

TCL 科技集团股份有限公司

TCL Technology Group Corporation



INTERIM REPORT 2025

August 2025

Part I Important Notes, Table of Contents and Definitions

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

Mr. Li Dongsheng, the person-in-charge of the Company, 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 Interim Report are factual, accurate, and complete.

All the Company’s directors attended the Board meeting for the review of this Interim 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. Therefore, investors are kindly reminded to pay attention to possible investment risks.

The Company has no interim dividend plan, either in the form of cash or stock, nor for the conversion of capital reserve into share capital.

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 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”, “TCL TECH.”, or “we”	Refers to	TCL Technology Group Corporation
The “Reporting Period”, “current period”	Refers to	The period from January 1, 2025 to June 30, 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 Corp., 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
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
t7	Refers to	The generation 11 (or G11) new ultra high definition display production line at Shenzhen 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
RMB	Refers to	Renminbi

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	TCL TECH.	Stock code	000100
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	TCL 科技集团股份有限公司		
Abbr. (if any)	TCL 科技		
Company name in English (if any)	TCL Technology Group Corporation		
Abbr. in English (if any)	TCL TECH.		
Legal representative	Li Dongsheng		

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. Other Information

1. Contact Information of the Company

Whether the registered address, office address and their zip codes, website address and email address of the Company changed during the Reporting Period

☐Applicable ☒ Not applicable

No changes occurred to the registered address, office address and their zip codes, website address, email address and other contact information of the Company during the Reporting Period. Please refer to the 2024 Annual Report for details.

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

Whether the media for information disclosure and place where this Report is lodged changed during the Reporting Period

☐Applicable ☒ Not applicable

No changes occurred to the name and website of the stock exchange website and media on which the Company discloses its Interim Report and the place for lodging such reports during the Reporting Period. Please refer to the 2024 Annual Report for details.

3. Other Information

Whether other information changed during the Reporting Period

☐Applicable ☒ Not applicable

IV. Key Accounting Data and Financial Indicators

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

☐ Yes ☒ No

	H1 2025	H1 2024	Change
Operating revenue (RMB)	85,560,004,497	80,223,736,962	6.65%
Net profits attributable to the company's shareholders (RMB)	1,883,499,452	995,211,533	89.26%
Net profits attributable to the company's shareholders after non-recurring gains and losses (RMB)	1,558,735,448	558,757,061	178.96%
Net cash generated from operating activities (RMB)	27,273,981,394	12,632,721,713	115.90%
Basic earnings per share (RMB/share)	0.1014	0.0535	89.53%
Diluted earnings per share (RMB/share)	0.1003	0.0530	89.25%
Weighted average return on equity (%)	3.54	1.87	Increase by 1.67 percentage points YoY
	End of the Reporting Period	December 31, 2024	Change
Total assets (RMB)	400,469,462,636	378,251,915,923	5.87%
Net assets attributable to shareholders of the listed company (RMB)	53,595,104,495	53,167,609,357	0.80%

V. 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

VI. Non-Recurring Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount
Gains and losses on disposal of non-current assets (inclusive)	-20,061,225

of impairment allowance write-offs)	
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)	633,215,125
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	18,445,711
Reversal of provision for impairment of receivables that have been individually tested for impairment	27,615,955
Non-operating income and expenses other than the above	126,890,210
Other gain and loss items that meet the definition of non-recurring gains and losses	-
Less: Amount affected by income tax	84,753,814
Amount affected by equity of minority shareholders (net of tax)	376,587,958
Total	324,764,004

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 Operating Performance of the Company During the Reporting Period

Since the start of the year, growing global economic uncertainties and a restructured international trade landscape have accelerated the transformation of rules in economic globalization. Rising U.S. tariffs are increasing worldwide trade costs, fueling trends toward deglobalization and supply chain regionalization. These shifts are poised to significantly impact the development of China's manufacturing sector. In the face of external challenges, the Company adheres to the leading strategy, focusing on three key business pillars, including displays, new energy photovoltaics, and other silicon materials, with a view to improving operational resilience and promoting high-quality and sustainable growth.

During the Reporting Period, the Company realized RMB 85.6 billion in operating revenue, representing a 6.7% year-over-year increase. Net profit attributable to shareholders reached RMB 1.88 billion, surging 89.3% YoY, while operating cash flow grew 115.9% YoY to RMB 27.3 billion. As of the end of the Reporting Period, the Company's debt-to-asset ratio stood at 67.7%, an increase of 2.78 percentage points from the end of the previous reporting period; cash and cash equivalents at the end of the Reporting Period were RMB 26.56 billion. Driven by significant new investments this year and the availability of favorable lending rates, the debt-to-asset ratio has risen. The Company remains committed to maintaining this ratio within a reasonable range.

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

The Company focused on the development of the core business, including displays, new energy photovoltaics and other silicon materials, and was committed to achieving the strategic goal of global leadership.

(I) Display Business

Global retail demand for LCD TVs remained stable in the first half of 2025. National subsidies accelerated the shift toward larger screen sizes, sustaining the surge in the demand area for panels. Increased supply-side production capacity concentration and an optimized industry landscape balanced supply and demand, leading to narrow price fluctuations for major products aligned with seasonal cycles.

During the Reporting Period, TCL CSOT achieved an operating revenue of RMB 50.43 billion, an increase of 14.4% year-on-year; net profit was RMB 4.32 billion, up 74.0% year-on-year; and net profit attributable to shareholders of TCL TECH. was RMB 2.63 billion, an increase of 51% year-on-year. Leveraging its advantages in scale and efficiency, TCL CSOT continuously optimized its business and product structure, thus significantly improving its operating performance, further solidifying its competitive edge in the display industry.

The Company maintained its competitive edge in large-sized products like TVs and commercial displays, growing its market share by 4 percentage points year-on-year to 24%. Its comprehensive competitiveness and EBITDA continued to lead globally. Competitiveness in the small and medium-sized LCD product segment increased rapidly: during the Reporting Period, the monitor sales volume increased by 18% year-on-year; NB sales volume increased by 71% year-on-year; vehicle-mounted display sales volume increased by 61% year-on-year; mobile phone sales volume increased by 51% year-on-year; and sales in the specialized display market saw a significant year-on-year growth.

During the Reporting Period, the Company completed the acquisition of 100% equity in LG Display (China) Co., Ltd. and LG Display (Guangzhou) Co., Ltd., integrating and renaming them as t11, with a production capacity of 180k pieces/month. Since the second quarter, this acquisition has become an increasingly significant contributor to the Company's operating performance. During the same period, the Company also completed the second-phase construction of the t9 project in

Guangzhou. The strong industrial synergy between the t9 and t11 projects enhanced the Company's scale and competitiveness in small and medium-sized displays. This synergy optimizes the Company's product structure and laid a solid foundation for the sustainable development of its LCD business.

The Company's OLED business (t4, G6 line), sustained its growth trajectory with an increase in year-over-year sales volume of 8.7%, while operating revenue is up 9.2% YoY. The Company secured the fourth position globally for flexible OLED smartphone shipments and remained a top-three player in foldable products. This was complemented by the successful ramp-up to mass production and shipment of its wearables line. Currently, the t4 factory leads the domestic industry in key metrics, including capacity utilization rate, project input-output ratio, and EBITDA margin.

During the Reporting Period, the Company successfully completed the construction of the G5.5 printed OLED production line (t12), with capacity increasing from 3k pieces/month to 9k pieces/month. The t12 project continues to optimize its production processes, efficiency, and product quality. The Company is also driving the industrialization of its high-generation printed OLED projects, positioning it to achieve major breakthroughs in the next-generation OLED industry.

The Company is actively expanding its presence in the Micro LED (hereinafter referred to as “MLED”) industry. At the end of 2020, TCL CSOT and Sanan Optoelectronics jointly established a laboratory, and during the Reporting Period, the first MLED production line was built in Suzhou. The Company plans to capitalize on emerging opportunities in the MLED sector by expanding investments in product technology, materials, and key segments of the industry chain, thereby strengthening its competitive market position.

During the Reporting Period, the Company acquired a 21.53% equity stake in Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.—operator of the G11 production lines

(t6, t7)—from the Shenzhen Major Industrial Development Phase I Fund. The asset transfer for this transaction was finalized in early July 2025. This strategic acquisition is expected to boost net profit attributable to the parent company and strengthen the contribution of the display business to the listed company's profitability.

The Company will further improve its global industrial layout to adapt to the challenges of the restructured global economy and trade landscape. During the Reporting Period, the Company invested in and built a module plant in Vietnam, and significantly improved the operational efficiency of its existing module plant in India each year.

(II) Silicon Wafer Business

During the Reporting Period, Zhonghuan Advanced achieved an operating revenue of RMB 2.74 billion, growing 38.2% year-on-year and solidifying its leadership in both scale and competitiveness within the domestic industry. The Company's products, technologies, processes, and quality have been further enhanced, with products consistently supplied to major domestic integrated circuit manufacturers and partial exports achieved. The Company is confident of sustaining business growth and further strengthening its market competitiveness in the second half of the year.

(III) New Energy Photovoltaics Business

During the Reporting Period, TZE's photovoltaics business achieved an operating revenue of RMB 9.87 billion, registering a year-on-year decrease of 28.0%, of which crystal wafer operating revenue was RMB 5.77 billion, down 7.1% quarter-on-quarter; and cell and module operating revenue was RMB 3.85 billion, up 26.2% quarter-on-quarter.

Amid a severe industry downturn and intense competition within the photovoltaics sector, the Company is implementing proactive and effective strategies to navigate the market's challenges. Guided by the principle of “turning crisis into opportunity through development and discovering new paths by overcoming difficulties,” the Company is not only tackling current operational

pressures but also strategically positioning itself for future growth. To this end, it is reinforcing its leadership in wafer technology, strengthening its cell and module segments, aggressively expanding its global footprint, and actively pursuing strategic mergers, acquisitions, and overseas investment opportunities. The Company is confident in its ability to enhance the performance of TZE's photovoltaics business, reinforce its competitive position, and establish a strong foundation for sustainable growth. These efforts will position the Company to successfully navigate the ongoing industry downturn and unlock new pathways for future expansion.

(IV) Non-core business

The Company's non-core businesses satisfied its operating budgets and maintained healthy growth. As the world's largest TV ODM provider, MOKA reported operating revenue of RMB 10.39 billion during the Reporting Period, representing a year-on-year increase of 16%. TV ODM shipment volume reached 7.49 million units, generating operating revenue of RMB 8.03 billion and solidifying its position as a global leader. Meanwhile, MOKA's monitor ODM business also experienced rapid expansion, with shipments rising 28% year-on-year to 4.62 million units. Additionally, businesses such as Highly and TPC also achieved the goal set at the beginning of the year and sustained healthy development.

Facing a severe and complex external environment, the Company will embrace the spirit of "Embarking on the Voyage and Pressing Ahead Against All Odds." By adhering to the operational philosophy of "Strategic Leadership, Innovation-Driven, Advanced Manufacturing, and Global Operations", the Company will seize the historic opportunities presented by the upgrade of the technology manufacturing industry and the transformation of the global energy structure to achieve sustainable high-quality development and advance 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 has always stood firm at the forefront, demonstrating the audacity to pioneer, and emerged as a globally leading high-tech industry group.

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 its rebranding to “TCL TECH.” in 2020, the Company delisted Zhonghuan Electronic in July, paving the way for its expansion into new energy photovoltaics and silicon materials. The Company acquired Suzhou Samsung in August 2020, and achieved mass production of printed OLED in 2024. Additionally, it completed the acquisition and integration of LG’s Guangzhou LCD and module facility in 2025, reinforcing its position as a key player in the display sector.

At present, TCL Tech has established a business structure centered on displays and new energy photovoltaics. With a well-defined development roadmap, efficient operations, and outstanding competitive advantages, the Company has been gradually improving its core competitiveness and sustainable development capabilities.

Leading at scale: Optimizing business portfolios and building scale advantages

TCL CSOT, a preeminent global display company and a pioneer in domestic display manufacturing, has cumulatively invested over RMB 280 billion. It currently operates 11 state-of-the-art panel lines and 5 module factories, serving a diverse range of global clients. The Company has established a leading position in large-sized panels globally through both self-built production lines and the acquisition of Suzhou Samsung. In the first half of 2025, TCL CSOT ranked second globally in TV panel shipments. The Company has built t9 production line targeting high-value-added mid-size products such as IT and commercial displays, achieving a full-size strategic layout. In the first half of 2025, The Company secured the world’s second-largest market share in MNT panels and ranked first in key segments such as e-sports monitors and LTPS laptops. By actively improving the layout of the value chain and expanding the production capacity of self-built modules, TCL CSOT has further improved the Company's control and profitability in the value chain. TCL

CSOT has passed through several industry cycles, evolving from a "follower" to a "peer", and now a "leader". It has transformed from a large-size panel leader to an all-size display player, gradually expanding from panel manufacturing to comprehensive display solutions, driving the Company's high-quality development.

TZE will continue to leverage its advantages in production capacity, product offerings, and cost structure, while gradually improving its relative competitiveness and establishing its leading edge in the industry through technological innovations, manufacturing transformations, and management reforms. The Company is driving ongoing improvements in its flexible photovoltaics wafer manufacturing to strengthen its competitive edge. We are the global leader in terms of monocrystalline silicon capacity and hold the largest worldwide market share for G12 wafers. The international expansion continues to progress, marked by the on-schedule establishment of an overseas wafer manufacturing facility in collaboration with Saudi Arabia's Public Investment Fund (PIF) and Vision Industries (VI). In terms of photovoltaics modules, the Company leveraged its patented technological innovations to develop differentiated products. By actively investing in new battery technologies, the Company progressively established manufacturing strengths to provide customers with higher-quality products.

Leading in technology and ecology: Achieving leading edge technology by focusing on core industries

The Company has established a strategic foothold in core technologies (i.e., displays and new energy photovoltaics) 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 photovoltaics materials. The Company has applied for over 79,000 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 secured over 2900 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 Technology 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.

Leading in efficiency and management: 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 leverages the synergy of its twin factories to optimize production line planning and maximize capacity expansion. By pursuing cost excellence, the Company has established an end-to-end cost advantage. Through management reforms, it has enhanced overall operational efficiency, resulting in continuous improvements in product quality and performance, as well as a leading competitive position in the industry. At the same time, TCL CSOT has established proven risk management capabilities that have been honed through multiple industry cycle fluctuations. Looking forward, TCL CSOT will make use of this core competency, and will be well-poised to navigate future uncertainties and achieve global leadership.

Amidst the cyclical downturn in the new energy photovoltaics industry, TZE has consistently adhered to its core business philosophy of “digging in”, and comprehensively implemented Industry 4.0 intelligent manufacturing systems, coupled with Operation 4.0 and Quality 4.0 management frameworks. By continuously improving production automation, operational efficiency, and management capabilities, TZE is committed to successfully navigate the industry cycle and emerge as a leading global player in the new energy photovoltaics sector.

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

In 2020, TCL inaugurated a new phase of 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. In the face of a complex and ever-changing external business environment, TCL employees will continue to uphold the spirit and culture of “The Path to Global Leadership”. TCL will boldly lead the way, fearlessly compete, and drive the Company to effectively respond to business changes, entering a

new stage of development.

IV. Analysis of Core Businesses

Overview

See the relevant contents in “II. Main Businesses of the Company during the Reporting Period”.

Year-on-year changes in key financial information

Unit: RMB

	H1 2025	H1 2024	Change (%)	Reason for change
Operating revenue	85,560,004,497	80,223,736,962	6.65%	No significant change
Operating cost	74,082,838,353	70,642,557,593	4.87%	No significant change
Sales expenses	1,163,964,526	877,396,554	32.66%	Mainly due to the increase in new subsidiaries
Administrative expenses	2,200,561,949	2,003,839,241	9.82%	No significant change
Financial expenses	2,141,281,686	2,091,274,666	2.39%	No significant change
Income tax expense	315,894,303	52,211,560	505.03%	Mainly due to the improvement in the display business
R&D investments	4,528,645,518	4,265,857,601	6.16%	No significant change
Net cash generated from operating activities	27,273,981,394	12,632,721,713	115.90%	Mainly due to the improvement in the display business
Net cash used in investing activities	-22,308,345,614	-17,444,499,442	-27.88%	Mainly due to the acquisition of LG's Guangzhou LCD and module facility
Net cash generated from financing activities	481,996,265	2,697,468,234	-82.13%	Mainly due to the repayment of principal and interest on matured financing
Net increase in cash and cash equivalents	5,695,406,206	-2,073,267,407	374.71%	Mainly due to the year-on-year increase in net cash inflows from operating activities

Significant changes to the profit structure or sources of the Company during the Reporting Period

☐ Applicable ☒ Not applicable

No significant changes to the profit structure or sources of the Company during the Reporting Period.

Breakdown of operating revenue

Unit: RMB

	H1 2025		H1 2024		Change (%)
	Amount	As % of total operating revenue (%)	Amount	As % of total operating revenue (%)	
Total operating revenue	85,560,004,497	100%	80,223,736,962	100%	6.65%
By operating division					
Display business	57,550,502,531	67.26%	49,877,063,111	62.17%	15.38%
New energy photovoltaics and other silicon materials business	13,398,123,076	15.66%	16,213,493,018	20.21%	-17.36%
Distribution business	14,674,516,380	17.15%	13,649,332,920	17.01%	7.51%
Other and offsets	-63,137,490	-0.07%	483,847,913	0.61%	-113.05%
By product category					
Display devices	57,550,502,531	67.26%	49,877,063,111	62.17%	15.38%
New energy photovoltaics and other silicon materials	13,398,123,076	15.66%	16,213,493,018	20.21%	-17.36%
Distribution of electronics	14,674,516,380	17.15%	13,649,332,920	17.01%	7.51%
Other and offsets	-63,137,490	-0.07%	483,847,913	0.61%	-113.05%

By operating segment					
Chinese Mainland	54,848,748,806	64.11%	53,896,026,672	67.18%	1.77%
Overseas Countries and Regions (including Hong Kong)	30,711,255,691	35.89%	26,327,710,290	32.82%	16.65%

Note: The display business revenue mentioned above includes the revenue from TCL CSOT and Moka Technology.

Operating division, product category, or region contributing over 10% of operating 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	57,550,502,531	45,867,436,666	20.30%	15.38%	12.57%	1.99%
New energy photovoltaics and other silicon materials business	13,398,123,076	14,412,073,108	-7.57%	-17.36%	-13.57%	-4.72%
Distribution business	14,674,516,380	14,179,043,978	3.38%	7.51%	7.67%	-0.14%
By product category						
Display devices	57,550,502,531	45,867,436,666	20.30%	15.38%	12.57%	1.99%
New energy photovoltaics and other silicon materials	13,398,123,076	14,412,073,108	-7.57%	-17.36%	-13.57%	-4.72%
Distribution of electronics	14,674,516,380	14,179,043,978	3.38%	7.51%	7.67%	-0.14%
By operating segment						
Chinese Mainland	54,848,748,806	50,404,964,466	8.10%	1.77%	1.45%	0.29%
Overseas Countries and Regions (including Hong Kong)	30,711,255,691	23,677,873,887	22.90%	16.65%	12.98%	2.51%

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

☐ Applicable ☒ Not applicable

V. Analysis of Non-Core Businesses

☒ Applicable ☐ Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Sustainability
Return on investment	831,296,321	239.17%	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	469,888,483	135.19%	Mainly due to the movement in fair value of financial assets during the holding period	Yes
Asset impairment	-2,798,944,122	-805.28%	Falling price of inventory write-offs in line with the market	No
Non-operating income	29,824,684	8.58%	-	No
Non-operating expenses	119,957,236	34.51%	-	No

VI. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of the Reporting Period		December 31, 2024		Weight Change	Main reason for change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	28,544,342,940	7.13%	23,007,772,733	6.08%	1.05%	No significant change
Accounts receivable	19,741,951,084	4.93%	22,242,152,687	5.88%	-0.95%	No significant change
Contract assets	397,673,182	0.10%	395,116,789	0.10%	0.00%	No significant change
Inventories	20,535,401,675	5.13%	17,594,133,395	4.65%	0.48%	No significant change
Investment property	602,893,409	0.15%	612,733,509	0.16%	-0.01%	No significant change
Long-term equity investments	24,120,704,984	6.02%	24,595,634,142	6.50%	-0.48%	No significant change
Fixed assets	172,569,694,580	43.09%	170,512,009,105	45.08%	-1.99%	No significant change
Construction in progress	17,808,442,433	4.45%	23,580,503,161	6.23%	-1.78%	No significant change
Right-of-use assets	6,593,796,271	1.65%	6,697,687,926	1.77%	-0.12%	No significant change
Short-term borrowings	9,228,272,240	2.30%	8,193,283,100	2.17%	0.13%	No significant change
Contract liabilities	2,183,855,081	0.55%	1,969,271,038	0.52%	0.03%	No significant change
Long-term borrowings	128,471,716,122	32.08%	116,815,131,219	30.88%	1.20%	No significant change
Lease liabilities	6,300,595,064	1.57%	6,334,785,779	1.67%	-0.10%	No significant change

2. Major Assets Overseas

☐ Applicable ☒ Not applicable

3. 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	244,722,763	-	-	51,848,248,120	44,641,714,434	78,676,319	24,090,903,881
2. Derivative financial assets	172,488,618	195,979,459	-	-	71,100,768	377,103,775	106,260,937	168,726,007
3. Receivables financing	831,407,255						3,128,218,996	3,959,626,251
4. Investments in other equity instruments	387,850,846	-	-189,028,958	-	19,840,940	11,101,277	17,726,817	414,317,326
5. Other non-current financial assets	2,225,199,823	40,378,820	-	-	778,763,607	489,659,211	19,288,118	2,573,971,157
Subtotal of financial assets	20,177,917,655	481,081,042	-189,028,958	-	52,717,953,435	45,519,578,697	3,350,171,187	31,207,544,622
Total of the above	20,177,917,655	481,081,042	-189,028,958		52,717,953,435	45,519,578,697	3,350,171,187	31,207,544,622
Financial liabilities	695,159,977	11,192,559	-	-	944,415,086	1,090,072,510	-31,753,320	528,941,792

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

☐ Yes ☒ No

4. Restricted Asset Rights as of the Period-End

Restricted assets	Carrying amount (RMB'0,000)	Reason for restriction
Monetary assets	25,524	Deposited in the central bank as the required reserve
Monetary assets	173,244	Other monetary assets and restricted bank deposits
Fixed assets	9,259,083	As collateral for loan
Intangible assets	410,626	As collateral for loan
Held-for-trading financial assets	14,540	In pledge
Construction in progress	91,464	As collateral for loan

Accounts receivable	94,542	In pledge
Contract assets	13,319	In pledge
Total	10,082,342	

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 (%)
22,581,302,175	15,018,649,098	50.36%

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		
Total	--	--	137.03	--	--	--	--	--	--	--	--	--	--	--

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 final transaction price is subject to TCL CSOT's review of the closing statements.

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

☐ Applicable ☒ Not applicable

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	-1,692	-	-	-	-1,692	22,421	Other non-current financial assets	Self-funded
Stocks	300842.SZ	DK Electronic Materials, Inc.	2,430	Fair value	24,306	1,423	-	-	10,609	3,407	16,953	Other non-current financial assets	Self-funded
Bonds	XS2587421681	Nanyang Commercial Bank	7,083	Measurement at amortized cost	7,359	-	-	-	-	264	7,328	Debt investments	Self-funded
Bonds	USG98149AG59	WYNN MACAU LTD	623	Fair value	4,978	39	-	-	-	173	4,996	Held-for-trading financial assets	Self-funded
Bonds	USG9T27HAG93	VEDANTA RESOURCES	2,388	Fair value	6,158	-26	-	9,179	10,505	3	4,780	Held-for-trading financial assets	Self-funded
Bonds	XS2560662541	LINK CB LTD	4,455	Fair value	6,075	34	-	-	1,832	157	4,252	Held-for-trading financial assets	Self-funded
Bonds	XS3038559129	MONGOLIAN MINING CORP	5,680	Fair value	-	-122	-	6,589	2,313	-130	4,155	Held-for-trading financial assets	Self-funded
Bonds	USF2941JAA81	ELECTRICITE DE FRANCE SA	2,919	Fair value	4,074	-1	-	-	-	163	4,056	Held-for-trading financial assets	Self-funded
Bonds	USG84228GE26	STANDARD CHARTERED PLC	4,300	Fair value	3,833	-2	-	1,501	1,501	145	3,815	Held-for-trading financial assets	Self-funded
Bonds	XS1729875598	ISLAMIC REP OF PAKISTAN	2,740	Fair value	2,611	133	-	1,010	-	232	3,743	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			226,931	--	140,278	1,473	-18,792	249,392	266,997	3,672	127,694	--	--
Total			286,295	--	223,786	1,257	-18,792	267,671	293,757	6,393	204,193	--	--
Disclosure date of the board announcement approving securities investments			April 28, 2025										
Date for disclosure and announcement on approving securities investment by the general meeting (if any)			May 20, 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	5,449,156	210,870	42,305	42.13	1.63
2. Interest rate swaps	314,100	9,423	0	0		0.00	0.00
Total	5,336,655	203,469	5,449,156	210,870	42,305	42.13	1.63
Accounting policies and specific accounting principles	No significant change.						

for hedging business during the Reporting Period and a description of whether there have been significant changes from those of the previous reporting period	
Description of actual profits and losses during the Reporting Period	During the Reporting Period, profit from changes in the fair value of hedged items amounted to RMB 120.41 million; profit from the settlement of matured forward exchange contracts amounted to RMB 107.51 million, and profit from the valuation of outstanding forward exchange contracts amounted to RMB 195.13 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 a risk of performance failure due to deviation arising between the actual operating results and budgets; 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>Risk control measures:</p> <ol style="list-style-type: none"> 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; 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. 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; 4. The Group will make a timely public disclosure if the combined fair value impairment of its derivatives and the

	value change of any hedging assets results in a total loss of either 10% of the Company's most recent audited net assets, or more than RMB 10 million in absolute value.
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)	With the rapid expansion of overseas sales, the Company continued to follow the above rules in the operation of forward foreign exchange contracts, interest rate swap contracts, and currency swap contracts to avoid and hedge against foreign exchange risks arising from operations and financing. During the Reporting Period, there were profits and losses of RMB 120.41 million from changes in the fair value of hedged items and RMB 302.64 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.
Legal matters involved (if applicable)	None
Disclosure date of the board announcement approving the derivative investments (if any)	April 28, 2025
Disclosure date of the general meeting announcement approving the derivative investments (if any)	May 20, 2025

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.

5. Use of the capital raised

☐Applicable ☒ Not applicable

No raised capital is used 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

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	Subsidiary	Display	RMB 33.08			5,042,920	447,706	431,627

Optoelectronics Technology Co., Ltd.			billion	21,364,771	7,808,211			
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	Subsidiary	New energy photovoltaics and other silicon materials business	RMB 4.04 billion	12,481,691	4,176,715	1,339,812	-471,875	-483,617
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB 412 million	813,850	160,227	1,467,452	8,562	6,796

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 Development Co., Ltd.	Newly established	No significant effect
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
Guangzhou China Star Optoelectronics Technology Co., Ltd.	Acquisition	No significant effect
Guangzhou China Star Optoelectronics Display Co., Ltd.	Acquisition	No significant effect
Shenzhen Pulin Gaote Circuit Co., Ltd.	Acquisition	No significant effect
Maoxing Holdings Limited	Capital increase for controlling interest	No significant effect
TCL International Marketing Limited (BVI)	De-registered	No significant effect
Hohhot Shuguang New Energy Co., Ltd.	Transferred	No significant effect
Shanxi Province Loufan County Huanshuo New Energy Co., Ltd.	Transferred	No significant effect

Xuzhou Huanneng New Energy Co., Ltd.	Transferred	No significant effect
Tianjin Binhai Huanxu New Energy Co., Ltd.	Transferred	No significant effect
Heilongjiang Huanju New Energy Co., Ltd.	Transferred	No significant effect

Explanation of Principal Subsidiaries and Joint Stock Companies: None

X. Structured Bodies Controlled by the Company

☐Applicable ☒ Not applicable

XI. Risks and Responses

1. Risks from the Macro-Political and Economic Environment

Global economic growth has underperformed, yet a definitive turnaround in major economies has yet to emerge. Geopolitical conflicts and rising trade barriers are accelerating global economic fragmentation, fueling a shift toward regionalization. Moreover, with persistent global inflation and significant volatility in currency and financial markets, companies face considerable operational risks. To address these challenges, the Company will continue to closely monitor macroeconomic and geopolitical developments to identify emerging risks and develop contingency plans. Aligned with the national strategy of “driving growth through new quality productive forces and promoting innovation and technological breakthroughs,” the Company will strengthen its focus on core businesses, uphold a technology and innovation-driven strategy to enhance competitive advantage, increase shareholder value, and effectively navigate macroeconomic uncertainty.

2. Risks from Industry Prosperity Fluctuations

The display panel industry has yet to see a significant recovery in demand for the first half of 2025, with short-term demand volatility intensified by such factors as trade frictions and consumption stimulus policies. Meanwhile, the photovoltaic industry is still grappling with a state of oversupply, which is unlikely to improve in the near term. The Company will diligently monitor shifts in industry supply and demand and optimize capacity allocation. At the same time, it will enhance its investment in R&D to continuously enhance the technological content of products. This strategic approach will allow the Company to expand its scale and efficiency advantages, thereby building high competitive barriers and strengthening its market position.

3. Risks from Global Supply Chain Volatility

Due to geopolitical friction and volatile raw material prices, global supply chain security and

costs are facing considerable uncertainty. To mitigate these risks, the Company remains committed to its globalization strategy by deepening localized operations and optimizing its global supply chain layout, aiming to build a more resilient risk-response capability. Furthermore, the Company will establish long-term, stable strategic partnerships with its suppliers through collaboration and other means, which will strengthen its ability to monitor, identify, and respond to upstream supply risks.

4. Intellectual Property and Compliance Risks

Amid intensified competition in the display and new energy materials industries, the expanding business and technology footprint of the Company has led to more frequent patent disputes and higher IP risks. To address this, the Company will accelerate substantial R&D investments, refining our core technologies and patent portfolio through a “self-development + ecosystem collaboration” model. To further fortify our IP defense, the Company is forging strategic partnerships with leading professional agencies. These collaborations will strengthen our investigation of at-risk patents and enhance our patent risk early-warning systems, effectively mitigating litigation threats and elevating our overall IP risk management.

Meanwhile, growing trade protectionism underscores the critical importance of robust compliance management in overseas operations. The Company will strengthen its compliance framework by implementing a system designed to meet the export control regulations of all key global markets. These efforts include streamlining compliance procedures, implementing rigorous employee training programs, fostering a culture of awareness, and collaborating closely with local partners to proactively manage compliance risk.

XII. 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.

XIII. 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.

Anchored in its core display and new energy photovoltaic businesses, the Company leverages its operating principles—"Strategic Leadership, Innovation-Driven, Advanced Manufacturing, and Global Operations"—to reinforce its industry leadership and accelerate a future of sustainable, high-quality growth. Motivated by confidence in the Company's future development and a commitment to protecting the interests of all shareholders, the *Proposal on Repurchase of a Portion of the Company's Publicly Traded Shares in 2025* was approved at the ninth meeting of the Eighth Board of Directors on April 15, 2025. The Company planned to repurchase a portion of its publicly issued shares through centralized bidding on the Shenzhen Stock Exchange trading system. The total amount of the repurchase was set at no less than RMB 700 million (inclusive) and no more than RMB 800 million (inclusive), with a price cap of RMB 6.70 per share (inclusive). The repurchased shares will be used for the Company's employee stock ownership plan or equity incentive program. If the shares are not used within 36 months after the completion of the repurchase, the unused portion will be canceled in accordance with relevant procedures. As of July 25, 2025, the 2025 share repurchase plan has

been fully implemented.

At the 2024 Annual General Meeting held on May 20, 2025, the Company approved the *Proposal for the Company's 2024 Profit Distribution Plan*: Based on the total existing share capital of 18,779,080,767 shares, a cash dividend of RMB 0.5 (tax inclusive) shall be distributed to all shareholders for every 10 shares, with a total distributed profit of RMB 938,954,038.35. The remaining undistributed profit will be carried forward for future distribution. As of July 18, 2025, the aforementioned dividend distribution plan has been fully implemented.

Part IV Corporate Governance, Environment and Social Responsibility

I. Change of Directors, Supervisors 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

II. Interim Dividend Plan and Conversion from Capital Reserves into Share Capital during the Reporting Period

☐ Applicable ☒ Not applicable

The Company has no interim dividend plan for profit distribution or conversion of capital reserve fund into share capital.

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

☒ Applicable ☐ Not applicable

1. Equity Incentives

☐ Applicable ☒ Not applicable

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 (share)	Changes	Proportion to total share capital of 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	0.21%	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	0.63%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations

Note: By the end of the reporting period, 2025 Employee Stock Ownership Plan (Draft) and other related matters have been deliberated and approved by the Board of Directors. On July 17, 2025, the plan was deliberated and approved by the general meeting. The underlying shares have not been transferred/purchased.

Shareholdings of Directors, Supervisors, 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 Company
Li Dongsheng	Chairman, CEO	About 17.97 million shares	About 8.94 million shares	0.05%
Zhao Jun	Director, Senior Vice President			
Liao Qian	Director, Board Secretary and Senior Vice President			
Li Jian	CFO			
Yan Xiaolin	Senior Vice President, CTO			
Zhu Wei	Employee Representative Supervisor			

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

☐Applicable ☒ Not applicable

During the reporting period, the Company's Employee Stock Ownership Plans 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 participants of the ESOP shall pay the personal income tax arising from their participation in accordance with the law, and can choose to have the plan sell a corresponding amount of shares to offset the personal income tax, with the remaining shares then allocated to them.

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

IV. 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		20
No.	Name of enterprise	Index for environmental information disclosure report
1	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
2	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
3	Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Department of Ecology and Environment of Guangdong Province - Enterprise Environmental Information Disclosure System https://www-app.gdeei.cn/gdeepub/front/dal/report/list?entName=&reportType=temp&areaCode=440100&entType=&reportDateStartStr=&reportDateEndStr=
4	TCL China Star Optoelectronics Technology Co., Ltd.	Department of Ecology and Environment of Guangdong Province - Enterprise Environmental Information Disclosure System https://www-app.gdeei.cn/gdeepub/front/dal/report/list?entName=&reportType=temp&areaCode=440100&entType=&reportDateStartStr=&reportDateEndStr=
5	Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Department of Ecology and Environment of Guangdong Province - Enterprise Environmental Information Disclosure System https://www-app.gdeei.cn/gdeepub/front/dal/report/list?entName=&reportType=temp&areaCode=440100&entType=&reportDateStartStr=&reportDateEndStr=
6	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
7	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
8	Guangzhou China Star Optoelectronics Technology Co., Ltd.	Department of Ecology and Environment of Guangdong Province - Enterprise Environmental Information Disclosure System https://www-app.gdeei.cn/gdeepub/front/dal/report/list?entName=&reportType=temp&areaCode=440100&entType=&reportDateStartStr=&reportDateEndStr=
9	Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Enterprise Environmental Information Disclosure System (Inner Mongolia) http://111.56.142.62:40010/support-yfpl-

		web/web/viewRunner.html?viewId=http://111.56.142.62:40010/support-yfpl-web/web/sps/views/yfpl/views/yfplHomeNew/index.js&cantonCode=150000
10	Wuxi Zhonghuan Applied Materials 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
11	Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Tianjin) https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
12	Tianjin Huanzhi New Energy Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Tianjin) https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
13	Zhonghuan Advanced Bandaoti 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
14	Huansheng Solar (Jiangsu) 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
15	Moka Technology (Guangdong) Co., Ltd.	Ecological Environment Statistics Business System https://hjtj.cnemc.cn/htqy/#/login
16	TTE Electronics India Pvt Ltd.	Central Pollution Control Board, India https://eprplastic.cpcb.gov.in/
17	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
18	TCL Moka Manufacturing S.A de C.V	Ministry of Environment and Natural Resources Leyes y Normas del Sector Medio Ambiente Secretaría de Medio Ambiente y Recursos Naturales Gobierno gob.mx
19	Tianjin Printronics Circuit Corporation	Enterprise Environmental Information Disclosure System (Tianjin) http://111.33.173.33:10800/#/gkwz/jcym
20	Techigh Circuit Technology (Huizhou) Co., Ltd.	Department of Ecology and Environment of Guangdong Province - Enterprise Environmental Information Disclosure System https://www-app.gdeei.cn/gdeepub/front/dal/report/list

The Company places a high priority on environmental protection by strictly adhering to national and local environmental laws and regulations, conducting environmental management in full compliance with legal and regulatory requirements, and disclosing relevant information in an orderly fashion to ensure its truthfulness, accuracy, and completeness.

V. Social Responsibility

Consolidating and Expanding Poverty Alleviation Achievements, and Rural Revitalization

TCL TECH. is actively fulfilling its social responsibilities with a sustained commitment to public welfare. Drawing on its industrial advantages, the TCL Public Welfare Foundation has donated photovoltaic power generation systems to rural schools, forging a new green and sustainable model for educational support. It has also advanced its smart education initiatives by expanding interconnected smart classroom networks between rural and

urban regions and extending cross-regional online teaching reach—efforts that foster equitable access to quality educational resources. Simultaneously, the Foundation has fortified its university innovation support system. The Foundation has deepened strategic collaborations with leading institutions, optimized mechanisms for nurturing young scholars and technological innovation projects, and boosted the academic impact of its innovation and entrepreneurship lectures. Additionally, the Foundation has comprehensively advanced its in-depth rural revitalization initiative, prioritizing the implementation of localized projects in Huizhou—such as green energy infrastructure development and rural education quality enhancement. This year, the “TCL Rose Action - Employee Public Welfare Creativity Competition” will be upgraded to further promote sustainable public welfare contributions.

Semi-Annual Summary of Work on Consolidating and Expanding Achievements in Poverty Alleviation & Promoting Rural Revitalization

Rural education is a pivotal pillar of rural revitalization. To support this, the TCL Public Welfare Foundation, in collaboration with TZE, donated rooftop photovoltaic (PV) power generation systems and their 25-year electricity generation revenue to rural schools in need. The project not only utilizes green and clean energy, aligning with national policies on energy conservation and environmental protection and the dual carbon goals, but also generates income for the schools to improve their teaching environment and support students. To further broaden the reach of this educational aid model and deepen the implementation of the “New Era Hope Project” in support of rural education, the TCL Public Welfare Foundation collaborated with the China Youth Development Foundation to donate rooftop photovoltaic systems to Hope Primary Schools nationwide. The project has already reached rural areas, carrying out field studies and visits in places like Shaanxi to understand the conditions and needs of local schools and students.

To promote the balanced development of education between urban and rural areas and facilitate the interconnection and sharing of educational resources, the TCL Public Welfare Foundation, in collaboration with TCL Commercial Information Technology (Huizhou) Co., Ltd., TCL Communication Technology Holdings Limited, and other partners, has established TCL Smart Classrooms in schools across urban and rural regions. Leveraging next-generation technology, these classrooms form a “1+N” smart classroom network equipped with TCL's advanced educational tools, including smart interactive blackboards, educational tablets, and eye-protection lighting systems. This initiative enables the sharing of high-quality educational resources and promotes equity in education. In the first half of the year, the program organized six interdisciplinary classes, enabling over 700 urban and rural students from diverse regions to learn and grow alongside one another through the smart

classroom network. To date, the project has benefited more than 7,700 students. The “TCL Smart Classroom” initiative continued to empower balanced urban-rural education, making the “zero-distance” sharing of quality educational resources a reality.

The TCL Public Welfare Foundation continued to advance its university donation series to advance educational development, foster innovative talent, and promote breakthroughs in frontier technologies. In the first half of 2025, the "TCL University Donation System" awarded RMB 6.5 million in funding to eight partner universities, including South China University of Technology, Nankai University, Xidian University, and Huazhong University of Science and Technology. The initiative also recognized five TCL Young Scholars and selected five projects for the TCL Technology Innovation Fund. The selection process for these awards will continue in the second half of the year. The “SUSTech-TCL Innovation and Entrepreneurship Lecture Series” also continued, with a donation of RMB 1 million in the first half of 2025. The series featured nine themed lectures, delivered by distinguished experts such as Tao Jingzhou, an independent arbitrator at the Paris Court and a member of the Expert Committee of the China International Commercial Court of the Supreme People’s Court, and Xie Kechang, former Vice President and Academician of the Chinese Academy of Engineering and a Foreign Academician of the U.S. National Academy of Engineering.

In addition, the TCL Public Welfare Foundation continued to deepen its targeted assistance through measures such as infrastructure construction, rural development support, and educational quality improvement, which helps consolidate poverty alleviation achievements and promote urban-rural integration. In 2025, the Foundation prioritized three local public welfare projects in Huizhou: donating RMB 1 million to construct a smart “PV-Storage-Charging” integrated charging station in Xintang Village, to advance the development of green energy infrastructure in rural areas; allocating RMB 1 million to support Huizhou’s rural revitalization project, specifically for improving local educational and living conditions; and granting RMB 150,000 to fund an open reading space at Huizhou Zhongkai High-Tech Zone No. 6 Middle School, enhancing the campus cultural environment and improving youth literacy. Concurrently, the Foundation continued to organize the “TCL Rose Action - Employee Public Welfare Creativity Competition”, encouraging employees to launch innovative projects with social value and engage in community assistance at multiple levels.

Part V Significant Events

I. 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

During the Reporting Period, there were no commitments that were made by the Company, its actual controller, shareholders, related parties, acquirers, and other relevant parties to be fulfilled within the reporting period or remained overdue and unfulfilled as at the end of the reporting period.

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. Engagement and Disengagement of Independent Auditor

Whether the interim financial report has been audited

☐Yes ☒ No

The Interim Report has not been audited.

V. Explanation of the Board of Directors and Supervisory Committee on the "Non-Standard Auditor's Report" for the Reporting Period

☐Applicable ☒ Not applicable

VI. Explanation of the Board of Directors on the "Non-Standard Auditor's Report" for the Previous Year

☐Applicable ☒ Not applicable

VII. Insolvency and Reorganization

☐Applicable ☒ Not applicable

No such cases in the Reporting Period.

VIII. Lawsuits

Significant lawsuits and arbitrations

☐Applicable ☒ Not applicable

No such cases in the Reporting Period.

IX. Punishments and Rectifications

☐Applicable ☒ Not applicable

No significant punishments or rectifications in the Reporting Period.

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

☐Applicable ☒ Not applicable

XI. Major Related-Party Transactions

1. Recurring Related-Party Transactions

☒ Applicable ☐ Not applicable

For the Company's recurring 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 Interests

☐Applicable ☒ Not applicable

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

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

☐Applicable ☒ Not applicable

There were no related-party transactions regarding joint investments in third parties during the Reporting Period.

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 Finance Companies

☐Applicable ☒ Not applicable

The Company had no deposits, loans, credit granting or other financial business with the related finance companies and related parties.

6. Transactions with Related Parties by Finance Companies Controlled by the Company

☑ 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 corporation	250,000.00	0.61%-1.04%	480.55	766,542.63	686,293.56	80,729.62

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 corporation	250,000.00	-	-	-	-	-

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 (notes discount)	The balance of comprehensive credit on any day shall not exceed RMB 2.5 billion (including loans, notes discounting, and notes acceptance)	67,486.47
Subsidiary of TCL Industries Holdings Co., Ltd.	Related corporation	Credit granting (notes acceptance)		56,279.19

7. Other Major Related-Party Transactions

☑ Applicable ☐ Not applicable

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

Title of announcement	Date of announcement disclosure	Website for disclosure
Announcement on the Anticipated Recurring Related-Party Transactions for 2025	April 29, 2025	http://www.cninfo.com.cn

Announcement on the Related-Party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2025		
Report on the Execution of Recurring Related-Party Transactions in 2024		
Special note on financial businesses, including deposits and loans, relating to related-party transactions of finance companies		
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		
Announcement on the Launch of Accounts Receivable Factoring and the Related-Party Transaction		

XII. Major Contracts and Execution thereof

1. Entrustment, Contracting, and Leases

(1) Entrustment

☐Applicable ☒ Not applicable

During the reporting period, the Company had no entrustment projects that brought profit or loss of more than 10% of the Company's total profit in the reporting period.

(2) Contracting

☐Applicable ☒ Not applicable

During the reporting period, the Company had no contracting projects that brought profit or loss of more than 10% of the Company's total profit in the reporting period.

(3) Leases

☐Applicable ☒ Not applicable

During the reporting period, the Company had no lease projects that brought profit or loss of more than 10% of the Company's total profit in the reporting period.

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	January 8, 2025	48,585	Joint liability guarantee	/	With counter-guarantee	8-250 days	No	No
Guangzhou Qihang International Supply Chain Co., Ltd.	May 20, 2025	10,000	-	0	Joint liability guarantee	/	With counter-guarantee	-	-	No
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	May 20, 2025	35,000	April 28, 2020	15,934	Joint liability guarantee	/	Guarantee in proportion to shareholding	3.3-5 years	No	No

							percentage			
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	May 20, 2025	58,000	May 22, 2023	38,000	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	4.9 years	No	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	May 20, 2025	180,000	June 15, 2023	153,074	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	4 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)		50,585				
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)		255,593				
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	May 31, 2023	10,016	Joint liability guarantee	/	/	320-336 days	No	No
Guangzhou Zhihui Shengke Co., Ltd.	May 20, 2025	30,000	November 29, 2024	14,965	Joint liability guarantee	/	/	6.4 years	No	No
TTE ELECTRONICS INDIA PRIVATE LIMITED	May 20, 2025	10,000	-	0	Joint liability guarantee	/	/	-	-	No
Huizhou Moka Technology Development Co., Ltd.	May 20, 2025	20,000	-	0	Joint liability guarantee	/	/	-	-	No
Moka Technology (Guangdong) Co., Ltd.	May 20, 2025	400,000	November 24, 2023	127,211	Joint liability guarantee	/	/	22 days-3.7 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	July 14, 2020	357,930	Joint liability guarantee	/	/	14 days-340 days	No	No
TCL China Star Optoelectronics Technology Co., Ltd.	May 20, 2025	2,000,000	December 22, 2022	392,350	Joint liability guarantee	/	/	21 days-7.5 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	1,750,000	May 19, 2022	855,049	Joint liability guarantee	/	/	21 days-4.7 years	No	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	March 23, 2021	456,578	Joint liability guarantee	/	/	71 days-3.7 years	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	710,000	April 28, 2018	485,671	Joint liability guarantee	/	/	301 days-4 years	No	No
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	50,695	Joint liability guarantee	/	/	6.9 days	No	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	May 20, 2025	100,000	December 24, 2024	14,824	Joint liability guarantee	/	/	4 days-189 days	No	No
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	1,760,000	June 29, 2021	1,386,042	Joint liability guarantee	/	/	21 days-7.3 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	May 20, 2025	1,300,000	August 25, 2022	940,488	Joint liability guarantee	/	/	21 days-5.2 years	No	No
Highly (Tianjin) E-Commerce Co., Ltd.	May 20, 2025	10,000	May 23, 2025	5,331	Joint liability guarantee	/	/	4-11 days	No	No
Highly (Tianjin) Technology Co., Ltd.	May 20, 2025	61,000	March 27, 2025	37,176	Joint liability guarantee	/	/	11-134 days	No	No
Mingsi Technology Co., Ltd.	May 20, 2025	20,000	-	0	Joint liability guarantee	/	/	-	-	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	May 20, 2025	12,000	February 27, 2025	12,000	Joint liability guarantee	/	/	1.2 years	No	No
Beijing Lingyun Data Technology Co., Ltd.	May 20, 2025	71,000	July 19, 2024	19,592	Joint liability guarantee	/	/	9-284 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	May 20, 2025	136,000	September 10, 2023	108,000	Joint liability guarantee	/	/	66 days-1.2 years	No	No
Highly Information Industry Co., Ltd.	May 20, 2025	434,000	June 1, 2024	287,109	Joint liability guarantee	/	/	1 day-2 years	No	No
Qingdao Blue Business Consulting Co., Ltd.	May 20, 2025	1,000	-	0	Joint liability guarantee	/	/	-	-	No
Shaanxi TiTi Electronic	May 20, 2025	1,000	-	0	Joint	/	/	-	-	No

Technology Co., Ltd.					liability guarantee					
Tianjin TiTi Yunchuang Technology Co., Ltd.	May 20, 2025	10,000	February 27, 2025	10,000	Joint liability guarantee	/	/	1.2 years	No	No
Tianjin Wanfang Nuoxin Technology Co., Ltd.	May 20, 2025	10,000	February 27, 2025	10,000	Joint liability guarantee	/	/	1.2 years	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	10,000	May 23, 2025	6,491	Joint liability guarantee	/	/	1-25 days	No	No
Tianjin Printronics Circuit Corporation	May 20, 2025	53,000	November 17, 2022	8,625	Joint liability guarantee	/	/	5.2 years	No	No
TCL Technology Group (Tianjin) Co., Ltd.	May 20, 2025	50,000	August 31, 2022	40,000	Joint liability guarantee	/	/	2.2 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)						1,836,302
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)						5,636,143
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
Techhigh Circuit Technology (Huizhou) Co., Ltd.	May 20, 2025	5,100	July 25, 2024	350	Joint liability guarantee	/	/	24-56 days	No	No
Techhigh Circuit Technology (Zhuhai) Co., Ltd.	May 20, 2025	50,000	April 23, 2024	19,769	Joint liability guarantee	/	/	8.7 years	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	May 20, 2025	1,310,000	April 28, 2018	1,214,179	Joint liability guarantee	/	/	0.8-3 years	No	No
Huizhou China Star Optoelectronics Display Co., Ltd.	May 20, 2025	460,000	January 16, 2025	82,500	Joint liability guarantee	/	/	2.5-2.7 years	No	No
TCL Moka International Limited	May 20, 2025	80,000	January 23, 2025	1,133	Joint liability guarantee	/	/	26-87 days	No	No

Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 24, 2017	8,440	July 21, 2017	8,440	Joint liability guarantee	/	/	7.1 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021	279,977	April 30, 2021	279,977	Joint liability guarantee	/	/	2.8 years	No	No
Ningxia Zhonghuan Solar Material Co., Ltd.	January 23, 2022	526,500	May 30, 2022	526,500	Joint liability guarantee	/	/	3.9 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	May 26, 2022	63,735	June 28, 2022	63,735	Joint liability guarantee	/	/	4 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd	May 26, 2022	69,749	September 28, 2022	69,749	Joint liability guarantee	/	/	4.2 years	No	No
Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	85,129	June 30, 2022	85,129	Joint liability guarantee	/	/	4 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	28,965	September 30, 2022	28,965	Joint liability guarantee	/	/	2.2 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	56,575	March 29, 2023	56,575	Joint liability guarantee	/	/	4.7 years	No	No
Huansheng New Energy (Tianjin) Co., Ltd.	April 8, 2023	104,600	February 28, 2024	69,000	Joint liability guarantee	/	/	5.7 years	No	No
Huansheng New Energy (Inner Mongolia) Co., Ltd.	April 26, 2025	140,000	June 30, 2025	40,700	Joint liability guarantee	/	/	8 years	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)		213,199				
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)		2,546,700				
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)		2,100,086				
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)		8,438,436				
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				157.45%						
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)				2,244,669						
Amount by which the total guarantee amount exceeds 50% of the Company's				5,758,681						

net assets (F)	
Total of the three above amounts (D+E+F)	5,758,681
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) 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 12,141.79 million. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively.

3. Entrusted Wealth Management

☒ Applicable ☐ Not applicable

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	1,152,862.21	535,057.21	0	0
Securities firm's wealth management product	Self-funded	526,354.14	526,354.14	0	0
Trust plan	Self-funded	629,750.00	629,750.00	0	0
Other	Self-funded	626,659.21	261,943.69	0	0
Total		2,935,625.56	1,953,105.04	0	0

The specific situation of high-risk entrusted wealth management with a large single amount or low security and poor liquidity

☐ Applicable ☒ Not applicable

Situation in which the Company fails to recover its principal for entrusted wealth management products, or other situations that may result in impairment

☐ Applicable ☒ Not applicable

4. Other Major Contracts

☐ Applicable ☒ Not applicable

The Company did not have any other major contracts that should be disclosed during the reporting period.

XIII. Other Significant Events

☐ Applicable ☒ Not applicable

There are no other significant events that need to be explained for the Reporting Period.

XIV. 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%	0	0	0	2,875,800	2,875,800	682,334,871	3.63%
1. Shares held by state-owned legal entities	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by other domestic investors	679,459,071	3.62%	0	0	0	2,875,800	2,875,800	682,334,871	3.63%
Among which: shares held by domestic legal entities	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	679,459,071	3.62%	0	0	0	2,875,800	2,875,800	682,334,871	3.63%
3. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Among which: shares held by foreign legal entities	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign individuals	0	0.00%	0	0	0	0	0	0	0.00%
II. Non-restricted shares	18,099,621,696	96.38%	0	0	0	-2,875,800	-2,875,800	18,096,745,896	96.37%
1. RMB-denominated ordinary shares	18,099,621,696	96.38%	0	0	0	-2,875,800	-2,875,800	18,096,745,896	96.37%
III. Total shares	18,779,080,767	100.00%	0	0	0	0	0	18,779,080,767	100.00%

Reasons for changes in shares

☒ Applicable ☐ Not applicable1. 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 current 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 2,875,800 shares, as non-restricted shares decreased by the same amount.

Approval of changes in shares

☐Applicable ☒ Not applicable

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 current 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.

Progress on any share repurchase

☒ Applicable ☐ Not applicable

1. During the Reporting Period, the Company disclosed the progress of its share repurchase by the third trading day of each month. For more details, please refer to the relevant announcements released on May 7, 2025, and June 4, 2025, on designated information disclosure media.

2. On July 26, 2025, the Company disclosed the *Announcement on the Completion of the 2025 Repurchase of Publicly Traded Shares and the Results of the Repurchase* (Announcement No.: 2025-069). From July 18, 2025, to July 25, 2025, the Company repurchased a total of 174,747,985 shares of the Company through centralized bidding from the special securities account for repurchase, accounting for 0.88% of the total share capital of the Company. The highest and lowest trading prices were RMB 4.67 per share and RMB 4.49 per share, respectively, and the total payment approximated to RMB 800 million (excluding transaction fees).

Progress on reducing the repurchased shares by means of centralized bidding

☐Applicable ☒ Not applicable

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 2024	January - June 2025
Basic earnings per share (RMB/share)	0.0842	0.1014
Diluted earnings per share (RMB/share)	0.0833	0.1003
Item	December 31, 2024	June 30, 2025
Net assets per share attributable to ordinary shareholders of the Company (RMB)	2.8312	2.8540

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 released restricted shares of the period	Number of increased restricted shares of the period	Number of restricted shares at period-end	Reason for restriction	Date of restriction release
Directors, supervisors, and senior management of the Company	679,459,071	-	2,875,800	682,334,871	Part of the shareholding of directors, supervisors, and senior management is locked as stipulated	Not applicable
Total	679,459,071	-	2,875,800	682,334,871	--	--

II. Issuance and Listing of Securities

☐Applicable ☒ Not applicable

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders by the end of the Reporting Period		686,366		Total number of preferred shareholders with resumed voting rights by the end of the reporting period		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/	6.75%	1,266,680,807	1,333,002	674,839,554	591,841,253	Not applicable	0
Ningbo Jiutian Liancheng Equitv	Domestic general legal entitv						In pledge	169,320,637

Investment Partnership (Limited Partnership)								
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	4.55%	854,042,356	-40,149,355	0	854,042,356	Not applicable	0
Huizhou Investment Holding Co., Ltd.	Public legal entity	2.85%	535,767,694	0	0	535,767,694	Not applicable	0
China Securities Finance Corporation Limited	Domestic general legal entity	2.19%	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.	1.78%	334,564,770	10,370,400	0	334,564,770	Not applicable	0
Wuhan Optics Valley Industrial Investment Co., Ltd.	Public legal entity	1.33%	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.	1.27%	238,502,265	14,868,000	0	238,502,265	Not applicable	0
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	Fund, wealth management product, etc.	1.16%	218,720,170	43,122,200	0	218,720,170	Not applicable	0
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Fund, wealth management product, etc.	1.10%	206,800,000	7,000,020	0	206,800,000	Not applicable	0
Strategic investor or general legal entity becoming top-10 shareholders due to private placement of new shares (if any) (see Note 3)	Not applicable							
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.							

Explain if any of the shareholders above was involved in entrusting/being entrusted with voting rights or waiving voting rights	Not applicable	
Explanation of repurchase accounts among the top 10 shareholders (if any) (see Note 11)	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.	854,042,356	RMB-denominated ordinary shares 854,042,356
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	334,564,770	RMB-denominated ordinary shares 334,564,770
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	238,502,265	RMB-denominated ordinary shares 238,502,265
Bank of China Limited - Huatai-Pinebridge CSI Photovoltaic Industry ETF	218,720,170	RMB-denominated ordinary shares 218,720,170
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	206,800,000	RMB-denominated ordinary shares 206,800,000
Related or acting-in-concert parties among top 10 non-restricted shareholders, as well as between top 10 non-restricted 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) (see Note 4)	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.

IV. Change in Shareholdings of Directors, Supervisors, and Senior Management

☒ Applicable ☐ Not applicable

Name	Position	Position Status	Number of shares held at the beginning of the Reporting Period (share)	Increase of shares during the reporting period (share)	Decrease of shares during the reporting period (share)	Number of shares held at the end of the Reporting Period (share)	Number of restricted shares granted at the beginning of the reporting period (share)	Number of restricted shares granted during the reporting period (share)	Number of restricted shares granted at the end of the reporting period (share)
Li Dongsheng	Chairman, CEO	Incumbent	898,453,069	1,333,002	-	899,786,071	-	-	-
Zhang Zuoteng	Vice Chairman of the Board	Incumbent	-	-	-	-	-	-	-
Liao Qian	Director, Board Secretary and Senior Vice President	Incumbent	1,726,619	714,210	-	2,440,829	-	-	-
Zhao Jun	Director, Senior Vice President	Incumbent	1,271,538	264,403	-	1,535,941	-	-	-
Yan Xiaolin	Director, Senior Vice President, CTO	Incumbent	2,810,558	409,482	-	3,220,040	-	-	-
Lin Feng	Non-Executive Director	Incumbent	-	-	-	-	-	-	-
Jin Li	Independent director	Incumbent	-	-	-	-	-	-	-
Wan Liangyong	Independent director	Incumbent	-	-	-	-	-	-	-
Wang Lixiang	Independent director	Incumbent	-	-	-	-	-	-	-
Wu Zhiming	Chairman of the Supervisory Committee, Shareholder Representative Supervisor	Incumbent	-	-	-	-	-	-	-
Zhuang Weidong	Shareholder Representative	Incumbent	-	-	-	-	-	-	-

	Supervisor								
Zhu Wei	Employee Representative Supervisor	Incumbent	107,704	82,909	-	190,613	-	-	-
Li Jian	CFO	Incumbent	1,575,942	1,030,395	-	2,606,337	-	-	-
Wang Yanjun	Senior Vice President	Incumbent	-	-	-	-	-	-	-
Total	--	--	905,945,430	3,834,401	-	909,779,831	-	-	-

Note: 1. The increase in the number of shares held by the Company's directors, supervisors, 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.

2. On August 28, 2025, the Company held the 13th meeting of the Eighth Board of Directors and the ninth meeting of the Eighth Supervisory Committee. They reviewed and approved the *Proposal on Canceling the Supervisory Committee and Amending the Articles of Association and its Attachments*, according to which the Company plans to cancel the Supervisory Committee and supervisors and revise the Articles of Association and its attachments accordingly. The proposal is still subject to approval by the Company's general meeting.

V. Change of the Controlling Shareholder or the Actual Controller

Explanation on the absence of a controlling shareholder or actual controller:

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, 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 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.

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.

Change of the controlling shareholder in the Reporting Period

☐ Applicable ☒ Not applicable

Change of the actual controller in the Reporting Period

☐Applicable ☒ Not applicable

VI 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 2024 (Phase 3) (Type 2)	24TCLK4	148804.SZ	July 2024	July 4, 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 3) (Type 1)	24TCLK3	148803.SZ	July 2024	July 4, 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 2)	24TCLK2	148683.SZ	April 2024	April 9, 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	24TCLK1	148600.SZ	January 30, 2024	February 1, 2024	February 1, 2026 (Note 3)	150,000.00	2.10%	Interest payable annually	Shenzhen Stock Exchange

by TCL Technology Group Corporation to Professional Investors in 2024 (Phase 1)								and principal repayable in full upon maturity	
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 3) (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 will 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 2) 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 will be April 11, 2027.

Note 3: The Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase 1) disbursed the repurchase funds on February 5, 2025 based on the exercise results of investors' put options, and resold the repurchased bonds from February 6, 2025 to March 5, 2025. After the resale has been completed, the outstanding balance is RMB 1.5 billion, and the maturity date will be 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 1)*, 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 Bonds for 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 resold bonds 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 custody volume of 24TCLK1 is 15,000,000 units.

3. Adjustments of credit rating results during the Reporting Period

☐Applicable ☒ Not applicable

4. 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 interest payment	Place of trading
2025 Sci-Tech Innovation Bonds of TCL Technology Group Corporation (Phase 2)	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 1) (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 1) (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 1) (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
2022 Mid-Term Notes of TCL Technology Group Corporation (Phase 3) (Sci-Tech Innovation Notes)	22TCL Group MTN003 (Sci-Tech Innovation Notes)	102281474.IB	July 4, 2022	July 6, 2022	July 6, 2025	200,000.00	3.45%	Interest payable annually and principal repayable in full upon	Inter-bank market

								maturity	
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			Transaction inquiry, request for quotation, 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. Adjustments of credit rating results during the Reporting Period

☐Applicable ☒ Not applicable

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

Item	End of the Reporting Period	December 31, 2024	Change
Current ratio	0.93	0.86	8.14%
Debt/asset ratio	67.70%	64.92%	2.78%
Quick ratio	0.66	0.61	8.20%
	H1 2025	H1 2024	Change
Net profits attributable to the company's shareholders after non-recurring gains and losses (RMB'0,000)	155,874	55,876	178.96%
Debt-to-EBITDA ratio	7.04%	6.97%	0.07%
Interest coverage ratio	1.14	0.73	56.16%

Cash coverage ratio	11.48	5.79	98.27%
EBITDA coverage ratio	7.25	6.43	12.75%
Debt repayment ratio	100%	100%	0.00
Interest payment ratio	100%	100%	0.00

Note: The significant YoY increase in the net profits attributable to the Company's shareholders after non-recurring gains and losses, interest coverage ratio and cash coverage ratio was primarily attributable to the improved operational performance of the display business compared to the prior-year period.

Part VIII Unaudited Financial Report

(For the period from January 1, 2025 to June 30, 2025)

I. Auditor's Report

Whether the 2025 interim report has been audited or not?

☐ Yes ☒ No

The Company's 2025 interim financial report has not yet been audited.

II. Financial Statements

The unit of the notes to the financial report is: RMB'000

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

	Note V	June 30, 2025	December 31, 2024
Current assets			
Monetary assets	1	28,544,343	23,007,773
Held-for-trading financial assets	2	24,090,904	16,560,971
Derivative financial assets	3	168,726	172,489
Notes receivable	4	174,115	189,853
Accounts receivable	5	19,741,951	22,242,153
Receivables financing	6	3,959,626	831,407
Prepayments	7	2,024,654	2,090,492
Other receivables	8	3,926,955	4,723,140
Inventories	9	20,535,402	17,594,133
Contract assets	10	397,673	395,117
Non-current assets due within one year	11	1,765,934	849,706
Other current assets	12	8,768,522	6,716,209
Total current assets		114,098,805	95,373,443
Non-current assets			
Debt investments	13	176,057	147,272
Long-term receivables	14	416,754	443,741
Long-term equity investments	15	24,120,705	24,595,634
Investments in other equity instruments	16	414,317	387,851
Other non-current financial assets	17	2,573,971	2,225,200
Investment property	18	602,893	612,734
Fixed assets	19	172,569,695	170,512,009
Construction in progress	20	17,808,444	23,580,503
Right-of-use assets	21	6,593,796	6,697,688
Intangible assets	22	18,963,082	18,117,467
Development expenditures	23	1,769,474	1,831,444
Goodwill	24	11,973,732	11,159,705
Long-term deferred expenses	25	2,515,800	2,163,457
Deferred income tax assets	26	2,787,120	2,486,427
Other non-current assets	27	23,084,818	17,917,341
Total non-current assets		286,370,658	282,878,473
Total assets		400,469,463	378,251,916

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 Balance Sheet (Continued)
(RMB'000)

Liabilities and shareholders' equity	Note V	June 30, 2025	December 31, 2024
Current liabilities			
Short-term borrowings	28	9,228,272	8,193,283
Borrowings from the Central Bank	29	1,002,386	600,926
Customer deposits and deposits from other banks and financial institutions	30	1,126,234	177,654
Held-for-trading financial liabilities	31	242,097	232,406
Derivative financial liabilities	32	85,376	248,845
Notes payable	33	6,735,401	7,107,842
Accounts payable	34	34,590,168	29,347,615
Advances from customers	35	737	2,689
Contract liabilities	36	2,183,855	1,969,271
Employee compensation payable	37	3,773,305	4,188,237
Taxes and levies payable	38	1,433,018	1,206,098
Other payables	39	19,249,289	20,072,069
Non-current liabilities due within one year	40	41,636,768	36,224,483
Other current liabilities	41	1,517,077	1,484,915
Total current liabilities		122,803,983	111,056,333
Non-current liabilities			
Long-term borrowings	42	128,471,716	116,815,131
Bonds payable	43	6,482,694	6,488,620
Lease liabilities	44	6,300,595	6,334,786
Long-term payables	45	1,636,141	1,994,812
Long-term employee compensation payable	37	22,113	22,424
Deferred income	46	3,067,628	1,014,891
Deferred income tax liabilities	26	2,096,870	1,544,449
Estimated liabilities	47	213,233	249,218
Other non-current liabilities	48	32,333	27,508
Total non-current liabilities		148,323,323	134,491,839
Total liabilities		271,127,306	245,548,172
Share capital	49	18,779,081	18,779,081
Capital reserves	50	9,905,741	10,553,081
Less: Treasury share	51	703,652	919,322
Other comprehensive income	52	(823,811)	(740,459)
Surplus reserves	53	3,974,386	3,974,386
Specific reserves	54	5,120	7,189
General risk reserve	55	8,934	8,934
Retained earnings	56	22,449,307	21,504,719
Total equity attributable to shareholders of the parent company		53,595,106	53,167,609
Non-controlling interests		75,747,051	79,536,135
Total shareholders' equity		129,342,157	132,703,744
Total liabilities and shareholders' equity		400,469,463	378,251,916

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 Income Statement
(RMB'000)

	Note V	January - June 2025	January - June 2024
I. Total revenue		85,661,626	80,303,409
Including: Operating revenue	57	85,560,004	80,223,737
Interest income	58	101,622	79,672
Less: Operating cost	57	74,082,838	70,642,558
Interest expenditures	58	7,789	14,885
Taxes and levies	59	598,144	500,128
Sales expenses	60	1,163,965	877,397
Administrative expenses	61	2,200,559	2,003,836
R&D expenses	62	4,741,879	4,401,567
Financial expenses	63	2,141,282	2,091,275
Including: Interest expenses		2,555,367	2,472,976
Interest income		353,536	381,577
Add: Other income	64	1,238,502	1,135,393
Return on investment	65	831,296	421,758
Including: Return on investment in joint ventures and associates		582,521	(49,289)
Exchange gain	58	207	(116)
Gain on changes in fair value	66	469,888	132,946
Credit impairment loss	67	(25,391)	(7,269)
Asset impairment loss	68	(2,798,944)	(2,059,648)
Asset disposal income	69	(3,019)	39,940
II. Operating profit		437,709	(565,233)
Add: Non-operating income	70	29,825	227,436
Less: Non-operating expenses	71	119,957	78,140
III. Gross profit		347,577	(415,937)
Less: Income tax expense	72	315,894	52,212
IV. Net profits		31,683	(468,149)
(I) Classification by business continuity			
1. Net profits from continuing operations		31,683	(468,149)
2. Net profits from discontinued operations		-	-
(II) Classification by ownership			
1. Net profits attributable to shareholders of the Company		1,883,500	995,213
2. Net profit attributable to non-controlling interests		(1,851,817)	(1,463,362)
V. Other comprehensive income, net of tax	52	(133,902)	174,996
(I) Other comprehensive income that cannot be subsequently reclassified into profit or loss		(3,342)	122,012
(II) Other comprehensive income that may subsequently be reclassified into profit or loss upon satisfaction of prescribed conditions		(130,560)	52,984
VI. Total comprehensive income		(102,219)	(293,153)
Total comprehensive income attributable to the shareholders of the parent company		1,800,148	1,173,410
Total comprehensive income attributable to non-controlling interests		(1,902,367)	(1,466,563)
VII. Earnings per share:	73		
(I) Basic earnings per share (RMB yuan)		0.1014	0.0535
(II) Diluted earnings per share (RMB yuan)		0.1003	0.0530

Legal representative:	Li Dongsheng	Person-in-charge of financial affairs:	Li Jian	Person-in-charge of the accounting department:	Jing Chunmei
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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
(RMB'000)

	Note V	January - June 2025	January - June 2024
I. Net cash generated from operating activities:			
Proceeds from the sale of commodities and rendering of services		98,832,510	79,229,089
Net increase/(decrease) in deposits from customers, banks, and other financial institutions		946,185	95,348
Net increase/(decrease) in borrowings from the Central Bank		400,659	(186,534)
Cash received from interest, handling charge and commission		86,594	63,657
Tax and levy rebates		2,647,636	2,678,607
Cash generated from other operating activities	74	8,523,407	3,396,202
Sub-total of cash generated from operating activities		111,436,991	85,276,369
Payments for commodities and services		(64,763,780)	(58,121,474)
Net (increase)/decrease in loans and advances to customers		(273,794)	143,975
Net (increase)/decrease in deposits in the central bank and in interbank loans granted		23,669	(51,978)
Cash paid to and for employees		(7,713,812)	(6,676,204)
Taxes and levies paid		(2,607,678)	(2,603,937)
Cash used in other operating activities	75	(8,827,613)	(5,334,029)
Sub-total of cash used in operating activities		(84,163,008)	(72,643,647)
Net cash generated from operating activities	80	27,273,983	12,632,722
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		47,498,688	35,100,021
Proceeds from return on investments		1,282,593	1,844,013
Net proceeds from disposal of fixed assets, intangible assets, and other long-term assets		5,281	316,506
Cash generated from other investing activities	76	182,916	352,014
Sub-total of cash generated from investment activities		48,969,478	37,612,554
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(8,313,973)	(12,401,270)
Payments for investments		(56,395,015)	(42,087,664)
Net payments for acquiring subsidiaries and other business units	80	(6,104,583)	(4,284)
Cash used in other investing activities	77	(464,253)	(563,835)
Subtotal of cash used in investing activities		(71,277,824)	(55,057,053)
Net cash used in investing activities		(22,308,346)	(17,444,499)

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 (Continued)
(RMB'000)

	Note V	January - June 2025	January - June 2024
III. Cash flow generated from financing activities:			
Capital contributions received		71,254	2,000
Including: Capital contributions by non-controlling interests to subsidiaries		71,254	2,000
Borrowings raised		48,905,168	38,491,832
Cash received from bond issue		3,240,000	3,000,000
Cash generated from other financing activities	78	544,843	422,120
Sub-total of cash generated from financing activities		52,761,265	41,915,952
Cash paid for debt repayment		(40,458,985)	(32,904,575)
Cash paid for distribution of dividends and profits or the repayment of interests		(2,718,734)	(4,383,419)
Including: Dividend and Profit paid by subsidiaries to minority shareholders		(11,617)	(71,763)
Cash used in other financing activities	79	(9,101,549)	(1,930,490)
Subtotal of cash used in financing activities		(52,279,268)	(39,218,484)
Net cash generated from financing activities		481,997	2,697,468
IV. Effect of exchange rate changes on cash and cash equivalents		247,772	41,042
V. Net increase in cash and cash equivalents		5,695,406	(2,073,267)
Add: Beginning balance of cash and cash equivalents		20,861,255	19,996,815
VI. Ending balance of cash and cash equivalents	80	26,556,661	17,923,548

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 Statement of Changes in Shareholders' Equity
(RMB'000)

January - June 2025

	Equity attributable to shareholders of the parent company										Total shareholders' equity
	Share capital	Other equity instruments	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	-	-	(647,340)	215,670	(2,069)	(83,352)	-	-	944,588	(3,789,084)	(3,361,587)
(I) Total comprehensive income	-	-	-	-	-	(83,310)	-	-	1,883,500	(1,902,367)	(102,177)
(II) Capital contributed and reduced by shareholders	-	-	(628,811)	215,670	-	-	-	-	-	(1,871,965)	(2,285,106)
Capital contributed by shareholders	-	-	(621,898)	-	-	-	-	-	-	71,254	(550,644)
Share-based payments included in owners' equity	-	-	(6,913)	215,670	-	-	-	-	-	50,426	259,183
Others	-	-	-	-	-	-	-	-	-	(1,993,645)	(1,993,645)
(III) Profit distribution	-	-	-	-	-	-	-	-	(938,954)	(14,752)	(953,706)
Appropriation to shareholders	-	-	-	-	-	-	-	-	(938,954)	(14,752)	(953,706)
(IV) Internal transfer of owner's equity	-	-	-	-	-	(42)	-	-	42	-	-
Other comprehensive income transferred to retained earnings	-	-	-	-	-	(42)	-	-	42	-	-
(V) Specific reserves	-	-	-	-	(2,069)	-	-	-	-	-	(2,069)
Accrued in the period	-	-	-	-	3,892	-	-	-	-	-	3,892
Specific reserves used in the current period	-	-	-	-	(5,961)	-	-	-	-	-	(5,961)
(VI) Others	-	-	(18,529)	-	-	-	-	-	-	-	(18,529)
IV. Balance as at the end of the current period	18,779,081	-	9,905,741	(703,652)	5,120	(823,811)	3,974,386	8,934	22,449,307	75,747,051	129,342,157

Legal representative:	Person-in-charge of financial affairs:	Person-in-charge of the financial department:
Li Dongsheng	Li Jian	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 (Continued)
(RMB'000)

January - June 2024

	Equity attributable to shareholders of the parent company										Total shareholders' equity
	Share capital	Other equity instruments	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	-	10,752,055	(1,094,943)	11,343	(945,798)	3,874,006	8,934	21,537,188	92,344,107	145,265,973
Add: Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the current period	18,779,081	-	10,752,055	(1,094,943)	11,343	(945,798)	3,874,006	8,934	21,537,188	92,344,107	145,265,973
III. Movement of the current period	-	-	(402,691)	175,621	3,660	178,197	-	-	(507,113)	(6,477,457)	(7,029,783)
(I) Total comprehensive income	-	-	-	-	-	178,197	-	-	995,213	(1,466,563)	(293,153)
(II) Capital contributed and reduced by shareholders	-	-	(392,181)	175,621	-	-	-	-	-	(4,208,043)	(4,424,603)
Capital contributed by shareholders	-	-	-	-	-	-	-	-	-	(3,878,546)	(3,878,546)
Share-based payments included in owners' equity	-	-	96,276	696,104	-	-	-	-	-	109,652	902,032
Others	-	-	(488,457)	(520,483)	-	-	-	-	-	(439,149)	(1,448,089)
(III) Profit distribution	-	-	-	-	-	-	-	-	(1,502,326)	(802,851)	(2,305,177)
Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,502,326)	(802,851)	(2,305,177)
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-	-	-	-	-
(V) Specific reserves	-	-	-	-	3,660	-	-	-	-	-	3,660
Accrued in the period	-	-	-	-	17,674	-	-	-	-	-	17,674
Specific reserves used in the current period	-	-	-	-	(14,014)	-	-	-	-	-	(14,014)
(VI) Others	-	-	(10,510)	-	-	-	-	-	-	-	(10,510)
IV. Balance as at the end of the current period	18,779,081	-	10,349,364	(919,322)	15,003	(767,601)	3,874,006	8,934	21,030,075	85,866,650	138,236,190

Legal representative:	Person-in-charge of financial affairs:	Person-in-charge of the financial department:
Li Dongsheng	Li Jian	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
(RMB'000)

Assets	Note XVII	June 30, 2025	December 31, 2024
Current assets			
Monetary assets		4,104,523	1,551,692
Held-for-trading financial assets		17,090,460	11,703,700
Accounts receivable	1	48,746	185,239
Prepayments		12,216	17,740
Other receivables	2	10,492,989	9,910,856
Other current assets		22,440	22,518
Total current assets		31,771,374	23,391,745
Non-current assets			
Long-term equity investments	3	83,606,889	81,062,401
Other non-current financial assets	4	586,824	723,543
Investment property		71,840	73,683
Fixed assets		35,171	35,361
Construction in progress		38,584	23,410
Right-of-use assets		416,866	423,543
Intangible assets		78,332	84,043
Long-term deferred expenses		22,804	26,603
Deferred income tax assets		7	7
Other non-current assets		8,764,309	2,600,666
Total non-current assets		93,621,626	85,053,260
Total assets		125,393,000	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
Balance Sheet of the Company (Continued)
(RMB'000)

Liabilities and shareholders' equity	Note XVII	June 30, 2025	December 31, 2024
Current liabilities			
Short-term borrowings		300,000	780,798
Derivative financial liabilities		-	1,764
Accounts payable		15,954	24,762
Contract liabilities		4,284	-
Employee compensation payable		197,083	178,592
Taxes and levies payable		13,610	10,056
Other payables		35,042,259	19,252,413
Non-current liabilities due within one		11,237,050	10,912,982
Other current liabilities		1,872	9,071
Total current liabilities		46,812,112	31,170,438
Non-current liabilities			
Long-term borrowings		16,689,499	15,289,799
Bonds payable		6,482,694	6,488,620
Lease liabilities		14,506	16,485
Long-term payables		5,268	-
Long-term employee compensation		18,880	19,191
Deferred income		58,942	55,985
Total non-current liabilities		23,269,789	21,870,080
Total liabilities		70,081,901	53,040,518
Share capital		18,779,081	18,779,081
Capital reserves		16,293,574	16,332,255
Less: Treasury share		703,652	919,322
Other comprehensive income		119,555	167,402
Surplus reserves		3,772,322	3,772,322
Retained earnings		17,050,219	17,272,749
Total shareholders' equity		55,311,099	55,404,487
Total liabilities and shareholders' equity		125,393,000	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 XVII	January - June 2025	January - June 2024
I. Operating revenue	5	186,466	699,303
Less: Operating cost	5	92,112	449,606
Taxes and levies		8,101	4,191
Sales expenses		13,786	18,060
Administrative expenses		188,505	164,415
R&D expenses		47,687	51,723
Financial expenses		576,905	500,159
Including: Interest expenses		768,238	777,950
Interest income		171,300	194,975
Add: Other income		1,070	1,179
Return on investment	6	1,274,402	895,659
Including: Return on investment in joint ventures and associates	6	865,987	505,600
Gain on changes in fair value		195,528	211,802
Credit impairment loss		(5,378)	(3,811)
Asset disposal income		22	11
II. Operating profit		725,014	615,989
Add: Non-operating income		21	18
Less: Non-operating expenses		8,611	9
III. Gross profit		716,424	615,998
IV. Net profits		716,424	615,998
V. Other comprehensive income		(47,847)	143,295
VI. Total comprehensive income		668,577	759,293

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
Cash Flow Statement of the Company
(RMB'000)

	Note XVII	January - June 2025	January - June 2024
I. Net cash generated from operating activities:			
Proceeds from the sale of commodities and rendering of services		310,122	805,134
Tax and levy rebates		-	1,427
Cash generated from other operating activities		13,748,998	5,677,470
		<u>14,059,120</u>	<u>6,484,031</u>
Sub-total of cash generated from operating activities			
		<u>14,059,120</u>	<u>6,484,031</u>
Payments for commodities and services		(32,950)	(505,721)
Cash paid to and for employees		(89,531)	(84,865)
Taxes and levies paid		(17,353)	(61,246)
Cash used in other operating activities		(1,287,859)	(322,436)
		<u>(1,427,693)</u>	<u>(974,268)</u>
Sub-total of cash used in operating activities			
		<u>(1,427,693)</u>	<u>(974,268)</u>
Net cash generated from operating activities		<u>12,631,427</u>	<u>5,509,763</u>
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		24,786,151	17,413,365
Proceeds from return on investments		875,376	1,327,458
Net proceeds from disposal of fixed assets, intangible assets, and other long-term assets		-	-
Cash generated from other investing activities		2,894,923	-
		<u>28,556,450</u>	<u>18,740,823</u>
Sub-total of cash generated from investment activities			
		<u>28,556,450</u>	<u>18,740,823</u>
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(21,658)	(1,146)
Payments for investments		(38,103,002)	(22,881,623)
Cash used in other investing activities		(103,085)	-
		<u>(38,227,745)</u>	<u>(22,882,769)</u>
Subtotal of cash used in investing activities			
		<u>(38,227,745)</u>	<u>(22,882,769)</u>
Net cash used in investing activities		<u>(9,671,295)</u>	<u>(4,141,946)</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
Cash Flow Statement of the Company (Continued)
(RMB'000)

	Note XVII	January - June 2025	January - June 2024
III. Cash flow generated from financing activities:			
Borrowings raised		10,806,010	8,630,000
Cash received from bond issue		3,240,000	3,000,000
Cash generated from other financing activities		87,113	425,625
		<hr/>	<hr/>
Sub-total of cash generated from financing activities		14,133,123	12,055,625
		<hr/>	<hr/>
Cash paid for debt repayment		(12,707,110)	(10,397,600)
Cash paid for distribution of dividends and profits or repayment of interests		(589,567)	(2,178,628)
Cash used in other financing activities		(1,252,578)	(812,165)
		<hr/>	<hr/>
Subtotal of cash used in financing activities		(14,549,255)	(13,388,393)
		<hr/>	<hr/>
Net cash generated from financing activities		(416,132)	(1,332,768)
		<hr/>	<hr/>
IV. Effect of exchange rate changes on cash and cash equivalents		(582)	293
		<hr/>	<hr/>
V. Net increase in cash and cash equivalents		2,543,418	35,342
Add: Beginning balance of cash and cash equivalents		1,508,068	2,642,115
		<hr/>	<hr/>
VI. Ending balance of cash and cash equivalents		4,051,486	2,677,457
		<hr/>	<hr/>

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
Statement of Changes in Shareholder Equity of the Company
(RMB'000)

	January - June 2025							
	Share capital	Other equity instruments	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	-	-	(38,681)	215,670	(47,847)	-	(222,530)	(93,388)
(I) Total comprehensive income	-	-	-	-	(47,847)	-	716,424	668,577
(II) Capital contributed and reduced by shareholders	-	-	(40,024)	215,670	-	-	-	175,646
Share-based payments included in owners' equity	-	-	(40,024)	215,670	-	-	-	175,646
(III) Profit distribution	-	-	-	-	-	-	(938,954)	(938,954)
Appropriation to shareholders	-	-	-	-	-	-	(938,954)	(938,954)
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-	-
(V) Others	-	-	1,343	-	-	-	-	1,343
IV. Balance as at the end of the current period	18,779,081	-	16,293,574	(703,652)	119,555	3,772,322	17,050,219	55,311,099

		Person-in-charge of		Person-in-charge of
Legal representative:	Li Dongsheng	financial affairs:	Li Jian	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)

	January - June 2024							
	Share capital	Other equity instruments	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	18,779,081	-	16,127,030	(1,094,943)	(142,055)	3,671,942	17,871,649	55,212,704
III. Movement of the current period	-	-	63,386	175,621	143,294	-	(886,328)	(504,027)
(I) Total comprehensive income	-	-	-	-	143,294	-	615,998	759,292
(II) Capital contributed and reduced by shareholders	-	-	63,406	175,621	-	-	-	239,027
Share-based payments included in owners' equity	-	-	63,406	696,104	-	-	-	759,510
Others	-	-	-	(520,483)	-	-	-	(520,483)
(III) Profit distribution	-	-	-	-	-	-	(1,502,326)	(1,502,326)
Appropriation to shareholders	-	-	-	-	-	-	(1,502,326)	(1,502,326)
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-	-
(V) Others	-	-	(20)	-	-	-	-	(20)
IV. Balance as at the end of the current period	18,779,081	-	16,190,416	(919,322)	1,239	3,671,942	16,985,321	54,708,677

	Person-in-charge of financial affairs:	Person-in-charge of the financial department:	
Legal representative:	Li Dongsheng	Li Jian	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 18,779,080,767 as of June 30, 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 August 28, 2025.

II Basis for the Preparation of Financial Statements

1 Basis for the preparation

The preparation of financial statements of the Company is based on the actual transactions and events in accordance with the *Accounting Standards for Business Enterprises - Basic Standards* published by the Ministry of Finance and specific Accounting Standards for Business Enterprises, application guidelines for Accounting Standards for Business Enterprises, Accounting Standards for Business Enterprises interpretations and other relevant regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") for confirmation and measurement, combining the provisions of *Regulations on Information Disclosure and Compilation of Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports* (revised in 2023) published by CSRC.

2 Going concern basis

The Company has evaluated the ability to continue as a going concern for 12 months from the end of the Reporting Period and has not identified any issues or circumstances that result in significant doubts about its ability to continue as a going concern. Therefore, the financial statements have been prepared 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.

III Significant accounting policies and accounting estimates (continued)

1 Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are in compliance with the requirements of the Accounting Standards for Business Enterprises, and truly and completely reflect the financial position, operating results, cash flow, and other relevant information of the Company during the Reporting Period.

2 Accounting period

The Company adopts the calendar year as an accounting period, and its fiscal year is from January 1 to December 31 of the Gregorian calendar.

3 Operations cycle

An operations cycle refers to a period from the purchase of assets by an enterprise for processing to the realization of cash or cash equivalents. The Company takes a 12-months' period as an operations cycle and takes the operating cycle as the criteria for liquidity classification of assets and liabilities.

4 Functional currency for bookkeeping

The Company uses RMB as its functional currency. Its overseas subsidiaries use the currencies of the main economic environment in which they operate as their respective functional currencies, and their financial statements are converted into RMB and presented in RMB thousands unless otherwise specified.

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) Multiple transactions that are part of a business combination achieved in stages are accounted for as a package transaction, if the terms, conditions, and economic effects of these individual transactions meet one or more of the following criteria:
- (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 uneconomical individually, but is economical when considered collectively with other transactions.
- (2) Business combinations involving enterprises under common control

A combination of enterprises that are ultimately controlled by the same party or parties before and after the combination on a non-temporary basis constitutes a business combination 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 on the combination date. (including the goodwill resulting from the ultimate controlling party's acquisition of the acquiree). The difference between the carrying amount of net assets acquired in the combination and that of the consideration paid for the combination (or the total par value of shares issued) is used to adjust the share capital premium in the capital reserve, and when the share capital premium in the capital reserve is insufficient for offset, it is used to adjust the retained earnings. If there is a contingent consideration and it is necessary to confirm estimated liabilities or assets, the difference between the amounts of the estimated liabilities or assets and the settlement amount of subsequent contingent consideration is used to adjust the capital reserve (capital premium or share capital premium), and when the capital reserve is insufficient, it is used to adjust the retained earnings.

For a business combination that is ultimately realized through multiple transactions, if it is a package transaction, each transaction is treated as a transaction that acquires control; if it is not a package transaction, on the date of acquisition of control, the difference between the initial cost of long-term equity investments and the carrying amount of long-term equity investments before the combination plus the carrying amount of the newly paid considerations on the date of combination is used to adjust the capital reserve; and when the capital reserve is insufficient for offset, it is used to adjust the retained earnings. For equity investments held prior to the date of combination, no accounting treatment is carried out for other comprehensive gains recognized by equity accounting or financial instrument confirmation and measurement standards, and up to the disposal of the investment, the accounting treatment shall be based on the same basis as the direct disposal of the assets or liabilities of the invested entity; other changes in the owner's equity other than net profits or loss, other comprehensive income, or profit distribution of net assets of the invested company recognized as equity are not subject to accounting, and will be transferred to the current profit and loss until disposal of the investment.

(3) Business combination not under common control

A combination of enterprises that are not ultimately controlled by the same party or parties before and after the combination constitutes a business combination not under common control.

III Significant accounting policies and accounting estimates (continued)

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

(3) Business combination not under common control (continued)

Assets transferred and liabilities incurred or assumed by the Company as consideration for the business combination are measured at fair value on the date of purchase, and the difference between the fair value and their carrying amount is recognized in current profits and losses.

The excess of the cost of the business combination over the Company's share of the fair value of the acquiree's identifiable net assets is recognized as goodwill. If the cost of the business combination is less than the Company's share of the fair value of the acquiree's identifiable net assets, the Company first reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities, as well as the measurement of the cost of the combination. If after this reassessment, the cost of the combination is still less than the Company's share of the fair value of the acquiree's identifiable net assets, the difference is recognized in the current period's profit or loss.

In the case where a business combination not under common control is realized through multiple exchanges and transactions, if it is a package transaction, each transaction will be accounted for as a transaction for acquiring control; in the case it is not a package transaction, if the equity investment held before the date of combination is accounted for using equity method, the sum of the carrying amount of equity investments of the acquired party held before the date of acquisition, plus the new investment cost on the date of acquisition will be recognized as the initial cost of the investment; the remaining comprehensive income recognized in equity investments using equity method before the date of acquisition will be recorded, when the investment is disposed of on the same basis as those the investee adopted directly to dispose of the relevant assets or liabilities. If the equity investment held before the date of combination is accounted for by financial instrument recognition and measurement criteria, the sum of the fair value of the equity investment on the date of combination plus the new investment cost is taken as the initial investment cost on the date of combination. The difference between the fair value and the carrying amount of the original equity, and the accumulated fair value changes originally included in other comprehensive income should be transferred to return on investment in the current period which matches the combination date.

(4) Expenses incurred from combination

The intermediary fees paid for audits, legal services, assessments, and consultations and other directly related expenses incurred in the business combination are recognized in profit or loss during the period in which they are incurred. Transaction costs for the issuance of equity securities for the business combination that may be directly attributed to equity transactions can be deducted from equity.

III Significant accounting policies and accounting estimates (continued)

7 Methods for judging control and preparing consolidated financial statements

(1) Criteria for judging control

Control means having the power of control over the investee, enjoying variable returns by participating in the relevant activities of the investee, and having the ability to use the power over the investee to influence the amount of returns.

The Company judges whether it controls the investee based on comprehensive consideration of all relevant facts and circumstances. Once any change in relevant facts and circumstances causes the relevant elements involved in the definition of control to be changed, the Company will conduct a reassessment. The relevant facts and circumstances mainly include:

- ① The purpose for which the investee is established;
- ② The relevant activities of the investee and how to make decisions on such activities;
- ③ Whether the rights of the investor give it the current ability to direct the relevant activities of the investee;
- ④ Whether the investor is exposed to, or has rights to, variable returns from its involvement with the investee;
- ⑤ Whether the investor has the ability to exercise its power over the investee to affect the amount of return;
- ⑥ The relationship between the investor and other parties.

(2) Consolidation scope

The scope of consolidation of the Company's consolidated financial statements is determined on the basis of control, and all subsidiaries (including separate entities controlled by the Company) are included into the consolidated financial statements.

(3) Consolidation procedure

The Company prepares the consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information. In preparing the consolidated financial statements, the Company treats the whole group as a single accounting entity to reflect the financial position, operating results, and cash flow of the group as a whole under unified accounting policies, in accordance with the recognition, measurement, and presentation requirements of relevant accounting standards for business enterprises.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

The accounting policies and accounting periods adopted by all subsidiaries included in the consolidated financial statements are consistent with those of the Company. If the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments will be made in accordance with the Company's accounting policies and accounting periods when preparing consolidated financial statements.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

III Significant accounting policies and accounting estimates (continued)

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

(3) Consolidation procedure (continued)

In preparing the consolidated financial statements, the effects of intracompany transactions between the Company and its subsidiaries, and among subsidiaries, are eliminated from the consolidated balance sheet, consolidated income statement, consolidated cash flow statement, and consolidated statement of changes in shareholders' equity. Where a transaction is recognized by the Company or its subsidiaries as the transaction subject, which is different from that under the consolidated financial statement of the group, the transaction should be adjusted at the group level.

If the current losses shared by the minority shareholders of a subsidiary exceed the share enjoyed by the minority shareholder in the initial owners' equity of the subsidiary, the balance will still be used to offset the equity of minority interests.

During the Reporting Period, if a subsidiary or business is added due to the business combination involving enterprises under common control, the beginning balances of the consolidated balance sheet are adjusted; the income, expenses and profits of the subsidiary or business as from the beginning of the period of combination to the end of the Reporting Period are included in the consolidated income statement; the cash flows of the subsidiary or business as 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 existed since the time point when the ultimate controller began to control.

If the Company is able to exercise control over the investee under common control due to additional investment or for other reasons, it shall be deemed that the parties participating in the combination had made adjustments based on their current state when the ultimate controller began to control. For an equity investment in the acquiree held prior to the business combination, any related profit or loss, other comprehensive income, and other changes in net assets that were recognized during the period from the later of i) the date the original equity interest was acquired, and ii) the date the combining parties came under common control, up to the date of the business combination, are reversed against the opening balance of retained earnings in the comparative financial statements or against the current period's profit or loss, respectively.

During the Reporting Period, if a subsidiary or business is added due to a business combination involving enterprises under non-common control, the beginning balance of the consolidated balance sheet is not adjusted; the income, expenses, and profits of the subsidiary or business from the date of acquisition to the end of the Reporting Period are included in the consolidated income statement; the cash flow of the subsidiary or business from the date of acquisition to the end of the Reporting Period is included in the consolidated cash flow statement.

If the Company is able to exercise control over the investee not under common control due to additional investment or for other reasons, the Company shall remeasure the equity of the purchased party held before the purchase date at its fair value as at the purchase date, and the difference between the fair value and its carrying amount shall be recognized in the return on investment of the current period. If the equity of the purchased party held before the purchase date involves other comprehensive income accounted for under the equity method and other changes in owner's equity other than net profits and loss, other comprehensive income, and profit distribution, the relevant other comprehensive income and other changes in owner's equity shall be converted into the return on investment of the current period which matches the purchase date, except for other comprehensive income arising from the investee's remeasurement of the changes in net liabilities or net assets of defined benefit plans.

During the Reporting Period, if the Company disposes of a subsidiary or business, the income, expenses, and profits of the subsidiary or business for the period from the beginning of the period to the disposal date are included in the consolidated income statement; and the cash flow of the subsidiary or business for the period from the beginning of the reporting period to the disposal date is 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)

(3) Consolidation procedure (continued)

When the Company loses control over the invested party due to disposal of part of the equity investment or other reasons, the remaining equity investment after disposal will be re-measured based on its fair value by the Company on the date of loss of control. The difference of the sum of the consideration obtained from the disposal of the equity and the fair value of the remaining equity, less the sum of the share of net assets and goodwill of the original subsidiary that should be enjoyed in accordance with the original shareholding ratio since the date of acquisition or combination, is accounted for the return on investment in the current period of loss of control. Other comprehensive income or net profits and losses related to the original subsidiary's equity investment, other comprehensive income, and other changes in owners' equity other than profit distribution, will be converted into current return on investment when control is lost, except for other comprehensive gains arising from the re-measurement of net liabilities of the Benefit Plan made by the invested party or changes in net assets.

When the equity investment in a subsidiary is disposed of step by step through multiple transactions until the loss of control, when the terms, conditions, and economic influence of the transactions of the equity investment in the subsidiary conform to one or more of the following, it usually indicates that the multiple transaction items shall be accounted for as a transaction package:

- ① These transactions are made simultaneously or with consideration of influence on each other;
- ② These transactions can only achieve a complete business outcome when they are accounted for collectively;
- ③ The occurrence of a transaction depends on the occurrence of at least one of the other transactions;
- ④ A transaction is uneconomical individually, but is economical when considered collectively with other transactions.

If transactions through which the equity investment in a subsidiary is disposed of until the loss of control constitute a transaction package, the Company will account for such transactions as one transaction through which the subsidiary is disposed of with the loss of control over it; provided that the difference between the price for each disposal and the share in the net asset of the subsidiary corresponding to the investment disposed of, before the loss of control, is recognized as other comprehensive income in the consolidated financial statements and is transferred to the profits and losses of the current period in which the loss of control occurs.

When transactions through which the equity investment in a subsidiary is disposed of until the loss of control do not constitute a transaction package, such transactions shall be accounted for i) before the loss of control, in accordance with the relevant policies for partial disposal of an equity investment in a subsidiary without losing control; and ii) upon the loss of control, in accordance with the general accounting method for disposing of a subsidiary.

The difference, between the long-term equity investment obtained by the Company through the purchase of minority interests and the share in the net asset of the subsidiary calculated continuously from the purchase date (or combination date) based on the new shareholding percentage shall be used to adjust i) the share capital premium under the capital reserve in the consolidated balance sheet or ii) the retained earnings, if the share capital premium under the capital reserve is insufficient to offset.

The difference between the disposal price obtained 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 asset of the subsidiary calculated continuously from the purchase date or combination date shall be used to adjust i) the share capital premium under the capital reserve in the consolidated balance sheet or ii), the retained earnings, if the share capital premium under the capital reserve is insufficient to offset.

III Significant accounting policies and accounting estimates (continued)

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

(1) Classification of joint arrangements

The Company classifies a joint arrangement as a joint operation or a joint venture according to factors such as the structure and legal form of the joint arrangement, the terms agreed in the joint arrangement, other relevant facts and circumstances.

Joint arrangements not reached through independent entities are classified as joint operations; joint arrangements reached through independent entities are usually classified as joint ventures; however, a joint arrangement that is indicated by conclusive evidence of meeting any of the following conditions and meeting the provisions of relevant laws and regulations is classified as a joint operation:

- ① The legal form of the joint arrangement shows that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- ② The contractual terms of the joint arrangement stipulates that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- ③ Other relevant facts and circumstances show that the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. For example, the parties enjoy all the output substantially related to the joint arrangement, and the repayment of the liabilities relating to the arrangement continues relying on the support of the parties.

(2) Accounting treatment for joint operation

The Company shall recognize the following items in relation to interest in the 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.

If investing or selling assets (except those that constitute a business), etc., into or to the joint operation, the Company shall only recognize the part of the profit and loss arising from the transaction attributable to other participants in the joint operation, before the assets, etc., are sold to a third party by the joint operation. The Company will recognize in full the asset impairment loss arising if the assets invested or sold are impaired in compliance with the *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, etc.

If purchasing assets (except those that constitute a business), etc., from the joint operation, the Company shall only recognize the part of the profit and loss arising from the transaction attributable to other participants in the joint operation, before the assets, etc., are sold to a third party by the Company. The Company will recognize its share of the asset impairment loss arising if the assets purchased are impaired in compliance with the *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, etc.

The Company does not enjoy joint control over the joint operations. If the Company has rights to the assets, and obligations for the liabilities, relating to the joint operation, it shall still be accounted for by the above principles; otherwise, it shall be accounted for by the relevant accounting standards for business enterprises.

III Significant accounting policies and accounting estimates (continued)

9 Criteria for determining cash and cash equivalents

In the preparation of the cash flow statement, the Company recognizes cash holdings and deposits that can be used for payment at any time as cash.

The Company recognizes cash that is easily converted into a known amount with a short holding period (generally due within three months from the date of purchase) and strong liquidity, and investments with a low risk of changes in value (including investments in bonds which due within three months, while excluding equity investments), as cash equivalents.

10 Foreign currency business and translation of foreign currency statements

(1) Foreign currency transactions

Foreign currency transactions between the Company and its subsidiaries are translated into base currency at the spot exchange rate on the transaction date.

Foreign currency monetary items are translated at the spot exchange rate on the balance sheet date, and the exchange differences resulted therefrom, except that the exchange differences arising from special foreign currency loans related to the acquisition and construction of assets eligible for capitalization should be treated in accordance with the principle of capitalization of borrowing costs, are all included in the current profit and loss. Foreign currency non-monetary items measured at historical cost are still translated at the spot exchange rate on the transaction date, and the amount of base currency for bookkeeping is not changed.

Foreign currency non-monetary items measured at fair value are translated at the spot exchange rates on the date when the fair value is determined, and the exchange differences resulted therefrom are included in current profits and losses as a change in fair value. In the case of foreign currency non-monetary items that are at fair value through other comprehensive income, the exchange differences incurred are included in other comprehensive income.

(2) Translation of foreign currency financial statement

When the Company translates the financial statements of overseas operations, 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. All the incurred items in the income statement are translated at the current average exchange rate of the period in which transactions occur. The translation differences of foreign currency financial statements arising from the above translation are included in other comprehensive income.

When disposing of an overseas operation, the translation differences in the foreign currency financial statements related to the overseas operation listed in other comprehensive income in the balance sheet are transferred from the other comprehensive income to the profit and loss. When the disposal of a portion of the equity investment or otherwise causes a decrease in the proportion of equity held in the overseas operation without losing control over the overseas operation, the translation differences in the foreign currency statements related to the part of the overseas operation disposed of will be attributed to minority interests, rather than to the current profits and losses. When the overseas operation disposes of a portion of the equity of an associate or joint venture, the translation difference of the foreign statements related to the overseas operation should be transferred to the profit or loss for the period in proportion to the disposal of the overseas operation.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments

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

The effective interest method refers to the method of calculating the amortized cost of financial assets or liabilities and allocating interest income or interest expenses into each accounting period.

The effective interest rate refers to the interest rate used to discount the estimated future cash flow of a gross amount or financial liability during its expected duration to the book balance of the gross amount or the amortized cost of the financial liability. When determining the effective interest rate, the expected cash flow is estimated on the basis of considering all contract terms of financial assets or liabilities (such as prepayment, extension, call options, or other similar options), but the expected credit loss is not considered.

The amortized cost of a financial asset or financial liability is the accumulated amortization amount formed by deducting the repaid principal from the initial recognition amount of the financial asset or financial liability, adding or subtracting the difference between the initial recognition amount and the maturity amount by using the effective interest method, and then deducting the accumulated accrued loss reserve (only applicable to financial assets).

(1) Classification and measurement of financial assets

According to the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets, the Company divides the financial assets into the following three categories:

- (a) Financial assets are measured at amortized cost.
- (b) Financial assets are measured at fair value through other comprehensive income.
- (c) Financial assets are measured at fair value through profit or loss.

Financial assets are measured at fair value when initially recognized, but if the accounts or notes receivable arising from the sale of goods or the provision of services do not contain significant financing components or do not consider financing components for no more than one year, the initial measurement shall be made at the transaction price.

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.

Subsequent measurement of financial assets depends on their classification. All related financial assets affected will be reclassified when and only when the Company changes its business model of managing financial assets.

- (a) Financial assets are classified as those measured at amortized cost
The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial asset is to collect the contractual cash flow, then the Company classifies the financial asset as measured at amortized cost. Financial assets of the Company that are classified as those measured at amortized cost include monetary assets, notes receivable, accounts receivable, other receivables, long-term receivables, debt investments, etc.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

(a) Financial assets classified as those measured at amortized cost (continued)

The Company recognizes interest income from such financial assets with the effective interest method, and carries out subsequent measurement at amortized cost. Gains or losses arising from impairment or derecognition or modification are included in current profits and losses. The Company calculates and determines the interest income based on the book balance of financial assets multiplied by the effective interest rate, except for the following circumstances:

① For purchased or originated credit-impaired financial assets, the Company calculates and determines their interest income at the amortized cost of the financial assets and the credit-adjusted effective interest rate since the initial recognition.

② For financial assets not credit-impaired at the time of being purchased or originated but in the subsequent period, the Company calculates and determines their interest income at the amortized cost and the effective interest rate of the financial assets in the subsequent period. If the financial instrument is no longer credit-impaired due to the improvement of its credit risk in the subsequent period, the Company calculates and determines the interest income by multiplying the effective interest rate by the book balance of the gross amount.

(b) Financial assets are classified as those measured at fair value through other comprehensive income

The contract terms of a financial asset stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest on the amount of outstanding principal, and the business model for managing the financial assets is both to collect contractual cash flow and for its sale, then the Company classifies the financial assets as measured at fair value through other comprehensive income.

The Company recognizes interest income from such financial assets with the effective interest method. Except that the interest income, impairment loss, and exchange difference are recognized as the current profit and loss, other changes in fair value are included in other comprehensive income. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in current profits and losses.

Notes and accounts receivable measured at fair value through other comprehensive income are reported as receivables financing, and such other financial assets are reported as other debt investments. Among them, other debt investments maturing within one year from the balance sheet date are reported as the current portion of non-current assets, and other debt investments maturing within one year are reported as other current assets.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

(c) Financial assets designated as measured at fair value through other comprehensive income

At the time of initial recognition, the Company may irrevocably designate non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income on the basis of individual financial assets.

Changes in the fair value of such financial assets are included in other comprehensive income without allowance for impairment. When the financial asset is derecognized, the accumulated gains or losses previously included in other comprehensive income are transferred out and included in the retained earnings. During the investment period when the Company holds the equity instrument, the dividend income is recognized and included in the current profit and loss. When the Company's right to receive dividends has been established, the economic benefits related to dividends are likely to flow into the Company, and the amount of dividends can be measured reliably. The Company reports such financial assets under the item of investments in other equity instruments.

An investment in equity instruments is a financial asset measured at fair value through current profits and losses when it is obtained mainly for recent sale, or is part of the identifiable portfolio of financial assets centrally managed when initially recognized and objective evidence exists for a short-term profit model in the near future, or is a derivative (except for derivatives defined as financial guarantee contracts and designated as effective hedging instruments).

(d) Financial assets classified as those measured at fair value through profit or loss

If failing to be classified as those measured at amortized cost or at fair value through other comprehensive income, or not designated as measured at fair value through other comprehensive income, financial assets are all classified as those measured at fair value through profit or loss.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profits and losses.

The Company reports such financial assets as held-for-trading financial assets and other non-current financial assets according to their liquidity.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

(e) Financial assets designated as measured at fair value through current profits and losses

At the time of initial recognition, the Company may irrevocably designate financial assets as measured at fair value through current profits and losses on the basis of individual financial assets in order to eliminate or significantly reduce accounting mismatches.

If the mixed contract contains one or more embedded derivative instruments and its main contract is not any financial asset as above, the Company may designate the whole of the mixed contract as a financial instrument measured at fair value through current profits and losses. Except under the following circumstances:

- ① Embedded derivatives do not significantly change the cash flow of mixed contracts.
- ② When determining initially whether similar mixed contracts need to be split, it is substantially clear that embedded derivatives contained in them should not be split without analysis. If the prepayment right embedded in a loan allows the holder to prepay the loan at an amount close to the amortized cost, the prepayment right does not need to be split.

The Company carries out subsequent measurement of such financial assets at fair value, and includes gains or losses arising from changes in fair value as well as dividends and interest income associated with such financial assets into current profits and losses.

The Company reports such financial assets as held-for-trading financial assets and other non-current financial assets according to their liquidity.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(2) Classification and measurement of financial liabilities

The Company classifies a financial instrument or its components into financial liabilities or equity instruments upon initial recognition according to the contract terms and the economic substance reflected by the financial instrument issued, rather than only in legal form, in combination with the definitions of financial liabilities and equity instruments. Financial liabilities are classified at initial recognition as measured at fair value through profit or loss, or other financial liabilities, or derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value upon initial recognition. For financial liabilities measured at fair value through current profits and losses, relevant transaction expenses are directly included in current profits and losses; for other categories of financial liabilities, relevant transaction expenses are included in the initial recognition amount.

Subsequent measurement of financial liabilities depends on their classification:

(a) Financial liabilities measured at fair value through current profits and losses

Such financial liabilities include held-for-trading financial liabilities (including derivatives falling under financial liabilities) and financial liabilities designated as measured at fair value upon initial recognition and through current profits and losses.

A financial liability is a held-for-trading financial liability if it is mainly undertaken for recent sale or repurchase, or is part of the identifiable portfolio of financial instruments centrally managed, and there is objective evidence that the enterprise has recently employed a short-term profit model, or is a derivative instrument, except for derivatives designated as effective hedging instruments and derivatives conforming to financial guarantee contracts. Held-for-trading financial liabilities (including derivatives falling under financial liabilities) are subsequently measured at fair value. All changes in fair values except for hedging accounting are included in current profits and losses.

The Company irrevocably designates financial liabilities as measured at fair value through current profits and losses at the time of initial recognition in order to provide more relevant accounting information, provided:

① Such financial liabilities can eliminate or significantly reduce accounting mismatches.

② The financial liability portfolio, or the portfolio of financial assets and liabilities is managed and evaluated for performance on the basis of fair value according to the enterprise risk management or investment strategy stated in the official written documents, and is reported to key management personnel within the enterprise on this basis.

The Company subsequently measures such financial liabilities at fair value. Apart from changes in fair value that are brought about by changes in the Company's own credit risk and included in other comprehensive income, other changes in fair value are included in current profits and losses. Unless including such changes in other comprehensive income will cause or expand accounting mismatch in profit or loss, the Company will include all changes in fair value (including the amount affected by changes in its own credit risk) in current profits and losses.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

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

(b) Other financial liabilities

The Company classifies financial liabilities, except for the following items as measured at amortized cost. Such financial liabilities are recognized by the effective interest method and subsequently measured at amortized cost. Gains or losses arising from derecognition or amortization are included in current profits and losses:

- ① Financial liabilities measured at fair value through current profits and losses.
- ② Financial liabilities resulting from the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets.
- ③ Financial guarantee contracts that do not fall under the first two categories hereof, and loan commitments that do not fall under category (1) hereof and lend at a below-market interest rate.

Financial guarantee contracts refer to contracts that require the issuer 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 that are not financial liabilities designated as measured at fair value through profit or loss are measured after initial recognition according to the loss reserve amount and the initial recognition amount, less the accumulated amortization amount during the guarantee period, whichever is higher.

(3) Derecognition of financial assets and liabilities

(a) Financial assets are derecognized, i.e. written off from their account and balance sheet if any of the following conditions is met:

- ① The contractual right to receive cash flow from the financial asset is terminated; or
- ② The financial asset has been transferred, which meets the requirements for derecognition of financial assets.

(b) Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part thereof) has been discharged, such financial liability (or part thereof) is derecognized.

The existing financial liability is derecognized with a new one recognized, and the difference between the carrying amount and the consideration paid (including transferred non-cash assets or assumed liabilities) is included in current profits and losses, if an agreement is signed between the Company and the lender to replace the existing financial liability by assuming a new one, and the contract terms of these two financial liabilities are substantially different, or the contract terms of the existing financial liability (or part thereof) are substantially modified.

If the Company repurchases part of a financial liability, the carrying amount of the financial liability shall be distributed according to the proportion of the fair value of the continuing recognition portion and the derecognition portion to the overall fair value on the repurchase date. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including transferred non-cash assets or liabilities assumed) shall be included in current profits and losses.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(4) Recognition basis and measurement method of financial asset transfer

When a financial asset is transferred, the Company evaluates the risks and rewards retained of the financial asset ownership:

- (a) If almost all the risks and rewards of the financial asset ownership are transferred, such financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities.
- (b) If risks and rewards of the financial asset ownership are substantially retained, such financial asset shall continue to be recognized.
- (c) In circumstances where the Company neither transfers nor retains risks and rewards of the financial asset ownership substantially (i.e. circumstances other than ① and ② of this article), based on whether it retains control over such financial asset:

① The financial asset shall be derecognized, and the rights and obligations generated or retained in the transfer shall be separately recognized as assets or liabilities if such control is not retained; or

② The relevant financial asset shall continue to be recognized to the extent that it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly if such control is retained. The extent that it continues to be involved in the transferred financial asset refers to the extent the Company bears the risks or rewards of changes in the value of the transferred financial asset.

When judging whether the transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form shall be adopted. The Company divides the transfer of financial assets into overall transfer and partial transfer.

- (a) 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:

① The carrying amount of the transferred gross amount on the date of derecognition.

② The sum of the consideration received for the transfer of financial assets and the amount of the respective derecognized portion of the accumulated changes in fair value originally included in other comprehensive income directly (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

- (b) If the financial asset is partially transferred and the transferred part meets the conditions for derecognition, the carrying amount of the gross amount before transfer shall be allocated between the derecognition portion and the continuing recognition portion (in this case, the retained service asset shall be regarded as the continuing recognition part of the financial asset) according to the respective relative fair values on the transfer date, and the difference between the following two amounts shall be included in the current profits and losses:

① The carrying amount of the derecognized portion on the derecognition date.

② The sum of the consideration received for the derecognized portion and the amount of the corresponding derecognized portion of the accumulated changes in fair value originally included in other comprehensive income (the financial assets involved in the transfer are financial assets at fair value through other comprehensive income).

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(4) Recognition basis and measurement method of financial asset transfer (continued)

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset shall continue to be recognized, and the consideration received shall be recognized as a financial liability.

(5) Determination of fair value of financial assets and liabilities

The fair value of a financial asset or liability with an active market shall be determined by the quoted price in the active market, unless the financial asset has a sell-off period for the asset itself. For the financial assets restricted for the assets themselves, the compensation amount demanded by market participants due to the risk of not being able to sell the financial assets on the open market within the specified period shall be deducted from the quoted price in the active market. Quoted prices in the active market include those for related assets or liabilities that can be easily and regularly obtained from exchanges, dealers, brokers, industry groups, pricing or regulatory agencies, and can represent actual and recurring market transactions on the basis of fair trade.

Financial assets initially acquired or derived or financial liabilities assumed shall be determined on the basis of market transaction price.

The fair value of financial assets or liabilities without an active market shall be determined by valuation techniques. At the time of valuation, the Company adopts valuation techniques that are applicable under the current circumstances and are supported by sufficient available data and other information, selects input values consistent with the characteristics of relevant assets or liabilities considered by market participants in the transactions thereof, and gives priority to the use of relevant observable input values whenever possible. If the relevant observable input value cannot be obtained or be feasibly obtained, the unobservable input value shall be used.

Based on the expected credit loss, the Company conducts impairment accounting of financial assets classified as those measured at amortized cost, financial assets classified as those measured at fair value through other comprehensive income, and financial guarantee contracts and recognizes loss reserves.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(6) Impairment of financial instruments

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.

For receivables arising from transactions regulated by the income criteria, the Company uses the simplified measurement method to measure the loss reserve according to the amount equivalent to the expected credit loss during the entire duration.

For credit-impaired purchased or originated financial assets, only the accumulated changes in the expected credit losses during the entire duration since the initial recognition are recognized as loss reserves on the balance sheet date. On each balance sheet date, the amount of change in the expected credit loss during the entire duration is included in the current gains and losses as impairment loss or gains. Even if the expected credit loss during the entire duration on the balance sheet date is less than that reflected in the estimated cash flow upon initial recognition, the favorable change in the expected credit loss is recognized as impairment gains.

In addition to other financial assets adopting the above simplified measurement method and other than the credit-impaired purchased or originated ones, the Company evaluates whether the credit risk of relevant financial instruments has increased significantly since the initial recognition, measures its loss reserves, and recognizes the expected credit loss and its changes respectively according to the following circumstances on each balance sheet date:

- (a) If the credit risk of the financial instrument has not increased significantly since its initial recognition, it is in the first stage, and its loss reserve shall be measured according to an amount equivalent to its expected credit loss over the next 12 months, and the interest income shall be calculated according to the book balance and the effective interest rate.
- (b) If the credit risk of the financial instrument has increased significantly since initial recognition but no credit impairment has occurred, it is in the second stage, and its loss reserve shall be measured according to an amount equivalent to its expected credit loss throughout its life, and the interest income shall be calculated according to the book balance and the effective interest rate.
- (c) If the financial instrument is credit-impaired since its initial recognition, it is in the third stage, and the Company shall measure its loss reserve according to an amount equivalent to its expected credit loss throughout its life, and calculate the interest income at the amortized cost and the effective interest rate.

The increase or reversed amount of the credit loss reserve for financial instruments shall be included in the current profits and losses as impairment loss or gains. Except for financial assets classified as those measured at fair value through other comprehensive income, the credit loss reserve will offset the carrying amount of the financial assets. For financial assets classified as those measured at fair value through other comprehensive income, the Company recognizes its credit loss reserve in other comprehensive income without reducing its carrying amount presented in the balance sheet.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

In the previous accounting period, the Company measured the loss reserve, the amount equivalent to the expected credit loss of the financial instruments throughout their life. However, on the balance sheet date of the current period, the financial instrument no longer conforms to the situation of significant increase in credit risk since initial confirmation; on the balance sheet date of the current period, the Company has measured the loss reserve of the financial instruments, the amount equivalent to the expected credit loss in the next 12 months, and the reversed amount of the loss reserve thus formed is included in current profits and losses as impairment profit.

(a) Significant increase in credit risk

In order to determine whether the credit risk of financial instruments has increased significantly since the initial recognition, the Company uses the available reasonable and based forward-looking information and compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial confirmation date. When the Company applies provisions on depreciation of financial instruments to financial guarantee contracts, the initial recognition date shall be regarded as the date when the Company becomes a party to make irrevocable commitments.

For the assessment of whether the credit risk has increased significantly, the Company will consider the following factors:

- ① According to whether the actual or expected debtor's operations results have changed significantly;
- ② Whether the regulatory, economic, or technological environment of the debtor has undergone significant adverse changes;
- ③ Whether the following items have changed significantly: the value of collateral as debt mortgage, or the guarantee provided by a third party, or the quality of credit enhancement; these changes will reduce the debtor's economic motivation to repay the loan within the time limit stipulated in the contract and could impact the probability of default;
- ④ Whether the debtor's expected performance and repayment behavior have changed significantly;
- ⑤ Whether the Company's credit management methods for financial instruments have changed, etc.

If, on the balance sheet date, the credit risk of the financial instrument is judged to be low by the Company, the Company assumes that the credit risk of the financial instrument has not increased significantly since the initial recognition. 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.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

(b) Financial assets with depreciation of credit

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:

- ① The issuer or debtor is in serious financial difficulty;
 - ② The debtor breaches the contract, such as default or overdue payment of interest or principal, etc.;
 - ③ The creditor gives concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties; the concessions will not be made under any other circumstances;
 - ④ There is a great possibility of bankruptcy or other financial restructuring of the debtor;
 - ⑤ The issuer or debtor has financial difficulties, resulting in the disappearance of the active market for the financial assets;
 - ⑥ Purchasing or generating a financial asset with a large discount, which reflects the fact of credit loss.
- Credit impairment of financial assets may not be caused by separately identifiable events but may be caused by the combined effect of multiple events.

(c) Determination of expected credit loss

The expected credit losses of financial instruments are assessed individually and collectively. During the assessment of the expected credit losses, the Company will take into account reasonable and reliable information about past events, the current situation, and the future economic situation forecast.

The Company divides financial instruments into different combinations on the basis of common credit risk characteristics. Common credit risk characteristics adopted by the Company include: financial instrument type, credit risk rating, aging combination, overdue aging combination, contract settlement cycle, debtor's industry, etc. To understand the individual evaluation criteria and combined credit risk characteristics of relevant financial instruments, please refer to the accounting policies of relevant financial instruments for details.

The Company adopts the following methods to determine the expected credit losses of relevant financial instruments:

- ① In terms of financial assets, credit loss is equivalent to the present value of the difference between the contract cash flow that the Company shall receive and the expected cash flow.
- ② In terms of the financial guarantee contract, credit loss is equal to the expected amount of payment made by the Company to the holder of the contract for credit loss incurred, less the present value of the difference between the amount expected to be collected from the holder of the contract, the debtor, or any other party.
- ③ If, on the balance sheet date, a financial asset has suffered credit impairment, but one does not purchase or generate a financial asset that has suffered credit impairment, the credit loss is equivalent to the difference between the book balance of the gross amount and the present value of the estimated future cash flow discounted at the original actual interest rate.

Factors reflected in the Company's method of predicting credit losses by quantitative finance tools include: unbiased probability weighted average amount determined by evaluating a series of possible results; time value of money; reasonable and reliable information about past events, current situation and future economic situation forecast that can be obtained on the balance sheet date without unnecessary extra costs or efforts.

III Significant accounting policies and accounting estimates (continued)

11 Financial instruments (continued)

(6) Impairment of financial instruments (continued)

(d) Write-off of financial assets

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.

(7) Offset of financial assets and financial liabilities

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

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

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

12 Notes receivable

For the determination method and accounting treatment method of the Company's expected credit loss on notes receivable, please refer to 11(6) of Note III Impairment of financial instruments.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of a single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on the future economic situation, divide notes receivable into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

13 Accounts receivable

For the determination method and accounting treatment method of the Company's expected credit loss on accounts receivable, please refer to 11(6) of Note III Impairment of financial instruments.

As for the accounts receivable, if there is objective evidence that the Company will not be able to recover the money according to the original terms of the accounts receivable, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be assessed at a reasonable cost at the level of single instrument, the Company will divide the accounts receivable into several combinations according to the credit risk characteristics and calculate the expected credit loss on the basis of the combinations (with reference to the experience of historical credit loss and in combination with the current situation with the judgment of the future economic situation)

III Significant accounting policies and accounting estimates (continued)

14 Receivables financing

Accounts receivable classified as those measured at fair value through other comprehensive income, with a maturity of i) less than one year (including one year) from the initial recognition date, are listed as receivables financing; or ii) more than one year from the initial recognition date, are listed as other debt investments. For the relevant accounting policies, please refer to 11(6) of Note III Impairment of financial instruments.

15 Other receivables

For the determination method and accounting treatment method of the Company's expected credit loss of other receivables, please refer to 11(6) of Note III Impairment of financial instruments.

For other receivables for which there is objective evidence that the Company will not be able to recover the amount according to the original terms of the receivables, the Company will separately determine its credit loss.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of a single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on the future economic situation, divide other receivables into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

16 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

When acquired, inventory is initially measured at cost, including purchase costs, processing costs, and other costs. Inventories are shipped in transit by the weighted average method.

III Significant accounting policies and accounting estimates (continued)

16 Inventories (continued)

(3) Basis for determining the net realizable value of inventories and accrual method for inventory valuation allowance

After conducting a comprehensive counting at the end of the period, inventory valuation allowance shall be accrued or adjusted based on whichever is lower of the cost and net realizable value of the inventories. For inventories of goods directly used for sale, such as finished goods, merchandise inventories and materials for sale, in the normal production and operations process, the net realizable value is determined by the amount of the estimated Sales expenses of the inventory less the estimated sales cost and relevant taxes and fees; for material inventories that need to be processed, in the normal production and operations process, the net realizable value is determined by the amount of the estimated selling expenses of finished products produced less the estimated cost occurred at the time of completion, the estimated selling expenses and related taxes; for inventories held for the execution of sales contracts or labor contracts, the net realizable value is calculated on the basis of the contract price, and if the quantity of inventories held is more than the quantity specified in sales contracts, the net realizable value of excess inventories is calculated based on the general sales price.

At the end of the period, inventory valuation allowance is accrued according to individual inventory items; but for a large number of inventories with lower unit prices, inventory valuation allowance is accrued according to inventory category; for inventories related to the product series produced and sold in the same region with the same or similar end use or purpose, which is difficult to measure separately from other items, thus inventory valuation allowance is accrued and combined with other items.

If the influencing factors of the write-down of inventory value have disappeared, the amount written-down is recovered and reversed to the amount of inventory valuation allowance already accrued, and the amount reversed is included in current profits and losses.

(4) Inventory system

The Company adopts a perpetual inventory system for inventory management.

(5) Amortization method of turnover materials

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

17 Contract assets

A contract asset shall be recognized if the Company has transferred the goods to the customer and has the right to receive a consideration depending on other factors than the passage of time. The right of the Company to unconditionally receive the considerations from customers (i.e., only depending on the passage of time) is listed independently as receivables.

For the determination method and accounting treatment method of the Company's expected credit loss on contract assets, please refer to 11(6) of Note III Impairment of financial instruments.

III Significant accounting policies and accounting estimates (continued)

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

(1) Criteria for classification as being held for sale

The Company recognizes non-current assets or disposal groups that meet both of the following conditions as components held for sale:

- 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 likely to occur, that is, the Company has made a resolution on the sale plan, obtained the approval from the regulatory authorities (if applicable), and obtained a confirmed purchase commitment that the sale is expected to be completed in one year.

The confirmed purchase commitment refers to a legally binding purchase agreement concluded by and between the Company and another party, which contains important terms such as transaction price, time and sufficiently severe penalty for breach of contract, so that there will be little possibility of major adjustments to or cancellation of the agreement.

(2) Accounting treatment for held-for-sale assets

The Company shall not depreciate or amortize non-current assets or disposal groups held for sale. If the carrying amount is higher than the amount of fair value net of selling expenses, the former shall be written down to the latter. The amount written down shall be recognized as asset impairment loss and included in the current profit and loss, and the impairment allowance for assets held for sale shall be accrued at the same time.

The non-current asset or disposal group classified as being held for sale on the date of acquisition shall be initially measured at whichever initially measured amount is lower under the assumption that it is not classified as being held for sale and the amount of fair value net of selling expenses.

The above principles are applicable to all non-current assets, except Investment property subsequently measured by the fair value model, biological assets measured by the amount of fair value net of selling expenses, assets formed by employee compensation, deferred income tax assets, financial assets regulated by the relevant accounting standards of financial instruments, and rights arising from insurance contracts regulated by the relevant accounting standards of insurance contracts.

19 Debt Investments

For the determination method and accounting treatment methods of the Company's expected credit loss of debt investments, please refer to 11(6) "Impairment of financial instruments" under Note III.

20 Long-term receivables

For the determination method and accounting treatment method of the Company's expected credit loss on long-term receivables, please refer to 11(6) of Note III Impairment of financial instruments.

If sufficient evidence of expected credit loss cannot be evaluated at a reasonable cost at the level of a single instrument, the Company will refer to the experience of historical credit loss, combine the current situation and judgment on future economic situations, divide long receivables into several combinations according to the characteristics of credit risk, and calculate expected credit loss on the basis of combinations.

III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments

(1) Recognition of initial investment cost

(a) Long-term equity investment formed by business combination

For details on accounting policies, please refer to "6 accounting treatments for business combinations involving enterprises under and not under common control" under Note III.

(b) Long-term equity investment acquired by other means

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

For long-term equity investment acquired by issuing equity securities, the fair value of equity securities issued is recognized as the initial investment cost; the transaction costs arising from issuing or acquiring the own equity instruments of the acquirer will be offset from the equity in directly attributable transactions.

Provided that the non-monetary asset exchange contains commercial substance and the fair value of the assets received or assets surrendered can be reliably measured, the initial investment cost of the long-term equity investment received with non-monetary assets is determined based on the fair value of the assets surrendered, except that there is conclusive evidence that indicates that the fair value of assets received is more reliable. For non-monetary assets that do not satisfy the above condition, the carrying amount of assets surrendered and related taxes and fees payable are recognized as the initial investment cost of the long-term equity investment.

The initial investment cost of a long-term equity investment acquired by debt restructuring is determined on the basis of fair value.

For methods of impairment test and accrual of provision for impairment for long-term equity investments, please refer to "28 Impairment on long-term assets" under Note III.

III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

(2) Subsequent measurement and recognition of profit and loss

(a) Cost method

The long-term equity investment by which the Company exercises control over the investee is accounted for by the cost method and measured at the initial investment cost. When the long-term equity investment is added or recovered, its cost should be adjusted thereby.

In addition to the actual payment or the cash dividends or profits included in the consideration that have been declared but not yet paid when acquiring the investment, the Company recognizes the investment income for the period the investee's cash dividends or profits attributable to the Company will be recorded in gains from investment for the period.

(b) Equity method

The long-term equity investments made by the Company in affiliates and joint ventures are accounted for using the equity method. Among them, the portion of equity investments in affiliates, held indirectly through venture capital, mutual funds, trusts, or similar entities, including investment-linked insurance funds, are measured at fair value through profit or loss.

The difference between the higher initial cost of the long-term equity investment and the fair value share of identifiable net assets of the investee enjoyed in the investment is not used to adjust the initial investment cost of the long-term investment; the difference between the lower initial investment cost and the higher fair value share of identifiable net assets of the investee enjoyed at the time of conducting the investment is included in current profits and losses.

After the Company acquires a long-term equity investment, 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. Before the Company recognizes its share in the net profits and loss of the investee, the net profits of the investee are adjusted based on the fair value of the identifiable assets of the investee as at the acquisition of the investment. 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.

When the Company recognizes its share in the losses incurred by the investee, the Company should, firstly, offset the carrying amount of the long-term equity investment. Then, if the carrying amount of the long-term equity investment is insufficient for the offset, the investment loss continues to be recognized, and the carrying amount of long-term receivable items is offset, subject to other carrying amounts of the long-term equity constituting the net investment in the investee. Finally, after the above-mentioned treatment, if the Company still bears additional obligations in accordance with the investment contract or agreement, the provisions are recognized according to the estimated liabilities and included in the current investment losses.

If the investee realizes profit in the future period, the Company shall, after deducting the unconfirmed loss share, conduct the process in the reverse order of the above to write down the book balance of the recognized estimated liabilities and recover other long-term equity that substantially constitutes net investment of the investee and the carrying amount of the long-term equity, and then recover the recognition of the profit as return on investment.

III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

(3) Conversion accounting treatment of long-term the equity investments

(a) Accounting treatment for the transfer from fair value measurement to equity method

For an equity investment, originally held by the Company without control, joint control or significant impact on the investee that is accounted for based on the financial instrument recognition and measurement standards, if as a result of additional investment or otherwise, the equity investment enables the Company to exercise significant impact on or joint control (rather than control) over the investee, the sum of the fair value of the originally held equity investment determined under the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and the new investment cost should be deemed as the initial cost of the investment accounted for using equity method.

The difference between the lower initial investment cost accounted for using the equity method and the higher share of the fair value of the identifiable net assets of the investee as at the date of the additional investment calculated based on the new shareholding percentage (%) after the additional investment is made, shall be used to adjust the carrying amount of the long-term equity investment and included in the non-operating income for the period.

(b) Transfer from fair value measurement or equity method to cost method

For an equity investment, originally held by the Company without control, joint control or significant impact on the investee that is accounted for based on the financial instrument recognition and measurement standards, or a long-term equity investment originally held by the Company in an affiliate or joint venture, if as a result additional investment or for other reasons, the investment enables the Company to exercise control over an investee that is not under the common control with Company, the sum of the carrying amount of the originally held equity investment and the new investment cost should be the initial cost of the investment accounted for using cost method in preparation of the individual financial statements of the Company.

The other comprehensive income recognized in equity investments using the equity method before the date of acquisition is accounted for, when the investment is disposed of, on the same basis as those the investee adopted directly to dispose of the underlying assets or liabilities.

If the equity investment held before the acquisition date is subject to the accounting treatment under the relevant provisions of the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, the cumulative changes in fair value originally included in other comprehensive income should be transferred to the profit or loss for the period when the investment is accounted for using the cost method.

(c) Transfer from equity method to fair value measurement

If the Company loses joint control or significant impact on the investee due to the disposal of part of the equity investment or otherwise, the equity remaining after the disposal should be accounted for under the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, and the difference between the fair value and carrying amount as at the date of losing the joint control or significant impact should be included in current profits and losses.

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.

(d) Transfer from cost method to equity method

Where the Company loses control over the investee due to the disposal of part of the equity investment or otherwise, if the equity remaining after the disposal by which the Company can exercise joint control or significant impact on the investee in preparation of the individual financial statements of the Company, the investment will be accounted for using the equity method, and such remaining equity will be adjusted as if it were accounted for using the equity method from the time when it is acquired.

III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

(3) Conversion accounting treatment of long-term equity investments (continued)

(e) Transfer from cost method to fair value measurement

If the Company loses control over the investee due to the disposal of part of the equity investment or otherwise, the equity remaining after the disposal by which the Company cannot exercise joint control or significant impact on the investee should be accounted for based on the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*, in preparation of the individual financial statements of the Company, and the difference between the fair value and carrying amount as at the date of losing the control should be included in current profits and losses.

(4) Disposal of long-term equity investments

When a long-term equity investment is disposed of, the difference between the carrying amount of the long-term equity investment and the actual acquisition price shall be included in current profits and losses. For a long-term equity investment accounted for using the equity method, when the investment is disposed of, the part originally included in other comprehensive income should be accounted for in the corresponding proportion and on the same basis as the direct disposal of the underlying assets or liabilities by the investee.

When the terms, conditions, and economic influence of transactions of the equity investment of the subsidiary conform to one or more of the following, accounting for multiple transactions is treated as a package transaction:

- (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 uneconomical individually, but is economical when considered collectively with other transactions.

When an enterprise loses control over the original subsidiary due to disposal of part of the equity investment or other reasons, if the transactions do not belong to a package transaction, the accounting treatment of individual financial statements and consolidated financial statements should be distinguished as follows:

- (a) In the individual financial statements, the disposed equity should be accounted for in accordance with the *Accounting Standards for Business Enterprises No. 2 - Long-Term Equity Investment*; meanwhile, the remaining equity should be recognized as long-term equity or other related financial assets based on its carrying amount. If the remaining equity after disposal can be used to exercise common control or significant influence on the original subsidiary, it shall be accounted for in accordance with the relevant provisions on the conversion of the cost method into the equity method.

III Significant accounting policies and accounting estimates (continued)

21 Long-term equity investments (continued)

(4) Disposal of long-term equity investments (continued)

- (b) In the consolidated financial statements, the remaining equity should be remeasured in accordance with its fair value on the date of loss of control. The difference between the sum of the consideration acquired from the disposal of the equity and the fair value of the remaining equity, less the share of net assets of the original subsidiary that should be enjoyed in accordance with the original shareholding ratio from the date of acquisition, is included in the current profit and loss of the period in which loss of control occurred. Other comprehensive income related to the original subsidiary's equity investment should be converted into current return on investment when control is lost. The Company shall disclose in the notes the fair value of the remaining equity after disposal on the date of loss of control and the amount of relevant gains or losses arising from the disposal remeasured based on the fair value.

If the transactions of disposal of equity investment in a subsidiary until the loss of control are a package transaction, the accounting treatment of individual financial statements and consolidated financial statements should be distinguished as follows:

- (a) In the individual financial statements, the difference between each disposal price and the carrying amount of the long-term equity investment corresponding to the disposed equity before the loss of control is recognized as other comprehensive income, and transferred to the current profit and loss of the period in which the loss of control occurred;
- (b) In the consolidated financial statements, the difference between each disposal price and the disposal of investment corresponding to the share of the net assets of the subsidiary before the loss of control is recognized as other comprehensive income, and transferred to the current profit and loss of the period in which the loss of control occurred.
- (5) Criteria for judgment of joint control and significant impact

If the Company exerts joint control over an arrangement with other participants in accordance with the relevant agreement, and decision on activities that has a significant impact on the return of the arrangement requires the unanimous consent of the participants sharing the control, the Company and other participants will be deemed to have joint control over the arrangement - a joint venture arrangement.

If a joint venture arrangement is entered into through an independent entity, and the Company has rights over the net assets of the independent entity based on the relevant agreements, the independent entity shall be deemed as a joint venture and accounted for using the equity method. If based on the relevant agreement, the Company does not have rights to the net assets of the individual entity, the individual entity shall be deemed as a joint operation, and the items related to the share of interests in the joint operation should be recognized and accounted for in accordance with the provisions of relevant Accounting Standards for Business Enterprises.

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. Significant impact on the investee will be determined based on one or more of the cases with reference to all facts and conditions:

- 1) Assigning a representative to the board of directors or similar authority of the investee;
- 2) Participating in formulation of the financial and operational policies of the investee;
- 3) Entering into a significant transaction with the investee;
- 4) Assigning an officer to the investee; or
- 5) Providing key technical information to the investee.

III Significant accounting policies and accounting estimates (continued)

22 Investment property

The Company's investment property means the property held for the purpose of earning rent or capital appreciation, or both, including the land use rights that have been leased, the land use rights that are held for transfer upon appreciation, and the leased buildings. In addition, for the vacant buildings held by the Company for the purpose of leases, if the Board of Directors makes a written resolution that expressly indicates that the buildings will be used for leases and the intention of holding will not change in a short-term, the building will also be reported as investment property.

An investment property of the Company will be recorded at its cost that comprises i) in case of a purchased investment property, the purchase price, relevant taxes, and other expenses directly attributable to the asset; or ii) in case of a self-constructed investment property, the necessary expenses incurred before the asset is constructed to reach its intended serviceable state.

The Company adopts the cost model for subsequent measurement of investment property. For the purpose of depreciation or amortization method, the same amortization policy adopted for buildings as fixed assets and land use rights as intangible assets is used.

When the purpose of an investment property is changed to self-use, the Company shall convert the investment property into a fixed asset or intangible asset from the date of change. When the purpose of a self-used property is changed to earning rent or capital appreciation, the Company will convert the fixed asset or intangible asset into an investment property from the date of change. When such a conversion occurs, the carrying amount before the conversion shall be used as the recorded value after the conversion.

When an investment property is disposed of, or when it permanently withdraws from use and no economic benefit is expected to be obtained from the disposal of it, the investment property shall be derecognized. The disposal income from the sale, transfer, scrapping, or damage of an investment property, net of its carrying amount and related taxes and fees, is recognized in current profits and losses.

For methods of impairment test and accrual of provision for impairment of investment property, please refer to "28 Impairment on long-term assets" under Note III.

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III Significant accounting policies and accounting estimates (continued)

23 Fixed assets

(1) Recognition criteria for fixed assets

Fixed assets mean tangible assets held for the purpose of producing goods, rendering services, leases or operation management, whose service life is more than one fiscal year. Fixed assets satisfying the following conditions are recognized:

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

The Company's fixed assets are classified into buildings, machinery and equipment, office and electronic equipment, transportation vehicles, and fixed assets renovation in line with capitalization conditions. Where each component of a fixed asset with a different service life provides economic benefits to the Company in different ways and applies different depreciation rates, it is recognized as a single fixed asset.

Fixed assets are initially measured at cost. The cost of purchasing fixed assets includes the purchase price, related taxes, and other expenses attributable to the fixed asset before it is ready for the intended use, such as the expenses on transportation, handling, installation and professional services, etc. When determining the cost of fixed assets, discard expenses should be considered. Subsequent expenditures related to 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.

Fixed assets are depreciated by the straight-line method. The depreciation rate of various fixed assets is determined according to the estimated service life and estimated residual value (the estimated residual value is 0-10% of the gross amount). The depreciation rate of classified fixed assets is 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%

Fixed assets renovation is amortized evenly over the benefit period.

All fixed assets are subject to depreciation, except for fixed assets that have been fully depreciated and continue to be used, and the land that is priced and recorded separately. Fixed assets are depreciated on a monthly basis. Fixed assets added are not depreciated in the current month when being added but from the following month; fixed assets reduced are still depreciated in the current month when being reduced, and no depreciation is made from the following month. Fixed assets that are not profitable for the Company or not used temporarily (other than seasonally deactivated) are recognized as idle fixed assets. The estimated life expectancy and depreciation rate of idle fixed assets should be reestimated, and depreciation is directly included in the current profit and loss.

The methods for impairment testing and accrual of impairment provisions of fixed assets are detailed in 28 "Long-term Asset Impairment" under Note III.

TCL Technology Group Corporation
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III Significant accounting policies and accounting estimates (continued)

24 Construction in progress

Construction in progress refers to the necessary expenses incurred by the Company for the purchase and construction of fixed assets or investment property before being ready for the expected usable status, including engineering materials costs, labor costs, related taxes and fees, borrowing costs that should be capitalized and indirect costs that should be apportioned. Construction in progress is accounted for separately according to individual projects.

After the construction in progress is ready for its intended use, it must be transferred to fixed assets or investment property, whether the final accounting procedures are completed or not.

The methods for impairment testing and accrual of impairment provisions of construction in progress are detailed in 28 "Long-term Asset Impairment" under Note III.

25 Borrowing costs

Borrowing costs refer to interest and other related costs incurred by the Company as a result of borrowings, including interest on borrowings, amortization of discounts or premiums, ancillary expenses, and exchange differences arising from foreign currency borrowings.

Borrowing costs that can be directly attributable to the acquisition, construction, or production of assets eligible for capitalization are capitalized and included in the relevant asset cost. Other borrowing costs are recognized as expenses in the period in which they are incurred, and are included in the current profit and loss. Assets eligible for capitalization refer to fixed assets, investment property, inventories, and other assets that require a substantial period of acquisition, construction or production activities to get ready for the intended use or sale status.

Borrowing costs become capitalized when:

- (1) The asset expenditure has occurred, including expenditure incurred in the form of cash payments, transfer of non-cash assets, or assuming interest-bearing debts for the purpose of acquisition, construction, or production of assets that are eligible for capitalization;
- (2) Borrowing costs have occurred;
- (3) The acquisition, construction, or production activities necessary to enable the assets to be ready for the intended usable or saleable state have commenced.

When an asset that satisfied the capitalization conditions is abnormally interrupted during the process of acquisition, construction or production and the interruption period lasts for more than three months, the capitalization of the borrowing costs is suspended and recognized as the current expenses until the acquisition, construction or production of the assets starts again. When an asset that satisfied the capitalization conditions is ready for its intended use or sale, the capitalization is stopped and the borrowing costs incurred in the future are included in the current profit and loss.

The period of capitalization refers to the period from the time when the borrowing costs start to be capitalized to the point when the capitalization is stopped, and the period in which the borrowing costs are suspended for capitalization is not included. During the period of capitalization, if special borrowings are made for the acquisition, construction, or production of assets eligible for capitalization, the amount of the interest expenses actually incurred during the current period of the special borrowings, less the amount of interest income earned by depositing unused borrowing funds in a bank or investment income earned by temporary investment, is recognized as the amount of capitalization. When a general loan is occupied for the purpose of purchasing, constructing or producing assets that satisfied the capitalization conditions, the amount of capitalization is determined according to the weighted average of the accumulated asset expenditure exceeding the special loan portion multiplied by the capitalization rate of the general loan occupied; the capitalization rate is determined based on the weighted average interest rate of general borrowings.

III Significant accounting policies and accounting estimates (continued)

26 Right-of-use assets

The Company initially measures right-of-use assets at cost. Such costs include:

- (1) The initial measurement amount of lease liabilities;
- (2) 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);
- (3) Initial direct costs incurred by the Company;
- (4) Costs expected to be incurred by the Company 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 (excluding costs incurred to produce inventory).

After the commencement date of the lease term, the Company uses the cost model for subsequent measurement of right-of-use assets.

If it is reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over its/their remaining service life. If it is not reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over the lease term or the remaining service life of the leased asset(s), whichever is shorter. Right-of-use assets for which impairment reserves have been accrued are depreciated in future periods at their carrying amount net of impairment reserves, with reference to the above principles.

In accordance with the provisions of *Accounting Standards for Business Enterprises No. 8 - Asset Impairment*, the Company determines whether right-of-use assets have been impaired and accounts for the recognized impairment loss, as detailed in 28 "Long-term Asset Impairment" under Note III.

III Significant accounting policies and accounting estimates (continued)

27 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 28 "Long-term Asset Impairment" under Note III.

If an intangible asset is foreseen as unable to bring economic benefits to the Company, it is regarded as an intangible asset with an indefinite service life, which will be reviewed in each accounting period. If evidence indicates that the service life of the intangible asset is limited, then it is converted to an intangible asset with a limited service life. Intangible assets with indefinite service 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 an original, planned survey of acquiring and understanding new scientific or technical knowledge. Development means the application of research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc. prior to 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)

28 Impairment of long-term assets

The Company determines whether there is any sign of possible impairment of the long-term assets on the balance sheet date. If there is any sign of impairment in a long-term asset, 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 asset group to which the asset belongs.

The recoverable amount of an asset is determined based on the net amount of the fair value of the asset less the disposal expenses, or the present value of estimated future cash flows of the asset, whichever is higher.

If the measurement results of the recoverable amount indicate that the recoverable amount of the long-term investment is lower than its carrying amount, the carrying amount of the long-term investment is written off to the recoverable amount, and the amount written by is recognized as asset impairment loss, which is included in current profits and losses, while provision for asset impairment is made. Once the asset impairment loss is confirmed, it cannot be reversed in the future accounting period.

After the asset impairment loss is recognized, the depreciation or amortization expense of the impaired assets will be adjusted accordingly in the future periods so that the adjusted carrying amount of the asset (deducting the expected net residual value) will be systematically amortized over the remaining service life of the asset.

For the goodwill formed by business combination and the intangible assets with indefinite service life, an impairment test is carried out every year regardless of whether there is any indication of impairment.

In the impairment test of goodwill, the carrying amount of goodwill is apportioned to the asset group or asset group portfolio expected to benefit from the synergy of the business combination. When impairment tests are conducted on underlying asset groups or asset group portfolios that contain goodwill, impairment tests will be first conducted on the asset groups or asset group portfolios that do not contain goodwill, provided there is any sign of impairment in the asset groups or asset group portfolios related to the goodwill and the recoverable amount will be calculated and compared with the relevant carrying amount to recognize the corresponding impairment loss. Further impairment tests will be conducted on asset groups or asset group portfolios that contain goodwill, by comparing the carrying amount of such underlying asset groups or asset group portfolios (including the part of the carrying amount of the allocated goodwill) with their recoverable amount. If the recoverable amount of the underlying asset group or asset group portfolio is lower than its carrying amount, the impairment loss shall be recognized for goodwill.

29 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.

30 Contract liabilities

The Company recognizes as contract liabilities the part of the obligation to transfer the goods to the customer due to received or receivable consideration from the customer.

III Significant accounting policies and accounting estimates (continued)

31 Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, termination benefits, and other long-term employee benefits provided in various forms of consideration in exchange for service rendered by employees or compensation for the termination of employment relationships.

(a) 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) 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) 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) 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)

32 Estimated liabilities

(1) Recognition standards for estimated liabilities

An obligation related to product quality assurance, loss contracts, restructuring, and other contingencies shall be recognized as a provision, if i) it is a current obligation of the Company, ii) the fulfillment of this obligation is likely to result in an outflow of economic benefits, and iii) the amount of this obligation can be reliably measured.

(2) Measurement methods for estimated liabilities

The estimated liabilities of the Company are initially measured on the basis of the best estimate of the expenditure required to perform the relevant current obligations.

When determining the best estimate, the Company considers factors such as risks, uncertainties, and time value of money related to contingent events. Where the time value of money has a significant impact, the best estimate is determined by discounting the relevant future cash outflows.

The best estimates are handled as follows:

In case there is a continuous range (or interval) of required expenditures, within which the possibility of occurrence of various results is the same, the best estimate is determined by the average of the middle value of the range, that is, the average of the upper and lower limits.

In case there is no continuous range (or interval) of required expenditures, or there is a continuous range but the possibility of various results in the range is different, if the contingency involves a single item, the best estimate is determined based on the most probable amount; if a contingency involves multiple items, the best estimate is determined based on various possible outcomes and associated probabilities.

If all or part of the expenses required by the Company to settle the estimated liabilities are expected to be compensated by a third party, the compensation amount is separately recognized as an asset when it is basically confirmed to be received, and the recognized compensation amount should not exceed the carrying amount of the estimated liabilities.

III Significant accounting policies and accounting estimates (continued)

33 Lease liabilities

The Company initially measures lease liabilities at the present value of the lease payments outstanding on the commencement date of the lease term. When calculating the present value of lease payments, the Company uses the interest rate implicit in the lease as the rate of discount. If the implicit interest rate of the lease cannot be determined, the incremental loan interest rate of the Company shall be used as the discount rate. Lease payments include:

- (a) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments;
- (b) Variable lease payments that depend on indexation or ratio;
- (c) The exercise price of the purchase option, when applicable, if the Company is reasonably certain that the option will be exercised;
- (d) The amount required to be paid to exercise the option to terminate the lease if the lease term reflects that the Company will exercise the option to terminate the lease;
- (e) The estimated amount payable is based on the secured residual value provided by the Company.

The Company calculates the interest expenses of lease liabilities for each period within the lease term at a fixed rate of discount and includes them in profit or loss for the current period or cost of the related assets.

Variable lease payments that are not included in the measurement of lease liabilities should be included in profit or loss for the current period or cost of the related assets when they are actually incurred.

34 Share-based payments

The share-based payments of the Company are mainly equity-settled share-based payments and are only allow to be exercised by employees after the completion of their services in the waiting period. On each balance sheet date in the waiting period, based on the best estimate of the number of vesting equity instruments, the services obtained in the current period are included in the relevant costs or expenses and capital reserve based on the fair value at the grant date of the equity instruments.

The fair value of equity instruments is determined by the external appraiser or management based on the binomial distribution method. The best estimate of the vesting equity instrument is determined by the management based on historical statistics on the vesting weights and turnover rates on the balance sheet date.

Equity-settled share-based payments are measured based on the fair value of the equity instruments granted to employees. In case the vesting right is available immediately after the grant, it is included in the relevant cost or expense based on the fair value of the equity instrument on the grant date, and the capital reserve is increased accordingly. In case the vesting right is available after the completion of services in the waiting period or satisfaction of stipulated performance conditions, on each balance sheet day during the waiting period, the services acquired in the current period are included into the relevant costs or expenses and capital reserve on the basis of the best estimate of the number of feasible equity instruments and at the fair value of the date on which the equity instruments are granted. No adjustments are made to the identified related costs or expenses or total owners' equity after the vesting date.

III Significant accounting policies and accounting estimates (continued)

35 Revenue recognition

(1) General principles applied to revenue recognition

The Company shall recognize the revenue according to the transaction price assigned to the performance obligation when any due performance obligation is fulfilled (namely when the client obtains control over relevant commodities or services). Performance Obligation means that, under the contract, the Company promises to transfer commodities or services that can be clearly distinguished to the client. "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. From the contract's effectiveness date, the Company shall evaluate the contract, recognize each single performance obligation included, and determine whether each performance obligation is fulfilled within a certain period or at a time point.

When any of the following conditions is met for a performance obligation to be fulfilled within a certain period, the Company shall recognize corresponding revenue within the period according to the performance schedule:

- (a) While fulfilling the due obligation in the Company, the client obtains and consumes the resulting economic benefit;
- (b) The client is able to control the commodities under construction during the Company's fulfillment;
- (c) 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; otherwise, the Company shall recognize corresponding revenue when the client obtains control over relevant commodities or services.

For any performance obligation with a certain period, the Company shall apply the output method/input method to determine the appropriate fulfillment schedule based on the specific nature of commodities and services. The output method is to determine the fulfillment schedule according to the value of commodities transferred to the client (while the input method is to determine the fulfillment schedule according to the Company's input to fulfill the performance obligation). 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.

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III Significant accounting policies and accounting estimates (continued)

35 Revenue recognition (continued)

(2) Specific revenue recognition method

(a) Product sales contract

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 client obtains control over relevant commodities or services according to the delivery condition agreed in the sales contract upon signing by the client after commodities are received.

(b) Technical service contract

If revenues are recognized within a certain period based on the technical service contract, corresponding revenues shall be recognized according to the performance schedule.

(c) Royalty income

Accounted for according to the time and method of charging as stipulated in the relevant contract or agreement.

(d) Revenue from photovoltaic power stations

a. Centralized power stations: Power stations are connected to the grid. The revenue is recognized based on the documents on power supply provided by the business departments of the Company, after the duration of continuous and trouble-free operation specified by the electric power company is met. b. Distributed power stations: Power stations are connected to the grid. The revenue is recognized based on the documents on settlement provided by the business departments of the Company.

(3) Principles of handling revenues from specific transactions

(a) When the client obtains the control over relevant commodities, corresponding revenue shall be recognized according to the consideration amount (excluding the amount predicted to be returned due to sales return) predicted to be duly charged from transferring commodities to the client, and corresponding liabilities shall be recognized based on the amount predicted to be returned due to sales return. Meanwhile, when commodities are sold, the balance through deducting the predicted cost for taking back commodities from the carrying amount of commodities predicted to be returned (including the impairment of value of returned commodities) shall be accounted for under "Returned Commodities Cost Receivable".

(b) For the contract containing the quality assurance article: it's required to evaluate whether the quality assurance involves any separable service except for the promise (to the client) that commodities conform to established standards. If the Company provides additional service, it shall be deemed as a single performance obligation and subject to the accounting treatment according to relevant revenue criteria provisions; otherwise, the quality assurance liability shall be subject to the accounting treatment according to the accounting criteria provisions on Contingency.

(c) For the sales contract containing the client's additional purchase option: the Company shall evaluate whether the option provides the client with any significant right. If any, it shall be deemed as a single performance obligation, and the transaction price shall be apportioned to the performance obligation, and corresponding revenues shall be recognized when the client executes the purchase option right and obtains the control over relevant commodities in the future or when the option becomes invalid. If the separable selling price applied to the client's additional purchase option right cannot be directly observed, it's required to comprehensively consider the difference in discounts between the client's execution of option right and the client's non-execution of option right and analyze the possibility for the client to execute the option right and other relevant information. Then, a corresponding reasonable estimate shall be made.

III Significant accounting policies and accounting estimates (continued)

35 Revenue recognition (continued)

(3) Principles of handling revenues from specific transactions (continued)

- (d) The contract licenses the IP right to the client: It's required to evaluate whether the IP right license constitutes any single performance obligation; if any, it is necessary to determine whether the performance obligation fulfillment is fulfilled within a certain period or at a time point. If any IP right license is granted to the client and royalties are charged based on the client's actual sales or usage, corresponding revenues shall be recognized at a later time between the following dates: the day when the client's subsequent selling or usage occurs; the day when the Company fulfills relevant performance obligations.
- (e) Major responsible person and agent: Based on whether the Company has control over the goods or service before transferring it to the customer, it is determined whether the Company is the major responsible person or an agent in the transactions. If the Company is able to control the goods or service before transferring it to the customer, the Company shall be deemed as major responsible person and the revenue shall be recognized at the total amount of the consideration received or receivable; otherwise, the Company shall be deemed as an agent, and the revenue shall be recognized at the amount of the commission or handling fee to which it expects to be entitled. The amount of the commission or handling fee is determined by deducting the amount payable to other relevant parties from the total amount of consideration received or receivable.

36 Contract costs

(1) Contract performance cost

For the cost resulting from performing the contract which is not included in other ASBE except the revenue standards and meets the following conditions, the Company shall recognize it as an asset:

- (a) 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 client, and other costs resulting from the contract;
- (b) The cost adds various resources that can be applied by the Company to fulfill due performance obligations; and
- (c) The cost is predicted to be recovered.

The asset shall be presented and reported in inventory or other non-current assets, which depends on whether the amortization period exceeds a normal operating cycle during the initial recognition.

(2) Contract acquisition cost

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. Increment Cost refers to the cost that only results from the contract acquisition, like the sales commission. If the amortization period is less than one year, it shall be included in current profit and loss.

(3) Contract cost amortization

The asset related to the contract cost shall, by adopting the same basis for the recognition of commodities or services revenues related to the asset, be amortized during the period of fulfilling the performance obligation or according to the fulfillment schedule and be included into current profit and loss.

III Significant accounting policies and accounting estimates (continued)

36 Contract costs (continued)

(4) Impairment of contract costs

For the asset related to the contract cost as mentioned above, if the carrying amount is higher than the difference between the residual consideration predicted to be obtained from the Company's transfer of commodities related to the asset and the cost to be incurred due to such transfer, depreciation reserves shall be calculated and withdrawn for the surplus which shall also be recognized as the asset impairment loss.

After the provision for impairment is made, if changes in depreciation factors during previous periods have made the above difference higher than the asset's carrying amount, it shall be restituted to previously established asset impairment allowances and included in current profit and loss. However, the carrying amount of restituted assets shall not exceed the carrying amount of the asset on the date of restitution without establishing impairment allowances.

37 Public grants

(1) Type of change

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

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)

38 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities shall be recognized based on the difference (temporary difference) between the tax basis and carrying amount of the underlying assets or liabilities. On the balance sheet date, the deferred income tax assets and deferred income tax liabilities are measured based on the tax rate applicable during the period when it is expected to recover the assets or pay off the liabilities.

(1) Basis for recognition of deferred income tax assets

The Company recognizes deferred income tax assets arising from deductible temporary differences to the extent that it is likely to acquire taxable income that can be used to offset the deductible temporary differences, deductible losses that can be carried forward to future years and tax credits. However, deferred income tax assets arising from the initial recognition of assets or liabilities in a transaction with all the following characteristics shall not be recognized: (1) the transaction is not a business combination; and (2) the occurrence of the transaction does not affect accounting profits or taxable income or deductible losses.

For a deductible temporary difference related to investments in affiliates, the corresponding deferred income tax asset will be recognized if the following criteria are met simultaneously: the temporary difference is likely to be reversed in the foreseeable future and it is likely to obtain taxable income that can be used to offset the deductible temporary difference in the future.

(2) Basis for recognition of deferred income tax liabilities

The Company recognizes the taxable temporary differences that should be paid but are not paid for the current and previous periods as deferred income tax liabilities. But deferred tax liabilities do not include:

(a) Temporary differences arising from the initial recognition of goodwill;

(b) Temporary differences arising from transactions or events that are not formed by a business combination and do not affect accounting profits or taxable income (or deductible losses) upon their occurrence;

(c) For taxable temporary differences related to investments in subsidiaries and associates, the timing of the reversal of the temporary differences can be controlled and the temporary differences are unlikely to be reversed in the foreseeable future.

(3) Deferred income tax assets and liabilities are presented on a net basis after the following conditions are met:

(a) An enterprise has the legal right to settle current income tax assets and liabilities on a net basis;

(b) 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)

39 Leases

From the effective date of a contract, the Company assesses whether the contract is a lease or includes any lease. If a party to the contract transfers the right allowing the control over the use of one or more assets that have been identified within a certain period, in exchange for a consideration, such a contract is a lease or includes a lease.

(1) Lease contract split

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.

If a contract contains both lease and non-lease parts at the same time, the Company will split the lease and non-lease parts, conduct accounting treatment of the lease part in accordance with the accounting standards governing leases, and conduct accounting treatment of the non-lease part in accordance with other applicable Accounting Standards for Business Enterprises.

(2) Lease contract combination

With regard to two or multiple contracts containing leases concluded by the Company with the same counterparty or its related parties at the same or a similar time, when any of the following conditions is met, the contracts are combined into one contract for accounting treatment:

- (a) Two or multiple contracts are concluded based on an overall business purpose and constitute a package deal, and if they are not considered as a whole, the overall business purpose cannot be understood.
- (b) The consideration amount of one contract among the two or multiple contracts depends on the pricing or performance of other contracts.
- (c) The rights to use assets transferred by the two or multiple contracts constitute one single lease.

(3) Accounting treatment with the Company as lessee

On the commencement date of the lease term, the Company recognises the right-of-use assets and lease liabilities for the lease, unless it is a simplified short-term lease or low-value asset lease.

(a) Short-term leases and low-value asset leases

A short-term lease refers to a lease that does not include a purchase option and whose lease term does not exceed 12 months. A low-value asset lease refers to a lease where the value will be low when a single leased asset is a new asset.

The Company does not recognize the right-of-use assets or lease liabilities for the following short-term leases and low-value asset leases. In each period within the lease term, the relevant lease payments are included in the cost of the related assets or profit or loss for the current period on a straight line basis or according to other systemic and reasonable methods.

Item	Simplified leased asset type
Short-term lease	A lease whose lease term does not exceed 12 months from the commencement date of the lease term
Low-value asset lease	An asset lease with a value of less than RMB 40,000 or its foreign currency equivalents

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III Significant accounting policies and accounting estimates (continued)

39 Leases (continued)

(3) Accounting treatment with the Company as lessee (continued)

The Company recognizes the right-of-use assets and lease liabilities for short-term leases and low-value asset leases other than those mentioned above.

(b) The accounting policies for right-of-use assets and lease liabilities are detailed in Note III. 26 and Note III. 33.

(4) Accounting treatment with the Company as lessor

(a) Lease classification:

The Company classifies leases into finance leases and operating leases at the inception of leases. A finance lease refers to a lease where almost all the risks and rewards related to the ownership of the leased asset(s), are substantially transferred, regardless of whether the ownership is transferred eventually. An operating lease refers to all leases other than finance leases.

Usually, the Company classifies a lease that meets any one or more of the following conditions as a finance lease:

- 1) Upon expiry of the lease term, the ownership of the leased asset(s) is transferred to the lessee.
- 2) The lessee has the option to purchase the leased assets. As the agreed purchase price is low enough compared with the fair value of the leased asset(s) at the time the option is expected to be exercised, it can be reasonably determined at the inception of the lease that the lessee will exercise the option.
- 3) Although the ownership of the asset(s) is not transferred, the lease term accounts for the majority of the service life of the leased asset(s).
- 4) At the inception of the lease, the present value of the lease payments receivable is almost equal to the fair value of the leased asset(s).
- 5) The leased asset(s) is/are special in nature and can be only used by the lessee, unless there is a large alteration.

The Company may also classify a lease that falls under any one or more of the following circumstances as a finance lease:

- 1) If the lessee cancels the lease, losses to the lessor caused by the cancellation will be borne by the lessee.
- 2) Gains or losses arising from fluctuations in the fair value of the residual value of the leased asset(s) are borne by the lessee.
- 3) The lessee is able to renew the lease with a rental far lower than the market level for the next term.

(b) Accounting treatment of finance leases

On the commencement date of the lease term, the Company recognizes the finance lease receivables for the finance lease and derecognizes the leased asset(s) of the finance lease.

In the initial measurement of finance lease receivables, the sum of the unsecured residual value and the present value of the lease payments receivable not yet received on the commencement date of the lease term discounted at the interest rate implicit in the lease is the entry value of the finance lease receivables. Lease payments receivable include:

- 1) The amount of fixed payments, net of amounts related to lease incentives, and the amount of substantive fixed payments;
- 2) Variable lease payments that depend on indexation or ratios;
- 3) The exercise price of the purchase option, when applicable, if it is reasonably certain that the lessee will exercise the purchase option;
- 4) The amount required to be paid by the lessee to exercise the option to terminate the lease if the lease term reflects that the lessee will exercise the option to terminate the lease;
- 5) Secured residual value provided to the lessor by the lessee, a party related to the lessee, or an independent third party that has the financial ability to perform the security provision obligation.

The received variable lease payments that are not included in the measurement of the net investment in the lease are included in profits and losses for the current period when they are actually incurred.

III Significant accounting policies and accounting estimates (continued)

39 Leases (continued)

(4) Accounting treatment with the Company as lessor (continued)

(c) Accounting treatment of operating leases

For each period of the lease term, the Company adopts the straight-line method or other systematic and reasonable methods to recognize the lease receipts of the operating lease as rental income; the Company capitalizes the initial direct expenses incurred in connection with the operating lease, amortizes them over the lease term on the same basis as that for the recognition of the rental income, and includes them in the current profit and loss by stage; the Company includes the variable lease payments, obtained in connection with the operating lease that are not included in the lease receipts, in current profits and losses when they are actually incurred.

(5) Sale and leaseback

(a) The Company as seller and lessee

If the asset transfer in a sale and leaseback transaction 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. If the fair value of the sales consideration is different from the fair value of the asset, or if the lessor does not charge the rent at the market price, the Company will conduct accounting treatment with the sales consideration amount below the market price as the prepaid rent, or the amount above the market price as the additional financing provided by the lessor to the lessee; at the same time, the relevant sales gains or losses will be adjusted based on the fair value.

If the asset transfer in a sale and leaseback transaction is not a sale, the Company will continue to recognize the transferred asset and at the same time recognize a financial liability equivalent to the transfer income.

(b) The Company as buyer and lessor

If the asset transfer in a sale and leaseback transaction is a sale, the Company will conduct corresponding accounting treatment for asset purchase and apply the accounting standards governing leases to the accounting treatment of the asset lease. If the fair value of the sales consideration is different from the fair value of the asset, or if the Company does not charge the rent at the market price, the Company will conduct accounting treatment with the sales consideration amount below the market price as the pre-collected rent, or the amount above the market price as the additional financing provided by the Company to the lessee; at the same time, the rental receipt will be adjusted based on the market price.

If the asset transfer in a sale and leaseback transaction is not a sale, the Company will recognize a financial asset equivalent to the transfer income.

40 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)

41 Discontinued operations

The Company will recognize a component that meets one of the following conditions, has been disposed of or classified as being held for sale, and can be separately identified, as a component of discontinued operation:

- (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.

Operating profit and loss, such as impairment loss for discontinued operations and the amount reversed, and disposal profit and loss are presented in the income statement as profit and loss of discontinued operations.

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.

42 Hedge Accounting

Hedge is classified as a fair value hedge, cash flow hedge or net foreign investment hedge based on the hedging relationship.

- (1) A hedging relationship qualifies for hedge accounting only if all of the following criteria are met
 - (a) The hedging relationship consists only of eligible hedging instruments and eligible hedged items.
 - (b) At the inception of the hedging relationship, there is formal designation of hedging instruments and hedged items, and documentation of the hedging relationship and the Company's risk management strategies and objectives for undertaking the hedge have been prepared.

III Significant accounting policies and accounting estimates (continued)

42 Hedge Accounting (Continued)

- (1) A hedging relationship qualifies for hedge accounting only if all of the following criteria are met (Continued)
- (c) The hedging relationship meets the hedge effectiveness requirements.
The hedging relationship meets the hedge effectiveness requirements only if all of the following criteria are met:
- 1) There is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes opposite changes in the value of the hedging instrument and the hedged item in the face of the identical hedged risk.
 - 2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
 - 3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.
- (2) Fair value hedge accounting
- (a) Gain or loss on the hedging instrument shall be recognized in profit or loss. If the hedging instrument hedges a non-trading equity instrument (or a component thereof) that the Company has elected 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.
- (b) 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 financial asset (or a component thereof) measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognized in profit or loss, and will not be required for adjustment since the carrying amount has been measured at fair value. However, if the hedged item is a non-trading equity instrument (or a component thereof) that the Company has elected to be measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognized in other comprehensive income and will not be required for adjustment, since the carrying amount has been measured at fair value.
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 corresponding gain or loss recognized in profit or loss. When a defined commitment is made to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability is adjusted to include the cumulative change in the fair value of the hedged item that has been recognized.
- (c) If the hedged item is a financial instrument (or a component thereof) measured at amortized cost, the adjustment made to the carrying amount of the hedged item shall be amortized based on the effective interest rate recalculated on the amortization commencement date 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.

III Significant accounting policies and accounting estimates (continued)

42 Hedge Accounting (Continued)

(3) Accounting treatment of cash flow hedges

(a) The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e., the portion that is offset by the change in the cash flow hedge reserve) shall be recognized in other comprehensive income. 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. The amount of cash flow hedging reserves recognized in other comprehensive income for each period is the change in cash flow hedging reserves for the period.

(b) The portion of the gain or loss on the hedging instrument that 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.

(c) The amount that has been accumulated in the cash flow hedge reserve shall be accounted for as follows:

1) If any hedged item is an expected transaction, and the expected 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 a non-financial liability becomes a defined commitment for which fair value hedge accounting treatment is applied, the Company shall remove that amount from the cash flow hedge reserve previously recognized in other comprehensive income and include it in the initial cost of the asset or the liability.

2) For cash flow hedges other than those covered by 1), that amount from the cash flow hedge reserve previously recognized in other comprehensive income shall be reclassified from the cash flow hedge reserve to current profits and losses in the same period or the period during which the hedged expected future cash flows affect profit or loss.

3) However, if that amount from the cash flow hedge reserve previously recognized in other comprehensive income is a loss and the Company expects that all or a portion of that loss will not be recovered in one or more future periods, it shall immediately reclassify the amount that is not expected to be recovered from other comprehensive income to current profits and losses.

(4) Hedges of a net investment in a foreign operation

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment shall be accounted for similarly to cash flow hedges:

(a) 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.

When disposing of all or part of the foreign operation, the gain or loss on the hedging instrument recognized in other comprehensive income shall be correspondingly transferred out and recognized in current profits and losses.

(b) 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.

III Significant accounting policies and accounting estimates (continued)

42 Hedge Accounting (Continued)

(5) Termination of hedge accounting

Hedge accounting will be terminated if one of the following situations occurs:

- (a) The hedging relationship no longer meets the risk management objectives due to changes in risk management objectives.
- (b) The hedging instrument has expired or been sold, or the contract has been terminated or has been exercised.
- (c) The economic relationship no longer exists between the hedged item and the hedging instrument, or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- (d) The hedging relationship no longer meets other conditions for applying hedging accounting stipulated in this standard. In case the rebalancing of the hedging relationship is applied, the Company shall first consider the rebalancing of the hedging relationship and then evaluate whether the hedging relationship meets the conditions for applying hedging accounting stipulated in this standard.

Termination of hedge accounting may affect the whole or a portion of the hedging relationship, and when only a portion thereof is affected, hedge accounting remains applicable to the remaining unaffected portion.

(6) Fair value selection of credit risk exposure

When credit derivative instruments measured at fair value through current profits and losses are used to manage the credit risk exposure of a financial instrument (or a component thereof), the financial instrument (or a component thereof) can be designated as a financial instrument measured at fair value through current profits and losses during its initial recognition, subsequent measurement, or when not yet recognized, with written records made simultaneously, provided that the following criteria are met:

- (a) The subject (such as the borrower or the loan commitment holder) of the credit risk exposure of the financial instrument is consistent with the subject involved in the credit derivative;
- (b) The reimbursement level of the financial instrument is consistent with that of the instrument required to be delivered under the terms of the credit derivative.

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III Significant accounting policies and accounting estimates (continued)

43 Changes to major accounting policies and estimates

(1) Change of accounting policies

(a) Reclassification of guarantee-based warranty expenses

Based on the *Interpretation of Accounting Standards for Business Enterprises No. 18* promulgated on December 6, 2024 by the Ministry of Finance, the guarantee-based warranty expenses shall be included in operating cost. From January 2024, the Company started implementing such provision, and included the guarantee-based warranty expenses in operating cost. The implementation of such an accounting treatment provision had no impact on the retained earnings of the earliest financial statements at the beginning of the prior reporting period. The adjustments to relevant items in the January-June 2024 (consolidated) comparative financial statements are as follows:

Item of the income statement	January - June 2024		
	Before change	Cumulative impacted amount	After change
Operating cost	70,384,382	258,176	70,642,558
Sales expenses	1,135,573	(258,176)	877,397

(2) Changes to accounting estimates

No significant change occurred to the major accounting estimates in the Reporting Period.

44 Correction of previous accounting errors

No previous accounting errors were identified and corrected in the Reporting Period.

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 entitling 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 Period from January 1 to June 30, 2025
(RMB'000)

IV Taxes (continued)

5 Corporate income tax (continued)

Subsidiaries entitled to tax preferences:

Company name	Preferential tax rate	Reason
TCL Financial Technology (Shenzhen) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15.00%	High-tech enterprise
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
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
Huizhou Kedate Smart Display Technology Co., Ltd.	15.00%	High-tech enterprise
Shenzhen Qianhai Maojia Software Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15.00%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15.00%	High-tech enterprise
Techhigh Circuit Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanzhi New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15.00%	High-tech enterprise
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Jiangsu) Co., Ltd.	15.00%	High-tech enterprise
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	15.00%	High-tech enterprise
Wuxi Zhonghuan Applied Materials 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
Shaanxi Huanshuo Green New Energy Co., Ltd.	15.00%	Encouraged business in West China
Suzhou China Star Environmental Protection Technology Co., Ltd.	15.00%	Eligible third-party enterprises engaged in pollution prevention and control
Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd.	15.00%	High-tech enterprise and encouraged business in West China
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15.00%	High-tech enterprise and encouraged business in West China
Ningxia Zhonghuan Solar Material Co., Ltd.	9.00%	High-tech enterprise and encouraged business in West China
Ningxia Huanou New Energy Technology Co., Ltd.	9.00%	Encouraged business in West China

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

IV Taxes (continued)

5 Corporate income tax (continued)

Company name	Preferential tax rate	Reason
Dangxiong Youhao New Energy Development Co., Ltd.	15.00%	State-supported public infrastructure item and encouraged business in West China
Hohhot Shuguang New Energy Co., Ltd.	12.50%	State-supported public infrastructure item and encouraged business in West China
Shaanxi Runhuan Tianyu Technology Co., Ltd.	7.50%	State-supported public infrastructure item and encouraged business in West China
Xuzhou Huanneng New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure item
Tianjin Binhai Huanxu New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure item
Tianjin Zhonghuan New Energy Co., Ltd.	A 50% reduction in the first phase, and full exemption in the second phase	State-supported public infrastructure item
Hohhot Dishengsheng New Energy Co., Ltd.	Tax-exempt	State-supported public infrastructure item
Shaanxi Huanbo New Energy Power Engineering Construction Co., Ltd.	Tax-exempt	State-supported public infrastructure item

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements

1 Monetary assets

	June 30, 2025	December 31, 2024
Cash on hand	497	482
Bank deposits	26,336,769	20,526,899
Deposits with the central bank	261,628	285,264
Other monetary assets	1,945,449	2,195,128
	<u>28,544,343</u>	<u>23,007,773</u>

Note Monetary assets with restricted use rights

	June 30, 2025	December 31, 2024
TCL Tech Finance's statutory reserve deposits with the central bank	255,241	278,910
Other restricted monetary assets	1,732,441	1,867,608
	<u>1,987,682</u>	<u>2,146,518</u>

As of June 30, 2025, the Company's bank deposits of RMB 255,241,000 (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 June 30, 2025, the Company's monetary assets offshore amounted to RMB 6,847,602,000 (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 Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

2 Held-for-trading financial assets

	June 30, 2025	December 31, 2024
Financial assets classified as those measured at fair value through profit or loss	24,090,904	16,560,971
Including: Debt instrument investments	24,086,112	16,525,080
Equity instrument investments	4,792	35,891
	<u>24,090,904</u>	<u>16,560,971</u>

3 Derivative financial assets

	June 30, 2025	December 31, 2024
Foreign exchange forwards and foreign exchange swaps	168,726	172,489
	<u>168,726</u>	<u>172,489</u>

4 Notes receivable

(1) Notes receivable by category

	June 30, 2025	December 31, 2024
Bank acceptance notes	172,633	188,776
Trade acceptance notes	1,482	1,077
	<u>174,115</u>	<u>189,853</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 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

	Gross amount		June 30, 2025			Gross amount		December 31, 2024		
	Amount	Ratio	Amount	Accrual Ratio	Carrying amount	Amount	Ratio	Amount	Accrual Ratio	Carrying amount
Notes receivable for which the allowance for doubtful accounts were established on the grouping basis	174,115	100%	-	-	174,115	189,853	100%	-	-	189,853
Including: low-risk portfolio	174,115	100%	-	-	174,115	189,853	100%	-	-	189,853
	174,115	100%	-	-	174,115	189,853	100%	-	-	189,853

(3) As at June 30, 2025, the Company had no notes receivable in pledge.

(4) As at June 30, 2025, endorsed or discounted notes receivable that were outstanding and derecognized amounted to RMB 2,787,000 and endorsed or discounted notes receivable that were outstanding and not derecognized were RMB 51,162.

5 Accounts receivable

	June 30, 2025	December 31, 2024
Accounts receivable	20,113,028	22,589,419
Less: allowance for doubtful accounts	371,077	347,266
	19,741,951	22,242,153

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

- (1) Accounts receivable as at June 30, 2025 are classified as follows by how the doubtful debts were provisioned:

Category	June 30, 2025					December 31, 2024				
	Gross amount Amount	Ratio	Bad-debt Amount	Allowance Accrual Ratio	Carrying amount	Gross amount Amount	Ratio)	Bad-debt Amount	Allowance Accrual Ratio	Carrying amount
Allowances for bad debts accrued on an individual basis	247,803	1.23%	189,668	76.54%	58,135	261,025	1.16%	188,520	72.22%	72,505
Provision for impairment based on portfolio of credit risk characteristics	19,865,225	98.77%	181,409	0.91%	19,683,816	22,328,394	98.84%	158,746	0.71%	22,169,648
	20,113,028	100%	371,077	1.84%	19,741,951	22,589,419	100%	347,266	1.54%	22,242,153

- (2) The aging of accounts receivable is analyzed as follows:

	June 30, 2025		December 31, 2024	
	Amount	Ratio	Amount	Ratio
Within 1 year	18,136,412	90.17%	20,652,345	91.43%
1 to 2 years	784,797	3.90%	1,033,212	4.57%
2 to 3 years	425,782	2.12%	206,083	0.91%
Over 3 years	766,037	3.81%	697,779	3.09%
	20,113,028	100.00%	22,589,419	100%

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (continued)

(3) Allowances for doubtful accounts receivable are analyzed as follows:

	June 30, 2025
Beginning amount	347,266
Accrued in the period	51,648
Reversal of current period	(45,286)
Write-off of current period	(200)
Others	17,649
	<u>17,649</u>
Ending amount	<u>371,077</u>

(4) As at June 30, 2025, the accounts receivable and contract assets of the top five balances are as follows:

	June 30, 2025
Total amount of the accounts receivable and contract assets of the top five balances	8,759,272
As a percentage of the total amount of accounts receivable and contract assets	42.64%

(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	4,474,785	(3,879)

6 Receivables financing

	June 30, 2025	December 31, 2024
Notes receivable financing	852,499	584,362
Receivable financing	<u>3,107,127</u>	<u>247,045</u>
	<u>3,959,626</u>	<u>831,407</u>

As at June 30, 2025, the financing for endorsed or discounted receivables that were outstanding and derecognized amounted to RMB 17,832,121,000.

As of June 30, 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 Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	June 30, 2025	December 31, 2024
Within 1 year	1,356,151	1,807,562
1-2 years	463,717	209,382
2-3 years	167,059	67,877
Over 3 years	37,727	5,671
	<u>2,024,654</u>	<u>2,090,492</u>

(2) As of June 30, 2025, the prepayments of the top five balances are as follows:

	June 30, 2025
Total amount owed by the top five	1,112,296
As % of total prepayments	54.94%

8 Other receivables

	June 30, 2025	December 31, 2024
Dividends receivable	680,027	675,119
Other receivables	<u>3,246,928</u>	<u>4,048,021</u>
	<u>3,926,955</u>	<u>4,723,140</u>

(1) Dividends receivable

	June 30, 2025	December 31, 2024
Xinjiang Goens Energy Technology Co., Ltd.	698,082	698,082
Others	4,908	-
Less: allowance for doubtful accounts	<u>22,963</u>	<u>22,963</u>
	<u>680,027</u>	<u>675,119</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 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	Gross amount		June 30, 2025 Bad-debt Allowance		Carrying amount	Gross amount		December 31, 2024 Bad-debt Allowance		Carrying amount
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Allowances for bad debts accrued on an individual basis	702,990	100%	22,963	3.27%	680,027	698,082	100%	22,963	3.29%	675,119
	702,990	100%	22,963	3.27%	680,027	698,082	100%	22,963	3.29%	675,119

(2) Other receivables

	June 30, 2025	December 31, 2024
Other receivables	3,679,801	4,478,337
Less: allowance for doubtful accounts	432,873	430,316
	3,246,928	4,048,021

(a) Nature of other receivables is analyzed as follows:

	June 30, 2025	December 31, 2024
Subsidy receivables	1,012,909	1,849,469
Equity transfer receivables	505,369	561,969
Security and deposits	495,753	490,401
Others	1,232,897	1,146,182
	3,246,928	4,048,021

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

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	June 30, 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	509,007	13.83%	349,181	68.60%	159,826	684,637	15.29%	351,362	51.32%	333,275
Provisions for bad debts accrued on a portfolio basis	3,170,794	86.17%	83,692	2.64%	3,087,102	3,793,700	84.71%	78,954	2.08%	3,714,746
	<u>3,679,801</u>	<u>100%</u>	<u>432,873</u>	<u>11.76%</u>	<u>3,246,928</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
Current accrual	2,422	-	6,980	9,402
Reversal of current period	(1,837)	-	(308)	(2,145)
Write-off of current period	(41)	-	-	(41)
Others	<u>72</u>	<u>-</u>	<u>(4,731)</u>	<u>(4,659)</u>
June 30, 2025	<u>29,518</u>	<u>-</u>	<u>403,355</u>	<u>432,873</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (continued)

(d) The aging of other receivables is analyzed as follows:

	June 30, 2025		December 31, 2024	
	Carrying amount	Ratio	Carrying amount	Ratio
Within 1 year	1,785,264	48.51%	2,406,461	53.74%
1 to 2 years	639,397	17.38%	1,254,934	28.02%
2 to 3 years	631,399	17.16%	185,767	4.15%
Over 3 years	623,741	16.95%	631,175	14.09%
	<u>3,679,801</u>	<u>100%</u>	<u>4,478,337</u>	<u>100%</u>

(e) As of June 30, 2025, the other receivables of the top five balances are as follows:

	June 30, 2025
Total amount owed by the top five	1,626,628
As % of total other receivables	44.20%

(f) On June 30, 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 Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

9 Inventories

(1) Inventories are classified as follows:

	June 30, 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	5,791,120	646,039	5,145,081	5,368,313	663,905	4,704,408
Work in progress	4,341,266	864,599	3,476,667	3,594,152	950,333	2,643,819
Finished Goods	14,020,072	2,304,277	11,715,795	12,589,255	2,499,767	10,089,488
Turnover materials	211,337	13,478	197,859	157,865	1,447	156,418
	<u>24,363,795</u>	<u>3,828,393</u>	<u>20,535,402</u>	<u>21,709,585</u>	<u>4,115,452</u>	<u>17,594,133</u>

As of June 30, 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	June 30, 2025
Raw materials	663,905	611,717	(625,842)	(3,741)	646,039
Work in progress	950,333	1,151,033	(1,150,481)	(86,286)	864,599
Inventory of goods	2,499,767	1,501,840	(1,685,767)	(11,563)	2,304,277
Turnover materials	1,447	168	(223)	12,086	13,478
	<u>4,115,452</u>	<u>3,264,758</u>	<u>(3,462,313)</u>	<u>(89,504)</u>	<u>3,828,393</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

10 Contract assets

(1) Contract assets are classified as follows:

	June 30, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Contract assets	<u>429,810</u>	<u>32,137</u>	<u>397,673</u>	<u>422,207</u>	<u>27,090</u>	<u>395,117</u>

(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	June 30, 2025
Contract assets	<u>27,090</u>	<u>5,047</u>	<u>-</u>	<u>-</u>	<u>32,137</u>

11 Non-current assets due within one year

	June 30, 2025	December 31, 2024
Other non-current assets due within one year	1,765,934	842,072
Debt investments due within one year	<u>-</u>	<u>7,634</u>
	<u>1,765,934</u>	<u>849,706</u>

12 Other current assets

	June 30, 2025	December 31, 2024
VAT to be deducted, to be certified, etc.	7,006,759	6,201,277
Loans and advances to customers	851,126	390,720
Others	<u>910,637</u>	<u>124,212</u>
	<u>8,768,522</u>	<u>6,716,209</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

13 Debt Investments

	June 30, 2025	December 31, 2024
Treasury bonds and corporate bonds	<u>176,057</u>	<u>147,272</u>

14 Long-term receivables

	June 30, 2025			December 31, 2024		
	Gross amount	Bad-debt Allowance	Carrying amount	Gross amount	Bad-debt Allowance	Carrying amount
Finance lease	300,891	-	300,891	306,397	-	306,397
Including:						
Unrealized	(207,690)	-	(207,690)	(220,030)	-	(220,030)
financing income						
Others	<u>143,664</u>	<u>27,801</u>	<u>115,863</u>	<u>165,145</u>	<u>27,801</u>	<u>137,344</u>
	<u>444,555</u>	<u>27,801</u>	<u>416,754</u>	<u>471,542</u>	<u>27,801</u>	<u>443,741</u>

15 Long-term equity investments

	June 30, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associate	23,683,207	1,422	23,681,785	24,140,271	1,444	24,138,827
Joint venture	<u>488,423</u>	<u>49,503</u>	<u>438,920</u>	<u>506,310</u>	<u>49,503</u>	<u>456,807</u>
	<u>24,171,630</u>	<u>50,925</u>	<u>24,120,705</u>	<u>24,646,581</u>	<u>50,947</u>	<u>24,595,634</u>

As of June 30, 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 remittance of return on long-term equity investment.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(1) Changes in long-term equity investments for the year

Investees	December 31, 2024	Increase or decrease in current period							June 30, 2025
		Additional investments or transfers-in	Reductions in investments or transfers-out	Net profits or losses adjusted under the equity method	Other comprehensive income	Other equity changes	Cash dividends or profit distribution declared	Others	
Joint venture	456,807	27,833	-	(46,873)	-	1,153	-	-	438,920
Associate									
Bank of Shanghai Co., Ltd.	14,740,146	-	-	738,558	(47,923)	17	(179,937)	-	15,250,861
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	1,050,189	-	(53,385)	(13,979)	-	-	(643,506)	-	339,319
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,400,862	-	-	(101,522)	-	-	-	-	1,299,340
Others	6,947,630	60,000	(171,868)	6,337	31	1,326	(45,683)	(5,508)	6,792,265
Total of associates	24,138,827	60,000	(225,253)	629,394	(47,892)	1,343	(869,126)	(5,508)	23,681,785
Total	24,595,634	87,833	(225,253)	582,521	(47,892)	2,496	(869,126)	(5,508)	24,120,705

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

15 Long-term equity investments (continued)

(2) Impairment allowances for long-term equity investments

	December 31, 2024	Increase in current period	Decrease in current period	Other changes	June 30, 2025	Note
Pride Telecom Limited	1,444	-	-	(22)	1,422	Note 1
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	49,503	-	-	-	49,503	Note 1
	<u>50,947</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>50,925</u>	

Note 1 Provisions for impairment were accrued for the long-term equity investments in these investees at recoverable amounts because continuous operations losses occurred to these investees with poor management.

16 Investments in other equity instruments

	June 30, 2025				December 31, 2024
Stocks	20,326				13,371
Equity of unlisted companies	<u>393,991</u>				<u>374,480</u>
	<u>414,317</u>				<u>387,851</u>

Item name	Recognized 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	-	6,005	(193,923)	-	Being held long-term for strategic purposes
Equity of unlisted companies	-	11,196	(12,307)	-	Being held long-term for strategic purposes
Total	<u>-</u>	<u>17,201</u>	<u>(206,230)</u>	<u>-</u>	

17 Other non-current financial assets

	June 30, 2025	December 31, 2024
Equity investments	2,357,816	1,924,717
Debt investments	<u>216,155</u>	<u>300,483</u>
	<u>2,573,971</u>	<u>2,225,200</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

18 Investment property

	Houses and buildings	Land use rights	Total
Gross amount:			
December 31, 2024	830,496	219,676	1,050,172
Increase	5,863	3,150	9,013
Reclassified from fixed assets and intangible assets	5,684	-	5,684
Other increases	179	3,150	3,329
Decreases	(1,433)	(3,924)	(5,357)
Other decreases	(1,433)	(3,924)	(5,357)
June 30, 2025	834,926	218,902	1,053,828
Accumulated depreciation and amortization:			
December 31, 2024	320,055	49,475	369,530
Increase	13,272	2,451	15,723
Accrued in the period	9,863	2,451	12,314
Reclassified from fixed assets and intangible assets	3,409	-	3,409
Decreases	(2,167)	(59)	(2,226)
Other decreases	(2,167)	(59)	(2,226)
June 30, 2025	331,160	51,867	383,027
Investment property, net:			
June 30, 2025	503,766	167,035	670,801
December 31, 2024	510,441	170,201	680,642
Impairment allowance:			
December 31, 2024	67,908	-	67,908
June 30, 2025	67,908	-	67,908
Investment property, net:			
June 30, 2025	435,858	167,035	602,893
December 31, 2024	442,533	170,201	612,734

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

19 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	7,278,351	35,972,244	632,363	38,517	-	8,135	43,929,610
New subsidiary	6,685,127	24,955,842	543,758	1,561	-	-	32,186,288
Acquisition and other	44,890	597,541	56,850	8,338	-	2,713	710,332
Reclassified from construction in progress	548,334	10,418,861	31,755	28,618	-	5,422	11,032,990
Decreases	(644,438)	(1,235,281)	(140,162)	(8,528)	-	-	(2,028,409)
Written down with public grants	-	(22,246)	-	-	-	-	(22,246)
Reclassified to investment property	(5,684)	-	-	-	-	-	(5,684)
Decrease due to disposal of subsidiaries	(38,751)	(95,183)	(64,585)	-	-	-	(198,519)
Other decreases	(600,003)	(1,117,852)	(75,577)	(8,528)	-	-	(1,801,960)
Exchange adjustment	(1,810)	(3,006)	465	39	-	501	(3,811)
June 30, 2025	67,768,648	276,492,761	4,293,077	348,265	2,224,955	1,435,153	352,562,859
Accumulated depreciation:							
December 31, 2024	12,442,980	121,364,569	2,452,682	242,880	659,147	334,859	137,497,117
Increase	3,989,923	35,764,568	666,688	21,587	41,520	42,473	40,526,759
New subsidiary	2,801,716	23,629,474	480,115	1,378	-	-	26,912,683
Accrual	1,184,764	11,888,563	185,433	20,209	41,520	42,473	13,362,962
Other increases	3,443	246,531	1,140	-	-	-	251,114
Decreases	(82,643)	(517,135)	(95,768)	(7,248)	-	-	(702,794)
Reclassified to investment property	(3,409)	-	-	-	-	-	(3,409)
Decrease due to disposal of subsidiaries	(32,901)	(13,104)	(26,440)	-	-	-	(72,445)
Other decreases	(46,333)	(504,031)	(69,328)	(7,248)	-	-	(626,940)
Exchange adjustment	762	(613)	706	74	-	344	1,273
June 30, 2025	16,351,022	156,611,389	3,024,308	257,293	700,667	377,676	177,322,355
Fixed assets, net:							
June 30, 2025	51,417,626	119,881,372	1,268,769	90,972	1,524,288	1,057,477	175,240,504
December 31, 2024	48,693,565	120,394,235	1,347,729	75,357	1,565,808	1,091,658	173,168,352

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

19 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
Accrued in the period	-	-	87	-	-	-	87
Write-off of current period	(705)	(6,549)	(372)	(100)	-	-	(7,726)
Other changes	2,297	19,635	173	-	-	-	22,105
June 30, 2025	921,111	1,614,484	72,989	166	62,059	-	2,670,809
Fixed assets, carrying amount:							
June 30, 2025	50,496,515	118,266,888	1,195,780	90,806	1,462,229	1,057,477	172,569,695
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 82 of Note V for information on fixed assets 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)	18,693,220	In process

Note As of June 30, 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 Ningxia Huan'ou New Energy Technology Co., Ltd..

20 Construction in progress

(1) Schedule of construction in progress

	June 30, 2025	December 31, 2024
Construction in progress	18,074,486	23,872,805
Less: Impairment allowance	266,042	292,302
	<u>17,808,444</u>	<u>23,580,503</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

20 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	June 30, 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	1,551,680	(3,661,806)	(361)	684,342	91%	Under construction	395,291	30,220	3.2%	Self-funded and financed funds
Solar power station projects	5,460,156	3,512,817	388,305	(241,165)	(9,311)	3,650,646	10%	Under construction	183,496	64,902	3.06%-3.604%	Self-funded and financed funds
Large-diameter silicon wafers for integrated circuits	11,210,780	3,241,139	287,338	(832,314)	(342)	2,695,821	49%	Under construction	48,264	8,216	2.95%	Self-funded and financed funds
Silicon wafers for integrated circuits	10,500,000	2,196,067	352,023	(420,175)	(696)	2,127,219	81%	Under construction	438,513	-	2.56%	Self-funded and financed funds
Highly-efficient imbricate module G12 project	2,886,269	911,184	350,578	(22,247)	(183)	1,239,332	7%	Under construction	8,932	2,354	0.13%	Self-funded and financed funds
Production line of 8-12-inch silicon wafers for integrated circuits	5,707,172	877,179	110,442	(60,909)	(26,594)	900,118	95%	Under construction	9,885	1,339	3.35%	Self-funded and financed funds
Others	Not applicable	10,047,288	2,732,662	(5,794,374)	(474,610)	6,510,966	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
		<u>23,580,503</u>	<u>5,773,028</u>	<u>(11,032,990)</u>	<u>(512,097)</u>	<u>17,808,444</u>						

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

21 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	128,972	13,370	-	87,845	230,187
New subsidiary	73,183	12,960	-	-	86,143
Leased in	54,414	162	-	73,214	127,790
Other increases	1,375	248	-	14,631	16,254
Decreases	(107,377)	(253)	(4,864)	(1,172)	(113,666)
Reduction due to contract revision	(17,653)	-	-	-	(17,653)
Other decreases	(89,724)	(253)	(4,864)	(1,172)	(96,013)
Exchange adjustment	14,430	52	-	-	14,482
June 30, 2025	<u>6,559,992</u>	<u>13,924</u>	<u>901,545</u>	<u>559,590</u>	<u>8,035,051</u>
Accumulated depreciation:					
December 31, 2024	802,000	398	294,298	47,409	1,144,105
Increase	251,982	11,586	50,634	14,181	328,383
New subsidiary	55,949	10,610	-	-	66,559
Accrual	189,998	484	50,634	14,181	255,297
Other increases	6,035	492	-	-	6,527
Decreases	(68,883)	(42)	(2,822)	-	(71,747)
Other decreases	(68,883)	(42)	(2,822)	-	(71,747)
Exchange adjustment	4,148	29	-	-	4,177
June 30, 2025	<u>989,247</u>	<u>11,971</u>	<u>342,110</u>	<u>61,590</u>	<u>1,404,918</u>
Right-of-use assets, carrying amount:					
June 30, 2025	<u>5,570,745</u>	<u>1,953</u>	<u>559,435</u>	<u>498,000</u>	<u>6,630,133</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
Decreases	(25,918)	-	-	-	(25,918)
Write-off of current year	(25,918)	-	-	-	(25,918)
June 30, 2025	<u>36,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,337</u>
Right-of-use assets, carrying amount:					
June 30, 2025	<u>5,534,408</u>	<u>1,953</u>	<u>559,435</u>	<u>498,000</u>	<u>6,593,796</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
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

22 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	1,141,344	1,145,022	366,974	2,653,340
New subsidiary	822,003	5,972	271,302	1,099,277
Purchase	7,828	996,386	95,672	1,099,886
Reclassified from development expenditures	-	142,664	-	142,664
Others	311,513	-	-	311,513
Decreases	(185)	(10,495)	(30,885)	(41,565)
Disposal and others	(185)	(10,495)	(30,885)	(41,565)
Exchange adjustment	(441)	967	755	1,281
June 30, 2025	<u>10,649,911</u>	<u>16,534,631</u>	<u>3,641,113</u>	<u>30,825,655</u>
Accumulated amortization:				
December 31, 2024	1,519,969	6,851,302	1,564,658	9,935,929
Increase	260,040	1,105,474	410,718	1,776,232
Accrual	136,759	1,099,502	160,964	1,397,225
New subsidiary	123,222	5,972	249,754	378,948
Others	59	-	-	59
Decreases	(31)	(4,326)	(4,084)	(8,441)
Disposal and others	(31)	(4,326)	(4,084)	(8,441)
Exchange adjustment	(6)	(459)	264	(201)
June 30, 2025	<u>1,779,972</u>	<u>7,951,991</u>	<u>1,971,556</u>	<u>11,703,519</u>
Intangible assets, net:				
June 30, 2025	<u>8,869,939</u>	<u>8,582,640</u>	<u>1,669,557</u>	<u>19,122,136</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
Exchange adjustment	-	(149)	-	(149)
June 30, 2025	<u>23,562</u>	<u>114,377</u>	<u>21,115</u>	<u>159,054</u>
Intangible assets, carrying amount:				
June 30, 2025	<u>8,846,377</u>	<u>8,468,263</u>	<u>1,648,442</u>	<u>18,963,082</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 82 of Note V for information on collateralized intangible assets.

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V Notes to Consolidated Financial Statements (Continued)

23 Development expenditures

Development expenditures are presented as follows:

	June 30, 2025	December 31, 2024
Display	1,142,061	1,165,388
New energy photovoltaics and other silicon materials	627,413	666,056
	<u>1,769,474</u>	<u>1,831,444</u>

24 Goodwill

(1) Gross amount of goodwill

Name of investee or matter forming goodwill	December 31, 2024	Increase in current period	Decrease in current period	June 30, 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	-	(77,299)	1,479,377
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
	<u>12,107,077</u>	<u>891,326</u>	<u>(77,299)</u>	<u>12,921,104</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

24 Goodwill (continued)

(2) Goodwill impairment allowance

Name of investee	December 31, 2024	Increase in current period	Decrease in current period	June 30, 2025
Maxon Solar Technologies, Ltd.	915,394	-	-	915,394
Others	<u>31,978</u>	<u>-</u>	<u>-</u>	<u>31,978</u>
	<u>947,372</u>	<u>-</u>	<u>-</u>	<u>947,372</u>

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V Notes to Consolidated Financial Statements (Continued)

25 Long-term deferred expenses

	December 31, 2024	Increase in current period	Amortization in the period	Others	June 30, 2025
Improvement expense on leased fixed assets	567,528	19,542	(35,612)	(11,549)	539,909
Others	1,595,929	1,426,192	(1,018,993)	(27,237)	1,975,891
	<u>2,163,457</u>	<u>1,445,734</u>	<u>(1,054,605)</u>	<u>(38,786)</u>	<u>2,515,800</u>

26 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	June 30, 2025		December 31, 2024	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deductible losses	25,423,751	3,915,482	27,723,181	4,209,631
Asset impairment allowances	2,406,499	426,799	2,516,717	434,196
Provisions	3,903,713	609,360	1,618,959	254,359
Changes in fair value	60,338	14,604	56,219	14,055
Lease liabilities	6,665,956	673,426	6,683,424	858,412
Others	7,709,143	1,253,567	5,817,857	945,951
	<u>46,169,400</u>	<u>6,893,238</u>	<u>44,416,357</u>	<u>6,716,604</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

26 Deferred income tax assets and deferred income tax liabilities (continued)

(2) Un-offset deferred income tax liabilities

	June 30, 2025		December 31, 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	25,405,441	4,016,701	25,279,356	3,855,131
Increase in value of assets as assessed in business combination not involving entities under common control	5,100,360	1,109,985	3,145,703	607,855
Changes in fair value	803,082	191,199	345,981	70,110
Right-of-use assets	6,593,796	732,760	6,697,688	923,022
Others	1,961,318	152,343	2,654,782	318,508
	<u>39,863,997</u>	<u>6,202,988</u>	<u>38,123,510</u>	<u>5,774,626</u>

(3) 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	(4,106,118)	2,787,120
Deferred income tax liabilities	<u>(4,106,118)</u>	<u>2,096,870</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	<u>(4,230,177)</u>	<u>1,544,449</u>

(4) Unrecognized deferred income tax assets

	June 30, 2025	December 31, 2024
Deductible temporary difference	5,510,842	5,638,299
Deductible losses	<u>24,822,728</u>	<u>26,169,314</u>
	<u>30,333,570</u>	<u>31,807,613</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

26 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

	June 30, 2025	December 31, 2024
2025	321,132	332,986
2026	830,617	783,029
2027	1,834,438	1,448,111
2028	1,340,207	1,471,286
2029	7,203,242	9,104,765
2030 onwards	13,293,092	13,029,137
	<u>24,822,728</u>	<u>26,169,314</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

27 Other non-current assets

	June 30, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Other non-current assets	23,084,818	-	23,084,818	17,917,341	-	17,917,341
	23,084,818	-	23,084,818	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.

28 Short-term borrowings

	June 30, 2025	December 31, 2024
Unsecured borrowings	9,116,706	8,123,337
Borrowings secured by pledge	111,326	54,888
Interests payable	240	15,058
	9,228,272	8,193,283

As at June 30, 2025, the Company's short-term pledged loans were equivalent to RMB 111,326,000, pledged with held-for-trading financial assets equivalent to RMB 145,404,000.

As of June 30, 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 Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

29 Borrowings from the Central Bank

As of June 30, 2025, the balance of the borrowings of TCL Technology Group Finance Co., Ltd. (a subsidiary of the Company) from the Central Bank was RMB 1,002,386,000 (December 31, 2024: RMB 600,926,000).

30 Customer deposits and deposits from banks and other financial institutions

	June 30, 2025	December 31, 2024
Customer deposits and deposits from other banks and financial institutions	1,126,234	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.

31 Held-for-trading financial liabilities

	June 30, 2025	December 31, 2024
Financial liabilities measured at fair value through current profits and losses	242,097	232,406

32 Derivative financial liabilities

	June 30, 2025	December 31, 2024
Derivative financial liabilities	85,376	248,845

33 Notes payable

	June 30, 2025	December 31, 2024
Bank acceptance notes	6,273,165	6,796,785
Trade acceptance notes	462,236	311,057
	6,735,401	7,107,842

As of June 30, 2025, the Company had no notes payable that were due but not paid.

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

34 Accounts payable

	June 30, 2025	December 31, 2024
Amounts due to suppliers	<u>34,590,168</u>	<u>29,347,615</u>

As of June 30, 2025, there were no significant accounts payable aged over one year.

35 Advances from customers

	June 30, 2025	December 31, 2024
Advances from customers	<u>737</u>	<u>2,689</u>

As of June 30, 2025, the Company had no significant accounts receivable aged over one year.

36 Contract liabilities

	June 30, 2025	December 31, 2024
Advances from customers	<u>2,183,855</u>	<u>1,969,271</u>

As at June 30, 2025, the Company had no significant contract liability aged over one year.

37 Employee benefits payable and long-term employee benefits payable

(1) Employee compensation payable

	June 30, 2025	December 31, 2024
Short-term employee benefits payable	3,761,339	4,131,966
Defined contribution plans payable	10,024	29,005
Dismissal benefits payable	<u>1,942</u>	<u>27,266</u>
	<u>3,773,305</u>	<u>4,188,237</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

37 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	June 30, 2025
Wages, bonuses, allowances, and subsidies	4,026,548	6,267,555	(6,653,356)	3,640,747
Employee services and benefits	-	252,904	(252,904)	-
Social insurance benefits	28,808	182,598	(183,523)	27,883
Including: medical insurance premium	28,368	165,147	(165,713)	27,802
Employment injury insurance premiums	424	11,212	(11,564)	72
Maternity insurance	16	6,239	(6,246)	9
Housing fund	17,824	190,010	(187,459)	20,375
Trade union funds and staff education funds	56,820	89,318	(93,813)	52,325
Other employee salaries	1,966	25,386	(7,343)	20,009
	<u>4,131,966</u>	<u>7,007,771</u>	<u>(7,378,398)</u>	<u>3,761,339</u>

(b) Defined contribution plans

	December 31, 2024	Increase in current period	Decrease in current period	June 30, 2025
Basic pension insurance	28,856	405,069	(424,046)	9,879
Unemployment insurance	149	14,889	(14,893)	145
	<u>29,005</u>	<u>419,958</u>	<u>(438,939)</u>	<u>10,024</u>

(2) Long-term employee compensation payable

	June 30, 2025	December 31, 2024
Supplementary pension insurance	<u>22,113</u>	<u>22,424</u>
	<u>22,113</u>	<u>22,424</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

38 Taxes and levies payable

	June 30, 2025	December 31, 2024
Corporate income tax	459,522	468,325
Value-added tax	75,317	160,729
Individual income tax	128,203	35,147
Urban maintenance and construction tax	237,110	203,667
Education surcharges	169,305	145,475
Others	363,561	192,755
	<u>1,433,018</u>	<u>1,206,098</u>

39 Other payables

	June 30, 2025	December 31, 2024
Dividends payable	946,382	13,131
Other payables	<u>18,302,907</u>	<u>20,058,938</u>
	<u>19,249,289</u>	<u>20,072,069</u>

(1) Dividends payable

	June 30, 2025	December 31, 2024
Other non-controlling interests	<u>946,382</u>	<u>13,131</u>
	<u>946,382</u>	<u>13,131</u>

(2) Other payables

	June 30, 2025	December 31, 2024
Payables for engineering equipment	11,755,366	14,150,023
Unpaid expenses	3,052,429	2,796,611
Security and deposits	507,831	581,027
Others	<u>2,987,281</u>	<u>2,531,277</u>
	<u>18,302,907</u>	<u>20,058,938</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

40 Non-current liabilities due within one year

		June 30, 2025	December 31, 2024
Long-term borrowings due within one year (Note 1)	42	31,295,515	26,434,993
Bonds payable due within one year (Note 2)	43	7,347,758	7,868,074
Long-term payables due within one year		2,336,103	1,187,771
Interest payable due within one year		273,358	374,059
Lease liabilities due within one year	44	365,361	348,638
Long-term employee compensation payable due within one year		18,673	10,948
		<u>41,636,768</u>	<u>36,224,483</u>

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 Corporate bond TKHB.SG: Issued in July 2020, with a term of 5 years, the closing balance as at June 30, 2025 was RMB 2,147,396,000.
- ② Medium-term note 22TCL Group MTN003 (Sci-Tech Innovation Notes): Issued in July 2022, with a term of 3 years, the closing balance as at June 30, 2025 was RMB 1,999,974,000.
- ③ 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 June 30, 2025 was RMB 1,499,271,000.
- ④ Corporate bond 24TCLK1: Issued in February 2024, with a term of 2 years, the closing balance as at June 30, 2025 was RMB 1,499,648,000.
- ⑤ Convertible bond 2L Note: Issued in June 2024, with a term of 3.6 years, the closing balance as at June 30, 2025 was RMB 201,469,000. The creditors are entitled to redeem it whenever they want.

41 Other current liabilities

	June 30, 2025	December 31, 2024
After-sales service expense (note)	1,272,278	1,255,175
Output tax to be transferred	141,901	120,002
Others	102,898	109,738
	<u>1,517,077</u>	<u>1,484,915</u>

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 Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

42 Long-term borrowings

	June 30, 2025	December 31, 2024
Borrowings secured by collateral	29,416,490	41,035,441
Borrowings secured by pledge	3,847,043	3,239,538
Unsecured borrowings	<u>126,503,698</u>	<u>98,975,145</u>
	<u>159,767,231</u>	<u>143,250,124</u>
Including: long-term loans due within one year	<u>(31,295,515)</u>	<u>(26,434,993)</u>
	<u>128,471,716</u>	<u>116,815,131</u>

As at June 30, 2025, the long-term borrowings secured by collateral were equivalent to RMB 29,416,490,000 (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 73,315,173,000 (December 31, 2024: RMB 94,531,938,000); the long-term pledged borrowings were equivalent to RMB 3,847,043,000 (December 31, 2024: RMB 3,239,538,000), which were pledged by the accounts receivable and contract assets of about RMB 381,900,000 (December 31, 2024: RMB 403,810,000).

The interest rates of the Company's long-term borrowing ranged from 2.1% to 5.7% in the current period (2024: from 2.1% to 5.7%).

43 Bonds payable

	June 30, 2025	December 31, 2024
Corporate bonds	3,492,235	4,989,943
MTN	<u>2,990,459</u>	<u>1,498,677</u>
	<u>6,482,694</u>	<u>6,488,620</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

43 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)	June 30,2025
23TCL Group MTN001 (Sci-Tech Innovation Notes)	1,500,000	February 3, 2023	3	1,500,000	1,498,677	-	30,339	-	-	(1,498,677)	-
ZQYWKJ2402010102-24TCLK1	1,500,000	January 30, 2024	2	1,500,000	1,499,269	-	14,281	-	-	(1,499,269)	-
ZQYWKJ2404120002-24TCLK2	1,500,000	April 9, 2024	5	1,500,000	1,496,967	-	20,009	669	-		1,497,636
ZQYWKJ2407090002-24TCLK3	1,000,000	July 4, 2024	5	1,000,000	997,754	-	11,356	446	-		998,200
ZQYWKJ2407090003-24TCLK4	1,000,000	July 4, 2024	5	1,000,000	995,953	-	12,199	446	-		996,399
25TCL Group MTN001A (Sci-Tech Innovation Notes)	1,000,000	January 8, 2025	3	1,000,000	-	1,000,000	9,425	(2,023)			997,977
25TCL Group MTN001B (Sci-Tech Innovation Notes)	1,000,000	January 8, 2025	5	1,000,000	-	1,000,000	12,252	(3,623)			996,377
25TCL Group MTN002 (Sci-Tech Innovation Bonds)	1,000,000	May 12, 2025	5	1,000,000	-	1,000,000	3,288	(3,895)			996,105
Total	9,500,000			9,500,000	6,488,620	3,000,000	113,149	(7,980)	-	(2,997,946)	6,482,694

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 Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

44 Lease liabilities

	June 30, 2025	December 31, 2024
Total lease liabilities	<u>6,665,956</u>	<u>6,683,424</u>
Less: Current portion of lease liabilities	<u>365,361</u>	<u>348,638</u>
	<u>6,300,595</u>	<u>6,334,786</u>

45 Long-term payables

	June 30, 2025	December 31, 2024
Finance lease	<u>1,636,141</u>	<u>1,994,812</u>

46 Deferred income

	December 31, 2024	Increase in current period	Decrease in current period	June 30, 2025
Public grants	<u>1,014,891</u>	<u>4,039,760</u>	<u>(1,987,023)</u>	<u>3,067,628</u>
	<u>1,014,891</u>	<u>4,039,760</u>	<u>(1,987,023)</u>	<u>3,067,628</u>

Items involving public grants

	December 31, 2024	Increase	Recognized in other income	Written off against the cost of the asset/expenses	Other changes	June 30, 2025
Public grants related to assets	276,006	809,488	(1,650)	(236,553)	(13,441)	833,850
Public grants related to income	<u>738,885</u>	<u>3,230,272</u>	<u>(924,921)</u>	<u>(793,064)</u>	<u>(17,394)</u>	<u>2,233,778</u>
	<u>1,014,891</u>	<u>4,039,760</u>	<u>(926,571)</u>	<u>(1,029,617)</u>	<u>(30,835)</u>	<u>3,067,628</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

47 Estimated liabilities

	June 30, 2025	December 31, 2024
After-sales service fee of products	164,389	206,991
Pending litigation	48,844	42,227
	<u>213,233</u>	<u>249,218</u>

48 Other non-current liabilities

	June 30, 2025	December 31, 2024
Other non-current liabilities	32,333	27,508
	<u>32,333</u>	<u>27,508</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

49 Share capital

	December 31, 2024		Increase or decrease in current period				June 30, 2025	
	Amount	Ratio	New issues	Shares converted from capital reserve	Others	Subtotal	Amount	Ratio
I. Restricted shares	679,458	3.62%	-	-	2,876	2,876	682,334	3.63%
II. Non-restricted shares	18,099,623	96.38%	-	-	(2,876)	(2,876)	18,096,747	96.37%
III. Total shares	18,779,081	100%	-	-	-	-	18,779,081	100.00%

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 Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

50 Capital reserves

	December 31, 2024	Increase in current period	Decrease in current period	June 30, 2025
Share capital premium	10,105,906	-	(623,557)	9,482,349
Other capital reserves	<u>447,175</u>	<u>168,996</u>	<u>(192,779)</u>	<u>423,392</u>
	<u>10,553,081</u>	<u>168,996</u>	<u>(816,336)</u>	<u>9,905,741</u>

51 Treasury share

	December 31, 2024	Increase in current period	Decrease in current period	June 30, 2025
Treasury share	<u>919,322</u>	<u>-</u>	<u>(215,670)</u>	<u>703,652</u>

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 Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

52 Other comprehensive income

(1) Other comprehensive income items, income tax effects and reclassifications to profit or loss

	January - June 2025	January - June 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	(10,208)	122,166
Share of the period	(10,166)	122,166
Previous other comprehensive income reclassified to retained earnings for the current period	(42)	-
2. Changes in fair value of other equity instruments	6,866	(154)
Current gain/(loss)	7,619	119
Income tax effects recorded in other comprehensive income	(753)	(273)
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	(37,685)	21,228
Share of the period	(37,685)	21,228
2. Cash flow hedges	-	1,877
Current gain/(loss)	-	(13,059)
Previous other comprehensive income reclassified to profit for current period	-	16,073
Income tax effects recorded in other comprehensive income	-	(1,137)
3. Differences arising from translation of foreign currency financial statements of overseas operations	(92,875)	29,879
4. Net income arising from disposal of overseas operations through profit or loss	-	-
	(133,902)	174,996

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

52 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 from January to June 2025	-	(47,852)	-	-	(42,324)	6,866	-	(42)	(83,352)	(50,550)	(133,902)
June 30, 2025	334,950	278,067	(350,569)	14,174	(783,865)	(203,612)	(200)	(112,756)	(823,811)	(52,200)	(876,011)

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

53 Surplus reserves

	December 31, 2024	Increase in current period	Decrease in current period	June 30, 2025
Statutory surplus reserves	3,791,516	-	-	3,791,516
Discretionary surplus reserves	182,870	-	-	182,870
	<u>3,974,386</u>	<u>-</u>	<u>-</u>	<u>3,974,386</u>

54 Specific reserves

	December 31, 2024	Appropriation in current period	Decrease in current period	June 30, 2025
Production safety reserve	7,189	3,892	(5,961)	5,120
	<u>7,189</u>	<u>3,892</u>	<u>(5,961)</u>	<u>5,120</u>

55 General risk reserve

	December 31, 2024	Appropriation in current period	Decrease in current period	June 30, 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 Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

56 Retained earnings

	January - June 2025	January - June 2024
Retained earnings at the beginning of the year	21,504,719	21,537,188
Change of accounting policies	-	-
Net profits for current period	1,883,500	995,213
Decrease in current period	(938,912)	(1,502,326)
Including: Appropriation of surplus reserves	-	-
Distributed to ordinary shareholders as dividends	(938,954)	(1,502,326)
Others	42	-
Retained earnings at the end of the period	<u>22,449,307</u>	<u>21,030,075</u>

57 Operating revenue and operating cost

	January - June 2025		January - June 2024	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	82,687,265	71,815,128	77,594,877	68,551,088
Non-core business	<u>2,872,739</u>	<u>2,267,710</u>	<u>2,628,860</u>	<u>2,091,470</u>
	<u>85,560,004</u>	<u>74,082,838</u>	<u>80,223,737</u>	<u>70,642,558</u>

(1) Business by operating segment

	Operating revenue		Operating cost		Gross profit	
	January - June 2025	January - June 2024	January - June 2025	January - June 2024	January - June 2025	January - June 2024
Domestic sales	54,848,749	53,896,028	50,404,964	49,684,377	4,443,785	4,211,651
Foreign sales	<u>30,711,255</u>	<u>26,327,709</u>	<u>23,677,874</u>	<u>20,958,181</u>	<u>7,033,381</u>	<u>5,369,528</u>
	<u>85,560,004</u>	<u>80,223,737</u>	<u>74,082,838</u>	<u>70,642,558</u>	<u>11,477,166</u>	<u>9,581,179</u>

- (2) The total revenue from the sales to the top five customers was RMB 28,582,114,000 and RMB 27,053,817,000 respectively, for January-June 2025 and January-June 2024, accounting for 33.4% and 33.7% of the revenue.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

57 Operating revenue and operating cost (continued)

(3) Revenue and costs generated from the Company's trial sales are as follows:

	January - June 2025	January - June 2024
Operating revenue	1,705,918	255,217
Operating cost	1,422,185	225,302

58 Interest income/expense and exchange gain

	January - June 2025	January - June 2024
Interest income	101,622	79,672
Interest expenditures	7,789	14,885
Exchange gain/(loss)	207	(116)

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.

59 Taxes and levies

	January - June 2025	January - June 2024
Property tax	263,577	190,296
Stamp tax	96,737	94,293
Urban maintenance and construction tax	108,427	110,639
Education surcharges	79,276	68,213
Land use tax	36,926	15,703
Others	13,201	20,984
	<u>598,144</u>	<u>500,128</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

60 Sales expenses

	January - June 2025	January - June 2024
Employee salaries and benefits	639,773	415,185
Promotional and marketing expenses	156,472	109,593
Others	367,720	352,619
	<u>1,163,965</u>	<u>877,397</u>

61 General and administrative expense

	January - June 2025	January - June 2024
Employee salaries and benefits	1,184,868	945,366
Depreciation and amortization expenses	468,934	389,201
Expenses for hiring intermediaries	150,691	260,367
Others	396,066	408,902
	<u>2,200,559</u>	<u>2,003,836</u>

62 R&D expenses

	January - June 2025	January - June 2024
Depreciation and amortization expenses	2,185,468	2,359,818
Material expenses	626,942	555,016
Employee salaries and benefits	1,423,147	1,140,394
Others	506,322	346,339
	<u>4,741,879</u>	<u>4,401,567</u>

63 Financial expenses

	January - June 2025	January - June 2024
Interest expenditures	2,555,367	2,472,976
Interest income	(353,536)	(381,577)
Exchange loss/(gain)	(120,413)	(127,718)
Others	59,864	127,594
	<u>2,141,282</u>	<u>2,091,275</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

64 Other income

	January - June 2025	January - June 2024
R&D subsidies	743,047	217,272
VAT rebates on software	17,519	17,952
Over-deduction in taxable amount for VAT	259,376	586,905
Others	218,560	313,264
	<u>1,238,502</u>	<u>1,135,393</u>

65 Return on investment

	January - June 2025	January - June 2024
Revenue from long-term equity investment accounted for using the equity method	582,521	(49,289)
Net income from disposal of long-term equity investments	(50,647)	36,917
Return on holding of held-for-trading financial assets	125,922	337,556
Return on disposal of held-for-trading financial assets	34,799	23,552
Others	138,701	73,022
	<u>831,296</u>	<u>421,758</u>

66 Gain on changes in fair value

	January - June 2025	January - June 2024
Held-for-trading financial assets	285,102	47,309
Held-for-trading financial liabilities	(5,138)	(5,672)
Derivative financial instruments	189,924	91,309
	<u>469,888</u>	<u>132,946</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

67 Credit impairment loss

	January - June 2025	January - June 2024
Loss on uncollectible accounts receivable	(6,362)	(8,589)
Loss on uncollectible other receivables	(7,257)	(2,279)
Other financial assets	(11,772)	3,599
	<u>(25,391)</u>	<u>(7,269)</u>

68 Asset impairment loss

	January - June 2025	January - June 2024
Inventory valuation loss	(2,793,810)	(1,998,171)
Loss on impairment of fixed assets	(87)	(56,770)
Others	(5,047)	(4,707)
	<u>(2,798,944)</u>	<u>(2,059,648)</u>

69 Asset disposal income

	January - June 2025	January - June 2024
Income/(loss) from disposal of fixed assets	(763)	17,926
Income/(loss) from disposal of intangible assets	(3,321)	21,683
Others	1,065	331
	<u>(3,019)</u>	<u>39,940</u>

70 Non-operating income

	January - June 2025	January - June 2024	Amount through current non-recurring gains and losses
Gains on retired or damaged non-current assets	174	6	174
Revenue from liquidated damages and others	29,651	227,430	29,651
	<u>29,825</u>	<u>227,436</u>	<u>29,825</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

71 Non-operating expense

	January - June 2025	January - June 2024	Amount through current non-recurring gains and losses
Losses on retired or damaged non-current assets	3,409	29,203	3,409
Donation	17,415	23,741	17,415
Others	99,133	25,196	99,133
	<u>119,957</u>	<u>78,140</u>	<u>119,957</u>

72 Income tax expenses

(1) Table of income tax expenses

	January - June 2025	January - June 2024
Current income tax expense	665,481	350,489
Deferred income tax expense	<u>(349,587)</u>	<u>(298,277)</u>
	<u>315,894</u>	<u>52,212</u>

(2) Accounting profit and income tax adjustment process

	January - June 2025	January - June 2024
Gross profit	347,577	(415,937)
Income tax expense calculated at statutory/applicable tax rate	52,137	(62,391)
Impact of different tax rates applied to subsidiaries	500,690	437,578
Impact of adjusting income tax in previous periods	(66,236)	77,334
Impact of non-taxable income	(1,036,609)	(751,090)
Impact of non-deductible costs, expenses, and losses	36,393	58,962
Impact of the use of deductible losses carried forward without recognizing deferred income tax assets in the previous periods	116,387	29,348
Impact of unrecognized deferred income tax assets of deductible temporary differences or deductible losses in the current period	752,156	368,522
Others	<u>(39,024)</u>	<u>(106,051)</u>
Income tax expense	<u>315,894</u>	<u>52,212</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

73 Earnings per share

(1) Basic earnings per share

	January - June 2025	January - June 2024
Net profits attributable to shareholders of the parent company	1,883,500	995,213
Weighted average outstanding ordinary shares (in thousand shares)	18,573,423	18,588,572
Basic earnings per share (RMB yuan)	0.1014	0.0535

(2) Diluted earnings per share

	January - June 2025	January - June 2024
Net profits attributable to shareholders of the parent company	1,883,500	995,213
Diluted weighted average outstanding ordinary shares (in thousand shares)	18,779,081	18,779,081
Diluted earnings per share (RMB yuan)	0.1003	0.0530

74 Cash generated from other operating activities

Other cash received from operating activities in the consolidated cash flow statement was RMB 8,523,407,000 (year-on-year: RMB 3,396,202,000), which primarily consisted of current payments received, public grants, etc.

75 Cash used in other operating activities

Other cash paid for other operating activities in the consolidated cash flow statement was RMB 8,827,613,000 (year-on-year: RMB 5,334,029,000), which primarily consisted of various expenses and current payments, etc.

76 Cash generated from other investing activities

Other cash received from investing activities in the consolidated cash flow statement was RMB 182,916,000 (year-on-year: RMB 352,014,000), which primarily consisted of receipts from current accounts and proceeds from the maturity of time deposits.

77 Cash used in other investing activities

Other cash paid for investing activities in the consolidated cash flow statement was RMB 464,253,000 (year-on-year: RMB 563,835,000), which primarily consisted of the payments for foreign exchange forward delivery, time deposits, etc.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

78 Cash generated from other financing activities

Other cash received from financing activities in the consolidated cash flow statement was RMB 544,843,000 (year-on-year: RMB 422,120,000), which primarily consisted of the payment for sales of treasury shares, receipt of finance leasing payments, etc.

79 Cash used in other financing activities

Other cash paid for financing activities in the consolidated cash flow statement was RMB 9,101,549,000 (year-on-year: RMB 1,930,490,000), primarily consisting of the payments for the repurchase of minority interests, financial lease payments, etc.

80 Supplementary information for the cash flow statement

(1) Reconciliation of net profits to net cash generated from/used in operating activities

	January - June 2025	January - June 2024
Net profits	31,683	(468,149)
Add: Asset impairment allowance	2,824,335	2,066,917
Depreciation of fixed assets	13,375,276	12,514,781
Depreciation of right-of-use assets	255,297	238,081
Amortization of intangible assets	1,397,225	1,041,749
Amortization of long-term deferred expenses	1,054,605	1,303,364
Loss/(Gain) on disposal of fixed assets, intangible assets, and other long-term assets	3,019	(39,940)
Loss/(Gain) on retired or damaged fixed assets	3,235	29,197
Loss/(Gain) on changes in fair value	(469,888)	(132,946)
Financial expenses	2,442,536	2,360,259
Return on investment	(831,296)	(421,758)
Decrease/(Increase) in deferred income tax assets	(271,016)	(126,228)
Increase/(Decrease) in deferred income tax liabilities	465,418	(170,047)
Decrease/(Increase) in inventory	(5,379,161)	(3,698,344)
Decrease/(Increase) in operating receivables	8,496,334	477,841
Increase/(Decrease) in operating payables	3,717,544	(2,605,556)
Others	158,837	263,501
Net cash generated from operating activities	<u>27,273,983</u>	<u>12,632,722</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

80 Supplementary information for the cash flow statement (continued)

(2) Net cash payments for acquisition of subsidiaries in the current period

	January - June 2025	January - June 2024
Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	12,999,145	23,312
Less: cash and cash equivalents held by subsidiary on acquisition date	6,894,562	19,028
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	<u>6,104,583</u>	<u>4,284</u>

(3) Breakdown of cash and cash equivalents

	June 30, 2025	December 31, 2024
I. Cash	26,556,661	20,861,255
Including: Cash on hand	497	482
Bank deposits available for payment on demand	26,267,546	20,524,146
Other monetary assets are available for payment on demand	282,231	330,273
Deposits with the central bank available for payment	6,387	6,354
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	<u>26,556,661</u>	<u>20,861,255</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

80 Supplementary information for the cash flow statement (continued)

(4) Description of other major activities

Major operation or investment activities in no connection with cash receipts and payments:

	January - June 2025	January - June 2024
Payment for procurement of inventory by bank acceptance bills	653,438	5,331,707
Payment for procurement of long-term assets by bank acceptance bills	<u>1,154,167</u>	<u>2,538,897</u>
	<u>1,807,605</u>	<u>7,870,604</u>

81 Net changes in cash and cash equivalents

	January - June 2025	January - June 2024
Ending balance of cash and cash equivalents	26,556,661	17,923,548
Less: Cash at the beginning of the year	<u>20,861,255</u>	<u>19,996,815</u>
Net increase in cash and cash equivalents	<u>5,695,406</u>	<u>(2,073,267)</u>
Analysis of ending balance and cash equivalents:		
Monetary assets at the end of the period	28,544,343	19,587,500
Less: Non-cash equivalents at the end of the period (note)	<u>1,987,682</u>	<u>1,663,952</u>
Ending balance of cash and cash equivalents	<u>26,556,661</u>	<u>17,923,548</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 Period from January 1 to June 30, 2025
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V Notes to Consolidated Financial Statements (Continued)

82 Assets with restricted ownership or use rights

	June 30, 2025		Reason for restriction
	Gross carrying amount	Carrying amount	
Monetary assets	255,241	255,241	Deposited in the central bank as the required reserve
Monetary assets	1,732,441	1,732,441	Other monetary assets and restricted bank deposits
Fixed assets	143,644,455	92,590,825	As collateral for loan
Intangible assets	4,972,674	4,106,262	As collateral for loan
Held-for-trading financial assets	145,404	145,404	In pledge
Construction in progress	914,637	914,637	As collateral for loan
Accounts receivable	956,989	945,420	In pledge
Contract assets	143,762	133,185	In pledge
	<u>152,765,603</u>	<u>100,823,415</u>	

Note: In the current period, the subsidiary Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd. prepaid bank loans amounting to RMB 2,438,000,000. The pledged fixed assets of RMB 20,774,673,000 were released from restrictions in August 2025.

83 Foreign currency monetary items

	June 30, 2025		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	1,149,873	7.1586	8,231,481
HKD	66,848	0.9119	60,959
INR	1,737,284	0.0837	145,411
EUR	14,351	8.3899	120,403
PLN	47	1.9786	93
JPY	879,022	0.0496	43,599
KRW	950,394	0.0053	5,016
SGD	966	5.6159	5,425
MXN	33,896	0.3803	12,891
VND	18,270,172	0.0003	5,015
CAD	2	5.2272	10
PHP	89,034	0.1269	11,298
THB	19	0.2200	4

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

83 Foreign currency monetary items (continued)

	June 30, 2025		
	Foreign currency balance	Conversion rate	RMB balance
Accounts receivable			
Including: USD	1,453,550	7.1586	10,405,383
HKD	2,971	0.9119	2,709
INR	12,497,711	0.0837	1,046,058
EUR	34,263	8.3899	287,463
JPY	40,360	0.0496	2,002
VND	11,496,309	0.0003	3,156
Accounts payable			
Including: USD	668,955	7.1586	4,788,781
HKD	267,897	0.9119	244,295
INR	2,782,322	0.0837	232,880
EUR	3,012	8.3899	25,270
PLN	10	1.9786	20
JPY	17,092,217	0.0496	847,774
AUD	17	4.6767	80
VND	116,561,779	0.0003	31,996
Other receivables			
Including: USD	75,244	7.1586	538,642
HKD	9,667	0.9119	8,815
INR	92,197	0.0837	7,717
EUR	2,332	8.3899	19,565
PLN	950	1.9786	1,880
JPY	27,697	0.0496	1,374
KRW	99,165	0.0053	523
SGD	98	5.6159	550
MXN	20,859	0.3803	7,933
VND	7,706,360	0.0003	2,115

TCL Technology Group Corporation
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V Notes to Consolidated Financial Statements (Continued)

83 Foreign currency monetary items (continued)

	June 30, 2025		
	Foreign currency balance	Conversion rate	RMB balance
Other payables			
Including: USD	503,988	7.1586	3,607,848
HKD	69,525	0.9119	63,400
INR	1,300,398	0.0837	108,843
EUR	281	8.3899	2,358
PLN	464	1.9786	918
JPY	14,367,167	0.0496	712,611
KRW	692,706	0.0053	3,656
SGD	152	5.6159	854
MXN	26,326	0.3803	10,012
TWD	17	0.2461	4
AUD	11	4.6767	51
VND	92,431,003	0.0003	25,372
Short-term borrowings			
Including: USD	215,552	7.1586	1,543,051
PHP	97,500	0.1269	12,373

84 Leases

(1) The Company acting as a lessee

From January to June 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.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

V Notes to Consolidated Financial Statements (Continued)
84 Leases (continued)

(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	121,230	-
Machinery equipment	3,646	-
Others	354	-
Total	125,230	-

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	-	12,767	-
Total	-	12,767	-

Annual undiscounted lease receipts for the next five years

Item	Annual undiscounted lease receipts	
	June 30, 2025	December 31, 2024
Year 1	210,491	209,266
Year 2	182,892	182,692
Year 3	165,097	167,400
Year 4	157,732	154,531
Year 5	156,389	155,548
Total undiscounted lease receipts after five years	1,347,393	1,348,902

TCL Technology Group Corporation
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VI R&D expenses

1 Presentation by nature of expenses

Item	January - June 2025	January - June 2024
Material costs	1,260,357	1,120,205
Labor costs	1,611,007	1,356,702
Depreciations and amortizations	1,045,187	1,229,349
Others	612,095	559,602
Total	4,528,646	4,265,858
Including: Expensed R&D expenses	3,339,314	2,868,939
Capitalized R&D expenses	1,189,332	1,396,919

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	1,085,311	-	-	(112,228)	(996,410)	1,142,061
New energy photovoltaics and other silicon materials	666,056	104,021	-	(142,664)	-	-	627,413
Total	1,831,444	1,189,332	-	(142,664)	(112,228)	(996,410)	1,769,474

3 As of June 30, 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	7,584,667	7,233,438
Total liabilities	6,949,549	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	13,780,610	11,368,495
Total liabilities	1,604,346	1,604,346
Net assets	12,176,264	9,764,149
Less: non-controlling interests	-	-
Net assets acquired	12,176,264	9,764,149

2 No business combination under common control occurred in current period.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 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.
Price for equity interest disposal		-
% equity interest disposed		100%
Way of equity disposal		Sale
Time of loss of control		June 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		(661)

TCL Technology Group Corporation
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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
Shenzhen Pulin Gaote Circuit Co., Ltd.	Acquisition
Maoxing Holdings Limited	Capital increase for controlling interest
TCL International Marketing Limited (BVI)	De-registered

TCL Technology Group Corporation
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VIII Interests in Other Entities

1 Interests in subsidiaries

(1) Principal subsidiaries

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	-	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	-	98.22%	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

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of key subsidiaries (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 Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou		100.00%	Business combination not under common control
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.	Tianjin	Manufacturing and sales	Tianjin	2.55%	27.36%	Business combination not under common control
Tianjin Printronics Circuit Corporation	Tianjin	Manufacturing and sales	Tianjin	-	29.50%	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 Huan'ou 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 Period from January 1 to June 30, 2025
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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of key subsidiaries (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	7.35%	35.30%	Business combination not under common control
Huansheng Solar (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
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VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(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%	1,684,010	-	41,348,425
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	70.09%	(3,563,668)	-	32,372,525
Highly Information Industry Co., Ltd.	33.54%	30,563	14,752	628,657

TCL Technology Group Corporation
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VII 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:

	June 30, 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.	63,970,399	149,677,315	213,647,714	62,324,600	73,241,006	135,565,606	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.	34,266,638	90,550,275	124,816,913	29,041,880	54,007,886	83,049,766	32,286,427	93,311,098	125,597,525	27,524,412	51,603,004	79,127,416
Highly Information Industry Co., Ltd.	7,961,506	176,999	8,138,505	6,512,614	23,617	6,536,231	6,960,009	169,964	7,129,973	5,540,519	21,258	5,561,777

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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VII 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:

	January - June 2025				January - June 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.	50,429,196	4,316,269	4,236,220	26,413,752	44,096,058	2,479,923	2,566,892	14,129,920
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	13,398,123	(4,836,171)	(4,890,135)	523,174	16,213,493	(3,175,764)	(3,175,713)	128,102
Highly Information Industry Co., Ltd.	14,674,516	67,956	67,247	(452,670)	13,649,333	62,945	62,945	(611,454)

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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VII Interests in Other Entities (Continued)

2 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 percentage	
				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 H1 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 June 30, 2025, no significant guarantee or other credit enhancements held due to the debtor mortgage was found in the Group.

(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 June 30, 2025, the Group had no liquidity risk events.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 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.

(a) As at June 30, 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 712,668,000, equivalent to RMB 5,101,706,000 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 January - June 2025	Exchange rate at period-end June 30, 2025
USD/RMB	7.1778	7.1586

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 255,085,000 in shareholders' equity and net profit, respectively of the Group on June 30, 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 June 30, 2025, the Group's liabilities with floating interest rates accounted for 78.89% 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 4,283,269,000.

X Classification of Financial Instruments and Fair Value

Fair value of financial instruments and levels

1 Fair value is divided into the following levels in measurement and disclosure:

Level 1 refers to the (unadjusted) quotation of the same type of assets or liabilities on the active market; and the Company mainly adopts the closing price as the value of a financial asset. Financial instruments of level 1 mainly include exchange-listed stocks and bonds.

Level 2 refers to the directly or indirectly observable input of a financial asset or liability that does not belong to level 1.

Level 3 refers to the input of a financial asset or liability determined based on variables other than the observable market data (non-observable input).

2 Basis for determining the market value of items measured at continuous 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 continuous level 2 fair value adopt the following valuation techniques and parameters:

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 continuous 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.

TCL Technology Group Corporation
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X Classification of Financial Instruments and Fair Value (Continued)

5 Financial instruments measured in three levels of fair value

Financial assets

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets (see Note V. 2)	1,012,691	19,980,783	3,097,430	24,090,904
Derivative financial assets (see Note V. 3)	-	168,726	-	168,726
Receivables financing (see Note V. 6)	-	-	3,959,626	3,959,626
Investments in other equity instruments (see Note V. 16)	20,326	-	393,991	414,317
Other non-current financial assets (see Note V. 17)	399,029	187,520	1,987,422	2,573,971
	<u>1,432,046</u>	<u>20,337,029</u>	<u>9,438,469</u>	<u>31,207,544</u>
Total assets continuously measured at fair value				

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V. 31)	-	7,497	234,600	242,097
Derivative financial liabilities (see Note V. 32)	-	85,376	-	85,376
Others	-	-	201,469	201,469
	<u>-</u>	<u>92,873</u>	<u>436,069</u>	<u>528,942</u>
Total liabilities continuously measured at fair value				

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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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 Absence 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
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	Joint venture
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
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	Associate
Inner Mongolia Xinhuan Silicon Energy Technology 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
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	Associate and its subsidiaries

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XI Related Parties and Related-Party Transactions (Continued)

2 The nature of related parties without control relationship (continued)

Company name	Relationship with the Company
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
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership) 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)

	January - June 2025	January - June 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	9,933,434	10,125,470
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	823,936	98,112
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	6,979	4,065
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	6,130	4,674
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	554	26,751
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	203	-
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	2	-
Maxon Solar Technologies, Ltd. and its subsidiaries	-	726,047
LG Electronics (Huizhou) Co., Ltd.	-	589
Purplevine Holdings Limited and its subsidiaries	-	71
Tianjin Qiyier Communication & Broadcasting Co., Ltd. and its subsidiaries	-	10
	<u>10,771,238</u>	<u>10,985,789</u>

TCL Technology Group Corporation
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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)

	January - June 2025	January - June 2024
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,816,831	2,320,232
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,200,340	918,178
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,054,199	572,585
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	765,742	680,552
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	542,826	254,202
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	32,783	42,112
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	8,879	-
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	990	72,702
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	152,875
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	-	111,848
Purplevine Holdings Limited and its subsidiaries	-	11,615
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	-	779
	5,422,590	5,137,680

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(3) Receiving funding (Note 3)

	January - June 2025	January - June 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	807,296	79,134
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	253,330	211,045
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	110,826	63,758
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	79,720	114,904
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	5,548	5,533
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	649	1,486
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	606	614
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	377	391
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1	2
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	-	34
Shanghai Gen Auspicious Venture Capital Partnership (Limited Partnership) and its subsidiaries	-	11
	<u>1,258,353</u>	<u>476,912</u>

(4) Rendering of funds (Note 3)

	January - June 2025	January - June 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	<u>194,623</u>	<u>226</u>
	<u>194,623</u>	<u>226</u>

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(5) Leases

	January - June 2025	January - June 2024
Rental income		
TCL Industries Holdings Co., Ltd. and its subsidiaries	32,037	31,185
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	12,767	22,810
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1,887	2,996
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	363	282
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	69	72
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	37	23
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	34	101
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	12	7
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	-	11,519
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	-	517
	<u>47,206</u>	<u>69,512</u>
	January - June 2025	January - June 2024
Rental expense		
TCL Industries Holdings Co., Ltd. and its subsidiaries	23,549	27,110
Tianjin Huanyan Technology Co., Ltd.	1,134	2,214
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	30	1,379
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	-	4,732
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	-	1,673
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	123
	<u>24,713</u>	<u>37,231</u>

(6) Rendering or receipt of services

	January - June 2025	January - June 2024
Rendering of services	165,446	163,883
Receipt of services	963,539	946,617

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XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (continued)

(7) Collection/Payment of interest (Note 3)

	January - June 2025	January - June 2024
Interest received	2,818	7,806
Interest paid	11,033	10,358

(8) Remuneration of key management personnel (Note 4)

	January - June 2025	January - June 2024
Remuneration of key management personnel	6,250	6,146

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.

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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.

4 Receivables and payables of related parties

(1) Accounts receivable

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	4,402,213	5,317,484
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	125,249	164,421
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	10,073	96
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	9,572	2,408
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	3,460	2,448
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1,730	7,829
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	513	2,684
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	69	98
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	65	102
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	-	20
	4,552,944	5,497,590

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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(2) Receivables financing

	June 30, 2025	December 31, 2024
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	-	151
	-	151

(3) Accounts payable

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,954,552	1,708,430
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,323,707	956,561
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	680,576	287,678
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	578,753	215,975
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	69,880	46,986
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	60,479	27,786
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	9,069	-
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	6,523	2,331
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	887	57
Purplevine Holdings Limited and its subsidiaries	420	-
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	280	-
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	101	87
Shanghai Feilihua Shichuang Technology Co., Ltd.	9	9
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	11,265
	4,685,236	3,257,165

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(4) Other receivables

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	157,834	143,339
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	6,625	2,584
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	5,457	916
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	4,486	-
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	3,989	7,051
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	3,717	4,233
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	3,242	3,382
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	3,103	3,053
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	2,209	3,265
Purplevine Holdings Limited and its subsidiaries	500	-
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	38	38
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	31	104
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	3	-
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	-	900
	191,234	168,865

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(5) Other payables

	June 30, 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	272,718	249,033
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	117,374	84,285
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	84,420	55,442
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	66,360	102,196
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	9,317	9,317
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	5,548	5,570
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	2,025	1,714
Tianjin Huanyan Technology Co., Ltd.	1,134	1,785
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	848	2,938
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	649	662
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	606	608
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	500	502
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	483	359
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	377	378
China Innovative Capital Management Limited	57	57
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	50	60
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	33	66
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	16	16
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	13	13
Hubei Changjiang Hezhi Equity Investment Fund Partnership (Limited Partnership)	-	345,430
Purplevine Holdings Limited and its subsidiaries	-	100
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	-	60
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	-	12
	990,628	1,288,703

TCL Technology Group Corporation
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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

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	21,611	21,695
	<u>21,611</u>	<u>21,695</u>

(7) Prepayments

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	16,099	23,535
Tianjin Huanyan Technology Co., Ltd.	4,857	4,857
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	4,572	2,715
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	2,656	74,626
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	888	1,766
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	22	136
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	7	1,342
	<u>29,101</u>	<u>108,977</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Receivables and payables of related parties (continued)

(8) Advances from customers

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	202	312
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	110	110
	<u>312</u>	<u>422</u>

(9) Contract liabilities

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	227,156	28,727
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	30,436	210
	<u>257,592</u>	<u>28,937</u>

(10) Lease liabilities

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	25,928	33,441
	<u>25,928</u>	<u>33,441</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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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)

	June 30, 2025	December 31, 2024
TCL Industries Holdings Co., Ltd. and its subsidiaries	807,357	4,808
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	253,667	90,941
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	60,805	73,428
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	2,742	2,385
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1	5,000
	<u>1,124,572</u>	<u>176,562</u>

Note: These deposits are made by related parties in the Company's subsidiary TCL Technology Group Finance Co., Ltd.

(12) Other non-current assets

	June 30, 2025	December 31, 2024
Purplevine Holdings Limited and its subsidiaries	49,573	71,711
TCL Industries Holdings Co., Ltd. and its subsidiaries	<u>20,460</u>	<u>21,823</u>
	<u>70,033</u>	<u>93,534</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 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	-
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	10,492,000 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 Purchase 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 June 2024, and a further 15,750,000 shares were released in June 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 Purchase 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 June 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.

On May 30, 2025, the Management Committee of the 2024 Shareholding Plan approved the vesting of a total of 117.99 million 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.

The vesting arrangement of the restricted stock granted under the above incentive plan is shown in the following table:

Number of times	Vesting period and ratio
First non-trade transfer or sale	After 12 months from the date of vesting of the holder's respective quota of the underlying shares, the Shareholding Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's respective shares to the account of the holder of the Shareholding Plan, provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation;
Second non-trade transfer or sale	After 24 months from the date of vesting of the holder's respective quota of the underlying shares, the Shareholding Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's respective shares to the account of the holder of the Shareholding Plan provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XII Share-based Payments (Continued)

2 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.

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 277,293,000

Total expense recognized for equity-settled share-based payments in the current period

RMB 155,980,000

3 The Company has no cash-settled share-based payments.

4 The Company has no share-based payment modification or termination.

5 Share-based payments by the controlling subsidiary TZE

(1) Stock option

No stock option matters occurred during H1 2025.

(2) Employee stock ownership plan

On August 30, 2022, TZE 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. TZE 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, TZE 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.

The lock-up period of TZE's 2023 Employee Stock Ownership Plan expired on June 8, 2024. Due to the failure of key performance indicators, according to the provisions of the *2023 Employee Stock Ownership Plan*, the shares of 14,391,980 shares of the target stock corresponding to the 2023 Employee Stock Ownership Plan (the total number of shares after the implementation of the capital increase in 2022 was 17,989,975 shares) and all the corresponding dividends and other rights and interests were owned by TZE, no longer by the holders. The current Employee Stock Ownership Plan Management Committee chose an opportunity to sell before the expiration of the 2023 Employee Stock Ownership Plan, and the sold equity was attributable to TZE.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XII Share-based payments (continued)

5 Share-based payments by the controlling subsidiary TZE (continued)

(2) Employee stock ownership plan (continued)

TZE held the 43rd Meeting of the 6th-term Board of Directors on October 25, 2023, where it deliberated on and adopted the *Proposal on Repurchasing the Company's Shares*. The Company repurchased a cumulative number of 4,999,968 shares by means of centralized bidding through the special securities account for repurchasing shares, using them to implement the employee stock ownership plan or equity incentive.

(3) Equity-settled share-based payments

Key parameters of the fair value of equity instruments on the grant date	Stock Price
Basis for determining the number of exercisable equity instruments	On each balance sheet date during the waiting period, the best estimates were made according to the latest subsequent information such as changes in the number of employees with exercisable stock options and the completion of performance indicators, and the estimated number of equity instruments with exercisable stock options was revised.
Reasons for significant differences between current and previous estimates	None
Accumulated amount of equity-settled share-based payment included in capital reserve	RMB 753,594,000
Total expense recognized for equity-settled share-based payments in the current period	RMB 56,955,000

(4) TZE has no cash-settled share-based payments.

(5) Payment of TZE for shares in current period

In 2023, the key performance indicators of the employee stock ownership plan were not achieved, and the shares were not granted, for which costs and expenses were not recognized; in January-June 2025, the costs and expenses recognized for the employee stock ownership plan in 2022 amounted to RMB 56,955,000 (2024: RMB 195,804,000; 2023: RMB 150,559,000; 2022: None).

(6) Payment of Tianjin Printronics for shares in current period

On June 12, 2025, Tianjin Printronics received the *Securities Transfer Registration Confirmation Notice* issued by the Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, confirming the completion of the first non-trading transfer of certain shares of holders under the 2023 Employee Stock Ownership Plan. A total of 757,141 shares were transferred, representing 0.31% of the company's total share capital. This included non-trading transfers of 193,350 shares to the company's directors, supervisors, and senior management, and 563,791 shares to other holders.

TCL Technology Group Corporation
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XIII Commitments

1 Capital commitments

June 30, 2025

Contracted but not provisioned	Note 1	18,268,566
Approved by the Board but not contracted	Note 2	480,745
		18,749,311

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 of June 30, 2025, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

XIV Contingencies

Guarantees Provided for External Parties

As of June 30, 2025, the guarantee provided by the Company for the related party's bank loans, commercial drafts, letters of credit, etc., was RMB 2,555,934,000, 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.	159,344	Joint liability guarantee	April 28, 2020	3.3-5 years	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	485,850	Joint liability guarantee	January 8, 2025	8-250 days	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	380,000	Joint liability guarantee	May 22, 2023	4.9 years	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,530,740	Joint liability guarantee	June 15, 2023	4 years	No
	2,555,934				

As of June 30, 2025, the amount of credit granted by the Group for the note discounting, note acceptance, and non-financing guarantees of related parties was RMB 1,237,657,000.

XV Events after the Balance Sheet Date

- 1 Pursuant to the *Reply on Approving TCL Technology Group Corporation's Issuance of Shares to Purchase Assets and Raise Supporting Funds* (CSRC Permit [2025] No. 1326) issued and approved by the China Securities Regulatory Commission (CSRC), the CSRC has permitted the company's application to issue 986,292,106 shares to Shenzhen Major Industrial Development Phase I Fund Co., Ltd. (hereinafter referred to as the "Major Industry Fund") for the purchase of related assets and to raise supporting funds of up to RMB 4,359,411,108.52 through the share issuance.
As of August 22, 2025, the company completed the issuance of 986,292,106 shares to the Major Industry Fund to acquire its 21.5311% equity interest in Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd., and raised supporting funds of up to RMB 4,359,411,106.54 through the issuance of 1,035,489,574 shares.
- 2 On July 1, 2025, TCL Tech completed the issuance of the Phase III of Sci-Tech Innovation Bonds in 2025, with an issue size of RMB 2 billion, a term of 181 days, and an issue interest rate of 1.7% per annum, with interest accruing from 2 July, 2025.

XVI 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
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XVI Other Important Matters (Continued)

(I) Segment reporting (continued)

2 Financial information of reporting segments

For the six-month period ending June 30, 2025					
	Display business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	57,550,503	13,398,123	14,674,516	(63,138)	85,560,004
Net profits	4,613,425	(4,836,171)	67,956	186,473	31,683
Total assets	220,928,986	124,816,914	8,138,505	46,585,058	400,469,463
Total liabilities	140,268,533	83,049,766	6,512,614	41,296,393	271,127,306
Depreciation and amortization expenses	11,641,845	4,407,930	23,168	9,460	16,082,403
Capital expenditure	4,764,762	3,295,997	1,606	251,608	8,313,973
For the six-month period ending June 30, 2024					
	Display business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	49,877,063	16,213,493	13,649,333	483,848	80,223,737
Net profits	2,696,011	(3,175,764)	62,945	(51,341)	(468,149)
Total assets	221,429,601	125,196,373	7,801,619	27,905,947	382,333,540
Total liabilities	146,688,074	69,260,983	6,310,452	21,837,841	244,097,350
Depreciation and amortization expenses	11,058,768	3,973,499	33,097	32,611	15,097,975
Capital expenditure	8,363,469	3,450,381	4,473	582,947	12,401,270

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Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XVII Notes to the key items presented in the financial statements of the Company

1 Accounts receivable

	June 30, 2025				December 31, 2024			
	Amount	Ratio	Bad-debt Allowance	Accrual Ratio	Amount	Ratio	Bad-debt Allowance	Accrual Ratio
Within 1 year	48,882	100%	136	0.28%	185,375	100%	136	0.07%

2 Other receivables

	June 30, 2025	December 31, 2024
Other receivables	10,492,989	9,910,856
	10,492,989	9,910,856

(a) Nature of other receivables is analyzed as follows:

	June 30, 2025	December 31, 2024
Equity transfer receivables	610	610
Security and deposits	2,820	3,110
Others	10,489,559	9,907,136
	10,492,989	9,910,856

(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
Accrued in the period	-	-	5,396	5,396
Reversal of current period	(18)	-	-	(18)
Write-off of current period	(10)	-	-	(10)
June 30, 2025	1,475	-	38,163	39,638

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
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XVII Notes to Financial Statements of the Parent Company (Continued)

2 Other receivables (continued)

(c) The aging of other receivables is analyzed as follows:

	June 30, 2025		December 31, 2024	
	Amount	Ratio	Amount	Ratio
Within 1 year	9,089,515	86.30%	8,311,481	83.57%
1 to 2 years	1,244,115	11.81%	824,092	8.29%
2 to 3 years	55,056	0.52%	461,602	4.64%
Over 3 years	143,942	1.37%	347,951	3.50%
	<u>10,532,628</u>	<u>100%</u>	<u>9,945,126</u>	<u>100%</u>

The outstanding other receivables were mostly current accounts with related parties.

The top five other receivables of the Company amounted to approximately RMB 9,403,152,000 (December 31, 2024: RMB 9,779,966,000), accounting for 89.28% of the total other receivables of the Company (December 31, 2024: 98.34%).

3 Long-term equity investments

	June 30, 2025			December 31, 2024		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	17,842,845	-	17,842,845	17,281,616	-	17,281,616
Subsidiaries (2)	65,764,044	-	65,764,044	63,780,785	-	63,780,785
	<u>83,606,889</u>	<u>-</u>	<u>83,606,889</u>	<u>81,062,401</u>	<u>-</u>	<u>81,062,401</u>

As of June 30, 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 Period from January 1 to June 30, 2025
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XVII 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						June 30, 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	27,835	(46,097)	-	1,153	-	-	266,486
Associate								
Bank of Shanghai Co., Ltd.	14,740,146	-	738,558	(47,923)	17	(179,937)	-	15,250,861
Others	2,257,875	(70,431)	173,526	76	175	(35,723)	-	2,325,498
Total of associates	<u>16,998,021</u>	<u>(70,431)</u>	<u>912,084</u>	<u>(47,847)</u>	<u>192</u>	<u>(215,660)</u>	<u>-</u>	<u>17,576,359</u>
Total	<u>17,281,616</u>	<u>(42,596)</u>	<u>865,987</u>	<u>(47,847)</u>	<u>1,345</u>	<u>(215,660)</u>	<u>-</u>	<u>17,842,845</u>

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

XVII 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	June 30, 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	40,000	-	673,897
TCL Internet Technology (Shenzhen) Co., Ltd.	15,000	-	-	15,000
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	424,000	-	645,000
TCL Financial Technology (Shenzhen) Co., Ltd.	15,036	-	-	15,036
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	1,790,312	-	-	1,790,312
Equity incentives of subsidiaries	203,416	33,593	-	237,009
	<u>63,780,785</u>	<u>1,983,443</u>	<u>(184)</u>	<u>65,764,044</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 Period from January 1 to June 30, 2025
(RMB'000)

XVII Notes to Financial Statements of the Parent Company (Continued)

4 Other non-current financial assets

	June 30, 2025	December 31, 2024
Equity investments	399,303	423,060
Debt investments	187,521	300,483
	<u>586,824</u>	<u>723,543</u>

5 Operating revenue and operating cost

	January - June 2025		January - June 2024	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	10,227	2,288	386,446	380,021
Non-core business	176,239	89,824	312,857	69,585
	<u>186,466</u>	<u>92,112</u>	<u>699,303</u>	<u>449,606</u>

6 Return on investment

	January - June 2025	January - June 2024
Revenue from long-term equity investment accounted for using the equity method	865,987	580,697
Net income from disposal of long-term investments	-	51,495
Return on holding of held-for-trading financial assets	82,655	176,467
Return on disposal of held-for-trading financial assets	(2,133)	-
Revenue from long-term equity investment accounted for using the cost method	327,893	87,000
	<u>1,274,402</u>	<u>895,659</u>

XVIII Comparative Figures

Certain comparative data have been reclassified to comply with the presentation of the current period.

TCL Technology Group Corporation
Notes to the Financial Statements for the Period from January 1 to June 30, 2025
(RMB'000)

XIX Non-recurring profit and loss items and amount

	January - June 2025	January - June 2024
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	(20,061)	48,439
Public subsidies 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)	633,215	972,603
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	18,446	(3,310)
Reversal of provision for impairment of receivables that have been individually tested for impairment	27,616	30,500
Non-operating income and expenses other than the above	126,891	258,631
Income tax effects	(84,754)	(156,219)
Non-controlling interests effects	(376,588)	(714,189)
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	324,765	436,455

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)*, 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 Period from January 1 to June 30, 2025
(RMB'000)

XX Weighted Average 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	1,883,500	3.54%	0.1014	0.1003
Net profits attributable to ordinary shareholders of the Company before non-recurring gains and losses	1,558,735	2.93%	0.0839	0.0830

Part IX Other Data Submitted

I. Other Major Social and Security Issues

Whether there were any other major social and security issues involving the listed company and its subsidiaries

☐ Yes ☐ No ☒ Not applicable

Whether there were any administrative penalties imposed during the Reporting Period

☐ Yes ☐ No ☒ Not applicable

The Company was not subject to any significant administrative penalties during the Reporting Period.

II. Record of Communications with the Investment Community, such as Research, Inquiries, and Interviews during the Reporting Period

☒ 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	Annual performance and operations of TCL TECH. for 2024	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.
January - June 2025	The Company's office	Investor hotline (telephone)	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	-
January - June 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

III. Capital Transactions between the Listed Company and its Controlling Shareholder and Other Related Parties

☒ Applicable ☐ Not applicable

For more details, please refer to the section "Transactions Between the Financial Company Controlled by the Company and Related Companies" in this Report, and the *Summary Table of Non-Operating Fund Occupancy and Other Related-Party Fund Transactions for the First Half of 2025* disclosed on the same day as this Report.

No occupation of the Company's funds by the controlling shareholder or any of its related parties for non-operation purposes during the Reporting Period.

TCL Technology Group Corporation

August 28, 2025