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

INTERIM REPORT 2026

August 2026

Part I Important Notes, Table of Contents and Definitions

The Board of Directors (or the "Board"), the directors and senior management of TCL Technology Group Corporation (hereinafter referred to as the "Company") hereby guarantee the factuality, accuracy and completeness of the contents of this Interim 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 does not propose to pay interim cash dividends, issue bonus shares or convert capital reserves into share capital for this interim period.

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, 2026 to June 30, 2026.
TCL CSOT	Refers to	TCL China Star Optoelectronics Technology Co., Ltd.
TZE	Refers to	TCL Zhonghuan Renewable Energy Technology Co., Ltd., a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002129.SZ)
Zhonghuan Advanced	Refers to	Zhonghuan Advanced Bandaoti Technology Co., Ltd.
Moka Technology	Refers to	Moka International Limited
TPC	Refers to	Tianjin Printronics Circuit Corporation, a majority-owned subsidiary of the Company listed on the Shenzhen Stock Exchange (stock code: 002134.SZ)
Highly	Refers to	Highly Information Industry Co., Ltd., a holding subsidiary of the Company listed on the National Equities Exchange and Quotations
t1	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at TCL CSOT
t2	Refers to	The generation 8.5 (or G8.5) TFT-LCD (oxide) production line at TCL CSOT
t3	Refers to	The generation 6 (or G6) LTPS-LCD panel production line at Wuhan CSOT
t4	Refers to	The generation 6 (or G6) new LTPS-AMOLED display production line at Wuhan CSOT Bandaoti
t5	Refers to	The generation 6 (or G6) new display production line at Wuhan CSOT
t6	Refers to	The generation 11 (or G11) new TFT-LCD display production line at Shenzhen CSOT Bandaoti
t7	Refers to	The generation 11 (or G11) new ultra high definition display production line at Shenzhen CSOT Bandaoti
t8	Refers to	The generation 8.6 (or G8.6) printed OLED production line at TCL CSOT
t9	Refers to	The generation 8.6 (or G8.6) new oxide display production line at Guangzhou CSOT
t10	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at Suzhou CSOT
t11	Refers to	The generation 8.5 (or G8.5) TFT-LCD production line at Guangzhou CSOT
t12	Refers to	The generation 5.5 (or G5.5) printed OLED production line at Wuhan CSOT
RMB	Refers to	Renminbi

Part II Corporate Information and Key Financial Information

I. Corporate Information

Stock name	TCL TECH.	Stock code	000100
Stock abbreviation before change (if any)	-		
Place of listing	Shenzhen Stock Exchange		
Company name in Chinese	TCL 科技集团股份有限公司		
Abbr. (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 2025 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 2025 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 2026	H1 2025	Change
Operating revenue (RMB)	88,648,186,929	85,560,004,497	3.61%
Net profits attributable to the company's shareholders (RMB)	3,808,272,967	1,883,499,452	102.19%
Net profits attributable to the company's shareholders after non-recurring gains and losses (RMB)	3,139,882,317	1,558,735,448	101.44%
Net cash generated from operating activities (RMB)	17,622,151,962	27,273,981,394	-35.39%
Basic earnings per share (RMB/share)	0.1861	0.1014	83.53%
Diluted earnings per share (RMB/share)	0.1831	0.1003	82.55%
Weighted average return on equity (%)	6.19%	3.54%	Increase by 2.65 percentage points YoY
	End of the Reporting Period	December 31, 2025	Change
Total assets (RMB)	365,144,968,892	372,738,314,312	-2.04%
Net assets attributable to shareholders of the listed company (RMB)	63,567,789,134	61,432,756,524	3.48%

V. Accounting Data Differences under Chinese Accounting Standards for Business Enterprises (CAS), 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 IFRS and CAS for the Reporting Period of the Company.

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

□Applicable ☑ Not applicable

There is no difference in net profits and net assets between the financial statements prepared under CAS, IFRS and Foreign Accounting Standards 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 of impairment allowance write-offs)	532,067,903
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)	1,225,850,236
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	-59,051
Reversal of impairment provisions for receivables subject to individual impairment testing	-
Non-operating income and expenses other than the above	162,931,448
Other gain and loss items that meet the definition of non-recurring gains and losses	-
Less: Amount affected by income tax	288,121,804
Amount affected by equity of minority shareholders (net of tax)	964,278,082
Total	668,390,650

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. Main Businesses of the Company during the Reporting Period

Since the start of the year, escalating international geopolitical conflicts and surging upstream energy prices have reignited upward pressure on inflation. Against this backdrop, the momentum of global economic growth has weakened, with macroeconomic uncertainties increasing substantially. In the face of external challenges, the Company focused on three key business pillars, including displays, new energy photovoltaics, and other silicon materials. We continuously strengthened the operations barriers characteristic of high-tech, heavy-asset, and long-cycle industries, anchored our leading strategy, and pursued sustainable high-quality development.

During the Reporting Period, the Company achieved operating revenue of RMB 88.65 billion, representing a year-on-year increase of 3.6%. Net profit attributable to shareholders of the Company amounted to RMB 3.81 billion, representing a substantial year-on-year surge of 102.2%, while operating cash flow reached RMB 17.62 billion. As of the end of the Reporting Period, the Company's debt-to-asset ratio stood at 65.0%, an increase of 0.8 percentage points from the end of the previous Reporting Period; cash and cash equivalents at the end of the Reporting Period were RMB 22.22 billion.

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

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

(I) Display Business

1. TCL CSOT

Industry Development and Operating Performance

In the first half of 2026, the global display industry generally maintained stable operations. Affected by geopolitical conflicts and rising raw material and memory prices, user-end demand for consumer electronics came under temporary pressure, with shipments of products such as smartphones and notebook computers posting a decline. Meanwhile, trends toward larger- size

TVs, multi- display deployments of vehicle- mounted devices, and growing penetration of high- end displays continued to underpin area- based demand for display panels. According to third-party forecasts, the total shipment area of global display panels is expected to remain broadly flat in 2026, while demand for TV and vehicle- mounted display panels is set to rise by roughly 2% and 6% respectively. The industry is projected to follow a development pattern characterized by "pressure on shipment volume, stable shipment area, and structural upgrading."

The LCD industry continued to pursue an on-demand production strategy, while inefficient overseas capacity was phased out. The trend toward larger and higher-end TVs, as well as the expansion of applications such as commercial and vehicle-mounted displays, continued to drive growth in demand for panel area. Leveraging its mature industrial ecosystem, significant cost advantages, and continuous iteration capabilities, LCD further consolidated its mainstream position in the large-sized display segment. OLED accelerated its penetration into the medium- size segment, covering notebook computers, tablets, monitors, and vehicle-mounted displays. Mini- LED saw accelerated adoption, while Micro- LED continued its exploration toward industrialization. Against the backdrop of an evolving supply landscape, expanding application scenarios and accelerated industrialization of new technologies, industry- wide competition has shifted away from capacity expansion toward a contest of comprehensive strength centered on technological innovation, product value, operating efficiency and cash- flow quality.

During the Reporting Period, amid external pressures from rising memory prices and diverging terminal demand, the Company remained committed to value-oriented operations, under the core theme of "on-demand production, structural optimization, and efficiency enhancement." TCL CSOT achieved operating revenue of RMB 50.27 billion and net profit of RMB 3.90 billion. Net profit attributable to shareholders of TCL TECH. amounted to RMB 3.28 billion, representing a year-on-year increase of 24.8%. The earlier acquisition of minority interests in Shenzhen CSOT Bandaoti increased the Company's equity interests in the core t6 and t7 assets, thereby enhancing the contribution of these quality assets to profits attributable to shareholders of the listed company. The acquisition of the minority interests in t9 progressed smoothly, with the equity transfer recently completed. This transaction will further enhance the contribution of the quality t9 asset to profits attributable to shareholders of the listed company.

(1) LCD Business Maintained Its Stable Leading Position, While IT and Vehicle-Mounted Display Businesses Achieved Rapid Growth

Leveraging its portfolio of large-, medium-, and small-sized production lines, the Company continued to optimize its product and customer mix. In the large-sized display segment, the Company capitalized on the trend toward larger and higher-end TVs. During the Reporting Period, the average shipment size of its TV panels reached 55.3 inches, 2.9 inches above the industry average. Through coordination across multiple production lines, improved manufacturing efficiency and refined supply chain management, the Company further enhanced the profitability of its LCD business.

In the medium- size segment, as t9 further released its capacity and strengthened capacity coordination with t11, shipments of high- end products including high- mobility oxide displays grew rapidly, driving t9's net profit to more than double year- on- year. The Company maintained its global No.1 market share in e- sports monitor panels. It launched the world's first native 1080p 1000Hz monitor. Building on its leading position in the consumer e- sports market, it further forayed into the professional e- sports segment and became the official display for the 2026 CrossFire Pro League (CFPL). The Company achieved stepwise breakthroughs in oxide technology—from conventional oxide to high-mobility oxide 30 and further to ultra-high-mobility oxide 50—and realized large-scale adoption in mainstream tablet devices. These technological and product strengths drove market share gains against broader market headwinds. Notebook panel shipments to leading customers ramped up smoothly and grew rapidly. In the second quarter, the Company lifted its global notebook- panel ranking from fourth to second, while retaining the world's- second- largest market share for tablet panels. Breakthroughs in medium- sized panels including notebook panels marked TCL CSOT's successful forging of a second growth engine for its display business. This further refined its full- size application footprint and reinforced its position as a comprehensive leader in the display industry.

The vehicle-mounted devices maintained rapid growth, becoming the fastest-growing segment of the Company's medium-sized display business. The Company's share of LTPS vehicle-mounted panel shipment area has remained the largest worldwide since Q4 2025, while its shipment volume grew by more than 50% year on year in H1 2026. The Company continued to expand to cover high-value applications such as rear-seat displays, armrest displays, and P-HUDs, accelerating its evolution from a supplier of stand- alone display products to a provider of integrated display solutions for intelligent cockpits. Its innovative "Safe Driving Triple-Screen" solution extended cockpit safety from passive protection to active sensing and coordinated interaction. By capitalizing on the growth in exports by Chinese automakers and achieving breakthroughs with internationally renowned automakers, the Company continued to optimize the customer and regional mix of its vehicle-mounted devices. Revenue increased by 46% year on year, further enhancing its capabilities in serving and managing customers globally.

(2) FMM OLED Came Under Periodic Pressures, While Operating Quality Improved Quarter by Quarter

Affected by rising memory prices and weakening smartphone demand, the FMM OLED business came under periodic pressures and recorded greater losses. The Company sharpened its focus on high-value-added technologies (foldable displays, LTPO, PLP, privacy displays, and Tandem) and expanded into diverse applications such as tablets, wearables, and vehicle- mounted displays. It also drove progress in material localization, yield improvement, and cost control. In Q2, the OLED business's operating margin improved quarter on quarter, with operating quality rising steadily.

The Company has successfully ramped up mass production and deliveries of foldable products to branded customers, demonstrating end- to- end capabilities across technology R&D, customer qualification, and high- volume manufacturing. Looking ahead, the Company will capitalize on market opportunities for foldable products and continue to expand its coverage of brand customers and mass-production projects. Meanwhile, the Company has been steadily advancing key technological iterations in areas such as panel structure, support materials, hinge compatibility, and film-layer design. These efforts are aimed at further improving crease performance, reliability, and display quality, thereby continuously enhancing product competitiveness and expanding market share.

(3) Commercialization of Printed OLED and MLED Progressed in an Orderly Manner

The Company, in collaboration with MSI, has jointly launched the industry's first printed OLED desktop monitor targeting the mainstream consumer market, marking a pivotal expansion of printed OLED commercialization from professional-grade displays into the consumer electronics segment. Currently, the yield and cost of the relevant products have reached the standards required for mature mass production. The Company is advancing the validation of printed OLED products for IT applications—including monitors and notebooks—with multiple leading end- device brands, with all developments in full alignment with mainstream market specifications. Product maturity and commercial validation results have already met the mass- production requirements of tier- 1 customers. Leveraging the t12 production line, the Company achieved volume production and shipment of IT e-sports products. Multiple projects will successively enter mass production during the year, steadily expanding customer coverage and laying the groundwork for the large-scale production of t8. On May 8, 2026, the main structure of the Guangzhou t8 project reached its topping-out milestone ahead of schedule, and mass production is expected to commence in Q4 2027. Going forward, t8 will leverage its scale manufacturing advantages to primarily serve mainstream consumer electronics, while t12 will target differentiated, high- value- added products. This will deliver a well- coordinated capacity layout with complementary functional roles.

In the MLED business, the Company completed the equity transfer of Fujian Zhaoyuan Optoelectronics Co., Ltd. and renamed it Fuzhou Huazhao Optoelectronics Co., Ltd. The integration of upstream LED chip technologies and capacity began to deliver results, driving a significant improvement in operating performance. In July, the Company established Shenzhen Huazhao Xingguang Technology Co., Ltd. to accelerate the development of advanced LED chip and packaging capacity, further improving its vertically integrated "chip-packaging-module" layout. Phase I of the Suzhou COB direct- display project has achieved full- capacity production. Core equipment for Phase II began moving- in in May, with mass production commenced in August. Going forward, the Company will continue to upgrade its Mini LED backlight and direct-display products and strengthen upstream and downstream coordination in technology, capacity, and customer development, thereby enhancing cost competitiveness and market performance.

(4) AI Deeply Empowered the Operating System, While New Businesses Achieved Breakthroughs on Multiple Fronts

The Company continued to advance its "AI for Real-World Applications" initiative. Underpinned by its five-star AI architecture comprising "one data lake, one large model, and three platforms," it embedded AI across material R&D, product design, process optimization, quality management, supply chains, and operating decisions, shifting R&D from an experience-driven approach toward one powered by data and models and advancing manufacturing from automation and digitalization toward intelligence.

New businesses achieved breakthroughs on multiple fronts, while the specialized display business maintained rapid growth. LTPS projector products secured a top- two position in the industry by market share. Following the acquisition of Hunan Chuangke Photoelectric, the Company accelerated development of LCOS projection and 3D- printing light- engine technologies. For its e- paper business, it built a dual- site manufacturing footprint, with a domestic site for medium- and large- sized products and a Vietnamese site for small- sized products. The Company commenced construction of a vehicle-mounted dimming glass project, with sample production planned for the second half of the year. XR products achieved stable shipments to leading customers, while the development of silicon-based LED technology and plans for mass-production lines moved forward at an accelerated pace.

(5) Declining Depreciation and an Orderly Reduction in Capital Expenditure Enhanced Profitability and Cash Flow Quality

As certain mature production lines successively enter periods of declining depreciation, the Company's overall depreciation expenses are expected to decrease in stages from 2026 onward. This will unlock greater profit contributions from existing assets and enhance returns on assets. Going forward, the Company expects its overall capital expenditure intensity to decline and will take a disciplined approach to new capital expenditures while strengthening investment return and capital efficiency management. Stable operating cash flow, coupled with the orderly moderation of capital expenditures, will continue to enhance the quality of the Company’s free cash flow.

Future Development Outlook

Seizing the historic opportunities arising from AI's transformation of smart terminals, advanced manufacturing, and compute infrastructure, the Company will leverage its display core to advance display technology, reinvent its operating model, and expand into shared capability areas—accelerating its shift from a global display leader to a pivotal human-machine interaction interface and advanced manufacturing platform in the AI age.

First, redefining the value of displays. For the new generation of intelligent terminals in the AI era, the Company will drive the transformation of displays from passive information media into intelligent sensing and interactive interfaces. In response to the demands of AI terminals for low power consumption, parallel multitasking, and multi-window interaction, the Company will continue to enhance its capabilities in variable refresh rate, partitioned driving, high image quality, low power consumption, multiple form factors, and system integration. These efforts will drive product upgrades toward "deep adaptation of panels to AI scenarios," continuously expand the boundaries of display applications, and increase per-screen value as well as customer stickiness.

Second, building a product portfolio spanning multiple technology cycles. In large-size LCD, the Company will maintain on-demand production while pushing toward larger formats and higher-end products to strengthen its earnings and cash flow base. Medium-size displays will act as a key growth driver, rapidly penetrating IT, vehicle- mounted, and specialty display markets to broaden both market presence and revenue scale. FMM OLED efforts will center on improving customer, product, and cost structures to lift the high-end product mix and operational quality, while printed OLED and MLED will speed through validation, production ramp-up, and commercial scaling. Drawing upon its strengths across multiple technology paths, including HVA, HFS, and printed OLED, the Company will deliver differentiated solutions for various product positioning and application scenarios, advancing from leadership in LCD alone toward comprehensive leadership across multiple display technologies.

Third, restructuring the advanced manufacturing system with AI. The Company will embed data, models, and AI agents throughout its operating value chain and actively explore pathways for building “AI-native factories” and an “AI-native organization.” Since 2023, the Company has independently developed and iterated the X-Intelligence large model, focusing on vertical display scenarios. In relevant automated evaluations and assessments by industry experts, its vertical-domain understanding and deep-reasoning capabilities outperformed mainstream general-purpose overseas large models such as Gemini 3.1 Pro and GPT-5.5 high, placing it at the forefront of the global display industry. In R&D, the Company is fostering integrated collaboration across R&D, manufacturing, and sales to strengthen "do it right the first time" capabilities. In manufacturing, it is pushing toward line-level autonomous perception, self-diagnostics, and intelligent decision-making. In operations, it is evolving its models from reactive execution to proactive insight—enhancing predictive and decision-making capabilities across the full spectrum of scenarios. In parallel, the Company will strengthen model reliability, closed-loop industrial data systems, AI-agent engineering capabilities, and collaboration mechanisms involving domain experts, building core competitiveness for the intelligent era.

Fourth, unlocking a second growth space through shared foundational technologies. Drawing on its core technological capabilities in large-size glass substrate processing, thin-film deposition, photolithography, etching, automated handling, and smart manufacturing, the Company is pushing forward with critical process validation for glass-based packaging. The Company has assembled a dedicated team and is collaborating with target customers on technical exchanges and joint R&D to address key process challenges, including TGV copper filling, stress control in multilayer structures, and advanced glass substrate processing. It plans to exhibit relevant samples in H2 2026 and begin preparations for a pilot R&D platform. Going forward, the Company will coordinate the adaptation of upstream glass materials and the validation of key equipment for processes such as through-hole formation, electroplating, and CMP polishing. It will also conduct commercial validation focusing on functionality, reliability, mass-production yield, and cost. Meanwhile, the Company is actively exploring opportunities in high-speed optical interconnect and optoelectronic integration, strengthening its technology reserves in perovskites, and pursuing technology development and validation with leading customers in response to the visual, perceptual, and interactive demands of embodied intelligence. This creates a tiered business architecture in which "mature businesses generate value, growth businesses improve the portfolio mix, and forward-looking ventures open up new horizons."

The Company will set key milestones for technology validation, customer introduction, mass-production yield, and investment returns, committing resources in stages and making dynamic adjustments based on validation results. While safeguarding the operational and financial security of its core businesses, it will optimize its business portfolio and cultivate long-term growth drivers.

2. Moka Technology

Moka Technology is a technology manufacturer with a global industrial footprint. It specializes in the ODM business involving the R&D, design, and manufacture of intelligent display terminal products such as TVs, monitors, and commercial displays, and is the world's largest TV ODM manufacturer. During the Reporting Period, Moka Technology achieved operating revenue of RMB 9.48 billion. Its TV ODM business ranked first globally in shipment volume for 15 consecutive quarters. Monitor ODM shipments increased by 7% year on year, ranking fifth globally, while commercial display shipments grew by 37%, providing fresh impetus to performance growth.

(II) New Energy Photovoltaics Business

The Company's new energy photovoltaic business remained firmly focused on four priorities: consolidating its competitiveness in crystal and wafer production, advancing its integration strategy into a new stage, accelerating the development of the BC cell ecosystem and patent operations, and pressing ahead with global expansion. These initiatives aimed to bolster capabilities for navigating the industry cycle. During the Reporting Period, the new energy photovoltaic business achieved sales revenue of RMB 11.27 billion, representing a year-on-year increase of 6.0%, while its losses narrowed by 29.6% compared with H1 2025.

The photovoltaic materials business aligned production with actual demand and continued to optimize its supply chain system, reducing costs and enhancing efficiency through process improvements and tighter controls over energy consumption and workforce productivity. During the Reporting Period, wafer shipments reached 53.9 GW, securing the industry's largest market share, while EBITDA improved by RMB 290 million year on year. Building on its long-standing technological expertise and industry-chain synergies, the Company strengthened the competitiveness of its crystal and wafer products through differentiation and premiumization. Meanwhile, the Company capitalized on growing overseas demand by expanding its customer base in markets such as India and Turkey. The resulting surge in overseas shipments and revenue improved operating quality and supported a recovery in profitability.

During the Reporting Period, module shipments rose 29% year on year despite broader market headwinds. Operating revenue increased by approximately 47% to RMB 5.29 billion, accompanied by year-on-year improvements in average selling prices and gross profit. The cell and module business continued to optimize its product and customer mix, increasing both the shipment contribution of premium products and sales in overseas markets. To address the market demand for high power, high efficiency, high reliability, and multi-scenario applications, the Company established a portfolio of high-efficiency products, including half-cut and multi-cut offerings. High-efficiency products—including new BC and half-cut products—accounted for over 15% of total shipments. The Company's overseas business also capitalized on opportunities in key regional markets, delivering substantial shipment growth across Europe, the Middle East, Australia and New Zealand, and Southeast Asia.

DAS Solar Co., Ltd. has been consolidated into the Company's financial statements starting from the third quarter. Following the consolidation, the Company's production capacity stands at 20GW for cells and 50GW for modules. By integrating R&D, manufacturing, sales, supply chain, and operational management systems, the Company will fully leverage the synergies between the two entities, further enhancing its overall competitiveness. To meet the continued growth in demand for BC products, the Company is drawing upon its established technologies, core patent portfolio, process expertise, and customer base to accelerate the BC conversion of all its cell capacity and 50% of its module capacity. The upgraded capacity is expected to come online successively in the third quarter before entering the ramp-up stage. The Company is also actively expanding into high-value market segments both domestically and internationally, and is expected to continue gaining market share while improving profitability.

(III) Silicon Materials Business

Zhonghuan Advanced serves as the operating entity of the Company’s silicon materials business. During the Reporting Period, Zhonghuan Advanced remained steadfast in its “Lead at Home, Compete Globally” strategy. Focusing on the requirements of advanced-process logic chips, advanced memory chips, and high-end power chips, it continued to advance the R&D, customer certification, and volume introduction of relevant wafer products while optimizing its product and customer mix. During the Reporting Period, Zhonghuan Advanced achieved shipments of 689 MSI, representing a year-on-year increase of 17%. Of these shipments, shipments of 12-inch products accounted for 57.8% of the total, while those of 8-inch and below accounted for 42.2%. Certification and customer qualification with key clients proceeded as planned. The Company recorded operating revenue of RMB 3.04 billion, of which 12-inch products contributed RMB 1.65 billion. While the Company recorded a net loss of RMB 86 million for the period, its operational scale and profitability metrics remained at the forefront of the domestic industry.

Surging demand for AI and computing power has fueled growth in logic and memory chips, while also lifting demand for related power chips. Together with the accelerating push for domestic substitution, the industry has entered an upcycle, leading to both volume and price increases in the silicon wafer market. To capitalize on these market opportunities, Zhonghuan Advanced invested in the Shenzhen Project for Large Wafers Used in Integrated Circuits, accelerating the development of 12-inch wafer capacity with a particular focus on logic and memory applications. Together with its existing production bases in Yixing and Xuzhou, this increased Zhonghuan Advanced's total planned capacity for 12-inch wafers to 2.1 million pieces per month, further optimizing its regional manufacturing footprint and strengthening supporting services for key customers. Zhonghuan Advanced will continue to advance leading-edge technologies and processes, deepen cooperation with key customers in China and abroad, and accelerate the ramp-up of new capacity to ease delivery pressure, building differentiated competitive advantages through technology, efficiency, and quality.

(IV) Non-core business

During the Reporting Period, Tianjin Printronics Circuit and Highly maintained sound operations, while the Company's financial and investment businesses continued to generate earnings.

Facing a severe and complex external environment, the Company will adhere to the development philosophy of "Strategic Leadership, Innovation-Driven, Advanced Manufacturing, and Global Operations." It will seize the historic opportunities presented by the upgrading of advanced manufacturing and the transformation of the global energy structure, achieve sustainable high-quality development, and move toward global leadership.

II. Analysis of Core Competitiveness

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

Strategic Leadership: Leading strategic goals and clear strategic development philosophy

In 2018, TCL underwent its most significant corporate transformation, shifting from a diversified conglomerate to a specialized business model focused on developing high-tech and capital-intensive industries with long investment cycles. Following the delisting of Zhonghuan Electronic in July 2020, the Company officially entered the fields of new energy photovoltaics and silicon materials. TCL TECH. has established a business structure centered on displays, new energy photovoltaic and other silicon materials. The Company followed a consistent logic in its business strategy and development. With complementary business cycles and strong management synergy across its segments, it achieved outstanding competitive strengths.

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

Scale Leadership: Leading market position and comprehensive business layout

By the end of the Reporting Period, TCL CSOT, as a preeminent global display company and a pioneer in domestic display manufacturing, invested over RMB 300 billion to establish 12 state-of-the-art panel lines (including the t8 line under construction) and 7 module factories, serving a diverse range of global clients. The Company has established its leading position in large-sized panels globally through both self-built production lines and strategic acquisitions. In first half of 2026, the Company ranked second globally in TV panel shipments, and first globally in terms of market share for panels sized 98 inches and above. The Company has built t9 production lines targeting high-value-added mid-sized products such as IT and commercial displays, achieving a full-size strategic layout. In the first half of 2026, it secured the world's second-largest market share in MNT panels, and led globally in key segments such as e-sports monitors and LTPS laptops. Its strategic MLED direct-display business achieved mass production and delivery. TCL CSOT proactively positioned its high-performance and all-scenario display solutions while bolstering its value chain ecosystem. By expanding its reach from a large-sized display leader to a full-range provider, and transitioning from a panel manufacturer to a comprehensive solution specialist, it successfully navigated multiple industry cycles. Evolving from a "follower" to a "peer" and ultimately a "leader", TCL CSOT achieved sustained high-quality development.

Leveraging its wafer business as a cornerstone, TZE expanded downstream into cells, modules, and energy storage, steadily forging a resilient, industry-leading competitive edge. In the photovoltaic wafer segment, TZE capitalized on its advantages in smart manufacturing, technology, and product quality to meet diverse customer requirements. In the first half of 2026, it retained its position as the global leader in terms of comprehensive wafer market share, the largest market share for G12 wafers, and the largest total monocrystalline silicon production capacity. In photovoltaic cells and modules, TZE drew upon its technological prowess in wafer manufacturing to intensify innovation and R&D investment, delivering superior products and solutions to customers. Its acquisition of DAS Solar in July 2026 comprehensively upgraded the cell and module business across product technology, customer channels, and manufacturing capabilities. As China's photovoltaic industry enters a period of far- reaching adjustment, TZE will accelerate its overseas expansion and industrial footprint, strengthen its product capabilities, and build differentiated advantages to navigate industry changes from a more competitive position.

Zhonghuan Advanced remained steadfast in its "Lead at Home, Compete Globally" strategy, establishing itself as one of China's premier silicon materials enterprises with the most extensive scale, diverse product portfolio, and the most leading edge technology. Serving key global and domestic clients, its revenue from silicon wafers ranked first in China in the first half of 2026. The Company continuously boosted its production capacity for 12-inch large wafers, leading to a rapid surge in both production and sales volumes. In the first half of 2026, revenue from 12-inch large wafers maintained its leading position in China. The Company will continue to diversify its product and customer mix, and build differentiated competitive advantages around the strategic pillars of technology leadership, efficiency enhancement, and outstanding quality.

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

The Company has established a strategic foothold in core technologies (i.e., displays, new energy photovoltaics and other silicon materials) by capitalizing on its subsidiaries TCL CSOT and TZE. Through strategic partnerships with upstream and downstream industry players, the Company has built a robust global ecosystem for technology and innovation, and is steadily advancing its technological leadership in next-generation display technologies, G12 and N-type photovoltaic materials, as well as BC cells. The Company has applied for over 80,000 patents, and facilitated or participated in the establishment of more than 300 industry standards, underscoring its status as a preeminent high-tech enterprise. The Company has applied for over 3,200 patents in quantum dot display technology, ranking second globally, which will ensure the independent and controllable development of key technologies for next-generation displays. TCL TECH. has established 32 R&D centers worldwide, and has been certified with 9 national-level open innovation platforms and 33 provincial-level innovation platform qualifications.

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

Based on its scale and technological prowess, TCL TECH. has achieved efficiency and benefits which maintain its industry leadership through continuous management changes, digitalization upgrades, and AI applications. TCL CSOT has leveraged the synergy of its twin factories to optimize production line planning and maximize capacity expansion. Through management reforms and process optimizations, TCL CSOT strengthened end-to-end collaboration, resulting in improved overall operations efficiency and cost reduction. Furthermore, sustained investments in AI and digitalization propelled continuous advancements in product performance, quality, and effectiveness, establishing a formidable competitive edge in management within the industry.

While the new- energy photovoltaic industry continues to face numerous uncertainties stemming from global demand and policy shifts, TZE streamlines its end- to- end business processes through a series of management reforms. This has enabled the gradual build- out of global operational capabilities and integrated solution offerings. Through AI- empowered operations and smart- manufacturing development, the Company further elevates product performance and quality. By retaining its industry- leading efficiency and cost advantages, the Company is underpinned to smoothly navigate the industry's significant adjustments and evolve into a premier global provider of new- energy photovoltaic solutions.

In addition, the Company places great importance on developing its dual-carbon and ESG systems. With the goal of reaching peak carbon emissions by 2030, it has established the necessary organizational structure and launched targeted carbon-reduction initiatives covering its factories, products, and supply chains.

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

In 2020, the Company inaugurated its corporate culture, as laid out in its strategic document *The Path to Global Leadership*. The Company has adopted a core mission centered around "leading technology, harmonious coexistence", underpinned by the core values of "change, innovation, accountability, and excellence". This cultural transformation has empowered TCL employees to embrace change, drive business optimizations and upgrades through active exploration and innovation, and guided TCL in dedicating itself to delivering superior products and services to its valued customers through accountability and the pursuit of excellence.

Confronting an increasingly complex and ever-changing external business environment, TCL employees will remain steadfast in the spirit and culture of "The Path to Global Leadership". Standing at the forefront of the industry and undeterred by challenges, we will collectively drive the Company toward new milestones and realize our vision of global leadership.

III. Analysis of Core Businesses

Overview

The disclosure is consistent with the main businesses of the Company during the Reporting Period

☑ Yes □ No

See the relevant contents in "I. Main Businesses of the Company during the Reporting Period".

Year-on-year changes in key financial information

Unit: RMB

	H1 2026	H1 2025	Change (%)	Reason for change
Operating revenue	88,648,186,929	85,560,004,497	3.61%	No significant change
Operating cost	77,240,901,594	74,082,838,353	4.26%	No significant change
Sales expenses	1,208,257,980	1,163,964,526	3.81%	No significant change
Administrative expenses	2,352,225,628	2,200,561,949	6.89%	No significant change
Financial expenses	2,334,062,570	2,141,281,686	9.00%	No significant change
Income tax expense	55,193,043	315,894,303	-82.53%	Mainly due to the recognition of deferred tax assets during the Reporting Period
R&D investments	4,622,516,962	4,528,645,518	2.07%	No significant change
Net cash generated from operating activities	17,622,151,962	27,273,981,394	-35.39%	Mainly due to the increase in working capital occupied by increased inventory stocking
Net cash generated from investing activities	-10,371,018,331	-22,308,345,614	53.51%	Mainly attributable to substantial cash outflows for the acquisition of LGD Guangzhou LCD and module manufacturing facilities in H1 2025
Net cash generated from financing activities	-11,568,653,590	481,996,265	-2500.15%	Mainly due to the decrease in financing scale
Net increase in cash and cash equivalents	-4,347,079,003	5,695,406,206	-176.33%	Mainly due to the year-on-year decrease in net cash inflows from operating and financing 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 2026		H1 2025		Change (%)
	Amount	As % of total operating revenue (%)	Amount	As % of total operating revenue (%)	
Total operating revenue	88,648,186,929	100%	85,560,004,497	100%	3.61%
By operating division					
Display business	56,499,787,338	63.73%	57,550,502,531	67.26%	-1.83%
New energy photovoltaics and other silicon materials business	14,314,939,541	16.15%	13,398,123,076	15.66%	6.84%
Distribution business	17,823,270,005	20.11%	14,674,516,380	17.15%	21.46%
Other and offsets	10,190,045	0.01%	-63,137,490	-0.07%	116.14%
By product category					
Display devices	56,499,787,338	63.73%	57,550,502,531	67.26%	-1.83%
New energy photovoltaics and other silicon materials	14,314,939,541	16.15%	13,398,123,076	15.66%	6.84%
Distribution of electronics	17,823,270,005	20.11%	14,674,516,380	17.15%	21.46%
Other and offsets	10,190,045	0.01%	-63,137,490	-0.07%	116.14%
By operating segment					
Chinese Mainland	53,879,037,280	60.78%	54,848,748,806	64.11%	-1.77%
Overseas (including Hong Kong)	34,769,149,649	39.22%	30,711,255,691	35.89%	13.21%

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	56,499,787,338	44,760,616,081	20.78%	-1.83%	-2.41%	0.48%
New energy photovoltaics and other silicon materials business	14,314,939,541	15,697,946,991	-9.66%	6.84%	8.92%	-2.09%
Distribution business	17,823,270,005	17,217,053,254	3.40%	21.46%	21.43%	0.02%
By product category						
Display devices	56,499,787,338	44,760,616,081	20.78%	-1.83%	-2.41%	0.48%
New energy photovoltaics and other silicon materials	14,314,939,541	15,697,946,991	-9.66%	6.84%	8.92%	-2.09%
Distribution of	17,823,270,005	17,217,053,254	3.40%	21.46%	21.43%	0.02%

electronics						
By operating segment						
Chinese Mainland	53,879,037,280	50,124,175,895	6.97%	-1.77%	-0.56%	-1.13%
Overseas (including Hong Kong)	34,769,149,649	27,116,725,699	22.01%	13.21%	14.52%	-0.89%

IV. Analysis of Non-Core Businesses

☑ Applicable ☐Not applicable

Unit: RMB

	Amount	As % of gross profit	Source	Sustainability
Return on investment	2,193,722,549	95.44%	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	1,257,456,150	54.71%	Mainly due to the movement in fair value of financial assets during the holding period	Yes
Asset impairment	-2,328,103,164	-101.29%	Falling price of inventory write-offs in line with the market	No
Non-operating income	19,590,137	0.85%		No
Non-operating expenses	178,161,936	7.75%		No

V. Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	End of the Reporting Period		December 31, 2025		Weight Change	Main reason for change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	23,149,621,075	6.34%	30,460,060,493	8.17%	-1.83%	No significant change
Accounts receivable	19,982,085,557	5.47%	22,153,002,606	5.94%	-0.47%	No significant change
Contract assets	380,944,305	0.10%	385,576,416	0.10%	0.00%	No significant change
Inventories	22,977,465,760	6.29%	18,370,708,289	4.93%	1.36%	No significant change
Investment properties	421,249,843	0.12%	401,873,017	0.11%	0.01%	No significant change
Long-term equity investments	24,224,709,984	6.63%	23,349,193,104	6.26%	0.37%	No significant change
Fixed assets	157,724,421,112	43.20%	165,003,155,646	44.27%	-1.07%	No significant change

Construction in progress	18,834,203,934	5.16%	16,176,848,470	4.34%	0.82%	No significant change
Right-of-use assets	4,297,808,424	1.18%	6,189,174,496	1.66%	-0.48%	No significant change
Short-term borrowings	10,889,508,692	2.98%	7,552,523,460	2.03%	0.95%	No significant change
Contract liabilities	1,994,628,988	0.55%	2,009,842,277	0.54%	0.01%	No significant change
Long-term borrowings	103,335,671,549	28.30%	116,139,349,491	31.16%	-2.86%	Repayment of borrowings during the Reporting Period
Lease liabilities	3,788,754,808	1.04%	4,148,597,798	1.11%	-0.07%	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)	14,473,193,131	225,797,200	-	-	76,459,895,775	72,818,568,112	10,353,059	18,350,671,053
2. Derivative financial assets	78,957,405	157,641	-	-	86,970,823	308,422,476	167,686,373	25,349,766
3. Receivables financing	625,788,752	-	-	-	-	-	-97,302,663	528,486,089
4. Investments in other equity instruments	356,455,767	-	-145,614,645	-	10,000,000	-	-190,164,058	176,291,709
5. Other non-current financial assets	3,172,659,077	1,102,213,769	-	-	701,100,018	447,640,281	32,705,791	4,561,038,374
Subtotal of financial assets	**18,707,054,132**	**1,328,168,610**	**-145,614,645**	-	**77,257,966,616**	**73,574,630,869**	**-76,721,498**	**23,641,836,991**
Total of the above	**18,707,054,132**	**1,328,168,610**	**-145,614,645**		**77,257,966,616**	**73,574,630,869**	**-76,721,498**	**23,641,836,991**
Financial	493,524,364	70,712,460	-	-	615,479,847	589,569,038	-215,305,613	374,842,020

liabilities									

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

For details, please refer to "28. Assets with Restricted Ownership or Use Rights" under "V. Notes to Consolidated Financial Statements" in "Part VIII Financial Report."

VI. 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 (%)
18,213,538,579	22,581,302,175	-19.34%

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)
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Panel production	Equity acquisition	60.45	10.7656%	Self-raised	None	Not applicable	Not applicable	Transferred	Not applicable	Not applicable	No	December 16, 2025	www.cninfo.com.cn
Fujian Zhaoyuan Optoelectronics Co., Ltd.	R&D, production, and sales of LED epitaxial wafers and chips	Equity acquisition	4.90	80%	Self-raised	None	Not applicable	Not applicable	Transferred	Not applicable	Not applicable	No	December 27, 2025	www.cninfo.com.cn
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Panel production	Equity acquisition	93.25	45%	Self-raised	None	Not applicable	Not applicable	Contracted	Not applicable	Not applicable	No	March 31, 2026	www.cninfo.com.cn
DAS Solar Co.,	Production	Equity	12.58	59.14%	Self-	None	Not	Not	Contracted	Not	Not	No	March 31,	www.cninfo.com.cn

Ltd.	of cells and modules	acquisition			raised		applicable	applicable		applicable	applicable		2026	
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	R&D, production, and sales of wafers	Equity acquisition	8.45	2.37%	Self-raised	None	Not applicable	Not applicable	Transferred	Not applicable	Not applicable	No	May 30, 2026	www.cninfo.com.cn
Total	--	--	179.63	--	--	--	--	--	--			--	--	--

Note: The industrial and commercial registration of the transfer of the 45% equity interest in Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd. was completed on August 21, 2026. DAS Solar Co., Ltd. will be included in the Company's scope of consolidation from Q3 2026.

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

On September 11, 2025, the Company convened the 14th meeting of the 8th Board of Directors, at which the *Proposal on Investment in and Construction of the Generation 8.6 Printed OLED Production Line Project* was reviewed and approved. To secure a strategic position for China in the new competitive landscape of the global display industry, drive the industry's frontier technology exploration and commercialization, and realize the Company's industrialization of high-generation printed OLED, the Company, together with TCL CSOT, the Guangzhou Municipal Government, and the Guangzhou Economic and Technological Development Zone Administration, signed a project cooperation agreement. The project entails the construction of an 8.6- generation printed OLED panel line with a planned capacity of approximately 22,500 sheets per month (substrate size: 2290mm × 2620mm).

Construction of the Generation 8.6 printed OLED production line officially commenced on October 21, 2025. As of the end of the Reporting Period, the main structure had been topped out, and the production line is expected to officially commence production in Q4 2027.

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	2513.HK	Z.AI	8,000	Fair value	14,840	76,769	-	-	-	76,769	91,609	Other non-current financial assets	Self-funded

Stocks	688469.SH	UNT	26,745	Fair value	31,053	16,282	15,417	-	3,234	17,157	44,977	Other non-current financial assets	Self-funded
Bonds	240311	24 Eximbank 11	20,679	Measurement at amortized cost	20,809	-	-	-	-	181	20,990	Debt investments	Self-funded
Bonds	250420	25 ADBC 20	20,027	Measurement at amortized cost	20,251	-	-	-	-	176	20,070	Debt investments	Self-funded
Stocks	300842.SZ	DK Electronic Materials, Inc.	2,430	Fair value	14,118	5,604	-	-	12,077	11,515	13,557	Other non-current financial assets	Self-funded
Bonds	XS2587421681	Nanyang Commercial Bank	7,083	Measurement at amortized cost	7,195	-	-	-	-	253	6,972	Debt investments	Self-funded
Stocks	301636.SZ	Zerun New Energy	1,746	Fair value	4,562	2,182	-	-	-	2,182	6,744	Other non-current financial assets	Self-funded
Bonds	USF2941JAA81	ELECTRICITE DE FRANCE SA	2,919	Fair value	4,091	-5	-	-	-	152	3,960	Held-for-trading financial assets	Self-funded
Bonds	XS3038559129	MONGOLIAN MINING CORP	5,680	Fair value	3,971	16	-	1,796	1,830	169	3,828	Held-for-trading financial assets	Self-funded
Bonds	XS1389118453	LI & FUNG LTD	972	Fair value	3,952	-25	-	-	-	148	3,805	Held-for-trading financial assets	Self-funded
Other securities investments held at the period-end			237,481	--	159,619	-1,462	-12,900	201,514	207,153	3,644	157,600	--	--
Total			**333,762**	--	**284,461**	**99,361**	**2,517**	**203,309**	**224,294**	**112,346**	**374,111**	--	--
Disclosure date of the board announcement approving securities investments			——										
Date for disclosure and announcement on approving securities investment by the general meeting (if any)			——										

(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	4,268,834	164,989	5,582,458	217,325	-38,815	43.74	1.70
Total	**4,268,834**	**164,989**	5,582,458	217,325	**-38,815**	43.74	1.70
Accounting policies and specific accounting principles for hedging business during the Reporting Period and a description of whether there have been significant changes from those of the previous Reporting Period	No significant change.						
Description of actual profits and losses during the Reporting Period	During the Reporting Period, profit from changes in the fair value of hedged items amounted to -RMB 508.18 million; profit from the settlement of matured forward exchange contracts amounted to RMB 185.46 million, and profit from the valuation of outstanding forward exchange contracts amounted to -RMB 65.43 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.)	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. Risk analysis: 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. Risk control measures: 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 508.18 million from changes in the fair value of hedged items and RMB 120.03 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)	March 28, 2026
Disclosure date of the general meeting announcement approving the derivative investments (if any)	April 25, 2026

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

(1) General Information about the Use of Capital Raised

☑ Applicable □Not applicable

Unit: RMB'0,000

Year of raising	Method of raising	Listing date of securities	Total amount raised	Net amount raised (1)	Used in the current period	Total amount used (2)	Utilization rate of capital raised as at the end of the Reporting Period (3) = (2)/(1)	Total amount of changed-purpose funds during the Reporting Period	Total amount of changed-purpose funds	Total amount of changed-purpose funds as a % of total amount raised	Total proceeds that have not been used	Purpose and location of the unused amount	Amount left idle for over two years	Total amount planned to be raised (subject to the amount specified in the prospectus)	Actual amount of capital raised (capped at the actual net capital raised)	Total amount capital raised used as at the end of the Reporting Period	Progress in the use of capital raised as at the end of the Reporting Period	Whether all planned projects funded by capital raised have been completed	Date on which all planned projects funded by capital raised were completed	Total surplus capital raised from completed planned projects	Amount of excess capital raised	Total excess capital raised for which utilization plans have been established (excluding cash management)	Total amount of excess capital raised used during the Reporting Period	Total amount of excess capital raised used as at the end of the Reporting Period (excluding cash management)	Progress in the use of excess capital raised as at the end of the Reporting Period (Unit: %)	Total excess capital raised for which no utilization plan has been established and which remains idle (including cash management)	Date on which all excess capital raised was fully utilized	Whether any project funded by capital raised has been delayed	If yes, total number of delays involving such projects	Whether any project funded by capital raised has been changed	If yes, total number of changes involving such projects
2026	Public issuance of corporate bonds	May 29, 2026	200,000.00	199,520.00	199,520.00	199,520.00	100%	Not applicable	Not applicable	Not applicable	0	Not applicable	0	200,000.00	199,520.00	199,520.00	100%	Not applicable	Not applicable	Not applicable	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Total	--	--	**200,000.00**	**199,520.00**	**199,520.00**	**199,520.00**	**100%**	**0**	**0**	**0**	**0**	--	**0**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Use of the Capital Raised:

Upon the CSRC registration approval (CSRC Approval [2025] No. 2369), the Company issued corporate bonds not exceeding RMB 10 billion to professional investors in installments. During the Reporting Period, the net proceeds from the Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors (Phase I) (Type II) were fully received on May 22, 2026. As of the disclosure date, all proceeds raised have been fully utilized, and the actual use of proceeds is consistent with the intended use as stated in the prospectus.

(2) Promised Use of Capital Raised

□Applicable ☑ Not applicable

Whether the Company has any excess capital raised

□Yes ☑ No

(3) Changes in projects funded by capital raised

□Applicable ☑ Not applicable

No such cases in the Reporting Period.

VII. Sale of Major Assets and Equity Investments

1. Sale of Major Assets

□Applicable ☑ Not applicable

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

2. Sale of Major Equity Investments

□Applicable ☑ Not applicable

VIII. 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	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profits
TCL China Star Optoelectronics Technology Co., Ltd.	Subsidiary	Display	RMB 33.08 billion	18,815,888	7,331,533	5,027,346	397,365	390,266
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	Subsidiary	New energy photovoltaics and other silicon materials business	RMB 4.04 billion	11,276,264	3,478,934	1,431,494	-361,526	-345,728
Highly Information Industry Co., Ltd.	Subsidiary	Distribution business	RMB 412 million	854,144	178,327	1,782,327	12,552	10,322

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 Shangrong Trading Co., Ltd.	Newly established	No significant effect
Wuhan Titi Yunchuang Education Technology Co., Ltd.	Newly established	No significant effect
Ningbo Chengda Shangpin Technology Co., Ltd.	Newly established	No significant effect
Shenzhen Shangpai Zhuofan Technology Co., Ltd.	Newly established	No significant effect
Guangzhou Shangpai Zhihe Electronics Technology Co., Ltd.	Newly established	No significant effect
TCL International Supply Chain (Huizhou) Co., Ltd.	Newly established	No significant effect
Zhejiang Xingyong Electronics Co., Ltd.	Newly established	No significant effect
Shenzhen Zhonghuan Advanced Bandaoti Materials Co., Ltd.	Newly established	No significant effect
Shenzhen Yunqi New Materials Technology Co., Ltd.	Newly established	No significant effect

Ningbo Dongxi Rongrui Venture Capital Partnership (Limited Partnership)	Newly established	No significant effect
Fuzhou Huazhao Optoelectronics Co., Ltd.	Acquisition	No significant effect
Fujian Fuzhao Bandaoti Co., Ltd.	Acquisition	No significant effect
Hunan Chuangke Photoelectrics Co., Ltd.	Acquisition	No significant effect
Yixing Zhonghuan Leading Engineering Management Co., Ltd.	Capital increase for controlling interest	No significant effect
Tianjin Jincheng Internet Technology Co., Ltd.	De-registered	No significant effect

Note: On April 1, 2026, Maxeon Solar Technologies, Ltd., a subsidiary of the Company's subsidiary TZE, and its subsidiary Maxeon Solar Pte. Ltd. voluntarily filed a joint application with the High Court of Singapore for judicial management proceedings. Now, Maxeon Solar Technologies Ltd. and its subsidiary Maxeon Solar Pte Ltd. are under the administration of Deloitte Singapore SR&T Restructuring Services Pte. Ltd. ("Deloitte") and are not included in the Company's consolidated financial statements.

Explanation of Principal Subsidiaries and Joint Stock Companies: None

IX. Structured Bodies Controlled by the Company

☑ Applicable ☐ Not applicable

As of the end of the Reporting Period, the Group had included four structured entities within its scope of consolidation, comprising trust plans and securities firms' asset management products controlled by the Group. Of these, three structured entities were added in the current year, corresponding to entrusted wealth- management products arranged by financial institutions on behalf of the Group as sole principal. For details, please refer to the section on entrusted wealth management. As the manager and an investor in the structured entity, the Group has relevant management power over the structured entity, is exposed to variable returns, and has the ability to use its power to influence those returns.

X. Risks and Responses

1. Risks from the Macro-Political and Economic Environment

Against a backdrop of increasingly divergent global growth, persistent geopolitical tensions, mounting trade protectionism, and accelerating regionalization, uncertainty in the global business environment remained elevated. Meanwhile, continued volatility in global exchange rates and financial markets heightened the risks facing the Company's overseas operations. In response, the Company will closely monitor changes in macroeconomic policies, establish risk monitoring and early-warning mechanisms, identify exposures arising from tariffs, exchange-rate fluctuations, and other factors, and develop targeted contingency plans. Guided by its goal of global leadership, the Company will remain focused on its core businesses, pursue technology-driven innovation, strengthen its competitiveness, and enhance commercial value and returns, thereby improving its resilience to macroeconomic volatility.

2. Risks from Industry Prosperity Fluctuations

Panel prices remained volatile in 2026, while the photovoltaic industry faced intense cut- throat competition.

Notwithstanding sustained industry adjustments, no material improvement was yet observed. The Company will diligently monitor shifts in industry supply and demand and optimize capacity allocation. At the same time, it will increase its investment in R&D to continuously raise the technological content of its 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

Geopolitical tensions and surging AI demand continued to place pressure on the stability of global supply chains. Rising prices for major raw materials also presented challenges to delivery reliability and pricing. Meanwhile, amid a challenging market environment and continued price compression, some small- and medium-sized suppliers have contracted or ceased operations, resulting in potential supply disruptions. To safeguard the resilience and security of its global supply chain, the Company will remain committed to its globalization strategy, deepen the development of local supply chains, and continue strengthening its ability to respond to supply-chain risks. It will also enhance supply stability through strategic partnerships, buffer inventories, and other measures, while establishing monitoring and early-warning mechanisms for upstream supply risks to enable their timely identification and effective mitigation.

4. Intellectual Property and Compliance Risks

As the Company continues to expand its business scale and technological footprint, patent disputes have become more frequent and intellectual property risks increasingly pronounced. 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. The Company will continue to improve its intellectual property management and protection mechanisms, strengthen patent risk assessments, enhance its patent risk monitoring and early-warning systems, and comprehensively improve its ability to address intellectual property risks.

In addition, robust compliance systems are becoming increasingly important to the Company's 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 compliance awareness and culture, and collaborating closely with local partners to proactively manage compliance risk.

XI. 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.

During the Reporting Period, the Company reviewed and approved the *Shareholder Dividend Payout Plan for the Next Three Years (2026–2028)*, which stipulates that the profits distributed in cash each year shall be no less than 30% of the net profit attributable to shareholders of the parent company for that year. During the Reporting Period, the Company also introduced the *Partner Stock Ownership Plan* for management personnel. Shares held by management under the Plan are subject to a five-year lock-up period, with their release linked to the Company’s performance assessment. This arrangement further aligns the interests of management with those of the Company and all its shareholders.

XII. 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 *Notice on Promoting 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.

Focusing on its core businesses in displays, new energy photovoltaics, and silicon materials, the Company remains anchored in its goal of "Global Leadership" and committed to the operating philosophy of "Strategic Leadership, Innovation-Driven, Advanced Manufacturing, and Global Operations." It will continue to consolidate its industry position and pursue sustainable, high-quality development. Motivated by confidence in the Company's future development and a commitment to protecting the interests of all shareholders, bolstering investor confidence, and stabilizing and enhancing the Company's investment value, the *Proposal on Repurchase of a Portion of the Company's Publicly Traded Shares in 2026* was approved at the 23rd meeting of the Eighth Board of Directors on June 1, 2026. 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 1.10 billion (inclusive) and no more than RMB 1.20 billion (inclusive), with a price cap of RMB 6.51 per share (inclusive). The repurchased shares will be used for the Company's employee stock ownership plan and/or equity incentive plan. 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.

In 2025, the Company achieved significant growth in net profit attributable to shareholders of the listed company, with net cash flow from operating activities showing steady improvement and various tasks progressing in an orderly manner. The Company remains committed to delivering shareholder value and adheres to a prudent dividend policy. Under its 2025 profit distribution plan, a cash dividend of RMB 0.9 per 10 shares (tax inclusive) will be distributed to all shareholders, enabling them to benefit from the Company's value growth.

Part IV Corporate Governance, Environment and Social Responsibility

I. Changes in Directors and Senior Management

☑ Applicable □Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Wang Cheng	CEO and Director	Elected	January 19, 2026, April 24, 2026	Appointed and elected
Zhong Wei	Director and Vice Chairman	Elected	April 24, 2026, April 29, 2026	Elected
Zhang Zuoteng	Vice Chairman of the Board	Former	March 25, 2026	Resigned voluntarily

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

□Applicable ☑ Not applicable

The Company does not propose to pay interim cash dividends, issue bonus shares or convert capital reserves into share capital for this interim period.

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 (shares)	Changes	Proportion to the total share capital of the listed company	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	No more than 3,600	0	Not applicable	0%	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	No more than 3,600	60,110,326	Not applicable	0.28%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations

2025 Employee Stock Ownership Plan (Partner Stock Ownership Plan) 2025 Employee Stock Ownership Plan (Medium- and Long-Term Employee Stock Ownership Plan)	The Company's middle and senior management and outstanding key staff	No more than 3,600	174,747,985	Applicable; see Note 1	0.84%	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations
2026 Partner Stock Ownership Plan	Core personnel of the Company	No more than 60	0; see Note 2	Not applicable	-	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations
2026 Medium- and Long-Term Employee Stock Ownership Plan	The Company's middle-level management and outstanding key staff	No more than 4,700	0; see Note 2	Not applicable	-	Employees' legitimate income, performance-based bonus or other distribution permitted by laws and regulations

Note 1: On June 1, 2026, the Company convened the 23rd meeting of the Eighth Board of Directors, and on June 22, 2026, it convened the Second Extraordinary General Meeting for 2026. At these meetings, the *Proposal on Adjusting Matters Relating to the Company's 2025 Employee Stock Ownership Plan* and related proposals were reviewed and approved. To improve its long-term incentive and restraint mechanisms and provide differentiated, targeted incentives to employee groups with different roles and incentive objectives, the Company decided to restructure the 2025 Employee Stock Ownership Plan into two sub-plans: the 2025 Partner Stock Ownership Plan, applicable to key management personnel, and the 2025 Medium- and Long-Term Employee Stock Ownership Plan, applicable to middle management and outstanding key employees. Accordingly, the Company formulated the following documents: the *2025 Employee Stock Ownership Plan (Partner Stock Ownership Plan) of TCL Technology Group Corporation (Revised Draft)* and its summary, and the *Administrative Measures for the 2025 Employee Stock Ownership Plan (Partner Stock Ownership Plan) of TCL Technology Group Corporation*; as well as the *2025 Employee Stock Ownership Plan (Medium- and Long-Term Employee Stock Ownership Plan) of TCL Technology Group Corporation (Revised Draft)* and its summary, and the *Administrative Measures for the 2025 Employee Stock Ownership Plan (Medium- and Long-Term Employee Stock Ownership Plan) of TCL Technology Group Corporation*. The 2025 Medium- and Long-Term Employee Stock Ownership Plan will continue to use the dedicated securities account and trading qualifications already established for the 2025 Employee Stock Ownership Plan. The transfer/purchase of the underlying shares for the 2025 Partner Stock Ownership Plan has not yet been completed.

Note 2: The transfer/purchase of the underlying shares for the Plan has not yet been completed.

Note 3: During the Reporting Period, all shares held under the 2021-2023 Employee Stock Ownership Plan (Phase III) that satisfied the vesting conditions were vested in the holders. The corresponding shares repurchased by the Company in accordance with the relevant arrangements were recently sold in full.

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

Name	Position	Number of shares held at the beginning of the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Proportion to the total share capital of the listed company
Li Dongsheng	Chairman	About 26.47 million shares	About 18.62 million shares	0.09%
Wang Cheng	Director and CEO			
Zhao Jun	Director, Senior Vice President			
Liao Qian	Director, Board Secretary and Senior Vice President			
Li Jian	CFO			
Yan Xiaolin	Director, Senior Vice President, CTO			
Zhu Wei	Employee Representative Director			

Changes of asset management institutions during the Reporting Period

□Applicable ☑ Not applicable

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

□Applicable ☑ Not applicable

Exercise of shareholder rights during the Reporting Period

□Applicable ☑ Not applicable

During the Reporting Period, the Company's ESOP participants exercised their shareholder rights to receive the profit distribution for 2025, but did not participate in voting at the general meeting or exercise other shareholder rights.

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

□Applicable ☑ Not applicable

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

□Applicable ☑ Not applicable

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

☑ Applicable □Not applicable

The financial, accounting treatment and taxation involved in the Company's Employee Stock Ownership Plan (ESOP) shall be implemented according to relevant laws, regulations and normative documents such as financial systems, accounting standards, and taxation systems. Holders of the shareholding plan shall pay individual income tax arising from their participation in the plan according to law, and may choose to have the shareholding plan sell a corresponding amount of shares to cover individual income tax, with the remaining shares attributed to the individuals.

Termination of Employee Stock Ownership Plan during the Reporting Period

☑ Applicable □Not applicable

During the Reporting Period, all shares held under the 2021-2023 Employee Stock Ownership Plan (Phase I), the 2021-2023 Employee Stock Ownership Plan (Phase II), and the 2021-2023 Employee Stock Ownership Plan (Phase III) that satisfied the vesting conditions were vested in the holders. The corresponding shares repurchased by the Company as per the agreement have been fully disposed of. The aforementioned Employee Stock Ownership Plans were fully implemented and terminated ahead of schedule. For details, please refer to the *Announcement on the Implementation Progress of the Employee Stock Ownership Plans* disclosed by the Company through designated media on July 3, 2026.

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	TCL China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
2	Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
3	Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex
4	Guangzhou China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Guangdong Province) https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex

5	Wuhan China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=6a15f252-dd39-40a0-b08c-ba0387086f16&XH=16777512702080092 44672&year=2024
6	Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Hubei) http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=10470c7d-faf3-4981-8a87-e813881ef749&XH=1677751269448009244672&year=2024
7	Suzhou China Star Optoelectronics Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
8	Suzhou China Star Optoelectronics Display Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js
9	Fuzhou Huazhao Optoelectronics Co., Ltd. (formerly known as Fujian Zhaoyuan Optoelectronics Co., Ltd.)	Enterprise Environmental Information Disclosure System (Fujian Beta Version) http://220.160.52.213:10053/idp-province/#/home
10	Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Tianjin) https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
11	Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Enterprise Environmental Information Disclosure System (Inner Mongolia) http://sthjj.huhhot.gov.cn/ztzl/xzzt/cxjsgc/202507/t20250717_1912456.html
12	Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
13	TCL Zhonghuan Energy Technology (Jiangsu) Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
14	Wuxi Zhonghuan Applied Materials Co., Ltd.	Enterprise Environmental Information Disclosure System (Jiangsu) http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
15	Moka Technology (Guangdong) Co., Ltd.	Ecological Environment Statistics Business System https://hjtj.cnemc.cn/htqy/#/login
16	TTE Electronics India Pvt Ltd.	The Online Consent Management & Monitoring System (APOCMMS) https://apocmms.nic.in
17	CÔNG TY TNHH CÔNG NGHỆ MOKA VIỆT NAM Moka Technology Vietnam Company Limited	Public information on environment-related permits from Quang Ninh Economic Zone Authority https://qeza.gov.vn/Cong-khai-Giay-phep-moi-truong-cua-Du-an-Moka-Viet-Nam/dta/vi/10378/
18	TCL Moka Manufacturing S.A de C.V (Mexico)	Ministry of Environment and Natural Resources Leyes y Normas del Sector Medio Ambiente | Secretaría de Medio Ambiente y Recursos Naturales | Gobierno | gob.mx
19	Tianjin Printronics Circuit Corporation	Enterprise Environmental Information Disclosure System (Tianjin) https://hjxxpl.sthj.tj.gov.cn:10800/#/gkwz/jcym
20	Techigh Circuit Technology (Huizhou) Co., Ltd.	Department of Ecology and Environment of Guangdong Province - Enterprise Environmental Information Disclosure System https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E6%B3%B0%E5%92%8C%E7%94%B5%E8%B7%AF&reportType=&areaCode=&entType=&reportDateStartStr=&reportDateEndStr=

V. Social Responsibility

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

Rural education provides strategic support for rural revitalization. The TCL Public Welfare Foundation launched the "TCL PV Low-Carbon Campus" project, providing green energy support to rural education by donating rooftop photovoltaic power generation systems along with the income they generate over their 25-year life cycle. To further advance "Project Hope in the New Era" and extend the reach of education assistance, the Foundation partnered with the China Youth Development Foundation to implement the "TCL Project Hope PV-enabled Low-Carbon Campus Program," thereby continuously empowering the sustainable development of rural education. To date, 35 "TCL PV-enabled Low-Carbon Campuses" have been donated and constructed across China, with a total installed capacity of 2,054.65 kW. Over their 25-year life cycle, these systems are expected to generate approximately 61.91 million kWh of electricity, equivalent to planting approximately 2.76 million trees. During the Reporting Period, the project team conducted extensive field research in Chongqing, Henan, Hubei, and other regions, carrying out targeted assessments of local schools and students to lay a solid foundation for the high-quality expansion of the low-carbon campus initiative.

To advance education, the "TCL University Donation Program"—launched in 2022—has provided support to eight universities, including South China University of Technology and Xidian University. To date, the program has funded 54 TCL Young Scholars and 66 Science and Technology Innovation Fund projects. During the Reporting Period, an additional 11 young scholars and 6 innovation fund projects received support. In addition, TCL invests RMB 2 million annually in the Distinguished Speaker Series under the "SUSTech–TCL Innovation and Entrepreneurship Lecture Program." Leading experts and scholars, including Mao Daqing and Ma Guangyuan, were recently invited to deliver eight high-quality thematic lectures, continuing to inspire innovation among young people.

During the Reporting Period, the TCL Public Welfare Foundation stayed firmly committed to strengthening rural infrastructure, fostering local industries, and enhancing early childhood care and development. It disbursed RMB 3.95 million in dedicated funding and adopted a range of measures to support rural revitalization and integrated urban-rural development. At the implementation level, the Foundation directed funding to key regions and priority projects, providing RMB 2 million to the Jiexi County Charity Federation, RMB 1 million to the China Development Research Foundation's "Sunshine Starting Line Program" in Haidong, Qinghai, RMB 500,000 to a rural revitalization project in Yugan County, Jiangxi, and RMB 250,000 to projects in Huizhou. It also invested RMB 200,000 through the "TCL Public Welfare Ecological Forest" project to support plateau ecological restoration in the Sanjiangyuan region. The Foundation also continued to broaden the scope of its philanthropic activities, incubating and implementing 20 outstanding public welfare projects through the "TCL

Rose Initiative - Public Welfare Creativity Competition.” Six of these projects were dedicated to rural revitalization, focusing on children’s education, sports development, and environmental protection, while ensuring that the benefits of these philanthropic initiatives reached a wider range of communities.

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 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 certain related-party transactions regarding purchase or disposal of assets or equity investments. Please refer to the index in Item 7 of this Section XI Major Related-Party Transactions.

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

□Applicable ☑ Not applicable

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

4. Amounts Due to and from Related Parties

☑ Applicable □Not applicable

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

□Yes ☑ No

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

5. Transactions with Related-party Finance Companies

□Applicable ☑ Not applicable

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

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

☑ Applicable □Not applicable

Deposits

Related parties	Relationship with the Company	Daily deposit ceiling (RMB'0,000)	Range of interest	Beginning balance (RMB'0,000)	Amount incurred in the current period		Ending balance (RMB'0,000)
					Total deposit amount in current period (RMB'0,000)	Total withdrawal amount in current period (RMB'0,000)	
Subsidiary of TCL Industries Holdings Co., Ltd.	Related legal entity	250,000	0.38%	1032.87	144,334.34	145,367.21	0

Loans

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

Credit or other financial business

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

Note: At the 2024 Annual General Meeting, the Company reviewed and approved the *Proposal on Continuing to Provide Financial Services to Related Parties and Renewing the Financial Services Agreement for Related-Party Transactions*. The agreement shall remain valid from the date of its approval at the 2024 Annual General Meeting until the date on which a similar proposal is approved at the Company's next general meeting.

7. Other Major Related-Party Transactions

☑ Applicable □Not applicable

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

Title of announcement	Date of interim disclosure	Website for disclosure
Announcement on the Anticipated Recurring Related-Party Transactions for 2026	January 20, 2026	www.cninfo.com.cn
Proposal on Recurring Related-Party Leases for 2026		
Announcement on the Related-Party Transactions with Shenzhen Jucai Supply Chain Technology Co., Ltd. in 2026		
Report on the Execution of Recurring Related-Party Transactions in 2025	March 28, 2026	
Special note on financial businesses, including deposits and loans, relating to related-party transactions of finance companies		
Announcement on the Launch of Accounts Receivable Factoring and the Related-Party Transaction		
Announcement on the Acquisition of Partial Minority Equity Interests in a Subsidiary and the Related-Party Transaction	May 30, 2026	

XII. Major Contracts and Execution thereof

1. Entrustment, Contracting, and Leases

(1) Entrustment

□Applicable ☑ Not applicable

During the Reporting Period, the Company had no entrusted projects that generated profits or losses representing 10% or more of the net profit attributable to shareholders of the parent company for the Reporting Period.

(2) Contracting

□Applicable ☑ Not applicable

During the Reporting Period, the Company had no contracting projects that generated profits or losses representing 10% or more of the net profit attributable to shareholders of the parent company for the Reporting Period.

(3) Leases

□Applicable ☑ Not applicable

During the Reporting Period, the Company had no lease projects that generated profits or losses representing 10% or more of the net profit attributable to shareholders of the parent company for 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.	April 25, 2026	130,000	January 30, 2026	44,382	Joint liability guarantee	/	With counter-guarantee	13 days-119 days	No	No
Qihang International Import & Export Limited	April 25, 2026	25,000	-	0	Joint liability guarantee	/	With counter-guarantee	-	-	No
Guangzhou Qihang International Supply Chain Co., Ltd.	April 25, 2026	30,000	-	0	Joint liability guarantee	/	With counter-guarantee	-	-	No
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	April 25, 2026	15,000	April 28, 2020	9,603	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	2.3-4 years	No	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	April 25, 2026	46,400	May 22, 2023	35,200	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	3.9 years	No	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	April 25, 2026	136,235	June 15, 2023	119,397	Joint liability guarantee	/	Guarantee in proportion to shareholding percentage	3 years	No	No
Total approved limit for such guarantees in Reporting Period (A1)		382,635		Total actual amount of such guarantees in Reporting Period (A2)						44,566
Total approved limit for such guarantees at the end of the Reporting Period (A3)		382,635		Total balance of such guarantees at the end of Reporting Period (A4)						208,581
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
Highly (Tianjin) E-Commerce Co., Ltd.	April 25, 2026	10,000	-	0	Joint liability guarantee	/	/	-	-	No
Highly (Tianjin) Technology Co., Ltd.	April 25, 2026	61,000	April 14, 2026	27,768	Joint liability guarantee	/	/	1 day-51 days	No	No
Mingsi Technology Co., Ltd.	April 25, 2026	20,000	April 13, 2026	10,216	Joint liability guarantee	/	/	292 days	No	No
Beijing Hecheng Nuoxin Technology Co., Ltd.	April 25, 2026	12,000	July 10, 2025	12,000	Joint liability guarantee	/	/	10 days	No	No
Beijing Lingyun Data Technology Co., Ltd.	April 25, 2026	42,000	July 16, 2025	23,175	Joint liability guarantee	/	/	6 days-207 days	No	No
Beijing Sunpiestore Technology Co., Ltd.	April 25, 2026	194,000	September 4, 2024	126,000	Joint liability guarantee	/	/	10 days-1.2 years	No	No
Highly Information Industry Co., Ltd.	April 25, 2026	410,000	June 1, 2024	364,061	Joint liability guarantee	/	/	13 days-1.3 years	No	No

Tianjin TiTi Yunchuang Technology Co., Ltd.	April 25, 2026	10,000	July 10, 2025	10,000	Joint liability guarantee	/	/	10 days	No	No
Tianjin Wanfang Nuoxin Technology Co., Ltd.	April 25, 2026	10,000	July 10, 2025	10,000	Joint liability guarantee	/	/	10 days	No	No
Beijing Youyi Online Technology Co., Ltd.	April 25, 2026	15,000	-	0	Joint liability guarantee	/	/	-	-	No
Tianjin Printronics Circuit Corporation	April 25, 2026	53,000	November 17, 2022	8,067	Joint liability guarantee	/	/	4.2 years	No	No
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	April 25, 2026	440,000	-	0	Joint liability guarantee	/	/	-	-	No
Ningxia Zhonghuan Solar Material Co., Ltd.	April 25, 2026	210,000	-	0	Joint liability guarantee	/	/	-	-	No
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	April 25, 2026	300,000	-	0	Joint liability guarantee	/	/	-	-	No
LumeTech PTE Ltd	April 25, 2026	90,000	-	0	Joint liability guarantee	/	/	-	-	No
LumeTech Energy S.J.S.C.	April 25, 2026	60,000	-	0	Joint liability guarantee	/	/	-	-	No
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	April 25, 2026	100,000	March 25, 2026	10,084	Joint liability guarantee	/	/	20 days-118 days	No	No
MOKA GLOBAL LIMITED	April 25, 2026	60,000	-	0	Joint liability guarantee	/	/	-	-	No
Guangzhou Zhihui Shengke Co., Ltd.	April 25, 2026	30,000	November 29, 2024	18,973	Joint liability guarantee	/	/	5.4 years	No	No
TTE ELECTRONICS INDIA PRIVATE LIMITED	April 25, 2026	10,000	-	0	Joint liability guarantee	/	/	-	-	No
Huizhou Moka Technology Development Co., Ltd.	April 25, 2026	30,000	March 27, 2026	16	Joint liability guarantee	/	/	76 days-83 days	No	No
Moka Technology (Guangdong) Co., Ltd.	April 25, 2026	400,000	November 24, 2023	143,784	Joint liability guarantee	/	/	6 days-2.7 years	No	No
Shenzhen Zhixian Shijie Software Technology Co., Ltd.	April 25, 2026	1,000	-	0	Joint liability guarantee	/	/	-	-	No
Shenzhen Zhilian Shuchuang Technology Co., Ltd.	April 25, 2026	1,000	-	0	Joint liability guarantee	/	/	-	-	No
MOKA TECHNOLOGY VIETNAM COMPANY LIMITED	April 25, 2026	20,000	-	0	Joint liability guarantee	/	/	-	-	No
TCL China Star Optoelectronics Technology Co., Ltd.	April 25, 2026	2,740,000	December 22, 2022	1,089,411	Joint liability guarantee	/	/	15 days-9.3 years	No	No
Guangdong Juhua Printed Display Technology Co., Ltd.	April 25, 2026	0	-	0	Joint liability guarantee	/	/	-	-	No
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 25, 2026	500,000	June 29, 2026	6,911	Joint liability guarantee	/	/	20 days	No	No
Huizhou China Star Optoelectronics Display Co., Ltd.	April 25, 2026	500,000	February 27, 2025	144,065	Joint liability guarantee	/	/	81 days-2.2 years	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 25, 2026	350,000	June 15, 2020	141,653	Joint liability guarantee	/	/	2-3 years	No	No
Suzhou China Star Optoelectronics Display Co., Ltd.	April 25, 2026	50,000	August 30, 2022	47,386	Joint liability guarantee	/	/	5.9 years	No	No

Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 25, 2026	1,350,000	September 28, 2021	915,821	Joint liability guarantee	/	/	20 days-6.3 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	April 25, 2026	1,100,000	August 25, 2022	545,355	Joint liability guarantee	/	/	17 days-4.2 years	No	No
Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd.	April 25, 2026	1,180,000	June 29, 2026	11,612	Joint liability guarantee	/	/	1.1-1.8 years	No	No
TCL Technology Investments Limited	April 25, 2026	500,000	June 23, 2025	136,218	Joint liability guarantee	/	/	1.9 years	No	No
TCL Technology Capital Limited	April 25, 2026	300,000	-	0	Joint liability guarantee	/	/	-	-	No
TCL Technology Group (Tianjin) Co., Ltd.	April 25, 2026	30,000	August 31, 2022	20,000	Joint liability guarantee	/	/	1.2 years	No	No
TCL Culture Media (Shenzhen) Co., Ltd.	April 25, 2026	2,000	-	0	Joint liability guarantee	/	/	-	-	No
Total guarantee limit for subsidiaries approved in the Reporting Period (B1)		11,191,000		Total actual amount of such guarantees for subsidiaries in Reporting Period (B2)		811,133				
Total guarantee limit for subsidiaries approved at the end of the Reporting Period (B3)		11,191,000		Total balance of guarantees for subsidiaries at the end of the Reporting Period (B4)		3,822,577				
Guarantees provided between subsidiaries										
Obligor	Disclosure date of announcement on guarantee limit	Guarantee limit	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter-guarantee (if any)	Term of guarantee	Fulfilled or not	Guarantee for related parties or not
Highly (Tianjin) Technology Co., Ltd.	April 25, 2026	20,000	January 4, 2026	14,050	Joint liability guarantee	/	/	4 days-33 days	No	No
Techigh Circuit Technology (Zhuhai) Co., Ltd.	April 25, 2026	87,000	September 9, 2025	35,629	Joint liability guarantee	/	/	88 days-7.2 years	No	No
Huizhou China Star Optoelectronics Display Co., Ltd.	April 25, 2026	700,000	January 16, 2025	271,800	Joint liability guarantee	/	/	27 days-2.1 years	No	No
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 25, 2026	669,300	June 15, 2020	354,133	Joint liability guarantee	/	/	2 years	No	No
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	April 25, 2026	1,370,400	February 1, 2024	334,155	Joint liability guarantee	/	/	15 days-4.3 years	No	No
Wuhan China Star Optoelectronics Technology Co., Ltd.	April 25, 2026	332,000	October 31, 2025	159,617	Joint liability guarantee	/	/	59 days-4.5 years	No	No
Fuzhou Huazhao Optoelectronics Co., Ltd.	April 25, 2026	150,000	June 26, 2026	3,722	Joint liability guarantee	/	/	179 days	No	No
MOKA GLOBAL LIMITED	April 25, 2026	25,000	May 24, 2026	21,734	Joint liability guarantee	/	/	53 days-85 days	No	No
MOKA GLOBAL LIMITED	April 25, 2026	49,000	June 1, 2026	23,838	Joint liability guarantee	/	/	335 days	No	No

Zhonghuan Energy (Inner Mongolia) Co., Ltd.	June 25, 2017	7,320	July 21, 2017	7,320	Joint liability guarantee	/	/	6 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	March 22, 2021	189,975	April 30, 2021	189,975	Joint liability guarantee	/	/	1.8 years	No	No
Ningxia Zhonghuan Solar Material Co., Ltd.	January 23, 2022	394,116	May 30, 2022	394,116	Joint liability guarantee	/	/	2.9 years	No	No
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	May 26, 2022	53,085	June 28, 2022	53,085	Joint liability guarantee	/	/	3 years	No	No
Tianjin Huanou New Energy Technology Co., Ltd	May 26, 2022	59,839	September 28, 2022	59,839	Joint liability guarantee	/	/	3.2 years	No	No
Wuxi Zhonghuan Applied Materials Co., Ltd.	May 26, 2022	61,199	June 30, 2022	61,199	Joint liability guarantee	/	/	3 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	17,374	September 30, 2022	17,374	Joint liability guarantee	/	/	1.2 years	No	No
Huansheng New Energy (Jiangsu) Co., Ltd.	May 26, 2022	42,550	March 29, 2023	42,550	Joint liability guarantee	/	/	4.1 years	No	No
Huansheng New Energy (Tianjin) Co., Ltd.	April 8, 2023	67,275	February 28, 2024	67,275	Joint liability guarantee	/	/	4.6 years	No	No
Huansheng New Energy (Inner Mongolia) Co., Ltd.	May 16, 2025	103,000	June 30, 2025	64,724	Joint liability guarantee	/	/	5 years	No	No
Tianjin Huan'ou Bandaoti Material&Technology Co., Ltd.	May 16, 2025	38,900	September 29, 2025	38,900	Joint liability guarantee	/	/	9.3 years	No	No
Tianjin Zhonghuan New Energy Co., Ltd.	May 16, 2025	9,342	December 26, 2025	9,342	Joint liability guarantee	/	/	0.5 years	No	No
Otog Banner Huanju New Energy Co., Ltd.	April 15, 2026	12,745	May 15, 2026	12,745	Joint liability guarantee	/	/	13.4 years	No	No
Ongniud Banner Guangrun New Energy Co., Ltd.	April 15, 2026	2,549	May 15, 2026	2,549	Joint liability guarantee	/	/	13.4 years	No	No
Hohhot Huanju New Energy Development Co., Ltd.	April 15, 2026	30,632	May 15, 2026	30,632	Joint liability guarantee	/	/	13.4 years	No	No
TCL Zhonghuan Energy Technology (Jiangsu) Co., Ltd.	April 15, 2026	7,886	June 1, 2026	7,886	Joint liability guarantee	/	/	1 year	No	No
Total guarantee limit for subsidiaries approved in the Reporting Period (C1)		5,713,800		Total actual amount of such guarantees for subsidiaries in the Reporting Period (C2)		433,530				
Total guarantee limit for subsidiaries approved at the end of the Reporting Period (C3)		5,713,800		Total balance of guarantees for subsidiaries at the end of the Reporting Period (C4)		2,278,189				
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee limit approved in the Reporting Period (A1+B1+C1)		17,287,435		Total actual guarantee amount in the Reporting Period (A2+B2+C2)		1,289,229				
Total approved guarantee limit at the end of the Reporting Period (A3+B3+C3)		17,287,435		Total guarantee balance at the end of the Reporting Period (A4+B4+C4)		6,309,347				

Ratio of total guarantee balance (i.e., A4+B4+C4) to the Company's net assets	99.25%
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)	2,108,827
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)	3,130,957
Total of the three above amounts (D+E+F)	3,130,957
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 3,541.33 million. The joint guarantee has been filled in the "Company's Guarantee for Subsidiaries" and "Guarantee Among Subsidiaries", respectively.

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

(4) On July 12, 2026, the Company reallocated the guarantee limits provided for its controlled subsidiaries based on their business needs. Details are as follows: the guarantee limit of RMB 600 million provided to LumeTech Energy S.J.S.C. and the guarantee limit of RMB 900 million provided to LumeTech PTE Ltd, totaling RMB 1.5 billion, were reallocated to their parent company, TCL Zhonghuan Renewable Energy Technology Co., Ltd. Following the reallocation, the Company's guarantee limit for TZE amounts to RMB 5.9 billion, with the scope of the guarantee covering guarantees provided for its public bond issuance, financing, and other matters.

The Company has performed internal review procedures for the above-mentioned guarantee reallocation. It's found that they did not violate the legal provisions on listed companies, and complied with the relevant requirements of the *Announcement on Providing Guarantees for Subsidiaries in 2026* reviewed and approved at the 2025 Annual General Meeting held on April 24, 2026.

Explanation of guarantees provided in composite forms: Not applicable

3. Entrusted Wealth Management

☑ Applicable ☐ Not applicable

Unit: RMB'0,000

Product type	Risk characteristics	Balance of entrusted wealth management during the Reporting Period	Unrecovered overdue amount
Bank's wealth management product	Highly secure and liquid, with medium-to-low risk	76,815.54	0
Securities firm's wealth management products		535,127.43	0
Trust plan		465,120.49	0
Structured deposits		132,000.00	0

Other		371,421.00	0
Total		**1,580,484.46**	**0**

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

☑ Applicable □Not applicable

Unit: RMB'0,000

Product name	Name of entrusted institution (or trustee)	Type of entrusted institution (or trustee)	Risk characteristics	Product type	Amount	Start date	End date	Investment of funds	Actual profit or loss during the Reporting Period	Actual recovery of profit or loss during the Reporting Period	Summary of the matter and relevant reference index (if any)
Haitong Caifu Jiangxin 100 Series No. 81 FOF Single-Asset Management Plan	Haitong Futures Co., Ltd.	Futures institution	Medium-to-low risk	Securities firm asset management	49,956.84	June 30, 2026	No fixed term; open weekly; the Company may redeem at any time	Fixed-income assets such as bonds and money market instruments	/	/	/
FOTIC - Xincheng No. 6 Collective Capital Trust Plan	China Foreign Economy and Trade Trust Co., Ltd.	Trust institution	Medium-to-low risk	Trust plan	95,664.53	June 30, 2026	No fixed term; the Company may make redemptions from time to time	Fixed-income assets such as bonds and money market instruments	/	/	/
CCB Trust - Zunyu No. 20 Single Fund Trust Plan	CCB Trust Co., Ltd.	Trust institution	Medium-to-low risk	Trust plan	69,455.97	June 30, 2026	No fixed term; the Company may redeem or terminate the trust plan at any time	Fixed-income assets such as bonds and money market instruments	/	/	/
	Total				215,077.33	--	--	--	/	--	--

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. 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

March 31, 2026	Conference Room of TCL TECH. in Shenzhen	Web conferencing	Individuals, institutions, etc.	All investors	Annual performance and operations of TCL TECH. for 2025	Log Sheet No. 2026-001 on Investor Relations Activities dated March 31, 2026 disclosed by the Company at www.cninfo.com.cn on March 31, 2026.
May 6, 2026	Conference Room of TCL TECH. in Shenzhen	Web conferencing	Institution	Foresight Fund, Southern Asset Management, China Pacific Insurance, CITIC Securities, etc.	Performance and operations of TCL TECH. for Q1, 2026	Log Sheet No. 2026-002 on Investor Relations Activities dated May 6, 2026 disclosed by the Company at www.cninfo.com.cn on May 7, 2026.
June 2, 2026	Conference Room of TCL TECH. in Shenzhen	Web conferencing	Institution	Aviva-COFCO Life, BOC Investment Management, Ping An Fund, Huatai Securities, etc.	Recent operating performance of TCL TECH.	Log Sheet No. 2026-003 on Investor Relations Activities dated June 2, 2026 disclosed by the Company at www.cninfo.com.cn on June 3, 2026.
January - June 2026	The Company's office	Investor hotline (telephone)	Individuals, institutions, etc.	Individuals, institutions, etc.	Contents and public information, etc., disclosed by the Company	-
January - June 2026	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

XIV. Other Significant Events

☑ Applicable □Not applicable

1. Acquisition of a 45.00% equity interest in Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd. through share issuance and cash payment

On March 31, 2026, the Company disclosed the *Report (Draft) on Asset Purchase via Share Issuance and Cash Payment and Raising of Supporting Funds of TCL Technology Group Corporation*. The Company proposes to acquire, through share issuance and cash payment, the 45% equity interest in Guangzhou CSOT Bandaoti held by Guangdong Hengjian Investment Holding Co., Ltd., Guangzhou Chengfa Xingguang Investment Partnership (Limited Partnership) and Science City (Guangzhou) Investment Group Co., Ltd., and to raise supporting funds concurrently.

On April 24, 2026, the Company convened the 2025 Annual General Meeting, at which the aforementioned matters were reviewed and approved.

On April 29, 2026, the Company received the *Notice on Acceptance of the Application Documents of TCL Technology Group Corporation for Asset Purchase via Share Issuance and Raising of Supporting Funds* issued by the Shenzhen Stock Exchange.

On June 1, 2026, the Board reviewed and approved the *Proposal on Canceling the Raising of Supporting Funds for the Asset Purchase via Share Issuance*. Taking into account the interests of all shareholders and the sustained positive momentum in the Company's operations and development, the Company decided to voluntarily cancel the arrangement for raising supporting funds for the asset purchase via share issuance. The cash consideration will instead be paid from the Company's own or self-raised funds.

On July 24, 2026, the Merger and Acquisition Review Committee of the Shenzhen Stock Exchange approved the Company's acquisition of the 45% equity interest in Guangzhou CSOT Bandaoti through share issuance and cash payment.

On August 19, 2026, the Company received the *Reply on Approving the Registration of TCL Technology Group Corporation's Asset Purchase via Share Issuance* (CSRC Permit [2026] No. 2116) issued by the China Securities Regulatory Commission.

On August 21, 2026, the industrial and commercial registration for the transfer of the 45% equity interest in Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd. was completed. The newly issued shares will be listed on August 31, 2026.

2. Implementation of the Partner Stock Ownership Plan

On June 1, 2026, the Board reviewed and approved the *Proposal on Adjustments to Matters Relating to the Company's 2025 Employee Stock Ownership Plan*, *the Proposal on the 2026 Partner Stock Ownership Plan of TCL Technology Group Corporation (Draft) and Its Summary*, and other related proposals. To strengthen the alignment of key management personnel's interests with the Company's long-term development and effectively promote shared benefits and responsibilities, the Company implemented the Partner Stock Ownership Plan for directors, senior management, and other management personnel at specified levels. The vesting arrangements under the Partner Stock Ownership Plan were changed from "a one-year lock-up period followed by vesting/unlocking over two years" to "a five-year lock-up period followed by a one-time release upon expiry." The Partner Stock Ownership Plan will also act in concert with the Company's largest shareholder.

On June 22, 2026, the aforementioned matters were reviewed and approved at the Second Extraordinary General Meeting of 2026. The related work is progressing in an orderly manner.

XV. 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	2,704,164,206	13.00%	0	0	0	-1,031,989,889	-1,031,989,889	1,672,174,317	8.04%
1. Shares held by public legal entities	1,268,952,437	6.10%	0	0	0	-282,660,331	-282,660,331	986,292,106	4.74%
2. Shares held by other domestic investors	798,732,340	3.84%	0	0	0	-115,585,532	-115,585,532	683,146,808	3.28%
Among which: shares held by domestic legal entities	89,073,633	0.43%	0	0	0	-89,073,633	-89,073,633	0	0.00%
Shares held by domestic individuals	709,658,707	3.41%	0	0	0	-26,511,899	-26,511,899	683,146,808	3.28%
3. Shares held by foreign investors	300,514,791	1.44%	0	0	0	-297,779,388	-297,779,388	2,735,403	0.01%
Among which: shares held by foreign legal entities	298,099,761	1.43%	0	0	0	-298,099,761	-298,099,761	0	0.00%
Shares held by foreign individuals	2,415,030	0.01%	0	0	0	320,373	320,373	2,735,403	0.01%
4. Fund, wealth management product, etc.	335,964,638	1.62%	0	0	0	-335,964,638	-335,964,638	0	0.00%
II. Non-	18,096,698,241	87.00%	0	0	0	1,031,989,889	1,031,989,889	19,128,688,130	91.96%

restricted shares									
1. RMB-denominated ordinary shares	18,096,698,241	87.00%	0	0	0	1,031,989,889	1,031,989,889	19,128,688,130	91.96%
III. Total shares	20,800,862,447	100.00%	0	0	0	0	0	20,800,862,447	100.00%

Reasons for changes in shares

☑ Applicable □Not applicable

1. During the Reporting Period, the 1,035,489,574 restricted shares issued by the Company in 2025 in connection with its asset purchase via share issuance and cash payment and raising of supporting funds were released from trading restrictions and listed for trading on February 24, 2026. The number of non-restricted shares increased accordingly.

2. During the Reporting Period, locked-up shares held by senior management increased by 3,499,685 restricted shares, while the number of non-restricted shares decreased accordingly.

Approval of changes in shares

□Applicable ☑ Not applicable

Transfer of share ownership

☑ Applicable □Not applicable

Note: On July 10, 2026, the Company disclosed the *Announcement on the Implementation Progress of the Employee Stock Ownership Plans and Completion of the Non-Trading Transfer of Certain Shares Vested in the Holders*. The Company completed the second non-trading transfer under the 2021–2023 Employee Stock Ownership Plan (Phase III), involving 26,973,002 shares in total, representing 0.13% of the Company's total share capital. Of these, 1,985,472 shares were transferred to the Company's directors and senior management through non-trading transfer, and 24,987,530 shares were transferred to other holders through non-trading transfer. The Company also completed the first non-trading transfer under the 2024 Employee Stock Ownership Plan, involving 45,319,634 shares in total, representing 0.22% of the Company's total share capital. Of these, 2,476,093 shares were transferred to the Company's directors and senior management through non-trading transfer, and 42,843,541 shares were transferred to other holders through non-trading transfer.

Progress on any share repurchase

☑ Applicable □Not applicable

Note: On July 3, 2026, the Company disclosed the *Progress Announcement on the Repurchase of Publicly Traded Shares in 2026*. As of June 30, 2026, the Company had repurchased 82,167,590 shares through centralized bidding via its dedicated securities account for share repurchases, representing approximately 0.40% of its total share capital. The highest and lowest transaction prices were RMB 4.93 and RMB 4.82 per share, respectively, and the total transaction amount was approximately RMB 400 million, exclusive of transaction costs.

On July 18, 2026, the Company published the *Announcement on the Proportion of Publicly Traded Shares Repurchased in 2026 Reaching 1% and the Completion of the Share Repurchase*. From June 23 to July 17, 2026, the Company repurchased a total of 239,384,027 shares through centralized bidding via its dedicated securities account for share repurchases, representing approximately 1.15% of its total share capital. The highest and lowest transaction prices were RMB 5.49 and RMB 4.82 per share, respectively, and the total transaction amount was approximately RMB 1.20 billion, exclusive of transaction costs. The actual funds used for the share repurchase reached the maximum amount specified in the repurchase plan, and the implementation of the plan was therefore completed.

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

The Company’s total share capital did not change during the Reporting Period.

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

□Applicable ☑ Not applicable

2. Changes in Restricted Shares

☑ Applicable □Not applicable

Unit: share

Name of shareholder	Number of restricted shares at period-begin	Number of increased restricted shares of the period	Number of released restricted shares of the period	Number of restricted shares at period-end	Reason for restriction	Date of restriction release
Shenzhen Major Industrial Development Phase I Fund Co., Ltd.	986,292,106	0	0	986,292,106	New share issuance	To be released from trading restrictions 12 months after the listing date of the newly issued shares (July 10, 2025)
UBS AG	243,467,933	0	243,467,933	0	New share issuance	To be released from trading restrictions 6 months after the listing date of the newly issued shares (August 22, 2025); the shares were releasedfrom trading restrictions and listed for trading on February 24, 2026
Shenzhen Runcheng Investment Management Co., Ltd. - Runcheng Jinjin No. 1 Private Securities Investment Fund	114,251,781	0	114,251,781	0		
China International Capital Corporation Limited	106,888,361	0	106,888,361	0		
CITIC Securities Co., Ltd.	65,320,665	0	65,320,665	0		
GF Securities Co., Ltd.	59,382,422	0	59,382,422	0		
MORGAN STANLEY & CO. INTERNATIONAL	54,631,828	0	54,631,828	0		

PLC.						
Guotai Haitong Securities Co., Ltd.	45,130,641	0	45,130,641	0		
China Construction Bank - Efund - CSI 300 ETF Initiated	35,741,235	0	35,741,235	0		
Changsha Lugu Capital Management Co., Ltd.	35,629,453	0	35,629,453	0		
Other shareholders participating in the Company's issuance of shares to specific investors for raising supporting funds	275,045,255	0	275,045,255	0		
Directors, senior management and others of the Company	682,382,526	3,499,685	0	685,882,211	Certain shares held by directors, senior management and other persons are locked up as required	Not applicable
Total	2,704,164,206	3,499,685	1,035,489,574	1,672,174,317	--	--

II. Issuance and Listing of Securities

☑ Applicable ☐Not applicable

Names of stocks and their derivative securities	Issue date	Issue price (or interest rate)	Issue quantity	Listing date	Aggregate number of shares permitted to be traded	Transaction closing date	Index to disclosed information	Date of disclosure
Stocks								
Not applicable								
Convertible corporate bonds, convertible corporate bonds traded separately, corporate bonds								
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2026 (Phase I) (Type 2)	May 20, 2026	1.95%	RMB 2 billion	May 29, 2026	RMB 2 billion	May 22, 2029	www.cninfo.com.cn	May 19, 2026 May 28, 2026
Other derivative securities								
Not applicable								

Description of securities issuances during the Reporting Period

TCL Technology Group Corporation's 2026 Public Offering of Sci-Tech Innovation Corporate Bonds (Digital Economy) to Professional Investors (Phase I) (Type 2), with the securities code "524812.SZ" and abbreviated securities name "26TCLK1," had a total issue size of RMB 2 billion, a coupon rate of 1.95%, and a term of three years.

III. Total Number of Shareholders and Their Shareholdings

Unit: share

Total number of ordinary shareholders by the end of the Reporting Period	693,135	Total number of preferred shareholders with resumed voting rights by the end of the Reporting Period (if any)	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	Shares
Hong Kong Securities Clearing Company Ltd.	Foreign legal entity	7.66%	1,594,207,644	562,308,549	0	1,594,207,644	Not applicable	0
Li Dongsheng	Domestic individual/Domestic general legal entity	6.10%	1,268,160,591	1,479,784	675,949,391	592,211,200	Not applicable	0
Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)							Pledge of Jiutian Liancheng	153,100,000
Shenzhen Major Industrial Development Phase I Fund Co., Ltd.	Public legal entity	4.74%	986,292,106	0	986,292,106	0	Not applicable	0
Huizhou Investment Holding Co., Ltd.	Public legal entity	2.58%	535,767,694	0	0	535,767,694	Not applicable	0
Wuhan Optics Valley Industrial Investment Co., Ltd.	Public legal entity	1.10%	228,834,416	-21,014,480	0	228,834,416	Not applicable	0
Abu Dhabi Investment Authority – Own funds	Foreign legal entity	0.92%	192,220,215	60,254,600	0	192,220,215	Not applicable	0
TCL Technology Group Corporation - 2025 Employee Stock Ownership Plan	Fund, wealth management product, etc.	0.84%	174,747,985	0	0	174,747,985	Not applicable	0
Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund	Fund, wealth management product, etc.	0.82%	171,000,000	-35,800,000	0	171,000,000	Not applicable	0
China Foreign Economy and Trade Trust Co., Ltd. - FOTIC - Gaoyi Xiaofeng Hongyuan Collective Capital Trust Plan	Fund, wealth management product, etc.	0.69%	144,000,000	-25,999,910	0	144,000,000	Not applicable	0

Strategic investor or general legal entity becoming top-10 ordinary shareholders due to private placement of new shares (if any)	Not applicable
Note on the above shareholders' associations or concerted actions	Mr. Li Dongsheng and his acting-in-concert parties are the Company's largest shareholder in terms of beneficial ownership. Hong Kong Securities Clearing Company Ltd. is the nominee holder of the Company's shares held through the Shenzhen–Hong Kong Stock Connect. 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 *Agreement on Concerted Action*. Mr. Li Dongsheng holds 901,265,855 shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 shares, representing 1,268,160,591 shares in total.
Explanation of the above shareholders' involvement in entrusting/being entrusted with voting rights or waiving voting rights	Not applicable
Explanation of repurchase accounts among the top 10 shareholders (if any)	Not applicable

<table>
<tr><th colspan="4">Shareholdings of top 10 non-restricted ordinary shareholders (excluding the lending of shares under refinancing and restricted shares held by senior management)</th></tr>
<tr><th rowspan="2">Name of shareholder</th><th rowspan="2">Number of non-restricted shares held at the end of the Reporting Period</th><th colspan="2">Type of shares</th></tr>
<tr><th>Type of shares</th><th>Quantity</th></tr>
<tr><td>Hong Kong Securities Clearing Company Ltd.</td><td>1,594,207,644</td><td>RMB-denominated ordinary shares</td><td>1,594,207,644</td></tr>
<tr><td>Li Dongsheng</td><td rowspan="2">592,211,200</td><td rowspan="2">RMB-denominated ordinary shares</td><td rowspan="2">592,211,200</td></tr>
<tr><td>Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)</td></tr>
<tr><td>Huizhou Investment Holding Co., Ltd.</td><td>535,767,694</td><td>RMB-denominated ordinary shares</td><td>535,767,694</td></tr>
<tr><td>Wuhan Optics Valley Industrial Investment Co., Ltd.</td><td>228,834,416</td><td>RMB-denominated ordinary shares</td><td>228,834,416</td></tr>
<tr><td>Abu Dhabi Investment Authority – Own funds</td><td>192,220,215</td><td>RMB-denominated ordinary shares</td><td>192,220,215</td></tr>
<tr><td>TCL Technology Group Corporation - 2025 Employee Stock Ownership Plan</td><td>174,747,985</td><td>RMB-denominated ordinary shares</td><td>174,747,985</td></tr>
<tr><td>Perseverance Asset Management Partnership (Limited Partnership) - Gaoyi Xiaofeng No. 2 Zhixin Fund</td><td>171,000,000</td><td>RMB-denominated ordinary shares</td><td>171,000,000</td></tr>
<tr><td>China Foreign Economy and Trade Trust Co., Ltd. - FOTIC - Gaoyi Xiaofeng Hongyuan Collective Capital Trust Plan</td><td>144,000,000</td><td>RMB-denominated ordinary shares</td><td>144,000,000</td></tr>
<tr><td>National Social Security Fund Portfolio 118</td><td>137,883,680</td><td>RMB-denominated ordinary shares</td><td>137,883,680</td></tr>
<tr><td>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</td><td colspan="3">Mr. Li Dongsheng and his acting-in-concert parties are the Company's largest shareholder in terms of beneficial ownership. Hong Kong Securities Clearing Company Ltd. is the nominee holder of the Company's shares held through the Shenzhen–Hong Kong Stock Connect.
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 Agreement on Concerted Action. Mr. Li Dongsheng holds 225,316,464 non-restricted shares and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership) holds 366,894,736 non-restricted shares, representing 592,211,200 non-restricted shares in total.</td></tr>
<tr><td>Explanation for the top 10 ordinary shareholders participating in securities margin trading (if any)</td><td colspan="3">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.</td></tr>
</table>

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 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	Incumbent	899,786,071	1,479,784	0	901,265,855	0	0	0
Zhong Wei	Vice Chairman of the Board	Incumbent	0	0	0	0	0	0	0
Wang Cheng	Director and CEO	Incumbent	268,220	773,141	0	1,041,361	0	0	0
Zhao Jun	Director, Senior Vice President	Incumbent	1,535,941	513,494	0	2,049,435	0	0	0
Yan Xiaolin	Director, Senior Vice President, CTO	Incumbent	3,220,040	427,164	0	3,647,204	0	0	0
Liao Qian	Director, Board Secretary and Senior Vice President	Incumbent	2,440,829	449,150	0	2,889,979	0	0	0
Lin Feng	Director	Incumbent	0	0	0	0	0	0	0
Jin Li	Independent director	Incumbent	0	0	0	0	0	0	0
Wan Liangyong	Independent director	Incumbent	0	0	0	0	0	0	0
Wang Lixiang	Independent director	Incumbent	0	0	0	0	0	0	0
Kei May LAU	Independent director	Incumbent	0	0	0	0	0	0	0
Zhu Wei	Employee Representative Director	Incumbent	190,613	110,701	0	301,314	0	0	0
Li Jian	CFO	Incumbent	2,606,337	708,131	0	3,314,468	0	0	0
Wang Yanjun	Senior Vice President	Incumbent	0	0	0	0	0	0	0
Zhang Zuoteng	Vice Chairman of the Board	Former	0	0	0	0	0	0	0
Total	--	--	910,048,051	4,461,565	0	914,509,616	0	0	0

Note: The increase in the number of shares held by the Company's directors and senior management during the Reporting Period resulted from the non-trading transfer to their securities accounts of shares corresponding to vested interests under the 2021–2023 Employee Stock Ownership Plan (Phase III) and the 2024 Employee Stock Ownership Plan. For details, please refer to the *Announcement on the Implementation Progress of the Employee Stock Ownership Plans and Completion of the Non-Trading Transfer of Certain Shares Vested in the Holders*, published by the Company on designated media on July 10, 2026.

V. Change of the Controlling Shareholder or the 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 2026 (Phase I) (Type 2)	26TCLK1	524812.SZ	May 20, 2026	May 22, 2026	May 22, 2029	200,000.00	1.95%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2025 (Phase I) (Type 2)	25TCLK1	524603.SZ	December 17, 2025	December 19, 2025	December 19, 2028	150,000.00	2.24%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital	24TCLK4	148804.SZ	July 4, 2024	July 8, 2024	July 8, 2029	100,000.00	2.46%	Interest payable annually and	Shenzhen Stock Exchange

Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase III) (Type 2)								principal repayable in full upon maturity	
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase III) (Type 1)	24TCLK3	148803.SZ	July 4, 2024	July 8, 2024	July 8, 2029 (Note 1)	100,000.00	2.29%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Sci-Tech Innovation Corporate Bonds (Digital Economy) Publicly Offered by TCL Technology Group Corporation to Professional Investors in 2024 (Phase II)	24TCLK2	148683.SZ	April 9, 2024	April 11, 2024	April 11, 2029 (Note 2)	150,000.00	2.69%	Interest payable annually and principal repayable in full upon maturity	Shenzhen Stock Exchange
Investor eligibility (if any)			For qualified investors / for professional investors; not applicable for foreign bonds						
Applicable trading mechanism			Match to trade, click to trade, inquire to trade, bid to trade, negotiate to trade; not applicable for foreign bonds						
Risk of termination of listing and trading (if any) and countermeasures			No						

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

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

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

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
2026 Super Short-Term Commercial Paper of TCL Technology Group Corporation (Phase II)	26TCL Group SCP002	012681479.IB	June 15, 2026	June 17, 2026	December 14, 2026	200,000.00	1.47%	Principal and interest payable in a lump sum at maturity	Inter-bank market
2026 Super Short-Term Commercial Paper of TCL Technology Group Corporation (Phase I)	26TCL Group SCP001	012681058.IB	April 20, 2026	April 22, 2026	October 19, 2026	300,000.00	1.45%	Principal and interest payable in a lump sum at maturity	Inter-bank market
2026 Sci-Tech Innovation Bonds of TCL Technology Group Corporation (Phase I)	26TCL Group MTN001 (Sci-Tech Innovation Bonds)	102680444.IB	February 3, 2026	February 5, 2026	——	100,000.00	2.35%	Unless the Company exercises its option to defer interest payments, interest on the Bonds is payable annually.	Inter-bank market

2025 Sci-Tech Innovation Bonds of TCL Technology Group Corporation (Phase II)	25TCL Group MTN002 (Sci-Tech Innovation Bonds)	102582064.IB	May 12, 2025	May 14, 2025	May 14, 2030	100,000.00	2.50%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2025 Mid-Term Notes of TCL Technology Group Corporation (Phase I) (Sci-Tech Innovation Notes) (Type 2)	25TCL Group MTN001B (Sci-Tech Innovation Notes)	102580146.IB	January 8, 2025	January 10, 2025	January 10, 2030	100,000.00	2.60%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
2025 Mid-Term Notes of TCL Technology Group Corporation (Phase I) (Sci-Tech Innovation Notes) (Type 1)	25TCL Group MTN001A (Sci-Tech Innovation Notes)	102580145.IB	January 8, 2025	January 10, 2025	January 10, 2028	100,000.00	2.00%	Interest payable annually and principal repayable in full upon maturity	Inter-bank market
Investor eligibility (if any)			The super short-term commercial papers and medium-term notes are issued to institutional investors in China's interbank bond market (excluding those prohibited from purchasing by national laws and regulations)						
Applicable trading mechanism			Negotiated transaction, request for quote, and click-to-trade						
Risk of termination of listing and trading (if any) and countermeasures			No						

Overdue bonds

□Applicable ☑ Not applicable

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

□Applicable ☑ Not applicable

3. 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, 2025	Change
Current ratio	0.88	0.97	-9.28%
Debt/asset ratio	65.0%	64.2%	0.82 percentage points
Quick ratio	0.57	0.68	-16.18%
	H1 2026	H1 2025	Change
Net profits after deducting non-recurring gains and losses (RMB'0,000)	313,988	155,874	101.44%
Debt-to-EBITDA ratio	8.60%	7.04%	1.56 percentage points
Interest coverage ratio	2.09	1.14	83.33%
Cash interest coverage ratio	9.22	11.48	-19.69%
EBITDA interest coverage ratio	9.50	7.25	31.03%
Debt repayment ratio	100%	100%	0.00
Interest repayment ratio	100%	100%	0.00

Part VIII Financial Report

(For the period from January 1, 2026 to June 30, 2026)

I. Auditor’s Report

Whether the 2026 interim report has been audited or not?

□ Yes √ No

The Company’s 2026 interim financial report has not yet been audited.

II. Financial Statements

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

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

	Note V	June 30, 2026	December 31, 2025
Current assets			
Monetary assets	1	23,149,621	30,460,060
Held-for-trading financial assets	2	18,350,671	14,473,193
Derivative financial assets	3	25,350	78,957
Notes receivable	4	634,337	480,225
Accounts receivable	5	19,982,086	22,153,003
Receivables financing	6	528,486	625,789
Prepayments	7	2,957,963	1,909,444
Other receivables	8	2,985,983	3,500,623
Inventories	9	22,977,466	18,370,708
Contract assets	10	380,944	385,576
Held-for-sale assets		-	363,065
Non-current assets due within one year	11	1,536,827	1,564,945
Other current assets	12	8,151,975	8,411,624
Total current assets		101,661,709	102,777,212
Non-current assets			
Debt investments	13	574,650	578,159
Long-term receivables	14	94,730	120,628
Long-term equity investments	15	24,224,710	23,349,193
Investments in other equity instruments	16	176,292	356,456
Other non-current financial assets	17	4,561,038	3,172,659
Investment properties	18	421,250	401,873
Fixed assets	19	157,724,421	165,003,156
Construction in progress	20	18,834,204	16,176,848
Right-of-use assets	21	4,297,808	6,189,174
Intangible assets	22	17,879,484	18,467,310
Development expenditures	23	1,048,597	1,204,955
Goodwill	24	11,478,778	11,409,749
Long-term deferred expenses	25	2,676,372	2,282,883
Deferred income tax assets	26	3,273,398	2,936,332
Other non-current assets	27	16,217,528	18,311,727
Total non-current assets		263,483,260	269,961,102
Total assets		365,144,969	372,738,314

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, 2026	December 31, 2025
Current liabilities			
Short-term borrowings	29	10,889,509	7,552,523
Borrowings from the Central Bank	30	109,722	29,756
Customer deposits and deposits from other banks and financial institutions	31	242,294	364,714
Held-for-trading financial liabilities	32	237,565	235,717
Derivative financial liabilities	33	137,277	50,435
Notes payable	34	8,746,702	6,465,600
Accounts payable	35	34,428,400	32,251,944
Advances from customers	36	5,795	6,823
Contract liabilities	37	1,994,629	2,009,842
Employee compensation payable	38	4,036,787	4,966,488
Taxes and levies payable	39	1,122,967	1,238,334
Other payables	40	16,785,612	17,715,638
Held-for-sale liabilities	41	-	71,510
Non-current liabilities due within one year	42	29,402,192	30,909,784
Other current liabilities	43	6,847,431	1,662,144
Total current liabilities		114,986,882	105,531,252
Non-current liabilities			
Long-term borrowings	44	103,335,672	116,139,349
Bonds payable	45	9,981,860	7,981,874
Lease liabilities	46	3,788,755	4,148,598
Long-term payables	47	1,161,439	1,388,759
Long-term employee compensation payable	38	21,295	21,605
Deferred income	48	2,443,190	2,151,176
Deferred income tax liabilities	26	1,588,589	1,775,607
Provision	49	208,709	231,480
Other non-current liabilities	50	9,003	25,635
Total non-current liabilities		122,538,512	133,864,083
Total liabilities		237,525,394	239,395,335
Share capital	51	20,800,862	20,800,862
Other equity instruments	52	997,630	-
Capital reserves	53	13,334,533	14,155,725
Less: Treasury share	54	1,506,488	1,503,652
Other comprehensive income	55	(1,000,894)	(1,042,359)
Surplus reserves	56	4,096,815	4,096,815
Specific reserves	57	6,446	5,598
General risk reserve	58	8,934	8,934
Retained earnings	59	26,829,952	24,910,834
Total equity attributable to shareholders of the parent company		63,567,790	61,432,757
Non-controlling interests		64,051,785	71,910,222
Total shareholders’ equity		127,619,575	133,342,979
Total liabilities and shareholders' equity		365,144,969	372,738,314

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 2026	January - June 2025
I. Total revenue		88,686,905	85,661,626
Including: Operating revenue	60	88,648,187	85,560,004
Interest income	61	38,718	101,622
Less: Operating cost	60	77,240,902	74,082,838
Interest expenditures	61	994	7,789
Taxes and levies	62	529,504	598,144
Sales expenses	63	1,208,258	1,163,965
Administrative expenses	64	2,352,226	2,200,559
R&D expenses	65	4,547,732	4,741,879
Financial expenses	66	2,334,063	2,141,282
Including: Interest expenses		2,033,917	2,555,367
Interest income		268,765	353,536
Add: Other income	67	819,234	1,238,502
Return on investment	68	2,193,723	831,296
Including: Return on investment in joint ventures and associates		1,372,342	582,521
Exchange gain	61	972	207
Gain on changes in fair value	69	1,257,456	469,888
Credit impairment loss	70	(11,349)	(25,391)
Asset impairment loss	71	(2,328,103)	(2,798,944)
Asset disposal income	72	51,872	(3,019)
II. Operating profit		2,457,031	437,709
Add: Non-operating income	73	19,590	29,825
Less: Non-operating expenses	74	178,162	119,957
III. Gross profit		2,298,459	347,577
Less: Income tax expense	75	55,193	315,894
IV. Net profits		2,243,266	31,683
(I) Classification by business continuity			
1. Net profits from continuing operations		2,243,266	31,683
2. Net profits from discontinued operations		-	-
(II) Classification by ownership			
1. Net profits attributable to shareholders of the parent company		3,808,272	1,883,500
2. Net profit attributable to non-controlling interests		(1,565,006)	(1,851,817)
V. Other comprehensive income, net of tax	55	48,197	(133,902)
(I) Other comprehensive income that cannot be subsequently reclassified into profit or loss		32,510	(3,342)
(II) Other comprehensive income that may subsequently be reclassified into profit or loss upon satisfaction of prescribed conditions		15,687	(130,560)
VI. Total comprehensive income		2,291,463	(102,219)
Total comprehensive income attributable to the shareholders of the parent company		3,849,737	1,800,148
Total comprehensive income attributable to non-controlling interests		(1,558,274)	(1,902,367)
VII. Earnings per share:	76		
(I) Basic earnings per share (RMB yuan)		0.1861	0.1014
(II) Diluted earnings per share (RMB yuan)		0.1831	0.1003

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 Cash Flow Statement
(RMB'000)

	Note V	January - June 2026	January - June 2025
I. Net cash generated from operating activities:			
Proceeds from the sale of commodities and rendering of services		98,488,400	98,832,510
Net increase/(decrease) in deposits from customers, banks, and other financial institutions		(122,395)	946,185
Net increase/(decrease) in borrowings from the Central Bank		79,950	400,659
Cash received from interest, handling charge and commission		42,800	86,594
Tax and levy rebates		4,105,154	2,647,636
Other cash received relating to operating activities	77	5,393,139	8,523,407
Sub-total of cash inflows in operating activities		107,987,048	111,436,991
Cash paid for commodities and services		(72,475,378)	(64,763,780)
Net (increase)/decrease in loans and advances to customers		-	(273,794)
Net (increase)/decrease in deposits with the Central Bank, banks, and other financial institutions		65,815	23,669
Cash paid for interest, service charges and commissions		(1,432)	-
Cash paid to and for employees		(8,064,471)	(7,713,812)
Taxes and levies paid		(1,990,494)	(2,607,678)
Other cash paid relating to operating activities	78	(7,898,936)	(8,827,613)
Sub-total of cash outflows from operating activities		(90,364,896)	(84,163,008)
Net cash generated from operating activities	83	17,622,152	27,273,983
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		78,715,281	47,498,688
Proceeds from return on investments		2,116,245	1,282,593
Net proceeds from disposal of fixed assets, intangible assets, and other long-term assets		320,262	5,281
Net proceeds from disposal of subsidiaries and other business units		17,499	-
Other cash received relating to investing activities	79	266,765	182,916
Sub-total of cash inflows from investment activities		81,436,052	48,969,478
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(10,809,938)	(8,313,973)
Payments for investments		(78,597,560)	(56,395,015)
Net payments for acquiring subsidiaries and other business units	83	(1,762,058)	(6,104,583)
Cash used in other investing activities	80	(637,513)	(464,253)
Subtotal of cash outflows from investing activities		(91,807,069)	(71,277,824)
Net cash generated from investing activities		(10,371,017)	(22,308,346)

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 Cash Flow Statement (Continued)
(RMB'000)

	Note V	January - June 2026	January - June 2025
III. Cash flow generated from financing activities:			
Capital contributions received		2,432,078	71,254
Including: Capital contributions by non-controlling interests to subsidiaries		1,434,448	71,254
Borrowings raised		30,934,262	48,905,168
Cash received from bond issue		7,000,000	3,240,000
Other cash received relating to financing activities	81	236,894	544,843
Sub-total of cash inflows from financing activities		40,603,234	52,761,265
Cash paid for debt repayment		(39,380,608)	(40,458,985)
Cash paid for distribution of dividends and profits or the repayment of interests		(3,984,271)	(2,718,734)
Including: Dividend and profit paid by subsidiaries to minority shareholders		(48,023)	(11,617)
Other cash paid relating to financing activities	82	(8,807,007)	(9,101,549)
Subtotal of cash outflows from financing activities		(52,171,886)	(52,279,268)
Net cash generated from financing activities		(11,568,652)	481,997
IV. Effect of exchange rate changes on cash and cash equivalents		(29,562)	247,772
V. Net increase in cash and cash equivalents		(4,347,079)	5,695,406
Add: Beginning balance of cash and cash equivalents		26,565,803	20,861,255
VI. Ending balance of cash and cash equivalents	84	22,218,724	26,556,661

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

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

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

January - June 2026

	Equity attributable to shareholders of the parent company										
	Share capital	Other equity instruments	Capital reserves	Treasury share	Specific reserves	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Non-controlling interests	Total shareholders' equity
I. Balance at the end of the prior year	20,800,862	-	14,155,725	(1,503,652)	5,598	(1,042,359)	4,096,815	8,934	24,910,834	71,910,222	133,342,979
Add: Change in accounting policies	-	-	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the current period	20,800,862	-	14,155,725	(1,503,652)	5,598	(1,042,359)	4,096,815	8,934	24,910,834	71,910,222	133,342,979
III. Movement of the current period	-	997,630	(821,192)	(2,836)	848	41,465	-	-	1,919,118	(7,858,437)	(5,723,404)
(I) Comprehensive income	-	-	-	-	-	24,388	-	-	3,808,272	(1,558,274)	2,274,386
(II) Capital contributed and reduced by shareholders	-	997,630	(810,923)	(2,836)	-	-	-	-	-	(6,006,982)	(5,823,111)
Capital contributed by shareholders	-	-	(679,984)	(400,044)	-	-	-	-	-	1,880,115	800,087
Share-based payments included in owners' equity	-	-	(65,496)	397,208	-	-	-	-	-	10,449	342,161
Amount of bond issuance included in owners' equity	-	997,630	-	-	-	-	-	-	-	-	997,630
Others	-	-	(65,443)	-	-	-	-	-	-	(7,897,546)	(7,962,989)
(III) Profit distribution	-	-	-	-	-	-	-	-	(1,872,077)	(294,114)	(2,166,191)
Appropriation to shareholders	-	-	-	-	-	-	-	-	(1,872,077)	(294,114)	(2,166,191)
(IV) Internal transfer of owner's equity	-	-	-	-	-	17,077	-	-	(17,077)	-	-
Other comprehensive income transferred to retained earnings	-	-	-	-	-	17,077	-	-	(17,077)	-	-
(V) Specific reserves	-	-	-	-	848	-	-	-	-	933	1,781
Accrued in the period	-	-	-	-	3,422	-	-	-	-	8,364	11,786
Specific reserves used in the current period	-	-	-	-	(2,574)	-	-	-	-	(7,431)	(10,005)
(VI) Others	-	-	(10,269)	-	-	-	-	-	-	-	(10,269)
IV. Balance as at the end of the current period	20,800,862	997,630	13,334,533	(1,506,488)	6,446	(1,000,894)	4,096,815	8,934	26,829,952	64,051,785	127,619,575

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

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

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

January - June 2025

	Equity attributable to shareholders of the parent company										
	Share capital	Other equity instruments	Capital reserves	Treasury share	Specific reserves	Other comprehensive income	Surplus reserves	General risk reserve	Retained earnings	Non-controlling interests	Total shareholders' equity
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) 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
Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-	-	-	-
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: Li Dongsheng
Person-in-charge of financial affairs: Li Jian
Person-in-charge of the financial department: Jing Chunmei

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

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

Assets	Note XVI	June 30, 2026	December 31, 2025
Current assets			
Monetary assets		3,758,529	4,414,482
Held-for-trading financial assets		10,568,829	8,909,440
Accounts receivable	1	57,531	209,196
Prepayments		26,559	23,168
Other receivables	2	14,453,878	9,613,847
Non-current assets due within one year		1,500,000	-
Other current assets		24,364	23,485
Total current assets		30,389,690	23,193,618
Non-current assets			
Long-term equity investments	3	88,145,008	95,318,595
Other non-current financial assets	4	797,684	398,546
Investment properties		68,156	69,999
Fixed assets		38,076	42,829
Construction in progress		176,674	100,922
Right-of-use assets		395,550	407,196
Intangible assets		65,937	72,133
Long-term deferred expenses		19,792	19,886
Other non-current assets		3,860,503	1,583,068
Total non-current assets		93,567,380	98,013,174
Total assets		123,957,070	121,206,792

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

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

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

Liabilities and shareholders' equity	Note XVI	June 30, 2026	December 31, 2025
Current liabilities			
Short-term borrowings		2,750,379	400,177
Accounts payable		13,544	23,967
Contract liabilities		1,125	95
Employee compensation payable		200,379	224,501
Taxes and levies payable		334	28,093
Other payables		22,298,305	26,164,087
Non-current liabilities due within one		9,159,331	7,667,893
Other current liabilities		9,934	8,099
Total current liabilities		34,433,331	34,516,912
Non-current liabilities			
Long-term borrowings		15,315,442	16,046,784
Bonds payable		9,981,860	7,981,874
Lease liabilities		4,684	9,250
Long-term employee compensation		18,259	18,570
Deferred income		14,921	16,382
Total non-current liabilities		25,335,166	24,072,860
Total liabilities		59,768,497	58,589,772
Share capital		20,800,862	20,800,862
Other equity instruments		997,630	-
Capital reserves		22,028,529	22,142,686
Less: Treasury share		1,506,488	1,503,652
Other comprehensive income		(75,588)	(103,971)
Surplus reserves		3,894,751	3,894,751
Retained earnings		18,048,877	17,386,344
Total shareholders’ equity		64,188,573	62,617,020
Total liabilities and shareholders' equity		123,957,070	121,206,792

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
Income Statement of the Company
(RMB'000)

	Note XVI	January - June 2026	January - June 2025
I. Operating revenue	5	211,187	186,466
Less: Operating cost	5	80,518	92,112
Taxes and levies		4,556	8,101
Sales expenses		27,992	13,786
Administrative expenses		259,378	188,505
R&D expenses		66,897	47,687
Financial expenses		398,659	576,905
Including: Interest expenses		551,827	768,238
Interest income		150,441	171,300
Add: Other income		5,431	1,070
Return on investment	6	3,085,173	1,274,402
Including: Return on investment in joint ventures and associates	6	1,049,730	865,987
Gain on changes in fair value		178,088	195,528
Credit impairment loss		1	(5,378)
Asset disposal income		(32)	22
II. Operating profit		2,641,848	725,014
Add: Non-operating income		61	21
Less: Non-operating expenses		107,299	8,611
III. Gross profit		2,534,610	716,424
Less: Income tax expenses		-	-
IV. Net profits		2,534,610	716,424
V. Other comprehensive income		28,384	(47,847)
VI. Total comprehensive income		2,562,994	668,577

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

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

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

	Note XVI	January - June 2026	January - June 2025
I. Net cash generated from operating activities:			
Proceeds from the sale of commodities and rendering of services		320,669	310,122
Tax and levy rebates		966	-
Other cash received relating to operating activities		536,021	13,748,998
Sub-total of cash inflows in operating activities		857,656	14,059,120
Cash paid for commodities and services		(200,637)	(32,950)
Cash paid to and for employees		(161,311)	(89,531)
Taxes and levies paid		(13,859)	(17,353)
Other cash paid relating to operating activities		(1,445,398)	(1,287,859)
Sub-total of cash outflows from operating activities		(1,821,205)	(1,427,693)
Net cash generated from operating activities		(963,549)	12,631,427
II. Cash flow generated from investing activities:			
Proceeds from disinvestments		31,361,679	24,786,151
Proceeds from return on investments		1,827,296	875,376
Net proceeds from disposal of fixed assets, intangible assets, and other long-term assets		480	-
Other cash received relating to investing activities		-	2,894,923
Sub-total of cash inflows from investment activities		33,189,455	28,556,450
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		(82,334)	(21,658)
Payments for investments		(36,360,618)	(38,103,002)
Cash used in other investing activities		-	(103,085)
Subtotal of cash outflows from investing activities		(36,442,952)	(38,227,745)
Net cash generated from investing activities		(3,253,497)	(9,671,295)

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.

(RMB'000)

	Note XVI	January - June 2026	January - June 2025
III. Cash flow generated from financing activities:			
Capital contributions received		997,630	-
Borrowings raised		13,757,077	10,806,010
Cash received from bond issue		7,000,000	3,240,000
Other cash received relating to financing activities		161,129	87,113
Sub-total of cash inflows from financing activities		21,915,836	14,133,123
Cash paid for debt repayment		(15,552,820)	(12,707,110)
Cash paid for distribution of dividends and profits or repayment of interests		(2,339,600)	(589,567)
Other cash paid relating to financing activities		(408,074)	(1,252,578)
Subtotal of cash outflows from financing activities		(18,300,494)	(14,549,255)
Net cash generated from financing activities		3,615,342	(416,132)
IV. Effect of exchange rate changes on cash and cash equivalents		(1,758)	(582)
V. Net increase in cash and cash equivalents		(603,465)	2,543,418
Add: Beginning balance of cash and cash equivalents		4,353,581	1,508,068
VI. Ending balance of cash and cash equivalents		3,750,119	4,051,486

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

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

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

	January - June 2026							
	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	20,800,862	-	22,142,686	(1,503,652)	(103,971)	3,894,751	17,386,344	62,617,020
Add: Change in accounting policies	-	-	-	-	-	-	-	-
II. Balance at the beginning of the current period	20,800,862	-	22,142,686	(1,503,652)	(103,971)	3,894,751	17,386,344	62,617,020
III. Movement of the current period	-	997,630	(114,157)	(2,836)	28,383	-	662,533	1,571,553
(I) Comprehensive income	-	-	-	-	28,383	-	2,534,610	2,562,993
(II) Capital contributed and reduced by shareholders	-	997,630	(106,855)	(2,836)	-	-	-	887,939
Capital contributed by shareholders	-	-	-	(400,044)	-	-	-	(400,044)
Share-based payments included in owners' equity	-	-	(106,855)	397,208	-	-	-	290,353
Amount of bond issuance included in owners' equity	-	997,630	-	-	-	-	-	997,630
(III) Profit distribution	-	-	-	-	-	-	(1,872,077)	(1,872,077)
Appropriation to shareholders	-	-	-	-	-	-	(1,872,077)	(1,872,077)
(IV) Internal transfer of owner's equity	-	-	-	-	-	-	-	-
(V) Others	-	-	(7,302)	-	-	-	-	(7,302)
IV. Balance as at the end of the current period	20,800,862	997,630	22,028,529	(1,506,488)	(75,588)	3,894,751	18,048,877	64,188,573

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

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

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

	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) Comprehensive income	-	-	-	-	(47,847)	-	716,424	668,577
(II) Capital contributed and reduced by shareholders	-	-	(40,024)	215,670	-	-	-	175,646
Capital contributed by shareholders	-	-	-	-	-	-	-	-
Share-based payments included in owners' equity	-	-	(40,024)	215,670	-	-	-	175,646
Amount of bond issuance included in owners' equity	-	-	-	-	-	-	-	-
(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

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

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

I Corporate Information

TCL Technology Group Corporation (hereinafter referred to as "the Company") is a limited liability company established in Huizhou on July 17, 1997. It was changed to a limited liability company as a whole in 2002 and was listed on the Shenzhen Stock Exchange in January 2004. Through years of new share placements, private placements, capital conversion, share option exercises, and share repurchases and cancellations, the registered capital and share capital of the Company were RMB 20,800,862,447 as of June 30, 2026.

The main business structure of the Company and its subsidiaries consists of display, new energy photovoltaics 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 27, 2026.

II Basis for the Preparation of Financial Statements

1 Basis for the preparation

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

2 Going concern basis

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

III Significant accounting policies and accounting estimates

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

III Significant accounting policies and accounting estimates (Continued)

1 Statement of compliance with Accounting Standards for Business Enterprises

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

2 Accounting period

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

3 Operations cycle

The Company's normal operating cycle is one year.

4 Functional currency for bookkeeping

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

5 Method and selection basis for determining importance criteria

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

III Significant accounting policies and accounting estimates (Continued)

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

(1) Business combinations involving enterprises under common control

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

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

(2) Business combination not under common control

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

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

(3) Treatment of Transaction Costs in Business Combinations

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

III Significant accounting policies and accounting estimates (Continued)

7 Methods for judging control and preparing consolidated financial statements

(1) Criteria for determining control

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

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

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

(2) Methods for preparing consolidated financial statements

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

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

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

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

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

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

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

① Addition of Subsidiaries or Businesses

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

III Significant accounting policies and accounting estimates (Continued)

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

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

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

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

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

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

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

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

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

② Disposal of subsidiaries or business

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

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

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

III Significant accounting policies and accounting estimates (Continued)

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

(4) Special Considerations in Consolidation Elimination

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

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

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

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

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

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

III Significant accounting policies and accounting estimates (Continued)

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

(5) Accounting Treatment of Special Transactions

① Acquisition of Non-controlling Interests

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

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

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

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

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

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

III Significant accounting policies and accounting estimates (Continued)

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

(5) Accounting Treatment of Special Transactions (Continued)

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

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

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

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

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

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

A. A single transaction

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

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

III Significant accounting policies and accounting estimates (Continued)

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

(5) Accounting Treatment of Special Transactions (Continued)

B. Disposal Through Step-by-Step Transactions

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

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

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

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

(a) These transactions are made simultaneously or with consideration of influence on each other.

(b) These transactions can only achieve a complete business outcome when they are accounted for collectively.

(c) The occurrence of a transaction depends on the occurrence of at least one of the other transactions.

(d) A transaction is considered uneconomical individually, but is economical when considered collectively with other transactions.

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

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

III Significant accounting policies and accounting estimates (Continued)

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

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

(1) Joint operation

A joint operation is a joint arrangement whereby the Company has rights to the assets, and obligations for the liabilities, relating to the arrangement.
The Company recognizes the following items in relation to the interest in a joint operation, and carry out accounting treatment in accordance with the provisions of relevant accounting standards for business enterprises:
① its assets, including its share of any assets held jointly;
② its liabilities, including its share of any liabilities incurred jointly;
③ its revenue from the sale of its share of the output arising from the joint operations;
④ its share of the revenue from the sale of the output by the joint operations; and
⑤ its expenses, including its share of any expenses incurred jointly.

(2) Joint venture

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

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

III Significant accounting policies and accounting estimates (Continued)

9 Criteria for determining cash and cash equivalents

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

10 Foreign currency business and translation of foreign currency statements

(1) Determination of exchange rates for foreign currency transactions

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

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

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

III Significant accounting policies and accounting estimates (Continued)

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

(3) Translation of foreign currency financial statements

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

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

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

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

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

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

11 Financial instruments

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

(1) Recognition and derecognition of financial instruments

When the Company becomes a party to a financial instrument, it recognizes the related financial asset or liability.
Financial assets are derecognized if any of the following conditions is met:
① The contractual right to receive cash flow from the financial asset is terminated;
② The financial asset has been transferred and satisfies the criteria for derecognition of financial assets described below.

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

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

(2) Classification and measurement of financial assets

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

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

Subsequent measurement of financial assets depends on their classification:

① Financial assets are measured at amortized cost

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

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

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

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

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

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

(3) Classification and measurement of financial liabilities

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

Subsequent measurement of financial liabilities depends on their classification:

① Financial liabilities measured at fair value through profit or loss

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

② Loan commitments and financial guarantee contract liabilities

A loan commitment is a commitment made by the Company to provide a loan to a customer under specified terms and conditions during the commitment period. Provision for impairment losses on loan commitments is recognized based on the expected credit loss model.
Financial guarantee contracts refer to contracts that require the Company to pay a specific amount to the contract holder who has suffered losses when a specific debtor fails to pay the debt in accordance with the original or modified terms of the debt instrument. Financial guarantee contracts are subsequently measured at the higher of: the amount of the loss allowance determined in accordance with the impairment principles for financial instruments, and the amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of revenue recognition.

③ Financial liabilities measured at amortized cost

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

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

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

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

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

(4) Derivative financial instruments and embedded derivatives

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

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

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

(5) Impairment of financial instruments

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

① Measurement of expected credit losses

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

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

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

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

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

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

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

(5) Impairment of financial instruments (Continued)

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

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

② Having low credit risk
The financial instrument will be deemed to have lower credit risk under the following circumstances: the default risk of the financial instrument is lower; the borrower has a strong capacity to fulfill its contractual cash flow obligations in a short time; furthermore, even if there are adverse changes in the economic situation and operating environment for a long period of time, it may not necessarily reduce the borrower's ability to fulfill its contractual cash flow obligations.

③ Significant increase in credit risk
To assess whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the probability of a default occurring over the expected life determined at the balance sheet date with that determined at initial recognition, so as to determine the relative change in the probability of a default occurring over the expected life of the financial instrument. In determining whether credit risk has increased significantly since initial recognition, the Company considers reasonable and supportable information that is available without undue cost or effort, including forward-looking information. The information considered by the Company includes:
A. Whether internal price indicators reflecting changes in credit risk have changed significantly;
B. Whether adverse changes in business, financial, or economic conditions are expected to cause a significant change in the debtor's ability to meet its repayment obligations;
C. Whether the debtor's operating results have actually or expectedly changed significantly; whether the regulatory, economic, or technological environment in which the debtor operates has changed significantly and adversely;
D. Whether the value of collateral pledged for the debt or the quality of third-party guarantees or credit enhancements has changed significantly. Whether these changes are expected to reduce the debtor's economic incentive to make repayments as contractually scheduled or affect the probability of default;
E. Whether there are significant changes in the economic incentives that are expected to reduce the debtor's willingness to make repayments as contractually scheduled;
F. Expected changes to loan agreements, including whether anticipated covenant breaches may result in the waiver or modification of contractual obligations, the granting of interest-free periods, interest rate step-ups, requirements for additional collateral or guarantees, or other changes to the contractual framework of the financial instrument;
G. Whether the debtor's expected performance and repayment behavior have changed significantly;
H. Whether contract payments are overdue for more than (including) 30 days.

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

(5) Impairment of financial instruments (Continued)

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

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

④ Financial assets with depreciation of credit

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

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

⑤ Presentation of expected credit loss allowance

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

⑥ Write-off

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

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

(6) Transfer of financial assets

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

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

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

① Derecognition of the transferred financial asset

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

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

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

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

A. The carrying amount of the transferred financial asset;

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

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

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

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

III Significant accounting policies and accounting estimates (Continued)

11 Financial instruments (Continued)

(6) Transfer of financial assets (Continued)

② Continuing involvement in the transferred financial asset

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

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

③ Continuing recognition of the transferred financial asset

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

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

(7) Offsetting of Financial Assets and Financial Liabilities

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

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

The Company plans to settle on a net basis or realize the financial assets and settle the financial liabilities at the same time.
For a transfer of a financial asset that does not meet the derecognition criteria, the transferor shall not offset the transferred financial asset and the related liability.

(8) Determination of fair value of financial instruments

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

III Significant accounting policies and accounting estimates (Continued)

12 Fair Value Measurement

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

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

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

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

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

① Valuation techniques

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

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

② Fair value hierarchy

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

III Significant accounting policies and accounting estimates (Continued)

13 Inventories

(1) Classification of inventories

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

(2) Valuation method for inventories shipped in transit

Inventories are shipped in transit by the weighted average method.

(3) Inventory system

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

(4) Recognition criteria and provisioning method for inventory impairment

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

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

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

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

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

(5) Amortization method of turnover materials

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

III Significant accounting policies and accounting estimates (Continued)

14 Contract Assets and Contract Liabilities

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

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

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

III Significant accounting policies and accounting estimates (Continued)

15 Contract costs

Contract costs are classified into costs to fulfill a contract and costs to obtain a contract.
Costs incurred by the Company in fulfilling a contract are recognized as an asset (contract performance costs) only when all of the following conditions are met:
① The cost is directly related to a current or predicted contract, including the direct labor, direct material, and manufacturing expenses (or similar expenses), the cost borne by the customer, and other costs resulting from the contract.
② The cost increases the resources of the Company that will be used to fulfill performance obligations in the future.
③ The cost is expected to be recovered.

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

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

The Company recognizes an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the difference between the following two items, and further considers whether a provision for an onerous contract should be recognized:
① The remaining consideration expected to be received from the transfer of the goods or services to which the asset relates; and
② The costs estimated to be incurred in transferring the related goods or services.
If the impairment loss on the above assets is subsequently reversed, the carrying amount of the asset after reversal shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset at the date of reversal.

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

III Significant accounting policies and accounting estimates (Continued)

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

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

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

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

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

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

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

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

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

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

② Its recoverable amount.

III Significant accounting policies and accounting estimates (Continued)

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

(3) Criteria for identifying discontinued operations

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

① This component represents an independent main business or a separate main operation region;

② This component is part of a related plan to dispose of an independent main business or a separate main operation region;

③ This component is a subsidiary acquired for the sole purpose of resale.

(4) Presentation

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

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

III Significant accounting policies and accounting estimates (Continued)

17 Long-term equity investments

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

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

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

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

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

(2) Determination of initial investment cost

① For long-term equity investments arising from business combinations, the investment cost shall be determined in accordance with the following provisions:
A. For a business combination under common control, where the combining party pays cash, transfers non-cash assets, or assumes liabilities as the consideration for the combination, the initial investment cost of the long-term equity investment is the share of the carrying amount of the combined party's owners' equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost of the long-term equity investment and the carrying amount of the cash paid, the non-cash assets transferred, and the liabilities assumed is adjusted against capital reserves. If the capital reserves are insufficient to absorb the difference, retained earnings are adjusted.
B. For a business combination under common control, if the combining party issues equity securities as the consideration for the combination, the initial investment cost of the long-term equity investment is the share of the carrying amount of the acquiree's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The share capital is

recognized based on the aggregate par value of the shares issued. The difference between the initial investment cost of the long-term equity investment and the aggregate par value of the shares issued shall be adjusted against capital reserves are. If the capital reserves are insufficient to absorb the difference, retained earnings are adjusted.

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

III Significant accounting policies and accounting estimates (Continued)

17 Long-term equity investments (Continued)

(2) Determination of initial investment cost (Continued)

② For long-term equity investments acquired through means other than business combinations, the investment cost is determined in accordance with the following provisions:
A. For long-term equity investment acquired by cash payment, the actual acquisition price is recognized as investment cost. The initial investment cost includes expenses, taxes, and other necessary expenses directly related to the acquisition of the long-term equity investment.
B. For long-term equity investments acquired through the issuance of equity securities, the initial investment cost shall be the fair value of the equity securities issued.
C. For long-term equity investments acquired through non-monetary asset exchanges, where the exchange has commercial substance and the fair value of either the asset received or the asset given up can be reliably measured, the initial investment cost shall be the fair value of the asset given up plus relevant taxes and fees, and the difference between the fair value and the carrying amount of the asset given up shall be recognized in profit or loss for the current period. Where the non-monetary asset exchange does not simultaneously meet both of the above conditions, the initial investment cost shall be the carrying amount of the asset given up plus relevant taxes and fees.
D. For long-term equity investments acquired through debt restructuring, the carrying amount is determined based on the fair value of the claim surrendered plus other costs such as taxes directly attributable to the asset, and the difference between the fair value and the carrying amount of the claim surrendered is recognized in profit or loss for the current period.

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

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

① Cost method
For long-term equity investments accounted for using the cost method, the cost of the long-term equity investment is adjusted when additional investment is made or investment is withdrawn. Cash dividends or profits declared and distributed by the investee are recognized as investment income for the current period.

② Equity method
For long-term equity investments accounted for using the equity method, the general accounting treatment is as follows:
Where the initial investment cost of a long-term equity investment is greater than the Company's share of the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted; otherwise, the difference shall be recognized in profit or loss for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

III Significant accounting policies and accounting estimates (Continued)

17 Long-term equity investments (Continued)

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

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

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

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

(4) Equity investments held for sale

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

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

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

(5) Impairment testing and provision methods for impairment losses

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

III Significant accounting policies and accounting estimates (Continued)

18 Investment properties

(1) Classification of investment properties

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

① Land use rights that are leased out.

② Land use rights held for transfer after appreciation.

③ Buildings that are leased out.

(2) Measurement model for investment properties

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

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

(RMB'000)

III Significant accounting policies and accounting estimates (Continued)

19 Fixed assets

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

(1) Recognition criteria

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

① The economic benefits associated with the fixed assets are likely to flow into the enterprise.

② The cost of the fixed asset can be measured in a reliable way.

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

(2) Depreciation methods for various categories of fixed assets

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

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

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

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

III Significant accounting policies and accounting estimates (Continued)

20 Construction in progress

(1) Construction in progress is classified and accounted for by project.

(2) Criteria and timing for transferring construction in progress to fixed assets

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

21 Borrowing costs

(1) Recognition principles and capitalization period for borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction, or production of qualifying assets are capitalized and included in the cost of the relevant assets when the following conditions are met simultaneously:
① Expenditure on the asset has been incurred;
② Borrowing costs have been incurred;
③ The acquisition, construction, or production activities necessary to bring the assets to their intended usable state have commenced.
Other borrowing interest, discount or premium, and exchange differences are recognized in the profit or loss of the current period.

If the acquisition, construction, or production of a qualifying asset is abnormally interrupted and the interruption lasts for more than three consecutive months, the capitalization of borrowing costs will be suspended.
When an asset that meets the capitalization conditions is ready for its intended use or sale, the capitalization of borrowing costs will be ceased and subsequent borrowing costs will be recognized as expenses for the current period.

(2) Calculation method for capitalization rate and capitalized amount

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

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

III Significant accounting policies and accounting estimates (Continued)

22 Intangible assets

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

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

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

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

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

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

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

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

(1) It is technically feasible to complete the intangible asset to enable it to be used or sold;

(2) There is intent to complete the intangible asset and use or sell it;

(3) The intangible assets can bring economic benefits;

(4) There are sufficient technical, financial, and other resources to support the development of the intangible assets as well as the ability to use or sell the intangible assets;

(5) Expenditures attributable to the development stage of the intangible asset can be measured in a reliable way.

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

III Significant accounting policies and accounting estimates (Continued)

23 Impairment of long-term assets

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

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

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

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

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

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

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

24 Long-term deferred expenses

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

III Significant accounting policies and accounting estimates (Continued)

25 Employee benefits

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

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

(a) Accounting treatment for short-term employee benefits

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

(b) Accounting treatment for post-employment benefits

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

(c) Accounting treatment for termination benefits

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

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

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

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

III Significant accounting policies and accounting estimates (Continued)

26 Provision

(1) Recognition standards for provision

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

① The obligation is a present obligation of the Company;

② It is probable that an outflow of economic benefits will be required to settle the obligation;

③ The amount of the obligation can be reliably measured.

(2) Measurement methods for provision

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

III Significant accounting policies and accounting estimates (Continued)

27 Share-based payments

(1) Types of share-based payments

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

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

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

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

On each balance sheet date during the vesting period, the Company makes the best estimates based on the latest subsequent information, such as changes in the number of employees eligible for vesting, and revises the estimated number of equity instruments expected to vest.

(4) Accounting treatment for the implementation of share-based payment plans

Cash-settled share-based payments

① For cash-settled share-based payments that are vested immediately upon grant, the fair value of the liability assumed by the Company is recognized in the relevant costs or expenses on the grant date, with a corresponding increase in liabilities. The fair value of the liability is remeasured at each balance sheet date prior to settlement and on the settlement date, and changes therein are recognized in profit or loss.

② For cash-settled share-based payments that become exercisable only after the completion of services during the vesting period or the satisfaction of stipulated performance conditions, the services received in the current period are recognized in the relevant costs or expenses and corresponding liabilities at each balance sheet date during the vesting period. This is based on the best estimate of the vesting conditions and the fair value of the liability assumed by the Company.

Equity-settled share-based payments

① For equity-settled share-based payments that vest immediately after grant in exchange for employee services, the fair value of the equity instruments is recognized in the relevant costs or expenses on the grant date, with a corresponding increase in capital reserves.

② For equity-settled share-based payments in exchange for employee services that become vested only after the completion of services during the vesting period or the satisfaction of stipulated performance conditions, the services received in the current period are recognized in the relevant costs or expenses and capital reserves at each balance sheet date during the vesting period. This is based on the best estimate of the number of equity instruments expected to vest and the fair value of the equity instruments on the grant date.

III Significant accounting policies and accounting estimates (Continued)

27 Share-based payments (Continued)

(5) Accounting treatment for modifications to share-based payment plans

When the Company modifies a share-based payment plan, if the modification increases the fair value of the equity instruments granted, the increase in the fair value of the equity instruments is recognized as a corresponding increase in the services received. If the modification increases the number of equity instruments granted, the fair value of the additional equity instruments is recognized as a corresponding increase in the services received. The increase in the fair value of the equity instruments is the difference between the fair value of the equity instruments immediately before and after the modification, measured at the modification date. If the modification reduces the total fair value of the share-based payment or otherwise modifies the terms and conditions of the share-based payment plan in a manner that is unfavourable to the employees, the Company continues to account for the services received as if the modification had not been made, unless the Company cancels part or all of the equity instruments granted.

(6) Accounting treatment for termination of share-based payment plans

If the Company cancels or settles the granted equity instruments during the vesting period (other than those cancelled due to failure to satisfy vesting conditions), the Company:

① Treats the cancellation or settlement as an acceleration of vesting, and immediately recognizes the amount that would otherwise have been recognized over the remaining vesting period;

② Treats any payments made to employees upon cancellation or settlement as a repurchase of equity interests, and recognizes any excess of the repurchase consideration over the fair value of the equity instruments on the repurchase date as an expense in the current period.

If the Company repurchases vested equity instruments from its employees, it reduces the Company's equity. Any excess of the repurchase consideration over the fair value of the equity instruments on the repurchase date is recognized in profit or loss for the current period.

28 Preference shares, perpetual bonds and other financial instruments

In respect of other financial instruments issued by the Company such as preference shares and perpetual bonds, the Company classifies a financial instrument or its components into financial assets, financial liabilities or equity instruments upon initial recognition, based on the contract terms and the economic substance reflected by the financial instrument issued, rather than solely on legal form, in conjunction with the definitions of financial assets, financial liabilities, and equity instruments.

The Company determines the accounting treatment for interest expenses or dividend distributions of a financial instrument based on its classification. For a financial instrument classified as an equity instrument, regardless of whether its name includes "debt", its interest expenses or dividend distributions are treated as profit distributions of the Company (the issuing entity), and its repurchase or cancellation is treated as a change in equity. For a financial instrument classified as a financial liability, regardless of whether its name includes "share", its interest expenses or dividend distributions are treated in principle as borrowing costs, and any gains or losses arising from its repurchase or redemption are recognized in profit or loss for the current period.

III Significant accounting policies and accounting estimates (Continued)

29 Revenue recognition principles and measurement methods

(1) General principles

Revenue represents the gross inflow of economic benefits arising from the ordinary activities of the Company, which results in an increase in shareholders' equity and is distinct from capital contributions from shareholders.

The Company recognizes revenue when it satisfies a performance obligation in the contract, which is when the customer obtains control of the relevant goods or services. "Obtain the control over relevant commodities or services" refers to the ability to completely dominate the use of commodities and obtain almost all economic benefits.

If a contract contains two or more performance obligations, the Company allocates the transaction price to each performance obligation in proportion to the standalone selling price of the goods or services promised under each performance obligation at the contract inception date, and measures revenue based on the transaction price allocated to each performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for the transfer of goods or services to a customer, excluding amounts collected on behalf of third parties. When determining the transaction price of a contract, if there is variable consideration, the Company determines the best estimate of the variable consideration using either the expected value method or the most likely amount method. The Company includes in the transaction price some or all of an amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the related uncertainty is subsequently resolved. If a contract contains a significant financing component, the Company determines the transaction price based on the cash selling price that the customer would have paid when obtaining control of the goods. The difference between the transaction price and the contractual consideration is amortized over the contract period using the effective interest method. If the period between the transfer of control and the customer's payment does not exceed one year, the Company does not consider the financing component in the contract.

If any of the following conditions is met, a performance obligation is satisfied over time; otherwise, it is satisfied at a point in time:
① While fulfilling the due obligation in the Company, the customer obtains and consumes the resulting economic benefit;
② The customer is able to control the commodities under construction during the Company's fulfillment;
③ Commodities generated from the Company's fulfillment possess irreplaceable purpose, and the Company has the right to charge all fulfilled performance obligations within the whole contract period.

For performance obligations satisfied over time, the Company recognizes revenue over that period based on the progress towards complete satisfaction of the performance obligation, except when the progress cannot be reasonably determined. The Company determines the progress towards satisfaction of service-related performance obligations using the input method (or the output method). If the fulfillment schedule cannot be reasonably determined and the Company's costs are predicted to be compensated, corresponding revenue shall be recognized based on the specific cost amount until the fulfillment schedule can be reasonably determined.

For performance obligations satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the relevant goods. When determining whether control has transferred, the Company considers the following indicators:
① The Company has a present right to payment for the goods or services, for which the customer has a present obligation to pay for the goods;
② The Company has transferred legal title of the goods to the customer, for which the customer has legal title to the goods;
③ The Company has transferred physical possession of the goods to the customer, for which the customer has physical possession of the goods;
④ The Company has transferred the significant risks and rewards of ownership of the goods to the customer, for which the customer has assumed the significant risks and rewards of ownership;
⑤ The customer has accepted the goods.

III Significant accounting policies and accounting estimates (Continued)

29 Revenue recognition principles and measurement methods (Continued)

(1) General principles (Continued)

Sales with right of return
For sales involving a right of return, the Company recognizes revenue at the amount of consideration to which it expects to be entitled upon transferring control of the goods to the customer, and recognizes a refund liability for the amount expected to be refunded due to sales returns. Simultaneously, the Company recognizes an asset for the right to recover products, measured at the carrying amount of the goods expected to be returned less the estimated costs to recover them (including any impairment in value). The Company recognizes cost of sales as the carrying amount of the transferred goods less the net cost of the asset recognized above. At each balance sheet date, the Company reassesses its estimates of expected returns and remeasures the corresponding refund liability and asset for the right to recover products accordingly.

Warranty obligations
The Company provides warranties for goods sold and projects constructed in accordance with contractual agreements, legal requirements, and other applicable regulations. For assurance-type warranties, which serve to guarantee that the products meet agreed-upon specifications, the Company accounts for such warranties in accordance with *Accounting Standards for Business Enterprises No. 13 – Contingencies*. For service-type warranties that provide a service in addition to the assurance that the goods comply with agreed-upon specifications, the Company identifies them as a separate performance obligation. The Company allocates a portion of the transaction price to the service-type warranty based on the relative standalone selling prices of the goods and the warranty service, and recognizes revenue when the customer obtains control of the service. In determining whether a warranty provides a service in addition to the assurance that the goods comply with agreed-upon specifications, the Company considers factors such as whether the warranty is required by law, the length of the warranty period, and the nature of the services to be performed.

Principal versus Agent
The Company determines whether it is a principal or an agent based on whether it controls the goods or services before they are transferred to the customer. If the Company controls the goods or services before they are transferred to the customer, the Company acts as a principal and recognizes revenue at the gross amount of consideration received or receivable. Otherwise, the Company acts as an agent and recognizes revenue at the net amount of any commission or fee to which it expects to be entitled. This net amount is determined either as the total consideration received or receivable less the amounts payable to other relevant parties, or based on a predetermined commission amount or percentage.

Consideration payable to customers
For contracts containing consideration payable to a customer, the Company accounts for such consideration as a reduction of the transaction price unless the payment is in exchange for a distinct good or service received from the customer. The reduction in revenue is recognized at the later of when the related revenue is recognized or when the Company pays (or promises to pay) the consideration.

Customer's unexercised rights
Advance payments received from customers for the sale of goods or services are initially recognized as contract liabilities and subsequently recognized as revenue when the related performance obligations are satisfied. When advance payments received by the Company are non-refundable and customers may forfeit all or part of their contractual rights, if the Company expects to be entitled to the amount relating to those forfeited rights, it shall recognize that amount as revenue in proportion to the pattern of rights exercised by the customer. Otherwise, the Company recognizes the related balance of the liability as revenue only when the likelihood of the customer exercising its remaining rights is remote.

III Significant accounting policies and accounting estimates (Continued)

29 Revenue recognition principles and measurement methods (Continued)

(1) General principles (Continued)

Contract modifications

When a construction contract with a customer is modified:

① If the contract modification adds distinct construction services and increases the contract consideration, and the additional consideration reflects the standalone selling price of the added construction services, the Company accounts for the modification as a separate contract;

② If the contract modification does not fall under the circumstances described in ① above, and the construction services already transferred and those to be transferred are distinct as of the modification date, the Company treats it as a termination of the original contract and combines remaining uncompleted portion of the original contract with the modification portion to account for them as a new contract;

③ If the contract modification does not fall under the circumstances described in ① above, and the construction services already transferred and those to be transferred are not distinct as of the modification date, the Company accounts for the modification as a part of the existing contract. The resulting impact on recognized revenue is recorded as an adjustment to revenue in the current period.

III Significant accounting policies and accounting estimates (Continued)

29 Revenue recognition principles and measurement methods (Continued)

(2) Specific methods

Revenue from product sales

According to the contract terms, for the selling of products subject to performance obligation fulfillment conditions at a time point and other products, the Company shall recognize the realization of sales revenues when the customer obtains control over relevant commodities or services according to the delivery condition agreed in the sales contract upon signing by the customer after commodities are received.

Revenue from technical services

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

Royalty income

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

Revenue from photovoltaic power stations

Centralized power stations: Power stations are connected to the power grid. Revenue is recognized based on power supply documentation provided by the Company's business departments, upon meeting the continuous and fault-free operation period stipulated by the power grid company.

Distributed power stations: These stations are connected to the grid. Revenue is recognized based on settlement documents provided by the Company's business departments.

III Significant accounting policies and accounting estimates (Continued)

30 Public grants

(1) Types of public grants

Public grants are transfers of monetary or non-monetary assets from the public to the Group at nil consideration. According to the grant targets stipulated in the relevant public documents, public grants are classified into public grants related to assets and public grants related to income.

(2) Recognition of public grants

If a public grant is a monetary asset, it is measured at the amount received or receivable. If a public grant is a non-monetary asset, it is measured at fair value. If the fair value cannot be obtained in a reliable way, there are measured at the nominal amount (RMB 1). Public grants measured at nominal amounts are recognized directly in the current profits and losses.

(3) Accounting treatment for public grants

Public grants related to assets offset the carrying amount of the underlying assets.

If the public grants related to income are used to compensate related costs or losses in the subsequent period, they are recognized as deferred income and included in the current profit and loss or offset costs in the period in which the related costs or losses are recognized; public grants used to compensate costs or losses incurred by the enterprise shall be directly included in current profits and losses or offset related costs. For public grants related to the day-to-day activities of the enterprise, the R&D and VAT-related subsidies and the taxation, or operation-based incentive public subsidies are included in other income; other public grants are written off against related costs based on the substance of economic activities. Public grants not related to daily activities of the Company are included in the non-operating income and expenditure. For preferential loans for policy discounts, if the public finance department appropriates the discounted funds to the lending bank, the borrowing cost is accounted for according to the principal of the loan and the policy preferential interest rate, with the amount actually received as the entry value of the loan. If the public finance department directly appropriates the interest grant funds to the Company, the grants shall offset the related borrowing costs.

In case a recognized public grant is required to be returned, the carrying amount of the asset is adjusted if the carrying amount of relevant assets is offset at the initial recognition; if there is related deferred income, the book balance of deferred income is offset, and the excess is included in the current profit and loss; and in case of other circumstances, it is directly included in current profits and losses.

III Significant accounting policies and accounting estimates (Continued)

31 Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognized and measured for the income tax effects of taxable temporary differences or deductible temporary differences, using the balance sheet liability method, based on the temporary differences between the carrying amounts of assets and liabilities and their tax bases at the balance sheet date. Deferred income tax assets and deferred tax liabilities are not discounted.

(1) Recognition of deferred income tax assets

Deferred income tax assets are recognized for the income tax effects of deductible temporary differences, unused tax losses, and tax credits carried forward, measured at the tax rates expected to apply in the periods in which the temporary differences are expected to reverse, but only to the extent that it is probable that future taxable profits will be available against which the deductible losses, unused tax losses, and tax credits can be utilized.

Deferred tax assets are not recognized for the income tax effects of deductible temporary differences arising from the initial recognition of an asset or liability in a transaction or event that simultaneously meets the following criteria:
A. The transaction is not a business combination;
B. At the time of the transaction, it affects neither accounting profit nor taxable profit (or deductible losses).
However, the initial recognition exemption does not apply to single transactions that simultaneously meet the above two conditions and where the initial recognition of assets and liabilities gives rise to equal taxable and deductible temporary differences. For taxable and deductible temporary differences arising from the initial recognition of assets and liabilities in such transactions, the Company recognizes the corresponding deferred tax liabilities and deferred income tax assets, respectively, at the time the transaction occurs.

Deferred tax assets are recognized for deductible temporary differences related to investments in subsidiaries, associates, and joint ventures only when both of the following conditions are met:
① It is probable that the temporary differences will reverse in the foreseeable future; and
② It is probable that sufficient taxable profits will be available against which the deductible temporary differences can be utilized;

At the balance sheet date, the Company reassesses unrecognized deferred income tax assets and recognizes such assets to the extent that it has become probable that future taxable profit will be available to utilize the deductible temporary differences.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed. Deferred income tax assets are reduced to the extent that it is no longer probable that sufficient taxable profits will be available to reduce the carrying amount of the deferred income tax assets. Any such reduction is reversed when it becomes probable that sufficient taxable profits will be available.

III Significant accounting policies and accounting estimates (Continued)

31 Deferred income tax assets and deferred income tax liabilities (Continued)

(2) Recognition of deferred income tax liabilities

All taxable temporary differences of the Company are measured at the tax rates expected to apply in the periods in which the temporary differences are expected to reverse, and the related income tax effects are recognized as deferred tax liabilities, except in the following cases:

①Deferred tax liabilities are not recognized for taxable temporary differences arising from the following transactions or events:
A. Initial recognition of goodwill;
B. The initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, does not affect accounting profit or taxable profit (or deductible losses).

② Deferred tax liabilities are generally recognized for taxable temporary differences related to investments in subsidiaries, joint ventures, and associates, except when both of the following conditions are met:
A. The Company can control the timing of the reversal of the temporary differences;
B. It is probable that the temporary differences will not reverse in the foreseeable future.

(3) Recognition of deferred tax assets and deferred tax liabilities for specific transactions or events

① deferred income tax assets and deferred tax liabilities related to business combinations
For taxable and deductible temporary differences arising from business combinations not under common control, the corresponding deferred income tax expense (or income) typically adjusts the goodwill recognized in the business combination.

② Items directly recognized in owners' equity
Current and deferred taxes related to transactions or events that are directly recognized in equity are also recognized in owners' equity. Transactions or events for which the income tax effects of temporary differences are recognized in owners' equity include: other comprehensive income arising from changes in fair value of other debt investments; adjustments to the opening balance of retained earnings resulting from the retrospective application of a change in accounting policy or the retrospective restatement to correct a (material) prior period error; the initial recognition of compound financial instruments containing both liability and equity components.

III Significant accounting policies and accounting estimates (Continued)

31 Deferred income tax assets and deferred income tax liabilities (Continued)

(3) Recognition of deferred income tax assets and deferred tax liabilities for specific transactions or events (Continued)

③ Unused tax losses and tax credits carried forward
A. Unused tax losses and tax credits arising from the Company's own operations
Deductible losses refer to losses determined in accordance with tax laws that are allowed to be utilized against taxable profits in future periods. Deductible losses and tax credits carried forward in accordance with tax regulations are treated as deductible temporary differences. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable profits will be available in future periods against which the unused tax losses or tax credits can be utilized, with a corresponding reduction in current income tax expense.
B. Unused tax losses of the acquiree arising from business combinations
In a business combination, the acquiree's deductible temporary differences acquired from the acquiree are not recognized as deferred tax assets at the acquisition date if they do not meet the recognition criteria. If, within 12 months after the acquisition date, new or further information is obtained indicating that facts and circumstances existed at the acquisition date, and it is expected that the economic benefits of the acquiree's deductible temporary differences at the acquisition date will be realized, the related deferred income tax assets are recognized with a corresponding reduction to goodwill. If the carrying amount of goodwill is reduced to zero, any remaining amount is recognized in profit or loss for the current period. In all other cases, deferred income tax assets recognized in connection with a business combination are recognized in profit or loss for the current period.

④ Temporary differences arising from consolidation eliminations
In preparing the consolidated financial statements, temporary differences arising from the elimination of unrealized gains or losses on intra-group transactions, which result in differences between the carrying amounts of assets and liabilities in the consolidated balance sheet and their tax bases in the respective taxable entities, are recognized as deferred tax assets or deferred tax liabilities in the consolidated balance sheet, with a corresponding adjustment to income tax expense in the consolidated income statement, except for deferred taxes related to transactions or events recognized directly in equity or arising from business combinations.

⑤ Equity-settled share-based payments
If tax laws permit tax deductions for expenses related to share-based payments, during the period in which the costs or expenses are recognized in accordance with accounting standards, the Company determines the tax base and the resulting temporary differences based on the estimated deductible amount using information available at the end of the reporting period. Related deferred tax is recognized if the recognition criteria are met. To the extent that the estimated deductible amount in future periods exceeds the cost or expense recognized for share-based payments under accounting standards, the income tax effects of the excess are recognized directly in owner's equity.

(4) The basis for presenting deferred income tax assets and deferred tax liabilities on a net basis

Deferred income tax assets and liabilities of the Company are presented on a net basis after the following conditions are met:
① The Company has the legal right to settle current income tax assets and liabilities on a net basis;
② Deferred income tax assets and liabilities relate to income taxes levied by the same taxing authority on either the same taxable entity or different taxable entities that intend to either settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are reversed.

III Significant accounting policies and accounting estimates (Continued)

32 Leases

(1) Identification of leases

At the commencement date of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if one party transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration. To determine whether the contract transfers the right to control the use of an identified asset for a period of time, the company assesses whether the customer has the right to obtain substantially all of the economic benefits from the use of the identified asset during the period and the right to direct the use of the identified asset throughout the period.

(2) Identification of separate leases

If a contract contains multiple single leases at the same time, the Company will split the contract, and conduct accounting treatment of each single lease respectively. The right to use an identified asset constitutes a separate lease if both of the following conditions are met: ① the lessee can benefit from the use of the underlying asset either on its own or together with readily available resources; and ② the underlying asset is not highly dependent on or highly interrelated with other assets in the contract.

(3) Accounting treatment with the Company as lessee

At the commencement date, the Company classifies leases with a lease term of 12 months or less and without a purchase option as short-term leases; leases of individual underlying assets that are new and have a value below RMB 40,000 when the new underlying assets are classified as leases of low-value assets. If the Company subleases or expects to sublease an underlying asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, the Company recognizes lease payments over the lease term on a straight-line basis or using another systematic and rational method, allocating them to the cost of the related asset or to current profit or loss.

Except for the short-term leases and leases of low-value assets for which the simplified approach is applied, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

III Significant accounting policies and accounting estimates (Continued)

32 Leases (Continued)

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

① Right-of-use assets

Right-of-use assets refer to the lessee’s right to use the leased assets over the lease term.

At the commencement date of the lease, right-of-use assets are initially measured at cost. The cost comprises:

A. The initial measurement amount of lease liabilities;

B. Lease payments made on or before the commencement date of the lease term (if a lease incentive exists, net of the amount related to the lease incentive already taken);

C. Initial direct costs incurred by the lessee;

D. Costs expected to be incurred by the lessee to disassemble and remove the leased asset(s), restore the premises where the leased asset(s) is/are located, or restore the leased asset(s) to the condition agreed upon under the terms of the lease. The Company recognizes and measures these costs in accordance with the recognition and measurement criteria for provisions, as detailed in Note III. 26. The above costs incurred for the production of inventories are included in the cost of inventories.

Right-of-use assets are depreciated on a straight-line basis over their useful lives by category. For leases in which it is reasonably certain that ownership of the underlying asset will transfer to the lessee at the end of the lease term, depreciation is recognized over the estimated remaining useful life of the underlying asset, based on the category of the right-of-use asset and its estimated net residual value. For leases in which it is not reasonably certain that ownership of the underlying asset will transfer to the lessee at the end of the lease term, depreciation is recognized over the shorter of the lease term and the estimated remaining useful life of the underlying asset, based on the category of the right-of-use asset.

② Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date of the lease. Lease payments comprise the following five components:
A. Fixed payments, including in-substance fixed payments, less any lease incentives receivable;
B. Variable lease payments that depend on indexation or ratio;
C. The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
D. Amounts expected to be payable under a termination option, if the lease term reflects that the lessee is reasonably certain to exercise that option;
E. The estimated amount payable is based on the secured residual value provided by the lessee.

III Significant accounting policies and accounting estimates (Continued)

32 Leases (Continued)

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

The present value of lease payments is discounted using the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate. The difference between the lease payments and their present value is recognized as unrecognized finance charges. Interest expense is recognized in current profits and losses over the lease term using the discount rate used to measure the present value of lease payments. Variable lease payments not included in the measurement of lease liabilities are recognized in current profits and losses. when incurred.

After the commencement date, if there are changes in in-substance fixed payments, expected amounts payable under residual value guarantees, indices or rates used to determine lease payments, or changes in the assessment or exercise of purchase, extension, or termination options, the Company remeasures the lease liability based on the present value of the revised lease payments and adjusts the carrying amount of the right-of-use asset accordingly.

(4) Accounting treatment with the Company as lessor

At the commencement date of the lease, leases that transfer substantially all the risks and rewards incidental to ownership of the leased asset are classified as finance leases by the Company, with all other leases classified as operating leases.

① Operating leases

For each period of the lease term, the Company adopts the straight-line method to recognize the lease receipts of the operating lease as rental income; the Company capitalizes the initial direct expenses, amortizes them over the lease term on the same basis as that for the recognition of the rental income, and includes them in current profits and losses. by stage. Variable lease payments relating to operating leases that are not included in lease receivables are recognized in current profits and losses when received.

② Finance lease

At the commencement date of the lease, the Company recognizes finance lease receivables at the net investment in the lease, which is the sum of the present value of lease payments not yet received at the commencement date and any unguaranteed residual value, discounted using the interest rate implicit in the lease, and derecognizes the leased asset. Over the lease term, the Company calculates and recognizes interest income based on the interest rate implicit in the lease.

Variable lease payments not included in the measurement of the net investment in the lease are recognized in current profits and losses when received.

III Significant accounting policies and accounting estimates (Continued)

32 Leases (Continued)

(5) Accounting treatment for lease modifications

① Lease modification treated as a separate lease

If a lease is modified and both of the following conditions are met, the Company accounts for the modification as a separate lease: A. The modification increases the scope of the lease by adding the right to use one or more additional assets; B. The increase in consideration is commensurate with the stand-alone price for the increase in scope, adjusted for the terms of the contract.

② Lease modification not treated as a separate lease

A. The Company acting as a lessee

On the effective date of the modification, the Company determines the lease term of the modified lease and remeasures the lease liability by discounting the revised lease payments using a revised discount rate. The present value of the modified lease payments is discounted using the interest rate implicit in the lease for the remaining lease term. If the interest rate implicit in the lease for the remaining term cannot be determined, the Company uses its incremental borrowing rate at the effective date of the modification.

The effect of the above lease liability adjustment is accounted for as follows:
If the lease modification decreases the scope of the lease or shortens the lease term, the carrying amount of the right-of-use asset is reduced, and any gain or loss arising from partial or full termination of the lease is recognized in profit or loss.
For other lease modifications, the carrying amount of the right-of-use asset is adjusted accordingly.

B. The Company acting as a lessor

For modifications of operating leases, the Company accounts for the lease as a new lease from the effective date of the modification. Any lease payments received or receivable related to the original lease are treated as payments under the new lease.

For modifications of finance leases not treated as separate leases, the Company accounts for the modified lease as follows: If the lease would have been classified as an operating lease had the modification been in effect at the lease commencement date, the Company treats it as a new lease from the effective date of the modification and uses the net investment in the lease immediately before the modification as the carrying amount of the underlying asset. If the lease would have been classified as a finance lease had the modification been in effect at the lease commencement date, the Company accounts for it in accordance with the accounting policies for lease modifications or renegotiated contracts.

III Significant accounting policies and accounting estimates (Continued)

32 Leases (Continued)

(6) Sale and leaseback

The Company assesses whether the transfer of an asset in a sale and leaseback transaction qualifies as a sale in accordance with Note III. 29.

①The Company as seller (lessee)

If the transfer of the asset in a sale and leaseback transaction does not qualify as a sale, the Company will continue to recognize the transferred asset and recognizes a financial liability equal to the transfer proceeds. The financial liability is accounted for in accordance with Note III. 11. If the asset transfer is a sale, the Company will measure the right-of-use assets formed by the sale and leaseback based on the portion of the original asset's carrying amount that is related to the use right acquired by the leaseback, and recognize related gains or losses only for the right transferred to the lessor.

② The Company as buyer (lessor)

If the transfer of the asset in a sale and leaseback transaction does not qualify as a sale, the Company will not recognize the transferred asset but recognizes a financial asset equal to the transfer proceeds. The financial asset is accounted for in accordance with Note III. 11. If the transfer of the asset qualifies as a sale, the company accounts for the purchase of the asset in accordance with other applicable accounting standards and accounts for the lease of the asset.

33 Related parties

If one party controls, commonly controls or exerts a significant influence on the other party, and two or more parties are under the control, common control or significant influence of the other party, they constitute related parties. Enterprises that are solely controlled by the state and do not have any other related party relationship shall not be deemed as related parties.

III Significant accounting policies and accounting estimates (Continued)

34 Hedge Accounting

(1) Classification of hedges

The Company classifies hedges into fair value hedges, cash flow hedges, and hedges of net investments in foreign operations.

① A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability, an unrecognized firm commitment, or an identified component of such items. The change in fair value arises is attributable to a specific risk and will affect the Company's profit or loss or other comprehensive income.
② A cash flow hedge is a hedge of the exposure to variability in cash flows. The variability in cash flows is attributable to a specific risk associated with a recognized asset or liability, a highly probable forecast transaction, or a component of such items, and will affect the Company's profit or loss.
③ A hedge of a net investment in a foreign operation is a hedge of the foreign exchange exposure arising from a net investment in a foreign operation. The hedged risk in a hedge of a net investment in a foreign operation is the foreign currency translation difference between the functional currency of the foreign operation and that of the parent company.

(2) Hedging instruments and hedged items

Hedging instruments are financial instruments designated by the Company for hedging, whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged items, including:
① Derivatives measured at fair value through profit or loss, except written options. Written options can only be designated as hedging instruments when hedging purchased options, including purchased options embedded in a hybrid contract. A derivative embedded in a hybrid contract that has not been separated cannot be designated as a separate hedging instrument.
② Non-derivative financial assets or financial liabilities measured at fair value through profit or loss, except for liabilities designated at fair value through profit or loss whose fair value changes due to changes in the Company's own credit risk are recognized in other comprehensive income.

Own equity instruments are neither financial assets nor financial liabilities and cannot be designated as hedging instruments.

Hedged items are items that expose the Company to changes in fair value or cash flows, which are designated as being hedged and can be reliably measured. The Company designates the following individual items, groups of items, or portions thereof as hedged items:
① Recognized assets or liabilities.
② Unrecognized firm commitments. A firm commitment is a legally binding agreement to exchange a specified quantity of resources at a predetermined price on a future date or over a future period.
③ Highly probable forecast transactions. A forecast transaction is a transaction that has not yet been committed to but is expected to occur.
④ Net investments in foreign operations.

III Significant accounting policies and accounting estimates (Continued)

34 Hedge Accounting (Continued)

(2) Hedging instruments and hedged items (Continued)

A component of the above items refers to parts smaller than the overall changes in fair value or cash flows of the item. The Company designates the following components or combinations thereof as hedged items:

① A component of the overall changes in fair value or cash flows of an item that is only attributable to one or more specific risks (risk components). Based on an assessment in a specific market environment, such risk components must be separately identifiable and reliably measurable. Risk components also include components of the hedged item's fair value or cash flow changes that occur only above or below a specified price or other variable.

② One or more selected contractual cash flows.

③ A component of the nominal amount of an item refers to specified parts of the overall amount or quantity of the item, which may be a certain proportion of the overall item (a proportionate component) or a specified layer of the overall item (a layer component). If a layer component includes a prepayment option and the fair value of the prepayment option is affected by changes in the hedged risk, the layer must not be designated as a hedged item in a fair value hedge, except where the effect of the prepayment option is already included in the measurement of the hedged item's fair value.

(3) Hedge relationship assessment

At the inception of a hedge relationship, the Company formally designates the hedge relationship and prepares formal written documentation of the hedge relationship, risk management objectives, how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements. The documentation specifies the hedging instrument, the hedged item, the nature of the hedged risk, and the Company's method for assessing hedge effectiveness. Hedge effectiveness refers to the extent to which changes in the fair value or cash flows of the hedging instrument offset changes in the fair value or cash flows of the hedged item arising from the hedged risk. Such hedges are assessed on an ongoing basis to determine whether they continue to meet the hedge effectiveness requirements at the initial designation date and in subsequent periods.

If the hedging instrument expires or is sold, terminated or exercised (unless the rollover or replacement of the hedging instrument is part of the documented hedging strategy), or if changes in risk management objectives result in the hedge relationship no longer meeting the risk management objectives, or if the economic relationship between the hedged item and the hedging instrument ceases to exist, or if credit risk becomes the dominant factor in changes in the value of the economic relationship between the hedged item and the hedging instrument, or if the hedge no longer meets other conditions for hedge accounting, the Company discontinues the use of hedge accounting.

If a hedge relationship no longer meets hedge effectiveness requirements due to the hedge ratio, but the risk management objectives for which the hedge was designated remain unchanged, the Company rebalances the hedge relationship.

III Significant accounting policies and accounting estimates (Continued)

34 Hedge Accounting (Continued)

(4) Recognition and measurement

When the conditions for applying hedge accounting are met, the following treatments are applied:

① Fair value hedge

Gain or loss on the hedging instrument shall be recognized in current profits and losses. If the hedging instrument hedges a non-trading equity instrument (or a component thereof) that the Company has designated to be measured at fair value through other comprehensive income, the hedging gain or loss generated by the hedging instrument shall be recognized in other comprehensive income. Gain or loss generated by the hedged item due to the hedged risk exposure shall be recognized in profit or loss and shall adjust the carrying amount of the recognized hedged item that is not measured at fair value. If the hedged item is a non-trading equity instrument (or a component thereof) designated at fair value through other comprehensive income, gains or losses arising from the hedged risk shall be recognized in other comprehensive income. Since the carrying amount of the hedged item is already measured at fair value, no adjustment is required.

For a fair value hedge of a financial instrument (or a component thereof) measured at amortized cost, adjustments to the carrying amount of the hedged item shall be amortized using the effective interest rate recalculated at the commencement date of amortization and recognized in current profits and losses. This amortization can commence from the adjustment date, but not later than the time when the hedging gain or loss adjustment is made for the termination of the hedged item. If the hedged item is a financial asset (or a component thereof) measured at fair value through other comprehensive income, the cumulative recognized hedging gain or loss shall be amortized in the same manner and recognized in the profit or loss, but the carrying amount of the financial asset (or a component thereof) shall not be adjusted.

When a hedged item represents a defined commitment that has not been unrecognized (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation caused by the hedge relationship is recognized as an asset or a liability with a gain or loss recognized in current profits and losses. When a defined commitment is made to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability should be adjusted to include the cumulative change in the fair value of the hedged item that has been recognized.

② Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income as a cash flow hedge reserve, while the portion is determined to be an ineffective hedge (i.e., other gain or loss after deducting that recognized in other comprehensive income) shall be recognized in current profits and losses. The amount of cash flow hedging reserves shall be determined based on the lower of the absolute amount of the following two items: ① The cumulative gain or loss on the hedging instrument since the commencement of the hedge. ② The cumulative change in the present value of expected future cash flows of the hedged item since the commencement of the hedge.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a defined commitment for which fair value hedge accounting is applied, the amount previously recognized in the cash flow hedge reserve in other comprehensive income shall be reclassified and included in the initial cost of the asset or liability. For cash flow hedges other than those covered above, the amount in the cash flow hedge reserve previously recognized in other comprehensive income shall be reclassified to profit or loss in the same period or in the period in which the hedged expected future cash flows affect profit or loss.

③ Hedges of a net investment in a foreign operation

For hedges of a net investment in a foreign operation, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income. The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge shall be recognized in current profits and losses. Upon disposal of all or part of the foreign operation, the gain or loss on the hedging instrument recognized in other comprehensive income shall be reclassified and recognized in current profits and losses.

III Significant accounting policies and accounting estimates (Continued)

35 Significant accounting judgments and accounting estimates

The Company continuously evaluates the significant accounting estimates and key assumptions used, based on historical experience and other factors, including reasonable expectations of future events. The significant accounting estimates and key assumptions that could result in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are as follows:

Measurement of expected credit losses on accounts receivable
The Company measures expected credit losses on accounts receivable based on the exposure at default and the expected loss rate, the latter of which is determined based on the probability of default and loss given default. In determining the expected loss rate, the Company uses internal historical credit loss experience and other data, adjusted for current conditions and forward-looking information. When considering forward-looking information, the Company takes into account indicators such as the risk of economic downturn, changes in external market conditions, technological environment, and customer circumstances. The Company regularly monitors and reviews the assumptions related to the calculation of expected credit losses.

Provision for depreciation of inventories
Provision for depreciation of inventories is recognized based on the estimated net realizable value of inventories. The assessment of this provision involves management judgment and estimation. If actual circumstances or future expectations differ from the original estimates, the resulting difference will affect the carrying amount of the inventories and the reversal/write-off of the provision in the period in which the estimate is revised.

Development expenditures
When determining the amount to be capitalized, management must make assumptions regarding the generation of future cash flows to be generated by the asset, the discount rate adopted, and the expected useful life.

Goodwill impairment
The Company assesses goodwill for impairment at least annually. This requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. In estimating the value in use, the Company estimates the future cash flows derived from the cash-generating units and discounts them using an appropriate discount rate to calculate the present value of those cash flows.

Deferred income tax assets
Deferred income tax assets are recognized for all unused tax losses to the extent that it is probable that sufficient taxable profits will be available to utilize those losses. This requires significant management judgment to estimate the timing and amount of future taxable profits, combined with tax planning strategies, to determine the amount of deferred tax assets to be recognized.

III Significant accounting policies and accounting estimates (Continued)

36 Changes to major accounting policies and estimates

(1) Change in accounting policies

(a) Impact of Adopting *Interpretation No. 19 on Accounting Standards for Business Enterprises*

On December 5, 2025, the Ministry of Finance (MOF) issued *Interpretation No. 19 on Accounting Standards for Business Enterprises* (Caikuai [2025] No. 32, "Interpretation No. 19"), which took effect on January 1, 2026. The Company adopted Interpretation No. 19 effective January 1, 2026. The adoption of this interpretation had no material impact on the Company's financial statements for the Reporting Period.

(b) Impact of Adopting *Interpretation No. 20 on Accounting Standards for Business Enterprises*

On June 4, 2026, the MOF issued *Interpretation No. 20 on Accounting Standards for Business Enterprises* (Caikuai [2026] No. 7, "Interpretation No. 20"), which took effect upon issuance. For new transactions or events specified in this Interpretation occurring between January 1, 2026 and the effective date of Interpretation No. 20, enterprises shall make adjustments in accordance with this Interpretation. The Company adopted Interpretation No. 20 on June 4, 2026 (the "Effective Date"), and made retrospective adjustments for new relevant transactions or events occurring between January 1, 2026 and the Effective Date. The adoption of this interpretation had no material impact on the Company's financial statements for the Reporting Period.

(2) Changes to accounting estimates

The Company had no significant change in accounting estimates during 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 requiring state 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 subsidies 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.

(RMB’000)

IV Taxes (Continued)

5 Corporate income tax (Continued)

Subsidiaries entitled to tax preferences:

Company name	Preferential tax rate	Reason
TCL China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	15.00%	High-tech enterprise
Suzhou China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
Guangzhou China Star Optoelectronics Technology Co., Ltd.	15.00%	High-tech enterprise
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Shenzhen TCL High-Tech Development Co., Ltd.	15.00%	High-tech enterprise
TCL Financial Technology (Shenzhen) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanou New Energy Technology Co., Ltd	15.00%	High-tech enterprise
Tianjin Huanzhi New Energy Technology Co., Ltd.	15.00%	High-tech enterprise
Huansheng New Energy (Jiangsu) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	15.00%	High-tech enterprise
Zhonghuan Advanced (Xuzhou) Bandaoti Material Co., Ltd.	15.00%	High-tech enterprise
Tianjin Huanbo Science and Technology Co., Ltd.	15.00%	High-tech enterprise
Techigh Circuit Technology (Huizhou) Co., Ltd.	15.00%	High-tech enterprise
Tianjin Printronics Circuit Corporation	15.00%	High-tech enterprise
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	15.00%	High-tech enterprises and the Western China Development Initiative
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	15.00%	High-tech enterprises and the Western China Development Initiative
Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd.	15.00%	High-tech enterprises and the Western China Development Initiative
Suzhou China Star Environmental Protection Technology Co., Ltd.	15.00%	Eligible third-party enterprises engaged in pollution prevention and control
Dangxiong Youhao New Energy Development Co., Ltd.	15.00%	Western China Development Initiative
Shaanxi Huanshuo Green New Energy Co., Ltd.	15.00%	Western China Development Initiative
Ningxia Huanou New Energy Technology Co., Ltd.	9.0%	Western China Development Initiative and the "three- year exemption and three- year 50% reduction" preferential treatment on the local portion of enterprise income tax
Ningxia Zhonghuan Solar Material Co., Ltd.	9.0%	Western China Development Initiative, the "three- year exemption and three- year 50% reduction" preferential treatment on the local portion of enterprise income tax, and high-tech enterprise
Shaanxi Runhuan Tianyu Technology Co., Ltd.	7.5%	The "three- year exemption and three- year 50%

		reduction" and the Western China Development Initiative
Shenzhen Zhixian Shijie Software Technology Co., Ltd.	Tax-exempt	The "two-year exemption and three-year 50% reduction" policy for software enterprises

IV Taxes (Continued)

5 Corporate income tax (Continued)

Company name	Preferential tax rate	Reason
Tianjin Huan'ou Bandaoti Material&Technology Co., Ltd.	15.00%	High-tech enterprise
Sunite Left Banner Huanxin New Energy Co., Ltd.	15.00%	Western China Development Initiative
Tuquan County Guanghuan New Energy Co., Ltd.	15.00%	Western China Development Initiative
Ningxia Hongyuan New Energy Co., Ltd.	Tax-exempt	The "three-year exemption and three-year 50% reduction" policy and the Western China Development Initiative
Zhangjiakou Shengming New Energy Co., Ltd.	Tax-exempt	Three- year exemption and three- year 50% reduction
Shaanxi Huanbo New Energy Power Engineering Construction Co., Ltd.	Tax-exempt	Three- year exemption and three- year 50% reduction
Hohhot Dishengsheng New Energy Co., Ltd.	Tax-exempt	Three- year exemption and three- year 50% reduction

(RMB'000)

V Notes to Consolidated Financial Statements

1 Monetary assets

	June 30, 2026	December 31, 2025
Cash on hand	553	418
Bank deposits	21,082,668	26,293,409
Deposits with the central bank	301,918	367,683
Other monetary assets	1,764,482	3,798,550
	23,149,621	30,460,060

Note Monetary assets with restricted use rights

	June 30, 2026	December 31, 2025
TCL Tech Finance's statutory reserve deposits with the central bank	296,012	361,827
Other restricted monetary assets	629,108	3,467,238
	925,120	3,829,065

As at June 30, 2026, the Company's bank deposits of RMB 296,012,000 (December 31, 2025: RMB 361,827,000) were statutory deposit reserves deposited with the Central Bank by TCL Technology Group Finance Co., Ltd., a subsidiary of the Company.

As at June 30, 2026, the Company's monetary assets offshore amounted to RMB 3,044,649,000 (December 31, 2025: RMB 2,710,168,000), all of which were owned by the overseas subsidiaries of the Company.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

2 Held-for-trading financial assets

	June 30, 2026	December 31, 2025
Financial assets classified as those measured at fair value through profit or loss	18,350,671	14,473,193
Including: Debt instrument investments	18,341,096	14,454,252
Equity instrument investments	9,575	18,941
	18,350,671	14,473,193

3 Derivative financial assets

	June 30, 2026	December 31, 2025
Foreign exchange forwards and foreign exchange swaps	25,350	78,957

4 Notes receivable

(1) Notes receivable by category

	June 30, 2026	December 31, 2025
Bank acceptance	634,287	377,126
Trade acceptance	50	103,099
	634,337	480,225

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

4 Notes receivable (Continued)

(2) Presentation of bad-debt allowance for notes receivable by category

	June 30, 2026					December 31, 2025				
	Gross amount		Bad-debt Allowance		Carrying amount	Gross amount		Bad-debt Allowance		Carrying amount
	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Notes receivable for which bad-debt allowance were established on the grouping basis	649,173	100%	14,836	2.29%	634,337	480,225	100%	-	-	480,225
Including: low-risk portfolio	649,173	100%	14,836	2.29%	634,337	480,225	100%	-	-	480,225
	649,173	100%	14,836	2.29%	634,337	480,225	100%	-	-	480,225

(3) As at June 30, 2026, notes receivable in pledge were RMB 100,000.

5 Accounts receivable

	June 30, 2026	December 31, 2025
Accounts receivable	20,351,042	22,579,657
Less: Bad-debt allowance	368,956	426,654
	19,982,086	22,153,003

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (Continued)

(1) Accounts receivable classified by loss allowance provision method as at June 30, 2026 are as follows:

Category	June 30, 2026					December 31, 2025				
	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	163,916	0.81%	151,145	92.21%	12,771	217,809	0.96%	189,792	87.14%	28,017
Provision for impairment based on portfolio of credit risk characteristics	20,187,126	99.19%	217,811	1.08%	19,969,315	22,361,848	99.04%	236,862	1.06%	22,124,986
	20,351,042	100%	368,956	1.81%	19,982,086	22,579,657	100%	426,654	1.89%	22,153,003

(2) Aging analysis of accounts receivable is as follows:

	June 30, 2026		December 31, 2025	
	Amount	Ratio	Amount	Ratio
Within 1 year	18,600,004	91.40%	20,832,958	92.26%
1 to 2 years	426,018	2.09%	376,690	1.67%
2 to 3 years	184,691	0.91%	552,656	2.45%
Over 3 years	1,140,329	5.60%	817,353	3.62%
	20,351,042	100%	22,579,657	100%

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

5 Accounts receivable (Continued)

(3) Bad-debt allowances for accounts receivable are analyzed as follows:

	June 30, 2026
Beginning amount	426,654
New subsidiary	25,187
Accrued in the period	63,854
Reversal of current period	(70,482)
Write-off of current period	(75,403)
Others	(854)
Ending amount	368,956

(4) As at June 30, 2026, the accounts receivable and contract assets of the top five balances are as follows:

	June 30, 2026
Total amount of the accounts receivable and contract assets of the top five balances	8,728,650
As a percentage of the total amount of accounts receivable and contract assets	42.89%

(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	4,043,168	(2,142)

6. Receivables financing

	June 30, 2026	December 31, 2025
Notes receivable financing	182,602	383,247
Receivable financing	345,884	242,542
	528,486	625,789

As at June 30, 2026, the receivables financing that had been endorsed or discounted, remained outstanding, and was derecognized amounted to RMB 6,398,449,000.

As at June 30, 2026, the Company considers that the receivables financing did not have material credit risk and would not result in material losses due to default.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

7 Prepayments

(1) Prepayments are analyzed as follows:

	June 30, 2026	December 31, 2025
Within 1 year	2,414,040	1,363,244
1-2 years	23,711	415,294
2-3 years	394,638	98,269
Over 3 years	125,574	32,637
	2,957,963	1,909,444

(2) As at June 30, 2026, the prepayments of the top five balances are as follows:

	June 30, 2026
Total amount owed by the top five	1,452,415
As % of total prepayments	49.10%

8 Other receivables

	June 30, 2026	December 31, 2025
Dividends receivable	18,464	424,441
Other receivables	2,967,519	3,076,182
	2,985,983	3,500,623

(1) Dividends receivable

	June 30, 2026	December 31, 2025
Xinjiang Goens Energy Technology Co., Ltd.	-	444,597
Others	18,464	-
Less: Bad-debt allowance	-	20,156
	18,464	424,441

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (Continued)

(1) Dividends receivable (Continued)

(a) Presentation of bad-debt allowance for dividends receivable by category

	June 30, 2026					December 31, 2025				
	Gross amount		Bad-debt Allowance		Carrying amount	Gross amount		Bad-debt Allowance		Carrying amount
Category	Amount	Ratio	Amount	Accrual Ratio		Amount	Ratio	Amount	Accrual Ratio	
Allowances for bad debts accrued on an individual basis	18,464	100%	-	-	18,464	444,597	100%	20,156	4.53%	424,441
	18,464	100%	-	-	18,464	444,597	100%	20,156	4.53%	424,441

(2) Other receivables

	June 30, 2026	December 31, 2025
Other receivables	3,370,569	3,513,209
Less: Bad-debt allowance	403,050	437,027
	2,967,519	3,076,182

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

	June 30, 2026	December 31, 2025
Security and deposits	786,302	584,936
Subsidy receivables	511,955	1,355,862
Equity transfer receivables	235,950	251,016
Others	1,433,312	884,368
	2,967,519	3,076,182

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

8 Other receivables (Continued)

(2) Other receivables (Continued)

(b) Presentation of bad-debt allowance for other receivables by category

Category	June 30, 2026 Gross amount Amount	Gross amount Ratio	Bad-debt Allowance Amount	Bad-debt Allowance Accrual Ratio	Carrying amount	December 31, 2025 Gross amount Amount	Gross amount Ratio	Bad-debt Allowance Amount	Bad-debt Allowance Accrual Ratio	Carrying amount
Allowances for bad debts accrued on an individual basis	470,327	13.95%	375,590	79.86%	94,737	583,773	16.62%	413,344	70.81%	170,429
Allowances for bad debts accrued on a portfolio basis	2,900,242	86.05%	27,460	0.95%	2,872,782	2,929,436	83.38%	23,683	0.81%	2,905,753
	3,370,569	100%	403,050	11.96%	2,967,519	3,513,209	100%	437,027	12.44%	3,076,182

(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, 2025	29,717	-	407,310	437,027
Current accrual	9,602	-	-	9,602
Addition of new subsidiaries	1,117	-	7,625	8,742
Reversal of current period	(6,454)	-	-	(6,454)
Write-off of current period	(76)	-	(12,872)	(12,948)
Others	(24)	-	(32,895)	(32,919)
June 30, 2026	33,882	-	369,168	403,050

(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, 2026		December 31, 2025	
	Carrying amount	Ratio	Carrying amount	Ratio
Within 1 year	1,909,993	56.67%	1,638,345	46.64%
1 to 2 years	323,965	9.61%	816,611	23.24%
2 to 3 years	367,107	10.89%	379,232	10.79%
Over 3 years	769,504	22.83%	679,021	19.33%
	3,370,569	100%	3,513,209	100%

(e) As at June 30, 2026, the other receivables of the top five balances are as follows:

	June 30, 2026
Total amount owed by the top five	1,423,823
As % of total other receivables	42.24%

(f) As at June 30, 2026, 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.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

9 Inventories

(1) Inventories are classified as follows:

	June 30, 2026			December 31, 2025		
	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	8,793,756	788,079	8,005,677	5,752,757	837,917	4,914,840
Work in progress	3,978,909	611,697	3,367,212	3,473,243	705,587	2,767,656
Finished Goods	12,511,342	1,034,271	11,477,071	12,224,275	1,660,743	10,563,532
Turnover materials	129,460	1,954	127,506	126,337	1,657	124,680
	25,413,467	2,436,001	22,977,466	21,576,612	3,205,904	18,370,708

As at June 30, 2026, the Company had no inventory for liabilities guarantee.

(2) Provision for depreciation of inventories/provision for impairment of contract performance costs:

	December 31, 2025	Accrued in the period	Reversal and write-off in the period	Other changes	June 30, 2026
Raw materials	837,917	500,764	(584,234)	33,632	788,079
Work in progress	705,587	825,052	(835,876)	(83,066)	611,697
Inventory of goods	1,660,743	1,194,064	(1,456,470)	(364,066)	1,034,271
Turnover materials	1,657	1,097	(800)	-	1,954
	3,205,904	2,520,977	(2,877,380)	(413,500)	2,436,001

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

10 Contract assets

(1) Contract assets are classified as follows:

	June 30, 2026			December 31, 2025		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Contract assets	422,125	41,181	380,944	422,183	36,607	385,576

(2) Valuation allowances for contract assets are analyzed as follows:

	December 31, 2025	Accrued in the period	Reversal or write-off in the period	Other increases and decreases	June 30, 2026
Contract assets	36,607	4,574	-	-	41,181

11 Non-current assets due within one year

	June 30, 2026	December 31, 2025
Other non-current assets due within one year	1,530,000	1,557,992
Debt investments due within one year	6,827	6,953
	1,536,827	1,564,945

12 Other current assets

	June 30, 2026	December 31, 2025
VAT to be deducted, to be certified, etc.	7,756,622	8,126,701
Others	395,353	284,923
	8,151,975	8,411,624

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

13 Bond investments

	June 30, 2026	December 31, 2025
Treasury bonds and corporate bonds	574,650	578,159

14 Long-term receivables

	June 30, 2026			December 31, 2025		
	Gross amount	Bad-debt Allowance	Carrying amount	Gross amount	Bad-debt Allowance	Carrying amount
Others	94,730	-	94,730	120,628	-	120,628
	94,730	-	94,730	120,628	-	120,628

15 Long-term equity investments

	June 30, 2026			December 31, 2025		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associate	23,858,537	19,968	23,838,569	22,966,147	20,022	22,946,125
Joint venture	435,644	49,503	386,141	452,571	49,503	403,068
	24,294,181	69,471	24,224,710	23,418,718	69,525	23,349,193

As at June 30, 2026, 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.

For January - June 2026, the movement in provision for impairment of long-term equity investments of the Group arose from the effect of foreign currency translation.

(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, 2025 (carrying amount)	Increase/decrease in investment in current period	Net profits or losses adjusted under the equity method	Other comprehensive income	Other equity changes	Cash dividends or profit distribution declared	Provision for impairment	Others	June 30, 2026 (carrying amount)	Balance of impairment provision as of June 30, 2026
Joint venture	403,068	345	(13,736)	-	493	(4,029)	-	-	386,141	49,503
Associate										
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,432,951	-	(39,374)	-	-	-	-	-	1,393,577	-
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	843,389	-	33,466	-	-	-	-	-	876,855	-
Others	20,669,785	(60,433)	1,391,986	28,380	(11,471)	(448,979)	-	(1,131)	21,568,137	19,968
Total of associates	22,946,125	(60,433)	1,386,078	28,380	(11,471)	(448,979)	-	(1,131)	23,838,569	19,968
Total	23,349,193	(60,088)	1,372,342	28,380	(10,978)	(453,008)	-	(1,131)	24,224,710	69,471

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

16 Investments in other equity instruments

	June 30, 2026	December 31, 2025
Stocks	13,754	18,427
Equity of unlisted companies	162,538	338,029
	176,292	356,456

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	(44)	3,517	(191,035)	-	Being held long-term for strategic purposes
Equity of unlisted companies	-	156,787	(173,397)	-	Being held long-term for strategic purposes
Total	(44)	160,304	(364,432)	-	

17 Other non-current financial assets

	June 30, 2026	December 31, 2025
Equity investments	4,561,038	3,172,659
	4,561,038	3,172,659

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

18 Investment properties

	Houses and buildings	Land use rights	Total
Gross amount:			
December 31, 2025	502,972	108,859	611,831
Increase during the year	35,196	-	35,196
Decrease during the year	-	(281)	(281)
June 30, 2026	538,168	108,578	646,746
Accumulated depreciation and amortization:			
December 31, 2025	174,313	34,737	209,050
Current accrual	14,067	1,117	15,184
Other increases	354	-	354
June 30, 2026	188,734	35,854	224,588
Investment properties, net:			
June 30, 2026	349,434	72,724	422,158
December 31, 2025	328,659	74,122	402,781
Impairment allowance:			
Beginning amount	908	-	908
Ending amount	908	-	908
Investment properties, net:			
June 30, 2026	348,526	72,724	421,250
December 31, 2025	327,751	74,122	401,873

(RMB'000)

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, 2025	68,377,362	280,380,262	4,247,557	373,147	2,225,213	1,434,729	357,038,270
Increase during the year							
Acquisition and other	1,413	824,461	59,744	2,470	-	4,586	892,674
Reclassified from construction in progress	146,530	3,647,641	50,830	6,018	-	5,718	3,856,737
New subsidiary	2,565,938	2,275,645	9,967	1,883	-	540,032	5,393,465
Other increases	51,582	1,168,229	92,954	9	4,587	41,907	1,359,268
Decrease during the year							
Reduced subsidiary	(205,811)	(532,929)	(246,921)	-	-	-	(985,661)
Disposals, write- offs, and others	(392,603)	(2,858,074)	(31,078)	(10,160)	-	-	(3,291,915)
June 30, 2026	70,544,411	284,905,235	4,183,053	373,367	2,229,800	2,026,972	364,262,838
Accumulated depreciation:							
December 31, 2025	17,428,933	167,554,409	3,072,394	272,418	716,434	419,902	189,464,490
Increase during the year							
Accrual	1,286,498	12,205,188	165,584	20,181	27,510	48,195	13,753,156
New subsidiary	241,263	995,506	8,136	958	-	198,521	1,444,384
Other increases	20,578	628,689	3,768	6	-	-	653,041
Decrease during the year							
Reduced subsidiary	(11,249)	(26,245)	(192,057)	-	-	-	(229,551)
Disposals, write- offs, and others	(20,640)	(754,685)	(28,202)	(5,632)	-	(166)	(809,325)
June 30, 2026	18,945,383	180,602,862	3,029,623	287,931	743,944	666,452	204,276,195
Fixed assets, net:							
June 30, 2026	51,599,028	104,302,373	1,153,430	85,436	1,485,856	1,360,520	159,986,643
December 31, 2025	50,948,429	112,825,853	1,175,163	100,729	1,508,779	1,014,827	167,573,780

(RMB'000)

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, 2025	969,118	1,442,967	58,946	128	99,465	-	2,570,624
Current accrual	244,947	-	-	-	-	-	244,947
Other increases	-	100,861	77	-	-	36,604	137,542
Reduced subsidiary	(155,524)	(506,297)	(29,070)	-	-	-	(690,891)
June 30, 2026	1,058,541	1,037,531	29,953	128	99,465	36,604	2,262,222
Fixed assets, carrying amount:							
June 30, 2026	50,540,487	103,264,842	1,123,477	85,308	1,386,391	1,323,916	157,724,421
December 31, 2025	49,979,311	111,382,886	1,116,217	100,601	1,409,314	1,014,827	165,003,156

Please refer to Note V.28 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)	9,740,968	In process

Note As at June 30, 2026, the fixed assets for which the certificates of title have not been completed are mainly the houses and buildings of Huaxing Production Bases t3 and t5, as well as the houses and buildings of Inner Mongolia Zhonghuan Advanced Bandaoti Material Co., Ltd., Inner Mongolia Zhonghuan Crystal Materials Co., Ltd. and Tianjin Zhonghuan Advanced Material&Technology Co., Ltd.

20 Construction in progress

(1) Schedule of construction in progress

	June 30, 2026	December 31, 2025
Construction in progress	19,275,805	16,560,203
Less: Impairment allowance	441,601	383,355
	18,834,204	16,176,848

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

20 Construction in progress (Continued)

(2) Changes to construction in progress

Project name	Budget	December 31, 2025	Increase in current period	Construction in progress transferred to fixed assets	Other movements	June 30, 2026	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	378,056	53,050	(65,266)	-	365,840	96%	Under construction	395,291	-	-	Self-funded and raised funds
Phase I project of generation 8.6 (or G8.6) printed OLED production line at TCL CSOT	29,500,000	654,827	1,509,638	-	-	2,164,465	10%	Under construction	-	-	-	Self-funded
Solar power station projects	6,948,950	2,550,740	296,584	(24,071)	-	2,823,253	65%	Under construction	288,129	76,962	2.55%-3.60%	Self-funded and raised funds
Large-diameter silicon wafers for integrated circuits	5,410,520	1,379,616	31,284	(324,928)	(97)	1,085,875	99%	Under construction	46,234	496	2.8%	Self-funded and raised funds
Expansion project of silicon wafers for integrated circuits	5,800,260	553,912	524,919	-	(19,880)	1,058,951	19%	Under construction	10,460	2,490	2.8%	Self-funded and raised funds
Silicon wafers for integrated circuits	11,014,000	2,117,029	401,685	(207,674)	(4,560)	2,306,480	90%	Under construction	441,154	1,445	2.6%	Self-funded and raised funds
Highly-efficient imbricate module G12 project	2,980,365	324,049	390,811	(89,816)	(6,125)	618,919	75%	Under construction	10,413	-	-	Self-funded and raised funds
Production line of 8-12-inch silicon wafers for integrated circuits	5,862,432	616,091	47,601	(352,756)	(10,120)	300,816	93%	Under construction	11,116	401	2.8%	Self-funded and raised funds
Others	Not applicable	7,602,528	2,380,364	(2,792,226)	918,939	8,109,605	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
		16,176,848	5,635,936	(3,856,737)	878,157	18,834,204						

(RMB'000)

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, 2025	6,281,272	932	878,497	432,723	7,593,424
Increase					
New subsidiary	13,068	-	15,357	-	28,425
Leased in	109,001	178	-	52,729	161,908
Other increases	8,619	-	-	24,242	32,861
Decreases					
Lease contract expiration	(11,570)	-	-	-	(11,570)
Other decreases	(2,424,817)	(53)	(19,823)	-	(2,444,693)
June 30, 2026	3,975,573	1,057	874,031	509,694	5,360,355
Accumulated depreciation:					
December 31, 2025	851,072	705	373,402	76,218	1,301,397
Increase					
Current accrual	131,455	136	55,645	30,106	217,342
New subsidiary	1,958	-	4,618	-	6,576
Decreases					
Lease contract expiration	(11,570)	-	-	-	(11,570)
Other decreases	(451,166)	(32)	-	-	(451,198)
June 30, 2026	521,749	809	433,665	106,324	1,062,547
Right-of-use assets, carrying amount:					
June 30, 2026	3,453,824	248	440,366	403,370	4,297,808
December 31, 2025	5,430,200	227	505,095	356,505	6,292,027
Impairment allowance:					
December 31, 2025	102,853	-	-	-	102,853
Current accrual	-	-	-	-	-
Write-off of current year	(102,853)	-	-	-	(102,853)
June 30, 2026	-	-	-	-	-
Right-of-use assets, carrying amount:					
June 30, 2026	3,453,824	248	440,366	403,370	4,297,808
December 31, 2025	5,327,347	227	505,095	356,505	6,189,174

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

22 Intangible assets

	Land use rights	Non-patent technology/ patent right	Others	Total
Gross amount:				
December 31, 2025	11,397,185	17,097,997	3,694,199	32,189,381
Increase				
New subsidiary	170,232	1,635	189,392	361,259
Purchase	121,349	140,942	27,319	289,610
Others	281	105,863	46,457	152,601
Decreases				
Disposals, write-offs, and other decreases	(362,306)	(49,321)	(28,887)	(440,514)
June 30, 2026	11,326,741	17,297,116	3,928,480	32,552,337
Accumulated amortization:				
December 31, 2025	1,909,797	9,563,084	2,013,317	13,486,198
Increase				
Accrual	153,605	658,245	170,575	982,425
New subsidiary	15,298	12	24,820	40,130
Decreases				
Disposals, write-offs, and other decreases	(48,717)	(21,431)	(534)	(70,682)
June 30, 2026	2,029,983	10,199,910	2,208,178	14,438,071
Intangible assets, net:				
June 30, 2026	9,296,758	7,097,206	1,720,302	18,114,266
December 31, 2025	9,487,388	7,534,913	1,680,882	18,703,183
Impairment allowance:				
December 31, 2025	88,159	113,726	33,988	235,873
Others	-	(1,091)	-	(1,091)
June 30, 2026	88,159	112,635	33,988	234,782
Intangible assets, carrying amount:				
June 30, 2026	9,208,599	6,984,571	1,686,314	17,879,484
December 31, 2025	9,399,229	7,421,187	1,646,894	18,467,310

Please refer to Note V.28 for information on collateralized intangible assets.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

23 Development expenditures

Development expenditures are presented as follows:

	June 30, 2026	December 31, 2025
Display	756,800	963,087
New energy photovoltaics and other silicon materials	291,797	241,868
	1,048,597	1,204,955

24 Goodwill

(1) Gross amount of goodwill

Name of investee or matter forming goodwill	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
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.	1,454,829	-	(1,454,829)	-
Guangzhou China Star Optoelectronics Technology Co., Ltd.	827,544	-	-	827,544
Fuzhou Huazhao Optoelectronics Co., Ltd.	-	26,425	-	26,425
Hunan Chuangke Photoelectrics Co., Ltd.	-	42,604	-	42,604
Others	974,383	-	-	974,383
	12,896,556	69,029	(1,454,829)	11,510,756

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

24 Goodwill (Continued)

(2) Goodwill impairment allowance

Name of investee	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Maxeon Solar Technologies, Ltd.	1,454,829	-	(1,454,829)	-
Others	31,978	-	-	31,978
	1,486,807	-	(1,454,829)	31,978

25 Long-term deferred expenses

	December 31, 2025	Increase in current period	Amortization in the period	Others	June 30, 2026
Improvement expense	664,164	176,164	(99,400)	442	741,370
Others	1,618,719	1,204,410	(871,135)	(16,992)	1,935,002
	2,282,883	1,380,574	(970,535)	(16,550)	2,676,372

26 Deferred income tax assets and deferred income tax liabilities

(1) Un-offset deferred income tax assets

	June 30, 2026		December 31, 2025	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Deductible losses	27,850,797	3,967,743	31,410,984	4,619,028
Asset impairment allowances	2,406,655	374,399	2,770,419	417,163
Provisions	4,306,868	661,920	1,628,857	190,566
Changes in fair value	107,834	23,900	28,246	4,739
Lease liabilities	3,985,217	457,143	6,656,326	686,252
Others	7,066,312	1,240,583	5,682,436	1,228,711
	45,723,683	6,725,688	48,177,268	7,146,459

(RMB'000)

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, 2026		December 31, 2025	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Depreciation of fixed assets	22,157,383	3,371,830	25,700,461	3,908,598
Increase in value of assets as assessed in business combination not involving entities under common control	4,439,925	802,166	5,542,570	1,006,170
Right-of-use assets	4,297,808	499,952	6,189,174	748,587
Changes in fair value	1,470,342	350,481	774,485	180,214
Others	125,593	16,450	701,195	142,165
	32,491,051	5,040,879	38,907,885	5,985,734

(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	(3,452,290)	3,273,398
Deferred income tax liabilities	(3,452,290)	1,588,589

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	(4,210,127)	2,936,332
Deferred income tax liabilities	(4,210,127)	1,775,607

(4) Unrecognized deferred income tax assets

	June 30, 2026	December 31, 2025
Deductible temporary difference	4,213,183	4,760,267
Deductible losses	37,126,193	39,311,744

(RMB'000)

	41,339,376	44,072,011

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, 2026	December 31, 2025
2026	1,676,511	1,042,781
2027	2,449,689	1,804,152
2028	1,127,680	1,408,540
2029	12,652,134	11,388,026
2030	9,433,377	9,404,550
2031 onwards	9,786,802	14,263,695
	37,126,193	39,311,744

27 Other non-current assets

	June 30, 2026			December 31, 2025		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Other non-current assets	16,217,528	-	16,217,528	18,311,727	-	18,311,727

Note Other non-current assets mainly include prepayments for equity, prepayments for engineering equipment, large-amount fixed-income certificates of deposit and fixed-term deposits, etc., which are subsequently measured at amortized cost.

(RMB'000)

28 Assets with restricted ownership or use rights

	June 30, 2026		Reason for restriction
	Gross carrying amount	Carrying amount	
Monetary assets	296,012	296,012	Deposited in the central bank as the required reserve
Monetary assets	629,108	629,108	Other monetary assets and restricted bank deposits
Notes receivable	100	100	In pledge
Fixed assets	56,567,654	34,758,632	As collateral for loan
Intangible assets	2,771,053	2,209,425	As collateral for loan
Held-for-trading financial assets	214,747	214,747	In pledge
Construction in progress	820,274	820,274	As collateral for loan
Accounts receivable	1,027,953	1,007,254	In pledge
Receivable financing	28,719	28,719	In pledge
Contract assets	173,955	156,292	In pledge
	62,529,575	40,120,563	

29 Short-term borrowings

	June 30, 2026	December 31, 2025
Unsecured borrowings	10,712,259	7,373,594
Borrowings secured by pledge	164,702	151,577
Interests payable	12,548	27,352
	10,889,509	7,552,523

As at June 30, 2026, the Company's short-term pledged loans were equivalent to RMB 164,702,000, pledged with held-for-trading financial assets equivalent to RMB 214,747,000.

As at June 30, 2026, the Company does not have any short-term borrowings that have expired and have not been repaid.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

30 Borrowings from the Central Bank

As of June 30, 2026, the balance of the borrowings of TCL Technology Group Finance Co., Ltd. (a subsidiary of the Company) from the Central Bank was RMB 109,722,000 (December 31, 2025: RMB 29,756,000).

31 Customer deposits and deposits from banks and other financial institutions

	June 30, 2026	December 31, 2025
Customer deposits and deposits from other banks and financial institutions	242,294	364,714

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.

32 Held-for-trading financial liabilities

	June 30, 2026	December 31, 2025
Financial liabilities measured at fair value through current profits and losses	237,565	235,717

33 Derivative financial liabilities

	June 30, 2026	December 31, 2025
Derivative financial liabilities	137,277	50,435

34 Notes payable

	June 30, 2026	December 31, 2025
Bank acceptance notes	8,222,883	6,115,352
Trade acceptance notes	523,819	350,248
	8,746,702	6,465,600

As at June 30, 2026, the Company had no notes payable that were due but not paid.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

35 Accounts payable

	June 30, 2026	December 31, 2025
Amounts due to suppliers	34,428,400	32,251,944

As at June 30, 2026, there were no significant accounts payable aged over one year.

36 Advances from customers

	June 30, 2026	December 31, 2025
Advances from customers	5,795	6,823

As at June 30, 2026, the Company had no significant advances from customers with an aging of more than one year.

37 Contract liabilities

	June 30, 2026	December 31, 2025
Advances from customers	1,994,629	2,009,842

As at June 30, 2026, the Company had no significant contract liability aged over one year.

38 Employee compensation payable and long-term employee compensation payable

(1) Employee compensation payable

	June 30, 2026	December 31, 2025
Short-term employee benefits payable	4,003,385	4,923,490
Defined contribution plans payable	6,951	7,788
Dismissal benefits payable	26,451	35,210
	4,036,787	4,966,488

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

38 Employee compensation payable and long-term employee compensation payable (Continued)

(1) Employee compensation payable (Continued)

(a) Short-term employee benefits presented

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Wages, bonuses, allowances, and subsidies	4,796,079	6,096,151	(7,028,879)	3,863,351
Employee services and benefits	-	274,599	(274,599)	-
Social insurance benefits	27,680	212,454	(214,108)	26,026
Including: medical insurance premium	27,518	192,230	(193,817)	25,931
Employment injury insurance premiums	151	13,413	(13,469)	95
Maternity insurance	11	6,811	(6,822)	-
Housing fund	16,707	207,447	(208,125)	16,029
Trade union funds and staff education funds	73,937	106,788	(92,256)	88,469
Other employee salaries	9,087	7,986	(7,563)	9,510
	4,923,490	6,905,425	(7,825,530)	4,003,385

(b) Defined contribution plans

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Basic pension insurance	7,543	431,180	(431,980)	6,743
Unemployment insurance	245	17,771	(17,808)	208
	7,788	448,951	(449,788)	6,951

(2) Long-term employee compensation payable

	June 30, 2026	December 31, 2025
Supplementary pension insurance	21,295	21,605
	21,295	21,605

(RMB’000)

V Notes to Consolidated Financial Statements (Continued)

39 Taxes and levies payable

	June 30, 2026	December 31, 2025
Corporate income tax	359,733	516,085
Urban maintenance and construction tax	141,166	228,297
Value-added tax	134,879	52,591
Education surcharges	101,271	163,074
Individual income tax	47,181	55,338
Others	338,737	222,949
	1,122,967	1,238,334

40 Other payables

	June 30, 2026	December 31, 2025
Dividends payable	282,143	48,249
Other payables	16,503,469	17,667,389
	16,785,612	17,715,638

(1) Dividends payable

	June 30, 2026	December 31, 2025
Other non-controlling interests	282,143	48,249
	282,143	48,249

(2) Other payables

	June 30, 2026	December 31, 2025
Payables for engineering equipment	10,150,908	11,584,251
Unpaid expenses	3,553,556	3,077,039
Security and deposits	320,782	555,385
Others	2,478,223	2,450,714
	16,503,469	17,667,389

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

41 Held-for-sale liabilities

	June 30, 2026	December 31, 2025
Maxeon to sell 100% equity of its Malaysian subsidiary SPMIY	-	71,510

42 Non-current liabilities due within one year

		June 30, 2026	December 31, 2025
Long-term borrowings due within one year (Note 1)	44	28,511,710	23,171,348
Bonds payable due within one year	45	-	3,706,995
Long-term payables due within one year		554,618	1,270,633
Interest payable due within one year		138,714	252,392
Lease liabilities due within one year	46	196,462	2,507,728
Long-term employee compensation payable due within one year		688	688
		29,402,192	30,909,784

Note 1 The interest rates of the Company's long-term borrowing due within one year ranged from 2.1% to 3.0% in the current period (2025: from 2.1% to 4.3%).

43 Other current liabilities

	June 30, 2026	December 31, 2025
Short-term bonds	4,998,987	-
After-sales service fee of products (note)	1,396,148	1,383,990
Output tax to be transferred	149,058	172,922
Others	303,238	105,232
	6,847,431	1,662,144

Note After-sales service expense expected to occur within 1 year is presented in other current liabilities.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

44 Long-term borrowings

	June 30, 2026	December 31, 2025
Borrowings secured by collateral	14,541,514	17,359,693
Borrowings secured by pledge	3,845,853	3,072,898
Unsecured borrowings	113,460,015	118,878,106
	131,847,382	139,310,697
Including: long-term loans due within one year	(28,511,710)	(23,171,348)
	103,335,672	116,139,349

As at June 30, 2026, the long-term borrowings secured by collateral were equivalent to RMB 14,541,514,000 (December 31, 2025: RMB 17,359,693,000), which were secured by the collateral of the land use rights, houses and buildings, machinery and equipment of about RMB 37,462,210,000 (December 31, 2025: RMB 61,509,833,000); the long-term pledged borrowings were equivalent to RMB 3,845,853,000 (December 31, 2025: RMB 3,072,898,000), which were pledged by the accounts receivable and contract assets of about RMB 494,961,000 (December 31, 2025: RMB 511,728,000).

The interest rates of the Company's long-term borrowing ranged from 1.80% to 4.87% in the current period (2025: from 1.80% to 4.90%).

45 Bonds payable

	June 30, 2026	December 31, 2025
Corporate bonds	6,989,004	4,990,207
MTN	2,992,856	2,991,667
	9,981,860	7,981,874

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

45 Bonds payable (Continued)

(1) Movements in bonds payable

Bond name	Par value	Issue date	Maturity	Issued amount	December 31, 2025	Issued in current period	Interest accrual based on par value	Amortization of premium or discount	June 30, 2026
26TCLK1	2,000,000	May 20, 2026	3	2,000,000	-	2,000,000	4,274	(4,625)	1,995,375
24TCLK2	1,500,000	April 9, 2024	5	1,500,000	1,498,316	-	20,009	670	1,498,986
24TCLK3	1,000,000	July 4, 2024	5	1,000,000	998,654	-	11,356	446	999,100
24TCLK4	1,000,000	July 4, 2024	5	1,000,000	996,853	-	12,199	446	997,299
25TCL Group MTN001A (Sci-Tech Innovation Notes)	1,000,000	January 8, 2025	3	1,000,000	998,380	-	9,918	396	998,776
25TCL Group MTN001B (Sci-Tech Innovation Notes)	1,000,000	January 8, 2025	5	1,000,000	996,779	-	12,893	397	997,176
25TCL Group MTN002 (Sci-Tech Innovation Bonds)	1,000,000	May 12, 2025	5	1,000,000	996,508	-	12,397	396	996,904
25TCLK1	1,500,000	December 17, 2025	3	1,500,000	1,496,384	-	16,662	1,860	1,498,244
Total	10,000,000			10,000,000	7,981,874	2,000,000	99,708	(14)	9,981,860

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

46 Lease liabilities

	June 30, 2026	December 31, 2025
Total lease liabilities	3,985,217	6,656,326
Less: Lease liabilities due within one year	196,462	2,507,728
	3,788,755	4,148,598

47 Long-term payables

	June 30, 2026	December 31, 2025
Finance lease	871,340	1,388,759
Others	290,099	-
	1,161,439	1,388,759

48 Deferred income

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Public grants	2,151,176	2,370,285	(2,078,271)	2,443,190
	2,151,176	2,370,285	(2,078,271)	2,443,190

Items involving public grants

	December 31, 2025	Increase	Recognized in other income	Written off against the cost of the asset/ expenses	Other changes	June 30, 2026
Public grants related to assets	748,897	340,983	(2,997)	(91,646)	(63,231)	932,006
Public grants related to income	1,402,279	2,029,302	(517,115)	(1,385,984)	(17,298)	1,511,184
	2,151,176	2,370,285	(520,112)	(1,477,630)	(80,529)	2,443,190

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

49 Provision

	June 30, 2026	December 31, 2025
After-sales service fee of products	164,370	180,266
Pending litigation	44,339	51,214
	208,709	231,480

50 Other non-current liabilities

	June 30, 2026	December 31, 2025
Other non-current liabilities	9,003	25,635

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

51 Share capital

	December 31, 2025		Increase or decrease in current period				June 30, 2026	
	Amount	Ratio	New issues	Shares converted from capital reserve	Others	Subtotal	Amount	Ratio
I. Restricted shares	2,704,162	13%	-	-	(1,031,990)	(1,031,990)	1,672,172	8%
II. Non-restricted shares	18,096,700	87%	-	-	1,031,990	1,031,990	19,128,690	92%
III. Total shares	20,800,862	100%	-	-	-	-	20,800,862	100%

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.

52 Other equity instruments

(1) As at June 30, 2026, the basic information of the Company's outstanding perpetual bonds and other financial instruments is as follows:

Outstanding Financial Instruments	Issuance Date	Interest Rate	Issue Price	Quantity	Amount	Maturity Date or Renewal Terms	Conversion Conditions	Conversion Status
26TCL Group MTN001 (Sci-Tech Innovation Bonds)	February 4, 2026	2.35%	RMB 100 per note	10 million notes	1,000,000	3+N years	Not applicable	Not applicable

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

52 Other equity instruments (Continued)

(2) Principal Terms

Pursuant to the *Notice of Acceptance of Registration* (ZSXZ [2025] TDFI No. 17) issued by the National Association of Financial Market Institutional Investors (NAFMII), TCL Technology Group Corporation issued the first tranche of its 2026 Sci-Tech Innovation Bonds ("26 TCL Group MTN001 (Sci-Tech Innovation Bonds)", bond code: 102680444) to qualified institutional investors in the interbank market from February 3 to 4, 2026. With the value date being February 5, 2026, the bonds registers an aggregate issuance value of RMB 1.0 billion at par value of RMB 100 per note, totaling 10 million notes.

The initial tenor of 26TCL Group MTN001 (Sci-Tech Innovation Bonds) is 3 years, with each 3 interest-bearing years constituting one cycle. At the end of the initial tenor and at the end of each subsequent renewal cycle, the Company is entitled to exercise its renewal option to extend the term by one cycle based on the agreed initial term, or elect to redeem and terminate the bonds in full upon the expiry of that cycle. The coupon rate of 26TCL Group MTN001 (Sci-Tech Innovation Bonds) remains fixed during the first cycle and is reset at the beginning of each subsequent cycle. The coupon rate for the initial cycle is the initial benchmark interest rate plus the initial spread. The coupon rate for subsequent cycles will be reset to the then-prevailing benchmark interest rate plus the initial spread, with an additional step-up of 300bps. 26TCL Group MTN001 (Sci-Tech Innovation Bonds) includes an option for the issuer to defer interest payments. Unless a mandatory interest payment event occurs (including the distribution of dividends to ordinary shareholders and the reduction of registered capital), the Company may, at its sole discretion on each interest payment date, defer the payment of the interest then due as well as all previously deferred interest and interest thereon to the next interest payment date, without limitation on the number of deferrals.

As at June 30, 2026, the actual aggregate issuance amount of 26TCL Group MTN001 (Sci-Tech Innovation Bonds) was RMB 1 billion. The Company considers that this renewable corporate bond does not meet the definition of a financial liability, and accordingly, the net proceeds of the bond issuance, after deducting underwriting fees and other related transaction costs, have been recognized as other equity instruments.

(3) Movements in Outstanding Perpetual Bonds and Other Financial Instruments

Outstanding Financial Instruments	December 31, 2025		Increase in current period		Decrease in current period		June 30, 2026	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
26TCLGroup MTN001 (Sci-Tech Innovation Bonds)	-	-	10 million notes	997,630	-	-	10 million notes	997,630

(RMB'000)

53 Capital reserves

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Share premium	13,535,265	1,827,761	(2,598,291)	12,764,735
Other capital reserves	620,460	287,327	(337,989)	569,798
	14,155,725	2,115,088	(2,936,280)	13,334,533

54 Treasury share

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Treasury share	1,503,652	400,044	(397,208)	1,506,488

The increase in the period is mainly stock repurchases for the employee stock ownership plan or the equity incentives of the Company. As at June 1, 2026, the Company held the 23rd meeting of the 8th Board of Directors to deliberate and approve the *Proposal on the Repurchase of Part of the Publicly Held Shares in 2026*. The Company plans to repurchase part of its issued shares through centralized bidding, which will be used for employee stock ownership plans or equity incentives. As of June 30, 2026, the total number of shares repurchased was 82,168,000 shares at the total consideration of RMB 400 million.

The decrease in the year is mainly caused by the non-trading transfer and sale of the employee portion of the employee stock ownership plan.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

55 Other comprehensive income

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

	January - June 2026	January - June 2025
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	(22,071)	(10,208)
Share of the period	(22,071)	(10,166)
Previous other comprehensive income reclassified to retained earnings for the current period	-	(42)
2. Changes in fair value of other equity instruments	(2,500)	6,866
Current gain/(loss)	(2,688)	7,619
Income tax effects recorded in other comprehensive income	188	(753)
3. Changes caused by re-measurement of net liabilities or net assets of defined benefit plans	57,081	-
Previous other comprehensive income reclassified to retained earnings for the current period	57,081	-
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	50,451	(37,685)
Share of the period	50,451	(37,685)
2. Cash flow hedges	(4,703)	-
Current gain/(loss)	(4,703)	-
3. Differences arising from translation of foreign currency financial statements of overseas operations	(30,061)	(92,857)
	48,197	(133,902)

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

55 Other comprehensive income (Continued)

(2) Changes in other comprehensive income items

	Equity attributable to shareholders of the parent company										
	Change in 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	Subtotal	Non-controlling interests	Total other comprehensive income
December 31, 2024	334,950	325,919	(350,569)	14,174	(741,541)	(210,478)	(200)	(112,714)	(740,459)	(1,650)	(742,109)
Movement of 2025	-	(291,343)	-	(1)	47,186	(40,838)	(16,873)	(31)	(301,900)	(4,611)	(306,511)
December 31, 2025	334,950	34,576	(350,569)	14,173	(694,355)	(251,316)	(17,073)	(112,745)	(1,042,359)	(6,261)	(1,048,620)
Movement January - June 2026	-	28,367	-	(838)	(641)	(2,500)	-	17,077	41,465	6,732	48,197
June 30, 2026	334,950	62,943	(350,569)	13,335	(694,996)	(253,816)	(17,073)	(95,668)	(1,000,894)	471	(1,000,423)

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

56 Surplus reserves

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
Statutory surplus reserves	3,913,945	-	-	3,913,945
Discretionary surplus reserves	182,870	-	-	182,870
	4,096,815	-	-	4,096,815

57 Specific reserves

	December 31, 2025	Appropriation in current period	Decrease in current period	June 30, 2026
Production safety reserve	5,598	3,422	(2,574)	6,446

58 General risk reserve

	December 31, 2025	Appropriation in current period	Decrease in current period	June 30, 2026
General risk reserve	8,934	-	-	8,934

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

59 Retained earnings

	January - June 2026	January - June 2025
Retained earnings at the beginning of the year	24,910,834	21,504,719
Net profits for current period	3,808,272	1,883,500
Decrease in current period	(1,889,154)	(938,912)
Including: Appropriation of surplus reserves	-	-
Distributed to ordinary shareholders as dividends	(1,872,077)	(938,954)
Others	(17,077)	42
Retained earnings at the end of the period	26,829,952	22,449,307

60 Operating revenue and operating cost

	January - June 2026		January - June 2025	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	86,140,918	75,505,935	82,687,265	71,815,128
Non-core business	2,507,269	1,734,967	2,872,739	2,267,710
	88,648,187	77,240,902	85,560,004	74,082,838

(1) Business by operating segment

	Operating revenue		Operating cost		Gross profit	
	January - June 2026	January - June 2025	January - June 2026	January - June 2025	January - June 2026	January - June 2025
Domestic sales	53,879,037	54,848,749	50,124,176	50,404,964	3,754,861	4,443,785
Foreign sales	34,769,150	30,711,255	27,116,726	23,677,874	7,652,424	7,033,381
	88,648,187	85,560,004	77,240,902	74,082,838	11,407,285	11,477,166

(2) The total revenue from the sales to the top five customers was RMB 26,905,942,000 and RMB 28,582,114,000 for January - June 2026 and January - June 2025, respectively, accounting for 30.4% and 33.4% of the operating revenue, respectively.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

60 Operating revenue and operating cost (Continued)

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

	January - June 2026	January - June 2025
Operating revenue	516,150	1,705,918
Operating cost	357,142	1,422,185

61 Interest income/expense and exchange gain

	January - June 2026	January - June 2025
Interest expenditures	994	7,789
Interest income	38,718	101,622
Exchange gain	972	207

The interest income, interest expense and exchange gain/(loss) above occurred with the Company's subsidiary TCL Technology Group Finance Co., Ltd., which are presented separately herein as required for a financial enterprise.

62 Taxes and levies

	January - June 2026	January - June 2025
Property tax	298,789	263,577
Stamp tax	88,610	96,737
Urban maintenance and construction tax	61,024	108,427
Education surcharges	44,949	79,276
Land use tax	32,194	36,926
Others	3,938	13,201
	529,504	598,144

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

63 Sales expenses

	January - June 2026	January - June 2025
Employee salaries and benefits	619,996	639,773
Promotional and marketing expenses	185,078	156,472
Others	403,184	367,720
	1,208,258	1,163,965

64 Administrative expenses

	January - June 2026	January - June 2025
Employee salaries and benefits	1,053,205	1,184,868
Depreciation and amortization expenses	444,190	468,934
Expenses for hiring intermediaries	223,988	150,691
Others	630,843	396,066
	2,352,226	2,200,559

65 R&D expenses

	January - June 2026	January - June 2025
Depreciation and amortization expenses	1,596,062	2,185,468
Employee salaries and benefits	1,532,448	1,423,147
Material expenses	788,078	626,942
Others	631,144	506,322
	4,547,732	4,741,879

66 Financial expenses

	January - June 2026	January - June 2025
Interest expenditures	2,033,917	2,555,367
Interest income	(268,765)	(353,536)
Exchange loss/(gain)	528,011	(120,413)
Others	40,900	59,864
	2,334,063	2,141,282

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

67 Other income

	January - June 2026	January - June 2025
R&D subsidies	463,307	743,047
Over-deduction in taxable amount for VAT	267,047	259,376
VAT rebates on software	8,633	17,519
Others	80,247	218,560
	819,234	1,238,502

68 Return on investment

	January - June 2026	January - June 2025
Revenue from long-term equity investment accounted for using the equity method	1,372,342	582,521
Net income from disposal of long-term equity investments	449,856	(50,647)
Return on holding of held-for-trading financial assets	83,953	125,922
Return on disposal of held-for-trading financial assets	117,042	34,799
Others	170,530	138,701
	2,193,723	831,296

69 Gain on changes in fair value

	January - June 2026	January - June 2025
Held-for-trading financial assets	1,328,011	285,102
Derivative financial instruments	(66,289)	189,924
Others	(4,266)	(5,138)
	1,257,456	469,888

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

70 Credit impairment loss

	January - June 2026	January - June 2025
Loss on uncollectible accounts receivable	6,629	(6,362)
Loss on uncollectible other receivables	(3,148)	(7,257)
Impairment loss on notes receivable	(14,836)	-
Other financial assets	6	(11,772)
	(11,349)	(25,391)

71 Asset impairment loss

	January - June 2026	January - June 2025
Inventory valuation loss	(2,078,582)	(2,793,810)
Loss on impairment of fixed assets	(244,947)	(87)
Others	(4,574)	(5,047)
	(2,328,103)	(2,798,944)

72 Asset disposal income

	January - June 2026	January - June 2025
Income/(loss) from disposal of fixed assets	4,839	(763)
Income/(loss) from disposal of intangible assets	43,584	(3,321)
Others	3,449	1,065
	51,872	(3,019)

73 Non-operating income

	January - June 2026	January - June 2025	Amount through current non-recurring gains and losses
Gains on retired or damaged non-current assets	62	174	62
Revenue from liquidated damages and others	19,528	29,651	19,528
	19,590	29,825	19,590

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

74 Non-operating expense

	January - June 2026	January - June 2025	Amount through current non-recurring gains and losses
Losses on retired or damaged non-current assets	380	3,409	380
Donation	53,994	17,415	53,994
Others	123,788	99,133	123,788
	178,162	119,957	178,162

75 Income tax expenses

(1) Table of income tax expenses

	January - June 2026	January - June 2025
Current income tax expense	519,413	665,481
Deferred income tax expense	(464,220)	(349,587)
	55,193	315,894

(2) Accounting profit and income tax adjustment process

	January - June 2026	January - June 2025
Gross profit	2,298,459	347,577
Income tax expense calculated at statutory/applicable tax rate	574,615	52,137
Impact of different tax rates applied to subsidiaries	(279,218)	500,690
Impact of adjusting income tax in previous periods	(101,638)	(66,236)
Impact of non-deductible costs, expenses, and losses	10,039	36,393
Impact of the use of deductible losses carried forward without recognizing deferred income tax assets in the previous periods	(9,533)	116,387
Impact of unrecognized deferred income tax assets of deductible temporary differences or deductible losses in the current period	753,489	752,156
Tax incentives and others	(892,561)	(1,075,633)
Income tax expense	55,193	315,894

V Notes to Consolidated Financial Statements (Continued)

76 Earnings per share

(1) Basic earnings per share

	January - June 2026	January - June 2025
Net profits attributable to shareholders of the parent company	3,808,272	1,883,500
Weighted average outstanding ordinary shares (in thousand shares)	20,464,154	18,573,423
Basic earnings per share (RMB yuan)	0.1861	0.1014

(2) Diluted earnings per share

	January - June 2026	January - June 2025
Net profits attributable to shareholders of the parent company	3,808,272	1,883,500
Diluted weighted average outstanding ordinary shares (in thousand shares)	20,800,862	18,779,081
Diluted earnings per share (RMB yuan)	0.1831	0.1003

77 Other cash received relating to operating activities

Other cash received relating to operating activities in the Company's consolidated cash flow statement was RMB 5,393,139,000 (the same period of the previous year: RMB 8,523,407,000), which primarily consisted of current payments received, public grants, and special appropriations.

78 Other cash paid relating to operating activities

Other cash paid relating to operating activities in the Company's consolidated cash flow statement was RMB 7,898,936,000 (the same period of the previous year: RMB 8,827,613,000), which primarily consisted of various expenses and current payments.

79 Other cash received relating to investing activities

Other cash received relating to investing activities in the Company's consolidated cash flow statement was RMB 266,765,000 (the same period of the previous year: RMB 182,916,000), which primarily consisted of security deposits received, finance lease payments received, and other receivables and payables.

80 Cash used in other investing activities

Other cash paid relating to investing activities in the Company's consolidated cash flow statement was RMB 637,513,000 (the same period of the previous year: RMB 464,253,000), which primarily consisted of the payments for foreign exchange forward delivery.

(RMB'000)

81 Other cash received relating to financing activities

Other cash received relating to financing activities in the Company's consolidated cash flow statement was RMB 236,894,000 (the same period of the previous year: RMB 544,843,000), which primarily consisted of the payment for sales of treasury shares, and receipt of finance leasing borrowings.

82 Other cash paid relating to financing activities

Other cash paid relating to financing activities in the Company's consolidated statement of cash flows amounted to RMB 8,807,007,000 (RMB 9,101,549,000 for the same period of last year), which primarily consisted of payments for the repurchase of minority interests, share repurchases, and finance lease payments.

(1)Changes in liabilities arising from financing activities:

Item	December 31, 2025	Increase in current period		Decrease in current period		June 30, 2026
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Dividends payable	48,249	-	2,124,142	(1,890,248)	-	282,143
Short-term borrowings	7,552,523	15,067,479	345,718	(12,076,211)	-	10,889,509
Long-term borrowings (including non-current liabilities due within one year)	139,349,241	15,866,783	2,332,958	(25,675,000)	-	131,873,982
Bonds payable (including non-current liabilities due within one year)	11,902,717	2,000,000	183,102	(3,723,420)	(268,425)	10,093,974
Lease liabilities (including non-current liabilities due within one year)	6,656,326	-	194,817	(113,923)	(2,752,003)	3,985,217
Long-term payables (including non-current liabilities due within one year)	2,006,069	57,664	316,641	(1,121,165)	(15,933)	1,243,276
Other current liabilities	-	5,000,000	-	-	(1,013)	4,998,987
Total	167,515,125	37,991,926	5,493,378	(44,599,967)	(3,037,374)	163,367,088

(RMB'000)

83 Supplementary information for the cash flow statement

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

	January - June 2026	January - June 2025
Net profits	2,243,266	31,683
Add: Asset impairment allowances	2,339,452	2,824,335
Depreciation of fixed assets and investment properties	13,768,340	13,375,276
Depreciation of right-of-use assets	217,342	255,297
Amortization of intangible assets	982,425	1,397,225
Amortization of long-term deferred expenses	970,535	1,054,605
Loss/(Gain) on disposal of fixed assets, intangible assets, and other long-term assets	(51,872)	3,019
Loss/(Gain) on retired or damaged fixed assets	318	3,235
Loss/(Gain) on changes in fair value	(1,257,456)	(469,888)
Financial expenses	2,561,950	2,442,536
Return on investment	(2,193,723)	(831,296)
Decrease/(Increase) in deferred income tax assets	(337,066)	(271,016)
Increase/(Decrease) in deferred income tax liabilities	(187,018)	465,418
Decrease/(Increase) in inventory	(6,271,840)	(5,379,161)
Decrease/(Increase) in operating receivables	1,684,030	8,496,334
Increase/(Decrease) in operating payables	190,109	3,717,554
Others	2,963,360	158,837
Net cash generated from operating activities	17,622,152	27,273,983

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

83 Supplementary information for the cash flow statement (Continued)

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

	January - June 2026	January - June 2025
Payments of cash and cash equivalents made in current period due to business combinations incurred in current period	1,811,884	12,999,145
Less: cash and cash equivalents held by subsidiary on acquisition date	49,826	6,894,562
Net cash payments for acquisition of subsidiaries	1,762,058	6,104,583

(3) Net cash proceeds from disposal of subsidiaries in the current period

	January - June 2026	January - June 2025
Cash or cash equivalents received in current period due to disposal of subsidiary in the current period	18,500	-
Less: Cash and cash equivalents held by subsidiary on the date when the Company's control over the subsidiary ceased	1,001	-
Net cash proceeds from the disposal of subsidiaries	17,499	-

(4) Breakdown of cash and cash equivalents

	January - June 2026	January - June 2025
I. Cash	22,218,724	26,556,661
Including: Cash on hand	553	497
Bank deposits available for payment on demand	21,082,668	26,267,546
Other monetary assets are available for payment on demand	1,129,597	282,231
Deposits with the central bank available for payment	5,906	6,387
II. Cash equivalents	-	-
III. Ending balance of cash and cash equivalents	22,218,724	26,556,661

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

83 Supplementary information for the cash flow statement (Continued)

(5) Description of other major activities

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

	January - June 2026	January - June 2025
Payment for procurement of inventory by bank acceptance bills	1,389,900	653,438
Payment for procurement of long-term assets by bank acceptance bills	219,851	1,154,167
Right-of-use assets newly added in the current period	194,769	144,044
	1,804,520	1,951,649

84 Net changes in cash and cash equivalents

	January - June 2026	January - June 2025
Ending balance of cash and cash equivalents	22,218,724	26,556,661
Less: Cash at the beginning of the year	26,565,803	20,861,225
Net increase in cash and cash equivalents	(4,347,079)	5,695,406
Analysis of ending balance of cash and cash equivalents:		
Monetary assets at the end of the period	23,149,621	28,544,343
Less: Non-cash equivalents at the end of the period (note)	930,897	1,987,682
Ending balance of cash and cash equivalents	22,218,724	26,556,661

Note: The ending non-cash equivalents primarily included 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.

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

85 Foreign currency monetary items

	June 30, 2026		
	Foreign currency balance	Conversion rate	RMB balance
Monetary assets			
Including: USD	770,952	6.8109	4,774,114
INR	3,607,542	0.0722	260,465
HKD	54,896	0.8683	47,666
Other foreign currencies			76,923
Accounts receivable			
Including: USD	1,332,949	6.8109	9,078,582
INR	8,411,544	0.0722	607,313
Other foreign currencies			31,926
Accounts payable			
Including: USD	666,980	6.8109	4,542,734
JPY	13,906,685	0.0420	584,081
HKD	380,676	0.8683	330,541
Other foreign currencies			264,783
Other receivables			
Including: USD	28,129	6.8109	191,584
MXN	413,109	0.3893	160,823
Other foreign currencies			44,914
Other payables			
Including: USD	353,750	6.8109	2,409,356
JPY	8,426,912	0.0420	353,930
Other foreign currencies			169,901
Short-term borrowings			
Including: USD	24,183	6.8109	164,708
Long-term borrowings			
Including: USD	175,000	6.8109	1,191,908
Long-term borrowings due within one year			
Including: USD	25,000	6.8109	170,273

(RMB'000)

V Notes to Consolidated Financial Statements (Continued)

86 Leases

(1) The Company acting as a lessee

In 2026, short-term lease rents, low-value asset rents, and income obtained from subleasing right-of-use assets, for which the Group, acting as a lessee, chose simplified accounting, were not significant.

(2) The Company acting as a lessor

①Operating 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	110,903	-
Machinery equipment	6,359	-
Others	113	-
Total	117,375	-

②Undiscounted lease receipts to be received in each of the next five years

Item	Annual undiscounted lease receipts	
	June 30, 2026	December 31, 2025
Year 1	117,773	281,923
Year 2	113,770	221,154
Year 3	109,658	195,366
Year 4	85,858	184,634
Year 5	65,535	83,117
Total undiscounted lease receipts after five years	757,072	858,768

(RMB'000)

VI R&D expenses

1 Presentation by nature of expenses

Item	January - June 2026	January - June 2025
Material costs	1,358,552	1,260,357
Labor costs	1,775,851	1,611,007
Depreciations and amortizations	903,158	1,045,187
Others	584,956	612,095
Total	4,622,517	4,528,646
Including: Expensed R&D expenses	3,587,368	3,339,314
Capitalized R&D expenses	1,035,149	1,189,332

2 Development expenditures of R&D projects eligible for capitalization

Item	December 31, 2025	Increase in current period		Decrease in current period			June 30, 2026
		Internal development expenditures	Others	Recognized as an intangible asset	Included in profits and losses	Others	
Display	963,087	926,900	-	(47,543)	(148,528)	(937,116)	756,800
New energy photovoltaics and other silicon materials	241,868	108,249	-	(58,320)	-	-	291,797
Total	1,204,955	1,035,149	-	(105,863)	(148,528)	(937,116)	1,048,597

3 As at June 30, 2026, the Company had no significant outsourced projects under research.

(RMB'000)

VII Changes to the Consolidation Scope

1 Business combination not under common control

(1) Acquisition of equity of Fuzhou Huazhao Optoelectronics Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

As at February 28, 2026 (the "Acquisition Date"), the Group acquired 80% equity of Fuzhou Huazhao Optoelectronics Co., Ltd. at a cash consideration of RMB 489,729,000, and included such company into the scope of consolidation.

Cash consideration	489,729
Less: Share of fair value of identifiable net assets acquired	463,304
Goodwill amount	26,425

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	1,907,494	1,849,650
Total liabilities	1,295,304	1,295,304
Net assets	612,190	554,346
Less: non-controlling interests	148,886	140,054
Net assets acquired	463,304	414,292

(2) Acquisition of equity of Hunan Chuangke Photoelectrics Co., Ltd.

① The cost of acquisition and goodwill were recognized as follows:

As at March 31, 2026 (the "Acquisition Date"), the Group acquired a 21% equity interest in Hunan Chuangke Photoelectrics Co., Ltd. at a cash consideration of RMB 17,000,000, and made a cash capital contribution of RMB 63,000,000 to the same company. Upon completion of the aforementioned equity acquisition and capital injection, the Group held a 56% equity interest in Hunan Chuangke Photoelectrics Co., Ltd., obtaining effective control over the company and including it in the scope of consolidation.

Cash consideration	80,000
Less: Share of fair value of identifiable net assets acquired	37,396
Goodwill amount	42,604

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	166,233	165,957
Total liabilities	99,455	99,455
Net assets	66,778	66,502
Less: non-controlling interests	29,382	29,261
Net assets acquired	37,396	37,241

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

VII Changes to Consolidation Scope (Continued)

3 Disposal of subsidiaries

Name of subsidiary	Maxeon Solar Technologies, Ltd
Price for equity interest disposal	-
% equity interest disposed	59%
Way of equity disposal	Takeover by the bankruptcy administrator
Time of loss of control	April 9, 2026
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	1,201,287

4 Changes in the scope of consolidation for other reasons

Name of investee	Reason for change
Zhengzhou Shangrong Trading Co., Ltd.	Newly established
Wuhan Titi Yunchuang Education Technology Co., Ltd.	Newly established
Ningbo Chengda Shangpin Technology Co., Ltd.	Newly established
Shenzhen Shangpai Zhuofan Technology Co., Ltd.	Newly established
Guangzhou Shangpai Zhihe Electronics Technology Co., Ltd.	Newly established
TCL International Supply Chain (Huizhou) Co., Ltd.	Newly established
Zhejiang Xingyong Electronics Co., Ltd.	Newly established
Shenzhen Zhonghuan Advanced Bandaoti Materials Co., Ltd.	Newly established
Ningbo Dongxi Rongrui Venture Capital Partnership (Limited Partnership)	Newly established
Shenzhen Yunqi New Materials Technology Co., Ltd.	Newly established
Yixing Zhonghuan Leading Engineering Management Co., Ltd.	Capital increase for controlling interest
Tianjin Jincheng Internet Technology Co., Ltd.	De-registered

(RMB'000)

VIII Interests in Other Entities

1 Interests in subsidiaries

(1) Composition of the enterprise group

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding percentage		How subsidiary was obtained
				Direct	Indirect	
TCL China Star Optoelectronics Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	82.82%	-	Incorporated
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Shenzhen	Manufacturing and sales	Shenzhen	-	94.97%	Incorporated
Guangzhou China Ray Optoelectronic Materials Co., Ltd.	Guangzhou	Research and development	Guangzhou	-	100.00%	Incorporated
Wuhan China Star Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	99.16%	Incorporated
Wuhan China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	62.38%	Incorporated
China Star Optoelectronics International (HK) Limited	Hong Kong	Sales	Hong Kong	-	100.00%	Incorporated
China Display Optoelectronics Technology Holdings Limited	Bermuda	Investment holding	Bermuda	-	64.20%	Business combination not under common control
China Display Optoelectronics Technology (Huizhou) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100.00%	Incorporated
Wuhan China Display Optoelectronics Technology Co., Ltd.	Wuhan	Manufacturing and sales	Wuhan	-	100.00%	Incorporated
Suzhou China Star Optoelectronics Technology Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100.00%	Business combination not under common control
Suzhou China Star Optoelectronics Display Co., Ltd.	Suzhou	Manufacturing and sales	Suzhou	-	100.00%	Business combination not under common control
Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	55.00%	Incorporated
Guangzhou China Star Optoelectronics Display Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	100.00%	Business combination not under common control

(RMB'000)

VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding percentage Direct	Shareholding percentage Indirect	How subsidiary was obtained
Guangzhou China Star Optoelectronics Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	100.00%	Business combination not under common control
Guangzhou China Star Optoelectronics Printed Display Technology Co., Ltd.	Guangzhou	Manufacturing and sales	Guangzhou	-	21.00%	Incorporated
Highly Information Industry Co., Ltd.	Beijing	Product distribution	Beijing	66.46%	-	Incorporated
Beijing Sunpiestore Technology Co., Ltd.	Beijing	Sales	Beijing	-	53.45%	Incorporated
Beijing Lingyun Data Technology Co., Ltd.	Beijing	Sales	Beijing	-	60.00%	Incorporated
TCL Technology Group Finance Co., Ltd.	Huizhou	Financial	Huizhou	82.00%	18.00%	Incorporated
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd.	Shenzhen	Investment business	Shenzhen	100.00%	-	Incorporated
Ningbo TCL Equity Investment Ltd.	Ningbo	Investment business	Shenzhen	100.00%	-	Incorporated
TCL Technology Park (Huizhou) Co., Ltd.	Huizhou	Property management	Huizhou	-	100.00%	Incorporated
TCL Technology Investments Limited	Hong Kong	Investment business	Hong Kong	100.00%	-	Incorporated
TCL Zhonghuan Renewable Energy Technology Co., Ltd. ("TZE")	Tianjin	Manufacturing and sales	Tianjin	2.55%	27.36%	Business combination not under common control
Tianjin Printronics Circuit Corporation ("TPC")	Tianjin	Manufacturing and sales	Tianjin	-	29.42%	Business combination not under common control
Inner Mongolia Zhonghuan Crystal Materials Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	83.96%	Business combination not under common control
Ningxia Zhonghuan Solar Material Co., Ltd.	Ningxia Hui Autonomous Region	Manufacturing and sales	Ningxia Hui Autonomous Region	-	100.00%	Business combination not under common control
Tianjin Huan'ou Bandaoti Material&Technology Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	100.00%	Business combination not under common control

(RMB'000)

VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (Continued)

Name of investee	Place of registration	Nature of business	Principal place of business	Shareholding percentage		How subsidiary was obtained
				Direct	Indirect	
Wuxi Zhonghuan Applied Materials Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	98.08%	Business combination not under common control
Inner Mongolia Zhonghuan Solar Material Co., Ltd.	Inner Mongolia	Manufacturing and sales	Inner Mongolia	-	100.00%	Business combination not under common control
Tianjin Huanou International Silicon Material Co., Ltd.	Tianjin	Sales	Tianjin	-	100.00%	Business combination not under common control
Zhonghuan Hong Kong Holding Limited	Hong Kong	Import and export	Hong Kong	-	100.00%	Business combination not under common control
Zhonghuan Advanced Bandaoti Technology Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	9.19%	32.72%	Business combination not under common control
TCL Zhonghuan Energy Technology (Jiangsu) Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	100.00%	Business combination not under common control
Huansheng New Energy (Jiangsu) Co., Ltd.	Jiangsu	Manufacturing and sales	Jiangsu	-	95.74%	Business combination not under common control
Huansheng New Energy (Tianjin) Co., Ltd.	Tianjin	Manufacturing and sales	Tianjin	-	87.33%	Business combination not under common control
Tianjin Zhonghuan New Energy Co., Ltd.	Tianjin	Power generation, power transmission, power supply (distribution)	Tianjin	-	100.00%	Business combination not under common control
Tianjin Huanrui Electronic Technology Co., Ltd.	Tianjin	Purchase	Tianjin	-	100.00%	Business combination not under common control
Moka International Limited	BVI	Investment holding	BVI	-	100.00%	Business combination not under common control
Moka Technology (Guangdong) Co., Ltd.	Huizhou	Manufacturing and sales	Huizhou	-	100.00%	Business combination not under common control

(RMB'000)

VIII Interests in Other Entities (Continued)

1 Interests in subsidiaries (Continued)

(1) Composition of the enterprise group (Continued)

Basis for determining that the Company controls an investee even if it holds half or less of the voting rights, and does not control an investee even if it holds more than half of the voting rights:
The operating activities of the above subsidiaries, including the purchase of materials, equipment or services, production and sales of products, establishment of internal control systems, development and application of information systems, financing activities, investment activities, research and development activities, and fund management, are all substantively managed and controlled by the Company.

(2) Subsidiaries with substantial non-controlling interests

Name of subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in current period	Dividends distributed to minority shareholders in current period	Balance of minority interests at the end of the period
TCL China Star Optoelectronics Technology Co., Ltd.	17.18%	618,205	-	32,737,505
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	70.09%	(2,493,894)	-	27,302,170
Highly Information Industry Co., Ltd.	33.54%	50,506	10,356	733,789

(RMB'000)

VIII Interests in other entities (Continued)

1 Interests in subsidiaries (Continued)

(2) Subsidiaries with substantial non-controlling interests (Continued)

The key financial information of the above subsidiaries is as follows:

	June 30, 2026						December 31, 2025					
	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.	52,015,994	136,142,891	188,158,885	63,502,198	51,341,357	114,843,555	58,314,547	144,143,039	202,457,586	53,596,487	62,413,781	116,010,268
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	29,322,892	83,439,752	112,762,644	29,929,466	48,043,835	77,973,301	31,636,065	86,361,108	117,997,173	30,628,550	48,109,574	78,738,124
Highly Information Industry Co., Ltd.	8,332,168	209,267	8,541,435	6,729,264	28,904	6,758,168	7,968,506	200,219	8,168,725	6,430,252	26,767	6,457,019

(RMB'000)

VIII Interests in other entities (Continued)

1 Interests in subsidiaries (Continued)

(2) Subsidiaries with substantial non-controlling interests (Continued)

The key financial information of the above subsidiaries is as follows:

	January - June 2026				January - June 2025			
	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.	50,273,461	3,902,660	3,835,724	18,835,531	50,429,196	4,316,269	4,236,220	26,413,752
TCL Zhonghuan Renewable Energy Technology Co., Ltd.	14,314,940	(3,457,279)	(3,474,023)	320,770	13,398,123	(4,836,171)	(4,890,135)	523,174
Highly Information Industry Co., Ltd.	17,823,270	103,218	104,019	(506,751)	14,674,516	67,956	67,247	(452,670)

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%	

(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 at June 30, 2026, no significant guarantee or other credit enhancements held due to the debtor mortgage was found in the Group.

(RMB'000)

IX Risks Related to Financial Instruments (Continued)

(2) Liquidity risk

Liquidity risk refers to the risk of capital shortage the Company encounters when the Company is fulfilling the obligation of settlement in the form of cash or other financial assets. Various subsidiaries under the Group shall be responsible for predicting their own cash flow. The financial department of the headquarters shall firstly summarize predictions on the cash flow of various subsidiaries and then continuously monitor the short-term and long-term fund demand at the Group's level so as to maintain sufficient cash reserves and negotiable securities that can be realized at any time; meanwhile, special efforts shall also be made to continuously monitor whether provisions stated in the loan agreement are observed and to make major financial institutions promise to provide sufficient reserve funds so as to satisfy short-term and long-term capital demand.

As at June 30, 2026, the Group's financial liabilities by maturity are as follows:

Item	Within 1 year	1-2 years	2-5 years	Over 5 years
Short-term borrowings	10,989,178	-	-	-
Borrowings from the Central Bank	110,076	-	-	-
Customer deposits and deposits from other banks and financial institutions	246,532	-	-	-
Held-for-trading financial liabilities	237,565	-	-	-
Derivative financial liabilities	137,277	-	-	-
Notes payable	8,746,702	-	-	-
Accounts payable	34,428,400	-	-	-
Other payables	16,785,612	-	-	-
Other current liabilities	6,883,309	-	-	-
Long-term borrowings	30,218,060	48,164,616	48,404,828	13,795,326
Bonds payable	342,197	1,212,962	9,309,396	-
Lease liabilities	399,481	746,896	495,138	2,848,503
Long-term payables	517,404	463,032	505,975	405,240
Total	110,041,793	50,587,506	58,715,337	17,049,069

(RMB'000)

IX Risks Related to Financial Instruments (Continued)

(3) Market risk

(a) Foreign exchange risk

The Group has carried out various economic activities around the world, including manufacturing, selling, investment, financing etc., and corresponding interest rate fluctuation risks exist in the Group's foreign currency assets and liabilities and future foreign currency transactions.

The Group always regards "Locking the Cost and Avoiding Possible Risks" as the foreign currency risk management goal. Through the natural hedging of settlement currency, matching with the foreign currency liabilities, signing simple derivative products closely related to the owner's operation and meeting corresponding hedge accounting treatment requirements and applying other management methods, the foreign currency risk exposure can be controlled within a reasonable scope and the impact of interest rate fluctuations on the Group's overall profit and loss will be reduced.

As at June 30, 2026, foreign-currency asset and liability items with significant exposure to exchange risk were mainly denominated in US dollars. The post-control total risk exposure of the US dollar-denominated items had a net asset exposure of USD 148,431,000, equivalent to RMB 1,010,946,000 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 2026	Exchange rate at period-end June 30, 2026
USD/RMB	6.8836	6.8109

Assuming that all other risk variables remain constant, a 5% depreciation/appreciation of RMB against USD as at June 30, 2026 would result in an increase/decrease in both shareholders' equity and net profit of the Group by RMB 50,547,000.

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 carrying 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, 2026, the Group's liabilities with floating interest rates accounted for 82.51% 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) Offsetting 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 enforceable master netting arrangements or similar agreements was RMB 9,544,657,000.

(RMB'000)

X Fair value disclosures

The level within which the fair value measurement is categorized is determined by the lowest level of input that is significant to the overall fair value measurement.

Level 1: the unadjusted quotation of the same type of assets or liabilities in active markets.

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

Level 3: unobservable inputs for the related asset or liability.

1 Assets and liabilities measured at fair value as of June 30, 2026

Financial assets

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial assets (see Note V. 2)	4,626,079	12,815,960	908,632	18,350,671
Derivative financial assets (see Note V. 3)	-	25,350	-	25,350
Receivables financing (see Note V. 6)	-	-	528,486	528,486
Investments in other equity instruments (see Note V. 16)	13,754	-	162,538	176,292
Other non-current financial assets (see Note V. 17)	585,333	-	3,975,705	4,561,038
Total assets continuously measured at fair value	5,225,166	12,841,310	5,575,361	23,641,837

Financial liabilities

Item	Level 1	Level 2	Level 3	Total
Held-for-trading financial liabilities (see Note V. 32)	-	-	237,565	237,565
Derivative financial liabilities (see Note V. 33)	-	137,277	-	137,277
Total liabilities continuously measured at fair value	-	137,277	237,565	374,842

For financial instruments traded in active markets, the Company determines their fair value based on the quotation in active markets. For financial instruments not traded in active markets, the Company determines their fair value using valuation techniques. The valuation models primarily used include discounted cash flow models and market comparable company models. Key inputs for the valuation techniques mainly include risk-free interest rates, benchmark rates, exchange rates, credit spreads, liquidity premiums, and discounts for lack of liquidity.

X Fair Value disclosures (Continued)

2 Basis for determining the market prices of recurring and non-recurring level 1 fair value

The Company adopts the active market quotation as the fair value of a level 1 financial asset.

3 Items measured at recurring and non-recurring level 2 fair value adopt the following valuation techniques and parameters (nature and quantity)

Derivative financial assets and liabilities are multiple IRS and CCS signed between the Group and financial institutions. The Company adopts the quotations provided by the financial institution in valuation.

4 Items measured at recurring and non-recurring level 3 fair value adopt the following valuation techniques and parameters (nature and quantity):

Other non-current financial assets measured at continuous level 3 fair value are mainly unlisted equity investments held by the Company. In measuring the fair value, the Company mainly adopts the valuation technique of comparison with listed companies, taking into account the price of similar securities and liquidity discount.

Held-for-trading financial assets measured at continuous level 3 fair value are mainly wealth management products held by the Company. In the valuation of the fair value, the Company adopts the method of discounting future cash flows based on the agreed expected yield rate.

The Company's receivables financing was bank acceptance notes and trade acceptance notes, of which the market prices were determined based on the transfer or discounted amounts.

5 Fair value of financial assets and financial liabilities not measured at fair value

The Company's financial assets and financial liabilities measured at amortized cost primarily include: cash and cash equivalents, notes receivable, accounts receivable, other receivables, debt investments, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings due within one year and long-term payables, long-term borrowings, and bonds payable.

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 1,268,160,591 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 whose capital contribution accounts for 50% or more of the total capital of a limited liability company, or whose shares account for 50% or more of the total share capital of a company limited by shares; or a shareholder whose capital contribution or shareholding ratio is less than 50%, but whose voting rights corresponding to such capital contribution or shares held are sufficient to exert a significant impact on the resolutions of the shareholders' meeting or the shareholders' general meeting. According to the definition above, the Company has no controlling shareholder.

2 The nature of related parties without control relationship

Information about such related parties:

Company name	Relationship with the Group
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
Inner Mongolia Sheng'ou Electromechanical Engineering 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
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	Associate
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	Associate
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	Associate
China Innovative Capital Management Limited	Associate
Huizhou TCL Kaichuang Enterprise Management Co., Ltd.	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

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

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

Company name	Relationship with the Group
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
Ningbo Jiutian Matrix Investment Management Co., Ltd. and its subsidiaries	Associate and its subsidiaries
TCL Industries Holdings Co., Ltd. and its subsidiaries	Other relationships
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	Other relationships
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	Other relationships

3 Major related-party transactions

(1) Selling raw materials and finished goods (Note 1)

	January - June 2026	January - June 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	11,712,024	9,933,434
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	2,256,168	823,936
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	12,113	6,979
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	9,283	554
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	5,487	6,130
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	1,219	-
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	56	203
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	8	2
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	2	-
	13,996,360	10,771,238

(RMB'000)

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 2026	January - June 2025
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,667,013	1,816,831
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,174,677	1,054,199
TCL Industries Holdings Co., Ltd. and its subsidiaries	996,157	1,200,340
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	947,831	765,742
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	814,155	542,826
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	39,967	8,879
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	731	990
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	-	32,783
	5,640,531	5,422,590

(3) Receiving funding (Note 3)

	January - June 2026	January - June 2025
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	275,417	79,720
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	98,409	110,826
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	18,751	5,548
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	634	649
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	559	606
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	334	337
TCL Industries Holdings Co., Ltd. and its subsidiaries	-	807,296
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	-	253,330
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	-	1
	394,104	1,258,353

(4) Rendering of funds (Note 3)

	January - June 2026	January - June 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	226	194,623
	226	194,623

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (Continued)

(5) Leases

	January - June 2026	January - June 2025
Rental income		
TCL Industries Holdings Co., Ltd. and its subsidiaries	31,425	32,037
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	2,462	-
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	534	363
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	439	-
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	315	12,767
Purplevine Holdings Limited and its subsidiaries	72	-
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	48	1,887
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	26	34
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	13	37
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	7	12
Jiangsu Jixin Bandaoti Silicon Material Research Institute Co., Ltd. and its subsidiaries	-	69
	35,341	47,206

	January - June 2026	January - June 2025
Rental expense		
TCL Industries Holdings Co., Ltd. and its subsidiaries	18,814	23,549
Tianjin Huanyan Technology Co., Ltd.	2,269	1,134
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	34	30
Huaxia CPV (Inner Mongolia) Power Co., Ltd.	18	-
	21,135	24,713

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (Continued)

(6) Guarantee

The Company as a guarantor

Guarantee	Guarantee amount	Guarantee commencement date	Guarantee maturity date	Whether the guarantee has been fulfilled or not
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	96,026	April 28, 2020	June 28, 2030	No
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd.	443,817	January 30, 2026	October 27, 2026	No
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	352,000	May 22, 2023	May 22, 2030	No
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	1,193,967	June 15, 2023	June 14, 2029	No
	2,085,810			

As of June 30, 2026, there were no instances of the Company acting as the guaranteed party.

(7) Rendering or receipt of services

	January - June 2026	January - June 2025
Rendering of services	178,851	165,446
Receipt of services	1,051,635	963,539

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

3 Major related-party transactions (Continued)

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

	January - June 2026	January - June 2025
Interest received	175	2,818
Interest paid	12,530	11,033

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

	January - June 2026	January - June 2025
Remuneration of key management personnel	8,300	6,250

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.

(RMB'000)

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.

4 Amounts due from / to related parties

(1) Accounts receivable

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	4,169,935	5,802,990
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	147,334	241,577
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	14,212	12,051
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	3,644	1,698
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	1,884	2,174
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	1,700	16,855
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	626	66
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	384	31
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	91	80
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	-	2
	4,339,810	6,077,524

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Amounts due from / to related parties (Continued)

(2) Receivables financing

	June 30, 2026	December 31, 2025
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	-	315
	-	315

(3) Accounts payable

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	1,712,445	1,205,551
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	1,170,298	905,023
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	528,318	586,882
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	235,239	126,650
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	146,286	61,424
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	41,612	19,091
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	40,809	6,907
Inner Mongolia Xinhua Bandaoti Technology Co., Ltd.	34,975	-
Tianjin Huanyan Technology Co., Ltd.	1,609	-
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	581	775
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	315	74
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	261	-
Zhonghuan Feilang (Tianjin) Technology Co., Ltd.	183	207
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	158	-
Shanghai Feilihua Shichuang Technology Co., Ltd.	9	9
	3,913,098	2,912,593

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Amounts due from / to related parties (Continued)

(4) Other receivables

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	150,501	151,182
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	11,947	10,000
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	10,159	6,806
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	6,271	-
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	5,026	7,196
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	1,372	1,419
Ningbo Jiutian Matrix Investment Management Co., Ltd. and its subsidiaries	482	-
Huizhou TCL Kaichuang Enterprise Management Co., Ltd.	247	-
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	76	25
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	23	23
Shanghai Chuangxiang Investment Management Co., Ltd.	20	-
Tianjin Huanyan Technology Co., Ltd.	10	10
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	2	14
Zhonghuan Aineng (Beijing) Technology Co., Ltd.	2	4
	186,138	176,679

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Amounts due from / to related parties (Continued)

(5) Other payables

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	332,089	355,955
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	215,194	119,698
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	104,332	105,148
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	81,830	208,277
Wuxi TCL Venture Capital Partnership (Limited Partnership) and its subsidiaries	18,751	5,431
Aijiexu New Electronic Display Glass (Shenzhen) Co., Ltd.	9,317	9,317
Wuhan Guochuangke Optoelectronic Equipment Co., Ltd.	2,990	5,450
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	2,642	3,479
Purplevine Holdings Limited and its subsidiaries	692	500
Ningbo Dongpeng Weichuang Equity Investment Partnership (Limited Partnership) and its subsidiaries	634	645
Yixing Jiangnan Tianyuan Venture Capital Company (Limited Partnership) and its subsidiaries	559	577
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	517	1,000
Nanjing Zijin A Dynamic Investment Partnership (Limited Partnership) and its subsidiaries	334	345
Inner Mongolia Zhongjing Science and Technology Research Institute Co., Ltd. and its subsidiaries	55	80
China Innovative Capital Management Limited	43	43
Inner Mongolia Sheng'ou Electromechanical Engineering Co., Ltd.	12	-
Shenzhen Tixiang Business Management Technology Co., Ltd. and its subsidiaries	5	5
Tianjin Zhonghuan Haihe Intelligent Manufacturing Fund Partnership (Limited Partnership)	-	428,100
Thunderbird Innovation Technology (Shenzhen) Co., Ltd. and its subsidiaries	-	584
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	-	187
Ningbo Dongpeng Heli Equity Investment Partnership (Limited Partnership)	-	33
Tianjin Huanyan Technology Co., Ltd.	-	9
	769,996	1,244,863

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Amounts due from / to related parties (Continued)

(6) Non-current liabilities due within one year

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	17,548	20,699
	17,548	20,699

(7) Prepayments

	June 30, 2026	December 31, 2025
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	82,720	30,214
Inner Mongolia Huanye Material Co., Ltd. and its subsidiaries	45,212	64
TCL Industries Holdings Co., Ltd. and its subsidiaries	10,757	4,769
Shenzhen Jucai Supply Chain Technology Co., Ltd. and its subsidiaries	5,972	4,735
Inner Mongolia Xinhuan Silicon Energy Technology Co., Ltd.	5,772	717
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	2,546	2,020
Tianjin Huanyan Technology Co., Ltd.	1,147	2,588
Purplevine Holdings Limited and its subsidiaries	13	-
	154,139	45,107

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Amounts due from / to related parties (Continued)

(8) Advances from customers

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	416	404
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	4	-
	420	404

(9) Contract liabilities

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	93,667	53,277
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	24,026	22,392
Joint ventures and subsidiaries of TCL Industries Holdings Co., Ltd.	6,613	97
	124,306	75,766

(10) Lease liabilities

	June 30, 2026	December 31, 2025
TCL Industries Holdings Co., Ltd. and its subsidiaries	25,696	31,917
	25,696	31,917

(RMB'000)

XI Related Parties and Related-Party Transactions (Continued)

4 Amounts due from / to related parties (Continued)

(11) Deposits from related parties (note)

	June 30, 2026	December 31, 2025
Shenzhen Qianhai Sailing International Supply Chain Management Co., Ltd. and its subsidiaries	234,374	341,094
Huizhou TCL Human Resources Service Co., Ltd. and its subsidiaries	5,422	4,985
TCL Industries Holdings Co., Ltd. and its subsidiaries	-	10,334
TCL Microchip Technology (Guangdong) Co., Ltd. and its subsidiaries	-	6,848
	239,796	363,261

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

(12) Other non-current assets

	June 30, 2026	December 31, 2025
Purplevine Holdings Limited and its subsidiaries	243,339	35,333
TCL Industries Holdings Co., Ltd. and its subsidiaries	140,150	114,830
	383,489	150,163

(RMB'000)

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	84,242,000 shares
Total amount of the Company's equity instruments that expired in the current period	2,621,000 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 III) 2021-2023
According to the *Proposal on the Management Measures of the Company's Employee Stock Ownership Plan (Phase III) 2021-2023* deliberated and adopted at the Second Extraordinary General Meeting of 2023, and the *Proposal on the Company's Employee Stock Ownership Plan (Phase III) 2021-2023 (Draft)* adopted by the resolution of the 32nd Meeting of the Seventh-term Board of Directors and the 21st Meeting of the Seventh-term Board of Supervisors, 64,990,000 shares were granted to no more than 3,600 awardees at the price of RMB 3.94 on June 16, 2023.

On May 30, 2024, the Management Committee of the Phase III Shareholding Plan approved the vesting of a total of 55,640,000 shares to the holders of the current phase shareholding plan, based on the company's performance, the performance of its subordinate operating units, and the achievement of individual performance targets. Of these shares, 27,210,000 shares were released from lock-up restrictions in 2025. Of these shares, 26,520,000 shares were released from lock-up restrictions during January - June 2026.

(2) 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. Of these shares, 57,720,000 shares were released from lock-up restrictions during January - June 2026.

(3) Employee Stock Ownership Plan 2025
According to the 11th meeting of the 8th Board of Directors, the 7th meeting of the 8th Board of Supervisors, and the 3rd extraordinary general meeting of 2025, the *Proposal on the 2025 Employee Stock Ownership Plan of TCL Technology Group Corporation (Draft)* was reviewed and approved. Under this plan, the total fund shall not exceed RMB 920,000,000 and shall be granted to no more than 3,600 eligible participants.

(4) Employee Stock Ownership Plan 2026
Pursuant to the *Proposal on the 2026 Medium and Long-term Employee Stock Ownership Plan of TCL Technology Group Corporation (Draft) and Its Summary*, as reviewed and approved at the second extraordinary general meeting of 2026, the total fund for this Employee Stock Ownership Plan shall not exceed RMB 920,000,000 and shall be granted to no more than 4,700 eligible participants.

XII Share-based Payments (Continued)

1 Overall share-based payments (excluding TZE and its subsidiaries) (Continued)

(a) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	The Group determined the fair value of equity instruments on the grant date based on the fair value of the shares.
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 reserves	RMB 475,090,000
Total expense recognized for equity-settled share-based payments in the current period	RMB 287,722,000

(b) The Company has no cash-settled share-based payments.

(c) The Company has no share-based payment modification or termination.

2 Payment of Tianjin Printronics for shares in current period

(a) Overview of share-based payments

Total amount of each equity instrument granted by the Company in the current period	-
Total amount of each equity instrument exercised by the Company in the current period	1,277,000 shares
Total amount of the Company's equity instruments that expired in the current period	-
Range of exercise prices of the Company's stock options outstanding and remaining contract term at the end of the period	-
Range of exercise prices of the Company's other equity instruments outstanding and remaining contract term at the end of the period	-

(b) Equity-settled share-based payments

Method of determining the fair value of equity instruments on the date of grant	In accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 11 – Share-based Payment* and *Accounting Standards for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement,* the Company has adopted the Black-Scholes model to determine the fair value of equity instruments.
Key parameters of the fair value of equity instruments on the grant date	Historical volatility, risk-free interest rate, and dividend yield
Basis for determining the number of exercisable equity instruments	Estimated based on the performance conditions for each vesting period and the assessment results of the grantees.
Reasons for significant differences between current and previous estimates	None
Accumulated amount of equity-settled share-based payment included in capital reserves	RMB 2,713,000

Total expense recognized for equity-settled share-based payments in the current period	RMB 429,000

XIII Commitments and Contingencies

1 Significant commitments

Capital commitments

		June 30, 2026
Contracted but not provisioned	Note 1	15,800,305
Approved by the Board but not contracted	Note 2	12,968,364
		28,768,669

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, 2026, apart from the disclosures above, there were no other major commitments that are required to be disclosed.

2 Contingencies

As of June 30, 2026, the Company had no material contingent events requiring disclosure.

XIV Events after the Balance Sheet Date

1 The Company plans to acquire the 45.00% equity interest ("the Transaction") in Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd. held in aggregate by Guangdong Hengjian Investment Holding Co., Ltd., Guangzhou Chengfa Xingguang Investment Partnership (Limited Partnership) and Science City (Guangzhou) Investment Group, by way of share issuances and cash payments. Following the completion of the Transaction, the Group's total equity interest in Guangzhou China Star Optoelectronics Bandaoti Display Technology Co., Ltd. increased from 55% to 100%. On August 19, 2026, the Company received the Reply on Approving the Registration of TCL Technology Group Corporation's Asset Purchase via Share Issuance (CSRC Permit [2026] No. 2116) issued by the China Securities Regulatory Commission. As of the date of disclosure of this report, the underlying asset has been registered and transferred to the name of the Company, while the newly issued shares have not yet been listed.

2 In August 2026, the Group issued RMB 2.0 billion in aggregate of the 2026 Public Issuance of Sci-Tech Innovation Corporate Bonds (Digital Economy) (Phase II) (the "Current Bonds") to professional investors. Tranche 1 of the Current Bonds has a tenor of 3 years, with an issuance size of RMB 1.0 billion and a coupon rate of 1.85%; Tranche 2 has a tenor of 5 years, with an issuance size of RMB 1.0 billion and a coupon rate of 2.10%. The issue price is RMB 100 per note.

3 On July 2, 2026, TZE completed the acquisition of DAS Solar. All conditions precedent to closing stipulated in the transaction documents executed by the parties have been satisfied or waived, and the equity closing was completed on the same date. The relevant proxy voting rights arrangement also took effect concurrently with the closing. Starting from the third quarter of 2026, the Company will consolidate DAS Solar into its consolidated financial statements.

XV Other Important Matters

(I) Segment reporting

1 Basis for determining reporting segment and accounting policies

According to the Company's internal organizational structure, management requirements, and internal reporting system, the Company's business is divided into four reporting segments: the display business, the new energy photovoltaic and other silicon materials business, the distribution business and the other businesses. The Company's management regularly evaluates the operating results of these reporting segments to determine the allocation of resources and evaluate their performance. The Company's four reporting segments are:

(1) Display business mainly includes the research and development, manufacturing, and sales of display panels and display modules, as well as complete display processing.

(2) New energy photovoltaics 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.

(RMB'000)

XV Other Important Matters (Continued)

(I) Segment reporting (Continued)

2 Financial information of reporting segments

	For the six-month period ending June 30, 2026				
	Display business	New energy photovoltaics and other silicon materials business	Distribution business	Other businesses and internally offset accounts	Total
Operating revenue	56,499,787	14,314,940	17,823,270	10,190	88,648,187
Net profits	4,099,136	(3,457,279)	103,218	1,498,191	2,243,266
Total assets	194,005,508	112,762,644	8,541,435	49,835,382	365,144,969
Total liabilities	117,449,814	77,973,301	6,758,168	35,344,111	237,525,394
Depreciation and amortization expenses	11,122,524	4,724,988	26,088	65,041	15,938,641
Capital expenditure	7,297,732	2,618,614	737	892,855	10,809,938

	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

(RMB'000)

XVI Notes to the key items presented in the financial statements of the Company

1 Accounts receivable

	June 30, 2026				December 31, 2025			
	Amount	Ratio	Bad-debt Allowance	Accrual Ratio	Amount	Ratio	Bad-debt Allowance	Accrual Ratio
Within 1 year	56,424	98.07%	6	0.01%	207,984	99.42%	6	0.00%
1 to 2 years	1,113	1.93%	-	-	1,218	0.58%	-	-
	57,537	100%	6	0.00%	209,202	100%	6	0.00%

2 Other receivables

	June 30, 2026	December 31, 2025
Dividends receivable	50,000	-
Other receivables	14,403,878	9,613,847
	14,453,878	9,613,847

(1) Dividends receivable

	June 30, 2026	December 31, 2025
Shenzhen Dongxi Jiashang Entrepreneurship Investment Co., Ltd.	50,000	-
	50,000	-

(2) Other receivables

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

	June 30, 2026	December 31, 2025
Equity transfer receivables	4,925,128	610
Security and deposits	2,464	2,474
Others	9,476,286	9,610,763
	14,403,878	9,613,847

(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

2 Other receivables (Continued)

(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, 2025	1,462		38,685	40,147
Reversal of current period	(1)	-	-	(1)
June 30, 2026	1,461	-	38,685	40,146

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

	June 30, 2026		December 31, 2025	
	Amount	Ratio	Amount	Ratio
Within 1 year	11,404,788	78.96%	7,371,233	76.35%
1 to 2 years	2,026,054	14.03%	1,491,285	15.45%
2 to 3 years	862,319	5.97%	665,173	6.89%
Over 3 years	150,863	1.04%	126,303	1.31%
	14,444,024	100%	9,653,994	100%

The outstanding other receivables were mostly current accounts with related parties.

The top five other receivables of the Company amounted to approximately RMB 13,001,202,000 (December 31, 2025: RMB 8,792,957,000), accounting for 90.01% of the total other receivables of the Company (December 31, 2025: 91.08%).

3 Long-term equity investments

	June 30, 2026			December 31, 2025		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Associates and joint ventures (1)	18,008,296	-	18,008,296	17,029,558	-	17,029,558
Subsidiaries (2)	70,136,712	-	70,136,712	78,289,037	-	78,289,037
	88,145,008	-	88,145,008	95,318,595	-	95,318,595

As at June 30, 2026, there are no major restrictions on the realization of investment and the remittance of return on long-term equity investments.

(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (Continued)

(1) Associates and joint ventures

	December 31, 2025	Increase or decrease in current period					June 30, 2026
		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	
Joint venture	231,430	-	(12,737)	-	493	(4,029)	215,157
Associate	16,798,128	141,503	1,062,467	28,383	(7,794)	(229,548)	17,793,139
Total	17,029,558	141,503	1,049,730	28,383	(7,301)	(233,577)	18,008,296

(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

3 Long-term equity investments (Continued)

(2) Subsidiary

	December 31, 2025	Increase in current period	Decrease in current period	June 30, 2026
TCL China Star Optoelectronics Technology Co., Ltd.	35,686,719	268,400	-	35,955,119
TCL Technology Group (Tianjin) Co., Ltd.	16,200,000	-	-	16,200,000
Shenzhen China Star Optoelectronics Bandaoti Display Technology Co., Ltd.	11,562,093	-	(11,562,093)	-
TCL Technology Investments Limited	3,465,562	-	-	3,465,562
Tianjin Silica Material Technology Co., Ltd.	2,800,000	-	-	2,800,000
Headquarters of TCL Zhonghuan Renewable Energy Technology Co., Ltd.	1,929,733	-	-	1,929,733
Headquarters of Zhonghuan Advanced Bandaoti Technology Co., Ltd.	1,790,312	844,947	-	2,635,259
TCL Technology Group Finance Co., Ltd.	1,256,003	-	-	1,256,003
Others	3,598,615	2,795,393	(498,972)	5,895,036
	78,289,037	3,908,740	(12,061,065)	70,136,712

For the registered capital of subsidiaries and the Company's equity interests in the subsidiaries, see Note VIII.

4 Other non-current financial assets

	June 30, 2026	December 31, 2025
Equity investments	797,684	398,546

5 Operating revenue and operating cost

	January - June 2026		January - June 2025	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Core business	10,038	-	10,227	2,288
Non-core business	201,149	80,518	176,239	89,824
	211,187	80,518	186,466	92,112

(RMB'000)

XVI Notes to Financial Statements of the Parent Company (Continued)

6 Return on investment

	January - June 2026	January - June 2025
Share of return on investment in joint ventures and associates	1,049,730	865,987
Net income from disposal of long-term investments	528,761	-
Return on holding of held-for-trading financial assets	35,035	82,655
Return on disposal of held-for-trading financial assets	14,736	(2,133)
Dividends from subsidiaries	1,456,911	327,893
	3,085,173	1,274,402

(RMB'000)

XVII Supplementary Information

1. Details of non-recurring gains and losses for the period

	January - June 2026	January - June 2025
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	532,068	(20,061)
Public grants charged to current profits 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)	1,225,850	633,215
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	(59)	18,446
Reversal of provision for impairment of receivables that have been individually tested for impairment	-	27,616
Non-operating income and expenses other than the above	162,932	126,891
Income tax effects	(288,122)	(84,754)
Non-controlling interests effects	(964,278)	(376,588)
Non-recurring gains and losses attributable to ordinary shareholders of the parent company	668,391	324,765

According to the relevant provisions of the *Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Securities to the Public - Non-recurring Profits and Losses (Revised in 2023)*(Z.J.H.G.G. [2023] No.65), public grants closely related to the Company's normal business operations, in compliance with national policies, enjoyed according to determined criteria, and with a continuous impact on the Company's profits and losses shall be presented as recurring profits and losses.

(RMB'000)

XVII Supplementary Information (Continued)

2. Return on equity (ROE) and earnings per share (EPS)

The Company calculates the ROE and EPS as follows in accordance with the *Compilation Rules No. 9 for Information Disclosure of Companies Offering Securities to the Public-Calculation and Disclosure of Return on Equity and Earnings per Share (Revised in 2010)* issued by the China Securities Regulatory Commission and relevant provisions of accounting standards:

Item	Net profits attributable to the parent company during the Reporting Period	Weighted average return on equity	Earnings per share (RMB: yuan)	
			Basic earnings per share	Diluted earnings per share
Net profits attributable to ordinary shareholders of the Company	3,808,272	6.19%	0.1861	0.1831
Net profits attributable to ordinary shareholders of the Company after non-recurring gains and losses	3,139,881	5.11%	0.1534	0.1509

Company Name: TCL Technology Group Corporation

Date: August 27, 2026