactions of related parties between the companies, enterprises or other business organizations that I own, control, control with others, or have significant influence on and the Company with its subsidiaries;	August 30, 2013	During the tenure of the Company's director, supervisor or senior management	In continuous performance
Commitments made in selling major assets	The largest shareholder of the listed company and its person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)	Commitments on avoiding horizontal competition	I. Neither I/this partnership nor any entities under my/our control engage in horizontal competition with the principal business operations of TCL TECH. and its affiliated enterprises. II. I/this partnership will take active measures to avoid any business or activity that competes or may constitute competition with the main business of TCL TECH. and its affiliated enterprises, and will urge the enterprises controlled by me/this partnership to avoid any business or activity that competes or may constitute competition with the main business of TCL TECH. and its affiliated enterprises. III. If I/this partnership and the enterprises controlled by me/this partnership obtain the opportunity to engage in new business, which constitutes or may constitute horizontal competition with the main business of TCL TECH. and its affiliated enterprises. I/this partnership will, when it is possible, try my/our best to make this business opportunity available to TCL TECH. or its affiliated enterprises in the first place based	December 7, 2018	During the period of being the largest shareholder of the Company	In continuous performance

			<p>on reasonable and fair terms and conditions.</p> <p>IV. If the business of mine/this partnership and the enterprises controlled by me/this partnership coincides or may constitute horizontal competition with TCL TECH.'s business due to my/this partnership's investment demand or TCL TECH.'s business development, I/this partnership and the enterprises controlled by me/this partnership agree to solve the resulting horizontal competition within a specific time limit since as it is determined.</p> <p>V. During my/our tenure as the largest shareholder of TCL Technology, the aforementioned commitments were unconditional and irrevocable. If I/this partnership violate the aforementioned commitments, I/this partnership will make comprehensive, timely and full joint and several compensation for the losses to TCL TECH. caused thereby.</p>			
	<p>The largest shareholder of the listed company and its person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)</p>	<p>Commitments on reducing and regulating related party transactions</p>	<p>I. I/this partnership will minimize the related party transactions between me/this partnership (including all entities under me/our control) and TCL TECH. and its affiliated enterprises.</p> <p>II. For inevitable or reasonable related party transactions, I/this partnership (including all entities under me/our control) and TCL TECH. and its affiliated enterprises will conduct them according to fair market principles and normal commercial conditions, so as to ensure the fairness of the related party transaction price, and will perform the decision-making procedures for related party transactions according to the law, to ensure that the related party transactions will not be used to illegally transfer TCL TECH.'s funds or to damage the legitimate rights and interests of TCL TECH. and its shareholders.</p> <p>III. I/this partnership and the enterprises controlled by me/this partnership will not ask TCL TECH. and its affiliated enterprises to give more favorable conditions than those that can be offered to an independent third party in any fair market transaction.</p> <p>IV. During the period of being the largest shareholder of TCL TECH., the aforementioned commitment is</p>	<p>December 7, 2018</p>	<p>During the period of being the largest shareholder of the Company</p>	<p>In continuous performance</p>

			unconditional and irrevocable. If I/this partnership violate the aforementioned commitments, I/this partnership will make comprehensive, timely and full compensation, on a joint and several basis, for the losses to TCL TECH. caused thereby.			
	The largest shareholder of the listed company and its person acting in concert (Mr. Li Dongsheng and Jiutian Liancheng)	Commitments on maintaining the independence of listed company	<p>I/this partnership will continue to exercise shareholders' rights according to laws, regulations and the Articles of Association of TCL TECH., and maintain the independence of TCL TECH. in terms of assets, personnel, finance, business, and institutions. I/this partnership will ensure:</p> <p>(I) The independence of TCL TECH. personnel</p> <p>I/this partnership promise(s) to maintain personnel independence with TCL TECH. TCL TECH.'s senior management, including the general manager, deputy general manager, chief financial officer, and secretary of the board of directors, shall not hold positions other than directors and supervisors in my/this partnership's subordinate wholly-owned, controlled or other enterprises with actual control (hereinafter referred to as "subordinate enterprises"), and shall not be paid in my/this partnership's subordinate enterprises. The financial personnel of TCL TECH. shall not work part-time in my/this partnership's subordinate enterprises.</p> <p>(II) The independence and integrity of TCL TECH.'s assets</p> <ol style="list-style-type: none"> 1. The independence and integrity of TCL TECH.'s assets. 2. TCL TECH. does not have any funds or assets occupied by me/this partnership and my/this partnership's subordinate enterprises. <p>(III) The financial independence of TCL TECH.</p> <ol style="list-style-type: none"> 1. TCL TECH. establishes an independent financial department and an independent financial accounting system. 2. TCL TECH. has a standardized and independent financial accounting system. 3. TCL TECH. opens an independent bank account and does not share a bank account with me/this partnership. 4. The financial personnel of TCL TECH. shall not work part-time in my/this partnership's subordinate enterprises. 	December 7, 2018	During the period of being the largest shareholder of the Company	In continuous performance

			<p>5. TCL TECH. can make independent financial decisions, and I/this partnership shall not interfere with the use of TCL TECH.'s funds.</p> <p>(IV) The institutional independence of TCL TECH.</p> <p>1. TCL TECH. has an independent and complete organization which can operate independently.</p> <p>2. TCL TECH.'s office and premises for production and operations are separated from my subordinate enterprises/this partnership.</p> <p>3. The Board of Directors, Board of Supervisors and various functional departments of TCL TECH. operate independently, and have no subordinate relationship with this partnership's functional departments.</p> <p>(V) The business independence of TCL TECH.</p> <p>1. I/this partnership promise(s) to maintain the business independence of TCL TECH. after this transaction.</p> <p>2. TCL TECH. has the assets, personnel, qualifications and ability to independently carry out business activities, and has the ability to operate independently in the market.</p> <p>If TCL TECH. suffers losses due to the violation of commitments under the letter of commitment by me/this partnership or my/this partnership's subordinate enterprises, I/this partnership will bear the corresponding compensation liability according to the law.</p>			
<p>Commitments made during asset restructuring</p>	<p>Counterparty (Shenzhen Major Industrial Development Phase I Fund Co., Ltd.)</p>	<p>Letter of Commitment on Maintaining the Independence of the Listed Company</p>	<p>1. We will ensure the independence of the listed company in terms of business, assets, finance, personnel, and organizational structure. We will not utilize the listed company or its subsidiaries to provide guarantees in violation of any regulations, nor will we illegally occupy the funds of the listed company or its subsidiaries. We will ensure that the listed company maintains a sound and effective corporate governance structure, and that the general meeting, the board of directors, independent directors, the board of supervisors and other corporate bodies exercise their functions and powers independently in accordance with relevant laws, administrative</p>	<p>March 3, 2025</p>	<p>During the period of being the shareholder of the Company</p>	<p>In continuous performance</p>

			<p>regulations, normative documents, and the <i>Articles of Association</i> of the listed company.</p> <p>2. Should we violate the aforementioned commitments and cause any loss to the listed company, we shall compensate the listed company for all such losses incurred.</p>			
	Counterparty (Shenzhen Major Industrial Development Phase I Fund Co., Ltd.)	Letter of Commitment on Regulating Related-Party Transactions with the Listed Company	<p>1. We will perform our obligations as a shareholder of TCL TECH. in good faith. We will not utilize its position to take any action regarding related-party transactions between TCL TECH. and us (or other entities under our control), nor will we deliberately cause the general meeting or the board of directors of TCL TECH. to pass resolutions that infringe upon the legitimate rights and interests of TCL TECH. and its other shareholders.</p> <p>2. In the event that TCL TECH. must enter into any related-party transaction with us or other entities under our control, we undertake to ensure that the prices and other contractual terms and conditions of the aforesaid transactions are determined on a fair and reasonable basis, equivalent to an arm's length transaction with an independent third party.</p> <p>3. Should we violate the aforementioned commitments and cause any loss to TCL TECH., we shall compensate TCL TECH. for all such losses incurred.</p>	March 3, 2025	During the period of being the shareholder of the Company	In continuous performance
	Counterparty (Shenzhen Major Industrial Development Phase I Fund Co., Ltd.)	Letter of Commitment on Not Seeking Control of the Listed Company	<p>From the date we acquire shares of the listed company through this transaction, we and other entities under our control commit that we will not seek to become the largest shareholder, controlling shareholder, or actual controller of the listed company, nor will we seek such status by any other means, including but not limited to soliciting voting rights through proxies or entering into concerted action agreements or similar arrangements with other shareholders or their affiliates. Furthermore, we will not assist or cause any other party to seek controlling shareholder or actual</p>	March 3, 2025	During the period of being the shareholder of the Company	In continuous performance

			controller status of the listed company by any means.			
Fulfilled on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next steps	Not applicable					

2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached

Applicable Not applicable

3. Performance commitments of the Company

Applicable Not applicable

Changes in performance commitments

Applicable Not applicable

Commitments made by the Company’s shareholders and counterparties regarding the operating performance for the Reporting Year

Applicable Not applicable

II. Occupation of the Company’s funds by the Controlling Shareholder or any of Its Related Parties for Non-Operational Purposes

Applicable Not applicable

No such cases in the Reporting Period.

III. Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

IV. Explanations given by the Board of Directors regarding the Latest "Independent Auditor's Modified Opinion" on the Financial Statements

Applicable Not applicable

V. Explanations given by the Board of Directors and Independent Directors (if any) regarding the "Independent Auditor's Modified Opinion" on the Financial Statements of the Reporting Period

Applicable Not applicable

VI. YoY Changes in Accounting Policies and Estimates, or Correction of Material Accounting Errors

Applicable Not applicable

During the Reporting Period, the Company had no YoY changes in accounting policies and estimates, or correction of material accounting errors.

VII. YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

In 2025, 41 subsidiaries (36 newly incorporated, 1 added through capital increase for control, and 4 acquired) were newly included in the consolidation scope, and 16 subsidiaries (7 de-registered and 9 disposed of) were excluded from the consolidation scope.

VIII. Engagement and Disengagement of Independent Auditor

Current independent auditor

Name of the domestic independent auditor	RSM China (LLP)
The Company's payment to the domestic independent auditor (RMB'0,000)	483.1
How many consecutive years the domestic independent auditor has provided audit services for the Company	2 years
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Chen Zefeng, Xiao Mengying, Chen Zhihao
How many consecutive years the certified public accountants have provided audit services for the Company	2 years, 1 year, 2 years
Name of the foreign independent auditor (if any)	Not applicable
The Company's payment to the foreign independent auditor (RMB'0,000) (if any)	Not applicable
How many consecutive years the foreign independent auditor has provided audit services for the Company (if any)	Not applicable
Names of the certified public accountants from the foreign independent auditor writing signatures on the auditor's report (if any)	Not applicable
How many consecutive years the certified public accountants have provided audit services for the Company (if any)	Not applicable

Indicate whether the independent auditor was changed for the Reporting Period

Yes No

Indicate whether the independent auditor was changed during the Audit Period

Yes No

Independent auditor, financial advisor, or sponsor hired for the audit of internal control

Applicable Not applicable

During the Reporting Period, the Company hired RSM China (LLP) to conduct an internal control audit, with an audit cost of RMB 500,000.

IX. Delisting Faced after the Disclosure of the Annual Report

Applicable Not applicable

X. Insolvency and Reorganization

Applicable Not applicable

XI. Significant Lawsuits and Arbitrations

Applicable Not applicable

During the reporting period, the Company had no significant lawsuits or arbitrations.

XII. Punishments and Rectifications

Applicable Not applicable

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

Applicable Not applicable

XIV. Major Related-Party Transactions

1. Recurring Related-Party Transactions

Applicable Not applicable

For details of the Company's major related-party transactions during the Reporting Period, please refer to the related announcements disclosed on www.cninfo.com.cn.

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

Applicable Not applicable

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

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

Applicable Not applicable

During the Reporting Period, there were no major related-party transactions regarding joint investments in third parties.

4. Amounts Due to and from Related Parties

Applicable Not applicable

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

Yes No

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

5. Transactions with Related-party Finance Companies

Applicable Not applicable

The Company had no deposits, loans, credit granting or other financial business with related-party finance companies.

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

Applicable Not applicable

Deposits

Related parties	Relationship with the Company	Daily deposit ceiling (RMB'0,000)	Range of interest	Beginning balance (RMB'0,000)	Amount incurred in the current period		Ending balance (RMB'0,000)
					Total deposit amount in current period (RMB'0,000)	Total withdrawal amount in current period (RMB'0,000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related legal entity	250,000	0.38%-1.04%	480.55	1,662,420.45	1,661,868.13	1,032.87

Loans

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

Credit or other financial business

Related parties	Relationship with the Company	Business type	Total amount (RMB'0,000)	Ending balance (RMB'0,000)
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (bill discount)	The balance of comprehensive credit on any day shall not exceed RMB 2.5 billion (including loans, bill discounting, and bill acceptance)	0
Subsidiary of TCL Industries Holdings Co., Ltd.	Related legal entity	Credit granting (bill acceptance)		20,351.60

7. Other Major Related-Party Transactions

Applicable Not applicable

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

Title of announcement	Date of interim disclosure	Website for disclosure
Announcement on the Anticipated Recurring Related-Party Transactions for 2025	April 29, 2025	www.cninfo.com.cn
Announcement on the Related-Party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2025	April 29, 2025	
Report on the Execution of Recurring Related-Party Transactions in 2024	April 29, 2025	
Announcement on the Launch of Accounts Receivable Factoring and the Related-Party Transaction	April 29, 2025	
Announcement on Continuing to Provide Financial Services by TCL Technology Group Finance Co., Ltd. to Related Parties and Renewing the <i>Financial Services Agreement</i> for Related-Party Transactions	April 29, 2025	

XV. Major Contracts and Execution thereof

1. Entrustment, Contracting, and Leases

(1) Entrustment

Applicable Not applicable

During the reporting period, the Company had no entrusted projects generating profits or losses accounting for 10% or more of the net profit attributable to shareholders of the listed company.

(2) Contracting

Applicable Not applicable

During the reporting period, the Company had no entrusted projects generating profits or losses accounting for 10% or more of the net profit attributable to shareholders of the listed company.

(3) Leases

Applicable Not applicable

During the reporting period, the Company had no entrusted projects generating profits or losses accounting for 10% or more of the net profit attributable to shareholders of the listed company.

2. Major Guarantees

Applicable Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)

Obligor	Disclosure date of announcement on guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Fulfilled or not	Guarantee for related parties or not
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	May 20, 2025	76,000	March 7, 2025	43,778	Joint liability guarantee	/	With counter-guarantee	3 days-162 days	No	No
Guangzhou Qihang International Supply Chain Co., Ltd.	May 20, 2025	10,000	November 10, 2025	10,000	Joint liability guarantee	/	With counter-guarantee	130 days-162 days	No	No
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	May 20, 2025	35,000	April 28, 2020	12,373	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	2.7-4.5 years	No	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	May 20, 2025	58,000	May 22, 2023	36,400	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	4.4 years	No	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	May 20, 2025	180,000	June 15, 2023	136,235	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	3.5 years	No	No
Total approved limit for such guarantees in Reporting Period (A1)			359,000	Total actual amount of such guarantees in Reporting Period (A2)						94,340
Total approved limit for such guarantees at the end of the Reporting Period (A3)			359,000	Total actual balance of such guarantees at the end of Reporting Period (A4)						238,785
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of announcement on guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Fulfilled or not	Guarantee for related parties or not
TCL MOKA INTERNATIONAL LIMITED	May 20, 2025	100,000	January 31, 2025	6,421	Joint liability guarantee	/	/	29 days-90 days	No	No
Guangzhou Zhihui Shengke Co., Ltd.	May 20, 2025	30,000	November 29, 2024	18,360	Joint liability guarantee	/	/	5.9 years	No	No
TTE ELECTRONICS INDIA PRIVATE	May 20, 2025	10,000	-	0	Joint liability	/	/	-	-	No

LIMITED					guarantee					
Huizhou Moka Technology Development Co., Ltd.	May 20, 2025	20,000	September 12, 2025	201	Joint liability guarantee	/	/	56 days-61 days	No	No
Moka Technology (Guangdong) Co., Ltd.	May 20, 2025	400,000	November 24, 2023	163,419	Joint liability guarantee	/	/	19 days-3.2 years	No	No
Shenzhen Zhixian Shijie Software Technology Co., Ltd.	May 20, 2025	1,000	-	0	Joint liability guarantee	/	/	-	-	No
Shenzhen Zhilian Shuchuang Technology Co., Ltd.	May 20, 2025	1,000	-	0	Joint liability guarantee	/	/	-	-	No
MOKA TECHNOLOGY VIETNAM COMPANY LIMITED	May 20, 2025	20,000	-	0	Joint liability guarantee	/	/	-	-	No
TCL Technology Investments Limited	May 20, 2025	500,000	June 23, 2025	140,576	Joint liability guarantee	/	/	156 days	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	May 20, 2025	1,620,000	December 22, 2022	1,069,691	Joint liability guarantee	/	/	5 days-9.8 years	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	May 20, 2025	5,000	-	0	Joint liability guarantee	/	/	-	-	No
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	950,000	June 9, 2022	270,615	Joint liability guarantee	/	/	20 days-4.2 years	No	No
Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd.	May 20, 2025	1,180,000	-	0	Joint liability guarantee	/	/	-	-	No
China Star Optoelectronics International (HK) Limited	May 20, 2025	10,000	-	0	Joint liability guarantee	/	/	-	-	No
Huizhou China Star Optoelectronics Display Co., Ltd.	May 20, 2025	610,000	July 7, 2023	326,979	Joint liability guarantee	/	/	83 days-2.7 years	No	No
Shenzhen China Star	May 20, 2025	710,000	June 15,	267,707	Joint	/	/	2.4-3.5	No	No

Optoelectronics Bandaoti Display Technology Co., Ltd.			2020		liability guarantee			years		
Suzhou China Star Optoelectronics Technology Co., Ltd.	May 20, 2025	20,000	-	0	Joint liability guarantee	/	/	-	-	No
Suzhou China Star Optoelectronics Display Co., Ltd.	May 20, 2025	60,000	August 30, 2022	49,040	Joint liability guarantee	/	/	6.4 years	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	May 20, 2025	100,000	June 6, 2025	15,701	Joint liability guarantee	/	/	5 days- 117 days	No	No
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	1,760,000	June 29, 2021	1,044,530	Joint liability guarantee	/	/	19 days- 6.8 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	May 20, 2025	1,300,000	August 25, 2022	636,759	Joint liability guarantee	/	/	10 days- 4.6 years	No	No
Highly (Tianjin) E-Commerce Co., Ltd.	May 20, 2025	10,000	-	0	Joint liability guarantee	/	/	-	-	No
Highly (Tianjin) Technology Co., Ltd.	May 20, 2025	61,000	September 22, 2025	33,154	Joint liability guarantee	/	/	7 days- 64 days	No	No
Mingsi Technology Co., Ltd.	May 20, 2025	20,000	November 27, 2025	8,435	Joint liability guarantee	/	/	117 days	No	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	May 20, 2025	12,000	July 10, 2025	12,000	Joint liability guarantee	/	/	191 days	No	No
Beijing Lingyun Data Technology Co., Ltd.	May 20, 2025	71,000	April 17, 2025	14,128	Joint liability guarantee	/	/	21 days- 352 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	May 20, 2025	136,000	September 4, 2024	125,000	Joint liability guarantee	/	/	81 days- 247 days	No	No
Highly Information Industry Co., Ltd.	May 20, 2025	429,000	June 1, 2024	333,724	Joint liability guarantee	/	/	2 days-1.8 years	No	No
Qingdao Blue Business Consulting Co., Ltd.	May 20, 2025	1,000	-	0	Joint liability guarantee	/	/	-	-	No

Shaanxi TiTi Electronic Technology Co., Ltd.	May 20, 2025	1,000	-	0	Joint liability guarantee	/	/	-	-	No
Tianjin TiTi Yunchuang Technology Co., Ltd.	May 20, 2025	10,000	July 10, 2025	10,000	Joint liability guarantee	/	/	191 days	No	No
Tianjin Wanfang Nuoxin Technology Co., Ltd.	May 20, 2025	10,000	July 10, 2025	10,000	Joint liability guarantee	/	/	191 days	No	No
Tianjin Xincheng Pilot Technology Co., Ltd.	May 20, 2025	1,000	-	0	Joint liability guarantee	/	/	-	-	No
Beijing Youyi Online Technology Co., Ltd.	May 20, 2025	15,000	-	0	Joint liability guarantee	/	/	-	-	No
Tianjin Printronics Circuit Corporation	May 20, 2025	53,000	November 17, 2022	8,346	Joint liability guarantee	/	/	4.7 years	No	No
TCL Technology Group (Tianjin) Co., Ltd.	May 20, 2025	50,000	August 31, 2022	30,000	Joint liability guarantee	/	/	1.7 years	No	No
TCL Technology Group Finance Co., Ltd.	May 20, 2025	150,000	-	0	Joint liability guarantee	/	/	-	-	No
TCL Culture Media (Shenzhen) Co., Ltd.	May 20, 2025	2,000	-	0	Joint liability guarantee	/	/	-	-	No
Total guarantee limit for subsidiaries approved in the Reporting Period (B1)			10,439,000		Total actual amount of such guarantees for subsidiaries in Reporting Period (B2)					3,448,879
Total guarantees limit for subsidiaries approved at the end of the Reporting Period (B3)			10,439,000		Total balance of actual guarantees for subsidiaries at the end of the Reporting Period (B4)					4,594,783
Guarantees provided between subsidiaries										
Obligor	Disclosure date of announcement on guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Fulfilled or not	Guarantee for related parties or not
Highly (Tianjin) Technology Co., Ltd.	May 20, 2025	20,000	November 11, 2025	5,950	Joint liability guarantee	/	/	92 days-147 days	No	No
Techhigh Circuit Technology (Zhuhai)	May 20, 2025	50,000	September 9, 2025	26,966	Joint liability	/	/	7.7 years	No	No

Co., Ltd.					guarantee					
Huizhou China Star Optoelectronics Display Co., Ltd.	May 20, 2025	460,000	January 16, 2025	79,500	Joint liability guarantee	/	/	2-2.2 years	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	1,310,000	June 15, 2020	669,267	Joint liability guarantee	/	/	2.4 years	No	No
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	1,000,000	March 24, 2025	220,596	Joint liability guarantee	/	/	2.2-4.8 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	May 20, 2025	500,000	October 31, 2025	165,809	Joint liability guarantee	/	/	31 days-5 years	No	No
TCL Moka International Limited	May 20, 2025	29,200	January 23, 2025	11,584	Joint liability guarantee	/	/	28 days-82 days	No	No
Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	7,880	July 21, 2017	7,880	Joint liability guarantee	/	/	6.5 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021	234,976	April 30, 2021	234,976	Joint liability guarantee	/	/	2.3 years	No	No
Ningxia Zhonghuan Solar Material Co., Ltd.	January 23, 2022	459,402	May 30, 2022	459,402	Joint liability guarantee	/	/	3.4 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	May 26, 2022	58,410	June 28, 2022	58,410	Joint liability guarantee	/	/	3.5 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd	May 26, 2022	66,319	September 28, 2022	66,319	Joint liability guarantee	/	/	3.7 years	No	No
Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	73,164	June 30, 2022	73,164	Joint liability guarantee	/	/	3.5 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	23,170	September 30, 2022	23,170	Joint liability guarantee	/	/	1.7 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	45,325	March 29, 2023	45,325	Joint liability guarantee	/	/	4.6 years	No	No
Huansheng New Energy (Tianjin) Co.,	April 8, 2023	69,000	February 28, 2024	69,000	Joint liability	/	/	5 years	No	No

Ltd.					guarantee					
Huansheng New Energy (Inner Mongolia) Co., Ltd.	May 16, 2025	103,000	June 30, 2025	54,795	Joint liability guarantee	/	/	5.5 years	No	No
Tianjin Huanou Bandaoti Material&Technology Co., Ltd.	May 16, 2025	40,000	September 29, 2025	40,000	Joint liability guarantee	/	/	9.8 years	No	No
Tianjin Zhonghuan New Energy Co., Ltd.	May 16, 2025	9,342	December 26, 2025	9,342	Joint liability guarantee	/	/	1 year	No	No
Total guarantee limit for subsidiaries approved in the Reporting Period (C1)		5,708,900			Total actual amount of such guarantees for subsidiaries in the Reporting Period (C2)					735,705
Total guarantee limit for subsidiaries approved at the end of the Reporting Period (C3)		5,708,900			Total balance of actual guarantees for subsidiaries at the end of the Reporting Period (C4)					2,321,453
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee limit approved in the Reporting Period (A1+B1+C1)		16,506,900			Total actual guarantee amount in the Reporting Period (A2+B2+C2)					4,278,925
Total approved guarantee limit at the end of the Reporting Period (A3+B3+C3)		16,506,900			Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)					7,155,020
Ratio of total guarantee balance (i.e., A4+B4+C4) to the Company's net assets										116.47%
Of which:										
Balance of guarantees provided for shareholders, the actual controller, and their related parties (D)										0
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)										1,945,674
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)										4,083,382
Total of the three above amounts (D+E+F)										4,083,382
Joint liability already borne or possibly borne with evidence in the Reporting Period for outstanding guarantees (if any)										-
Guarantees provided in breach of prescribed procedures (if any)										-

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

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

1. A guarantee limit of RMB 50 million previously provided by the Company to Highly Information Industry Co., Ltd. (Highly) was

re-allocated to Beijing Youyi Online Technology Co., Ltd, which was a wholly-owned subsidiary of Highly.

2. Guarantee limits of RMB 3,800 million for TCL China Star Optoelectronics Technology Co., Ltd. (TCL CSOT) and RMB 8,000 million for Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd., totaling RMB 11,800 million, were re-allocated to Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd., a wholly-owned subsidiary of TCL CSOT.

The Company has performed internal review procedures for the above-mentioned guarantee reallocation. It's found that they did not violate the legal provisions on listed companies, and complied with the relevant requirements of *the Announcement on Providing Guarantees for Subsidiaries in 2025* reviewed and approved at the 2024 Annual General Meeting held on May 20, 2025.

(3) In the table above, Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd., a subsidiary controlled by the Company, was jointly guaranteed by the Company and its subsidiary TCL China Star Optoelectronics Technology Co., Ltd. in an external syndicated loan, in which the Company provided a certain percentage of guarantee, while TCL China Star Optoelectronics Technology Co., Ltd. provided full guarantee. As at the end of the Reporting Period, the debt portion under joint guarantee amounted to RMB 6,692,670,000. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively.

(4) In the table above, the Company's guarantee balance in respect of TCL CSOT includes the relevant amounts in relation to liquidity support provided by the Company to China Development Bank New Policy Financial Instruments Co., Ltd. and other entities..

Explanation of guarantees provided in composite forms: Not applicable

3. Entrusted Cash Asset Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Overview of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment allowance for unrecovered overdue amount of wealth management products
Bank's wealth management product	Self-funded	1,415,757.21	180,724.69	0	0
Securities firm's wealth management product	Self-funded	848,554.14	393,677.66	0	0
Trust plan	Self-funded	680,107.99	363,807.62	0	0
Other	Self-funded	626,659.21	274,028.68	0	0
Total		Not applicable	1,212,238.65	0	0

Details of the Company's role as a sole settlor in entrusting financial institutions for asset management, or its investments in high-risk entrusted wealth management with low security and poor liquidity

Applicable Not applicable

Indicate whether there were any wealth management products with a single outstanding balance exceeding RMB 50 million pending redemption at the end of the Reporting Period, or any products overdue and unredeemed at the end of the Reporting Period

Yes No Not applicable

(2) Entrusted Loans

Applicable Not applicable

During the Reporting Period, the Company did not have any entrusted loans.

4. Other Major Contracts

Applicable Not applicable

The Company did not have any other major contracts during the Reporting Period.

XVI. Use of the Capital Raised

Applicable Not applicable

1. General Information about the Use of Capital Raised

Applicable Not applicable

Unit: RMB'0,000

Year of raising	Method of raising	Listing date of securities	Total amount raised	Net amount raised (1)	Used in the current period	Total amount used (2)	Utilization rate of capital raised as at the end of the Reporting Period (3) = (2)/(1)	Total amount of changed-purpose funds during the Reporting Period	Total amount of changed-purpose funds	Total amount of changed-purpose funds as a % of total amount raised	Total proceeds that have not been used	Purpose and location of the unused amount	Amount left idle for over two years
2025	Issuance of shares to purchase assets and raise supporting funds	August 22, 2025	435,941.11	430,099.57	430,099.57	430,099.57	100%	Not applicable	Not applicable	Not applicable	0	Not applicable	0
2025	Public issuance of corporate bonds	December 29, 2025	200,000.00	199,606.37	199,606.37	199,606.37	100%	Not applicable	Not applicable	Not applicable	0	Not applicable	0
Total	--	--	635,941.11	629,705.94	629,705.94	629,705.94	100%	0	0	0	0	--	0

Overview of the use of capital raised: 1. With the approval of the *Reply Agreeing to the Registration of TCL Technology Group Corporation for the Issuance of Shares to Acquire Assets and Raising of Supporting Funds* (CSRC Approval [2025] No. 1326) issued by the China Securities Regulatory Commission (CSRC), the Company issued 1,035,489,574 RMB-denominated ordinary shares (A-shares) to specific targets in August 2025 at an issue price of RMB 4.21 per share. The total proceeds amounted to RMB 4,359,411,106.54. After deducting issuance expenses of RMB 58,415,381.56 (excluding tax), the net proceeds received by the Company totaled RMB 4,300,995,724.98. The receipt of the aforementioned funds has been verified by RSM China CPA LLP, which issued the capital verification report RSM YZ [2025] No. 518Z0090. As of December 31, 2025, the cumulative investment of proceeds totaled RMB 4,300.9957 million, representing full utilization of the raised proceeds in accordance with regulations.

3. Upon the CSRC registration approval (CSRC Approval [2025] No. 2369), the Company issued corporate bonds not exceeding RMB 10 billion to professional investors in installments. The net proceeds from the *Sci-Tech Innovation Corporate Bonds Publicly Offered by TCL Technology Group Corporation to Professional Investors (Digital Economy) (Phase I)* in 2025 were fully received on December 19, 2025. On the date of this announcement, all proceeds raised have been fully utilized, and the actual use of proceeds is consistent with the intended use as stated in the prospectus.

2. Promised Use of Capital Raised

Applicable Not applicable

Unit: RMB'0,000

Name of financing project	Listing date of securities	Committed investment projects and use of excess raised funds	Nature of project	Whether the project has been changed (including partial changes)	Total committed investment of capital	Total adjusted amount (1)	Amount invested during the Reporting Period	Cumulative amount invested as of the end of the Reporting Period (2)	Investment progress as of the end of the period (3) = (2)/(1)	Date when the project reaches its intended usable state	Benefits realized during the Reporting Period	Cumulative benefits achieved as of the end of the Reporting Period	Whether expected benefits have been achieved	Whether a material change has occurred to project feasibility
Committed investment projects														
Share issuance and cash payment to purchase assets and raise supporting funds in 2025	August 22, 2025	Payment of transaction consideration	Investment and M&A	No	435,941.11	430,099.57	430,099.57	430,099.57	100.00%	Not applicable	0	0	Not applicable	No
Subtotal of committed investment projects				--	435,941.11	430,099.57	430,099.57	430,099.57	--	--	0	0	--	--
Application of excess proceeds														
Not applicable														
Total				--	435,941.11	430,099.57	430,099.57	430,099.57	--	--	0	0	--	--
Explanation by item for failure to meet planned progress or expected benefits (including reasons for marking "not applicable" for "whether expected benefits have been achieved")	Not applicable. The raised funds, net of intermediary fees and related taxes, have been fully utilized to pay the cash consideration for the acquisition of assets through a combination of share issuance and cash payment.													
Explanation for material change in project feasibility	Not applicable													
Amount, purpose and utilization progress of excess proceeds	Not applicable													
Explanation for unauthorized changes to the use or illegal misappropriation of raised capital	Not applicable													
Explanation for	Not applicable													

changes in the implementation location of projects funded by raised capital	
Explanation for adjustments to the implementation method of projects funded by raised capital	Not applicable
Explanation for advance investment in projects and subsequent replacement of raised capital	Applicable On August 14, 2025, the Company convened the 12th meeting of the 8th Board of Directors and the 8th meeting of the 8th Supervisory Committee, deliberating and approving the <i>Proposal on the Replacement of Self-owned and Self-raised Funds Previously Used for Cash Consideration with Raised Capital</i> . The Board of Directors agreed to use the raised capital to replace RMB 4,300.9957 million of self-owned and self-raised funds previously used for the payment of cash consideration. Shenwan Hongyuan Financing Services Co., Ltd. (the Independent Financial Advisor) issued a verification opinion expressing no objection to this matter. All funds were fully replaced by December 31, 2025.
Temporary use of idle raised capital for supplementary working capital	Not applicable
Amount and reasons for surplus capital arising from project implementation	Not applicable
Intended use and destination of unused capital	As of December 31, 2025, the capital raised had been fully utilized in accordance with relevant regulations.
Issues or other circumstances regarding the use and disclosure of capital raised	Not applicable

3. Changes in projects funded by capital raised

Applicable Not applicable

No such cases in the Reporting Period.

4. Verification opinions from intermediary agencies on the deposit and use of capital raised

Applicable Not applicable

(1) Verification opinions from the Independent Financial Advisor

Upon verification, the Independent Financial Advisor believes that the Company’s 2025 Report on the Deposit and Use of Capital Raised was approved by the Board. The Company performed necessary procedures in compliance with laws, regulations, and exchange rules. Proceeds were placed in dedicated accounts and used for designated purposes. There has been no unauthorized changes in use of proceeds, no harm to shareholder interests, and no illegal use of funds.

(2) Audit Opinion from the Auditor

The 2025 *Special Report on the Annual Deposit, Management, and Use of Capital Raised* of TCL TECH. was prepared in all material respects in accordance with the *Regulatory Rules on Fundraising by Listed Companies* and relevant exchange regulations, and presents fairly the actual deposit, management, and use of proceeds by TCL TECH. in 2025.

XVII. Other Significant Events

Applicable Not applicable

XVIII. Significant Events of the Company's Subsidiaries

Applicable Not applicable

Part VI Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before change		Increase/decrease in the Reporting Period (+/-)					After change	
	Shares	Percentage	New issues	Bonus shares	Shares converted from capital reserve	Others	Subtotal	Shares	Percentage
I. Restricted Shares	679,459,071	3.62%	2,021,781,680	0	0	2,923,455	2,024,705,135	2,704,164,206	13.00%
1. Shares held by state-owned legal entities	0	0.00%	1,268,952,437	0	0	0	1,268,952,437	1,268,952,437	6.10%
2. Shares held by other domestic investors	679,459,071	3.62%	118,764,844	0	0	508,425	119,273,269	798,732,340	3.84%
Among which: shares held by domestic legal entities	0	0.00%	89,073,633	0	0	0	89,073,633	89,073,633	0.43%
Shares held by domestic individuals	679,459,071	3.62%	29,691,211	0	0	508,425	30,199,636	709,658,707	3.41%
3. Shares held by foreign investors	0	0.00%	298,099,761	0	0	2,415,030	300,514,791	300,514,791	1.44%
Among which: shares held by foreign legal entities	0	0.00%	298,099,761	0	0	0	298,099,761	298,099,761	1.43%
Shares held by foreign individuals	0	0.00%	0	0	0	2,415,030	2,415,030	2,415,030	0.01%
4. Fund, wealth management product, etc.	0	0.00%	335,964,638	0	0	0	335,964,638	335,964,638	1.62%
II. Non-restricted shares	18,099,621,696	96.38%	0	0	0	-2,923,455	-2,923,455	18,096,698,241	87.00%
1. RMB-denominated ordinary shares	18,099,621,696	96.38%	0	0	0	-2,923,455	-2,923,455	18,096,698,241	87.00%
III. Total shares	18,779,080,767	100.00%	2,021,781,680	0	0	0	2,021,781,680	20,800,862,447	100.00%

Reasons for changes in shares

Applicable Not applicable

1. On June 19, 2025, the Company disclosed the *Voluntary Announcement on the Non-trading Transfer of Certain Shares of the Holders under the Employee Stock Ownership Plan*. The Company has completed the second non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase II) and the first non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase III). Among them, 3,834,401 shares were transferred to the then-serving directors, supervisors, and senior managers of the Company through non-trading transfer.

2. During the Reporting Period, restricted shares held by senior management increased by 508,425 shares, as non-restricted shares

decreased by the same amount.

3. During the Reporting Period, with the approval of the CSRC (Approval [2025] No. 1326), the Company issued shares and paid cash to acquire assets and raised supporting funds, resulting in an increase of 2,021,781,680 restricted tradable shares in aggregate, and the total share capital of the Company increased to 20,800,862,447 shares.

Approval of changes in shares

Applicable Not applicable

With the approval of the CSRC (Approval [2025] No. 1326), the Company issued 986,292,106 shares to Shenzhen Major Industrial Development Phase I Fund Co., Ltd. to acquire relevant assets, and issued 1,035,489,574 shares to 16 specific investors to raise supporting funds. The total share capital of the Company increased by 2,021,781,680 shares, from 18,779,080,767 shares to 20,800,862,447 shares.

Transfer of share ownership

Applicable Not applicable

1. On June 19, 2025, the Company disclosed the *Voluntary Announcement on the Non-trading Transfer of Certain Shares of Holders under the Employee Stock Ownership Plan*. The Company has completed the second non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase II) and the first non-trading transfer under the 2021-2023 Employee Stock Ownership Plan (Phase III). Among them, 3,834,401 shares were transferred to the then-serving directors, supervisors, and senior managers of the Company through non-trading transfer, and 29,430,560 shares were transferred to other holders through non-trading transfer.

Effects of changes in shares on the basic earnings per share, diluted earnings per share, net asset per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively

Applicable Not applicable

Item	January - December 2025
Basic earnings per share (RMB/share)	0.2333
Diluted earnings per share (RMB/share)	0.2301
Item	December 31, 2025
Net assets per share attributable to ordinary shareholders of the Company (RMB)	2.9534

Other information that the Company considers necessary or is required by the securities regulatory authorities to be disclosed

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

Unit: share

Name of shareholder	Number of restricted shares at period-begin	Number of increased restricted shares of the period	Number of released restricted shares of the period	Number of restricted shares at period-end	Reason for restriction	Date of restriction release
Shenzhen Major Industrial Development Phase I Fund Co., Ltd.	0	986,292,106	0	986,292,106	New share issuance	Sales restrictions to be removed 12 months after the listing date of new shares (July 10, 2025).

UBS AG	0	243,467,933	0	243,467,933		
Shenzhen Runcheng Investment Management Co., Ltd. - Runcheng Jinjin No. 1 Private Securities Investment Fund	0	114,251,781	0	114,251,781		
China International Capital Corporation Limited	0	106,888,361	0	106,888,361		
CITIC Securities Co., Ltd.	0	65,320,665	0	65,320,665		
GF Securities Co., Ltd.	0	59,382,422	0	59,382,422		
MORGAN STANLEY & CO. INTERNATIONAL PLC.	0	54,631,828	0	54,631,828	New share issuance	Sales restrictions to be removed 6 months after the listing date of new shares (August 22, 2025); such restrictions were removed on February 24, 2026.
Guotai Haitong Securities Co., Ltd.	0	45,130,641	0	45,130,641		
China Construction Bank - Efund - CSI 300 ETF Initiated	0	35,741,235	0	35,741,235		
Changsha Lugu Capital Management Co., Ltd.	0	35,629,453	0	35,629,453		
Other shareholders participating in the Company's issuance of shares to specific investors for raising supporting funds	0	275,045,255	0	275,045,255		
Directors, senior management and others of the Company	679,459,071	2,923,455	-	682,382,526	Certain shares held by directors, senior management and other persons are locked up as required	Not applicable
Total	679,459,071	2,024,705,135	0	2,704,164,206	--	--

II. Issuance and Listing of Securities

1. Issuance of Securities (Preferred Shares Exclusive) in the Reporting Period

Applicable Not applicable

Names of stocks and their derivative securities	Issue date	Issue price (or interest rate)	Issue quantity	Listing date	Aggregate number of shares permitted to be traded	Transaction closing date	Index to disclosed information	Date of disclosure
Stocks								
Issuance of A-share stocks to specific investors for asset acquisition	July 3, 2025	RMB 4.42/share	986,292,106 shares	July 10, 2025	986,292,106 shares	Not applicable	For details, please visit http://www.cninfo.com.cn/	July 7, 2025
Issuance of A-share stocks to specific investors	August 15, 2025	RMB 4.21/share	1,035,489,574 shares	August 22, 2025	1,035,489,574 shares	Not applicable		August 19, 2025
Convertible corporate bonds, convertible corporate bonds traded separately, corporate bonds								
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2025 (Phase I) (Type 1)	December 17, 2025	1.74%	RMB 500.00 million	December 29, 2025	RMB 500.00 million	June 7, 2026	www.cninfo.com.cn	December 19, 2025 December 26, 2025
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to	December 17, 2025	2.24%	RMB 1,500.00 million	December 29, 2025	RMB 1,500.00 million	December 19, 2028		www.cninfo.com.cn

Professional Investors in 2025 (Phase I) (Type 2)								
Other derivative securities								
Not applicable								

Explanation on issuance of securities (preferred shares exclusive) during the Reporting Period

(1) With the approval of the CSRC (Approval [2025] No. 1326), the Company issued 986,292,106 shares to Shenzhen Major Industrial Development Phase I Fund Co., Ltd., and 1,035,489,574 shares to 16 specific investors to raise supporting funds. Upon completion of these issuance, the Company’s total share capital increased to 20,800,862,447 shares.

(2) The Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2025 (Phase I) (Type 1), Security Code: 524602.SZ; Security Abbreviation: 25TCLDK, have a total issuance amount of RMB 500 million, a coupon rate of 1.74%, and a bond term of 170 days.

(3) The Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2025 (Phase I) (Type 2), Security Code: 524603.SZ; Security Abbreviation: 25TCLK1, have a total issuance amount of RMB 1.5 billion, a coupon rate of 2.24% and a bond term of 3 years.

2. Changes in the Total Number of Shares, Shareholder Structure, and the Structure of Assets and Liabilities

Applicable Not applicable

(1) For changes in the total number of shares and shareholder structure, please refer to "I. Changes in Shares" in this section.

(2) During the Reporting Period, the Company completed the acquisition of a 21.5311% equity interest in Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd. by issuing shares and paying cash to Shenzhen Major Industrial Development Phase I Fund Co., Ltd. Additionally, proceeds from the issuance of shares to specific targets were successfully received, resulting in a corresponding increase in the Company’s total assets and net assets.

3. Existing Staff-Held Shares

Applicable Not applicable

III. Shareholders and Actual Controller

1. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders by the end of the Reporting Period	582,581	Total number of ordinary shareholders at the month-end prior to the disclosure of this Report	582,032	Total number of preferred shareholders with resumed voting rights by the end of the reporting period (if any) (see Note 8)	0	Total number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see Note 8)	0
Shareholdings of ordinary shareholders with more than 5% or the top 10 shareholders of ordinary shares (excluding the lending of shares under refinancing)							

Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held at the end of the Reporting Period	Increase/decrease during the Reporting Period	Number of restricted ordinary shares held	Number of non-restricted ordinary shares held	Shares in pledge, marked or frozen	
							Status	Number
Li Dongsheng	Domestic individual/Domestic general legal entity	6.09%	1,266,680,807	1,333,002	674,839,554	591,841,253	Not applicable	0
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)							Pledge of Jiutian Liancheng	169,320,637
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	4.96%	1,031,899,095	137,707,384	0	1,031,899,095	Not applicable	0
Shenzhen Major Industrial Development Phase I Fund Co., Ltd.	Public legal entity	4.74%	986,292,106	986,292,106	986,292,106	0	Not applicable	0
Huizhou Investment Holding Co., Ltd.	Public legal entity	2.58%	535,767,694	0	0	535,767,694	Not applicable	0
China Securities Finance Corporation Limited	Domestic general legal entity	1.97%	410,554,710	0	0	410,554,710	Not applicable	0
Industrial and Commercial Bank of China - Huatai-Pinebridge CSI 300 ETF	Fund, wealth management product, etc.	1.65%	343,431,410	19,237,040	0	343,431,410	Not applicable	0
UBS AG	Foreign legal entity	1.44%	299,241,401	209,055,233	243,467,933	55,773,468	Not applicable	0
Wuhan Optics Valley Industrial Investment Co., Ltd.	Public legal entity	1.20%	249,848,896	60	0	249,848,896	In pledge	124,000,000
China Construction Bank - Efund - CSI 300 ETF Initiated	Fund, wealth management product, etc.	1.18%	245,825,052	22,190,787	35,741,235	210,083,817	Not applicable	0
Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares (if any)	Among the aforementioned shareholders, Shenzhen Major Industrial Development Phase I Fund Co., Ltd., UBS AG and other investors became the Company's top 10 shareholders due to their subscription of the newly issued shares by the Company during the Reporting Period.							
Note on the above shareholders' associations or concerted actions	Among the top 10 shareholders, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the <i>Agreement on Concerted Action</i> . Mr. Li Dongsheng holds 899,786,071 shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 shares, representing 1,266,680,807 shares in total and becoming the largest shareholder of the Company.							
Explanation of the above shareholders' involvement in entrusting/being entrusted with	Not applicable							

voting rights or waiving voting rights			
Explanation of repurchase accounts among the top 10 shareholders (if any)	Not applicable		
Shareholdings of top 10 non-restricted ordinary shareholders (excluding the lending of shares under refinancing and restricted shares held by senior management)			
Name of shareholder	Number of non-restricted shares held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Hong Kong Securities Clearing Company Ltd.	1,031,899,095	RMB-denominated ordinary shares	1,031,899,095
Li Dongsheng	591,841,253	RMB-denominated ordinary shares	591,841,253
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)			
Huizhou Investment Holding Co., Ltd.	535,767,694	RMB-denominated ordinary shares	535,767,694
China Securities Finance Corporation Limited	410,554,710	RMB-denominated ordinary shares	410,554,710
Industrial and Commercial Bank of China - Huatai-Pinebridge CSI 300 ETF	343,431,410	RMB-denominated ordinary shares	343,431,410
Wuhan Optics Valley Industrial Investment Co., Ltd.	249,848,896	RMB-denominated ordinary shares	249,848,896
China Construction Bank - Efund - CSI 300 ETF Initiated	210,083,817	RMB-denominated ordinary shares	210,083,817
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	206,800,000	RMB-denominated ordinary shares	206,800,000
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	204,008,040	RMB-denominated ordinary shares	204,008,040
Related or acting-in-concert parties among top 10 non-restricted outstanding shareholders, as well as between top 10 non-restricted outstanding shareholders and top 10 shareholders	Among the top 10 shareholders with non-restricted shares, Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the <i>Agreement on Concerted Action</i> . Mr. Li Dongsheng holds 224,946,517 non-restricted shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 non-restricted shares, representing 591,841,253 non-restricted shares in total.		
Explanation for the top 10 ordinary shareholders participating in securities margin trading (if any)	At the end of the Reporting Period, Wuhan Optics Valley Industrial Investment Co., Ltd., among the shareholders above, held certain shares of the Company through a credit security account.		

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

Applicable Not applicable

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

Applicable Not applicable

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

Yes No

No such cases in the Reporting Period.

2. The Company's controlling shareholders

Explanation of the Company's non-existence of controlling shareholders

Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the *Agreement on Concerted Action*, holding 1,266,680,807 shares in total and becoming the largest shareholder of the Company. According to *the Company Law*, a controlling shareholder refers to a shareholder who owns over 50% of a limited liability company's total capital or over 50% of a joint stock company's total share capital; or a shareholder whose capital contribution or shareholding ratio is less than 50%, but whose voting rights attributable to such capital contribution or shareholding are sufficient to materially influence the resolution of the shareholders's meeting. According to the definition above, the Company has no controlling shareholder.

Change of the controlling shareholder in the Reporting Period

Applicable Not applicable

3. Actual controller and its acting-in-concert parties

Explanation of the Company's non-existence of actual controller

The "actual controller" refers to an entity that, while not a shareholder of a company, effectively controls its actions or operations through investment relationships, contractual agreements, or other arrangements. According to the definition above, the Company has no actual controller.

Whether there is any shareholder holding more than 10% of the shares at the ultimate control level of the Company

Yes No

4. The cumulative number of shares pledged by the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties accounts for 80% of their shareholdings in the Company

Applicable Not applicable

5. Other corporate shareholders with a holding percentage over 10%

Applicable Not applicable

6. Limits on shareholding reduction of the Company's controlling shareholder, actual controller, reorganizer, and other commitment entities

Applicable Not applicable

IV. Specific Implementation of Share Repurchase During the Reporting Period

Progress on any share repurchase

Applicable Not applicable

Disclosure date of the plan	Proposed number of shares to be repurchased	Proportion to total share capital	Proposed repurchase amount (RMB'0,000)	Proposed repurchase period	Purpose of share repurchase	Number of repurchased shares (shares)	Proportion of repurchased shares to the underlying shares involved in the equity incentive plan (if applicable)
April 16, 2025	Based on a maximum share repurchase price of RMB 6.70 per share (inclusive) and a maximum total repurchase amount of RMB 800 million, the estimated number of shares to be repurchased is approximately 119,403,000 shares	Based on the approximately 119,403,000 shares that can be repurchased, the repurchased shares will account for approximately 0.64% of the Company's total share capital.	The total amount for share repurchase shall be no less than RMB 700 million (inclusive) and no more than RMB 800 million (inclusive)	Within 12 months from the date of approval of this share repurchase plan at the 9th meeting of the 8th Board of Directors of the Company	For the Company's employee stock ownership plans or equity incentives	174,747,985	-

Progress on reducing the repurchased shares by means of centralized bidding

Applicable Not applicable

V. Preferred Shares

Applicable Not applicable

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

Part VII Bonds

Applicable Not applicable

I. Enterprise Bonds

Applicable Not applicable

No enterprise bonds in the Reporting Period.

II. Corporate Bonds

Applicable Not applicable

1. General Information on Corporate Bonds

Unit: RMB'0,000

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Outstanding balance	Coupon rate	Way of principal repayment and interest payment	Place of trading
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2025 (Phase I) (Type 2)	25TCLK1	524603.SZ	December 17, 2025	December 19, 2025	December 19, 2028	150,000.00	2.24%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2025 (Phase I) (Type 1)	25TCLDK	524602.SZ	December 17, 2025	December 19, 2025	June 7, 2026	50,000.00	1.74%	Principal and interest payable in a lump sum at maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase III) (Type 2)	24TCLK4	148804.SZ	July 4, 2024	July 8, 2024	July 8, 2029	100,000.00	2.46%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase III) (Type 1)	24TCLK3	148803.SZ	July 4, 2024	July 8, 2024	July 8, 2029 (Note 1)	100,000.00	2.29%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange

Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase II)	24TCLK2	148683.SZ	April 9, 2024	April 11, 2024	April 11, 2029 (Note 2)	150,000.00	2.69%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase I)	24TCLK1	148600.SZ	January 30, 2024	February 1, 2024	February 1, 2026 (Note 3)	150,000.00	2.10%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Investor eligibility (if any)	For qualified investors / for professional investors; not applicable for foreign bonds								
Applicable trading mechanism	Match to trade, click to trade, inquire to trade, bid to trade, negotiate to trade; not applicable for foreign bonds								
Risk of termination of listing and trading (if any) and countermeasures	No								

Note 1: The Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase III) (Type 1) have a term of 5 years and will expire on July 8, 2029. The bonds include the issuer's redemption option, the option to adjust the coupon rate, and the investor's put option at the end of the third year. If the issuer's call option or investors' put option is exercised, the maturity date of the exercised bonds shall be July 8, 2027.

Note 2: The Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase II) have a term of 5 years and will expire on April 11, 2029. The bonds include the issuer's redemption option, the option to adjust the coupon rate, and the investor's put option at the end of the third year. If the issuer's call option or investors' put option is exercised, the maturity date of the exercised bonds shall be April 11, 2027.

Note 3: The redemption of the Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase I) was completed on February 1, 2026.

Overdue bonds

Applicable Not applicable

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

Applicable Not applicable

During the Reporting Period, 24TCLK1 triggered its coupon rate adjustment option and its put option.

According to the *Prospectus for the Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase I)*, the bondholders of 24TCLK1 were entitled to exercise a put option during the redemption window (December 19-23, 2024), allowing them to sell all or a portion of their bonds back to the issuer at RMB 100 per note (excluding accrued interest). Concurrently, the coupon rate was reset downward from 2.64% to 2.10% for the subsequent one-year period, with settlement of the repurchased bonds scheduled for February 5, 2025. According to data from the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, 2,400,000 units of the 24TCLK1 bonds were repurchased during the redemption window, totaling RMB 240,000,000.00 in principal amount (exclusive of accrued interest).

According to the *Announcement on the Resale Results of 24TCLK1 Bonds issued by TCL Technology Group Corporation*, the Company conducted the resale of the repurchased bonds from February 6 to March 5, 2025, with the number of bonds for resale not exceeding 2,400,000 units. A total of 2,400,000 units of the bonds were successfully resold in this round. Upon completion of the resale process, no residual bonds remain pending resale, and the remaining outstanding number of 24TCLK1 is 15,000,000 units.

3. Intermediary organizations

Name of bond project	Name of intermediary institution	Office address	Name of signing accountants	Contact of intermediary institution	Tel.
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	CITIC Securities Co., Ltd.	Citic Office Tower, 48 Liangmaqiao Road, Chaoyang District, Beijing	-	Chen Tianya, Wang Xiaohu, Feng Shiyang, Liu Jian	0755-23835483
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	China International Capital Corporation Limited	27th and 28th Floors, China World Office 2, No. 1 Jianguomenwai Avenue, Beijing, P.R. China	-	Li Xiaochen, Wang Chao, Chen Xiaodong, Huang Kaihua	010-65051166
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	Guotai Haitong Securities Co., Ltd.	No. 618, Shangcheng Road, China (Shanghai) Pilot Free Trade Zone	-	Sun Miaoyue, Wu Lei, Li Hongyu, Liu Xuanhua	021-38031979
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	Shenwan Hongyuan Securities Co., Ltd.	45F, Century Commercial Plaza, No. 989 Changle Road, Xuhui District, Shanghai	-	Peng Dai, Wang Xueliang, Rong Heng	0755-23996949
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	Beijing Jia Yuan Law Offices	F408, Yuanyang Building, 158 Fuxingmen Inner Avenue, Beijing	-	Wen Liangjuan, Wu Junchao	0755-82789766
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	Da Hua Certified Public Accountants (Special General Partnership)	Room 1101, Building 7, No. 16 Xi Si Huan Zhong Road, Haidian District, Beijing	Qiu Junzhou, Jiang Xianmin, Xiong Xin	Qiu Junzhou, Jiang Xianmin, Xiong Xin	010-58350087
25TCLDK, 25TCLK1	RSM China (LLP)	Suite 1001-1 to 1001-26, 10th floor, Building 1,	Chen Zefeng, Chen Zhihao	Chen Zefeng, Chen Zhihao	0592-2528456

		No. 22 Fuchengmenwai St, Xicheng Dist., Beijing, China			
24TCLK4, 24TCLK3, 24TCLK2, 24TCLK1, 25TCLDK, 25TCLK1	China Chengxin International Credit Rating Co., Ltd.	Building 5, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Yang Rui, Wang Du	010-66428877

Whether the above organizations were changed during the Reporting Period

Yes No

4. Use of the Capital Raised

Unit: RMB'0,000

Bond code	Abbr.	Total amount of raised funds	Agreed purpose of raised funds	Used Amount	Actual use of raised funds (categorized by intended use, excluding temporary working capital replenishment)	Actual use of each type of funds	Unused Amount	Operation of special fund-raising account (if any)	Rectification of illegal use of raised funds (if any)	Whether consistent with the purpose, usage plan and other agreements promised in the prospectus
524603.SZ	25TCLK1	150,000.00	For the repayment of interest-bearing debts	150,000.00	For the repayment of interest-bearing liabilities (excluding corporate bonds)	For the repayment of interest-bearing liabilities (excluding corporate bonds)	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
524602.SZ	25TCLDK	50,000.00	For the repayment of interest-bearing debts	50,000.00	For the repayment of interest-bearing liabilities (excluding corporate bonds)	For the repayment of interest-bearing liabilities (excluding corporate bonds)	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
148804.SZ	24TCLK4	100,000.00	Used to repay interest-bearing liabilities or replace self-owned funds that have been used to repay matured debts and to supplement working capital	100,000.00	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent

148803.SZ	24TCLK3	100,000.00	Used to repay interest-bearing liabilities or replace self-owned funds that have been used to repay matured debts and to supplement working capital	100,000.00	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
148683.SZ	24TCLK2	150,000.00	Used to repay interest-bearing liabilities or replace self-owned funds that have been used to repay matured debts and to supplement working capital	150,000.00	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
148600.SZ	24TCLK1	150,000.00	Used to repay interest-bearing liabilities or replace self-owned funds that have been used to repay matured debts and to supplement working capital	150,000.00	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	Used to repay interest-bearing liabilities (excluding corporate bonds) or supplement working capital	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent

5. Adjustments of credit rating results during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

III. Debt Financing Instruments of Non-Financial Enterprises

Applicable Not applicable

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

Unit: RMB'0,000

Bond name	Abbr.	Bond code	Date of issuance	Value date	Maturity	Outstanding balance	Coupon rate	Way of principal repayment and	Place of trading
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								interest payment	
2025 Sci-Tech Innovation Bonds of TCL Technology Group Corporation (Phase II)	25TCL Group MTN002 (Sci-Tech Innovation Bonds)	102582064.IB	May 12, 2025	May 14, 2025	May 14, 2030	100,000.00	2.50%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2025 Mid-Term Notes of TCL Technology Group Corporation (Phase I) (Sci-Tech Innovation Notes) (Type 2)	25TCL Group MTN001B (Sci-Tech Innovation Notes)	102580146.IB	January 8, 2025	January 10, 2025	January 10, 2030	100,000.00	2.60%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2025 Mid-Term Notes of TCL Technology Group Corporation (Phase I) (Sci-Tech Innovation Notes) (Type 1)	25TCL Group MTN001A (Sci-Tech Innovation Notes)	102580145.IB	January 8, 2025	January 10, 2025	January 10, 2028	100,000.00	2.00%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2023 Mid-Term Notes of TCL Technology Group Corporation (Phase I) (Sci-Tech Innovation Notes)	23TCL Group MTN001 (Sci-Tech Innovation Notes)	102380151.IB	February 3, 2023	February 7, 2023	February 7, 2026	150,000.00	4.10%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
Investor eligibility (if any)			Mid-term notes are issued to institutional investors in the national interbank bond market (excluding those prohibited from purchasing by national laws and regulations)						
Applicable trading mechanism			Negotiated transaction, request for quote, and click-to-trade						
Risk of termination of listing and trading (if any) and countermeasures			No						

Overdue bonds

Applicable Not applicable

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

Applicable Not applicable

3. Intermediary institutions

Name of bond project	Name of intermediary institution	Office address	Name of signing accountants	Contact of intermediary institution	Tel.
102582064.IB, 102580146.IB, 102580145.IB	Shanghai Pudong Development Bank Co., Ltd.	8th Floor, SPD Bank Building, No. 909 Expo Avenue, Pudong New Area, Shanghai	-	Li Yansun	021-31884090
102380151.IB	Agricultural Bank of China	No. 69 Jianguomennei Avenue, Dongcheng District, Beijing	-	Liu Zhaoying	010-85109688
102582064.IB, 102580146.IB, 102580145.IB	Industrial and Commercial Bank of China Limited	No.55, Fuxingmennei Avenue, Xicheng District, Beijing	-	Wu Siyi	010-81012556
102582064.IB	China CITIC Bank Corporation Limited	Floors 6-30 and 32-42, Building 1, No. 10 Guanghua Road, Chaoyang District, Beijing	-	Zhang Yao	010-66635950
102582064.IB	Bank of China Limited	No.1, Fuxingmennei Avenue, Xicheng District, Beijing	-	Zhang Shun	010-66595482
102582064.IB, 102380151.IB	China Construction Bank Corporation	No. 25, Finance Avenue, Xicheng District, Beijing	-	Zhou Peng	010-67596478
102580146.IB, 102580145.IB	Industrial Bank Co., Ltd.	Industrial Bank Building, No. 398 Middle Jiangbin Avenue, Taijiang District, Fuzhou City, Fujian Province	-	Li Keyan, Zhao Zhao	0755-82989325, 0755-82989122
102582064.IB, 102580146.IB, 102580145.IB, 102380151.IB	Beijing Jia Yuan Law Offices	F408, Yuanyang Building, 158 Fuxingmen Inner Avenue, Beijing	-	Wen Liangjuan, Wu Junchao	0755-82789766
102582064.IB, 102580146.IB, 102580145.IB, 102380151.IB	Da Hua Certified Public Accountants (Special General Partnership)	Room 1101, Building 7, No. 16 Xi Si Huan Zhong Road, Haidian District, Beijing	Jiang Xianmin, Xiong Xin	Jiang Xianmin, Xiong Xin	010-58350087
102582064.IB	RSM China (LLP)	Suite 1001-1 to 1001-26, 10th floor, Building 1, No. 22 Fuchengmenwai St, Xicheng Dist.,	Chen Zefeng, Chen Zhihao	Chen Zefeng, Chen Zhihao	0592-2528456

		Beijing, China			
102582064.IB, 102580146.IB, 102580145.IB, 102380151.IB	China Chengxin International Credit Rating Co., Ltd.	Building 5, Galaxy SOHO, No. 2 Nanzhugan Hutong, Chaoyangmen Inner Avenue, Dongcheng District, Beijing	-	Yang Rui, Wang Du	010-66428877

Whether the above organizations were changed during the Reporting Period

Yes No

4. Use of the Capital Raised

Unit: RMB'0,000

Name of bond project	Total amount of raised funds	Agreed purpose of raised funds	Used Amount	Unused Amount	Operation of special fund-raising account (if any)	Rectification of illegal use of raised funds (if any)	Whether consistent with the purpose, usage plan and other agreements promised in the prospectus
25TCL Group MTN002 (Sci-Tech Innovation Bonds)	100,000.00	All for the repayment of loans from financial institutions	100,000.00	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
25TCL Group MTN001B (Sci-Tech Innovation Notes)	100,000.00	All for the redemption of the issuer's 2022 First Phase Medium-Term Notes	100,000.00	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
25TCL Group MTN001A (Sci-Tech Innovation Notes)	100,000.00	All for the redemption of the issuer's 2022 First Phase Medium-Term Notes	100,000.00	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent
23TCL Group MTN001 (Sci-Tech Innovation Notes)	150,000.00	All for the repayment of working capital loans and replenishment of working capital	150,000.00	0	Set up a fund-raising account to ensure that the funds raised are earmarked for special purposes	None	Consistent

The raised funds were used for construction projects

Applicable Not applicable

The Company changed the usage of above funds raised from bonds during the Reporting Period

Applicable Not applicable

5. Adjustments of credit rating results during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

IV. Convertible Corporate Bonds

Applicable Not applicable

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

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

Applicable Not applicable

VI. Overdue Interest-Bearing Debts other than Bonds at Period End

Applicable Not applicable

VII. Any Violation of Rules and Regulations during the Reporting Period

Yes No

VIII. Key Accounting Data and Financial Indicators of the Company for the Past Two Years as at the End of the Reporting Period

Unit: RMB'0,000

Item	End of the Reporting Period	December 31, 2024	Change
Current ratio	0.97	0.86	12.79%
Debt/asset ratio	64.23%	64.92%	-0.69%
Quick ratio	0.68	0.61	11.48%
	2025	2024	Change
Net profits attributable to the company's shareholders after non-recurring gains and losses	289,688	29,836	870.95%
Debt-to-EBITDA ratio	16.18%	12.85%	3.32%
Interest coverage ratio	1.04	0.18	477.78%
Cash interest coverage ratio	9.47	6.45	46.96%

EBITDA coverage ratio	7.42	5.78	28.37%
Debt repayment ratio	100%	100%	0.00
Interest repayment ratio	100%	100%	0.00

Note: The YoY increase in net profit attributable to shareholders of the company after non-recurring gains and losses, interest coverage ratio, and cash coverage ratio was primarily due to the improvement in performance during the Reporting Period.

Auditor's Report

RCSZ [2026] No. 518Z0753

To all the shareholders of TCL Technology Group Corporation:

I. Opinion

We have audited the financial statements of TCL Technology Group (hereinafter referred to as "TCL TECH."), which include the consolidated and parent company's balance sheets as at December 31, 2025, the consolidated and parent company's statements on income for the year 2025, the statements on cash flows and statements on changes in shareholders' equity for the year then ended, as well as the notes to these financial statements.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the consolidated and parent company's financial position of TCL TECH. as at December 31, 2025, and the consolidated and parent company's operational results and cash flows for the year 2025, in accordance with the Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audits in accordance with the Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section in the auditor's report. In accordance with the Code of Ethics for Chinese Certified Public Accountants and the Independence Standards for Chinese Certified Public Accountants, we are independent of TCL TECH. and have complied with the provisions of the Independence Standards applicable to the audit of financial statements of public interest entities, and have fulfilled our other responsibilities with respect to professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(I) Revenue Recognition	
Please refer to the accounting policies as stated in 29 "Revenue Recognition Principles and Measurement Methods" under Note III to the financial statements and 60 "Operation Revenue and Operating Cost" under Note V to the financial statements.	
Key Audit Matters	Audit response
<p>The Company's operating revenue in the current period, compared with that of RMB 164.8 billion in the previous period, accounts for approximately RMB 184.1 billion, increasing by 11.67%. As operating revenue is a key performance indicator for the Company, there is an inherent risk that the management may manipulate the timing of revenue recognition to meet specific targets or expectations. Given the material impact of current-period revenue recognition on the financial statements, we have identified this as a key audit matter.</p>	<p>The important audit procedures we carried out in respect to revenue recognition include:</p> <ul style="list-style-type: none"> ● to understand and assess whether the management's design and operation of key internal controls in respect to revenue recognition are effective; ● to understand and assess whether the management's selection and implementation of the policies related to revenue recognition complied with the Accounting Standards for Business Enterprises; ● to select samples of recorded transactions with revenue for the year and examine relevant supporting documents involved during the transaction process, including outbound delivery orders, customer receipt records, sale invoices, customs declarations, bills of lading, and fund receipt proofs; ● to select samples of the recorded transactions with revenue around the balance sheet date and examined outbound delivery orders and other supporting documents to assess whether the revenue has been recorded for the appropriate accounting period; ● to obtain the Company's sales list for the year and go through the analytic review procedures on the operating revenue so as to determine how reasonable changes in the revenue and gross profit margin for the current period were; ● to conduct confirmation procedures with key accounts and inquire about the sales amount and the account receivable balance incurred for the current period; and ● to examine whether the information in connection with revenue was duly presented and disclosed in the financial statements.
Based on the audit work executed, we believe that the Company's recognition of revenue complies with relevant requirements of the Accounting Standards for Business Enterprises.	

III. Key Audit Matters (Continued)

(II) Measurement of fixed assets and construction in progress	
Please refer to the accounting policies as stated in 19 "Fixed Assets" and 20 "Construction in Progress" under Note III to the financial statements and 20 "Fixed Assets" and 21 "Construction in Progress" under Note V to the consolidated financial statements.	
Key Audit Matters	Audit response
<p>As of December 31, 2025, the total amount of fixed assets and construction in progress in the Company's consolidated statements was RMB 181.2 billion, accounting for 48.61% of the total assets. The fixed assets and construction in progress mainly included machinery, equipment, and buildings used for display products, new energy photovoltaic products, and other silicon materials. Matters such as the recognition of assets meeting capitalization criteria, the timing of transferring construction-in-progress to fixed assets and commencing depreciation, as well as determining the useful lives and residual values of relevant fixed assets, all involve significant management judgments. As such, we have identified the measurement of fixed assets and construction-in-progress as a key audit matter.</p>	<p>The important audit procedures we carried out in respect to the measurement of fixed assets and construction in progress include:</p> <ul style="list-style-type: none"> ● to understand and evaluate the effectiveness of the design of internal controls related to fixed assets and construction in progress, and test the effectiveness of the implementation of key controls; ● to obtain a list of new assets in the current period, and carry out a spot check of procurement contracts, payment documents, invoices, and acceptance slips for large-value assets; ● to obtain the new settlement statements for construction in the current period, examine them against the amounts recorded in the books, and review the accuracy and completeness of the entries; ● to discuss with the management and judge the accuracy of the point in time when the construction in progress is transferred to fixed assets and the reasonableness of the expected useful life of fixed assets; ● to inspect the construction-in-progress site as the balance sheet date approaches, assess the work progress, and verify it against the book entries; ● to obtain the ownership certificate of fixed assets and the company inventory sheet, and conduct on-site checks of important assets; ● to obtain the statement of depreciation provision for fixed assets and recalculate whether the depreciation has been provisioned accurately; and ● to examine whether the information in connection with fixed assets and construction in progress has been duly presented and disclosed in the financial statements.
Based on the audit work executed, we believe that the Company measured the fixed assets and construction in progress in accordance with relevant requirements of the Accounting Standards for Business Enterprises.	

III. Key Audit Matters (Continued)

(III) Related-party Transactions	
Please refer to "XI. Related Parties and Related Transactions" under the notes to the financial statements.	
Key Audit Matters	Audit response
<p>The Company's daily related party transactions in 2025, compared with that of RMB 36.2 billion in previous period, account for approximately RMB 40.3 billion, increasing by 11.46%.</p> <p>The integrity of the disclosure of related parties and related transactions, the authenticity of related transactions, and the fairness of transaction prices will pose an important impact on the fair presentation of the financial statements. Therefore, we identify the related balance and transactions as key matters in this audit.</p>	<p>The important audit procedures we carried out in respect to related transactions include:</p> <ul style="list-style-type: none"> ● to examine and evaluate the internal controls adopted by management for identifying and disclosing the relationships between related parties and related transactions, and review the effectiveness of the design and implementation of the internal controls; ● to obtain management representations regarding the completeness of related party relationships and transactions, and secure the list of related party relationships provided by the management, then verify it against information obtained from other public sources; ● to examine the customers, suppliers, and other stakeholders that deal with the Company to identify whether there are any omissions for the related parties. to acquire the resolutions of the board of directors and the general meeting in connection with related transactions, examine the decision-making authority and procedures of the related transactions, judge the legality and compliance of the related transactions, and determine whether they have been properly authorized and approved; ● to compare the prices for selling goods to the related parties with those of similar products sold to unrelated parties to determine the fairness of the prices of related transactions; and ● to acquire the incurred amount and balance details of related transactions, and examine the financial vouchers corresponding to the transactions and the attached contracts or orders, dispatch notes, statements, invoices and bank documents for the selected specific samples; and conduct confirmation procedures for the incurred amounts and balances of the related transactions with important related parties.
Based on the audit work we've fulfilled, we believe that the completeness of the disclosure of related-party relationships by the management, the authenticity of related-party transactions, and the fairness of transaction prices are reasonable.	

IV. Other Information

TCL TECH.'s management (hereinafter referred to as the "management") is responsible for the other information. Other information includes the information covered in the Company's Annual Report 2025, but excludes the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information, and we do not express any form of assurance or conclusions thereon.

As part of our audit of the financial statements, we are required to read the other information and consider whether it is materially inconsistent with the financial statements or our audit findings, or whether it otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement for other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of Management and Those Charged with Governance for Financial Statements

The management is responsible for the preparation of the financial statements that provide a fair view in accordance with the Accounting Standards for Business Enterprises, and for designing, implementing, and maintaining such internal controls as the management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing TCL TECH.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concerns and using the going concerns as a basis of accounting unless the management either intends to liquidate TCL TECH. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing TCL TECH.'s financial reporting process.

VI. Auditor's Responsibilities for Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that states our opinions. Reasonable assurance is

a high level of assurance, but it does not guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when one exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also conduct the following works:

1. We identify and assess the risks of material misstatement in the financial statements due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient appropriate audit evidence to provide a basis for our audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the overriding of internal controls.

2. We obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate to the circumstances.

3. We evaluate the appropriateness of accounting policies used and determine how reasonable accounting estimates and related disclosures made by the management are.

4. We conclude the appropriateness of the management's use of the going concern assumption of accounting. Meanwhile, based on the audit evidence obtained, we draw a conclusion on whether a material uncertainty exists related to events or conditions that may cast significant doubt on TCL TECH.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require us to draw users' attention to the related disclosures in the financial statements through our audit report. Where such disclosures are inadequate, we are required to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause TCL TECH. to cease to continue as a going concern.

5. We evaluate the overall presentation, structure, and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that maintains fair presentation.

6. We obtain sufficient and appropriate audit evidence regarding the financial

information of the entities or business activities within the TCL TECH. to express an opinion on the financial statements. We are responsible for directing, supervising, and performing the Company audits and undertaking full responsibility for audit opinions.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal controls that we identify during our audit.

We also provide the governance body with a declaration regarding compliance with ethical requirements related to independence, and communicate all relationships and other matters that could reasonably be considered to affect our independence—along with any applicable safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and these therefore constitute the key audit matters. We describe these matters in our auditor's report unless prohibited by law or regulation from making such public disclosures, or in exceptional circumstances, we conclude that reporting a matter would result in consequences so adverse that they would reasonably outweigh the public interest benefits of disclosure.

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RSM China
(LLP)

Chinese Certified Public Accountant: _____
Chen Zefeng (Partner)

Chinese Certified Public Accountant: _____
Xiao Mengying

Beijing·China

Chinese Certified Public Accountant: _____
Chen Zhihao

March 26, 2026

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

	Note V	December 31, 2025	December 31, 2024
Current assets			
Cash and cash equivalents	1	30,460,060	23,007,773
Held-for-trading financial assets	2	14,473,193	16,560,971
Derivative financial assets	3	78,957	172,489
Notes receivable	4	480,225	189,853
Accounts receivable	5	22,153,003	22,242,153
Receivables financing	6	625,789	831,407
Prepayments	7	1,909,444	2,090,492
Other receivables	8	3,500,623	4,723,140
Inventories	9	18,370,708	17,594,133
Contract assets	10	385,576	395,117
Held-for-sale assets	11	363,065	-
Non-current assets due within one year	12	1,564,945	849,706
Other current assets	13	8,411,624	6,716,209
Total current assets		<u>102,777,212</u>	<u>95,373,443</u>
Non-current assets			
Debt investments	14	578,159	147,272
Long-term receivables	15	120,628	443,741
Long-term equity investments	16	23,349,193	24,595,634
Investments in other equity instruments	17	356,456	387,851
Other non-current financial assets	18	3,172,659	2,225,200
Investment properties	19	401,873	612,734
Fixed assets	20	165,003,156	170,512,009
Construction in progress	21	16,176,848	23,580,503
Right-of-use assets	22	6,189,174	6,697,688
Intangible assets	23	18,467,310	18,117,467
Development expenditures	24	1,204,955	1,831,444
Goodwill	25	11,409,749	11,159,705
Long-term deferred expenses	26	2,282,883	2,163,457
Deferred income tax assets	27	2,936,332	2,486,427
Other non-current assets	28	18,311,727	17,917,341
Total non-current assets		<u>269,961,102</u>	<u>282,878,473</u>
Total assets		<u>372,738,314</u>	<u>378,251,916</u>

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

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

Liabilities and shareholders' equity	Note V	December 31, 2025	December 31, 2024
Current liabilities			
Short-term borrowings	30	7,552,523	8,193,283
Borrowings from the Central Bank	31	29,756	600,926
Customer deposits and deposits from other banks and financial institutions	32	364,714	177,654
Held-for-trading financial liabilities	33	235,717	232,406
Derivative financial liabilities	34	50,435	248,845
Notes payable	35	6,465,600	7,107,842
Accounts payable	36	32,251,944	29,347,615
Advances from customers	37	6,823	2,689
Contract liabilities	38	2,009,842	1,969,271
Employee compensation payable	39	4,966,488	4,188,237
Taxes and levies payable	40	1,238,334	1,206,098
Other payables	41	17,715,638	20,072,069
Held-for-sale liabilities	42	71,510	-
Non-current liabilities due within one year	43	30,909,784	36,224,483
Other current liabilities	44	1,662,144	1,484,915
Total current liabilities		105,531,252	111,056,333
Non-current liabilities			
Long-term borrowings	45	116,139,349	116,815,131
Bonds payable	46	7,981,874	6,488,620
Lease liabilities	47	4,148,598	6,334,786
Long-term payables	48	1,388,759	1,994,812
Long-term employee compensation payable	39	21,605	22,424
Deferred income	49	2,151,176	1,014,891
Deferred income tax liabilities	27	1,775,607	1,544,449
Estimated liabilities	50	231,480	249,218
Other non-current liabilities	51	25,635	27,508
Total non-current liabilities		133,864,083	134,491,839
Total liabilities		239,395,335	245,548,172
Share capital	52	20,800,862	18,779,081
Capital reserves	53	14,155,725	10,553,081
Less: Treasury share	54	1,503,652	919,322
Other comprehensive income	55	(1,042,359)	(740,459)
Surplus reserves	56	4,096,815	3,974,386
Specific reserves	57	5,598	7,189
General risk reserve	58	8,934	8,934
Retained earnings	59	24,910,834	21,504,719
Total equity attributable to shareholders of the parent company		61,432,757	53,167,609
Non-controlling interests		71,910,222	79,536,135
Total shareholders' equity		133,342,979	132,703,744
Total liabilities and shareholders' equity		372,738,314	378,251,916

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

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

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

	Note V	2025	2024
I. Total revenue		184,210,915	164,962,838
Including: Operating revenue	60	184,063,391	164,822,833
Interest income	61	147,524	140,005
Less: Operating cost	60	159,857,487	145,722,436
Interest expenditures	61	13,055	22,073
Taxes and levies	62	1,274,802	1,048,971
Sales expenses	63	2,403,614	2,054,073
Administrative expenses	64	4,601,265	4,446,290
R&D expenses	65	11,144,742	9,433,287
Financial expenses	66	4,769,706	4,179,270
Including: Interest expenses		4,952,205	5,052,071
Interest income		626,161	687,992
Add: Other income	67	2,447,242	1,953,415
Return on investment	68	2,522,300	1,399,540
Including: Return on investment in joint ventures and associates		1,720,847	436,920
Exchange gain	61	898	(362)
Gain on changes in fair value	69	988,618	479,854
Credit impairment loss	70	(76,606)	1,409
Asset impairment loss	71	(5,543,446)	(6,026,734)
Asset disposal income	72	3,125	38,468
II. Operating profit		488,375	(4,097,972)
Add: Non-operating income	73	114,401	291,558
Less: Non-operating expenses	74	168,131	147,391
III. Gross profit		434,645	(3,953,805)
Less: Income tax expense	75	220,798	202,337
IV. Net profits		213,847	(4,156,142)
(I) Classification by business continuity			
1. Net profits from continuing operations		213,847	(4,156,142)
2. Net profits from discontinued operations		-	-
(II) Classification by ownership			
1. Net profits attributable to shareholders of the Company		4,516,782	1,564,112
2. Net profit attributable to non-controlling interests		(4,302,935)	(5,720,254)
V. Other comprehensive income, net of tax	55	(306,511)	182,693
(I) Other comprehensive income that cannot be subsequently reclassified into profit or loss		(181,244)	259,224
(II) Other comprehensive income that may subsequently be reclassified into profit or loss upon satisfaction of prescribed conditions		(125,267)	(76,531)
VI. Total comprehensive income		(92,664)	(3,973,449)
Total comprehensive income attributable to the shareholders of the parent company		4,214,882	1,769,451
Total comprehensive income attributable to non-controlling interests		(4,307,546)	(5,742,900)
VII. Earnings per share:	76		
(I) Basic earnings per share (RMB yuan)		0.2333	0.0842
(II) Diluted earnings per share (RMB yuan)		0.2301	0.0833

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

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

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

	Note V	2025	2024
I. Net cash generated from operating activities:			
Proceeds from the sale of commodities and rendering of services		204,302,634	169,223,957
Net increase/(decrease) in deposits from customers, banks, and other financial institutions		185,015	(93,192)
Net increase/(decrease) in borrowings from the Central Bank		(568,600)	(394,269)
Cash received from interest, handling charge and commission		144,936	139,471
Tax and levy rebates		5,611,198	5,175,168
Cash generated from other operating activities	77	<u>12,004,168</u>	<u>9,568,245</u>
Sub-total of cash generated from operating activities		<u>221,679,351</u>	<u>183,619,380</u>
Payments for commodities and services		(143,307,703)	(121,798,739)
Net (increase)/decrease in loans and advances to customers		401,071	468,915
Net (increase)/decrease in deposits with the Central Bank, banks, and other financial institutions		(82,917)	62,182
Cash paid for interest, service charges and commissions		(19,742)	-
Cash paid to and for employees		(13,883,896)	(12,211,408)
Taxes and levies paid		(5,397,620)	(4,500,413)
Cash used in other operating activities	78	<u>(15,366,846)</u>	<u>(16,113,346)</u>
Sub-total of cash used in operating activities		<u>(177,657,653)</u>	<u>(154,092,809)</u>
Net cash generated from operating activities	83	<u>44,021,698</u>	<u>29,526,571</u>
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		115,977,942	81,620,356
Proceeds from return on investments		3,374,014	3,367,135
Net proceeds from disposal of fixed assets, intangible assets, and other long-term assets		161,106	316,320
Net proceeds from disposal of subsidiaries and other business units		-	35,197
Cash generated from other investing activities	79	<u>680,220</u>	<u>825,135</u>
Sub-total of cash generated from investment activities		<u>120,193,282</u>	<u>86,164,143</u>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(16,278,407)	(23,692,323)
Payments for investments		(117,324,904)	(87,916,550)
Net payments for acquiring subsidiaries and other business units	83	(6,366,180)	(4,447)
Cash used in other investing activities	80	<u>(477,950)</u>	<u>(1,232,830)</u>
Subtotal of cash used in investing activities		<u>(140,447,441)</u>	<u>(112,846,150)</u>
Net cash used in investing activities		<u>(20,254,159)</u>	<u>(26,682,007)</u>

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

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

	Note V	2025	2024
III. Cash flow generated from financing activities:			
Capital contributions received		15,615,589	99,635
Including: Capital contributions by non-controlling interests to subsidiaries		11,317,763	99,635
Borrowings raised		81,469,456	71,661,298
Cash received from bond issue		7,240,000	5,000,000
Cash generated from other financing activities	81	<u>572,729</u>	<u>1,032,222</u>
Sub-total of cash generated from financing activities		<u>104,897,774</u>	<u>77,793,155</u>
Cash paid for debt repayment		(100,687,164)	(69,624,231)
Cash paid for distribution of dividends and profits or the repayment of interests		(6,140,420)	(7,922,416)
Including: Dividend and Profit paid by subsidiaries to non-controlling shareholders		(64,615)	(1,039,878)
Cash used in other financing activities	82	<u>(16,318,269)</u>	<u>(2,252,450)</u>
Subtotal of cash used in financing activities		<u>(123,145,853)</u>	<u>(79,799,097)</u>
Net cash generated from financing activities		<u>(18,248,079)</u>	<u>(2,005,942)</u>
IV. Effect of exchange rate changes on cash and cash equivalents		<u>185,088</u>	<u>25,818</u>
V. Net increase in cash and cash equivalents		5,704,548	864,440
Add: Beginning balance of cash and cash equivalents		<u>20,861,255</u>	<u>19,996,815</u>
VI. Ending balance of cash and cash equivalents	84	<u>26,565,803</u>	<u>20,861,255</u>

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

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

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

2025

	Equity attributable to shareholders of the parent company									Total shareholders' equity
	Share capital	Capital reserves	Treasury share	Specific reserves	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Non-controlling interests	
I. Balance at the end of the prior year	18,779,081	10,553,081	(919,322)	7,189	(740,459)	3,974,386	8,934	21,504,719	79,536,135	132,703,744
Add: Change in accounting policies	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the current period	18,779,081	10,553,081	(919,322)	7,189	(740,459)	3,974,386	8,934	21,504,719	79,536,135	132,703,744
III. Movement of the current period	2,021,781	3,602,644	(584,330)	(1,591)	(301,900)	122,429	-	3,406,115	(7,625,913)	639,235
(I) Total comprehensive income	-	-	-	-	(301,869)	-	-	4,516,782	(4,307,546)	(92,633)
(II) Capital contributed and reduced by shareholders	2,021,781	4,612,245	(584,330)	-	-	-	-	-	(3,205,859)	2,843,837
1. Capital contributed by shareholders	2,021,781	6,638,908	(800,000)	-	-	-	-	-	11,302,415	19,163,104
2. Share-based payments included in owners' equity	-	187,471	215,670	-	-	-	-	-	99,190	502,331
3. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-	-	-
4. Others	-	(2,214,134)	-	-	-	-	-	-	(14,607,464)	(16,821,598)
(III) Profit distribution	-	-	-	-	-	122,429	-	(1,110,698)	(104,030)	(1,092,299)
1. Appropriation of surplus reserves	-	-	-	-	-	122,429	-	(122,429)	-	-
2. Appropriation to shareholders	-	-	-	-	-	-	-	(988,269)	(104,030)	(1,092,299)
3. Others	-	-	-	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	-	-	-	-	(31)	-	-	31	-	-
1. Transfer of capital reserve to capital (or share capital)	-	-	-	-	-	-	-	-	-	-
2. Other comprehensive income transferred to retained earnings	-	-	-	-	(31)	-	-	31	-	-
(V) Specific reserves	-	-	-	(1,591)	-	-	-	-	(8,478)	(10,069)
1. Accrued in the period	-	-	-	12,929	-	-	-	-	25,498	38,427
2. Specific reserves used in the current period	-	-	-	(14,520)	-	-	-	-	(33,976)	(48,496)
(VI) Others	-	(1,009,601)	-	-	-	-	-	-	-	(1,009,601)
IV. Balance as at the end of the current period	20,800,862	14,155,725	(1,503,652)	5,598	(1,042,359)	4,096,815	8,934	24,910,834	71,910,222	133,342,979

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

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

Assets	Note XVI	December 31, 2025	December 31, 2024
Current assets			
Cash and cash equivalents		4,414,482	1,551,692
Held-for-trading financial assets		8,909,440	11,703,700
Accounts receivable	1	209,196	185,239
Prepayments		23,168	17,740
Other receivables	2	9,613,847	9,910,856
Other current assets		23,485	22,518
Total current assets		23,193,618	23,391,745
Non-current assets			
Long-term equity investments	3	95,318,595	81,062,401
Other non-current financial assets	4	398,546	723,543
Investment properties		69,999	73,683
Fixed assets		42,829	35,361
Construction in progress		100,922	23,410
Right-of-use assets		407,196	423,543
Intangible assets		72,133	84,043
Long-term deferred expenses		19,886	26,603
Deferred income tax assets		-	7
Other non-current assets		1,583,068	2,600,666
Total non-current assets		98,013,174	85,053,260
Total assets		121,206,792	108,445,005

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

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

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

Liabilities and shareholders' equity	Note XVI	December 31, 2025	December 31, 2024
Current liabilities			
Short-term borrowings		400,177	780,798
Derivative financial liabilities		-	1,764
Accounts payable		23,967	24,762
Contract liabilities		95	-
Employee compensation payable		224,501	178,592
Taxes and levies payable		28,093	10,056
Other payables		26,164,087	19,252,413
Non-current liabilities due within one		7,667,893	10,912,982
Other current liabilities		8,099	9,071
Total current liabilities		34,516,912	31,170,438
Non-current liabilities			
Long-term borrowings		16,046,784	15,289,799
Bonds payable		7,981,874	6,488,620
Lease liabilities		9,250	16,485
Long-term payables		-	-
Long-term employee compensation		18,570	19,191
Deferred income		16,382	55,985
Total non-current liabilities		24,072,860	21,870,080
Total liabilities		58,589,772	53,040,518
Shareholders' equity			
Share capital		20,800,862	18,779,081
Capital reserves		22,142,686	16,332,255
Less: Treasury share		1,503,652	919,322
Other comprehensive income		(103,971)	167,402
Surplus reserves		3,894,751	3,772,322
Retained earnings		17,386,344	17,272,749
Total shareholders' equity		62,617,020	55,404,487
Total liabilities and shareholders' equity		121,206,792	108,445,005

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

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

	Note XVI	2025	2024
I. Operating revenue	5	571,707	946,361
Less: Operating cost	5	238,728	608,274
Taxes and levies		19,488	7,883
Sales expenses		29,705	32,263
Administrative expenses		482,108	344,822
R&D expenses		92,909	136,815
Financial expenses		1,083,057	1,140,654
Including: Interest expenses		1,417,145	1,583,369
Interest income		307,425	346,977
Add: Other income		50,764	2,630
Return on investment	6	2,212,053	2,018,248
Including: Return on investment in joint ventures and associates	6	1,687,010	1,237,987
Gain on changes in fair value		309,650	315,367
Credit impairment loss		(5,757)	(385)
Asset disposal income		22	9
II. Operating profit		1,192,444	1,011,519
Add: Non-operating income		44,783	151
Less: Non-operating expenses		12,934	7,863
III. Gross profit		1,224,293	1,003,807
Less: Income tax expenses		-	-
IV. Net profits		1,224,293	1,003,807
V. Other comprehensive income		(271,373)	309,458
VI. Total comprehensive income		952,920	1,313,265

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

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

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

	Note XVI	2025	2024
I. Net cash generated from operating activities:			
Proceeds from the sale of commodities and rendering of services		483,817	1,054,182
Tax and levy rebates		-	1,427
Cash generated from other operating activities		5,806,539	4,090,375
		<u>6,290,356</u>	<u>5,145,984</u>
Sub-total of cash generated from operating activities		6,290,356	5,145,984
Payments for commodities and services		(58,266)	(726,833)
Cash paid to and for employees		(173,374)	(182,118)
Taxes and levies paid		(32,923)	(99,611)
Cash used in other operating activities		(2,736,538)	(1,042,966)
		<u>(3,001,101)</u>	<u>(2,051,528)</u>
Sub-total of cash used in operating activities		(3,001,101)	(2,051,528)
Net cash generated from operating activities		<u>3,289,255</u>	<u>3,094,456</u>
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		58,646,593	39,330,086
Proceeds from return on investments		1,618,621	2,252,665
Net proceeds from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Cash generated from other investing activities		2,843,455	-
		<u>63,108,669</u>	<u>41,582,751</u>
Sub-total of cash generated from investment activities		63,108,669	41,582,751
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(95,875)	(33,465)
Payments for investments		(64,500,528)	(40,360,868)
Cash used in other investing activities		(1,789)	-
		<u>(64,598,192)</u>	<u>(40,394,333)</u>
Subtotal of cash used in investing activities		(64,598,192)	(40,394,333)
Net cash (used in) from investing activities		<u>(1,489,523)</u>	<u>1,188,418</u>

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

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

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

	Note XVI	2025	2024
III. Cash flow generated from financing activities:			
Capital contributions received		4,297,826	-
Borrowings raised		21,506,010	14,913,000
Cash received from bond issue		7,240,000	5,000,000
Cash generated from other financing activities		2,087,113	425,625
		<u>35,130,949</u>	<u>20,338,625</u>
Sub-total of cash generated from financing activities		35,130,949	20,338,625
Cash paid for debt repayment		(30,033,585)	(21,623,200)
Cash paid for distribution of dividends and profits or repayment of interests		(1,980,684)	(2,669,516)
Cash used in other financing activities		(2,069,287)	(1,463,593)
		<u>(34,083,556)</u>	<u>(25,756,309)</u>
Subtotal of cash used in financing activities		(34,083,556)	(25,756,309)
Net cash generated from financing activities		<u>1,047,393</u>	<u>(5,417,684)</u>
IV. Effect of exchange rate changes on cash and cash equivalents			
		(1,612)	763
V. Net increase in cash and cash equivalents			
		2,845,513	(1,134,047)
Add: Beginning balance of cash and cash equivalents		1,508,068	2,642,115
VI. Ending balance of cash and cash equivalents			
		<u>4,353,581</u>	<u>1,508,068</u>

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

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

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

	2025						
	Share capital	Capital reserves	Treasury share	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
I. Balance at the end of the prior year	18,779,081	16,332,255	(919,322)	167,402	3,772,322	17,272,749	55,404,487
Add: Change in accounting policies	-	-	-	-	-	-	-
II. Balance at the beginning of the current period	18,779,081	16,332,255	(919,322)	167,402	3,772,322	17,272,749	55,404,487
III. Movement of the current period	2,021,781	5,810,431	(584,330)	(271,373)	122,429	113,595	7,212,533
(I) Total comprehensive income	-	-	-	(271,373)	-	1,224,293	952,920
(II) Capital contributed and reduced by shareholders	2,021,781	6,855,044	(584,330)	-	-	-	8,292,495
1. Capital contributed by owners	2,021,781	6,638,908	(800,000)	-	-	-	7,860,689
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	216,136	215,670	-	-	-	431,806
4. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	122,429	(1,110,698)	(988,269)
1. Appropriation of surplus reserves	-	-	-	-	122,429	(122,429)	-
2. Appropriation to shareholders	-	-	-	-	-	(988,269)	(988,269)
3. Others	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital (or share capital)	-	-	-	-	-	-	-
(V) Others	-	(1,044,613)	-	-	-	-	(1,044,613)
IV. Balance as at the end of the current period	20,800,862	22,142,686	(1,503,652)	(103,971)	3,894,751	17,386,344	62,617,020

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

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

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

	2024						
	Share capital	Capital reserves	Treasury share	Other comprehensive income	Surplus reserves	Retained earnings	Total shareholders' equity
I. Balance at the end of the prior year	18,779,081	16,127,030	(1,094,943)	(142,055)	3,671,942	17,871,649	55,212,704
Add: Change in accounting policies	-	-	-	-	-	-	-
II. Balance at the beginning of the current period	<u>18,779,081</u>	<u>16,127,030</u>	<u>(1,094,943)</u>	<u>(142,055)</u>	<u>3,671,942</u>	<u>17,871,649</u>	<u>55,212,704</u>
III. Movement of the current period	-	205,225	175,621	309,457	100,380	(598,900)	191,783
(I) Total comprehensive income	-	-	-	309,457	-	1,003,807	1,313,264
(II) Capital contributed and reduced by shareholders	-	208,766	175,621	-	-	-	384,387
1. Capital contributed by owners	-	-	-	-	-	-	-
2. Capital contributed by holders of other equity instruments	-	-	-	-	-	-	-
3. Share-based payments included in owners' equity	-	208,766	175,621	-	-	-	384,387
4. Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-
5. Others	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	100,380	(1,602,707)	(1,502,327)
1. Appropriation of surplus reserves	-	-	-	-	100,380	(100,380)	-
2. Appropriation to shareholders	-	-	-	-	-	(1,502,327)	(1,502,327)
3. Others	-	-	-	-	-	-	-
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-
1. Transfer of capital reserve to capital (or share capital)	-	-	-	-	-	-	-
(V) Others	-	(3,541)	-	-	-	-	(3,541)
IV. Balance as at the end of the current period	<u>18,779,081</u>	<u>16,332,255</u>	<u>(919,322)</u>	<u>167,402</u>	<u>3,772,322</u>	<u>17,272,749</u>	<u>55,404,487</u>

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

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

I Corporate Information

TCL Technology Group Corporation (hereinafter referred to as "the Company") is a limited liability company established in Huizhou on July 17, 1997. It was changed to a limited liability company as a whole in 2002 and was listed on the Shenzhen Stock Exchange in January 2004. Through years of new share placements, private placements, capital conversion, share option exercises, and share repurchases and cancellations, the registered capital and share capital of the Company were RMB 20,800,862,447 as of December 31, 2025.

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

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

Approval and issue: These financial statements were authorized for issue by the Company's Board of Directors on March 26, 2026.

II Basis for the Preparation of Financial Statements

1 Basis for the preparation

The Company prepares its financial statements on a going concern basis. The recognition and measurement of items are based on actual transactions and events, in accordance with the Accounting Standards for Business Enterprises and their application guidelines and interpretations. In addition, the Company discloses relevant financial information in compliance with the *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 — General Provisions on Financial Reports (2023 Revision)* issued by the China Securities Regulatory Commission (CSRC).

2 Going concern basis

The Company has assessed its ability to continue as a going concern for the 12 months from the end of the Reporting Period and has not identified any matters that would affect its ability to continue as a going concern. Therefore, it is reasonable for the Company to prepare the financial statements on a going concern basis.

III Significant accounting policies and accounting estimates

The following significant accounting policies and accounting estimates of the Company are formulated in accordance with the Accounting Standards for Business Enterprises. The business not mentioned shall be implemented in accordance with the relevant accounting policies in the Accounting Standards for Business Enterprises.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

1 Statement of compliance with Accounting Standards for Business Enterprises

The financial statements prepared by the Company comply with the Accounting Standards for Business Enterprises, and present truly and completely the financial position, operating results, changes in owners' equity, and cash flows of the Company for the Reporting Period.

2 Accounting period

The Company's accounting year is from January 1 to December 31 of the Gregorian calendar.

3 Operations cycle

The Company's normal operating cycle is one year.

4 Functional currency for bookkeeping

The functional currency of the Company is Renminbi. The functional currency of its overseas subsidiaries is the currency of the primary economic environment in which they operate. Unless otherwise stated, the amounts in these financial statements are presented in thousands of Renminbi (RMB'000).

5 Method and selection basis for determining importance criteria

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

III Significant accounting policies and accounting estimates (continued)

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

(1) Business combinations involving enterprises under common control

Assets and liabilities acquired by the Company in a business combination are measured at their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. If the accounting policies and accounting periods adopted by the combinee differ from those of the Company prior to the business combination, adjustments are made to the carrying amounts of the combinee's assets and liabilities based on the principle of materiality to align with the Company's accounting policies and accounting periods. In a business combination, if there is a difference between the carrying amount of the net assets acquired and the carrying amount of the consideration paid, the capital reserve (specifically capital premium or share premium) is adjusted first. If the balance of the capital reserve is insufficient to absorb the difference, any excess is adjusted against surplus reserve and undistributed profits sequentially.

For the accounting treatment of business combinations under common control achieved through step-by-step transactions, please refer to Note III. 7(5).

(2) Business combination not under common control

The identifiable assets and liabilities of the acquiree acquired in a business combination are measured at fair value at the acquisition date. If the accounting policies or accounting periods adopted by the acquiree differ from those of the Company, adjustments are made to the carrying amounts of the acquiree's assets and liabilities based on the principle of materiality to align with the Company's accounting policies and accounting periods. At the acquisition date, any excess of the cost of the business combination over the net fair value of the acquiree's identifiable assets and liabilities acquired in the combination is recognized as goodwill. If the cost of the combination is less than the net fair value of the acquiree's identifiable assets and liabilities acquired, a reassessment is first conducted on the cost of the combination and the fair values of the acquiree's identifiable assets and liabilities acquired. If, after the reassessment, the cost of the combination remains less than the fair value of the acquiree's identifiable assets and liabilities acquired, the difference is recognized immediately in profit or loss for the current period.

For the accounting treatment of business combinations not under common control achieved through step-by-step transactions, please refer to Note III. 7(5).

(3) Treatment of Transaction Costs in Business Combinations

Intermediary fees for audits, legal services, appraisal and consulting services, and other related administrative expenses incurred for the purpose of a business combination are recognized in profit or loss in the period in which they are incurred. Transaction costs for the issue of equity or debt securities as combination consideration are included in the initial recognition amount of the equity or debt securities.

III Significant accounting policies and accounting estimates (continued)

7 Methods for judging control and preparing consolidated financial statements

(1) Criteria for determining control

Control means that the Company has the power over the investee, enjoys variable returns through participation in the relevant activities of the investee, and has the ability to use its power over the investee to influence the amount of its returns. The definition of control comprises three essential elements: (1) the investor has the power over the investee; (2) the investor has rights to variable returns from its involvement with the investee; and (3) the investor has the ability to use its power over the investee to influence the amount of the investor's returns. When the three elements described above are met with respect to the Company's investment in an investee, the investee is considered to be controlled by the Company.

The scope of consolidation is determined on the basis of control. It includes not only subsidiaries determined by voting rights (or similar rights) alone or in combination with other arrangements, but also structured entities established based on one or more contractual arrangements.

A subsidiary is an entity (including an enterprise, a separable portion of an investee, and a structured entity controlled by the Company) that is controlled by the Company. A structured entity is an entity that is designed so that voting rights or similar rights are not the determining factor in deciding who controls the entity (note: sometimes referred to as a special purpose entity).

(2) Methods for preparing consolidated financial statements

The Company prepares the consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information.

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

① Combine the assets, liabilities, equity, income, expenses, and cash flows of the parent company with those of its subsidiaries.

② Eliminate the carrying amount of the parent company's long-term equity investments in subsidiaries against the parent company's portion of equity of each subsidiary.

③ Eliminate the effects of intragroup transactions between the parent company and its subsidiaries, as well as among subsidiaries. If an intragroup transaction indicates an impairment loss on the related assets, such loss is recognized in full.

④ Adjust special transactions from the perspective of the Group as a whole.

(3) Treatment of Changes in Subsidiaries During the Reporting Period

① Addition of Subsidiaries or Businesses

A. Subsidiaries or businesses acquired through business combinations involving enterprises under common control

III Significant accounting policies and accounting estimates (continued)

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

(3) Changes in Subsidiaries During the Reporting Period (Continued)

(a) In the preparation of the consolidated balance sheet, the opening balances and the relevant items in the comparative financial statements are adjusted, as if the reporting entity after the combination had existed since the time point when the ultimate controlling party obtained control.

(b) In the preparation of the consolidated income statement, the income, expenses, and profits of the subsidiary or business from the beginning of the period in which the combination occurred to the end of the reporting period are included in the consolidated income statement. The related items of the comparative financial statements are adjusted, as if the reporting entity after the combination had been in existence since the date when the ultimate controlling party obtained control.

(c) In the preparation of the consolidated cash flow statement, cash flows of the subsidiary or business from the beginning of the period of combination to the end of the Reporting Period are included in the consolidated cash flow statement, and the relevant items of the comparative statements are adjusted, as if the reporting entity after the combination had been in existence since the date when the ultimate controlling party obtained control.

B. Subsidiaries or business acquired through business combinations not under common control

(a) In the preparation of the consolidated balance sheet, no adjustment is made to the opening balances of the consolidated balance sheet.

(b) In the preparation of the consolidated income statement, the income, expenses, and profits of the subsidiary or business from the acquisition date to the end of the Reporting Period are included in the consolidated income statement.

(c) In the preparation of the consolidated cash flow statement, cash flows of the subsidiary from the acquisition date to the end of the Reporting Period are included.

② Disposal of subsidiaries or business

A. In the preparation of the consolidated balance sheet, no adjustment is made to the opening balances of the consolidated balance sheet.

B. In the preparation of the consolidated income statement, the income, expenses, and profits of the subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated income statement.

C. In the preparation of the consolidated cash flow statement, cash flows of the subsidiary or business from the beginning of the period to the date of disposal are included in the consolidated cash flow statement.

III Significant accounting policies and accounting estimates (continued)

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

(4) Special Considerations in Consolidation Elimination

① If a subsidiary holds long-term equity investments in the Company, such investments are treated as treasury shares of the Company and listed as a deduction from equity under the line item "Less: Treasury shares" in the consolidated balance sheet.

For long-term equity investments held among subsidiaries, the investments are eliminated against the corresponding share of the subsidiary's equity in the same manner as the elimination of the Company's investments in its subsidiaries.

② The items "Special reserves" and "General risk reserves" are neither paid-in capital (or share capital) and capital reserves, nor to retained earnings and undistributed profits. After the elimination of long-term equity investments against the equity of subsidiaries, these reserves are reinstated to the extent of the share attributable to the owners of the parent company.

③ If the elimination of unrealized profits or losses from intragroup sales results in temporary differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in the respective tax entities, deferred income tax assets or deferred tax liabilities are recognized in the consolidated balance sheet with a corresponding adjustment made to income tax expense in the consolidated income statement, except for deferred tax arising from transactions or events recognized directly in equity or from business combinations.

④ Unrealized intragroup gains or losses arising from the sale of assets by the Company to its subsidiaries are eliminated in full against "Net profit attributable to owners of the parent company". Unrealized intragroup transaction gains or losses arising from the sale of assets by a subsidiary to the Company are allocated and eliminated between "Net profit attributable to owners of the parent company" and "Net profit attributable to non-controlling interests" in proportion to the Company's interest in such subsidiary. Unrealized intragroup transaction gains or losses arising from the sale of assets between subsidiaries are allocated and eliminated between "Net profit attributable to owners of the parent company" and "Net profit attributable to non-controlling interests" in proportion to the Company's interest in the selling subsidiary.

⑤ If the current losses attributable to the non-controlling shareholders of a subsidiary exceed their interest in the equity of the subsidiary, the excess shall still be charged to the non-controlling interests.

- III Significant accounting policies and accounting estimates (continued)
- 7 Methods for judging control and preparing consolidated financial statements (continued)
- (5) Accounting Treatment of Special Transactions
 - ① Acquisition of Non-controlling Interests

When acquiring equity interests in a subsidiary from non-controlling shareholders, the Company measures the cost of the newly acquired long-term equity investment in its separate financial statements at the fair value of the consideration paid. In the consolidated financial statements, the difference between the cost of the long-term equity investment acquired through the purchase of non-controlling interests and the share of the subsidiary's net assets attributable to the additional interest (calculated continuously from the date of acquisition or combination) shall be adjusted against capital reserve (share premium). If the capital reserve is insufficient to absorb the difference, the excess shall be charged against surplus reserve and retained earnings in sequence.

② Obtaining Control of a Subsidiary through Step-by-Step Transactions

A. Business Combinations under Common Control Achieved Through Step-by-Step Transactions

On the date of combination, in the separate financial statements, the Company shall determine the initial investment cost of the long-term equity investment based on its post-combination share of the carrying amount of the subsidiary's net assets as reflected in the ultimate controlling party's consolidated financial statements. The difference between this initial investment cost and the sum of (i) the carrying amount of the long-term equity investment held prior to the combination and (ii) the carrying amount of the new consideration paid for additional shares on the date of combination shall be adjusted against capital reserve (share premium). If the capital reserve is insufficient to absorb the difference, the excess shall be charged against surplus reserve and retained earnings in sequence.

In the consolidated financial statements, the assets and liabilities of the acquiree acquired in the combination are measured at their carrying amounts as reflected in the ultimate controlling party's consolidated financial statements at the combination date, except for adjustments arising from differences in accounting policies or accounting periods. The difference between the carrying amount of the net assets acquired in the combination and the sum of the carrying amount of the investment held prior to the combination and the carrying amount of the new consideration paid on the combination date is adjusted against capital reserve (share premium). If the capital reserve is insufficient to absorb the adjustment, the excess is adjusted against retained earnings.

For the equity investment held before obtaining control over the acquiree, relevant gains and losses, other comprehensive income, and other changes in equity recognized between the later of the date of obtaining the original equity or the date when the acquiring party and the acquired party are under common control and the date of combination, shall be deducted from the beginning retained earnings or the profits and losses of the comparative statement period.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

- III Significant accounting policies and accounting estimates (continued)
- 7 Methods for judging control and preparing consolidated financial statements (continued)
- (5) Accounting Treatment of Special Transactions (Continued)

B. Business Combinations not under Common Control Achieved Through Step-by-Step Transactions

On the acquisition date, in the separate financial statements, the initial investment cost of the long-term equity investment is the sum of the carrying amount of the previously held long-term equity investment and the cost of the new investment made on the acquisition date.

In the consolidated financial statements, the equity interest in the acquiree held prior to the acquisition date shall be remeasured at its fair value on the acquisition date. If the previously held equity interest is designated as a financial asset at fair value through other comprehensive income (FVTOCI), the difference between its fair value and carrying amount is recognized in retained earnings, and the cumulative fair value changes previously recognized in other comprehensive income relating to that equity interest are transferred to retained earnings. If the previously held equity interest is a financial asset at fair value through profit or loss (FVTPL) or a long-term equity investment accounted for using the equity method, the difference between its fair value and carrying amount is recognized in investment income for the current period. If the previously held equity interest involves other comprehensive income and other changes in owners' equity (other than net profit or loss, other comprehensive income, and profit distribution) under the equity method, the related other comprehensive income is accounted for on the acquisition date on the same basis as would be required if the investee had directly disposed of the related assets or liabilities, and the related other changes in owners' equity are transferred to investment income for the period in which the acquisition date falls.

③ The Company's Disposal of Long-term Equity Investment in a Subsidiary Without Loss of Control

The difference between the disposal proceeds from the partial disposal of a long-term equity investment in a subsidiary without losing control and the share, corresponding to the long-term equity investment disposed of, in the net assets of the subsidiary calculated continuously from the acquisition date or combination date shall be adjusted against capital reserve (share premium) in the consolidated financial statements. If the capital reserve is insufficient to absorb the adjustment, the remaining amount is adjusted against retained earnings.

④ The Company's Disposal of Long-term Equity Investment in a Subsidiary with Loss of Control

A. A single transaction

In the preparation of consolidated financial statements, when the Company loses control over the investee due to the disposal of part of the equity investment or other reasons, the excess is re-measured at its fair value as of the date of loss of control. The difference between the sum of the consideration from the disposal and the fair value of the remaining equity, and the sum of the share of the original subsidiary's net assets calculated on a continuous basis based on the original shareholding ratio since the date of acquisition or combination and goodwill, is recognized as investment income in the current period when control is lost.

Other comprehensive income related to the equity investment in the former subsidiary shall be accounted for on the same basis as would be required if the relevant assets or liabilities had been disposed of directly at the time control is lost. Other changes in owner's equity under the equity method related to the former subsidiary are transferred to profit or loss for the current period upon the loss of control.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

- III Significant accounting policies and accounting estimates (continued)
- 7 Methods for judging control and preparing consolidated financial statements (continued)
- (5) Accounting Treatment of Special Transactions (Continued)

B. Disposal Through Step-by-Step Transactions

In the consolidated financial statements, it is first be determined whether the step-by-step transactions constitute a "package transaction".

If the step-by-step transactions do not constitute a "package transaction", in the separate financial statements, for each transaction prior to the loss of control over the subsidiary, the carrying amount of the long-term equity investment corresponding to the equity interest disposed of is derecognized, and the difference between the consideration received and the carrying amount of the long-term equity investment disposed of is recognized in investment income for the current period. In the consolidated financial statements, such transactions are accounted for in accordance with the relevant provisions regarding "The Company's Disposal of Long-term Equity Investment in a Subsidiary Without Loss of Control".

If the step-by-step transactions constitute a package transaction, the transactions are accounted for as a single transaction of disposing of a subsidiary resulting in a loss of control. In the separate financial statements, the difference between the consideration received and the carrying amount of the long-term equity investment corresponding to the disposed equity interest for each transaction prior to the loss of control is initially recognized in other comprehensive income, and then transferred to profit or loss for the period in which control is lost. In the consolidated financial statements, for each transaction prior to the loss of control, the difference between the disposal consideration and the parent's share of the subsidiary's net assets corresponding to the disposed investment is recognized in other comprehensive income, and then transferred to profit or loss for the period in which control is lost.

When the terms, conditions, and economic influence of transactions conform to one or more of the following, multiple transactions are usually treated as a package transaction for accounting purposes:

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

⑤ Dilution of Parent Company's Equity Interest due to Capital Increase by Non-controlling Shareholders of a Subsidiary

Other shareholders (non-controlling shareholders) of a subsidiary make capital injections into the subsidiary, thereby diluting the parent company's equity interest in the subsidiary. In the consolidated financial statements, the difference between parent company's share of the subsidiary's net assets calculated based on its equity interest before the capital injection and the parent company's share of the subsidiary's net assets calculated based on its equity interest after the capital injection, is adjusted against capital reserve (capital premium or share premium). If the capital reserve is insufficient to absorb the adjustment, the excess is adjusted against retained earnings.

III Significant accounting policies and accounting estimates (continued)

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

A joint arrangement is an arrangement of which two or more parties have joint control. The Company classifies its joint arrangements into joint operations and joint ventures.

(1) Joint operation

A joint operation is a joint arrangement whereby the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement.

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

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

(2) Joint venture

A joint venture is a joint arrangement whereby the Company has rights only to the net assets of the arrangement.

The Company accounts for its investments in joint ventures in accordance with the provisions regarding the equity method for long-term equity investments.

III Significant accounting policies and accounting estimates (continued)

9 Criteria for determining cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They generally have a maturity of three months or less from the date of acquisition.

10 Foreign currency business and translation of foreign currency statements

(1) Determination of exchange rates for foreign currency transactions

Foreign currency transactions are initially translated into the functional currency at the spot exchange rate on the date of the transaction, or an exchange rate that approximates the spot exchange rate and is determined using a systematic and reasonable method (hereinafter referred to as the "approximate spot exchange rate").

(2) Translation of foreign currency monetary items at the balance sheet date

At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at that date. Exchange differences arising from the difference between the spot exchange rate at the balance sheet date and the spot exchange rate at the initial recognition or the previous balance sheet date are recognized in profit or loss for the current period. Foreign currency non-monetary items measured at historical cost are translated at the spot exchange rate on the date of the transaction. For inventories measured at the lower of cost and net realizable value, where the inventories are purchased in foreign currency and their net realizable value at the balance sheet date is denominated in foreign currency, the net realizable value is translated into the functional currency using the spot exchange rate on the balance sheet date and then compared with the cost of inventories denominated in the functional currency, to determine the carrying amount of such inventories. Foreign currency non-monetary items measured at fair value are translated at the spot exchange rate at the date when the fair value was determined. For financial assets measured at fair value through profit or loss, the resulting exchange differences are recognized in profit or loss. For non-trading equity instrument investments designated as measured at fair value through other comprehensive income, the resulting exchange differences are recognized in other comprehensive income.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

10 Foreign currency business and translation of foreign currency statements (continued)

(3) Translation of foreign currency financial statements

Prior to translating the financial statements of a foreign operation, the accounting period and accounting policies of the foreign operation are adjusted to align with those of the Company. Then, financial statements in the corresponding currency (a currency other than the functional currency) are then prepared based on the adjusted accounting policies and accounting period. Thereafter, the financial statements of the foreign operation are then translated using the following methods:

① The assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date. The owner's equity items, except for the "Retained earnings" item, are translated at the spot exchange rate at the time of occurrence of the items.

② Income and expense items in the income statement are translated at the spot exchange rates at the dates of the transactions or an approximate spot exchange rate.

③ Foreign currency cash flows and the cash flows of foreign subsidiaries are translated at the spot exchange rates at the dates of the cash flows or at an exchange rate that approximates the spot exchange rate. The effect of exchange rate changes on cash is presented separately in the statement of cash flows as a reconciling item.

④ In the preparation of consolidated financial statements, the resulting foreign currency translation differences are presented under the item "Other comprehensive income" within the owners' equity section of the consolidated balance sheet.

Upon the disposal of a foreign operation and loss of control, the foreign currency translation differences relating to that foreign operation presented within the owners' equity section of the balance sheet are transferred to profit or loss for the current period, either in full or in proportion to the disposal of that foreign operation.

11 Financial instruments

Financial instruments are contracts that form a financial asset of one party and a financial liability or equity instrument of another party.

(1) Recognition and derecognition of financial instruments

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

Financial assets are derecognized if any of the following conditions is met:

- ① The contractual right to receive cash flow from the financial asset is terminated;
- ② The financial asset has been transferred and satisfies the criteria for derecognition of financial assets described below.

If the current obligation of a financial liability (or part thereof) has been discharged, such financial liability (or part thereof) is derecognized. If the Company (as the borrower) enters into an agreement with a lender to replace an original financial liability with a new one, and the terms of the new liability are substantially different from those of the original, the original liability shall be derecognized and a new liability recognized. If the Company makes substantial modifications to the contractual terms of an existing financial liability (or a part thereof), the existing financial liability is derecognized and a new financial liability is recognized in accordance with the modified terms.

Regular way purchases and sales of financial assets are recognized and derecognized on the trade date. A regular way purchase or sale of financial assets is a purchase or sale of financial assets that requires delivery of the assets within the timeframe established by regulations or market conventions in accordance with the terms of the contract. The trade date is the date on which the Company commits to purchase or sell the financial asset.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(2) Classification and measurement of financial assets

Upon initial recognition, based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets, financial assets are classified into three categories: financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, and financial assets measured at fair value through other comprehensive income. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, transaction expenses are directly recognized in the current profit and loss. For other financial assets, transaction expenses are included in the initial recognition amount. For notes receivable and accounts receivable arising from the sale of goods or provision of services that do not contain or involve a significant financing component, the Company initially measures them at the transaction price as defined by the revenue standard.

Subsequent measurement of financial assets depends on their classification:

① Financial assets are measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to the cash flows are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, amortization using the effective interest method, or impairment are all recognized in profit or loss for the current period.

② Financial assets are measured at fair value through other comprehensive income

A financial asset is classified as a financial asset measured at fair value through other comprehensive income if it meets both of the following conditions: The business model of the Company for managing the financial asset is to collect contractual cash flows and to sell the financial asset; and the contractual terms of the financial asset require that, on specified dates, the cash flows are solely payments of principal and interest on the principal amount outstanding. Such financial assets are subsequently measured at fair value. Except for impairment losses or gains and exchange differences recognized in profit or loss for the current period, changes in the fair value of such financial assets are recognized in other comprehensive income. Upon derecognition of the financial asset, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss for the current period. However, interest income related to such financial assets calculated using the effective interest method is recognized in profit or loss for the current period.

The Company irrevocably designates certain non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income, recognizes only the related dividend income in profit or loss for the current period, and recognizes changes in fair value in other comprehensive income. Upon derecognition of the financial asset, its accumulated gains or losses are reclassified to retained earnings.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

③ Financial assets are measured at fair value through profit or loss

All financial assets other than those measured at amortized cost or at fair value through other comprehensive income are classified as measured at fair value through profit or loss. For such financial assets, the Company measures them at fair value subsequently, and recognizes all changes in fair value in profit or loss for the current period.

(3) Classification and measurement of financial liabilities

The Company classifies financial liabilities into: financial liabilities measured at fair value through profit or loss, loan commitments at below-market interest rates and financial guarantee contract liabilities, and financial liabilities measured at amortized cost.

Subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value through profit or loss

Such financial liabilities include held-for-trading financial liabilities (including derivatives falling under financial liabilities) and financial liabilities designated as financial liabilities measured at fair value through profit or loss. After initial recognition, such financial liabilities are subsequently measured at fair value. Unless they are part of a hedging relationship, gains or losses arising therefrom (including interest expenses) are recognized in profit or loss for the current period. However, for financial liabilities designated by the Company as measured at fair value through profit or loss, the amount of changes in the fair value of the financial liability that is attributable to changes in the Company's own credit risk of that liability is recognized in other comprehensive income. When such financial liabilities are derecognized, the cumulative gains or losses previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

② Loan commitments and financial guarantee contract liabilities

A loan commitment is a commitment made by the Company to provide a loan to a customer under specified terms and conditions during the commitment period. Provision for impairment losses on loan commitments is recognized based on the expected credit loss model.

Financial guarantee contracts refer to contracts that require the Company to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument. Financial guarantee contracts are subsequently measured at the higher of: the amount of the loss allowance determined in accordance with the impairment principles for financial instruments, and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of revenue recognition.

③ Financial liabilities measured at amortized cost

After initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

Except in special circumstances, financial liabilities and equity instruments are distinguished according to the following principles:

① If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability. Some financial instruments may not explicitly contain terms and conditions imposing an obligation to deliver cash or another financial asset, but may indirectly establish such an obligation through other terms and conditions.

② If a financial instrument must or may be settled in the Company's own equity instruments, consideration is given to whether the Company's own equity instruments used for settlement are provided as a substitute for cash or another financial asset, or to provide the holder with a residual interest in the assets of the issuer after deducting all liabilities. If it is the former, the instrument is a financial liability of the issuer; if it is the latter, the instrument is an equity instrument of the issuer. In certain cases, a financial instrument contract stipulates that the Company must or may settle the financial instrument using its own equity instruments, and the amount of the contractual right or obligation equals the number of own equity instruments to be received or delivered multiplied by their fair value at settlement. In such cases, regardless of whether the amount of such contractual right or obligation is fixed, or varies in whole or in part based on changes in variables other than the market price of the Company's own equity instruments (for example, interest rates, prices of certain commodities, or prices of financial instruments), the contract is classified as a financial liability.

(4) Derivative financial instruments and embedded derivatives

Derivative financial instruments are initially measured at fair value on the date the derivative contract is entered into, and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are recognized directly in profit or loss for the current period, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For hybrid instruments containing embedded derivatives, if the host contract is a financial asset, the hybrid instrument as a whole is subject to the relevant provisions on the classification of financial assets. If the host contract is not a financial asset and the hybrid instrument is not accounted for at fair value through profit or loss, the embedded derivative shall be separated from the hybrid instrument and accounted for as a separate derivative financial instrument, provided that the embedded derivative is not closely related to the host contract in terms of economic characteristics and risks, and a separate instrument with the same terms would meet the definition of a derivative. If the fair value of the embedded derivative cannot be separately measured at the acquisition date or at a subsequent balance sheet date, the entire hybrid instrument is designated as a financial asset or financial liability at fair value through profit or loss.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(5) Impairment of financial instruments

The Company recognizes loss allowances based on expected credit losses for financial assets measured at amortized cost, debt investments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments, and financial guarantee contracts, etc.

① Measurement of expected credit losses

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

Lifetime expected credit losses refer to the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses refer to the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within 12 months after the balance sheet date (or a shorter period if the expected life of the financial instrument is less than 12 months).

At each balance sheet date, the Company measures the expected credit losses for financial instruments in different stages separately. If the credit risk on a financial instrument has not increased significantly since initial recognition, it is classified as Stage 1, and the Company measures the loss allowance at an amount equal to 12-month expected credit losses; if the credit risk has increased significantly since initial recognition the financial instrument is not credit-impaired, it is classified as Stage 2, and the Company measures the loss allowance at the amount equal to lifetime expected credit losses; if the financial instrument has become credit-impaired since initial recognition, it is classified as Stage 3, and the Company measures the loss allowance at the amount equal to lifetime expected credit losses.

For financial instruments that have low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since initial recognition, and measures the loss allowance at an amount equal to 12-month expected credit losses.

For financial instruments in Stage 1 and Stage 2, as well as those with low credit risk, the Company calculates interest income by applying the effective interest rate to their gross carrying amount. For financial instruments in Stage 3, the Company calculates interest income by applying the effective interest rate to their amortized cost (i.e., gross carrying amount less loss allowance).

For notes receivable, accounts receivable, receivables financing, and contract assets, regardless of whether they contain a significant financing component exists, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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Notes to the Financial Statements for the Year 2025
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III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(5) Impairment of financial instruments (continued)

A. Receivables/Contract assets

For notes receivable, accounts receivable, other receivables, receivables financing, contract assets, and long-term receivables that have objective evidence of impairment or are otherwise subject to individual assessment, the Company performs impairment testing on an individual basis, recognizes expected credit losses, and recognizes an individual loss allowance. For notes receivable, accounts receivable, other receivables, receivables financing, contract assets, and long-term receivables that do not have objective evidence of impairment, or when expected credit loss information for a single financial asset cannot be assessed without undue cost or effort, the Company classifies such receivables into several groups based on credit risk characteristics and calculates expected credit losses on a collective basis.

B. Debt investments and other debt investments

For debt investments and other debt investments, the Company calculates expected credit losses based on the nature of the investments, the various types of counterparties and risk exposures, and by using the exposure at default and the 12-month or lifetime expected credit loss rate.

② Having low credit risk

The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong capacity to fulfill its contractual cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

③ Significant increase in credit risk

To assess whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the probability of a default occurring over the expected life determined at the balance sheet date with that determined at initial recognition, so as to determine the relative change in the probability of a default occurring over the expected life of the financial instrument. In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:

A. Whether internal price indicators reflecting changes in credit risk have changed significantly;

B. Whether adverse changes in business, financial, or economic conditions are expected to cause a significant change in the debtor's ability to meet its repayment obligations;

C. Whether the debtor's operating results have actually or expectedly changed significantly; whether the regulatory, economic, or technological environment in which the debtor operates has changed significantly and adversely;

D. Whether the value of collateral pledged for the debt or the quality of third-party guarantees or credit enhancements has changed significantly. Whether these changes are expected to reduce the debtor's economic incentive to make repayments as contractually scheduled or affect the probability of default;

E. Whether there are significant changes in the economic incentives that are expected to reduce the debtor's willingness to make repayments as contractually scheduled;

F. Expected changes to loan agreements, including whether anticipated covenant breaches may result in the waiver or modification of contractual obligations, the granting of interest-free periods, interest rate step-ups, requirements for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument;

G. Whether the debtor's expected performance and repayment behavior have changed significantly;

H. Whether contract payments are overdue for more than (including) 30 days.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(5) Impairment of financial instruments (continued)

Based on the nature of the financial instruments, the Company assesses whether credit risk has increased significantly on an individual financial instrument basis or on a collective basis. When assessing on a collective basis, the Company may group financial instruments based on shared credit risk characteristics, such as past due status and credit risk ratings.

Generally, if an instrument is more than 30 days past due, the Company determines that the credit risk on the financial instrument has increased significantly. Unless the Company has reasonable and supportable information that is available without undue cost or effort, demonstrating that the credit risk has not increased significantly since initial recognition even though the contractual payments are more than 30 days past due.

④ Financial assets with depreciation of credit

At the balance sheet date, the Company assesses whether financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income are credit-impaired. If one or more events have adverse effects on the expected future cash flow of a financial asset, the financial asset will become a financial asset that has suffered credit impairment. The following observable information can be regarded as evidence of credit impairment of financial assets:

The issuer or debtor is experiencing significant financial difficulty; the debtor is in breach of contract, such as default or delinquency in interest or principal payments; the creditor, for economic or contractual reasons relating to the debtor's financial difficulty, grants the debtor a concession that the creditor would not otherwise consider; the debtor is likely to become bankrupt or undergo other financial reorganization; the active market for the financial asset disappears due to financial difficulties of the issuer or debtor; a financial asset is purchased or originated at a deep discount that reflects incurred credit losses.

⑤ Presentation of expected credit loss allowance

To reflect changes in the credit risk of a financial instrument since initial recognition, the Company remeasures expected credit losses at each balance sheet date. The resulting increase or reversal of the loss allowance is recognized in profit or loss for the current period as impairment loss or gain. For financial assets measured at amortized cost, the loss allowance reduces against the carrying amount of the financial asset presented in the balance sheet. For debt investments measured at fair value through other comprehensive income, the Company recognizes the loss allowance in other comprehensive income and does not reduce the carrying amount of the financial asset.

⑥ Write-off

If the Company cannot reasonably expect the contract cash flow of the financial asset to be fully or partially recovered, the book balance of the gross amount will be written off directly. This write-off constitutes the derecognition of relevant financial assets. This situation typically occurs when the Company determines that the debtor has no assets or sources of income that could generate sufficient cash flows to repay the amount to be written off.

If a financial asset that has been written off is subsequently recovered, the recovery is recognized in profit or loss in the period of recovery as a reversal of impairment losses.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(6) Transfer of financial assets

A transfer of financial assets occurs in either of the following two situations:

A. Transferring the contractual right to receive the cash flows of the financial asset to another party;

B. Transferring the financial asset in its entirety or in part to another party, while retaining the contractual right to receive the cash flows of the financial asset and assuming a contractual obligation to pay the cash flows received to one or more recipients.

① Derecognition of the transferred financial asset

If the Company has transferred substantially all the risks and rewards of ownership of the financial asset to the transferee, or if it has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset, the financial asset is derecognized.

In determining whether control of the transferred financial asset has been retained, the Company considers the transferee's practical ability to sell the asset. If the transferee has the practical ability to sell the transferred financial asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, then the Company has not retained control of the financial asset.

In assessing whether a transfer of financial assets satisfies the conditions for derecognition of financial assets, the Company focuses on the economic substance of the transfer.

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

A. The carrying amount of the transferred financial asset;

B. The sum of the consideration received for the transfer and the cumulative amount of changes in fair value previously recognized directly in other comprehensive income that corresponds to the derecognized portion (applicable where the transferred financial asset is one classified as measured at fair value through other comprehensive income pursuant to Article 18 of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*).

If a financial asset is partially transferred and the transferred part meets the conditions for derecognition, the entire carrying amount of the financial asset shall be allocated between the derecognized portion and the continuing recognized portion (in this case, the retained servicing asset shall be regarded as part of the continuing recognized financial asset) based on their respective relative fair values on the transfer date, and the difference between the following two amounts shall be recognized in profit or loss for the current period:

A. The carrying amount of the derecognized portion on the derecognition date;

B. The sum of the consideration for the derecognized portion and the amount of the cumulative fair value changes previously recognized in other comprehensive income that corresponds to the derecognized portion (applicable where the transferred financial asset is one classified as measured at fair value through other comprehensive income pursuant to Article 18 of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*).

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(6) Transfer of financial assets (continued)

② Continuing involvement in the transferred financial asset

If the Company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not relinquished control over the financial asset, it shall recognize the relevant financial asset to the extent of its continuing involvement in the transferred financial asset, and shall correspondingly recognize the relevant liability.

The extent that it continues to be involved in the transferred financial asset refers to the extent to which the Company bears the risks or rewards of changes in the value of the transferred financial asset.

③ Continuing recognition of the transferred financial asset

If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, it shall continue to recognize the transferred financial asset in its entirety and recognize the consideration received as a financial liability.

The financial asset and the related financial liability recognized shall not be offset against each other. In subsequent accounting periods, the Company shall continue to recognize any income (or gain) arising on the transferred financial asset and any expense (or loss) incurred on the associated financial liability.

(7) Offsetting of Financial Assets and Financial Liabilities

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

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

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

For a transfer of a financial asset that does not meet the derecognition criteria, the transferor shall not offset the transferred financial asset and the related liability.

(8) Determination of fair value of financial instruments

The fair value determination methods for financial assets and financial liabilities are set out in Note III. 12.

III Significant accounting policies and accounting estimates (continued)

12 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company measures the fair value of a relevant asset or liability using the price in the principal market for the asset or liability, or in the absence of a principal market, the Company measures the fair value of the relevant asset or liability using the price in the most advantageous market. The Company uses assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The principal market is the market with the greatest volume and level of activity for the relevant asset or liability. The most advantageous market is the market that maximizes the amount that would be received to sell the relevant asset or minimizes the amount that would be paid to transfer the relevant liability, after taking into account transaction costs and transport costs.

For financial assets or financial liabilities with an active market, the Company uses quoted prices in the active market to determine their fair value. For financial assets or financial liabilities without an active market, the Company uses valuation techniques to determine their fair value.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use, or by selling it to another market participant that would use the asset in its highest and best use.

① Valuation techniques

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available. The valuation techniques used mainly include the market approach, the income approach, and the cost approach. The Company measures fair value using methods consistent with one or more of these valuation techniques. Where multiple valuation techniques are used to measure fair value, the Company considers the reasonableness of each valuation result and selects the amount that best represents fair value under current circumstances as the fair value.

In the application of valuation techniques, the Company prioritizes the use of relevant observable inputs and uses unobservable inputs only when relevant observable inputs cannot be obtained or it is impracticable to obtain them. Observable inputs are inputs that are developed using market data. These inputs reflect the assumptions that market participants would use when pricing the relevant asset or liability. Unobservable inputs are inputs for which market data are not available. These inputs are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

② Fair value hierarchy

The Company categorizes the inputs used in fair value measurement into three levels, and prioritizes the use of Level 1 inputs, then Level 2 inputs, and lastly Level 3 inputs. Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date. Level 2 inputs are inputs other than Level 1 inputs that are observable for the relevant asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the relevant asset or liability.

III Significant accounting policies and accounting estimates (continued)

13 Inventories

(1) Classification of inventories

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

(2) Valuation method for inventories shipped in transit

Inventories are shipped in transit by the weighted average method.

(3) Inventory system

The Company maintains a perpetual inventory system for its inventories and conducts physical inventory counts at least once a year. Inventory overages and shortages are charged to profit or loss for the current year.

(4) Recognition criteria and provisioning method for inventory impairment

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories exceeds their net realizable value, a provision for decline in value of inventories is made and recognized in profit or loss for the current period.

In determining the net realizable value of inventories, the assessment is based on reliable evidence available, taking into account factors such as the purpose for which the inventories are held and the effects of events after the balance sheet date.

① For inventories such as finished goods, commodities, and materials for sale that are directly held for sale, their net realizable value is determined, in the ordinary course of business, as the estimated selling price of such inventories less the estimated costs necessary to make the sale and relevant taxes and charges. For inventories held for the purpose of performing sales contracts or service contracts, the contract price is used as the basis for measuring their net realizable value. If the quantity of inventories held exceeds the quantity ordered under the sales contract, the net realizable value of the portion in excess is measured based on general selling prices. For materials for sale, etc., market prices are used as the basis for measuring their net realizable value.

② For material inventories that require further processing, their net realizable value is determined, in the ordinary course of business, as the estimated selling price of the finished goods produced less the estimated costs to completion, the estimated costs necessary to make the sale and relevant taxes and charges. If the net realizable value of the finished goods produced using such materials is higher than their cost, such materials are measured at cost. If a decline in material prices indicates that the net realizable value of the finished goods is lower than their cost, such materials are measured at net realizable value, and a provision for inventory impairment is made for the difference.

③ The Company generally makes provision for inventory impairment on an item-by-item basis. For inventories with numerous quantities and low unit prices, the provision is made on a category basis.

(5) Amortization method of turnover materials

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

III Significant accounting policies and accounting estimates (continued)

14 Contract Assets and Contract Liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between the Company's performance and the customer's payment. The Company presents as contract assets the consideration it has the right to charge for goods transferred or services rendered to customers (where such right is conditional on something other than the passage of time). The Company presents as contract liabilities its obligation to transfer goods or render services to customers for consideration received or receivable.

For the determination method and accounting treatment of expected credit losses on contract assets, please refer to Note III. 11.

Contract assets and contract liabilities are presented separately in the balance sheet. Contract assets and contract liabilities under the same contract are presented on a net basis. If the net balance is a debit balance, it is presented under "Contract assets" or "Other non-current assets" depending on its liquidity. Where the net balance is a credit balance, it is presented under "Contract liabilities" or "Other non-current liabilities" depending on its liquidity. Contract assets and contract liabilities under different contracts are not offset against each other.

III Significant accounting policies and accounting estimates (continued)

15 Contract costs

Contract costs are classified into costs to fulfill a contract and costs to obtain a contract.

Costs incurred by the Company in fulfilling a contract are recognized as an asset (contract performance costs) only when all of the following conditions are met:

- ① The cost is directly related to a current or predicted contract, including the direct labor, direct material, and manufacturing expenses (or similar expenses), the cost borne by the customer, and other costs resulting from the contract.
- ② The cost increases the resources of the Company that will be used to fulfill performance obligations in the future.
- ③ The cost is expected to be recovered.

If the incremental cost resulting from the Company's acquisition of the contract is predicted to be recovered, it shall be recognized as an asset as the contract acquisition cost.

Assets recognized for contract costs are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. However, if the amortization period of the costs to obtain a contract is one year or less, the Company recognizes them in profit or loss when incurred.

The Company recognizes an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the difference between the following two items, and further considers whether a provision for an onerous contract should be recognized:

- ① The remaining consideration expected to be received from the transfer of the goods or services to which the asset relates; and
- ② The costs estimated to be incurred in transferring the related goods or services.

If the impairment loss on the above assets is subsequently reversed, the carrying amount of the asset after reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset at the date of reversal.

Contract fulfillment costs recognized as assets are presented under "Inventories" if the amortization period at initial recognition does not exceed one year or one normal operating cycle, and under "Other non-current assets" if the amortization period at initial recognition exceeds one year or one normal operating cycle.

Assets recognized for costs to obtain a contract are presented under "Other current assets" if the amortization period at initial recognition does not exceed one year or one normal operating cycle, and under "Other non-current assets" if the amortization period at initial recognition exceeds one year or one normal operating cycle.

III Significant accounting policies and accounting estimates (continued)

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

(1) Classification of non-current assets or disposal groups held for sale

The Company classifies a non-current asset or a disposal group as held for sale only if it meets all of the following conditions:

- ① They can be sold immediately under the current status according to the practice of selling such assets or disposal groups in similar transactions;
- ② The sale is highly probable, meaning that the Company has made a resolution on a disposal plan and obtained a firm purchase commitment, and the sale is expected to be completed within one year. If relevant regulations require approval from the Company's relevant authority or regulatory bodies before disposal, such approval has been obtained.

When the Company acquires a non-current asset or disposal group exclusively with its view to subsequent disposal, it classifies the non-current asset or disposal group as held for sale at the acquisition date if it meets the requirement that "the sale is expected to be completed within one year" and it is highly probable that the other criteria for classification as held for sale will be met within a short period (usually three months), the Company classifies it as held for sale on the acquisition date.

If the Company is committed to a sale plan involving loss of control of a subsidiary, regardless of whether the Company will retain a non-controlling interest in the subsidiary after the disposal, when the investment in the subsidiary intended for disposal meets the criteria for classification as held for sale, the entire investment in the subsidiary shall be classified as held for sale in the separate financial statements of the parent company, and all assets and liabilities of the subsidiary are classified as held for sale in the consolidated financial statements.

(2) Measurement of non-current assets or disposal groups held for sale

The measurement of investment property subsequently measured using the fair value model, biological assets measured at fair value less costs to sell, assets arising from employee compensation, deferred income tax assets, financial assets governed by the accounting standards for financial instruments, and rights arising from insurance contracts governed by the accounting standards for insurance contracts shall be subject to the respective relevant accounting standards.

If, at the time of initial measurement or remeasurement at the balance sheet date, the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell, the carrying amount shall be written down to fair value less costs to sell. The amount of the write-down shall be recognized as an asset impairment loss and included in profit or loss for the current period, and an impairment allowance for assets held for sale shall be accrued at the same time. If, at a subsequent balance sheet date, the fair value less costs to sell of a non-current asset or disposal group held for sale increases, the previously written-down amount is reversed, but only to the extent of the asset impairment loss recognized after the classification as held for sale, and the amount of the reversal are recognized in profit or loss for the current period. An impairment loss recognized for goodwill at carrying amount is not reversed.

When a non-current asset or disposal group ceases to be classified as held for sale because it no longer meets the criteria for classification as held for sale, or when a non-current asset is removed from a disposal group held for sale, it is measured at the lower of the following two amounts:

- ① Its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization, or impairment that would have been recognized had the asset not been classified as held for sale; and
- ② Its recoverable amount.

III Significant accounting policies and accounting estimates (continued)

16 Held-for-sale non-current assets or disposal groups (continued)

(3) Criteria for identifying discontinued operations

A discontinued operation refers to a component of the Company that can be separately distinguished and has been disposed of or is classified as held for sale, and which meets one of the following conditions:

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

(4) Presentation

In the balance sheet, the Company presents, independently from other assets, the held-for-sale non-current assets or assets in held-for-sale disposal groups, and presents, independently from other liabilities, the liabilities in held-for-sale disposal groups. The held-for-sale non-current assets or assets in held-for-sale disposal groups and the liabilities in held-for-sale disposal groups shall not offset each other, but shall be presented as current assets and current liabilities, respectively.

In the income statement, the Company presents the profits and losses from going concern and the profits and losses from discontinued operations. For the discontinued operations reported in the current period, the Company represents in the financial statements for the current period, the information previously presented as the profits and losses from going concern as the profits and losses from discontinued operations for the comparable accounting period. If the discontinued operations are no longer eligible for being classified as held-for-sale categories, the Company will represent in the financial statements for the current period, the information previously presented as the profits and losses from discontinued operations as the profits and losses from going concern for the comparable accounting period.

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III Significant accounting policies and accounting estimates (continued)

17 Long-term equity investments

The Company's long-term equity investments include equity investments where the Company exercises control over or significant influence over the investee, as well as equity investments in joint ventures. An associate is an investee over which the Company has significant influence.

(1) Basis for determining joint control and significant influence over the investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. In determining whether joint control exists, the Company first assesses whether all parties or a group of parties collectively control the arrangement. If all parties or a group of parties must act together to decide the relevant activities of the arrangement, it is considered that all parties or a group of parties collectively control the arrangement. Secondly, the Company assesses whether decisions about the relevant activities of the arrangement require the unanimous consent of the parties that collectively control the arrangement. If there are two or more groups of parties that can collectively control the arrangement, joint control does not exist. The Company does not consider protective rights when determining whether joint control exists.

Significant impact means the investor's power to participate in the decision-making of the financial and operating policies of the investee, but by which the investor cannot control or commonly control together with other parties the formulation of the policies. In determining whether it can exercise significant influence over the investee, the Company considers the voting power it holds directly or indirectly by the investor in the investee, as well as the effects of potential voting rights currently exercisable by the investor and other parties, assuming they are converted into equity of the investee, including the effects of currently exercisable warrants, share options, and convertible bonds issued by the investee.

When the Company directly or indirectly through subsidiaries owns 20% or more but less than 50% of the voting equity shares of the investee, it is generally presumed that the Company has significant influence over the investee, unless it can be clearly demonstrated that under such circumstances the Company cannot participate in the financial and operating policy decisions of the investee and therefore does not have significant influence.

(2) Determination of initial investment cost

① For long-term equity investments arising from business combinations, the investment cost shall be determined in accordance with the following provisions:

A. For a business combination under common control, where the combining party pays cash, transfers non-cash assets, or assumes liabilities as the consideration for the combination, the initial investment cost of the long-term equity investment is the share of the carrying amount of the combined party's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the cash paid, the non-cash assets transferred, and the liabilities assumed is adjusted against capital reserve. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted.

B. For a business combination under common control, if the combining party issues equity securities as the consideration for the combination, the initial investment cost of the long-term equity investment is the share of the carrying amount of the acquiree's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The share capital is recognized based on the aggregate par value of the shares issued. The difference between the initial investment cost of the long-term equity investment and the aggregate par value of the shares issued shall be adjusted against capital reserve. If the capital reserve is insufficient to absorb the difference, retained earnings are adjusted.

C. For a business combination not under common control, the combination cost, determined as the fair value of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree at the acquisition date, is recognized as the initial investment cost of the long-term equity investment. Intermediary expenses such as auditing, legal services, and valuation consulting, as well as other related administrative expenses incurred by the combining party for the business combination, are recognized in profit or loss for the current period when incurred.

III Significant accounting policies and accounting estimates (continued)

17 Long-term equity investments (continued)

(2) Recognition of initial investment cost (continued)

② For long-term equity investments acquired through means other than business combinations, the investment cost is determined in accordance with the following provisions:

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

B. For long-term equity investments acquired through the issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.

C. For long-term equity investments acquired through non-monetary asset exchanges, where the exchange has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the initial investment cost shall be the fair value of the asset given up plus relevant taxes and fees, and the difference between the fair value and the carrying amount of the asset given up shall be recognized in profit or loss for the current period. Where the non-monetary asset exchange does not simultaneously meet both of the above conditions, the initial investment cost shall be the carrying amount of the asset given up plus relevant taxes and fees.

D. For long-term equity investments acquired through debt restructuring, the carrying amount is determined based on the fair value of the claim surrendered plus other costs such as taxes directly attributable to the asset, and the difference between the fair value and the carrying amount of the claim surrendered is recognized in profit or loss for the current period.

(3) Subsequent measurement and methods for profit or loss recognition

Long-term equity investments through which the Company is able to exercise control over the investee are accounted for using the cost method; long-term equity investments in associates and joint ventures are accounted for using the equity method. For the Company's equity investments in associates, the portion held indirectly through venture capital organizations, mutual funds, trust companies, or similar entities including unit-linked insurance funds, is measured at fair value with changes recognized in profit or loss, and the remaining portion is accounted for using the equity method.

① Cost method

For long-term equity investments accounted for using the cost method, the cost of the long-term equity investment is adjusted when additional investment is made or investment is withdrawn. Cash dividends or profits declared and distributed by the investee are recognized as investment income for the current period.

② Equity method

For long-term equity investments accounted for using the equity method, the general accounting treatment is as follows:

Where the initial investment cost of a long-term equity investment is greater than the Company's share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; otherwise, the difference shall be recognized in profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

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III Significant accounting policies and accounting estimates (continued)

17 Long-term equity investments (continued)

(3) Subsequent measurement and methods for profit or loss recognition (continued)

The investment income and other comprehensive income should be recognized respectively based on the Company's share in the net profits and loss and other comprehensive income realized by the investee, and the carrying amount of the long-term equity investment should be adjusted accordingly; the Company's share in the profits or cash dividends declared by the investee should be calculated, and the carrying amount of the long-term equity investment should be reduced accordingly; the carrying amount of the long-term equity investment should be adjusted based on changes in owners' equity of the investee other than net profits and loss, other comprehensive income, and profit distribution, and included in owners' equity. In recognizing the share of the net profit or loss of the investee, the net profit of the investee is adjusted and recognized based on the fair value of the investee's identifiable net assets at the time of acquiring the investment. If the accounting policies and accounting periods adopted by the investee are inconsistent with those of the Company, the financial statements of the investee are adjusted to conform to the Company's accounting policies and accounting periods, and investment income and other comprehensive income are recognized based thereon. Any unrealized profit and loss from internal transactions between the Company and its affiliates or joint ventures attributed to the Company based on the Company's, will be offset, and the investment profit and loss is recognized thereon. Unrealized losses on transactions between the Company and the investee that provide evidence of an impairment of the transferred asset are recognized in full.

If the Company is able to exercise significant influence or joint control over the investee due to additional investment or other reasons, but does not constitute control, the sum of the fair value of the originally held equity investment and the cost of the additional investment shall be used as the initial investment cost under the equity method. Where the originally held equity investment is classified as an investment in other equity instruments, the difference between its fair value and carrying amount as well as the cumulative gains or losses previously recognized in other comprehensive income, shall be transferred from other comprehensive income to retained earnings in the period the equity method is adopted.

Where the Company loses joint control or significant influence over the investee due to the disposal of part of the equity investment or otherwise, the remaining equity investment after the disposal shall be measured at fair value, and the difference between its fair value and carrying amount at the date of losing joint control or significant influence shall be recognized in profit or loss for the current period. Other comprehensive income recognized for the original equity investment accounted for using equity method should be accounted for on the same basis as the direct disposal of the underlying assets or liabilities by the investee when the equity method is terminated.

(4) Equity investments held for sale

Where an equity investment in an associate or a joint venture is classified in whole or in part as held for sale, the relevant accounting treatment is set out in Note III. 16.

For any retained portion of the equity investment not classified as held for sale, the equity method is applied.

Where an equity investment in an associate or a joint venture that has been classified as held for sale no longer meets the criteria for classification as held for sale, the equity method is applied retrospectively from the date of its classification as held for sale. The financial statements for the periods during which the investment was classified as held for sale are adjusted accordingly.

(5) Impairment testing and provision methods for impairment losses

For investments in subsidiaries, associates, and joint ventures, the method for making provision for asset impairment is set out in Note III. 23.

III Significant accounting policies and accounting estimates (continued)

18 Investment properties

(1) Classification of investment properties

Investment properties refer to properties held to earn rentals or for capital appreciation, or both. They mainly include:

- ① Land use rights that are leased out.
- ② Land use rights held for transfer after appreciation.
- ③ Buildings that are leased out.

(2) Measurement model for investment properties

The Company uses the cost model for the subsequent measurement of investment properties. For the method of providing for asset impairment, see Note III. 23.

The Company calculates depreciation or amortization for investment properties using the straight-line method based on cost less accumulated impairment and net residual value. The depreciation or amortization method adopts the same policy as that applied to buildings in fixed assets and land use rights in intangible assets.

III Significant accounting policies and accounting estimates (continued)

19 Fixed assets

Fixed assets refer to tangible assets held for the purpose of producing goods, rendering services, for rental or for operation and management, with a service life exceeding one year and a relatively high unit value.

(1) Recognition criteria

Fixed assets are recognized at the actual cost incurred at the time of acquisition when the following conditions are met simultaneously:

- ① The economic benefits associated with the fixed assets are likely to flow into the enterprise.
- ② The cost of the fixed asset can be measured in a reliable way.

Subsequent expenditures on fixed assets that satisfy the recognition criteria of fixed assets are included in the cost of fixed assets; otherwise, they are recognized in profit and loss in the period in which they arise.

(2) Depreciation methods for various categories of fixed assets

The Company accrues depreciation using the straight-line method starting from the month following the date when the fixed asset is ready for its intended use. The depreciation period and annual depreciation rate are determined based on the category of the fixed asset, the estimated economic useful life, and the estimated net residual value rate as follows:

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

For fixed assets for which an impairment provision has been recognized, depreciation is calculated based on the carrying amount net of the impairment provision.

At the end of each financial year, the Company reviews the useful lives, estimated net residual values, and depreciation methods of fixed assets. Where the estimated useful life differs from the previous estimate, the useful life of the fixed asset shall be adjusted accordingly.

III Significant accounting policies and accounting estimates (continued)

20 Construction in progress

- (1) Construction in progress is classified and accounted for by project.
- (2) Criteria and timing for transferring construction in progress to fixed assets

Construction in progress is measured at the total expenditure incurred before the asset is ready for its intended use, which serves as the initial cost of the fixed asset. This includes construction costs, original cost of machinery and equipment, other necessary expenditures incurred to bring the construction in progress to the condition ready for its intended use, as well as borrowing costs incurred from special borrowings for the project and borrowing costs incurred from general borrowings utilized before the asset is ready for its intended use. The Company transfers construction in progress to fixed assets when the project installation or construction is completed and the asset is ready for its intended use. For fixed assets that are ready for their intended use but have not yet undergone final completion settlement, they are transferred to fixed assets at an estimated value based on the project budget, construction cost, or actual project cost from the date they are ready for their intended use, and depreciation is provided in accordance with the Company's fixed asset depreciation policy. After the final completion settlement is processed, the original provisional value is adjusted to the actual cost, but the originally accrued depreciation amount will not be adjusted.

21 Borrowing costs

- (1) Recognition principles and capitalization period for borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized and included in the cost of the relevant assets when the following conditions are met simultaneously:

- ① Expenditure on the asset has been incurred;
- ② Borrowing costs have been incurred;
- ③ The acquisition, construction, or production activities necessary to bring the assets to their intended usable state have commenced.

Other borrowing interest, discount or premium, and exchange differences are recognized in the profit or loss of the current period.

If the acquisition, construction, or production of a qualifying asset is abnormally interrupted and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs will be suspended.

When an asset that meets the capitalization conditions is ready for its intended use or sale, the capitalization of borrowing costs will be ceased and subsequent borrowing costs will be recognized as expenses for the current period.

- (2) Calculation method for capitalization rate and capitalized amount

For special borrowings obtained for the acquisition, construction, or production of qualifying assets, the amount of interest expense actually incurred during the current period, less any interest income earned from depositing the unused borrowing funds in a bank or investment income from temporary investments, shall be recognized as the capitalized amount of interest expense.

Where general borrowings are utilized for the acquisition, construction, or production of qualifying assets, the amount of interest to be capitalized shall be determined by multiplying the weighted average of accumulated asset expenditures in excess of special borrowings by the capitalization rate of the general borrowings utilized. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

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III Significant accounting policies and accounting estimates (continued)

22 Intangible assets

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

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

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

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

The methods for impairment testing and accrual of impairment provisions of intangible assets are detailed in 23 "Long-term Asset Impairment" under Note III.

If the period over which an intangible asset is expected to bring economic benefits to the Company cannot be foreseen, it is regarded as an intangible asset with an indefinite useful life. The Company reviews its useful life in each accounting period. If evidence indicates that the useful life is finite, it is reclassified as an intangible asset with a finite useful life. Intangible assets with indefinite useful lives are not amortized.

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

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

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

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

III Significant accounting policies and accounting estimates (continued)

23 Impairment of long-term assets

Impairment of long-term equity investments in subsidiaries, associates, and joint ventures, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets, and goodwill (excluding inventories, investment properties measured using the fair value model, deferred income tax assets, and financial assets) is determined in accordance with the following methods:

At the balance sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, the Company estimates the recoverable amount and conducts an impairment test. For goodwill arising from business combinations, intangible assets with indefinite useful lives, and intangible assets not yet ready for use, an impairment test is carried out annually regardless of whether there is any indication of impairment.

The recoverable amount is determined based on the higher of the fair value of the asset less costs of disposal and the present value of estimated future cash flows. The Company estimates the recoverable amount thereof based on the individual asset. If it is difficult to estimate the recoverable amount of the individual asset, the recoverable amount of the asset is determined based on the cash-generating unit to which the asset belongs. The identification of the cash-generating unit is based on whether the main cash inflows generated by the cash-generating unit are independent of the cash inflows from other assets or cash-generating units.

When the recoverable amount of an asset or cash-generating unit is lower than its carrying amount, the carrying amount is written down to the recoverable amount, and the amount written down is recognized in profit or loss for the current period, while a corresponding provision for asset impairment is made.

For the purpose of goodwill impairment testing, the carrying amount of goodwill arising from a business combination is allocated to the relevant cash-generating units on a reasonable basis; if it is difficult to allocate the goodwill to individual cash-generating units, it is allocated to the related group of cash-generating units. A relevant cash-generating unit or group of cash-generating units refers to the unit or group that benefits from the synergies of the business combination and is not larger than the operating segments determined by the Company.

When conducting impairment tests, if there are indications of impairment in the cash-generating units or groups of cash-generating units related to goodwill, the impairment test is first performed on the cash-generating units or groups of cash-generating units excluding goodwill, calculating the recoverable amount and recognizing the corresponding impairment loss. Then, impairment tests are conducted on the cash-generating units or groups of cash-generating units including goodwill by comparing their carrying amounts with their recoverable amounts. If the recoverable amount is lower than the carrying amount, an impairment loss for goodwill is recognized.

Once an asset impairment loss is recognized, it shall not be reversed in subsequent accounting periods.

24 Long-term deferred expenses

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

III Significant accounting policies and accounting estimates (continued)

25 Employee benefits

Employee benefits refer to various forms of remuneration or compensation provided by the Company in exchange for services rendered by employees or for the termination of employment relationships. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits, and other long-term employee benefits. Benefits provided by the Company to the spouses, children, dependents, beneficiaries of deceased employees, and other beneficiaries of employees are also considered employee benefits.

Based on liquidity, employee benefits are presented separately under "Employee benefits payable" and "Long-term employee benefits payable" in the balance sheet.

(a) Accounting treatment for short-term employee benefits

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

(b) Accounting treatment for post-employment benefits

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

(c) Accounting treatment for termination benefits

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

(d) Accounting treatment for other long-term employee benefits

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

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

III Significant accounting policies and accounting estimates (continued)

26 Estimated liabilities

(1) Recognition standards for estimated liabilities

If an obligation relating to a contingency meets the following conditions simultaneously, the Company recognizes it as a provision:

- ① The obligation is a present obligation of the Company;
- ② It is probable that an outflow of economic benefits will be required to settle the obligation;
- ③ The amount of the obligation can be reliably measured.

(2) Measurement methods for estimated liabilities

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation, taking into account factors such as risks, uncertainties, and the time value of money associated with the contingency. The carrying amount of a provision is reviewed at each balance sheet date. Where there is convincing evidence that the carrying amount does not reflect the current best estimate, the carrying amount is adjusted to the current best estimate.

III Significant accounting policies and accounting estimates (continued)

27 Share-based payments

(1) Types of share-based payments

The Company's share-based payments include cash-settled share-based payments and equity-settled share-based payments.

(2) Method for determining the fair value of equity instruments

① For shares granted to employees, the fair value is measured based on the market price of the Company's shares, adjusted for the terms and conditions upon which the shares were granted (excluding vesting conditions other than market conditions). ② For share options granted to employees, it is often difficult to obtain their market price. If there are no traded options with similar terms and conditions, the Company selects an appropriate option pricing model to estimate the fair value of the options granted.

(3) Basis for determining the best estimate of the number of equity instruments expected to vest

On each balance sheet date during the vesting period, the Company makes the best estimates based on the latest subsequent information, such as changes in the number of employees eligible for vesting, and revises the estimated number of equity instruments expected to vest.

(4) Accounting treatment for the implementation of share-based payment plans

Cash-settled share-based payments

① For cash-settled share-based payments that are vested immediately upon grant, the fair value of the liability assumed by the Company is recognized in the relevant costs or expenses on the grant date, with a corresponding increase in liabilities. The fair value of the liability is remeasured at each balance sheet date prior to settlement and on the settlement date, and changes therein are recognized in profit or loss.

② For cash-settled share-based payments that become exercisable only after the completion of services during the vesting period or the satisfaction of stipulated performance conditions, the services received in the current period are recognized in the relevant costs or expenses and corresponding liabilities at each balance sheet date during the vesting period. This is based on the best estimate of the vesting conditions and the fair value of the liability assumed by the Company.

Equity-settled share-based payments

① For equity-settled share-based payments that vest immediately after grant in exchange for employee services, the fair value of the equity instruments is recognized in the relevant costs or expenses on the grant date, with a corresponding increase in capital reserve.

② For equity-settled share-based payments in exchange for employee services that become vested only after the completion of services during the vesting period or the satisfaction of stipulated performance conditions, the services received in the current period are recognized in the relevant costs or expenses and capital reserve at each balance sheet date during the vesting period. This is based on the best estimate of the number of equity instruments expected to vest and the fair value of the equity instruments on the grant date.

III Significant accounting policies and accounting estimates (continued)

27 Share-based payments (continued)

(5) Accounting treatment for modifications to share-based payment plans

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognized as a corresponding increase in the services received. If the modification increases the number of equity instruments granted, the fair value of the additional equity instruments is recognized as a corresponding increase in the services received. The increase in the fair value of the equity instruments is the difference between the fair value of the equity instruments immediately before and after the modification, measured at the modification date. If the modification reduces the total fair value of the share-based payment or otherwise modifies the terms and conditions of the share-based payment plan in a manner that is unfavourable to the employees, the Company continues to account for the services received as if the modification had not been made, unless the Company cancels part or all of the equity instruments granted.

(6) Accounting treatment for termination of share-based payment plans

If the Company cancels or settles the granted equity instruments during the vesting period (other than those cancelled due to failure to satisfy vesting conditions), the Company:

- ① Treats the cancellation or settlement as an acceleration of vesting, and immediately recognizes the amount that would otherwise have been recognized over the remaining vesting period;
- ② Treats any payments made to employees upon cancellation or settlement as a repurchase of equity interests, and recognizes any excess of the repurchase consideration over the fair value of the equity instruments on the repurchase date as an expense in the current period.

If the Company repurchases vested equity instruments from its employees, it reduces the Company's equity. Any excess of the repurchase consideration over the fair value of the equity instruments on the repurchase date is recognized in profit or loss for the current period.

28 Preference shares, perpetual bonds and other financial instruments

In respect of other financial instruments issued by the Company such as preference shares and perpetual bonds, the Company classifies a financial instrument or its components into financial assets, financial liabilities or equity instruments upon initial recognition, based on the contract terms and the economic substance reflected by the financial instrument issued, rather than solely on legal form, in conjunction with the definitions of financial assets, financial liabilities, and equity instruments.

The Company determines the accounting treatment for interest expenses or dividend distributions of a financial instrument based on its classification. For a financial instrument classified as an equity instrument, regardless of whether its name includes "debt", its interest expenses or dividend distributions are treated as profit distributions of the Company (the issuing entity), and its repurchase or cancellation is treated as a change in equity. For a financial instrument classified as a financial liability, regardless of whether its name includes "share", its interest expenses or dividend distributions are treated in principle as borrowing costs, and any gains or losses arising from its repurchase or redemption are recognized in profit or loss for the current period.

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III Significant accounting policies and accounting estimates (continued)

29 Revenue recognition principles and measurement methods

(1) General principles

Revenue represents the gross inflow of economic benefits arising from the ordinary activities of the Company, which results in an increase in shareholders' equity and is distinct from capital contributions from shareholders.

The Company recognizes revenue when it satisfies a performance obligation in the contract, which is when the customer obtains control of the relevant goods or services. "Obtain the control over relevant commodities or services" refers to the ability to completely dominate the use of commodities and obtain almost all economic benefits.

If a contract contains two or more performance obligations, the Company allocates the transaction price to each performance obligation in proportion to the standalone selling price of the goods or services promised under each performance obligation at the contract inception date, and measures revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of a contract, if there is variable consideration, the Company determines the best estimate of the variable consideration using either the expected value method or the most likely amount method. The Company includes in the transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the related uncertainty is subsequently resolved. If a contract contains a significant financing component, the Company determines the transaction price based on the cash selling price that the customer would have paid when obtaining control of the goods. The difference between the transaction price and the contractual consideration is amortized over the contract period using the effective interest method. If the period between the transfer of control and the customer's payment does not exceed one year, the Company does not consider the financing component in the contract.

If any of the following conditions is met, a performance obligation is satisfied over time; otherwise, it is satisfied at a point in time:

- ① While fulfilling the due obligation in the Company, the customer obtains and consumes the resulting economic benefit;
- ② The customer is able to control the commodities under construction during the Company's fulfillment;
- ③ Commodities generated from the Company's fulfillment possess irreplaceable purpose, and the Company has the right to charge all fulfilled performance obligations within the whole contract period.

For performance obligations satisfied over time, the Company recognizes revenue over that period based on the progress towards complete satisfaction of the performance obligation, except when the progress cannot be reasonably determined. The Company determines the progress towards satisfaction of service-related performance obligations using the input method (or the output method). If the fulfillment schedule cannot be reasonably determined and the Company's costs are predicted to be compensated, corresponding revenue shall be recognized based on the specific cost amount until the fulfillment schedule can be reasonably determined.

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the relevant goods. When determining whether control has transferred, the Company considers the following indicators:

- ① The Company has a present right to payment for the goods or services, for which the customer has a present obligation to pay for the goods;
- ② The Company has transferred legal title of the goods to the customer, for which the customer has legal title to the goods;
- ③ The Company has transferred physical possession of the goods to the customer, for which the customer has physical possession of the goods;
- ④ The Company has transferred the significant risks and rewards of ownership of the goods to the customer, for which the customer has assumed the significant risks and rewards of ownership;
- ⑤ The customer has accepted the goods.

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- III Significant accounting policies and accounting estimates (continued)
- 29 Revenue recognition principles and measurement methods (continued)
- (1) General principles (continued)

Sales with right of return

For sales involving a right of return, the Company recognizes revenue at the amount of consideration to which it expects to be entitled upon transferring control of the goods to the customer, and recognizes a refund liability for the amount expected to be refunded due to sales returns. Simultaneously, the Company recognizes an asset for the right to recover products, measured at the carrying amount of the goods expected to be returned less the estimated costs to recover them (including any impairment in value). The Company recognizes cost of sales as the carrying amount of the transferred goods less the net cost of the asset recognized above. At each balance sheet date, the Company reassesses its estimates of expected returns and remeasures the corresponding refund liability and asset for the right to recover products accordingly.

Warranty obligations

The Company provides warranties for goods sold and projects constructed in accordance with contractual agreements, legal requirements, and other applicable regulations. For assurance-type warranties, which serve to guarantee that the products meet agreed-upon specifications, the Company accounts for such warranties in accordance with *Accounting Standards for Business Enterprises No. 13 – Contingencies*. For service-type warranties that provide a service in addition to the assurance that the goods comply with agreed-upon specifications, the Company identifies them as a separate performance obligation. The Company allocates a portion of the transaction price to the service-type warranty based on the relative standalone selling prices of the goods and the warranty service, and recognizes revenue when the customer obtains control of the service. In determining whether a warranty provides a service in addition to the assurance that the goods comply with agreed-upon specifications, the Company considers factors such as whether the warranty is required by law, the length of the warranty period, and the nature of the services to be performed.

Principal versus Agent

The Company determines whether it is a principal or an agent based on whether it controls the goods or services before they are transferred to the customer. If the Company controls the goods or services before they are transferred to the customer, the Company acts as a principal and recognizes revenue at the gross amount of consideration received or receivable. Otherwise, the Company acts as an agent and recognizes revenue at the net amount of any commission or fee to which it expects to be entitled. This net amount is determined either as the total consideration received or receivable less the amounts payable to other relevant parties, or based on a predetermined commission amount or percentage.

Consideration payable to customers

For contracts containing consideration payable to a customer, the Company accounts for such consideration as a reduction of the transaction price unless the payment is in exchange for a distinct good or service received from the customer. The reduction in revenue is recognized at the later of when the related revenue is recognized or when the Company pays (or promises to pay) the consideration.

Customer's unexercised rights

Advance payments received from customers for the sale of goods or services are initially recognized as contract liabilities and subsequently recognized as revenue when the related performance obligations are satisfied. When advance payments received by the Company are non-refundable and customers may forfeit all or part of their contractual rights, if the Company expects to be entitled to the amount relating to those forfeited rights, it shall recognize that amount as revenue in proportion to the pattern of rights exercised by the customer. Otherwise, the Company recognizes the related balance of the liability as revenue only when the likelihood of the customer exercising its remaining rights is remote.

- III Significant accounting policies and accounting estimates (continued)
- 29 Revenue recognition principles and measurement methods (continued)
- (1) General principles (continued)

Contract modifications

When a construction contract with a customer is modified:

① If the contract modification adds distinct construction services and increases the contract consideration, and the additional consideration reflects the standalone selling price of the added construction services, the Company accounts for the modification as a separate contract;

② If the contract modification does not fall under the circumstances described in ① above, and the construction services already transferred and those to be transferred are distinct as of the modification date, the Company treats it as a termination of the original contract and combines remaining uncompleted portion of the original contract with the modification portion to account for them as a new contract;

③ If the contract modification does not fall under the circumstances described in ① above, and the construction services already transferred and those to be transferred are not distinct as of the modification date, the Company accounts for the modification as a part of the existing contract. The resulting impact on recognized revenue is recorded as an adjustment to revenue in the current period.

- III Significant accounting policies and accounting estimates (continued)
- 29 Revenue recognition principles and measurement methods (continued)
- (2) Specific methods

Revenue from product sales

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

Revenue from technical services

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

Royalty income

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

Revenue from photovoltaic power stations

Centralized power stations: Power stations are connected to the power grid. Revenue is recognized based on power supply documentation provided by the Company's business departments, upon meeting the continuous and fault-free operation period stipulated by the power grid company.

Distributed power stations: These stations are connected to the grid. Revenue is recognized based on settlement documents provided by the Company's business departments.

III Significant accounting policies and accounting estimates (continued)

30 Public grants

(1) Types of public grants

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

(2) Recognition of public grants

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

(3) Accounting treatment for public grants

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

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

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

III Significant accounting policies and accounting estimates (continued)

31 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognized and measured for the income tax effects of taxable temporary differences or deductible temporary differences, using the balance sheet liability method, based on the temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred income tax assets and deferred tax liabilities are not discounted.

(1) Recognition of deferred income tax assets

Deferred income tax assets are recognized for the income tax effects of deductible temporary differences, unused tax losses, and tax credits carried forward, measured at the tax rates expected to apply in the periods in which the temporary differences are expected to reverse, but only to the extent that it is probable that future taxable profits will be available against which the deductible losses, unused tax losses, and tax credits can be utilized.

Deferred tax assets are not recognized for the income tax effects of deductible temporary differences arising from the initial recognition of an asset or liability in a transaction or event that simultaneously meets the following criteria:

- A. The transaction is not a business combination;
- B. At the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible losses).

However, the initial recognition exemption does not apply to single transactions that simultaneously meet the above two conditions and where the initial recognition of assets and liabilities gives rise to equal taxable and deductible temporary differences. For taxable and deductible temporary differences arising from the initial recognition of assets and liabilities in such transactions, the Company recognizes the corresponding deferred tax liabilities and deferred income tax assets, respectively, at the time the transaction occurs.

Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates, and joint ventures only when both of the following conditions are met:

- ① It is probable that the temporary differences will reverse in the foreseeable future; and
- ② It is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized;

At the balance sheet date, the Company reassesses unrecognized deferred income tax assets and recognizes such assets to the extent that it has become probable that future taxable profit will be available to utilize the deductible temporary differences.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed. Deferred income tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to reduce the carrying amount of the deferred income tax assets. Any such reduction is reversed when it becomes probable that sufficient taxable profits will be available.

III Significant accounting policies and accounting estimates (continued)

31 Deferred income tax assets and deferred income tax liabilities (continued)

(2) Recognition of deferred income tax liabilities

All taxable temporary differences of the Company are measured at the tax rates expected to apply in the periods in which the temporary differences are expected to reverse, and the related income tax effects are recognized as deferred tax liabilities, except in the following cases:

① Deferred tax liabilities are not recognized for taxable temporary differences arising from the following transactions or events:

A. Initial recognition of goodwill;

B. The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affect accounting profit or taxable profit (or deductible losses).

② Deferred tax liabilities are generally recognized for taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, except when both of the following conditions are met:

A. The Company can control the timing of the reversal of the temporary differences;

B. It is probable that the temporary differences will not reverse in the foreseeable future.

(3) Recognition of deferred tax assets and deferred tax liabilities for specific transactions or events

① deferred income tax assets and deferred tax liabilities related to business combinations

For taxable and deductible temporary differences arising from business combinations not under common control, the corresponding deferred income tax expense (or income) typically adjusts the goodwill recognized in the business combination.

② Items directly recognized in owners' equity

Current and deferred taxes related to transactions or events that are directly recognized in equity are also recognized in owners' equity. Transactions or events for which the income tax effects of temporary differences are recognized in owners' equity include: other comprehensive income arising from changes in fair value of other debt investments; adjustments to the opening balance of retained earnings resulting from the retrospective application of a change in accounting policy or the retrospective restatement to correct a (material) prior period error; the initial recognition of compound financial instruments containing both liability and equity components.

III Significant accounting policies and accounting estimates (continued)

31 Deferred income tax assets and deferred income tax liabilities (continued)

(3) Recognition of deferred income tax assets and deferred tax liabilities for specific transactions or events (continued)

③ Unused tax losses and tax credits carried forward

A. Unused tax losses and tax credits arising from the Company's own operations

Deductible losses refer to losses determined in accordance with tax laws that are allowed to be utilized against taxable profits in future periods. Deductible losses and tax credits carried forward in accordance with tax regulations are treated as deductible temporary differences. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profits will be available in future periods against which the unused tax losses or tax credits can be utilized, with a corresponding reduction in current income tax expense.

B. Unused tax losses of the acquiree arising from business combinations

In a business combination, the acquiree's deductible temporary differences acquired from the acquiree are not recognized as deferred tax assets at the acquisition date if they do not meet the recognition criteria. If, within 12 months after the acquisition date, new or further information is obtained indicating that facts and circumstances existed at the acquisition date, and it is expected that the economic benefits of the acquiree's deductible temporary differences at the acquisition date will be realized, the related deferred income tax assets are recognized with a corresponding reduction to goodwill. If the carrying amount of goodwill is reduced to zero, any remaining amount is recognized in profit or loss for the current period. In all other cases, deferred income tax assets recognized in connection with a business combination are recognized in profit or loss for the current period.

④ Temporary differences arising from consolidation eliminations

In preparing the consolidated financial statements, temporary differences arising from the elimination of unrealized gains or losses on intra-group transactions, which result in differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in the respective taxable entities, are recognized as deferred tax assets or deferred tax liabilities in the consolidated balance sheet, with a corresponding adjustment to income tax expense in the consolidated income statement, except for deferred taxes related to transactions or events recognized directly in equity or arising from business combinations.

⑤ Equity-settled share-based payments

If tax laws permit tax deductions for expenses related to share-based payments, during the period in which the costs or expenses are recognized in accordance with accounting standards, the Company determines the tax base and the resulting temporary differences based on the estimated deductible amount using information available at the end of the reporting period. Related deferred tax is recognized if the recognition criteria are met. To the extent that the estimated deductible amount in future periods exceeds the cost or expense recognized for share-based payments under accounting standards, the income tax effects of the excess are recognized directly in owner's equity.

(4) The basis for presenting deferred income tax assets and deferred tax liabilities on a net basis

Deferred income tax assets and liabilities of the Company are presented on a net basis after the following conditions are met:

① The Company has the legal right to settle current income tax assets and liabilities on a net basis;

② Deferred income tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same taxable entity or different taxable entities that intend to either settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are reversed.

III Significant accounting policies and accounting estimates (continued)

32 Leases

(1) Identification of leases

At the commencement date of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if one party transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration. To determine whether the contract transfers the right to control the use of an identified asset for a period of time, the company assesses whether the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset during the period and the right to direct the use of the identified asset throughout the period.

(2) Identification of separate leases

If a contract contains multiple single leases at the same time, the Company will split the contract, and conduct accounting treatment of each single lease respectively. The right to use an identified asset constitutes a separate lease if both of the following conditions are met: ① the lessee can benefit from the use of the underlying asset either on its own or together with readily available resources; and ② the underlying asset is not highly dependent on or highly interrelated with other assets in the contract.

(3) Accounting treatment with the Company as lessee

At the commencement date, the Company classifies leases with a lease term of 12 months or less and without a purchase option as short-term leases; leases of individual underlying assets that are new and have a value below RMB 40,000 when the new underlying assets are classified as leases of low-value assets. If the Company subleases or expects to sublease an underlying asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, the Company recognizes lease payments over the lease term on a straight-line basis or using another systematic and rational method, allocating them to the cost of the related asset or to current profit or loss.

Except for the short-term leases and leases of low-value assets for which the simplified approach is applied, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

III Significant accounting policies and accounting estimates (continued)

32 Leases (continued)

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

① Right-of-use assets

Right-of-use assets refer to the lessee's right to use the leased assets over the lease term.

At the commencement date of the lease, right-of-use assets are initially measured at cost. The cost comprises:

A. The initial measurement amount of lease liabilities;

B. Lease payments made on or before the commencement date of the lease term (if a lease incentive exists, net of the amount related to the lease incentive already taken);

C. Initial direct costs incurred by the lessee;

D. Costs expected to be incurred by the lessee to disassemble and remove the leased asset(s), restore the premises where the leased asset(s) is/are located, or restore the leased asset(s) to the condition agreed upon under the terms of the lease. The Company recognizes and measures these costs in accordance with the recognition and measurement criteria for provisions, as detailed in Note III. 26. The above costs incurred for the production of inventories are included in the cost of inventories.

Right-of-use assets are depreciated on a straight-line basis over their useful lives by category. For leases in which it is reasonably certain that ownership of the underlying asset will transfer to the lessee at the end of the lease term, depreciation is recognized over the estimated remaining useful life of the underlying asset, based on the category of the right-of-use asset and its estimated net residual value. For leases in which it is not reasonably certain that ownership of the underlying asset will transfer to the lessee at the end of the lease term, depreciation is recognized over the shorter of the lease term and the estimated remaining useful life of the underlying asset, based on the category of the right-of-use asset.

② Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of the lease. Lease payments comprise the following five components:

A. Fixed payments, including in-substance fixed payments, less any lease incentives receivable;

B. Variable lease payments that depend on indexation or ratio;

C. The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;

D. Amounts expected to be payable under a termination option, if the lease term reflects that the lessee is reasonably certain to exercise that option;

E. The estimated amount payable is based on the secured residual value provided by the lessee.

III Significant accounting policies and accounting estimates (continued)

32 Leases (continued)

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

The present value of lease payments is discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized finance charges. Interest expense is recognized in current profits and losses over the lease term using the discount rate used to measure the present value of lease payments. Variable lease payments not included in the measurement of lease liabilities are recognized in current profits and losses when incurred.

After the commencement date, if there are changes in in-substance fixed payments, expected amounts payable under residual value guarantees, indices or rates used to determine lease payments, or changes in the assessment or exercise of purchase, extension, or termination options, the Company remeasures the lease liability based on the present value of the revised lease payments and adjusts the carrying amount of the right-of-use asset accordingly.

(4) Accounting treatment with the Company as lessor

At the commencement date of the lease, leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset are classified as finance leases by the Company, with all other leases classified as operating leases.

① Operating leases

For each period of the lease term, the Company adopts the straight-line method to recognize the lease receipts of the operating lease as rental income; the Company capitalizes the initial direct expenses, amortizes them over the lease term on the same basis as that for the recognition of the rental income, and includes them in current profits and losses by stage. Variable lease payments relating to operating leases that are not included in lease receivables are recognized in current profits and losses when received.

② Finance lease

At the commencement date of the lease, the Company recognizes finance lease receivables at the net investment in the lease, which is the sum of the present value of lease payments not yet received at the commencement date and any unguaranteed residual value, discounted using the interest rate implicit in the lease, and derecognizes the leased asset. Over the lease term, the Company calculates and recognizes interest income based on the interest rate implicit in the lease.

Variable lease payments not included in the measurement of the net investment in the lease are recognized in current profits and losses when received.

III Significant accounting policies and accounting estimates (continued)

32 Leases (continued)

(5) Accounting treatment for lease modifications

① Lease modification treated as a separate lease

If a lease is modified and both of the following conditions are met, the Company accounts for the modification as a separate lease: A. The modification increases the scope of the lease by adding the right to use one or more additional assets; B. The increase in consideration is commensurate with the stand-alone price for the increase in scope, adjusted for the terms of the contract.

② Lease modification not treated as a separate lease

A. The Company acting as a lessee

On the effective date of the modification, the Company determines the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The present value of the modified lease payments is discounted using the interest rate implicit in the lease for the remaining lease term. If the interest rate implicit in the lease for the remaining term cannot be determined, the Company uses its incremental borrowing rate at the effective date of the modification.

The effect of the above lease liability adjustment is accounted for as follows:

If the lease modification decreases the scope of the lease or shortens the lease term, the carrying amount of the right-of-use asset is reduced, and any gain or loss arising from partial or full termination of the lease is recognized in profit or loss.

For other lease modifications, the carrying amount of the right-of-use asset is adjusted accordingly.

B. The Company acting as a lessor

For modifications of operating leases, the Company accounts for the lease as a new lease from the effective date of the modification. Any lease payments received or receivable related to the original lease are treated as payments under the new lease.

For modifications of finance leases not treated as separate leases, the Company accounts for the modified lease as follows: If the lease would have been classified as an operating lease had the modification been in effect at the lease commencement date, the Company treats it as a new lease from the effective date of the modification and uses the net investment in the lease immediately before the modification as the carrying amount of the underlying asset. If the lease would have been classified as a finance lease had the modification been in effect at the lease commencement date, the Company accounts for it in accordance with the accounting policies for lease modifications or renegotiated contracts.

III Significant accounting policies and accounting estimates (continued)

32 Leases (continued)

(6) Sale and leaseback

The Company assesses whether the transfer of an asset in a sale and leaseback transaction qualifies as a sale in accordance with Note III. 29.

① The Company as seller (lessee)

If the transfer of the asset in a sale and leaseback transaction does not qualify as a sale, the Company will continue to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The financial liability is accounted for in accordance with Note III. 11. If the asset transfer is a sale, the Company will measure the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's carrying amount that is related to the use right acquired by the leaseback, and recognize related gains or losses only for the right transferred to the lessor.

② The Company as buyer (lessor)

If the transfer of the asset in a sale and leaseback transaction does not qualify as a sale, the Company will not recognize the transferred asset but recognizes a financial asset equal to the transfer proceeds. The financial asset is accounted for in accordance with Note III. 11. If the transfer of the asset qualifies as a sale, the company accounts for the purchase of the asset in accordance with other applicable accounting standards and accounts for the lease of the asset.

33 Related parties

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

III Significant accounting policies and accounting estimates (continued)

34 Hedge Accounting

(1) Classification of hedges

The Company classifies hedges into fair value hedges, cash flow hedges, and hedges of net investments in foreign operations.

① A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability, an unrecognized firm commitment, or an identified component of such items. The change in fair value arises is attributable to a specific risk and will affect the Company's profit or loss or other comprehensive income.

② A cash flow hedge is a hedge of the exposure to variability in cash flows. The variability in cash flows is attributable to a specific risk associated with a recognized asset or liability, a highly probable forecast transaction, or a component of such items, and will affect the Company's profit or loss.

③ A hedge of a net investment in a foreign operation is a hedge of the foreign exchange exposure arising from a net investment in a foreign operation. The hedged risk in a hedge of a net investment in a foreign operation is the foreign currency translation difference between the functional currency of the foreign operation and that of the parent company.

(2) Hedging instruments and hedged items

Hedging instruments are financial instruments designated by the Company for hedging, whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged items, including:

① Derivatives measured at fair value through profit or loss, except written options. Written options can only be designated as hedging instruments when hedging purchased options, including purchased options embedded in a hybrid contract. A derivative embedded in a hybrid contract that has not been separated cannot be designated as a separate hedging instrument.

② Non-derivative financial assets or financial liabilities measured at fair value through profit or loss, except for liabilities designated at fair value through profit or loss whose fair value changes due to changes in the Company's own credit risk are recognized in other comprehensive income.

Own equity instruments are neither financial assets nor financial liabilities and cannot be designated as hedging instruments.

Hedged items are items that expose the Company to changes in fair value or cash flows, which are designated as being hedged and can be reliably measured. The Company designates the following individual items, groups of items, or portions thereof as hedged items:

① Recognized assets or liabilities.

② Unrecognized firm commitments. A firm commitment is a legally binding agreement to exchange a specified quantity of resources at a predetermined price on a future date or over a future period.

③ Highly probable forecast transactions. A forecast transaction is a transaction that has not yet been committed to but is expected to occur.

④ Net investments in foreign operations.

III Significant accounting policies and accounting estimates (continued)

34 Hedge Accounting (continued)

(2) Hedging instruments and hedged items (continued)

A component of the above items refers to parts smaller than the overall changes in fair value or cash flows of the item. The Company designates the following components or combinations thereof as hedged items:

① A component of the overall changes in fair value or cash flows of an item that is only attributable to one or more specific risks (risk components). Based on an assessment in a specific market environment, such risk components must be separately identifiable and reliably measurable. Risk components also include components of the hedged item's fair value or cash flow changes that occur only above or below a specified price or other variable.

② One or more selected contractual cash flows.

③ A component of the nominal amount of an item refers to specified parts of the overall amount or quantity of the item, which may be a certain proportion of the overall item (a proportionate component) or a specified layer of the overall item (a layer component). If a layer component includes a prepayment option and the fair value of the prepayment option is affected by changes in the hedged risk, the layer must not be designated as a hedged item in a fair value hedge, except where the effect of the prepayment option is already included in the measurement of the hedged item's fair value.

(3) Hedge relationship assessment

At the inception of a hedge relationship, the Company formally designates the hedge relationship and prepares formal written documentation of the hedge relationship, risk management objectives, how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements. The documentation specifies the hedging instrument, the hedged item, the nature of the hedged risk, and the Company's method for assessing hedge effectiveness. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item arising from the hedged risk. Such hedges are assessed on an ongoing basis to determine whether they continue to meet the hedge effectiveness requirements at the initial designation date and in subsequent periods.

If the hedging instrument expires or is sold, terminated or exercised (unless the rollover or replacement of the hedging instrument is part of the documented hedging strategy), or if changes in risk management objectives result in the hedge relationship no longer meeting the risk management objectives, or if the economic relationship between the hedged item and the hedging instrument ceases to exist, or if credit risk becomes the dominant factor in changes in the value of the economic relationship between the hedged item and the hedging instrument, or if the hedge no longer meets other conditions for hedge accounting, the Company discontinues the use of hedge accounting.

If a hedge relationship no longer meets hedge effectiveness requirements due to the hedge ratio, but the risk management objectives for which the hedge was designated remain unchanged, the Company rebalances the hedge relationship.

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III Significant accounting policies and accounting estimates (continued)

34 Hedge Accounting (continued)

(4) Recognition and measurement

When the conditions for applying hedge accounting are met, the following treatments are applied:

① Fair value hedge

Gain or loss on the hedging instrument shall be recognized in current profits and losses. If the hedging instrument hedges a non-trading equity instrument (or a component thereof) that the Company has designated to be measured at fair value through other comprehensive income, the hedging gain or loss generated by the hedging instrument shall be recognized in other comprehensive income. Gain or loss generated by the hedged item due to the hedged risk exposure shall be recognized in profit or loss and shall adjust the carrying amount of the recognized hedged item that is not measured at fair value. If the hedged item is a non-trading equity instrument (or a component thereof) designated at fair value through other comprehensive income, gains or losses arising from the hedged risk shall be recognized in other comprehensive income. Since the carrying amount of the hedged item is already measured at fair value, no adjustment is required.

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

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

② Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income as a cash flow hedge reserve, while the portion is determined to be an ineffective hedge (i.e., other gain or loss after deducting that recognized in other comprehensive income) shall be recognized in current profits and losses. The amount of cash flow hedging reserves shall be determined based on the lower of the absolute amount of the following two items: ① The cumulative gain or loss on the hedging instrument since the commencement of the hedge. ② The cumulative change in the present value of expected future cash flows of the hedged item since the commencement of the hedge.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a defined commitment for which fair value hedge accounting is applied, the amount previously recognized in the cash flow hedge reserve in other comprehensive income shall be reclassified and included in the initial cost of the asset or liability. For cash flow hedges other than those covered above, the amount in the cash flow hedge reserve previously recognized in other comprehensive income shall be reclassified to profit or loss in the same period or in the period in which the hedged expected future cash flows affect profit or loss.

③ Hedges of a net investment in a foreign operation

For hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge shall be recognized in current profits and losses. Upon disposal of all or part of the foreign operation, the gain or loss on the hedging instrument recognized in other comprehensive income shall be reclassified and recognized in current profits and losses.

III Significant accounting policies and accounting estimates (continued)

35 Significant accounting judgments and accounting estimates

The Company continuously evaluates the significant accounting estimates and key assumptions used, based on historical experience and other factors, including reasonable expectations of future events. The significant accounting estimates and key assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Measurement of expected credit losses on accounts receivable

The Company measures expected credit losses on accounts receivable based on the exposure at default and the expected loss rate, the latter of which is determined based on the probability of default and loss given default. In determining the expected loss rate, the Company uses internal historical credit loss experience and other data, adjusted for current conditions and forward-looking information. When considering forward-looking information, the Company takes into account indicators such as the risk of economic downturn, changes in external market conditions, technological environment, and customer circumstances. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

Provision for depreciation of inventories

Provision for depreciation of inventories is recognized based on the estimated net realizable value of inventories. The assessment of this provision involves management judgment and estimation. If actual circumstances or future expectations differ from the original estimates, the resulting difference will affect the carrying amount of the inventories and the reversal/write-off of the provision in the period in which the estimate is revised.

Development expenditures

When determining the amount to be capitalized, management must make assumptions regarding the generation of future cash flows to be generated by the asset, the discount rate adopted, and the expected useful life.

Goodwill impairment

The Company assesses goodwill for impairment at least annually. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. In estimating the value in use, the Company estimates the future cash flows derived from the cash-generating units discounts them using an appropriate discount rate to calculate the present value of those cash flows.

Deferred income tax assets

Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable profits will be available to utilize those losses. This requires significant management judgment to estimate the timing and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets to be recognized.

III Significant accounting policies and accounting estimates (continued)

36 Changes to major accounting policies and estimates

(1) Change of accounting policies

The Company had no significant change in accounting policies during the Reporting Period.

(2) Changes to accounting estimates

The Company had no significant change in accounting estimates during the Reporting Period.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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IV Taxes

1 Value-added tax

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

2 Urban maintenance and construction tax

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

3 Education surcharges

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

4 Property tax

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

5 Corporate income tax

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

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

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

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

IV Taxes (continued)

5 Corporate income tax (continued)

Subsidiaries entitled to tax preferences:

Company name	Preferential tax rate	Reason
TCL China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Suzhou China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Guangzhou China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15.00%	High-tech enterprise
TCL Financial Technology (Shenzhen) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen Qianhai Maojia Software Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Tianjin) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanou New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Wuxi Zhonghuan Applied Materials Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanzhi New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Jiangsu) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	15.00%	High-tech enterprise
Zhonghuan Advanced (Xuzhou) Bandaoti Material Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15.00%	High-tech enterprise
Techhigh Circuit Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15.00%	High-tech enterprises and the Western China Development Initiative
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15.00%	High-tech enterprises and the Western China Development Initiative
Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd.	15.00%	High-tech enterprises and the Western China Development Initiative
Suzhou China Star Environmental Protection Technology Co., Ltd.	15.00%	Eligible third-party enterprises engaged in pollution prevention and control
Dangxiong Youhao New Energy Development Co., Ltd.	15.00%	Western China Development Initiative
Shaanxi Huanshuo Green New Energy Co., Ltd.	15.00%	Western China Development Initiative
Ningxia Huanou New Energy Technology Co., Ltd.	9.00%	Western China Development and the "three-year exemption and three-year 50% reduction" preferential treatment on the local portion of enterprise income tax

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

IV Taxes (continued)

5 Corporate income tax (continued)

Company name	Preferential tax rate	Reason
Ningxia Zhonghuan Solar Material Co., Ltd.	9.00%	Western China Development, the "three-year exemption and three-year 50% reduction" preferential treatment on the local portion of enterprise income tax, and high-tech enterprise
Shaanxi Runhuan Tianyu Technology Co., Ltd.	7.50%	The "three-year exemption and three-year 50% reduction" and the Western China Development Initiative
Shaanxi Huanbo New Energy Power Engineering Construction Co., Ltd.	Tax-exempt	Three-year exemption and three-year 50% reduction
Hohhot Dishengsheng New Energy Co., Ltd.	Tax-exempt	Three-year exemption and three-year 50% reduction
Tianjin Zhonghuan New Energy Co., Ltd.	Tax-exempt	Three-year exemption and three-year 50% reduction

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements

1 Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash on hand	418	482
Bank deposits	26,293,409	20,526,899
Deposits with the central bank	367,683	285,264
Other monetary assets	3,798,550	2,195,128
	30,460,060	23,007,773
Note	December 31, 2025	December 31, 2024
Restricted bank deposits		
TCL Tech Finance's statutory reserve deposits with the central bank	361,827	278,910
Other restricted monetary assets	3,467,238	1,867,608
	3,829,065	2,146,518

As of December 31, 2025, the Company's bank deposits of RMB 361,827,000 (December 31, 2024: RMB 278,910,000) were statutory deposit reserves deposited with the Central Bank by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company.

As of December 31, 2025, the Company's monetary assets offshore amounted to RMB 2,710,168,000 (December 31, 2024: RMB 3,151,386,000), all of which were owned by the overseas subsidiaries of the Company.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

2 Held-for-trading financial assets

	December 31, 2025	December 31, 2024
Financial assets classified as those measured at fair value through profit or loss	14,473,193	16,560,971
Including: Debt instrument investments	14,454,252	16,525,080
Equity instrument investments	18,941	35,891
	14,473,193	16,560,971

3 Derivative financial assets

	December 31, 2025	December 31, 2024
Foreign exchange forwards and foreign exchange swaps	78,957	172,489

4 Notes receivable

(1) Notes receivable by category

	December 31, 2025	December 31, 2024
Bank acceptance	377,126	188,776
Trade acceptance	103,099	1,077
	480,225	189,853

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (continued)

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

	December 31, 2025				Carrying amount	December 31, 2024				Carrying amount
	Gross amount		Bad-debt Allowance			Gross amount		Bad-debt Allowance		
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis	480,225	100%	-	-	480,225	189,853	100%	-	-	189,853
Including: low-risk portfolio	480,225	100%	-	-	480,225	189,853	100%	-	-	189,853
	<u>480,225</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>480,225</u>	<u>189,853</u>	<u>100%</u>	<u>-</u>	<u>-</u>	<u>189,853</u>

(3) As at December 31, 2025, notes receivable in pledge were RMB 6,169,000.

(4) As at December 31, 2025, endorsed or discounted notes receivable that were outstanding and not derecognized were RMB 6,077,000; endorsed or discounted notes receivable that were outstanding and derecognized amounted to RMB 266,248,000.

5 Accounts receivable

	December 31, 2025	December 31, 2024
Accounts receivable	22,579,657	22,589,419
Less: allowance for doubtful accounts	<u>426,654</u>	<u>347,266</u>
	<u>22,153,003</u>	<u>22,242,153</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

(1) Accounts receivable as at December 31, 2025 are classified as follows by how the doubtful debts were provisioned:

Category	December 31, 2025				Carrying amount	December 31, 2024				Carrying amount
	Gross amount		Bad-debt Allowance			Gross amount		Bad-debt Allowance		
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Allowances for bad debts accrued on an individual basis	217,809	0.96%	189,792	87.14%	28,017	261,025	1.16%	188,520	72.22%	72,505
Provision for impairment based on portfolio of credit risk characteristics	22,361,848	99.04%	236,862	1.06%	22,124,986	22,328,394	98.84%	158,746	0.71%	22,169,648
	<u>22,579,657</u>	<u>100%</u>	<u>426,654</u>	<u>1.89%</u>	<u>22,153,003</u>	<u>22,589,419</u>	<u>100%</u>	<u>347,266</u>	<u>1.54%</u>	<u>22,242,153</u>

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

	December 31, 2025		December 31, 2024	
	Amount	Ratio	Amount	Ratio
Within 1 year	20,832,958	92.26%	20,652,345	91.43%
1 to 2 years	376,690	1.67%	1,033,212	4.57%
2 to 3 years	552,656	2.45%	206,083	0.91%
Over 3 years	817,353	3.62%	697,779	3.09%
	<u>22,579,657</u>	<u>100%</u>	<u>22,589,419</u>	<u>100%</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

(3) Allowances for doubtful accounts receivable are analyzed as follows:

	December 31, 2025
Beginning amount	347,266
New subsidiary	1,084
Accrued in the period	140,271
Reversal of current period	(63,597)
Write-off of current period	(15,469)
Others	17,099
	426,654
Ending amount	426,654

(4) As at December 31, 2025, the accounts receivable and contract assets of the top five balances are as follows:

	December 31, 2025
Total amount of the accounts receivable and contract assets of the top five balances	12,144,160
As a percentage of the total amount of accounts receivable and contract assets	53.78%

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

Item	Methods of transfer of financial assets	Amount derecognized for the period	Gain or loss on derecognition
Accounts receivable	Factoring without recourse	12,337,240	(27,546)

6 Receivables financing

	December 31, 2025	December 31, 2024
Notes receivable financing	383,247	584,362
Receivable financing	242,542	247,045
	625,789	831,407

Note As at December 31, 2025, the financing for endorsed or discounted receivables that were outstanding and derecognized amounted to RMB 5,669,127,000.

As of December 31, 2025, the Company believes that receivables financing it held did not have significant credit risks and will not cause significant losses due to default.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	December 31, 2025	December 31, 2024
Within 1 year	1,363,244	1,807,562
1-2 years	415,294	209,382
2-3 years	98,269	67,877
Over 3 years	32,637	5,671
	<u>1,909,444</u>	<u>2,090,492</u>

(2) As of December 31, 2025, the prepayments of the top five balances are as follows:

	December 31, 2025
Total amount owed by the top five	1,100,577
As % of total prepayments	57.64%

8 Other receivables

	December 31, 2025	December 31, 2024
Dividends receivable	424,441	675,119
Other receivables	<u>3,076,182</u>	<u>4,048,021</u>
	<u>3,500,623</u>	<u>4,723,140</u>

(1) Dividends receivable

	December 31, 2025	December 31, 2024
Xinjiang Goens Energy Technology Co., Ltd.	444,597	698,082
Less: allowance for doubtful accounts	<u>20,156</u>	<u>22,963</u>
	<u>424,441</u>	<u>675,119</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(1) Dividends receivable (continued)

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

Category	December 31, 2025				Carrying amount	December 31, 2024				Carrying amount
	Gross amount		Bad-debt Allowance			Gross amount		Bad-debt Allowance		
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Allowances for bad debts accrued on an individual basis	444,597	100%	20,156	4.53%	424,441	698,082	100%	22,963	3.29%	675,119
	<u>444,597</u>	<u>100%</u>	<u>20,156</u>	<u>4.53%</u>	<u>424,441</u>	<u>698,082</u>	<u>100%</u>	<u>22,963</u>	<u>3.29%</u>	<u>675,119</u>

(2) Other receivables

	December 31, 2025	December 31, 2024
Other receivables	3,513,209	4,478,337
Less: allowance for doubtful accounts	<u>437,027</u>	<u>430,316</u>
	<u>3,076,182</u>	<u>4,048,021</u>

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

	December 31, 2025	December 31, 2024
Allowance receivables	1,355,862	1,849,469
Equity transfer receivables	251,016	561,969
Security and deposits	584,936	490,401
Others	<u>884,368</u>	<u>1,146,182</u>
	<u>3,076,182</u>	<u>4,048,021</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(2) Other receivables (continued)

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

Category	December 31, 2025					December 31, 2024				
	Gross amount		Bad-debt Allowance		Carrying amount	Gross amount		Bad-debt Allowance		Carrying amount
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Allowances for bad debts accrued on an individual basis	583,773	16.62%	413,344	70.81%	170,429	684,637	15.29%	351,362	51.32%	333,275
Provisions for bad debts accrued on a portfolio basis	2,929,436	83.38%	23,683	0.81%	2,905,753	3,793,700	84.71%	78,954	2.08%	3,714,746
	<u>3,513,209</u>	<u>100%</u>	<u>437,027</u>	<u>12.44%</u>	<u>3,076,182</u>	<u>4,478,337</u>	<u>100%</u>	<u>430,316</u>	<u>9.61%</u>	<u>4,048,021</u>

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
December 31, 2024	28,902	-	401,414	430,316
--Transfer into Stage 3	-	-	-	-
Current accrual	10,561	-	10,107	20,668
Addition of new subsidiaries	53	-	-	53
Reversal of current period	(7,732)	-	(137)	(7,869)
Write-off of current period	(1,718)	-	-	(1,718)
Others	(349)	-	(4,074)	(4,423)
December 31, 2025	<u>29,717</u>	<u>-</u>	<u>407,310</u>	<u>437,027</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

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

	December 31, 2025		December 31, 2024	
	Carrying amount	Ratio	Carrying amount	Ratio
Within 1 year	1,638,345	46.64%	2,406,461	53.74%
1 to 2 years	816,611	23.24%	1,254,934	28.02%
2 to 3 years	379,232	10.79%	185,767	4.15%
Over 3 years	679,021	19.33%	631,175	14.09%
	<u>3,513,209</u>	<u>100%</u>	<u>4,478,337</u>	<u>100%</u>

(e) As of December 31, 2025, the other receivables of the top five balances are as follows:

	December 31, 2025
Total amount owed by the top five	1,870,943
As % of total other receivables	53.25%

(f) On December 31, 2025, there was no transfer of other receivables that did not conform to the conditions for derecognition in the balance of this account; no transaction arrangement for asset securitization with other receivables as the subject asset; and no financial instrument that was the subject of securitization and did not conform to the conditions for derecognition.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

9 Inventories

(1) Inventories are classified as follows:

	December 31, 2025			December 31, 2024		
	Gross amount	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount	Gross amount	Provision for depreciation of inventories / provision for impairment of contract performance costs	Carrying amount
Raw materials	5,752,757	837,917	4,914,840	5,368,313	663,905	4,704,408
Work in progress	3,473,243	705,587	2,767,656	3,594,152	950,333	2,643,819
Finished Goods	12,224,275	1,660,743	10,563,532	12,589,255	2,499,767	10,089,488
Turnover materials	126,337	1,657	124,680	157,865	1,447	156,418
	<u>21,576,612</u>	<u>3,205,904</u>	<u>18,370,708</u>	<u>21,709,585</u>	<u>4,115,452</u>	<u>17,594,133</u>

As of December 31, 2025, the Company had no inventory for liabilities guarantee.

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

	December 31, 2024	Accrued in the period	Reversal and write-off in the period	Other changes	December 31, 2025
Raw materials	663,905	1,141,017	(1,006,771)	39,766	837,917
Work in progress	950,333	1,465,208	(1,606,298)	(103,656)	705,587
Inventory of goods	2,499,767	2,160,067	(2,966,522)	(32,569)	1,660,743
Turnover materials	1,447	1,099	(889)	-	1,657
	<u>4,115,452</u>	<u>4,767,391</u>	<u>(5,580,480)</u>	<u>(96,459)</u>	<u>3,205,904</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

10 Contract assets

(1) Contract assets are classified as follows:

	December 31, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Contract assets	422,183	36,607	385,576	422,207	27,090	395,117

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

	December 31, 2024	Accrued in the period	Reversal or write-off in the period	Other increases and decreases	December 31, 2025
Contract assets	27,090	9,517	-	-	36,607

11 Held-for-sale assets

Item	Ending balance	Impairment allowance	Ending carrying amount	Fair value	Estimated disposal costs	Estimated disposal timing
Held-for-sale assets	423,091	60,026	363,065	363,065	-	February 2026

12 Non-current assets due within one year

	December 31, 2025	December 31, 2024
Other non-current assets due within one year	1,557,992	842,072
Debt investments due within one year	6,953	7,634
	<u>1,564,945</u>	<u>849,706</u>

13 Other current assets

	December 31, 2025	December 31, 2024
VAT to be deducted, to be certified, etc.	8,126,701	6,201,277
Loans and advances to customers	-	390,720
Others	284,923	124,212
	<u>8,411,624</u>	<u>6,716,209</u>

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

14 Debt Investments

	December 31, 2025	December 31, 2024
Treasury bonds and corporate bonds	578,159	147,272

15 Long-term receivables

	December 31, 2025			December 31, 2024		
	Gross amount	Bad-debt Allowance	Carrying amount	Gross amount	Bad-debt Allowance	Carrying amount
Finance lease	-	-	-	306,397	-	306,397
Including:						
Unrealized	-	-	-	(220,030)	-	(220,030)
financing income						
Others	120,628	-	120,628	165,145	27,801	137,344
	120,628	-	120,628	471,542	27,801	443,741

16 Long-term equity investments

	December 31, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associate	22,966,147	20,022	22,946,125	24,140,271	1,444	24,138,827
Joint venture	452,571	49,503	403,068	506,310	49,503	456,807
	23,418,718	69,525	23,349,193	24,646,581	50,947	24,595,634

As of December 31, 2025, the Company made impairment allowances for long-term equity investments in investees with poor management and insolvent assets. In addition, there was no significant restriction on the realization of investment and the repatriation of investment income for long-term equity investment.

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

16 Long-term equity investments (continued)

(1) Changes in long-term equity investments for the year

Investees	December 31, 2024 (carrying amount)	Increase or decrease in current period							December 31, 2025 (carrying amount)	Balance of impairment provision as of December 31, 2025
		Increase/ decrease in investment in current period	Net profits or losses adjusted under the equity method	Other comprehensive income	Other equity changes	Cash dividends or profit distribution declared	Provision for impairment	Others		
Joint venture	456,807	27,836	(77,806)	-	1,231	(5,000)	-	-	403,068	49,503
Associate										
Bank of Shanghai Co., Ltd.	14,740,146	-	1,346,306	(271,340)	(994,457)	(425,304)	-	-	14,395,351	-
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,400,862	-	32,089	-	-	-	-	-	1,432,951	-
Aijjexu New Electronic Display Glass (Shenzhen) Co., Ltd.	847,664	-	(4,275)	-	-	-	-	-	843,389	-
Others	7,150,155	(191,176)	424,533	(20,002)	(7,274)	(1,080,193)	(18,578)	16,969	6,274,434	20,022
Total of associates	<u>24,138,827</u>	<u>(191,176)</u>	<u>1,798,653</u>	<u>(291,342)</u>	<u>(1,001,731)</u>	<u>(1,505,497)</u>	<u>(18,578)</u>	<u>16,969</u>	<u>22,946,125</u>	<u>20,022</u>
Total	<u>24,595,634</u>	<u>(163,340)</u>	<u>1,720,847</u>	<u>(291,342)</u>	<u>(1,000,500)</u>	<u>(1,510,497)</u>	<u>(18,578)</u>	<u>16,969</u>	<u>23,349,193</u>	<u>69,525</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

17 Investments in other equity instruments

	December 31, 2025	December 31, 2024
Stocks	18,427	13,371
Equity of unlisted companies	338,029	374,480
	356,456	387,851

Item name	Recognize d dividend revenue	Cumulative gains	Cumulative losses	Amount of other comprehensive income transferred to retained earnings	Reasons designated as measured at fair value and whose changes are included in other comprehensive income
Stocks	599	5,949	(135,814)	-	Being held long-term for strategic purposes
Equity of unlisted companies	185	11,370	(77,869)	-	Being held long-term for strategic purposes
Total	784	17,319	(213,683)	-	

18 Other non-current financial assets

	December 31, 2025	December 31, 2024
Equity investments	3,172,659	1,924,717
Debt investments	-	300,483
	3,172,659	2,225,200

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

19 Investment property

	Houses and buildings	Land use rights	Total
Gross amount:			
December 31, 2024	830,496	219,676	1,050,172
Increase during the year	11,288	281	11,569
Decrease during the year	(338,812)	(111,098)	(449,910)
December 31, 2025	502,972	108,859	611,831
Accumulated depreciation and amortization:			
December 31, 2024	320,055	49,475	369,530
Current accrual	6,660	4,602	11,262
Other increases	12,528	216	12,744
Decrease during the year	(164,930)	(19,556)	(184,486)
December 31, 2025	174,313	34,737	209,050
Investment property, net:			
December 31, 2025	328,659	74,122	402,781
December 31, 2024	510,441	170,201	680,642
Impairment allowance:			
Beginning amount	67,908	-	67,908
Decrease during the year	(67,000)	-	(67,000)
Ending amount	908	-	908
Investment property, net:			
December 31, 2025	327,751	74,122	401,873
December 31, 2024	442,533	170,201	612,734

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

20 Fixed assets

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Gross amount:							
December 31, 2024	61,136,545	241,758,804	3,800,411	318,237	2,224,955	1,426,517	310,665,469
Increase during the year							
Acquisition and other	18,983	370,876	125,059	12,131	-	4,485	531,534
Reclassified from construction in progress	1,002,118	17,829,459	99,438	52,966	-	3,321	18,987,302
New subsidiary	7,454,336	25,053,523	443,257	1,561	-	-	32,952,677
Other increases	377,358	509,086	9,858	4,647	258	479	901,686
Decrease during the year							
Reduced subsidiary	-	(1,092,273)	(63,768)	-	-	-	(1,156,041)
Disposals, write-offs, and others	(1,611,978)	(4,049,213)	(166,698)	(16,395)	-	(73)	(5,844,357)
December 31, 2025	68,377,362	280,380,262	4,247,557	373,147	2,225,213	1,434,729	357,038,270
Accumulated depreciation:							
December 31, 2024	12,442,980	121,364,569	2,452,682	242,880	659,147	334,859	137,497,117
Increase during the year							
Accrual	2,494,410	23,989,885	395,394	38,812	57,287	84,731	27,060,519
New subsidiary	2,858,865	23,726,998	379,770	1,378	-	-	26,967,011
Other increases	183,955	293,073	5,457	-	-	385	482,870
Decrease during the year							
Reduced subsidiary	-	(19,174)	(26,405)	-	-	-	(45,579)
Disposals, write-offs, and others	(551,277)	(1,800,942)	(134,504)	(10,652)	-	(73)	(2,497,448)
December 31, 2025	17,428,933	167,554,409	3,072,394	272,418	716,434	419,902	189,464,490
Fixed assets, net:							
December 31, 2025	50,948,429	112,825,853	1,175,163	100,729	1,508,779	1,014,827	167,573,780
December 31, 2024	48,693,565	120,394,235	1,347,729	75,357	1,565,808	1,091,658	173,168,352

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V Notes to Consolidated Financial Statements (Continued)

20 Fixed assets (continued)

	Houses and buildings	Machinery equipment	Office and electronic equipment	Transportation equipment	Power stations	Others	Total
Impairment allowance:							
December 31, 2024	919,519	1,601,398	73,101	266	62,059	-	2,656,343
Current accrual	-	464,252	124	-	37,406	-	501,782
Other increases	67,000	-	-	-	-	-	67,000
Reduced subsidiary	-	(391,020)	-	-	-	-	(391,020)
Disposals, write-offs, and others	(17,401)	(231,663)	(14,279)	(138)	-	-	(263,481)
December 31, 2025	969,118	1,442,967	58,946	128	99,465	-	2,570,624
Fixed assets, carrying amount:							
December 31, 2025	49,979,311	111,382,886	1,116,217	100,601	1,409,314	1,014,827	165,003,156
December 31, 2024	47,774,046	118,792,837	1,274,628	75,091	1,503,749	1,091,658	170,512,009

Please refer to Item 29 of Note V for information on fixed asset pledge.

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

	Carrying amount	Reasons for pending ownership certificates
Houses and buildings (Note)	11,113,937	In process

Note As of December 31, 2025, the fixed assets for which the certificates of title have not been completed are mainly the houses and buildings of Huaxing Production Bases t3, t5 and t9, as well as the houses and buildings of Inner Mongolia Zhonghuan Crystal Materials Co., Ltd. and Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.

21 Construction in progress

(1) Schedule of construction in progress

	December 31, 2025	December 31, 2024
Construction in progress	16,560,203	23,872,805
Less: Impairment allowance	383,355	292,302
	<u>16,176,848</u>	<u>23,580,503</u>

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

21 Construction in progress (continued)

(2) Changes to construction in progress

Project name	Budget	December 31, 2024	Increase in current period	Construction in progress transferred to fixed assets	Other movements	December 31, 2025	Accumulated investment in the project as % of budget	Project progress	Cumulative capitalized interest	Including: capitalized interest in current period	Interest capitalization rate for current period	Funding source
t9 production line of LCD panel	31,500,000	2,794,829	1,511,691	(3,928,464)	-	378,056	96%	Under construction	395,291	30,220	3.0%	Self-funded and financed funds
Solar power station projects	6,104,522	3,512,817	495,518	(1,315,113)	(142,482)	2,550,740	63%	Under construction	225,415	102,981	2.55%-3.604%	Self-funded and raised funds
Large-diameter silicon wafers for integrated circuits	5,410,520	3,241,139	77,311	(1,938,492)	(342)	1,379,616	98%	Under construction	45,738	5,690	2.8%	Self-funded and raised funds
Expansion project of silicon wafers for integrated circuits	5,800,260	-	570,888	(457)	(16,519)	553,912	10%	Under construction	7,970	7,970	2.8%	Self-funded and raised funds
Silicon wafers for integrated circuits	11,014,000	2,196,067	1,102,412	(1,178,753)	(2,697)	2,117,029	86%	Under construction	439,709	1,618	2.6%	Self-funded and raised funds
Highly-efficient imbricate module G12 project	2,886,269	911,184	215,517	(774,594)	(28,058)	324,049	77%	Under construction	10,413	3,835	2.9%	Self-funded and raised funds
Production line of 8-12-inch silicon wafers for integrated circuits	5,707,172	877,179	308,885	(487,419)	(82,554)	616,091	93%	Under construction	10,716	2,169	2.8%	Self-funded and raised funds
Others	Not applicable	10,047,288	8,058,579	(9,364,010)	(484,502)	8,257,355	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
		<u>23,580,503</u>	<u>12,340,801</u>	<u>(18,987,302)</u>	<u>(757,154)</u>	<u>16,176,848</u>						

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

22 Right-of-use assets

	Houses and buildings	Transportation equipment	Machinery equipment	Land use rights	Total
Gross amount:					
December 31, 2024	6,523,967	755	906,409	472,917	7,904,048
Increase					
New subsidiary	198,854	9,153	-	-	208,007
Leased in	415,391	156	-	89,248	504,795
Other increases	10,165	264	-	16,796	27,225
Decreases					
Lease contract expiration	(274,222)	(8,835)	-	-	(283,057)
Other decreases	(592,883)	(561)	(27,912)	(146,238)	(767,594)
December 31, 2025	<u>6,281,272</u>	<u>932</u>	<u>878,497</u>	<u>432,723</u>	<u>7,593,424</u>
Accumulated depreciation:					
December 31, 2024	802,000	398	294,298	47,409	1,144,105
Increase					
Current accrual	385,952	1,243	99,111	35,837	522,143
New subsidiary	181,620	7,611	-	-	189,231
Other increases	1,441	316	-	-	1,757
Decreases					
Lease contract expiration	(274,222)	(8,835)	-	-	(283,057)
Other decreases	(245,719)	(28)	(20,007)	(7,028)	(272,782)
December 31, 2025	<u>851,072</u>	<u>705</u>	<u>373,402</u>	<u>76,218</u>	<u>1,301,397</u>
Right-of-use assets, carrying amount:					
December 31, 2025	<u>5,430,200</u>	<u>227</u>	<u>505,095</u>	<u>356,505</u>	<u>6,292,027</u>
December 31, 2024	<u>5,721,967</u>	<u>357</u>	<u>612,111</u>	<u>425,508</u>	<u>6,759,943</u>
Impairment allowance:					
December 31, 2024	62,255	-	-	-	62,255
Current accrual	73,243	-	-	-	73,243
Write-off of current year	(32,645)	-	-	-	(32,645)
December 31, 2025	<u>102,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,853</u>
Right-of-use assets, carrying amount:					
December 31, 2025	<u>5,327,347</u>	<u>227</u>	<u>505,095</u>	<u>356,505</u>	<u>6,189,174</u>
December 31, 2024	<u>5,659,712</u>	<u>357</u>	<u>612,111</u>	<u>425,508</u>	<u>6,697,688</u>

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

23 Intangible assets

	Land use rights	Non-patent technology/patent right	Others	Total
Gross amount:				
December 31, 2024	9,509,193	15,399,137	3,304,269	28,212,599
Increase				
New subsidiary	902,913	5,972	271,295	1,180,180
Purchase	861,572	1,044,673	299,922	2,206,167
Others	153,572	707,366	-	860,938
Decreases				
Disposals, write-offs, and other decreases	(30,065)	(59,151)	(181,287)	(270,503)
December 31, 2025	<u>11,397,185</u>	<u>17,097,997</u>	<u>3,694,199</u>	<u>32,189,381</u>
Accumulated amortization:				
December 31, 2024	1,519,969	6,851,302	1,564,658	9,935,929
Increase				
Accrual	288,384	2,734,427	331,325	3,354,136
New subsidiary	82,152	5,972	250,092	338,216
Reclassified from investment property	19,556	-	-	19,556
Decreases				
Disposals, write-offs, and other decreases	(264)	(28,617)	(132,758)	(161,639)
December 31, 2025	<u>1,909,797</u>	<u>9,563,084</u>	<u>2,013,317</u>	<u>13,486,198</u>
Intangible assets, net:				
December 31, 2025	<u>9,487,388</u>	<u>7,534,913</u>	<u>1,680,882</u>	<u>18,703,183</u>
December 31, 2024	<u>7,989,224</u>	<u>8,547,835</u>	<u>1,739,611</u>	<u>18,276,670</u>
Impairment allowance:				
December 31, 2024	23,562	114,526	21,115	159,203
New subsidiary	64,597	-	-	64,597
Accrual	-	-	12,873	12,873
Others	-	(800)	-	(800)
December 31, 2025	<u>88,159</u>	<u>113,726</u>	<u>33,988</u>	<u>235,873</u>
Intangible assets, carrying amount:				
December 31, 2025	<u>9,399,229</u>	<u>7,421,187</u>	<u>1,646,894</u>	<u>18,467,310</u>
December 31, 2024	<u>7,965,662</u>	<u>8,433,309</u>	<u>1,718,496</u>	<u>18,117,467</u>

Please refer to Item 29 of Note V for information on collateralized intangible assets.

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V Notes to Consolidated Financial Statements (Continued)

24 Development expenditures

Development expenditures are presented as follows:

	December 31, 2025	December 31, 2024
Display	963,087	1,165,388
New energy photovoltaics and other silicon materials	241,868	666,056
	1,204,955	1,831,444

25 Goodwill

(1) Gross amount of goodwill

Name of investee or matter forming goodwill	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
TCL Technology Group (Tianjin) Co., Ltd.	6,726,130	-	-	6,726,130
Moka International Limited	1,733,665	-	-	1,733,665
Xinxin Bandaoti Technology Co., Ltd.	1,180,005	-	-	1,180,005
Maxeon Solar Technologies, Ltd.	1,556,676	-	(101,847)	1,454,829
Guangzhou China Star Optoelectronics Technology Co., Ltd.	-	827,544	-	827,544
Guangzhou China Star Optoelectronics Display Co., Ltd.	-	63,782	-	63,782
Others	910,601	-	-	910,601
	12,107,077	891,326	(101,847)	12,896,556

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V Notes to Consolidated Financial Statements (Continued)

25 Goodwill (continued)

(2) Goodwill impairment allowance

Name of investee	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Maxeon Solar Technologies, Ltd.	915,394	559,744	(20,309)	1,454,829
Others	31,978	-	-	31,978
	<u>947,372</u>	<u>559,744</u>	<u>(20,309)</u>	<u>1,486,807</u>

As at December 31, 2025, the recoverable amount of the goodwill-related asset groups above was determined at the present value of the estimated future cash flows or the net amount of the fair value less the disposal expenses. When the present value of any cash flow was estimated, the cash flow in the next 5-6 years was determined according to the financial budget approved by the management, and the cash flow beyond the budget period remained stable during the years after the budget period; the pre-tax discount rate (mainly 8.51%-15.67%) was determined with reference to comparable companies and related capital structures. Upon measurement, the Company accrued a provision for impairment of the goodwill of the asset group of Maxeon Solar Technologies, Ltd., and no provision for impairment was required for the goodwill of other asset groups.

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V Notes to Consolidated Financial Statements (Continued)

26 Long-term deferred expenses

	December 31, 2024	Increase in current period	Amortization in the period	Others	December 31, 2025
Improvement expense	567,528	176,743	(68,556)	(11,551)	664,164
Others	1,595,929	2,309,248	(2,256,197)	(30,261)	1,618,719
	<u>2,163,457</u>	<u>2,485,991</u>	<u>(2,324,753)</u>	<u>(41,812)</u>	<u>2,282,883</u>

27 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	December 31, 2025		December 31, 2024	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deductible losses	31,410,984	4,619,028	27,723,181	4,209,631
Asset impairment allowances	2,770,419	417,163	2,516,717	434,196
Provisions	1,628,857	190,566	1,618,959	254,359
Changes in fair value	28,246	4,739	56,219	14,055
Lease liabilities	6,656,326	686,252	6,683,424	858,412
Others	5,682,436	1,228,711	5,817,857	945,951
	<u>48,177,268</u>	<u>7,146,459</u>	<u>44,416,357</u>	<u>6,716,604</u>

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

27 Deferred income tax assets and deferred income tax liabilities (continued)

(2) Un-offset deferred income tax liabilities

	December 31, 2025		December 31, 2024	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	25,700,461	3,908,598	25,279,356	3,855,131
Increase in value of assets as assessed in business combination not involving entities under common control	5,542,570	1,006,170	3,145,703	607,855
Changes in fair value	774,485	180,214	345,981	70,110
Right-of-use assets	6,189,174	748,587	6,697,688	923,022
Others	701,195	142,165	2,654,782	318,508
	<u>38,907,885</u>	<u>5,985,734</u>	<u>38,123,510</u>	<u>5,774,626</u>

(3) There were no deferred income tax assets or liabilities presented on a net basis after offsetting

Item	Amount subject to mutual offset of deferred income tax assets against liabilities at the end of the period	Closing balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	(4,210,127)	2,936,332
Deferred income tax liabilities	(4,210,127)	1,775,607
	<u>(4,210,127)</u>	<u>1,775,607</u>
Item	Amount subject to mutual offset of deferred income tax assets against liabilities at the beginning of the period	Beginning balance of deferred income tax assets or liabilities after offset
Deferred income tax assets	(4,230,177)	2,486,427
Deferred income tax liabilities	(4,230,177)	1,544,449
	<u>(4,230,177)</u>	<u>1,544,449</u>

(4) Unrecognized deferred income tax assets

	December 31, 2025	December 31, 2024
Deductible temporary difference	4,760,267	5,638,299
Deductible losses	39,311,744	26,169,314
	<u>44,072,011</u>	<u>31,807,613</u>

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V Notes to Consolidated Financial Statements (Continued)

27 Deferred income tax assets and deferred income tax liabilities (continued)

(5) Deductible losses in respect of unrecognized deferred income tax assets will expire in the following years:

	December 31, 2025	December 31, 2024
2025	-	332,986
2026	1,042,781	783,029
2027	1,804,152	1,448,111
2028	1,408,540	1,471,286
2029	11,388,026	9,104,765
2030 onwards	23,668,245	13,029,137
	39,311,744	26,169,314

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V Notes to Consolidated Financial Statements (Continued)

28 Other non-current assets

	December 31, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Other non-current assets	18,311,727	-	18,311,727	17,917,341	-	17,917,341

Note Other non-current assets mainly include the prepayments for engineering equipment, large-amount fixed-income certificates of deposit and fixed-term deposits, etc., which are subsequently measured at amortized cost.

29 Assets with restricted ownership or use rights

	December 31, 2025		Reason for restriction
	Gross carrying amount	Carrying amount	
Monetary assets	361,827	361,827	Deposited in the central bank as the required reserve
Monetary assets	3,467,238	3,467,238	Other monetary assets and restricted bank deposits
Notes receivable	6,169	6,169	Endorsement, and attached recourse and pledge
Fixed assets	82,094,236	57,155,751	As collateral for loan
Intangible assets	3,403,899	2,927,721	As collateral for loan
Held-for-trading financial assets	410,736	410,736	In pledge
Construction in progress	1,540,477	1,540,477	As collateral for loan
Accounts receivable	1,068,864	1,049,751	In pledge
Contract assets	173,955	158,012	In pledge
	<u>92,527,401</u>	<u>67,077,682</u>	

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

29 Assets with restricted ownership or use rights (continued)

	December 31, 2024		Reason for restriction
	Gross carrying amount	Carrying amount	
Monetary assets	278,910	278,910	Deposited in the central bank as the required reserve
Monetary assets	1,867,608	1,867,608	Other monetary assets and restricted bank deposits
Notes receivable	61,787	61,787	Endorsement, and attached recourse and pledge
Fixed assets	126,224,132	87,482,583	As collateral for loan
Intangible assets	4,664,141	3,891,403	As collateral for loan
Held-for-trading financial assets	476,385	476,385	In pledge
Construction in progress	3,737,949	3,737,949	As collateral for loan
Accounts receivable	879,135	879,135	In pledge
Contract assets	89,180	82,444	In pledge
Other non-current assets	320,000	320,000	Mortgaged
Other non-current assets due within one year	20,000	20,000	In pledge
	138,619,227	99,098,204	

30 Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured borrowings	7,373,594	8,123,337
Borrowings secured by pledge	151,577	54,888
Interests payable	27,352	15,058
	7,552,523	8,193,283

As at December 31, 2025, the Company's short-term pledged loans were equivalent to RMB 151,577,000, pledged withheld-for-trading financial assets equivalent to RMB 410,736,000.

As of December 31, 2025, the Company does not have any short-term borrowings that have expired and have not been repaid.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

31 Borrowings from the Central Bank

As of December 31, 2025, the balance of the borrowings of TCL Technology Group Finance Co., Ltd. (a subsidiary of the Company) from the Central Bank was RMB 29,756,000 (December 31, 2024: RMB 600,926,000).

32 Customer deposits and deposits from banks and other financial institutions

	December 31, 2025	December 31, 2024
Customer deposits and deposits from other banks and financial institutions	364,714	177,654
	364,714	177,654

Customer deposits and deposits from banks and other financial institutions are the deposits of related and non-related enterprises absorbed by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company, within the business scope approved by the regulatory authority.

33 Held-for-trading financial liabilities

	December 31, 2025	December 31, 2024
Financial liabilities measured at fair value through current profits and losses	235,717	232,406
	235,717	232,406

34 Derivative financial liabilities

	December 31, 2025	December 31, 2024
Derivative financial liabilities	50,435	248,845
	50,435	248,845

35 Notes payable

	December 31, 2025	December 31, 2024
Bank acceptance notes	6,115,352	6,796,785
Trade acceptance notes	350,248	311,057
	6,465,600	7,107,842

As of December 31, 2025, the Company had no notes payable that were due but not paid.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

36 Accounts payable

	December 31, 2025	December 31, 2024
Amounts due to suppliers	<u>32,251,944</u>	<u>29,347,615</u>

As of December 31, 2025, there were no significant accounts payable aged over one year.

37 Advances from customers

	December 31, 2025	December 31, 2024
Advances from customers	<u>6,823</u>	<u>2,689</u>

As of December 31, 2025, the Company had no significant accounts receivable aged over one year.

38 Contract liabilities

	December 31, 2025	December 31, 2024
Advances from customers	<u>2,009,842</u>	<u>1,969,271</u>

As at December 31, 2025, the Company had no significant contract liability aged over one year.

39 Employee benefits payable and long-term employee benefits payable

(1) Employee compensation payable

	December 31, 2025	December 31, 2024
Short-term employee benefits payable	4,923,490	4,131,966
Defined contribution plans payable	7,788	29,005
Dismissal benefits payable	<u>35,210</u>	<u>27,266</u>
	<u>4,966,488</u>	<u>4,188,237</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

39 Employee benefits payable and long-term employee benefits payable (continued)

(1) Employee benefits payable (continued)

(a) Short-term employee benefits presented

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Wages, bonuses, allowances, and subsidies	4,026,548	12,475,736	(11,706,205)	4,796,079
Employee services and benefits	-	529,011	(529,011)	-
Social insurance benefits	28,808	376,201	(377,329)	27,680
Including: medical insurance premium	28,368	339,983	(340,833)	27,518
Employment injury insurance premiums	424	23,351	(23,624)	151
Maternity insurance	16	12,867	(12,872)	11
Housing fund	17,824	394,831	(395,948)	16,707
Trade union funds and staff education funds	56,820	197,219	(180,102)	73,937
Other employee salaries	1,966	68,950	(61,829)	9,087
	<u>4,131,966</u>	<u>14,041,948</u>	<u>(13,250,424)</u>	<u>4,923,490</u>

(b) Defined contribution plans

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Basic pension insurance	28,856	809,484	(830,797)	7,543
Unemployment insurance	149	31,894	(31,798)	245
	<u>29,005</u>	<u>841,378</u>	<u>(862,595)</u>	<u>7,788</u>

(2) Long-term employee compensation payable

	December 31, 2025	December 31, 2024
Supplementary pension insurance	21,605	22,424
	<u>21,605</u>	<u>22,424</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

40 Taxes and levies payable

	December 31, 2025	December 31, 2024
Corporate income tax	516,085	468,325
Value-added tax	52,591	160,729
Individual income tax	55,338	35,147
Urban maintenance and construction tax	228,297	203,667
Education surcharges	163,074	145,475
Others	222,949	192,755
	<u>1,238,334</u>	<u>1,206,098</u>

41 Other payables

	December 31, 2025	December 31, 2024
Dividends payable	48,249	13,131
Other payables	17,667,389	20,058,938
	<u>17,715,638</u>	<u>20,072,069</u>

(1) Dividends payable

	December 31, 2025	December 31, 2024
Other non-controlling interests	48,249	13,131
	<u>48,249</u>	<u>13,131</u>

(2) Other payables

	December 31, 2025	December 31, 2024
Payables for engineering equipment	11,584,251	14,150,023
Unpaid expenses	3,077,039	2,796,611
Security and deposits	555,385	581,027
Others	2,450,714	2,531,277
	<u>17,667,389</u>	<u>20,058,938</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

42 Held-for-sale liabilities

	December 31, 2025	December 31, 2024
Maxeon to sell 100% equity of its Malaysian subsidiary SPMIY	71,510	-

43 Non-current liabilities due within one year

	December 31, 2025	December 31, 2024
Long-term borrowings due within one year (Note 1)	45 23,171,348	26,434,993
Bonds payable due within one year (Note 2)	46 3,706,995	7,868,074
Long-term payables due within one year	1,270,633	1,187,771
Interest payable due within one year	252,392	374,059
Lease liabilities due within one year	47 2,507,728	348,638
Long-term employee compensation payable due within one year	688	10,948
	30,909,784	36,224,483

Note 1 The interest rates of the Company's long-term borrowing due within one year ranged from 2.1% to 4.3% in the current period (2024: from 2.1% to 4.3%).

Note 2 The Company's bonds payable due within one year are mainly as follows:

- ① Medium-term note 23TCL Group MTN001 (Sci-Tech Innovation Notes): Issued in February 2023, with a term of 3 years, the closing balance as at December 31, 2025 was RMB 1,499,875,000.
- ② Corporate bond 24TCLK1: Issued in February 2024, with a term of 2 years, the closing balance as at December 31, 2025 was RMB 1,499,747,000.
- ③ Corporate bond 25TCLDK: Issued in December 2025, with a term of 0.5 years, the closing balance as at December 31, 2025 was RMB 500,000,000.
- ④ Convertible bond 2L Note: Issued in June 2024, with a term of 3.6 years, the closing balance as at December 31, 2025 was RMB 207,373,000. The creditors are entitled to redeem it whenever they want.

44 Other current liabilities

	December 31, 2025	December 31, 2024
After-sales service expense (note)	1,383,990	1,255,175
Output tax to be transferred	172,922	120,002
Others	105,232	109,738
	1,662,144	1,484,915

Note After-sales service expense expected to occur within 1 year is presented in other current liabilities.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

45 Long-term borrowings

	December 31, 2025	December 31, 2024
Borrowings secured by collateral	17,359,693	41,035,441
Borrowings secured by pledge	3,072,898	3,239,538
Unsecured borrowings	<u>118,878,106</u>	<u>98,975,145</u>
	<u>139,310,697</u>	<u>143,250,124</u>
Including: long-term loans due within one year	<u>(23,171,348)</u>	<u>(26,434,993)</u>
	<u>116,139,349</u>	<u>116,815,131</u>

As at December 31, 2025, the long-term borrowings secured by collateral were equivalent to RMB 17,359,693,000 (December 31, 2024: RMB 41,035,441,000), which were secured by the collateral of the land use rights, houses and buildings, machinery and equipment of about RMB 61,509,833,000 (December 31, 2024: RMB 94,531,938,000); the long-term pledged borrowings were equivalent to RMB 3,072,898,000 (December 31, 2024: RMB 3,239,538,000), which were pledged by the accounts receivable and contract assets of about RMB 511,728,000 (December 31, 2024: RMB 403,810,000).

The interest rates of the Company's long-term borrowing ranged from 1.8% to 4.9% in the current period (2024: from 2.1% to 5.7%).

46 Bonds payable

	December 31, 2025	December 31, 2024
Corporate bonds	4,990,207	4,989,943
MTN	<u>2,991,667</u>	<u>1,498,677</u>
	<u>7,981,874</u>	<u>6,488,620</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

46 Bonds payable (continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Maturity	Issued amount	December 31, 2024	Issued in current period	Accrued interest as per par value	Amortization of premium or discount	Repaid in current period	Others (note)	December 31, 2025
23TCL Group MTN001 (Sci-Tech Innovation Notes)	1,500,000	February 3, 2023	3	1,500,000	1,498,677	-	61,342	-	-	(1,498,677)	-
24TCLK1	1,500,000	January 30, 2024	2	1,500,000	1,499,269	-	27,620	-	-	(1,499,269)	-
24TCLK2	1,500,000	April 9, 2024	5	1,500,000	1,496,967	-	40,350	1,349	-	-	1,498,316
24TCLK3	1,000,000	July 4, 2024	5	1,000,000	997,754	-	22,900	900	-	-	998,654
24TCLK4	1,000,000	July 4, 2024	5	1,000,000	995,953	-	24,600	900	-	-	996,853
25TCL Group MTN001A (Sci-Tech Innovation Notes)	1,000,000	January 8, 2025	3	1,000,000	-	1,000,000	19,507	(1,620)	-	-	998,380
25TCL Group MTN001B (Sci-Tech Innovation Notes)	1,000,000	January 8, 2025	5	1,000,000	-	1,000,000	25,359	(3,221)	-	-	996,779
25TCL Group MTN002 (Sci-Tech Innovation Bonds)	1,000,000	May 12, 2025	5	1,000,000	-	1,000,000	15,890	(3,492)	-	-	996,508
25TCLK1	1,500,000	December 17, 2025	3	1,500,000	-	1,500,000	1,197	(3,616)	-	-	1,496,384
Total	11,000,000			11,000,000	6,488,620	4,500,000	238,765	(8,800)	-	(2,997,946)	7,981,874

Note Others are bonds payable within one year which are reclassified to non-current liabilities due within one year and exchange adjustment.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

47 Lease liabilities

	December 31, 2025	December 31, 2024
Total lease liabilities	<u>6,656,326</u>	<u>6,683,424</u>
Less: Lease liabilities due within one year	<u>2,507,728</u>	<u>348,638</u>
	<u>4,148,598</u>	<u>6,334,786</u>

48 Long-term payables

	December 31, 2025	December 31, 2024
Finance lease	<u>1,388,759</u>	<u>1,994,812</u>

49 Deferred income

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Public grants	<u>1,014,891</u>	<u>6,155,806</u>	<u>(5,019,521)</u>	<u>2,151,176</u>
	<u>1,014,891</u>	<u>6,155,806</u>	<u>(5,019,521)</u>	<u>2,151,176</u>

Items involving public grants

	December 31, 2024	Increase	Recognized in other income	Written off against the cost of the asset/expenses	Other changes	December 31, 2025
Public grants related to assets	276,006	1,047,172	(3,903)	(425,518)	(144,860)	748,897
Public grants related to income	<u>738,885</u>	<u>5,108,634</u>	<u>(1,940,522)</u>	<u>(2,449,332)</u>	<u>(55,386)</u>	<u>1,402,279</u>
	<u>1,014,891</u>	<u>6,155,806</u>	<u>(1,944,425)</u>	<u>(2,874,850)</u>	<u>(200,246)</u>	<u>2,151,176</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

50 Estimated liabilities

	December 31, 2025	December 31, 2024
After-sales service fee of products	180,266	206,991
Pending litigation	51,214	42,227
	231,480	249,218

51 Other non-current liabilities

	December 31, 2025	December 31, 2024
Other non-current liabilities	25,635	27,508
	25,635	27,508

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

52 Share capital

	December 31, 2024		Increase or decrease in current period				December 31, 2025	
	Amount	Ratio	New issues	Shares converted from capital reserve	Others	Subtotal	Amount	Ratio
I. Restricted Shares	679,458	3.62%	2,021,781	-	2,923	2,024,704	2,704,162	13%
II. Non-restricted shares	18,099,623	96.38%	-	-	(2,923)	(2,923)	18,096,700	87%
III. Total shares	<u>18,779,081</u>	<u>100%</u>	<u>2,021,781</u>	<u>-</u>	<u>-</u>	<u>2,021,781</u>	<u>20,800,862</u>	<u>100%</u>

Except for Chairman of the Board Mr. Li Dongsheng who holds restricted shares subscribed for in a private placement, none of the other incumbent directors, supervisors, or senior management hold any restricted shares from a split-share structure reform or a private placement. The shares held by these personnel will stay partially frozen as per the *Rules on the Management of Shares Held by the Directors, Supervisors, and Senior Management Officers of the Company and the Changes thereof*. The trading and information disclosure in relation to these shares shall be in strict compliance with the applicable laws, regulations, and rules.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

53 Capital reserves

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Share capital premium	10,105,906	7,013,829	(3,584,470)	13,535,265
Other capital reserves	<u>447,175</u>	<u>500,899</u>	<u>(327,614)</u>	<u>620,460</u>
	<u>10,553,081</u>	<u>7,514,728</u>	<u>(3,912,084)</u>	<u>14,155,725</u>

54 Treasury share

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Treasury share	<u>919,322</u>	<u>800,000</u>	<u>(215,670)</u>	<u>1,503,652</u>

The increase in the period is mainly stock repurchases for the employee stock ownership plan or the equity incentives of the Company. On April 15, 2025, the Company held the 9th meeting of the 8th Board of Directors to deliberate and approve the *Proposal on the Repurchase of Part of the Publicly Held Shares in 2025*. The Company plans to repurchase part of its issued shares through centralized bidding, which will be used for employee stock ownership plans or equity incentives. As of December 31, 2025, the repurchase plan had been fully completed, and the total number of shares repurchased was 174,748,000 shares at the total consideration of RMB 800 million.

The decrease in the year is mainly caused by the non-trading transfer and sale of the employee portion of the employee stock ownership plan.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

55 Other comprehensive income

(1) Other comprehensive income items, income tax effects and reclassifications to profit or loss

	2025	2024
I. Items that cannot be reclassified to profit or loss subsequently		
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under the equity method	(32,575)	146,177
Share of the period	(32,544)	152,303
Previous other comprehensive income reclassified to retained earnings for the current period	(31)	(6,126)
2. Changes in fair value of other equity instruments	(51,519)	(1,195)
Current gain/(loss)	(50,377)	(195)
Previous other comprehensive income reclassified to retained earnings for the current period	-	-
Income tax effects recorded in other comprehensive income	(1,142)	(1,000)
3. Changes caused by re-measurement of net liabilities or net assets of defined benefit plans	(97,150)	(669)
Including: Amount of changes caused by re-measurement of defined benefit plans	(97,150)	(669)
II. Items that will be reclassified to profit or loss subsequently		
1. Share of other comprehensive income of investees that will be reclassified to profit or loss under the equity method	(258,798)	154,776
Share of the period	(258,798)	155,367
Income tax effects recorded in other comprehensive income	-	-
Less: Amount previously included in other comprehensive income transferred to profit or loss in the current period	-	(591)
2. Changes in fair value of financial assets recorded in other comprehensive income	-	-
Current gain/(loss)	-	-
3. Cash flow hedges	(5)	(21,994)
Current gain/(loss)	(5)	(15,627)
Previous other comprehensive income reclassified to profit for current period	-	(5,234)
Income tax effects recorded in other comprehensive income	-	(1,133)
4. Differences arising from translation of foreign currency financial statements of overseas operations	133,536	(94,402)
5. Net income arising from disposal of overseas operations through profit or loss	-	-
	(306,511)	182,693

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

55 Other comprehensive income (continued)

(2) Changes in other comprehensive income items

	Equity attributable to shareholders of the parent company								Subtotal	Non-controlling interests	Total other comprehensive income
	Change of accounting policies	Share of other comprehensive income of investees that will be reclassified to profit or loss under the equity method	Financial assets Gain or loss on fair-value changes	Gain/(Loss) on changes in cash flow hedges	Differences arising from translation of foreign currency-denominated financial statements	Fair value changes of other equity instruments	Changes caused by re-measurement of net liabilities or net assets of defined benefit plans	Other comprehensive income transferred to retained earnings			
December 31, 2023	334,950	24,965	(350,569)	28,743	(660,890)	(216,409)	-	(106,588)	(945,798)	20,996	(924,802)
Movement of 2024	-	300,954	-	(14,569)	(80,651)	5,931	(200)	(6,126)	205,339	(22,646)	182,693
December 31, 2024	334,950	325,919	(350,569)	14,174	(741,541)	(210,478)	(200)	(112,714)	(740,459)	(1,650)	(742,109)
Movement of 2025	-	(291,343)	-	(1)	47,186	(40,838)	(16,873)	(31)	(301,900)	(4,611)	(306,511)
December 31, 2025	334,950	34,576	(350,569)	14,173	(694,355)	(251,316)	(17,073)	(112,745)	(1,042,359)	(6,261)	(1,048,620)

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

56 Surplus reserves

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
Statutory surplus reserves	3,791,516	122,429	-	3,913,945
Discretionary surplus reserves	182,870	-	-	182,870
	<u>3,974,386</u>	<u>122,429</u>	<u>-</u>	<u>4,096,815</u>

57 Specific reserves

	December 31, 2024	Appropriation in current period	Decrease in current period	December 31, 2025
Production safety reserve	7,189	12,929	(14,520)	5,598
	<u>7,189</u>	<u>12,929</u>	<u>(14,520)</u>	<u>5,598</u>

58 General risk reserve

	December 31, 2024	Appropriation in current period	Decrease in current period	December 31, 2025
General risk reserve	8,934	-	-	8,934
	<u>8,934</u>	<u>-</u>	<u>-</u>	<u>8,934</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

59 Retained earnings

	2025	2024
Retained earnings at the beginning of the year	21,504,719	21,537,188
Change of accounting policies	-	-
Net profits for current period	4,516,782	1,564,112
Decrease in current period	(1,110,667)	(1,596,581)
Including: Appropriation of surplus reserves	(122,429)	(100,380)
Distributed to ordinary shareholders as dividends	(988,269)	(1,502,327)
Others	31	6,126
Retained earnings at the end of the period	<u>24,910,834</u>	<u>21,504,719</u>

60 Operating revenue and operating cost

	2025		2024	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	179,180,016	156,537,865	160,027,793	142,183,466
Non-core business	4,883,375	3,319,622	4,795,040	3,538,970
	<u>184,063,391</u>	<u>159,857,487</u>	<u>164,822,833</u>	<u>145,722,436</u>

(1) Business by operating segment

	Operating revenue		Operating cost		Gross profit	
	2025	2024	2025	2024	2025	2024
Domestic sales	116,355,212	109,583,288	106,350,699	102,058,220	10,004,513	7,525,068
Foreign sales	67,708,179	55,239,545	53,506,788	43,664,216	14,201,391	11,575,329
	<u>184,063,391</u>	<u>164,822,833</u>	<u>159,857,487</u>	<u>145,722,436</u>	<u>24,205,904</u>	<u>19,100,397</u>

(2) The total revenue from the sales to the top five customers was RMB 62,166,135,000 and RMB 56,891,059,000 respectively, for 2025 and 2024, accounting for 33.8% and 34.5% of the revenue.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

60 Operating revenue and operating cost (continued)

(3) Revenue and costs generated from the Company's trial sales are as follows:

	2025	2024
Operating revenue	2,189,957	2,203,472
Operating cost	1,810,087	1,757,498

61 Interest income/expense and exchange gain

	2025	2024
Interest income	147,524	140,005
Interest expenditures	13,055	22,073
Exchange gain/(loss)	898	(362)

The interest income, interest expense and exchange gain/(loss) above occurred with the Company's subsidiary TCL Technology Group Finance Co., Ltd., which are presented separately herein as required for a financial enterprise.

62 Taxes and levies

	2025	2024
Property tax	545,454	438,086
Urban maintenance and construction tax	264,474	220,955
Stamp tax	204,566	181,564
Education surcharges	191,501	157,919
Land use tax	49,301	32,043
Others	19,506	18,404
	1,274,802	1,048,971

TCL Technology Group Corporation
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V	Notes to Consolidated Financial Statements (Continued)		
63	Sales expenses		
		2025	2024
	Employee salaries and benefits	1,263,960	1,003,909
	Promotional and marketing expenses	375,768	237,111
	Others	763,886	813,053
		2,403,614	2,054,073
64	Administrative expense		
		2025	2024
	Employee salaries and benefits	2,198,212	2,238,561
	Depreciation and amortization expenses	913,102	836,608
	Expenses for hiring intermediaries	559,443	535,777
	Others	930,508	835,344
		4,601,265	4,446,290
65	R&D expenses		
		2025	2024
	Depreciation and amortization expenses	5,419,975	4,683,923
	Material expenses	1,500,313	1,108,938
	Employee salaries and benefits	2,912,874	2,531,319
	Others	1,311,580	1,109,107
		11,144,742	9,433,287
66	Financial expenses		
		2025	2024
	Interest expenditures	4,952,205	5,052,071
	Interest income	(626,161)	(687,992)
	Exchange loss/(gain)	325,687	(293,252)
	Others	117,975	108,443
		4,769,706	4,179,270

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

67 Other income

	2025	2024
R&D subsidies	1,255,277	918,344
VAT rebates on software	52,686	61,601
Over-deduction in taxable amount for VAT	411,163	677,519
Others	728,116	295,951
	2,447,242	1,953,415

68 Return on investment

	2025	2024
Revenue from long-term equity investment accounted for using the equity method	1,720,847	436,920
Net income from disposal of long-term equity investments	(43,892)	151,742
Return on holding of held-for-trading financial assets	253,055	659,486
Return on disposal of held-for-trading financial assets	182,524	74,547
Others	409,766	76,845
	2,522,300	1,399,540

69 Gain on changes in fair value

	2025	2024
Held-for-trading financial assets	854,843	368,782
Held-for-trading financial liabilities	(15,357)	32,941
Derivative financial instruments	149,132	78,131
	988,618	479,854

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

70 Credit impairment loss

	2025	2024
Loss on uncollectible accounts receivable	(76,674)	7,525
Loss on uncollectible other receivables	(12,799)	(10,476)
Other financial assets	12,867	4,360
	(76,606)	1,409

71 Asset impairment loss

	2025	2024
Inventory valuation loss	(4,147,390)	(4,839,570)
Impairment loss on long-term equity investments	(18,614)	-
Loss on impairment of goodwill	(559,744)	(918,405)
Loss on impairment of fixed assets	(501,782)	(231,500)
Others	(315,916)	(37,259)
	(5,543,446)	(6,026,734)

72 Asset disposal income

	2025	2024
Income/(loss) from disposal of fixed assets	3,930	14,866
Income/(loss) from disposal of intangible assets	-	21,121
Others	(805)	2,481
	3,125	38,468

73 Non-operating income

	2025	2024	Amount through current non-recurring gains and losses
Gains on retired or damaged non-current assets	61	159	61
Revenue from liquidated damages and others	114,340	291,399	114,340
	114,401	291,558	114,401

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

74 Non-operating expense

	2025	2024	Amount through current non-recurring gains and losses
Losses on retired or damaged non-current assets	24,946	47,210	24,946
Donation	45,162	30,313	45,162
Others	98,023	69,868	98,023
	<u>168,131</u>	<u>147,391</u>	<u>168,131</u>

75 Income tax expenses

(1) Table of income tax expenses

	2025	2024
Current income tax expense	986,815	645,228
Deferred income tax expense	(766,017)	(442,891)
	<u>220,798</u>	<u>202,337</u>

(2) Accounting profit and income tax adjustment process

	2025	2024
Gross profit	434,645	(3,953,805)
Income tax expense calculated at statutory/applicable tax rate	108,661	(593,071)
Impact of different tax rates applied to subsidiaries	162,440	626,099
Impact of adjusting income tax in previous periods	(31,163)	12,837
Impact of non-deductible costs, expenses, and losses	68,775	75,124
Impact of the use of deductible losses carried forward without recognizing deferred income tax assets in the previous periods	(92,378)	71,551
Impact of unrecognized deferred income tax assets of deductible temporary differences or deductible losses in the current period	1,619,612	1,503,530
Tax incentives and others	(1,615,149)	(1,493,733)
	<u>220,798</u>	<u>202,337</u>
Income tax expense	<u>220,798</u>	<u>202,337</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V	Notes to Consolidated Financial Statements (Continued)		
76	Earnings per share		
(1)	Basic earnings per share		
		2025	2024
	Net profits attributable to shareholders of the parent company	4,516,782	1,564,112
	Weighted average outstanding ordinary shares (in thousand shares)	19,363,767	18,575,877
	Basic earnings per share (RMB yuan)	0.2333	0.0842
(2)	Diluted earnings per share		
		2025	2024
	Net profits attributable to shareholders of the parent company	4,516,782	1,564,112
	Diluted weighted average outstanding ordinary shares (in thousand shares)	19,626,439	18,779,081
	Diluted earnings per share (RMB yuan)	0.2301	0.0833
77	Cash generated from other operating activities		
	Other cash received from operating activities in the consolidated cash flow statement was RMB 12,004,168,000 (year-on-year: RMB 9,568,245,000), which primarily consisted of current payments received, public grants, and special appropriations, etc.		
78	Cash used in other operating activities		
	Other cash paid for other operating activities in the consolidated cash flow statement was RMB 15,366,846,000 (year-on-year: RMB 16,113,346,000), which primarily consisted of various expenses and current payments, etc.		
79	Cash generated from other investing activities		
	Other cash received from investing activities in the consolidated cash flow statement was RMB 680,220,000 (year-on-year: RMB 825,135,000), which primarily consisted of security deposits received, finance lease payments received, and other receivables and payables.		
80	Cash used in other investing activities		
	Other cash paid for investing activities in the consolidated cash flow statement was RMB 477,950,000 (year-on-year: RMB 1,232,830,000), which primarily consisted of the payments for foreign exchange forward delivery, etc.		

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

81 Cash generated from other financing activities

Other cash received from financing activities in the consolidated cash flow statement was RMB 572,729,000 (year-on-year: RMB 1,032,222,000), which primarily consisted of the payment for sales of treasury shares, receipt of finance leasing borrowings, etc.

82 Cash used in other financing activities

The cash paid for other financing activities in the consolidated statement of cash flows of the Company amounted to RMB 16,318,269,000 (RMB 2,252,450,000 for the same period of last year), mainly including payments for the repurchase of minority interests, share repurchases, and finance lease payments.

Item	December 31, 2024	Increase in current period		Decrease in current period		December 31, 2025
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Dividends payable	13,131	-	1,072,404	(1,037,286)	-	48,249
Short-term borrowings	8,193,283	17,626,139	205,989	(18,395,460)	(77,428)	7,552,523
Long-term borrowings (including non-current liabilities due within one year)	143,328,431	63,843,317	27,772,548	(77,442,755)	(18,152,300)	139,349,241
Bonds payable (including non-current liabilities due within one year)	14,652,446	7,240,000	355,664	(10,345,393)	-	11,902,717
Lease liabilities (including non-current liabilities due within one year)	6,683,424	-	667,708	(575,121)	(119,685)	6,656,326
Long-term payables (including non-current liabilities due within one year)	3,095,410	385,000	184,025	(1,640,850)	(17,516)	2,006,069
Total	175,966,125	89,094,456	30,258,338	(109,436,865)	(18,366,929)	167,515,125

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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83 Supplementary information for the cash flow statement

(1) Reconciliation of net profits to net cash generated from/used in operating activities

	2025	2024
Net profits	213,847	(4,156,142)
Add: Asset impairment allowance	5,620,052	6,025,325
Depreciation of fixed assets and investment properties	27,071,781	25,072,978
Depreciation of right-of-use assets	522,143	440,759
Amortization of intangible assets	3,354,136	2,441,310
Amortization of long-term deferred expenses	2,324,753	2,626,845
Loss/(Gain) on disposal of fixed assets, intangible assets, and other long-term assets	(3,125)	(38,468)
Loss/(Gain) on retired or damaged fixed assets	24,885	47,068
Loss/(Gain) on changes in fair value	(988,618)	(479,854)
Financial expenses	5,290,049	4,781,254
Return on investment	(2,522,300)	(1,399,540)
Decrease/(Increase) in deferred income tax assets	(420,228)	(224,267)
Increase/(Decrease) in deferred income tax liabilities	144,154	(102,200)
Decrease/(Increase) in inventory	(4,561,093)	(2,836,813)
Decrease/(Increase) in operating receivables	9,608,392	(1,423,995)
Increase/(Decrease) in operating payables	90,608	(1,028,627)
Others	(1,747,738)	(219,062)
	44,021,698	29,526,571
Net cash generated from operating activities	44,021,698	29,526,571

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

83 Supplementary information for the cash flow statement (continued)

(2) Net cash payments for acquisition of subsidiaries in the current period

	2025	2024
Payments of cash and cash equivalents made in the current period due to business combinations incurred in the current period	13,263,078	736,573
Less: cash and cash equivalents held by subsidiary on acquisition date	6,896,898	1,025,486
Add: Payments of cash and cash equivalents made in the current period due to business combinations incurred in previous periods	-	-
Net cash payments for acquisition of subsidiaries	6,366,180	(288,913)

(3) Net cash proceeds from disposal of subsidiaries in the current period

	2025	2024
Cash or cash equivalents received in current period due to disposal of subsidiary in the current period	-	-
Less: Cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	-	86
Add: Cash or cash equivalents received in the current period due to disposal of subsidiaries in prior periods	-	35,283
Net cash proceeds from the disposal of subsidiaries	-	35,197

(4) Breakdown of cash and cash equivalents

	2025	2024
I. Cash	26,565,803	20,861,255
Including: Cash on hand	418	482
Bank deposits available for payment on demand	26,293,409	20,524,146
Other monetary assets are available for payment on demand	266,120	330,273
Deposits with the central bank available for payment	5,856	6,354
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	26,565,803	20,861,255

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

83 Supplementary information for the cash flow statement (continued)

(5) Description of other major activities

Major operation or investment activities in no connection with cash receipts and payments:

	2025	2024
Payment for procurement of inventory by bank acceptance bills	1,700,848	4,000,136
Payment for procurement of long-term assets by bank acceptance bills	2,817,402	5,003,579
Right-of-use assets newly added in the current period	331,117	1,256,742
	<u>4,849,367</u>	<u>10,260,457</u>

84 Net changes in cash and cash equivalents

	2025	2024
Ending balance of cash and cash equivalents	26,565,803	20,861,255
Less: Cash at the beginning of the year	20,861,255	19,996,815
	<u>5,704,548</u>	<u>864,440</u>
Analysis of ending balance and cash equivalents:		
Monetary assets at the end of the period	30,460,060	23,007,773
Less: Non-cash equivalents at the end of the period (note)	3,894,257	2,146,518
	<u>26,565,803</u>	<u>20,861,255</u>

Note: The ending non-cash equivalents primarily included interest receivable on bank deposits, the statutory reserve deposits placed by TCL Technology Group Finance Co., Ltd. in the central bank, and other monetary assets, detailed in Note V. 1.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

85 Foreign currency monetary items

	December 31, 2025		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	587,022	7.0288	4,126,060
INR	2,072,385	0.0781	161,853
EUR	3,853	8.2539	31,802
Other foreign currencies			70,604
Accounts receivable			
Including: USD	1,463,630	7.0288	10,287,563
INR	7,535,736	0.0781	588,541
EUR	16,164	8.2539	133,416
Other foreign currencies			2,589
Receivables financing			
Including: USD	34,507	7.0288	242,542
Accounts payable			
Including: USD	606,184	7.0288	4,260,746
JPY	16,647,846	0.0450	749,153
HKD	255,212	0.9029	230,431
Other foreign currencies			86,945
Other receivables			
Including: USD	28,192	7.0288	198,156
MXN	401,832	0.3903	156,835
Other foreign currencies			21,520
Other payables			
Including: USD	484,065	7.0288	3,402,396
JPY	9,703,255	0.0450	436,646
Other foreign currencies			90,122
Short-term borrowings			
Including: USD	21,564	7.0288	151,569
Long-term borrowings			
Including: USD	190,000	7.0288	1,335,472
Long-term borrowings due within one year			
Including: USD	10,245	7.0288	72,010

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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V Notes to Consolidated Financial Statements (Continued)

86 Leases

(1) The Company acting as a lessee

In 2025, short-term lease rents, low-value asset rents, and income obtained from subleasing right-of-use assets, for which the Group, acting as a lessee, chose simplified accounting, were not significant.

(2) The Company acting as a lessor

① Operating leases where the Company acts as a lessor

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Houses and buildings	250,551	-
Machinery equipment	3,888	-
Others	2,109	-
Total	256,548	-

② Finance leases where the Company acts as a lessor

Item	Sales gains and losses	Financing income	Income related to variable lease payments not included in net lease investment
Finance lease	-	36,355	-
Total	-	36,355	-

Annual undiscounted lease receipts for the next five years

Item	Annual undiscounted lease receipts	
	December 31, 2025	December 31, 2024
Year 1	281,923	209,266
Year 2	221,154	182,692
Year 3	195,366	167,400
Year 4	184,634	154,531
Year 5	83,117	155,548
Total undiscounted lease receipts after five years	858,768	1,348,902

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VI R&D expenses

1 Presentation by nature of expenses

Item	2025	2024
Material costs	3,284,514	2,491,361
Labor costs	3,355,581	3,064,488
Depreciations and amortizations	2,137,692	2,037,990
Others	758,666	1,275,901
Total	9,536,453	8,869,740
Including: Expensed R&D expenses	7,289,297	5,997,436
Capitalized R&D expenses	2,247,156	2,872,304

2 Development expenditures of R&D projects eligible for capitalization

Item	Beginning balance	Increase in current period			Decrease in current period		Ending balance
		Internal development expenditures	Others	Recognized as intangible assets	Included in profits and losses	Others	
Display	1,165,388	2,012,787	-	(48,809)	(459,122)	(1,707,157)	963,087
New energy photovoltaics and other silicon materials	666,056	234,369	-	(658,557)	-	-	241,868
Total	1,831,444	2,247,156	-	(707,366)	(459,122)	(1,707,157)	1,204,955

3 As of December 31, 2025, the Company had no significant outsourced projects under research.

TCL Technology Group Corporation
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VII Changes to the Consolidation Scope

1 Business combination not under common control

(1) Acquisition of equity of Guangzhou China Star Optoelectronics Display Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

As at April 1, 2025 (the "Acquisition Date"), the Group acquired 100% equity of Guangzhou China Star Optoelectronics Display Co., Ltd. at a cash consideration of RMB 698,900,000, and included such company into the scope of consolidation.

Cash consideration	698,900
Less: Share of fair value of identifiable net assets acquired	635,118
Goodwill amount	63,782

② Assets and liabilities of the acquired party as at the acquisition date are presented as follows:

	Fair value as at the acquisition date	Carrying amount as at the acquisition date
Total assets	7,701,743	7,233,438
Total liabilities	7,066,625	6,949,549
Net assets	635,118	283,889
Less: non-controlling interests	-	-
Net assets acquired	635,118	283,889

(2) Acquisition of equity of Guangzhou China Star Optoelectronics Technology Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

As at April 1, 2025 (the "Acquisition Date"), the Group acquired 100% equity of Guangzhou China Star Optoelectronics Technology Co., Ltd. at a cash consideration of RMB 13,003,810,000, and included such company into the scope of consolidation.

Cash consideration	13,003,808
Less: Share of fair value of identifiable net assets acquired	12,176,264
Goodwill amount	827,544

② Assets and liabilities of the acquired party as at the acquisition date are presented as follows:

	Fair value as at the acquisition date	Carrying amount as at the acquisition date
Total assets	14,206,277	11,368,495
Total liabilities	2,030,013	1,604,346
Net assets	12,176,264	9,764,149
Less: non-controlling interests	-	-
Net assets acquired	12,176,264	9,764,149

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VII Changes to Consolidation Scope (Continued)

1 Business combination not under common control (continued)

(3) Acquisition of equity of Tianjin Xuhua Industrial Park Development Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

As at September 30, 2025 (the "Acquisition Date"), the Group acquired 100% equity of Tianjin Xuhua Industrial Park Development Co., Ltd. at a cash consideration of RMB 363,853,000, and included such company into the scope of consolidation.

Cash consideration	363,853
Less: Share of fair value of identifiable net assets acquired	363,853
Goodwill amount	-

② Assets and liabilities of the acquired party as at the acquisition date are presented as follows:

	Fair value as at the acquisition date	Carrying amount as at the acquisition date
Total assets	832,911	825,791
Total liabilities	469,058	467,646
Net assets	363,853	358,145
Less: non-controlling interests	-	-
Net assets acquired	363,853	358,145

(4) Acquisition of equity of Shenzhen Pulin Gaote Circuit Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

As at May 21, 2025 (the "Acquisition Date"), the Group acquired 100% equity of Shenzhen Pulin Gaote Circuit Co., Ltd. at a cash consideration of RMB 2, and included such company into the scope of consolidation.

Assets and liabilities of the acquired party as at the acquisition date are nil.

2 No business combination under common control occurred in current period.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VII Changes to Consolidation Scope (continued)

3 Disposal of subsidiaries

Name of subsidiary	Hohhot Shuguang New Energy Co., Ltd.	Shanxi Province Loufan County Huanshuo New Energy Co., Ltd.
Price for equity interest disposal	-	-
% equity interest disposed	100%	100%
Way of equity disposal	Sale	Sale
Time of loss of control	June 30, 2025	June 30, 2025
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	(12,000)	25
Name of subsidiary	Xuzhou Huanneng New Energy Co., Ltd.	Tianjin Binhai Huanxu New Energy Co., Ltd.
Price for equity interest disposal	-	-
% equity interest disposed	100%	100%
Way of equity disposal	Sale	Sale
Time of loss of control	June 30, 2025	June 30, 2025
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	(2,077)	(1,774)
Name of subsidiary	Heilongjiang Huanju New Energy Co., Ltd.	Hangjinhou Banner Guangsen New Energy Co., Ltd.
Price for equity interest disposal	-	-
% equity interest disposed	100%	100%
Way of equity disposal	Sale	Sale
Time of loss of control	June 30, 2025	December 31, 2025
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	(661)	1,565
Name of subsidiary	Hangjinhouqi Yusheng New Energy Co., Ltd.	Lumetech B.V.
Price for equity interest disposal	-	110,513
% equity interest disposed	100%	90.1%
Way of equity disposal	Sale	Sale
Time of loss of control	December 31, 2025	April 1, 2025
Determination basis for time of loss of control	The operating risk has been transferred	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	-	19,705

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VII Changes to Consolidation Scope (continued)

3 Disposal of subsidiaries (continued)

Name of subsidiary	Guangzhou Ruixin Commercial Co., Ltd.
Price for equity interest disposal	10,000
% equity interest disposed	100%
Way of equity disposal	Sale
Time of loss of control	September 30, 2025
Determination basis for time of loss of control	The operating risk has been transferred
Difference between the disposal price and the Company's share of the subsidiary's net assets in the consolidated financial statements relevant to the disposed equity interest	(654)

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VII Changes to Consolidation Scope (continued)

4 Changes in the scope of consolidation for other reasons

Name of investee	Reason for change
Zhengzhou Shangzhao Electronic Technology Co., Ltd.	Newly established
Chongqing Sunpiestore Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengcheng Technology Co., Ltd.	Newly established
Guizhou Shangpai Zhengcheng Technology Co., Ltd.	Newly established
Urumqi Shangpai Lingchuang Trading Development Co., Ltd.	Newly established
Anyang Shangyi Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengyan Technology Co., Ltd.	Newly established
Changji Shangpai Yifan Trading Co., Ltd.	Newly established
Urumqi Shangpai Zhuoyao Trading Development Co., Ltd.	Newly established
Shake Kawo (Xi'an) Technology Co., Ltd.	Newly established
Xi'an Shengkai Shangpai Technology Co., Ltd.	Newly established
Luoyang Shangyi Electronic Technology Co., Ltd.	Newly established
Zhengzhou Shangfeng Electronic Technology Co., Ltd.	Newly established
Xi'an Shake Jisu Technology Co., Ltd.	Newly established
Luoyang Shangxuan Electronic Technology Co., Ltd.	Newly established
Xi'an Shengfeng Shangpai Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengqi Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengfu Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengxin Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhenghong Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengrong Technology Co., Ltd.	Newly established
Luoyang Shangwu Electronic Technology Co., Ltd.	Newly established
Zhengzhou TiTi Yunchuang Technology Co., Ltd.	Newly established
Maoxing Holdings Limited	Capital increase for controlling interest
Mingsi Technology Co., Ltd.	Newly established
Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhenghui Technology Co., Ltd.	Newly established
Zhengzhou Shanghong Electronic Technology Co., Ltd.	Newly established
Foshan Shangpai Electronic Technology Co., Ltd.	Newly established
Huizhou Sunpiestore Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengyu Technology Co., Ltd.	Newly established
Chongqing Shangpai Zhengyin Technology Co., Ltd.	Newly established
Shenzhen Shangpai Zhuoyue Technology Co., Ltd.	Newly established
Guangzhou Shangpai Digital Co., Ltd.	Newly established
Qingdao Shanhai Nabian Information Service Co., Ltd.	Newly established
Lumetech S.A. Pte Ltd	Newly established
Lumetech Energy	Newly established
TCL International Marketing Limited (BVI)	De-registered
Guizhou Sunpiestore Technology Co., Ltd.	De-registered

TCL Technology Group Corporation
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VII Changes to Consolidation Scope (continued)

4 Changes in the scope of consolidation for other reasons (continued)

Name of investee	Reason for change
Tianjin Xincheng Pilot Technology Co., Ltd.	De-registered
StoryHold LLC	De-registered
Lumetech LLC	De-registered
Jiangsu Lixin Bandaoti Technology Co., Ltd.	De-registered
Singapore NExcel Electronic Technology Co., Ltd.	De-registered

TCL Technology Group Corporation
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VIII Interests in Other Entities

1 Interests in subsidiaries

(1) Composition of the enterprise group

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding percentage		How subsidiary was obtained
				Direct	Indirect	
TCL China Star Optoelectronics Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	82.21%	-	Incorporated
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	21.53%	62.68%	Incorporated
Guangzhou China Ray Optoelectronic Materials Co., Ltd.	Guangzhou	Research and development	Guangzhou	-	100.00%	Incorporated
Wuhan China Star Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	99.16%	Incorporated
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	62.38%	Incorporated
China Star Optoelectronics International (HK) Limited	Hong Kong	Sales	Hong Kong	-	100.00%	Incorporated
China Display Optoelectronics Technology Holdings Limited	Bermuda	Investment holding	Bermuda	-	64.20%	Business combination not under common control
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100.00%	Incorporated
Wuhan China Display Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	100.00%	Incorporated
Suzhou China Star Optoelectronics Technology Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100.00%	Business combination not under common control
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100.00%	Business combination not under common control
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	55.00%	Incorporated
Guangzhou China Star Optoelectronics Display Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	100.00%	Business combination not under common control

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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding percentage		How subsidiary was obtained
				Direct	Indirect	
Guangzhou China Star Optoelectronics z Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	100.00%	Business combination not under common control
Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	17.65%	Incorporated
Highly Information Industry Co., Ltd.	Beijing	Product distribution	Beijing	66.46%	-	Incorporated
Beijing Sunpiestore Technology Co., Ltd.	Beijing	Sales	Beijing	-	53.45%	Incorporated
Beijing Lingyun Data Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
TCL Technology Group Finance Co., Ltd.	Huizhou	Financial	Huizhou	82.00%	18.00%	Incorporated
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd.	Shenzhen	Investment business	Shenzhen	100.00%	-	Incorporated
Ningbo TCL Equity Investment Ltd.	Ningbo	Investment business	Shenzhen	100.00%	-	Incorporated
TCL Technology Park (Huizhou) Co., Ltd.	Huizhou	Property management	Huizhou	-	100.00%	Incorporated
TCL Technology Investments Limited	Hong Kong	Investment business	Hong Kong	100.00%	-	Incorporated
TCL Zhonghuan Renewable Energy Technology Co., Ltd. ("TZE")	Tianjin	Manufacturing and sales	Tianjin	2.55%	27.36%	Business combination not under common control
Tianjin Printronics Circuit Corporation ("TPC")	Tianjin	Manufacturing and sales	Tianjin	-	29.42%	Business combination not under common control
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	83.96%	Business combination not under common control
Ningxia Zhonghuan Solar Material Co., Ltd.	Ningxia Hui Autonomous Region	Manufacturing and sales	Ningxia Hui Autonomous Region	-	100.00%	Business combination not under common control
Tianjin Huanou Bandaoti Material&Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	100.00%	Business combination not under common control

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding percentage		How subsidiary was obtained
				Direct	Indirect	
Wuxi Zhonghuan Applied Materials Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	98.08%	Business combination not under common control
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	100.00%	Business combination not under common control
Tianjin Huanou International Silicon Material Co., Ltd.	Tianjin	Sales	Tianjin	-	100.00%	Business combination not under common control
Zhonghuan Hong Kong Holding Limited	Hong Kong	Import and export	Hong Kong	-	100.00%	Business combination not under common control
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	6.82%	32.72%	Business combination not under common control
TCL Zhonghuan Energy Technology (Jiangsu) Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	100.00%	Business combination not under common control
Huansheng New Energy (Jiangsu) Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	95.74%	Business combination not under common control
Huansheng New Energy (Tianjin) Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	87.33%	Business combination not under common control
Tianjin Zhonghuan New Energy Co., Ltd.	Tianjin	Power generation, power transmission, power supply (distribution)	Tianjin	-	100.00%	Business combination not under common control
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Purchase	Tianjin	-	100.00%	Business combination not under common control
Moka International Limited	BVI	Investment holding	BVI	-	100.00%	Business combination not under common control
Moka Technology (Guangdong) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100.00%	Business combination not under common control

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (continued)

Basis for determining that the Company controls an investee even if it holds half or less of the voting rights, and does not control an investee even if it holds more than half of the voting rights: The operating activities of the above subsidiaries, including the purchase of materials, equipment or services, production and sales of products, establishment of internal control systems, development and application of information systems, financing activities, investment activities, research and development activities, and fund management, are all substantively managed and controlled by the Company.

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in current period	Dividends distributed to minority shareholders in current period	Balance of minority interests at the end of the period
TCL China Star Optoelectronics Technology Co., Ltd.	17.79%	2,645,709	-	36,952,422
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	70.09%	(7,103,124)	-	31,207,210
Highly Information Industry Co., Ltd.	33.54%	78,153	20,252	693,901

TCL Technology Group Corporation
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VIII Interests in Other Entities (continued)

1 Interests in subsidiaries (Continued)

(2) Subsidiaries with substantial non-controlling interests (continued)

The key financial information of the above subsidiaries is as follows:

	December 31, 2025						December 31, 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
TCL China Star Optoelectronics Technology Co., Ltd.	58,314,547	144,143,039	202,457,586	53,596,487	62,413,781	116,010,268	45,143,262	149,684,300	194,827,562	58,172,060	61,482,749	119,654,809
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	31,636,065	86,361,108	117,997,173	30,628,550	48,109,574	78,738,124	32,286,427	93,311,098	125,597,525	27,524,412	51,603,004	79,127,416
Highly Information Industry Co., Ltd.	7,968,506	200,219	8,168,725	6,430,252	26,767	6,457,019	6,960,009	169,964	7,129,973	5,540,519	21,258	5,561,777

TCL Technology Group Corporation
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VIII Interests in Other Entities (continued)

1 Interests in subsidiaries (Continued)

(2) Subsidiaries with substantial non-controlling interests (continued)

The key financial information of the above subsidiaries is as follows:

	2025				2024			
	Operating revenue	Net profits	Total comprehensive income	Net cash generate from/used in operating activities	Operating revenue	Net profits	Total comprehensive income	Net cash generate from/used in operating activities
TCL China Star Optoelectronics Technology Co., Ltd.	105,237,969	8,008,111	7,952,670	42,795,874	89,668,017	5,544,167	5,602,286	26,121,500
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	29,050,248	(9,882,625)	(9,768,880)	1,143,747	28,418,504	(10,806,452)	(10,849,165)	2,839,342
Highly Information Industry Co., Ltd.	34,649,080	159,665	158,795	437,847	31,465,203	142,774	142,774	413,623

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VIII Interests in Other Entities (continued)

2 Transactions resulting in changes in ownership interests in a subsidiary without a loss of control

(1) Explanation of changes in the ownership interest in the subsidiary:

In 2025, with the approval of the Company's shareholders' meeting and the China Securities Regulatory Commission (Z.J.X.K. [2025] No. 1326), the Company acquired a 21.5311% equity interest in Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd. held by Shenzhen Major Industrial Development Phase I Fund Co., Ltd., through shares issuance and cash payment. The total consideration for the transaction amounted to RMB 11,562,093,000 (comprising RMB 7,202,682,000 in cash and RMB 4,359,411,000 in shares), and the share of the target company's net assets attributable to the acquired equity interest was RMB 10,031,972,000. This transaction did not result in a loss of control. In accordance with the Accounting Standards for Business Enterprises, the difference of RMB 1,530,121,000 between the transaction consideration and the share of net assets acquired was offset against capital reserves (share premium) in the consolidated financial statements, with a corresponding decrease in non-controlling interests.

(2) Impact of the transaction on non-controlling interests and equity attributable to owners of the parent company:

Name of subsidiary	Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.
Consideration paid in share issuance	4,359,411
Consideration paid in cash	7,202,682
Total consideration	11,562,093
Less: Share of the subsidiary's net assets attributable to the acquired equity interest	10,031,972
Deduction from capital reserve	1,530,121

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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VIII Interests in Other Entities (Continued)

3 Interests in joint ventures and associates

(1) Basic information about principal joint ventures and associates

Name of investee	Principal place of business/place of registration	Nature of business	Strategic to the Group's activities or not	Shareholding	
				Direct	Indirect
Associate					
Bank of Shanghai Co., Ltd.	Shanghai	Financial	Yes	5.76%	-

Note: As of the date of issuance of this Report, Bank of Shanghai Co., Ltd. has not announced information on its 2025 report.

(2) The Company had no significant joint ventures in the Reporting Period.

IX Risks related to financial instruments

The purpose of the Company's risk management is to achieve a right balance between the risk and the benefit and maximally reduce the adverse impact of financial risks on the Company's financial performance. Based on such purpose, the Company has established various risk management policies to recognize and analyze possible risks to be encountered by the Company, set an appropriate risk acceptable level and design corresponding internal control procedures so as to control the Company's risk level. In addition, the Company will regularly review these risk management policies and relevant internal control systems in order to adapt to the market or handle various changes in the Company's operating activities. Meanwhile, the Company's internal audit department will also regularly or randomly check whether the implementation of internal control system conforms to relevant risk management policies. In fact, the Company has applied proper diversified investment and business portfolio to disperse various financial instrument risks and worked out corresponding risk management policies to reduce the risk of concentrating on one single industry, specific region or specific counterpart.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, and market risk (mainly foreign exchange risk and interest rate risk).

(1) Credit risk

Credit risk refers to the risk of financial loss caused by any party of financial instruments to another party due to the failure in fulfilling performance obligations. The Group controls the credit risk based on the specific group classification, and credit risk mainly results from bank deposits, due from the central bank, notes receivable, accounts receivable, loans and advances to customers and other receivables.

The Group's bank deposits and due from the central bank are mainly deposited in stated-owned banks and other large and medium-sized listed banks. The Group considers no significant credit risk to exist, and no significant loss to be caused by the counterpart's breach of contract.

For notes receivable, accounts receivable, loans and advances to customers, and other receivables, the Group has established relevant policies to control the credit risk exposure, and will evaluate the client's credit qualification and determine the corresponding credit period based on the client's financial status, the possibility of obtaining guarantees from the third party, relevant credit records and other factors (like the current market situation). In the meantime, the Group will regularly monitor the client's credit records. For any client with unfavorable credit records, the Group will issue written reminders, shorten the credit period or cancel the credit period so as to keep the Group's overall credit risk controllable.

As of December 31, 2025, no significant guarantee or other credit enhancements held due to the debtor mortgage was found in the Group.

TCL Technology Group Corporation
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IX Risks Related to Financial Instruments (Continued)

(2) Liquidity risk

Liquidity risk refers to the risk of capital shortage the Company encounters when the Company is fulfilling the obligation of settlement in the form of cash or other financial assets. Various subsidiaries under the Group shall be responsible for predicting their own cash flow. The financial department of the headquarters shall firstly summarize predictions on the cash flow of various subsidiaries and then continuously monitor the short-term and long-term fund demand at the Group's level so as to maintain sufficient cash reserves and negotiable securities that can be realized at any time; meanwhile, special efforts shall also be made to continuously monitor whether provisions stated in the loan agreement are observed and to make major financial institutions promise to provide sufficient reserve funds so as to satisfy short-term and long-term capital demand.

As of December 31, 2025, the Group's financial liabilities by maturity are as follows:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings	7,649,900	-	-	-
Borrowings from the Central Bank	30,000	-	-	-
Customer deposits and deposits from other banks and financial institutions	366,602	-	-	-
Held-for-trading financial liabilities	235,717	-	-	-
Derivative financial liabilities	50,435	-	-	-
Notes payable	6,465,600	-	-	-
Accounts payable	32,251,944	-	-	-
Other payables	17,715,638	-	-	-
Other current liabilities	1,662,144	-	-	-
Long-term borrowings	26,457,931	45,197,187	61,302,624	16,277,195
Bonds payable	3,987,695	191,924	8,363,601	-
Lease liabilities	2,720,247	892,870	614,854	2,923,339
Long-term payables	1,544,624	309,002	537,565	452,060
Total	101,138,477	46,590,983	70,818,644	19,652,594

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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IX Risks Related to Financial Instruments (Continued)

(3) Market risk

(a) Foreign exchange risk

The Group has carried out various economic activities around the world, including manufacturing, selling, investment, financing etc., and corresponding interest rate fluctuation risks exist in the Group's foreign currency assets and liabilities and future foreign currency transactions.

The Group always regards "Locking the Cost and Avoiding Possible Risks" as the foreign currency risk management goal. Through the natural hedging of settlement currency, matching with the foreign currency liabilities, signing simple derivative products closely related to the owner's operation and meeting corresponding hedge accounting treatment requirements and applying other management methods, the foreign currency risk exposure can be controlled within a reasonable scope and the impact of interest rate fluctuations on the Group's overall profit and loss will be reduced.

As of December 31, 2025, foreign-currency asset and liability items with significant exposure to exchange risk were mainly denominated in US dollars. After management, the total risk exposure of the US dollar-denominated items had a net asset exposure of USD 588,524,000, equivalent to RMB 4,136,617,000 based on the spot exchange rate on the balance sheet date. The differences arising from the translation of foreign currency financial statements were not included.

The Group applies the following exchange rate of USD against RMB:

	Average exchange rate 2025	Exchange rate at period-end December 31, 2025
USD/RMB	7.1350	7.0288

Provided that other risk variables remained unchanged except for the exchange rate, a 5% depreciation/appreciation in RMB as a result of the changes in the exchange rate of RMB against USD would cause an increase/decrease of RMB 206,831,000 in shareholders' equity and net profit, respectively of the Group on December 31, 2025.

The above-mentioned sensitivity analysis is made based on the assumption that the exchange rate changes on the balance sheet date, and the financial instruments held by the Group on the balance sheet date exposed to the exchange risk are recalculated based on the changed exchange rate. The above analysis does not include differences arising from the translation of foreign currency financial statements.

(b) Interest risk

The Group's interest rate risk mainly results from interest-bearing bank borrowings adopting floating interest rates, and the Group determined the proportion of fixed interest rates and floating interest rates based on the market environment and its risk tolerance. By December 31, 2025, the Group's liabilities with floating interest rates accounted for 84.67% of its total interest-bearing liabilities. And the Group will continuously monitor the interest rates and make corresponding adjustments according to the specific market changes so as to avoid interest rate risk.

(4) Offset of financial assets and financial liabilities

As at the end of the reporting period, the amount offset between the financial assets and financial liabilities recognized under executable master netting arrangements or similar agreements was RMB 7,282,687,000.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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X Fair value disclosures

The level within which the fair value measurement is categorized is determined by the lowest level of input that is significant to the overall fair value measurement.

Level 1: the unadjusted quotation of the same type of assets or liabilities in active markets.

Level 2: the directly or indirectly observable input of a financial asset or liability that does not belong to level 1.

Level 3: unobservable inputs for the related asset or liability.

1 Assets and liabilities measured at fair value as of December 31, 2025

Financial assets

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets (see Note V. 2)	2,510,265	10,496,551	1,466,377	14,473,193
Derivative financial assets (see Note V. 3)	-	78,957	-	78,957
Receivables financing (see Note V. 6)	-	-	625,789	625,789
Investments in other equity instruments (see Note V. 17)	18,427	-	338,029	356,456
Other non-current financial assets (see Note V. 18)	451,710	-	2,720,949	3,172,659
	<u>2,980,402</u>	<u>10,575,508</u>	<u>5,151,144</u>	<u>18,707,054</u>

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V. 33)	-	-	235,717	235,717
Derivative financial liabilities (see Note V. 34)	-	50,435	-	50,435
Others	-	-	207,373	207,373
	<u>-</u>	<u>50,435</u>	<u>443,090</u>	<u>493,525</u>

For financial instruments traded in active markets, the Company determines their fair value based on the quotation in active markets. For financial instruments not traded in active markets, the Company determines their fair value using valuation techniques. The valuation models primarily used include discounted cash flow models and market comparable company models. Key inputs for the valuation techniques mainly include risk-free interest rates, benchmark rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of liquidity.

X Fair Value disclosures (Continued)

2 Basis for determining the market prices of recurring and non-recurring level 1 fair value

The Company adopts the active market quotation as the fair value of a level 1 financial asset.

3 Items measured at recurring and non-recurring level 2 fair value adopt the following valuation techniques and parameters (nature and quantity)

Derivative financial assets and liabilities are multiple IRS and CCS signed between the Group and financial institutions. The Company adopts the quotations provided by the financial institution in valuation.

4 Items measured at recurring and non-recurring level 3 fair value adopt the following valuation techniques and parameters (nature and quantity):

Other non-current financial assets measured at continuous level 3 fair value are mainly unlisted equity investments held by the Company. In measuring the fair value, the Company mainly adopts the valuation technique of comparison with listed companies, taking into account the price of similar securities and liquidity discount.

Held-for-trading financial assets measured at continuous level 3 fair value are mainly wealth management products held by the Company. In the valuation of the fair value, the Company adopts the method of discounting future cash flows based on the agreed expected yield rate.

The Company's receivables financing was bank acceptance notes and trade acceptance notes, of which the market prices were determined based on the transfer or discounted amounts.

5 Fair value of financial assets and financial liabilities not measured at fair value

The Company's financial assets and financial liabilities measured at amortized cost primarily include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings and long-term payables due within one year, long-term borrowings, and bonds payable.

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XI Related Parties and Related-Party Transactions

1 Actual controller and its acting-in-concert parties

Explanation of the Company's non-existence of controlling shareholders

Mr. Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) became persons acting in concert by signing the *Agreement on Concerted Action*, holding 1,266,680,807 shares in total and becoming the largest shareholder of the Company.

As per Article 216 of the *Company Law*, a controlling shareholder refers to a shareholder who owns over 50% of a limited liability company's total capital or over 50% of a joint stock company's total share capital; or, despite the ownership of less than 50% of a limited liability company's total capital or less than 50% of a joint stock company's total number of shares, who can still prevail in the resolution of a meeting of shareholders or a general meeting of shareholders according to the voting rights corresponding to their interest in the limited liability company's total capital or the joint stock company's total number of shares. According to the definition above, the Company has no controlling shareholder.

2 Related parties that do not control or are not controlled by the Company

Information about such related parties:

Company name	Relationship with the Company
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	Joint venture
Tianjin Huanyan Technology Co., Ltd.	Joint venture
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	Joint venture and its subsidiary
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	Joint venture and its subsidiary
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	Associate
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	Associate
Inner Mongolia Xinhua Silicon Energy Technology Co., Ltd.	Associate
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	Associate
LG Electronics (Huizhou) Co., Ltd.	Associate
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	Associate
Shanghai Feilihua Shichuang Technology Co., Ltd.	Associate
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	Associate
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	Associate
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	Associate
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	Associate
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	Associate
China Innovative Capital Management Limited	Associate
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries

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XI Related Parties and Related-Party Transactions (Continued)

2 The nature of related parties without control relationship

Company name	Relationship with the Company
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	Associate and its subsidiaries
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	Associate and its subsidiaries
Purplevine Holdings Limited and its subsidiaries	Associate and its subsidiaries
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	Other relationships
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	Other relationships

3 Major related-party transactions

(1) Selling raw materials and finished goods (Note 1)

	2025	2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	23,090,794	21,401,268
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	3,059,137	392,145
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	16,099	5,429
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	10,925	9,659
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	9,636	39,194
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	583	-
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	188	-
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	144	12
Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	66	10
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	2	-
Maxeon Solar Technologies, Ltd. and its subsidiaries	-	913,689
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	1,997
LG Electronics (Huizhou) Co., Ltd.	-	603
Purplevine Holdings Limited and its subsidiaries	-	75
	26,187,574	22,764,081

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(2) Purchasing raw materials and finished products (Note 2)

	2025	2024
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	3,439,574	3,289,267
TCL Industries Holdings Co., Ltd. and its subsidiaries	2,506,791	2,013,318
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	2,283,472	1,205,811
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	1,660,886	1,388,622
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	970,407	507,219
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	104,644	68,518
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	8,879	1,085
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	1,691	1,433
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	1,410	117,275
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	654	-
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	1,456,918
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	-	285,603
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	116,479
Purplevine Holdings Limited and its subsidiaries	-	25,117
	10,978,408	10,476,665

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(3) Receiving funding (Note 3)

	2025	2024
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	502,001	126,100
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	103,057	79,546
TCL Industries Holdings Co., Ltd. and its subsidiaries	10,334	4,807
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	6,848	5,000
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	5,431	5,570
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	645	662
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	577	608
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	345	378
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	33
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	90,891
	629,271	313,595

(4) Rendering of funds (Note 3)

	2025	2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	-	226
	-	226

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(5) Leases

	2025	2024
Rental income		
TCL Industries Holdings Co., Ltd. and its subsidiaries	63,985	62,859
Aijixu New Electronic Display Glass (Shenzhen) Co., Ltd.	36,355	53,822
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	3,765	4,033
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	885	890
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	797	639
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	69	198
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	69	141
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	53	67
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	47	14,519
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	44	14
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	-	40
	106,069	137,222
	2025	2024
Rental expense		
TCL Industries Holdings Co., Ltd. and its subsidiaries	67,808	50,862
Tianjin Huanyan Technology Co., Ltd.	1,134	2,952
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	66	689
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	2,483
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	737
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	-	114
	69,008	57,837

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(6) Guarantee

The Company as a guarantor

Guarantee	Guarantee amount	Guarantee commencement date	Guarantee maturity date	Whether the guarantee has been fulfilled or not
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	123,725	April 28, 2020	June 28, 2030	No
Guangzhou Qihang International Supply Chain Co., Ltd.	100,000	November 10, 2025	June 11, 2026	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	437,775	March 7, 2025	June 11, 2026	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	364,000	May 22, 2023	May 22, 2030	No
Inner Mongolia Xinhua Silicon Energy Technology Co., Ltd.	1,362,348	June 15, 2023	June 14, 2029	No
	<u>2,387,848</u>			

As of December 31, 2025, there were no instances of the Company acting as the guaranteed party.

(7) Rendering or receipt of services

	2025	2024
Rendering of services	309,239	399,077
Receipt of services	1,981,631	1,943,241

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(8) Collection/Payment of interest (Note 3)

	2025	2024
Interest received	4,876	11,962
Interest paid	31,422	29,112

(9) Remuneration of key management personnel (Note 4)

	2025	2024
Remuneration of key management personnel	47,255	62,141

Note 1 Selling raw materials and finished goods to related parties

The Company sells raw materials, spare parts, auxiliary materials, and finished goods to its joint ventures and associates at market prices, which are settled in the same way as non-related-party transactions. These related-party transactions have no material impact on the Company's net profits but play an important role as to the Company's continued operations.

Note 2 Purchasing raw materials and finished goods from related parties

The Company purchases raw materials and finished goods from its joint ventures and associates at prices similar to those paid to third-party suppliers, which are settled in the same way as non-related-party transactions. These related-party transactions have no material impact on the Company's net profits but play an important role as to the Company's continued operations.

Note 3 Providing funding for or receiving funding from related parties and corresponding interest received or paid

The Company set up a settlement center in 1997 and TCL Technology Group Finance Co., Ltd. in 2006 (together, the "Financial Settlement Center"). The Financial Settlement Center is responsible for the financial affairs of the Company, including capital operation and allocation. The Center settles accounts with the Company's subsidiaries, joint ventures, and associates and pays the interest. It also allocates the money deposited by the subsidiaries, joint ventures and associates in it to these enterprises and charges interest. The interest income and expense between the Company and the Center are calculated according to the interest rates declared by the People's Bank of China. The funding amount provided refers to the outstanding borrowings due from the Center to related parties, while the funding amount received means the balances of related parties' deposits in the Center.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

- Note 4 The remunerations of key management personnel include fixed salaries, allowances, and performance bonuses received from the Company by the directors, supervisors, and senior executives of the Company during their terms of office, but do not include share-based payments.
- Note 5 Maxeon Solar Technologies, Ltd. was transformed from an associate to a subsidiary in August 2024, and the transactions between Maxeon Solar Technologies, Ltd. and its subsidiaries and the Group before such transaction date are related party transactions.
- Note 6 The company disposed of its equity in Tianjin Qiyier Communication & Broadcasting Co., Ltd. in July 2024, and the transactions between Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries and the Group before such transaction date are related party transactions.
- Note 7 The company disposed of its equity in Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd. in December 2024, and the transactions between Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd. and the Group before such transaction date are related-party transactions.
- Note 8 Sunpower Energy Solutions France SAS was reclassified from a subsidiary to a related party in April 2025. Transactions between Sunpower Energy Solutions France SAS and the Group subsequent to this date are accounted for as related party transactions.
- Note 9 Sunpower Systems Belgium SPRL was reclassified from a subsidiary to a related party in April 2025. Transactions between Sunpower Systems Belgium SPRL and the Group subsequent to this date are accounted for as related party transactions.

4 Receivables and payables of related parties

(1) Accounts receivable

	December 31, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	5,802,990	5,317,484
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	241,577	164,421
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	16,855	2,408
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	12,051	96
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	2,174	7,829
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	1,698	2,448
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	80	102
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	66	2,684
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	31	-
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	2	-
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	-	98
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	-	20
	6,077,524	5,497,590

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(2) Receivables financing

	December 31, 2025	December 31, 2024
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	315	-
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	-	151
	315	151

(3) Accounts payable

	December 31, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,205,551	1,708,430
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	905,023	956,561
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	586,882	287,678
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	126,650	215,975
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	61,424	27,786
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	19,091	46,986
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	6,907	-
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	775	2,331
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	207	87
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	74	57
Shanghai Feilihua Shichuang Technology Co., Ltd.	9	9
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	11,265
	2,912,593	3,257,165

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(4) Other receivables

	December 31, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	151,182	143,339
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	10,000	2,584
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	7,196	4,233
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	6,806	-
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	1,419	3,265
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	25	-
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	23	104
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	14	7,051
Tianjin Huanyan Technology Co., Ltd.	10	-
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	4	3,053
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	-	3,382
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	-	916
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	-	900
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	-	38
	176,679	168,865

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(5) Other payables

	December 31, 2025	December 31, 2024
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	428,100	428,100
TCL Industries Holdings Co., Ltd. and its subsidiaries	355,955	249,033
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	208,277	102,196
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	119,698	55,442
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	105,148	84,285
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	9,317	9,317
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	5,450	1,714
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	5,431	5,570
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	3,479	2,938
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	1,000	502
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	645	662
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	584	359
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	577	608
Purplevine Holdings Limited and its subsidiaries	500	100
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	345	378
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	187	60
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	80	60
China Innovative Capital Management Limited	43	57
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	66
Tianjin Huanyan Technology Co., Ltd.	9	1,785
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	5	16
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	-	345,430
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	-	13
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	12
	1,244,863	1,288,703

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(6) Non-current liabilities due within one year

	December 31, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	20,699	21,695
	20,699	21,695

(7) Prepayments

	December 31, 2025	December 31, 2024
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	30,214	1,342
TCL Industries Holdings Co., Ltd. and its subsidiaries	4,769	23,535
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	4,735	2,715
Tianjin Huanyan Technology Co., Ltd.	2,588	4,857
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	2,020	136
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	717	1,766
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	64	74,626
	45,107	108,977

TCL Technology Group Corporation
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XI Related Parties and Related-Party Transactions (Continued)		December 31, 2025	December 31, 2024
4 Receivables and payables of related parties (continued)			
(8) Advances from customers			
		December 31, 2025	December 31, 2024
	TCL Industries Holdings Co., Ltd. and its subsidiaries	404	312
	Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	110
		<u>404</u>	<u>422</u>
(9) Contract liabilities			
		December 31, 2025	December 31, 2024
	TCL Industries Holdings Co., Ltd. and its subsidiaries	53,277	28,727
	Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	22,392	210
	Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	97	-
		<u>75,766</u>	<u>28,937</u>
(10) Lease liabilities			
		December 31, 2025	December 31, 2024
	TCL Industries Holdings Co., Ltd. and its subsidiaries	31,917	33,441
		<u>31,917</u>	<u>33,441</u>

TCL Technology Group Corporation
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(11) Deposits from related parties (note)

	December 31, 2025	December 31, 2024
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	341,094	73,428
TCL Industries Holdings Co., Ltd. and its subsidiaries	10,334	4,808
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	6,848	5,000
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	4,985	2,385
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	90,941
	363,261	176,562

Note: These deposits are made by related parties in the Company's subsidiary TCL Technology Group Finance Co., Ltd.

(12) Other non-current assets

	December 31, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	114,830	21,823
Purplevine Holdings Limited and its subsidiaries	35,333	71,711
	150,163	93,534

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XII Share-based Payments

1 Overall share-based payments (excluding TZE and its subsidiaries)

Total amount of each equity instrument granted by the Company in the current period	RMB 800,000,000
Total amount of each equity instrument exercised by the Company in the current period	42,962,000 shares
Total amount of the Company's equity instruments that expired in the current period	11,039,000 shares
Range of exercise prices of the Company's stock options outstanding and remaining contract term at the end of the period	-
Range of exercise prices of the Company's other equity instruments outstanding and remaining contract term at the end of the period	-

(1) Employee Stock Ownership Plan (Phase II) 2021-2023

According to the *Proposal on the Management Measures of the Company's Employee Stock Ownership Plan (Phase II) 2021--2023* deliberated and adopted at the Second Extraordinary General Meeting 2022, and the *Proposal on the Company's Employee Stock Ownership Plan (Phase II) 2021--2023 (Draft)* adopted by the resolution of the 19th Meeting of the Seventh-term Board of Directors and the 14th Meeting of the Seventh-term Board of Supervisors, 32.6211 million shares were granted to no more than 3,600 awardees at the price of RMB 4.35 on July 22, 2022.

On May 31, 2023, the Management Committee of the Phase II Shareholding Plan approved the vesting of a total of approximately 30,650,000 shares to the holders of the current phase shareholding plan, based on the company's performance, the performance of its subordinate operating units, and the achievement of individual performance targets. Of these shares, 14,330,000 shares were released from lock-up restrictions in 2024, and a further 15,750,000 shares were released in 2025.

(2) Employee Stock Ownership Plan (Phase III) 2021-2023

According to the *Proposal on the Management Measures of the Company's Employee Stock Ownership Plan (Phase III) 2021-2023* deliberated and adopted at the Second Extraordinary General Meeting of 2023, and the *Proposal on the Company's Employee Stock Ownership Plan (Phase III) 2021-2023 (Draft)* adopted by the resolution of the 32nd Meeting of the Seventh-term Board of Directors and the 21st Meeting of the Seventh-term Board of Supervisors, 64.99 million shares were granted to no more than 3,600 awardees at the price of RMB 3.94 on June 16, 2023.

On May 30, 2024, the Management Committee of the Phase III Shareholding Plan approved the vesting of a total of 55,640,000 shares to the holders of the current phase shareholding plan, based on the company's performance, the performance of its subordinate operating units, and the achievement of individual performance targets. Of these shares, 27,210,000 shares were released from lock-up restrictions in 2025.

(3) Employee Stock Ownership Plan 2024

According to the Second Meeting of the Eighth-term Board of Directors, the Second Meeting of the Eighth-term Board of Supervisors, and the First Extraordinary General Meeting 2024, the *Proposal on the Employee Stock Ownership Plan 2024 of TCL Technology Group Corporation (Draft)* was deliberated on, and 117.99 million shares were granted to no more than 3,600 awardees.

(4) Employee Stock Ownership Plan 2025

According to the 11th meeting of the 8th Board of Directors, the 7th meeting of the 8th Board of Supervisors, and the 3rd extraordinary general meeting of 2025, the *proposal on the 2025 Employee Stock Ownership Plan of TCL Technology Group Corporation (Draft)* was reviewed and approved. Under this plan, the total fund shall not exceed RMB 800 million and shall be granted to no more than 3,600 eligible participants.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XII Share-based Payments (Continued)

1 Overall share-based payments (excluding TZE and its subsidiaries) (continued)

(a) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	The Group determined the fair value of equity instruments on the grant date based on the fair value of the shares. On each balance sheet date within the vesting period, the Group determines the best estimate based on the latest number of employees eligible to exercise their options, and revise the estimated number of exercisable equity instruments.	
Basis for determining the number of exercisable equity instruments	On each balance sheet date within the vesting period, the Group determines the best estimate based on the latest number of employees eligible to exercise their options, and revise the estimated number of exercisable equity instruments.	
Reasons for significant differences between current and previous estimates		None
Accumulated amount of equity-settled share-based payment included in capital reserve		RMB 399,140,000
Total expense recognized for equity-settled share-based payments in the current period		RMB 422,933,000

(b) The Company has no cash-settled share-based payments.

(c) The Company has no share-based payment modification or termination.

2 Share-based payments by the controlling subsidiary TZE

(1) Overview of share-based payments

(a) Employee stock ownership plan

On August 30, 2022, the Company held its second extraordinary general meeting of 2022 where the *Proposal on the Employee Stock Ownership Plan (Draft) and Its Summary for 2022* (hereinafter referred to as the "2022 Employee Stock Ownership Plan") were deliberated and adopted. The Company held the 22nd Meeting of the 6th-term Board of Directors on January 11, 2022, where it deliberated on and adopted the *Proposal on Repurchasing the Company's Shares*. The Company repurchased a total of 9,515,263 shares through the special securities account for repurchasing shares by means of centralized bidding, with an average transaction price of RMB 41.09. 9,492,797 of these shares were used for the 2022 Employee Stock Ownership Plan. In addition, the Company held the 13th Meeting of the 6th-term Board of Directors on June 20, 2021, where it deliberated on and adopted the *Proposal on the Plan for Repurchasing the Company's Shares*. The remaining unused 161,615 repurchased shares in 2021 were also used for the 2022 Employee Stock Ownership Plan. In summary, a total of 9,654,412 shares were used for the Employee Stock Ownership Plan. On June 30, 2023, the 2022 Employee Stock Ownership Plan Management Committee, based on the achievement of the Company's performance assessments indicators and the results of individual performance assessment, determined that the stock quota would be granted on July 1, 2023, and calculated the corresponding target stock quota of the holders to grant them to the relevant holders by means of internal registration and confirmation. The lock-up period of the 2022 Employee Stock Ownership Plan expired on September 7, 2023. As of the end of the Reporting Period, the equity of the relevant stock quota of the second batch of the 2022 Employee Stock Ownership Plan was transferred to the relevant holders on a non-trading basis.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XII Share-based Payments (Continued)

2 Share-based payments by the controlling subsidiary TZE (Continued)

(2) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	Share options: The Black-Scholes option pricing model is used to measure the fair value of the Company's share options.	
Key parameters of the fair value of equity instruments on the grant date	Employee stock ownership plan: The shares granted were all repurchased from the secondary market through the Company's designated securities account. The fair value of the shares granted under the employee stock ownership plan is determined based on the closing market price of the outstanding shares on the grant date, less the grant price.	
Reasons for significant differences between current and previous estimates	None	
Accumulated amount of equity-settled share-based payment included in capital reserve		RMB 729,789,000
Total expense recognized for equity-settled share-based payments in the current period		RMB 33,150,000

(3) TZE has no cash-settled share-based payments.

(4) Payment of TZE for shares in current period

For the year ended December 31, 2025, the cost and expenses recognized under the 2022 Employee Stock Ownership Plan amounted to RMB 33,150,000 (2024: RMB 195,804,000).

3 Payment of Tianjin Printronics for shares in current period

(a) Overview of share-based payments

Total amount of each equity instrument granted by the Company in the current period	-
Total amount of each equity instrument exercised by the Company in the current period	691,000 shares
Total amount of each equity instrument vested by the Company in the current period	1,968,000 shares
Total amount of the Company's equity instruments that expired in the current period	26,000 shares
Range of exercise prices of the Company's stock options outstanding and remaining contract term at the end of the period	-
Range of exercise prices of the Company's other equity instruments outstanding and remaining contract term at the end of the period	-

(b) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	In accordance with the relevant provisions of <i>Accounting Standards for Business Enterprises No. 11 – Share-based Payment</i> and <i>Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement</i> , the Company has adopted the Black-Scholes model to determine the fair value of equity instruments.	
Key parameters of the fair value of equity instruments on the grant date	Historical volatility, risk-free interest rate, and dividend yield	
Basis for determining the number of exercisable equity instruments	Estimated based on the performance conditions for each vesting period and the assessment results of the grantees.	
Reasons for significant differences between current and previous estimates	None	
Accumulated amount of equity-settled share-based payment included in capital reserve		RMB 2,605,000
Total expense recognized for equity-settled share-based payments in the current period		RMB 987,000

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XIII Commitments and Contingencies

1. Significant commitments

Capital commitments

December 31, 2025

Contracted but not provisioned	Note 1	16,933,571
Approved by the Board but not contracted	Note 2	2,958,791
		19,892,362

Note 1 The capital commitments under contractual obligations but not provided for in the current period primarily consisted of such commitments for construction of investment projects and external investments.

Note 2 The capital commitments approved by the Board of Directors but not under contractual obligations in the current period primarily consist of such commitments for display business projects.

As at December 31, 2025, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

2 Contingencies

Significant contingent matters existing at the balance sheet date:

Contingent liabilities arising from guarantees provided to other entities and their financial impact

As at December 31, 2025, the guarantee provided by the Company for the related party's bank loans, commercial drafts, letters of credit, etc., was RMB 2,387,848,000, which is listed in details as below:

Obligor	Actual guarantee amount	Type of guarantee	Actual occurrence date	Remaining term of guarantee	Fulfilled or not
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	123,725	Joint liability guarantee	April 28, 2020	2.7-4.5 years	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	437,775	Joint liability guarantee	March 7, 2025	3 days-162 days	No
Guangzhou Qihang International Supply Chain Co., Ltd.	100,000	Joint liability guarantee	November 10, 2025	130 days-162 days	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	364,000	Joint liability guarantee	May 22, 2023	4.4 years	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,362,348	Joint liability guarantee	June 15, 2023	3.5 years	No
				2,387,848	

As at December 31, 2025, the amount of credit granted by the Group for the note discounting, note acceptance, and non-financing guarantees of related parties was RMB 209,516,000.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

XIV Events after the Balance Sheet Date

- 1 In January 2026, the Company's controlled subsidiary, TCL China Star Optoelectronics Technology Co., Ltd., acquired a 10.7656% equity interest in Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd. from Shenzhen Major Industrial Development Phase I Fund Co., Ltd. for RMB 6,045 million in cash. Following the completion of this transaction, the Company's total equity interest in Shenzhen China Star Optoelectronics Bandaoti increased from 84.2105% to 94.9761%.
- 2 On February 5, 2026, TCL Technology completed the issuance of the first tranche of 2026 Technology Innovation Bonds, which began accruing interest from February 5, 2026. The issuance size was RMB 1,000 million, with a term of 3+N years and an interest rate of 2.35%.
- 3 In October 2025, the Company's controlled subsidiary Zhonghuan Advanced entered into an equity repurchase agreement with the Administrative Committee of Yixing Economic and Technological Development Zone and Yixing Entrepreneurship Park Technology Development Co., Ltd.
Under the agreement, Zhonghuan Advanced would repurchase 88.9898% of the equity interest in Yixing Zhonghuan Advanced Engineering Management Co., Ltd. held by Yixing Entrepreneurship Park Technology Development Co., Ltd. for a consideration of RMB 1,453,493,000.
On December 9, 2025, Zhonghuan Advanced paid a delisting deposit of RMB 145,349,000 to Wuxi Property Exchange Co., Ltd. On January 7, 2026, Zhonghuan Advanced paid the remaining RMB 1,308,144,000 through Wuxi Property Exchange, with the December 2025 deposit applied toward the total consideration, resulting in a total payment of RMB 1,453,493,000. On January 8, 2026, Yixing Zhonghuan Advanced Engineering Management Co., Ltd. completed the industrial and commercial registration changes, and was included into the Company's scope of consolidation.
- 4 On January 24, 2026, the Company's controlled subsidiary, Maxeon Solar Technologies, Ltd. ("Maxeon"), through its wholly-owned subsidiary SUN POWER TECHNOLOGY LTD. ("SPT"), proposed to sell 100% equity interest of its wholly-owned Malaysian subsidiary SunPower Malaysia Manufacturing Sdn. Bhd. ("SPMY" or the "Target") to MFS Technology (S) Pte Ltd ("MFSS"), a wholly-owned subsidiary of Victory Giant Technology (Huizhou) Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code 300476), for a total consideration not exceeding USD 51 million. The final transaction price will be determined in accordance with the transaction documents. On February 13, 2026, Maxeon's subsidiary SPT completed all delivery procedures for the sale of 100% equity interest of SPMY to the buyer MFSS. SPMY is no longer included in the consolidated financial statements of the Company and Maxeon.
- 5 In February 2026, the Company's subsidiary, Maxeon Solar Technologies, Ltd., through its wholly-owned subsidiary Maxeon Solar Pte. Ltd. ("MSPL"), signed a *Patent License Agreement* ("License Agreement") with Shanghai Aiko Solar Energy Co., Ltd. ("Aiko"). Under the agreement, MSPL will grant Aiko a license to use patents related to "back-contact" solar cells and modules worldwide (excluding the United States) for a term of five years from the signing date, with a total license fee of RMB 1,650,000,000, payable in installments over five years in accordance with the agreement.
- 6 According to the 2025 Profit Distribution Proposal deliberated on and adopted by the Board of Directors of the Company, it is proposed to distribute a cash dividend of RMB 0.90 (including tax) per 10 shares to all shareholders based on the total share capital of 20,800,862,447 shares that can participate in profit distribution on March 23, 2026 (if the Company repurchased treasury shares during equity distribution, such shares would not be eligible for the profit distribution), with no bonus shares issued by converting capital reserves into share capital, resulting in a total profit distribution of RMB 1,872,077,000.

XV Other Important Matters

(I) Segment reporting

1 Basis for determining reporting segment and accounting policies

According to the Company's internal organizational structure, management requirements, and internal reporting system, the Company's business is divided into four reporting segments: the display business, the new energy photovoltaic and other silicon materials business, the distribution business and the other businesses. The Company's management regularly evaluates the operating results of these reporting segments to determine the allocation of resources and evaluate their performance. The Company's four reporting segments are:

- (1) Display business mainly includes the research and development, manufacturing, and sales of display panels and display modules, as well as complete display processing.
- (2) New energy photovoltaic and other silicon materials business: mainly includes the R&D, production and sales of monocrystalline silicon ingots and silicon wafers, cells and modules, and other silicon materials and devices; the development and operation of photovoltaic power stations.
- (3) Distribution business: mainly includes the sales of computers, software, tablet computers, mobile phones, and other electronic products.
- (4) Other businesses: other businesses besides the above, including industrial finance and investment business, technology development services, and patent maintenance services provided by the company, etc.

Segment assets include all current assets such as tangible assets, intangible assets, other long-term assets, and receivables attributable to each segment. Segment liabilities include payables, bank loans, and other long-term liabilities attributable to each segment.

Segment operating results refer to the income generated by each segment (including external transactions income and inter-segment transaction income), net of expenses incurred by each segment, depreciation, amortization and impairment loss of assets attributable to each segment, gains or losses from changes in fair value, return on investment, non-operating income and income tax expenses. Transfer pricing of inter-segment income is calculated on terms similar to other foreign transactions.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XV Other Important Matters (Continued)

(I) Segment reporting (continued)

2 Financial information of reporting segments

	For the 12 months ending on December 31, 2025				
	Display business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	120,720,415	29,050,248	34,649,080	(356,352)	184,063,391
Net profits	8,712,559	(9,882,625)	159,665	1,224,248	213,847
Total assets	208,657,120	117,997,173	8,168,725	37,915,296	372,738,314
Total liabilities	119,116,678	78,738,124	6,457,019	35,083,514	239,395,335
Depreciation and amortization expenses	24,129,008	8,887,939	50,518	205,348	33,272,813
Capital expenditure	9,918,779	5,378,958	2,337	978,333	16,278,407

	For the 12 months ending on December 31, 2024				
	Display business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	104,254,497	28,418,504	31,465,203	684,629	164,822,833
Net profits	6,227,792	(10,806,452)	142,774	279,744	(4,156,142)
Total assets	220,608,687	125,597,525	7,129,973	24,915,731	378,251,916
Total liabilities	142,874,494	79,127,416	5,561,777	17,984,485	245,548,172
Depreciation and amortization expenses	22,256,794	8,048,406	59,272	217,421	30,581,893
Capital expenditure	15,767,244	6,951,852	5,677	967,550	23,692,323

TCL Technology Group Corporation
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XVI Notes to the key items presented in the financial statements of the Company

1 Accounts receivable

	December 31, 2025				December 31, 2024			
	Amount	Ratio	Bad-debt Allowance	Accrual Ratio	Amount	Ratio	Bad-debt Allowance	Accrual Ratio
Within 1 year	207,984	99.42%	6	0.00%	185,375	100%	136	0.07%
1 to 2 years	1,218	0.58%	-	-	-	-	-	-

2 Other receivables

	December 31, 2025	December 31, 2024
Other receivables	9,613,847	9,910,856
	<u>9,613,847</u>	<u>9,910,856</u>

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

	December 31, 2025	December 31, 2024
Equity transfer receivables	610	610
Security and deposits	2,474	3,110
Others	9,610,763	9,907,136
	<u>9,613,847</u>	<u>9,910,856</u>

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

	12-month ECL	Lifetime ECL (credit not impaired)	Lifetime ECL (credit impaired)	Total
December 31, 2024	1,503	-	32,767	34,270
--Transfer into Stage 3	-	-	-	-
Accrued in the period	-	-	5,918	5,918
Reversal of current period	(32)	-	-	(32)
Write-off of current period	(9)	-	-	(9)
	<u>1,462</u>	<u>-</u>	<u>38,685</u>	<u>40,147</u>
December 31, 2025	1,462	-	38,685	40,147

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

2 Other receivables (continued)

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

	December 31, 2025		December 31, 2024	
	Amount	Ratio	Amount	Ratio
Within 1 year	7,371,233	76.35%	8,311,481	83.57%
1 to 2 years	1,491,285	15.45%	824,092	8.29%
2 to 3 years	665,173	6.89%	461,602	4.64%
Over 3 years	126,303	1.31%	347,951	3.50%
	9,653,994	100%	9,945,126	100%

The outstanding other receivables were mostly current accounts with related parties.

The top five other receivables of the Company amounted to approximately RMB 8,792,957,000 (December 31, 2024: RMB 9,779,966,000), accounting for 91.08% of the total other receivables of the Company (December 31, 2024: 98.34%).

3 Long-term equity investments

	December 31, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	17,029,558	-	17,029,558	17,281,616	-	17,281,616
Subsidiaries (2)	78,289,037	-	78,289,037	63,780,785	-	63,780,785
	95,318,595	-	95,318,595	81,062,401	-	81,062,401

As of December 31, 2025, there are no major restrictions on the realization of investment and the remittance of return on long-term equity investments.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)
3 Long-term equity investments (continued)

(1) Associates and joint ventures

	December 31, 2024	Increase or decrease in current period					December 31, 2025	
		Increase/decrease in investment in current period	Investment gains and losses recognized by equity method	Other comprehensive income adjustment	Other equity changes	Declared cash dividends or profits		Other increases and decreases
Joint venture	283,595	27,836	(76,234)	-	1,231	(5,000)	2	231,430
Associate								
Bank of Shanghai Co., Ltd.	14,740,146	-	1,346,306	(271,340)	(994,457)	(425,304)	-	14,395,351
Others	2,257,875	(87,319)	416,938	(33)	(51,277)	(153,753)	20,346	2,402,777
Total of associates	<u>16,998,021</u>	<u>(87,319)</u>	<u>1,763,244</u>	<u>(271,373)</u>	<u>(1,045,734)</u>	<u>(579,057)</u>	<u>20,346</u>	<u>16,798,128</u>
Total	<u>17,281,616</u>	<u>(59,483)</u>	<u>1,687,010</u>	<u>(271,373)</u>	<u>(1,044,503)</u>	<u>(584,057)</u>	<u>20,348</u>	<u>17,029,558</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (continued)

(2) Subsidiaries

	December 31, 2024	Increase in current period	Decrease in current period	December 31, 2025
TCL China Star Optoelectronics Technology Co., Ltd.	34,317,653	1,369,066	-	35,686,719
TCL Technology Group Finance Co., Ltd.	1,256,003	-	-	1,256,003
TCL Technology Group (Tianjin) Co., Ltd.	16,200,000	-	-	16,200,000
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	1,929,733	-	-	1,929,733
TCL Culture Media (Shenzhen) Co., Ltd.	78,000	-	-	78,000
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd.	200,000	-	-	200,000
Guangdong TCL Juxiang Technology Co., Ltd.	110,000	-	-	110,000
Highly Information Industry Co., Ltd.	107,296	-	-	107,296
TCL Communication Equipment (Huizhou) Co., Ltd.	79,500	-	-	79,500
TCL Medical Radiological Technology (Beijing) Co., Ltd.	58,497	-	-	58,497
Shenzhen TCL Strategic Equity Investment Fund Partnership (Limited Partnership)	55,664	-	(184)	55,480
TCL Industrial Technology Research Institute, Ltd. (Europe)	20,000	-	-	20,000
Wuhan TCL Industrial Technology Research Institute, Ltd.	20,000	-	-	20,000
Shenzhen TCL High-Tech Development Co., Ltd.	20,000	-	-	20,000
Huizhou Hongsheng Science and Technology Development Co., Ltd.	1,000	-	-	1,000
Tianjin Silica Material Technology Co., Ltd.	2,800,000	-	-	2,800,000
Xiamen TCL Technology Industrial Investment Co., Ltd.	633,897	46,800	-	680,697
TCL Internet Technology (Shenzhen) Co., Ltd.	15,000	26,349	-	41,349
Ningbo TCL Equity Investment Ltd.	300,000	-	-	300,000
TCL Technology Investments Limited	3,348,778	116,784	-	3,465,562
Huizhou Dongshen Jia'an Equity Investment Partnership (Limited Partnership)	221,000	627,000	-	848,000
TCL Financial Technology (Shenzhen) Co., Ltd.	15,036	-	-	15,036
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	1,790,312	-	-	1,790,312
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	-	11,562,093	-	11,562,093
Chongqing Trust · Yuanyu Hengxin Collective Fund Trust Plan	-	500,000	-	500,000
Equity incentives of subsidiaries	203,416	260,344	-	463,760
	<u>63,780,785</u>	<u>14,508,436</u>	<u>(184)</u>	<u>78,289,037</u>

For the registered capital of subsidiaries and the Company's equity interests in the subsidiaries, see Note VIII.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XVI Notes to Financial Statements of the Parent Company (Continued)

4 Other non-current financial assets

	December 31, 2025	December 31, 2024
Equity investments	398,546	423,060
Debt investments	-	300,483
	398,546	723,543

5 Operating revenue and operating cost

	2025		2024	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	14,677	-	432,501	417,726
Non-core business	557,030	238,728	513,860	190,548
	571,707	238,728	946,361	608,274

6 Return on investment

	2025	2024
Share of return on investment in joint ventures and associates	1,687,010	1,237,987
Net income from disposal of long-term investments	1,291	145,253
Return on holding of held-for-trading financial assets	195,884	353,128
Return on disposal of held-for-trading financial assets	-	45,551
Gain on disposal of derivative financial assets/liabilities	(26)	(15,775)
Dividends from subsidiaries	327,894	252,104
	2,212,053	2,018,248

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XVII Supplementary Information

1. Details of non-recurring gains and losses for the period

	2025	2024
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	(62,541)	143,159
Public grants charged to current profits and losses (exclusive of public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses)	2,226,112	2,614,019
The profits or losses generated from changes in fair value arising from financial assets and financial liabilities held by non-financial enterprises and the profits or losses from the disposal of such financial assets and financial liabilities, except for the effective hedging business related to the company's normal business operations	17,504	4,833
Reversal of provision for impairment of receivables that have been individually tested for impairment	27,831	62,762
Non-operating income and expenses other than the above	591,664	857,485
Income tax effects	(357,990)	(507,097)
Non-controlling interests effects	(822,676)	(1,909,407)
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	1,619,904	1,265,754

According to the relevant provisions of the *Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public - Non-recurring Profits and Losses (Revised in 2023)*(Z.J.H.G.G. [2023] No.65), public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses shall be presented as recurring profits and losses.

TCL Technology Group Corporation
Notes to the Financial Statements for the Year 2025
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XVII Supplementary Information (Continued)

2. Return on equity (ROE) and earnings per share (EPS)

The Company calculates the ROE and EPS as follows in accordance with the *Compilation Rules No. 9 for Information Disclosure of Companies Offering Securities to the Public-Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010)* issued by the China Securities Regulatory Commission and relevant provisions of accounting standards:

Item	Net profits attributable to the parent company during the Reporting Period	Weighted average return on equity	Earnings per share (RMB: yuan)	
			Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	4,516,782	7.98%	0.2333	0.2301
Net profits attributable to ordinary shareholders of the Company before non-recurring gains and losses	2,896,878	5.12%	0.1496	0.1476

Company Name: TCL Technology Group Corporation

Date: March 26, 2026