



TCL ELECTRONICS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 01070

ANNUAL REPORT

2025





TCL | 

Worldwide Olympic Partner

TCL

THE RISE OF AN OLYMPIC

CHAMPION

TCL

TCL

Imagine the life of Tomorrow



CONTENTS

Corporate Profile	3
Year in Review 2025	4
Corporate Information	8
Financial Highlights	9
Chairperson's Statement	10
Board of Directors	16
Management Discussion and Analysis	25
Corporate Governance Report	56
Human Resources and Social Responsibility	89
Report of the Directors	95
Independent Auditor's Report	124
Consolidated Statement of Profit or Loss and Other Comprehensive Income	131
Consolidated Statement of Financial Position	134
Consolidated Statement of Changes in Equity	136
Consolidated Statement of Cash Flows	138
Notes to Financial Statements	142
Five Year Financial Summary	301
Glossary	302





TCL Electronics is a world-leading consumer electronics company that covers display, innovative and internet businesses. The Group actively reforms and innovates under the strategy of “Lead with Brand Value, Deepen Global Operation, Drive with Technology and Thrive on Vitality” with technological advancement as the foundation. Focusing on the mid-to-high-end markets around the world, the Group strives to consolidate the “Intelligent IoT Ecosystem” strategy and is committed to providing users with an all-scenario smart and healthy life while developing into a world-leading smart device company.

2025 YEAR IN REVIEW



Jan

- Launched X11K QD-Mini LED TV in the North American market at the CES 2025, representing the “Pinnacle of Picture Quality”, pushing Mini LED display technology to new heights, and showcased the world’s largest 115-inch QD-Mini LED TV QM891G and the third-generation TCL A300 Art TV series, integrating technology with aesthetics
- Showcased the world’s first modular smart home companion robot, TCL AiMe, featuring an innovative mobile capsule base and multimodal natural interaction capabilities. Tailored for modern families, it aims to provide deep emotional companionship and a highly personalised human-like interaction experience
- As recognition for its outstanding all-around performance in the consumer electronics field, TCL was awarded “Top 10 Leading Consumer Electronics Brands of 2024-2025” and “Top 10 Global TV Brands of 2024-2025”



Feb

- TCL officially became an Olympic Worldwide Partner, providing technology, product, and service support for the Olympic Games in the smart device field with industry-leading multi-category products such as TVs, air conditioners, refrigerators, and washing machines



Mar

- Launched the industry-leading fourth-generation LCD TV Q10L Pro, featuring the industry-first Infinite View QD-Mini LED technology to achieve a true full-screen borderless display, once again redefining industry standards



May

- RayNeo released its 2025 flagship glasses, RayNeo X3 Pro, and simultaneously launched the newly upgraded Pocket TV series Air 3s and Air 3s Pro. With comprehensive evolution of core functions, these products once again led the technological trend of the AR industry



Jun

- Capital Market Awards: TCL Electronics won numerous prestigious awards, including the 11th HKIRA IR Awards' "Best IR Company", "Best IR by Chairman/CEO", "Best IR by CFO", "Best IR", and "Best IR Team"



2025 YEAR IN REVIEW

Jul

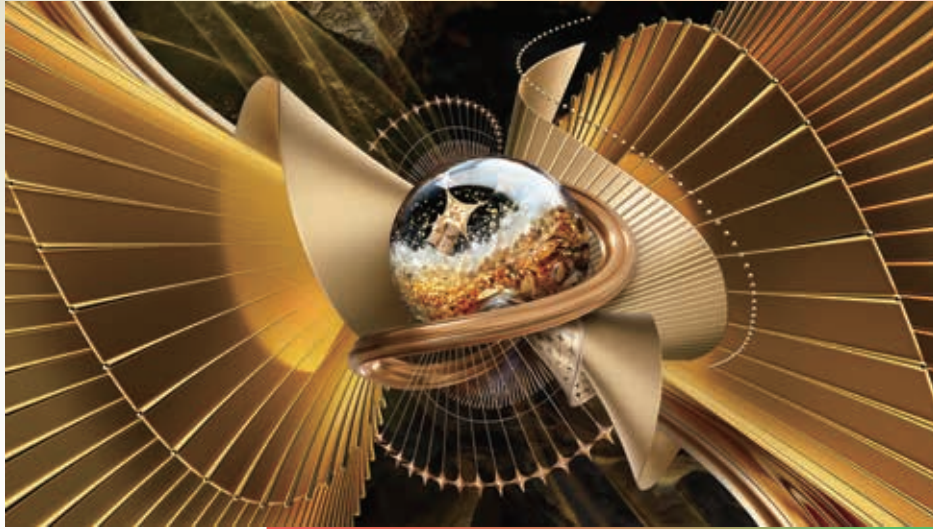
- TCL Electronics was awarded the “ESG Environmental Excellence Enterprise” in the Gelonghui “Global Investment Carnival 2025” for its outstanding contributions and firm commitment to sustainable development



Aug

- TCL as an Olympic Worldwide Partner officially announced Eileen GU, an Olympic champion in freestyle skiing, as the TCL Global Brand Ambassador. Eileen GU also joined the Team TCL “Inspire Greatness” athlete roster to participate in the 2026 Milano Cortina Winter Olympics torch relay as a TCL representative, jointly conveying the brand spirit of “Inspire Greatness” to the world





Sep

- Launched TCL X11L SQD-Mini LED TV, equipped with full-domain precise light control, world-leading super quantum dot technology, and a crystal-clear high colour gamut screen, breaking the industry's 10-year colour gamut bottleneck with true pinnacle display technology; released the benchmark RGB-Mini LED TVs Q10M Ultra and Q9M, establishing six new industry benchmarks in "appearance, smart control, sound quality, screen, colour, and light control"
- TCL was listed as "Google x Kantar BrandZ Top 50 Chinese Global Brand Builders" for nine consecutive years, ranking 10th with a significant growth of 20% in terms of brand power

Dec

- Capital Market Awards: TCL Electronics was honoured with "Listed Enterprises 2025" and "Best Performance" at the 10th "Listed Enterprises 2025" selection by Bloomberg Businessweek/Chinese Edition



Corporate Information*

BOARD OF DIRECTORS

Executive Directors

Ms. DU Juan (Chairperson)
Mr. ZHANG Shaoyong (CEO)
Mr. PENG Pan (CFO)
Mr. SUN Li

Independent Non-Executive Directors

Professor WANG Yijiang
Mr. LAU Siu Ki
Mr. HUI Chi Kin Max (appointed as an independent non-executive Director with effect from 6 June 2025)
Dr. TSENG Shiang-chang Carter (retired as an independent non-executive Director with effect from 6 June 2025)

JOINT COMPANY SECRETARIES

Mr. CHEN Ming (appointed as a joint company secretary with effect from 24 June 2025)
Ms. CHOY Fung Yee, Solicitor, Hong Kong
Mr. PENG Pan (resigned as a joint company secretary with effect from 24 June 2025)

AUTHORISED REPRESENTATIVES

Ms. DU Juan
Ms. CHOY Fung Yee, Solicitor, Hong Kong
Mr. PENG Pan (alternate authorised representative to both Ms. DU Juan and Ms. CHOY Fung Yee)

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISOR

Ronald Tong & Co
Room 501, 5/F, Sun Hung Kai Centre
30 Harbour Road, Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
(with effect from 28 February 2025)
Tricor Tengis Limited (ceased from 28 February 2025)
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Building 22E
22 Science Park East Avenue
Hong Kong Science Park
Shatin, New Territories, Hong Kong

REGISTERED OFFICE

P.O. Box 309
Ugland House, Grand Cayman
KY1-1104, Cayman Islands

INVESTOR AND MEDIA RELATIONS

LBS Communications Consulting Limited
Unit C, 17/F, Neich Tower
128 Gloucester Road
Wan Chai, Hong Kong

WEBSITE

<http://electronics.tcl.com>

* The latest practicable date for ascertaining information in this section is 23 April 2026.

Financial Highlights

FINANCIAL HIGHLIGHTS

For the year ended 31 December

	2025 HK\$ Million	2024 HK\$ Million	Change
Revenue	114,583	99,322	15.4%
Gross profit	17,900	15,554	15.1%
Profit after tax	2,527	1,849	36.7%
Profit attributable to owners of the parent	2,495	1,759	41.8%
Non-HKFRS measure:			
Adjusted profit attributable to owners of the parent	2,512	1,606	56.5%
Proposed final dividend per share (HK cents)	49.80	31.80	56.6%

Chairperson's Statement



Dear Consumers, Shareholders, Partners and All Employees Worldwide,

In 2025, the global economy moved forward slowly amid the challenges posed by geopolitical volatility and trade policy uncertainty, while easing inflation and the dawn of a technological revolution offered renewed hope. A new wave of AI-driven technological and industrial transformation accelerated from computing infrastructure to industry applications, creating structural opportunities for enterprises worldwide to reshape the competitive landscape. In the face of a complex and ever-changing external environment, we remained committed to our vision of “Global Leadership” and steadfastly advanced our dual-engine strategy of “Globalisation” and “Technology-Driven Development”. By navigating economic cycles with resilience, we achieved new highs in operating results and further deepened our global footprint. In 2025, TCL Electronics continued to achieve growth in both scale and profitability, with stronger product competitiveness, while outstanding performance across overseas regions made international business the core engine of growth.

On behalf of the Board, I would like to express my highest respect and heartfelt gratitude to consumers around the world who trust us, Shareholders who have supported us over the long term, partners who have stood by us, and all our dedicated employees worldwide. I am honoured to present the annual results for 2025.

Chairperson's Statement

Globalisation Strategy Driving High-Quality Growth, Continued Improvement in Operating Efficiency and New Heights of Operating Results

Looking back at 2025, market competition remained fierce, yet the advantages of leading brands with a global footprint and superior operating efficiency became even more pronounced. In 2025, the Company focused on mid-to-high-end positioning, technological differentiation and reliable quality across all product lines, while regional teams deepened strategic channel partnerships, strengthened retail management and forged closer connections with consumers, driving steady and high-quality growth overall. In 2025, the Company's revenue reached HK\$114.58 billion, representing a year-on-year increase of 15.4%; gross profit reached HK\$17.90 billion, representing a year-on-year increase of 15.1%; and gross profit margin remained stable at 15.6%. Meanwhile, the Company's operating efficiency continued to improve, with the overall expense ratio decreasing by 0.7 percentage points year-on-year to 11.1% in 2025. In addition, the Company maintained a solid financial position. As at 31 December 2025, cash and cash equivalents increased by 54.2% year-on-year to HK\$13.52 billion, and the cash conversion cycle improved by 1 day year-on-year to 42 days. The synergies between the mid-to-high-end strategy and improved operating efficiency continued to strengthen the Company's profitability, with net profit increasing by 36.7% year-on-year to HK\$2.53 billion, adjusted profit attributable to owners of the parent increasing by 56.5% year-on-year to HK\$2.51 billion, and return on equity (calculated by dividing adjusted profit attributable to owners of the parent by average equity attributable to the owners of the parent) improving by 4.3 percentage points year-on-year to 13.8%.

As the Group's results reached new highs, we would like to express our sincere gratitude to every Shareholder who has steadfastly supported TCL Electronics. Every investment made by our Shareholders reflects their trust in and commitment to the Company's future development. In 2025, the Group upheld its long-term management philosophy and maintained a dividend policy of high payout ratio, remaining committed to sharing the fruits of development with Shareholders. The Board hereby proposes a final dividend of HK49.80 cents per share for 2025, representing a dividend payout ratio of 50% of the adjusted profit attributable to owners of the parent, in recognition of our Shareholders' long-standing trust and support.

Chairperson's Statement

Adhering to Mid-to-High-End and Large-Screen Strategies, Fully Embracing AI Development, and Enhancing Product and Service Experience and Operational Efficiency

We firmly believe that exceptional products and services are the cornerstone of success in global markets. In 2025, TCL TV's global market share by shipment and sales revenue increased to 14.7% and 13.1%, firmly ranking among the top two and top three in the global market, respectively. In particular, mid-to-high-end and large-screen products delivered outstanding performance, with global shipments of TCL Mini LED TVs doubling year-on-year and market share maintaining the number one position globally, contributing to a 7.7% year-on-year increase in revenue from the large-sized display business to HK\$64.71 billion, while gross profit margin improved by 1.3 percentage points year-on-year to 16.8%. Meanwhile, the internet business focused on upgrading user experience and accelerating its expansion into international markets. In 2025, the internet business continued to deliver strong profitability, with revenue increasing by 18.3% year-on-year to HK\$3.11 billion, while gross profit margin remained at a robust 56.4%. Furthermore, TCL TV became the first in the industry to integrate Google's AI assistant, Gemini, laying the foundation for future growth in overseas internet revenue. The innovative business maintained strong growth momentum, with revenue increasing by 31.9% year-on-year to HK\$35.63 billion. Among these, the photovoltaic business adhered to disciplined operations and risk management, steadily consolidating its domestic leadership while continuously improving operating efficiency, and leveraged the SunPower brand and TCL's global service resources to accelerate its expansion into Europe's high-value integrated "solar-storage-heating" market. In 2025, revenue from the photovoltaic business grew by a better-than-expected 63.6% year-on-year to HK\$21.06 billion.

On our journey of R&D and innovation, we adhered to the development philosophy of "Strengthening Capabilities Internally and Externally, Empowered by AI", and remained committed to translating technological warmth into better user experience and stronger operational efficiency. In products and services, we used AI to reshape the interactive experience: debuting Gemini TV in overseas markets, further developing the Fuxi large language model and our proprietary content creation platform in the domestic market, making the TV operating system more intuitive and better attuned to users' needs, and enhancing user engagement and monetisation potential. SQD-Mini LED won the CES Gold Award, establishing an industry benchmark for picture quality. NXTPAPER 4.0 technology and RayNeo AR glasses marked new progress in the mass production of full-colour Micro-LED, advancing the frontiers of eye-care and optical technologies. At the same time, with an eye on the future, we launched our first modular smart home companion robot, AiMe, and the HEMS home energy system, extending smart living into emotional companionship and green energy solutions. In terms of corporate operations, we embedded AI across the enterprise, connecting the entire value chain from R&D, manufacturing, supply chain to sales, and enabling data-driven lean growth from R&D precision and agile delivery to efficient asset turnover. Going forward, we will continue to uphold long-termism, allowing the seeds of innovation to bear fruit over time through each technological breakthrough and efficiency improvement.

Chairperson's Statement

Global Operations, Local Integration, Quality Enhancement and Efficiency-Driven Growth

In 2025, as the Company navigated an increasingly complex global market, the Company adopted “Global Operations, Local Integration” as a core principle and firmly advanced its strategic transformation from scale expansion to deeper value creation. We are keenly aware that only by taking root locally and growing together with global partners can an enterprise thrive across economic cycles and achieve long-term sustainable progress.

On the business front, we balanced strategic focus with forward-looking positioning. The Company will leverage its milestone joint venture with Sony to further integrate top-tier technology and channel strengths, enhancing its presence in the global premium market and consolidating its industry-leading position in the future. At the same time, capitalising on the synergistic advantages of the large display organisation, we increased strategic investment in R&D, supply chain and local talents, with a key focus on strengthening relatively weaker product categories. Looking ahead, the Company will remain committed to pioneering technological innovation and proactively positioning itself in new areas such as AR and robotics to incubate future growth engines. On the operational front, we put our value-sharing philosophy into practice by pursuing mutually beneficial strategic channel partnerships and improving retail efficiency in global markets, while maintaining efficiency as a fundamental operating discipline. We leveraged AI to empower the entire value chain from R&D to delivery, building an agile and transparent supply chain system. The Company has a global TV production capacity of over 30 million units, with a distributed manufacturing footprint that enables flexible allocation and rapid response to market demand across regions. During the year, the Company proactively expanded and reallocated production capacity in Mexico in a timely manner, effectively responding to global tariff challenges. At the organisational level, we strengthened global cultural alignment and built an international talent pipeline through a dual approach of global talent rotation and localised development. We also further integrated the “Inspire Greatness” brand spirit with the Olympic spirit, ensuring that the Company remains vibrant and competitive throughout its globalisation journey.

Chairperson's Statement



Practising Green Development, Fulfilling Social Responsibilities, Optimising Governance and Creating Long-Term Sustainable Value

The Company regards sustainable development as a long-term strategy, deeply embedding ESG principles into its global operations. In environmental terms, the Company remained committed to advancing green technology, with cumulative green electricity generated by its photovoltaic business reaching 14 billion kWh and contributing to a reduction of more than 10 million tonnes of carbon emissions. The Company continued to refine its green product portfolio, with over 8,300 products having received energy-saving and green certifications on a cumulative basis. Its core business maintained a B rating in CDP climate change assessment, and the mobile phone business received Gold medal in EcoVadis Rating. In terms of social responsibility, the Company remained committed to building a responsible supply chain, having completed mineral due diligence on over 280 suppliers and achieving 100% traceability of raw materials. The Company also actively contributed to the community, with annual charitable donations of approximately HK\$20 million, continuously fostering a spirit of philanthropy. In terms of governance, the Company has built a diverse and inclusive organisational ecosystem, with female employees accounting for over 40% of the workforce, and overseas employees accounting for nearly 30%. The Company has strengthened its compliance safeguards, with anti-corruption training during the year covering over 10,000 participants. In recognition of its outstanding performance, the Company has received an A rating in the Hang Seng ESG assessment for eight consecutive years and an AA rating in the Wind ESG rating. Going forward, we will continue to enhance our ESG performance, creating long-term sustainable value for Shareholders and the wider society.

Chairperson's Statement

Embracing Renewal, Building on Momentum, Deepening Global Presence and Creating Long-Term Value Together

With steadfast resolve, we move forward to embrace the opportunities ahead. In the face of the profound restructuring of the global industrial landscape, we are keenly aware that the mere accumulation of scale is no longer sufficient to meet the challenges ahead. In 2026, the Company will adopt “Embracing Renewal, Building on Momentum” as its operating principle, deepening its “Globalisation 3.0” strategy. We will strengthen our market position through product premiumisation, enhance global influence through deeper brand building, reinforce our efficiency foundation through refined operations, and unlock internal momentum through organisational agility, driving the Company from scale-driven growth towards stronger operating quality and core capabilities. At the same time, the Company will continue to practise “Global Operations, Local Integration”, establishing a clearer overseas governance structure and deeper localisation to build a resilient ecosystem capable of adapting to the evolving global landscape. Looking ahead, TCL Electronics will maintain its strategic resolve, open up new paths amid change, and advance steadily towards true global leadership, living up to every trust and expectation placed upon us.

DU Juan

Chairperson

27 March 2026

Board of Directors



Ms. DU Juan
EXECUTIVE DIRECTOR



Mr. ZHANG Shaoyong
EXECUTIVE DIRECTOR



Mr. PENG Pan
EXECUTIVE DIRECTOR



Mr. SUN Li
EXECUTIVE DIRECTOR

Board of Directors

Professor WANG Yijiang
INDEPENDENT NON-EXECUTIVE DIRECTOR



Mr. LAU Siu Ki
INDEPENDENT NON-EXECUTIVE DIRECTOR



Mr. HUI Chi Kin Max
INDEPENDENT NON-EXECUTIVE DIRECTOR

Board of Directors



Ms. DU Juan
EXECUTIVE DIRECTOR

Born in May 1970, Ms. DU is the chairperson of the Board, an executive Director, a member of the Nomination Committee, the chairperson of the Strategy Committee and ESG Committee and a director of a subsidiary of the Company. Ms. DU joined the Company in August 2021. Ms. DU is also a director and the CEO of TCL Industries Holdings. From July 1991 to May 1999, she worked for the Huizhou branch of China Construction Bank Corporation; in May 1999, she joined TCL Technology (000100.SZ) and successively worked as the general manager of the settlement centre of TCL Technology, the general manager of TCL Technology Group Finance Co., Ltd.* (TCL科技集團財務有限公司), the president and the chairperson of TCL Financial Services Holdings Group (Guangzhou) Company Limited* (TCL金服控股集團(廣州)有限公司). From July 2016 to February 2018, she was a vice president of TCL Technology; from March 2018 to August 2021, she was an executive director and the COO of TCL Technology; from January 2019 to August 2021, she also took up the role of the CFO of TCL Technology; from August 2021 to December 2022, she was a non-executive director of TCL Technology; from October 2019 to October 2021, she was a non-executive director of Bank of Shanghai Co., Ltd. (601229.SH). Ms. DU graduated from the Department of Investments of Zhongnan University of Economics and Law with a bachelor's degree, and obtained an EMBA degree from Cheung Kong Graduate School of Business.

Board of Directors

Mr. ZHANG Shaoyong
EXECUTIVE DIRECTOR

Born in August 1978, Mr. ZHANG is an executive Director, CEO, a member of the Strategy Committee and ESG Committee, the general manager of the pan-smart screen business unit and a director in various subsidiaries of the Company. Mr. ZHANG is also currently a director and senior vice president of TCL Industries Holdings. Mr. ZHANG joined the Company after he graduated from Northwestern Polytechnical University in 2000. Starting from entry level, he successively worked as the manager, senior manager, vice president and general manager of various branches, business units and departments of the Company. During his tenure, he made valuable contributions to increasing market share of the Group's products. He also introduced a series of smart household appliance products and laid the foundation for TCL smart home ecosystem and IoT. Mr. ZHANG holds a bachelor's degree from Northwestern Polytechnical University and an EMBA degree from Renmin University of China. Currently, Mr. ZHANG has also taken up a number of public positions such as a director of China Video Industry Association and vice chairperson of China Household Electrical Appliances Association.

Board of Directors



Mr. PENG Pan
EXECUTIVE DIRECTOR

Born in February 1976, Mr. PENG is an executive Director, CFO, a member of the Nomination Committee, Strategy Committee and ESG Committee and a director of various subsidiaries of the Company. Mr. PENG became an executive Director in October 2023. He is also the CFO of TCL Industries Holdings and chairperson of Guangdong TCL Smart Home Appliances Co., Ltd. (002668.SZ). Mr. PENG worked as an analyst in Evergreen Marine (Hong Kong) Limited after graduating from Hunan University in 1998 and then as an accounting supervisor in Yantian International Container Terminals Limited in 2000. He joined TCL in 2005 and served at various finance-related positions in TCL during the period from 2005 to 2019, including finance manager, senior finance manager, head of finance department and finance director. Since 2019 and prior to joining the Group, he was the head of financial centre and vice president of CSOT, and associate president and the head of financial operation department of TCL Technology. During his tenure at CSOT, Mr. PENG successfully led various large-scale investment projects in relation to the semi-conductor display production plants in Shenzhen, Wuhan and Guangzhou, making valuable contributions to the development of the display industry. He acted as a director of Tianjin 712 Communication & Broadcasting Co., Ltd. (603712.SH) from April 2023 to October 2023, a director of Highly Information Industry Co., Ltd. (835281.NQ) from April 2023 to April 2024, a joint company secretary of the Company from October 2023 to June 2025 and a member of Remuneration Committee from October 2023 to March 2026. Mr. PENG holds an EMBA degree from China Europe International Business School, an MBA Degree from Peking University, and a bachelor's degree in International Accounting from Hunan University.

Board of Directors

Mr. SUN Li
EXECUTIVE DIRECTOR

Born in April 1977, Mr. SUN is an executive Director and a member of the ESG Committee. Mr. SUN became a non-executive Director with effect from February 2020 and was re-designated to an executive Director with effect from March 2024. He is also the CTO of TCL Industries Holdings. With extensive experience in the communications industry, Mr. SUN has been deeply involved in AI for many years. Mr. SUN worked at the mobile phone R&D department of Alcatel from March 2001 to 2004. Since joining TCL Communication in 2004, he had served as R&D department manager, pre-research department manager, director of software and deputy general manager of global R&D centre and established a team engaged in smart phone software, a management system of global operators' technological needs and a software platform for global operators from 2004 to July 2017. From August 2017 to June 2019, he was a vice president of Thunder Software Technology Co., Ltd. (300496.SZ). During this period, Mr. SUN established the intelligent vision business group, focusing on camera technology, computer vision algorithms and AI algorithms which were applied to mobile phones, IoT, automotive and industrial fields, and opened up new businesses for industrial visual detection based on deep learning. He graduated from Shanghai Jiao Tong University with a master's degree in Engineering.

Board of Directors



Professor WANG Yijiang
INDEPENDENT NON-EXECUTIVE DIRECTOR

Born in May 1953, Professor WANG is an independent non-executive Director, the chairperson of the Nomination Committee, and a member of the Audit Committee and the Remuneration Committee. Professor WANG became an independent non-executive Director in February 2016. He is currently the Professor of Economics and Human Resource and an Associate Dean at Cheung Kong Graduate School of Business. He is currently also a director of Zhejiang Red Dragonfly Footwear Co., Ltd. (603116.SH). He once served as a consultant of World Bank, a senior researcher of Chinese Economy Research Institute in School of Economics and Management of Tsinghua University and vice president of the Chinese Economists Society. He was also a professor emeritus of Human Resource Management at the Carlson School of Management of University of Minnesota and a research fellow at the William Davidson Institute of Transition Economics of the University of Michigan. He was a director of Hunan Sanxiang Bank Co., Ltd. from January 2017 to May 2023; an independent non-executive director of China VAST Industrial Urban Development Company Limited (the shares of which were listed on the Main Board of the Hong Kong Stock Exchange until the withdrawal of listing of its shares effective from December 2022, then stock code: 06166.HK) from November 2017 to December 2022; and an independent director of Shenzhen Overseas Chinese Town Co., Ltd. (000069.SZ) from April 2020 to June 2024. His research areas cover human resource management, labour and personnel economics, international comparison of management systems, economics of transition, emerging markets and organisational economics, and his research findings have been frequently quoted. Professor WANG graduated from the Peking University with a bachelor's degree in Economics and a master's degree in International Economics in 1982 and 1985 respectively. He then pursued further studies and obtained a master's degree and a doctor of philosophy degree in Economics at the Harvard University in 1989 and 1991 respectively. Professor WANG was one of the awardees of the "Directors of the Year Awards 2024" from the Hong Kong Institute of Directors, representing high recognition for him acting as an outstanding director and promoting good practices in corporate governance and director professionalism in Hong Kong.

Board of Directors**Mr. LAU Siu Ki*****INDEPENDENT NON-EXECUTIVE DIRECTOR***

Born in July 1958, Mr. LAU is an independent non-executive Director, the chairperson of the Audit Committee, and a member of the Nomination Committee and the Remuneration Committee. Mr. LAU became an independent non-executive Director in November 2017. He graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in 1981. He is currently a financial advisory consultant of his management consultancy firm, Hin Yan Consultants Limited. Previously, Mr. LAU worked at Ernst & Young for over 15 years. He has over 40 years of experience in corporate governance, corporate financing, financial advisory and management, accounting and audit. Mr. LAU is currently a fellow member of both ACCA and HKICPA. Mr. LAU was a member of the World Council of ACCA from 2002 to 2011 and was the chairperson of ACCA Hong Kong in 2000/2001. During these years, he has helped raise the profile of ACCA. Currently, Mr. LAU also serves as an independent non-executive director of Binhai Investment Company Limited (02886.HK), Embry Holdings Limited (01388.HK) and FIH Mobile Limited (02038.HK). He is also the company secretary of Hung Fook Tong Group Holdings Limited (01446.HK), Yeebo (International Holdings) Limited (00259.HK) and Expert Systems Holdings Limited (08319.HK). Mr. LAU acted as an independent non-executive director of Comba Telecom Systems Holdings Limited (02342.HK) from June 2003 to December 2023, Samson Holding Ltd. (the shares of which were listed on the Main Board of the Hong Kong Stock Exchange until the withdrawal of listing of its shares effective from 7 November 2024, then stock code: 00531.HK) from October 2005 to December 2024, and ETHK Labs Inc. (previously known as IVD Medical Holdings Limited, 01931.HK) from June 2019 to March 2024. In 2021, the Market Misconduct Tribunal fined and made orders against China Medical & HealthCare Group Limited (00383.HK, formerly known as COL Capital Limited) and six then directors thereof including Mr. LAU (who served as an independent non-executive director between June 2004 and December 2018) for breach of the requirements of the corporate disclosure regime by the said company. For further details, please refer to the Company's announcements dated 5 November 2019 and 13 May 2021.

Board of Directors



Mr. HUI Chi Kin Max
INDEPENDENT NON-EXECUTIVE DIRECTOR

Born in July 1973, Mr. HUI is an independent non-executive Director, the chairperson of the Remuneration Committee, and a member of the Audit Committee and Nomination Committee. Mr. HUI became an independent non-executive Director in June 2025. He is the managing partner at CDH Investments (“CDH”). He joined CDH’s Beijing office in 2003 and is now based in Hong Kong, responsible for investing in companies with Hong Kong nexus. He served as the chief executive officer of CDH’s Singapore office from 2013 to 2022. Mr. HUI has more than 25 years of experience in investment and fund management and specialises in growth capital, buyouts, especially in cross-border investments with the PRC nexus. Mr. HUI is currently a member of the board of directors and the chairperson of the nominating and corporate governance committee of SharkNinja, Inc. (New York Stock Exchange stock code: SN), and had served as a non-executive director of JS Global Lifestyle Company Limited (01691.HK) from 2019 to 2023 and a non-executive director of China Modern Dairy Holdings Ltd. (01117.HK) from 2009 to 2017. Prior to joining CDH in 2003, Mr. HUI worked with the investment banking departments of Schroders & Co. in New York and the private equity division of Morgan Stanley Dean Witter Asia in Hong Kong from 1999 to 2003. Prior to working in the financial industry, Mr. HUI was an engineer at the oil and gas pipeline division of Bechtel Corporation in San Francisco from 1997 to 1998. Mr. HUI holds a Master of Engineering degree in Financial Engineering from Princeton University and a Bachelor of Science degree in Chemical Engineering from the University of California, Berkeley. He is currently serving philanthropically as an advisor for Berkeley Frontier Fund in the United States.

Management Discussion and Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

1. Overview

Significant trends towards mid-to-high-end and large-screen products in the global TV industry, with innovative smart hardware and consumer-grade clean energy becoming new growth drivers

In 2025, the global economy maintained resilient growth amid a volatile trade environment, with emerging economies leading in growth rates. The global TV industry saw stable demand with further improvement in brand concentration, while the importance of consumers' emotional value and entertainment experience became particularly prominent, with smart, mid-to-high-end and large-screen products being highly favoured. Global TV shipment in 2025 reached approximately 209 million sets, of which shipment of large-screen TVs of 65 inches and above recorded a year-on-year increase of 5.3%¹. Mini LED display technology developed rapidly, and with its advantages of high contrast, high brightness and low power consumption, it has become the mainstream solution in the high-end display segment. The global penetration rate of Mini LED TV shipment in 2025 doubled year-on-year, increasing by 3.0 percentage points from 3.1% in 2024 to 6.1%². According to Omdia's forecast, driven by multiple factors including the tailwinds from the 2026 FIFA World Cup in the United States, Canada and Mexico, the iteration of high-end display technologies, and the empowerment of AI technologies, global TV shipment is expected to be stable in 2026. Among them, shipment of Mini LED TVs will see robust growth, and the industry trends toward premiumisation and larger screen will continue to strengthen.

Meanwhile, generative AI technology experienced explosive development in 2025, with computing power, algorithms and end-user devices undergoing coordinated upgrades, driving the rapid proliferation of capabilities such as multimodal interaction, content generation and smart assistants, and became the core engine for digital economy and smart hardware upgrades. The application scenarios of generative AI continued to expand, with the most inclusive and widely adopted applications concentrated in various consumer electronic products such as TVs, smart glasses and smart robots, which are highly aligned with the Group's core business layout. In smart TV and other large-screen scenarios, generative AI enables precise content recommendation, natural voice interaction, and generation of family entertainment and educational content, creating immersive and personalised smart living-room experiences. In terms of smart glasses and other new wearable devices, generative AI combines AR vision and voice interaction to provide capabilities such as real-scene navigation, instant translation and information prompts, building a next-generation human-machine interaction portal that frees hands and offers a what-you-see-is-what-you-get experience. With respect to smart companion robots, it provides smarter and warmer companionship and interactive experiences for families, the elderly and children through emotional understanding, conversational interaction and scenario-based companionship.

¹ Source: Global brand TV shipment of 2025 from Omdia.

² Source: Global brand Mini LED TV shipment of 2025 from Omdia.



Management Discussion and Analysis

In terms of consumer-grade clean energy, the global photovoltaic industry maintained strong growth in 2025. According to preliminary statistics, the global newly installed photovoltaic capacity in 2025 was approximately 607GW, setting a new historical record³. As at the end of 2025, the global cumulative installed photovoltaic capacity exceeded 2,800GW, with the position of photovoltaic power generation in the global energy mix becoming increasingly consolidated. As the world's largest photovoltaic market, the PRC continued to lead industry development in 2025. According to official data from the National Energy Administration of the PRC, the PRC's newly added grid-connected photovoltaic capacity reached 317GW in 2025, of which distributed photovoltaics accounted for 153GW, representing nearly half of the total and demonstrating enormous potential of distributed photovoltaics in the PRC market⁴. As at the end of 2025, the PRC's cumulative installed photovoltaic capacity reached 1,200GW.

Firmly adhering to the dual-drive strategy of “Globalisation” and “Premiumisation”, with significant enhancement in operational quality and commercial value

The Group seized industry development opportunities by leveraging the dual-drive strategy of “Globalisation” and “Premiumisation” and adhering to technological innovation as the core driving force, thus continuously achieving breakthroughs in product competitiveness whilst vigorously advancing synergistic development across all categories to build a more competitive product matrix. Moreover, through actively expanding global channels and premium resources, continuously expanding channel coverage, accelerating store penetration rate and consolidating the foundation for globalised markets, the Group has achieved quality growth in global business and continuously strengthened overall profitability.

In 2025, the Group achieved revenue of HK\$114,583 million, representing a year-on-year increase of 15.4%, and its gross profit reached HK\$17,900 million, representing a year-on-year increase of 15.1%. The Group continued to strengthen the building of various core capabilities, strictly controlling costs and expenses, refining operational management, and comprehensively enhancing operational efficiency, with the overall expense⁵ ratio decreasing by 0.7 percentage points year-on-year to 11.1%. In 2025, the Group continued to make breakthroughs in product mix, technological leadership and quality enhancement, achieving healthy growth in business scale. Coupled with continuous improvement in internal operational efficiency, the Group's overall profitability continued to be optimised. In 2025, the Group's profit after tax increased by 36.7% year-on-year to HK\$2,527 million, and adjusted profit attributable to owners of the parent reached HK\$2,512 million, representing an increase of 56.5% compared with HK\$1,606 million in the corresponding period of the previous year.

³ Source: Internal report of the Group based on photovoltaic installation data for 2025.

⁴ Source: Photovoltaic installation data for 2025 from National Energy Administration of the PRC.

⁵ Overall expenses include selling and distribution expenses and administrative expenses.

Management Discussion and Analysis



The Group's financial position remained robust, with the net gearing ratio⁶ maintained at a healthy level of 0.0%, and cash and cash equivalents increased by 54.2% year-on-year to HK\$13,522 million, providing ample financial support for business development and strategic investments. To reward Shareholders for their long-term support, the Group has maintained a high dividend payout policy since 2017. The Board proposed a final cash dividend of HK49.80 cents per share for 2025, with a dividend payout ratio of approximately 50% of adjusted profit attributable to owners of the parent, demonstrating the Group's sincerity in sharing development results with Shareholders.

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

Management Discussion and Analysis



Display business maintaining global leadership, internet business sustaining high profitability, and innovative business achieving continuous scale expansion

Benefitting from effective enhancement of brand influence, efficient expansion of global channels and continuous optimisation of product mix, the Group's display business revenue in 2025 increased by 9.2% year-on-year to HK\$75,797 million, gross profit increased by 16.4% year-on-year to HK\$12,476 million, and gross profit margin increased by 1.1 percentage points year-on-year to 16.5%. Among these, the gross profit margin of the large-sized display business increased by 1.3 percentage points year-on-year to 16.8%. In 2025, TCL TV's ranking consistently remained at the second position among global branded TVs⁷; TCL Mini LED TV global shipment surged by 118.0% year-on-year, with its shipment scale consistently ranking first globally⁸. The Group continued to expand its channel layout and deepen the development of key channels, driving TCL TV to rank among the top three in retail sales volume in over 20 countries worldwide⁹.

⁷ Source: Global brand TV shipment of 2025 from Omdia.

⁸ Source: Global brand Mini LED TV shipment of 2025 from Omdia.

⁹ Source: Internal report of the Group based on TV retail sales volume of 2025.

Management Discussion and Analysis

The internet business seized new opportunities arising from AI technology development and deeply cultivated the global home internet sector, achieving simultaneous improvement in business scale and earnings quality. In the international market, the Group continued to deepen strategic cooperation with international giants such as Google, Roku and Netflix, with flagship models pioneering the industry to integrate Google Gemini, and upgraded the AI interactive experience, whilst completing a comprehensive upgrade of its content aggregation application, TCL Channel. The proportion of high-quality content in Europe, Latin America and other regions doubled, driving a year-on-year doubling of local average daily total usage duration. By the end of 2025, cumulative users exceeded 45.70 million, with commercialisation and monetisation capabilities significantly strengthened. In the domestic market, leveraging its proprietary OTT smart device operating platform, the Group focused on AI content generation and interactive experience upgrades, established a proprietary copyright “Content Factory” through AIGC, and enhanced the efficiency of AI-powered comic drama creation through a self-developed tool Agent. The AI hardware product Amby Uni was successfully launched to the market, continuously optimising the business structure and consolidating the Group’s leading position in the global home internet sector. In 2025, internet business revenue increased by 18.3% year-on-year to HK\$3,109 million, with gross profit margin increasing by 0.2 percentage points year-on-year to 56.4%.

The innovative business continued to expand in scale, with revenue in 2025 surging by 31.9% year-on-year to HK\$35,628 million. Among these, the photovoltaic business adhered to an asset-light operating model, flexibly adapting to market changes, and building a solid foundation for high-quality development. During the year, the Group focused on building market-based power trading capabilities, effectively balancing scale expansion and operational quality through deepening channel synergy and financial support. Benefitting from this, the newly installed capacity of domestic residential distributed photovoltaics reached new highs, with market share significantly increasing, and operational efficiency and competitive advantages further consolidated. Meanwhile, the Group steadily advanced its globalisation layout, with the European market achieving tangible business expansion. In 2025, photovoltaic business revenue increased by 63.6% year-on-year to HK\$21,063 million, and gross profit increased by 47.5% year-on-year to HK\$1,815 million, demonstrating outstanding market competitiveness and development resilience.

Management Discussion and Analysis

Technology leadership driving core breakthroughs in premiumisation, distributed production capacity efficiently meeting global delivery, and precision brand communication achieving value enhancement

The Group continued to increase investment in R&D, focusing on core areas such as AI technology, display technology, smart hardware and home energy management, comprehensively driving upgrades in products, services and operational efficiency. In 2025, the Group's R&D costs increased by 8.5% year-on-year to HK\$2,532 million. In terms of product and service innovation, the Group comprehensively introduced AI applications to optimise user experience. On the TV OS front, the Group was among the first in overseas markets to integrate Gemini, strengthening smart interaction and content monetisation potential. In the domestic market, the Fuxi AI Large-Language Model was integrated to enhance human-machine interactive experience, and a self-developed AI creation platform was established, driving the children-related business to achieve dual growth in reputation and performance and effectively enhancing user loyalty. In the display technology field, the Group focused on Mini LED and launched in September 2025 the world's first flagship product TCL X11L TV equipped with SQD-Mini LED display technology, relying on three core technologies of Super Backlight, Super QLED and Super Screen, achieving five core advantages of all-screen wide colour gamut, zero colour crosstalk, more dimming zones, higher brightness and a thinner overall body, and winning the 2026 CES Display Gold Award. Meanwhile, the Group launched NXTPAPER 4.0 technology during the year, achieving full-scenario eye protection and productivity enhancement and ushering in a new revolution in eye care for office work. In terms of smart hardware and emerging technologies, mass production of full-colour Micro-LED for AR glasses was achieved, making breakthroughs in AR optical technology.

At the same time, the Group also broadly applied AI technology to innovative smart products. In 2025, the Group launched TCL AiMe, the world's first modular smart home companion robot featuring an adorable bionic appearance design paired with a movable space capsule base. This robot is not only capable of multimodal natural interaction, but can also continuously learn and adapt to the behavioural habits of family members through daily interactions, providing personalised interactive experiences for each family member, thus showcasing the Group's innovative capabilities in the convergence of "AI x IoT x robotics".

Management Discussion and Analysis



In terms of operating efficiency, the Group has fully introduced AI applications across the entire value chain including R&D, manufacturing, supply chain and sales. Among these, in R&D, the Group has significantly improved R&D efficiency and gross profit per capita through AI automated testing, assisted coding and intelligent search for research and production. In manufacturing, the Group has enhanced production efficiency and on-time order delivery rate through the application of AI visual inspection, quality prediction analysis and intelligent knowledge bases. In the supply chain, the Group has achieved cost reduction of materials through multi-dimensional demand forecasting, AI cost reduction analysis and production capacity planning. In terms of sales, the Group has driven growth in store sales through AI-enhanced marketing content efficiency, sales simulation training and store performance empowerment. Meanwhile, the Group has continuously optimised its operating processes, achieved cost reduction and efficiency enhancement through digital intelligence, and strengthened its core competitiveness.

In terms of production capacity and supply chain, amid the wave of de-globalisation, the global landscape has shifted to a model emphasising “efficiency + security”, driving the restructuring of global supply chains towards “regionalisation and localisation”. The Group possesses vertically integrated supply chain advantages and continues to deepen its globalised production capacity layout, responding to the complex and volatile global market environment with a flexible and efficient operating system. The Group has a global TV production capacity exceeding 30 million sets, with production bases in the PRC, Vietnam, Poland, Mexico, Brazil, Pakistan and other locations. Such distributed layout has supported flexible allocation of supply priorities to promptly meet changes in global market demand.

Management Discussion and Analysis



In brand marketing and channel management, the Group adhered to a strategy combining globalisation, regionalisation and localisation, formulating differentiated precision marketing tactics tailored to the characteristics and consumer preferences of different markets. In 2025, TCL leveraged the opportunity of becoming a Worldwide Olympic Partner, whilst utilising regional marketing, new media communication, as well as major exhibitions and product launch events, to comprehensively enhance TCL's global brand influence and value. TCL has been selected as the "Google x Kantar BrandZ Top 50 Chinese Global Brand Builders" for nine consecutive years, moving up one spot from the previous year to No.10, with brand power surging by 20%. Meanwhile, the

Group managed the global markets under six major marketing and sales regional functions, namely the PRC, North America, Europe, Latin America, Asia-Pacific and Middle East and Africa, gained all-category channel insights and realised refined channel management, with the coverage rate of top 50 channels currently exceeding 95%.

2. Display Business

2.1 Large-Sized Display

TCL TV global shipment consistently ranking second, TCL Mini LED TV market share ranking solid first globally, with product mix optimisation driving profitability enhancement

In 2025, the Group's large-sized display business achieved a rapid growth surpassing the industry, leveraging outstanding product competitiveness and global channel advantages, with product mix optimisation delivering remarkable results and overall gross profit margin steadily improving. The large-sized display business achieved revenue of HK\$64,708 million during the year, representing a year-on-year increase of 7.7% gross profit reached HK\$10,896 million, representing a year-on-year increase of 17.2%. According to Omdia data¹⁰, TCL TV's global shipment market share reached 14.7%, representing a year-on-year increase of 0.8 percentage points and consistently ranking second globally; global sales revenue market share reached 13.1%, representing a year-on-year increase of 0.7 percentage points and ranking among the top three globally.

¹⁰ Source: Global brand TV shipment of 2025 from Omdia.

Management Discussion and Analysis

Product mix continued to be optimised, with shipment of 65-inch and above TCL TVs increasing by 22.7% and its proportion increasing by 4.5 percentage points year-on-year to 30.5%; shipment of 75-inch and above TCL TVs increased by 21.7%, with its proportion increasing by 2.2 percentage points year-on-year to 15.4%; global average shipment screen size reached 54.2 inches, representing a year-on-year increase of 1.6 inches. TCL Mini LED TV global shipment surged by 118.0% year-on-year, with its proportion increasing by 6.8 percentage points year-on-year to 13.0%, and shipment market share reaching 31.1%, ranking firmly at the first position globally¹¹, which demonstrated the Group's technological leadership and market competitiveness in the high-end display segment.

International Market

The international market is the core growth driver of the Group's large-sized display business. In 2025, revenue of TCL TV reached HK\$47,504 million, representing a year-on-year increase of 15.7%, with gross profit increasing by 29.4% year-on-year to HK\$7,165 million. The large-screen trend in the international market continued to accelerate, with shipment of 65-inch and above and 75-inch and above TCL TVs surging by 50.0% and 68.2% year-on-year and their proportions increasing by 6.7 and 3.6 percentage points year-on-year to 24.2% and 10.0%, respectively. Shipment of TCL Mini LED TV surged by as much as 228.0% year-on-year, with its proportion increasing by 7.1 percentage points to 10.6%. Benefitting from the optimisation of product mix, the gross profit margin from international market increased by 1.6 percentage points year-on-year to 15.1%, with the premiumisation strategy delivering remarkable results.

- **European Market:** In 2025, the Group achieved full coverage of key channels, driving revenue up by 13.9% year-on-year. The mid-to-high-end product matrix was further refined, with product mix continuing to upgrade towards higher value and higher gross profit margin, demonstrating strong structural growth momentum. Shipment of 65-inch and above and 75-inch and above TCL TVs increased significantly by 74.5% and 120.1% year-on-year, with their proportions increasing by 8.6 percentage points and 4.7 percentage points to 24.7% and 9.6%, respectively. Brand influence and channel coverage were further enhanced, with market share in key countries achieving breakthroughs. Retail sales volume of TCL TV ranked second in France, Sweden and Poland, and ranked third in Spain, Greece, Belgium and the Czech Republic¹². In the future, the Group plans to continue expanding store coverage and developing more small-and-medium-sized channels.

¹¹ Source: Global brand Mini LED TV shipment of 2025 from Omdia.

¹² Source: Internal report of the Group, based on TV retail sales volume of 2025.

Management Discussion and Analysis

- **North American Market:** The Group continued to optimise its channel mix, actively increasing the proportion of sales through mid-to-high-end channels, driving growth in the proportion of mid-to-high-end products, and achieving dual improvement in revenue and ASP. In 2025, the revenue increased by 11.2% year-on-year. Shipment of 65-inch and above TCL TVs increased by 35.1% year-on-year, with its proportion increasing by 10.7 percentage points to 33.9%. Shipment of 75-inch and above TCL TVs increased by 45.7% year-on-year, with its proportion increasing by 5.9 percentage points to 16.1%. The effective implementation of the mid-to-high-end strategy in the North American market, combined with outstanding picture quality, innovative experience and a wider variety of product portfolio, drove an over 20% year-on-year increase in ASP. In 2025, TCL TV's retail sales volume market share in both the United States and Canada consistently ranked third¹³.
- **Emerging Market:** The Group actively expanded coverage of key channels and continued to advance the dual-track strategy of synergistic development between offline channels and e-commerce platforms, effectively unleashing the potential for scale growth and driving a 19.8% year-on-year increase in TCL TV revenue in 2025. Among these, shipment of 65-inch and above TCL TVs surged by 53.7% year-on-year, and shipment of 75-inch and above TCL TVs increased by 76.3% year-on-year, with the large-screen trend accelerating. Retail sales volume of TCL TV ranked first in Australia, the Philippines and Argentina, second in Brazil, Saudi Arabia, Pakistan and Myanmar, and third in Thailand, Vietnam, South Korea and other countries¹⁴, with market influence continuing to expand.

The PRC Market

In terms of the PRC market, affected by the gradual withdrawal of "trade-in" subsidy policies and weak consumer demand, the overall industry shipment declined by 9.8%¹⁵ year-on-year. Amid the challenging industry downturn, the Group has firmly advanced its mid-to-high-end strategy and effectively capitalised on the large-screen and mid-to-high-end trend. In 2025, TCL TV's market share in terms of retail sales volume and revenue rose by 0.9 percentage points and 1.1 percentage points to 22.2% and 24.2%¹⁶ respectively, demonstrating strong operational resilience.

¹³ Source: Circana, US retail market survey report, based on TV retail sales volume of 2025.

¹⁴ Source: Internal report of the Group, based on TV retail sales volume of 2025.

¹⁵ Source: The PRC market brand TV shipment of 2025 from Omdia.

¹⁶ Source: CMM's omni-channel data, based on TV retail sales volume of 2025.

Management Discussion and Analysis



In 2025, the Group's TV shipment outperformed the industry, while its product mix continued to improve, with core high-end products delivering outstanding performance. Among them, TCL Mini LED TV shipment increased by 33.6% year-on-year, with its proportion increasing by 7.2 percentage points year-on-year to 22.5%; TCL QLED TV shipment increased by 29.6% year-on-year, with its proportion increasing by 6.4 percentage points year-on-year to 21.2%. The high-end product portfolio continued to expand. Product mix upgrades further deepened the large-screen and mid-to-high-end trends, effectively driving the overall gross profit margin to increase by 1.9 percentage points year-on-year to 21.7%, with significant improvement in profitability and steady enhancement in operational quality. Due to contraction of the overall industry scale, TCL's TV business achieved revenue of HK\$17,204 million in 2025, representing a year-on-year decrease of 9.7%. However, by focusing on product mix optimisation and quality and efficiency improvement, the Group has continued to build long-term development momentum. During the 2025 "Double 11" shopping festival, the Group's TV products ranked first¹⁷ in the industry in terms of online channel sales revenue market share, further consolidating its leading market position. The achievements of its mid-to-high-end transformation have been highly recognised by the market.

¹⁷ Source: CMM's weekly online monitoring data, from 6 October 2025 to 16 November 2025.

Management Discussion and Analysis

2.2 Small-and-Medium-Sized Display

Deeply cultivating tier-one carrier channels in Europe and North America, with NXTPAPER eye-care technology undergoing continuous iteration

In 2025, the global smartphone market saw a moderate recovery trend, with global smartphone shipment in 2025 growing by approximately 2% to 1.26 billion sets, the highest level in nearly 4 years. The global tablet market also maintained growth, with global shipment in 2025 reaching approximately 152 million sets, representing a year-on-year increase of 5.0%, and maintaining growth for two consecutive years¹⁸. Against this backdrop, the Group's small-and-medium-sized display business adhered to the strategy of "prioritising efficiency and focusing on key markets", deeply cultivated tier-one network carrier channels in Europe and North America, and consolidated strategic relationships with core partners, achieving steady development. In 2025, the Group's small-and-medium-sized display business revenue increased by 17.8% year-on-year to HK\$9,968 million, with gross profit increasing by 10.4% year-on-year to HK\$1,437 million.

In terms of products, the Group continued to lead the innovative iteration of NXTPAPER eye-care display technology. On the mobile phone front, the Group launched the flagship smartphones TCL NXTPAPER 60 Ultra and TCL NXTPAPER 70 Pro, equipped with the industry-leading NXTPAPER 4.0 Colour Ink Eye Protection Display Technology, integrating circular polarised light, nano-level etching and full-chain low blue light technology. The upgraded "Super Reading Mode", supported by low power consumption technology, enables up to 10 days of immersive reading, perfectly combining flagship performance with e-reader advantages. On the tablet front, the Group launched the flagship TCL NXTPAPER 11 Plus, featuring an 11.5-inch NXTPAPER 4.0 eye-

care large screen, with softer anti-glare properties, clearer and more refined images, and a comfortable and natural paper-like visual experience. Combined with smart and personalised eye-care modes, it meets users' different usage scenarios and preferences, ensuring the screen always presents the optimal visual effect. Meanwhile, as the first NXTPAPER tablet equipped with AI functions, it enables AI-assisted writing, text selection and drag, AI translation, AI subtitles, smart voice memo, and circle-to-search functions, efficiently handling various text and voice tasks to enhance learning and work efficiency. The above new products have been widely acclaimed in the market since their launch in 2025, attributable to their outstanding differentiated experience.



¹⁸ Source: Global shipment of brand mobile phones and brand tablets of 2025 from IDC.

Management Discussion and Analysis

In 2026, the Group unveiled two new products equipped with NXTPAPER display technology at CES 2026, namely the smartphone NXTPAPER 70 Pro and the electronic handwriting notebook Note A1 NXTPAPER. NXTPAPER 70 Pro features a 6.9-inch NXTPAPER 4.0 screen with a matte texture similar to e-ink displays, and reintroduces the “Max Ink Mode” function, combined with Focus Mode and Quick Launcher, which are designed to eliminate distraction and maximise users’ focus on the content itself. Note A1 NXTPAPER, as a productivity tool integrating “true paper-feel display”, “all-round AI assistant” and “professional-grade writing”, aims to revolutionise users’ learning, creation and information processing experience. The Group will continue to deepen the innovative application of NXTPAPER eye-care technology, bringing consumers a healthier and more comfortable living experience.

2.3 Smart Commercial Display

Focusing on structural optimisation domestically, expanding high-end clients overseas

The Group’s smart commercial display business leveraged the globally leading resource advantages of its TV business, and focused on four major scenarios of office, retail, catering business and exhibition, thus continuously enhancing product competitiveness. In 2025, the Group’s smart commercial display business revenue increased by 28.4% year-on-year to HK\$1,121 million, with gross profit increasing by 24.0% year-on-year to HK\$143 million.

The Group has launched over 20 new products centred around commercial display scenarios and user experiences, including the V66N interactive conference panel, the 115-inch large-screen conference TV, the X66N smart interactive panel, and the P30 commercial smart display. Among them, the TCL V66N series conference panel is equipped with a 50-megapixel AI ultra-sensitive camera, integrating functions such as AI panoramic split screen, identifying and centring speakers in the frame and gesture tracking, which can be activated in different scenarios, greatly enhancing conference convenience.

During the “618” Shopping Festival in 2025, the Group’s commercial display products achieved the second-highest place in brand GMV in the JD.com conference TV category¹⁹, and during the “Double 11” Shopping Festival, it ranked first in terms of brand GMV in the JD.com commercial display category²⁰, further strengthening its market position. In the digital signage category, it has maintained the top position in the PRC’s indoor digital signage shipment for four consecutive quarters²¹.



¹⁹ Source: JD.com’s Black Appliances & Commercial Display Category 618 Report, from 13 May 2025 to 19 June 2025.

²⁰ Source: JD.com’s Black Appliances & Commercial Display Category “Double 11” Full-Cycle Report 2025, from 9 October 2025 to 14 November 2025.

²¹ Source: Discien, China’s Indoor & Outdoor DS Market Research Report.



Management Discussion and Analysis

3. Internet Business

The Group has continued to develop its home internet business globally, remains user-centric and is committed to the continuous enhancement of user experience. In 2025, the Group's internet business achieved revenue of HK\$3,109 million, representing a year-on-year increase of 18.3%; gross profit reached HK\$1,753 million, representing a year-on-year increase of 18.8%, with a gross profit margin as high as 56.4%, demonstrating strong profitability.

3.1 *International Market: Deepening cooperation with international giants and strengthening AI & content ecosystems*

In terms of the international market, the Group continued to deepen strategic cooperation with top global internet enterprises such as Google, Roku and Netflix, whilst seizing the wave of AI technology development and continuously strengthening its globalised content ecosystem and smart interaction advantages. Flagship models of the Group were among the first in the industry to integrate Google Gemini, enabling multi-scenario AI interactive experiences, driving user loyalty and product competitiveness through technological differentiation advantages, and injecting new momentum for long-term growth. At the same time, the Group completed a comprehensive upgrade of the content integration application TCL Channel, continuously expanding the quantity of local premium content in key countries such as Europe and Latin America, with the proportion of local premium content doubling, driving a significant 150% year-on-year increase in its average daily total usage duration. As at the end of 2025, TCL Channel's global cumulative user base exceeded 45.70 million, with content attractiveness as well as commercialisation and monetisation capabilities significantly strengthened, further consolidating the leading advantages of the globalised home internet business.



Management Discussion and Analysis

3.2 The PRC Market: Upgrading AI-Driven content and experience, building differentiated advantages in home internet

In the PRC market, the Group leveraged its proprietary OTT smart device operating platform, seized new market opportunities brought by AI technology development, and focused on continuous upgrades in content generation and interactive experience to build differentiated competitive barriers. In terms of product innovation, the Group, centred on user experience and focused on upgrading AI technology and interactive experience on the TV front, through the major upgrade of “TCL LINGKONG UI 3.0”, achieved minimalist desktop optimisation, advanced the deep integration of Smart Assistant Xiao T with intelligent agents, and created a more interactive experience.

At the same time, the Group utilised AI technology to create a proprietary copyright “Content Factory”, achieving a large-scale application of AI-generated content in the children’s segment, with a cumulative total of 26 self-produced AI-generated animation albums targeted at children launched online, with premium content accounting for as high as 70%, effectively enhancing family user retention and active rate. The Group also significantly improved AI comic drama creation efficiency through a self-developed tool Agent, driving the comprehensive rollout of self-produced content. We also successfully launched the AI hardware product Amby Uni, further enriching smart interaction scenarios and expanding ecosystem value and revenue streams. Looking ahead to 2026, the Group will continue to build AI-generated content production capabilities centred around children’s companionship and new scenarios of comic drama, incubating proprietary content platforms and mature distribution channels, creating industry-benchmark AIGC for TVs, continuously optimising the business structure, and consolidating its leading position in the global home internet sector.

Management Discussion and Analysis

4. Innovative Business

4.1 Photovoltaic Business

Adhering to an asset-light approach, expanding installation and energy operation services, achieving high-quality growth

The photovoltaic business, based on the development trends of various segments along the industry chain and its own capabilities, has adhered to an asset-light positioning, continuously enhanced core capabilities in finance, channels and engineering, and achieved high-quality growth. In terms of residential photovoltaics, the Group achieved a rapid scale expansion through optimising business development structure, strengthening ability to directly reach channel partners, whilst expanding new business channels such as photovoltaic products for villas and balconies as well as power-selling customer development. In terms of industrial and commercial photovoltaics, the Group achieved improvement in scale and profitability through industry-focused, cost-effective, efficient and high-quality operations. Meanwhile, in overseas markets, the Group focuses on key European countries, fully leveraging the brand influence of SunPower and TCL's channel resources to enhance brand synergy and market competitiveness. Proactively embracing the global energy transition trend, the Group has accelerated product layout and business expansion of integrated energy solutions for photovoltaics, "solar-storage-heating", upgraded system capabilities, and provided strong support for the high-quality development of its global photovoltaic business.

In 2025, the Group's photovoltaic business achieved revenue of HK\$21,063 million, representing a year-on-year increase of 63.6%; gross profit reached HK\$1,815 million, representing a year-on-year increase of 47.5%. As at 31 December 2025, the Group had cumulatively contracted over 340 industrial and commercial projects, with cumulative dealer channels exceeding 2,500.



Management Discussion and Analysis

4.2 All-Category Marketing

Achieving stable development of air conditioner, refrigerator and washing machine businesses, with ongoing optimisation of product mix

Leveraging mature globalised channel resources, localised operating systems and strong brand influence, the Group has distributed its branded smart products globally, including air conditioners, refrigerators, and washing machines. This enables rapid market penetration and coverage across multi-category products, driving synergistic growth across multiple categories. In 2025, the Group's all-category marketing business achieved revenue of HK\$12,645 million, representing a year-on-year increase of 1.6%, with business structure remaining stable. The all-category marketing business effectively broadened revenue streams, optimised the product mix, and provided new momentum for the Group's long-term steady growth in revenue and profit.

In 2025, TCL air-conditioning products adhered to the core value of "Smart Health", defined the next generation of air conditioners with AI technology, and launched multiple flagship products including the AI Sleep Series and AI Comfort Series under the TCL FreshIN AI Health concept, which were well received by consumers. During the year, the full range of air-conditioning products was showcased at global HVAC industry events including the MCE Exhibition in Milan, the Interclima Exhibition in France and the IFA Exhibition in Germany, with TCL FreshIN 3.0 Air Conditioner winning the "AI Energy-Saving Technology Gold Award" at IFA. In terms of TCL refrigerator products, with freshness preservation as the core theme, the Group launched the TCL Dual Magnetic Freshness Pro Refrigerator, with "-40°C Freezing Magnetic Freshness" and "Refrigeration Molecular Magnetic Freshness" as TCL's original Dual Magnetic Freshness Preservation technology, which provided dual freshness-preserving solutions for both food freezing and refrigeration. For TCL washing machines, centred around the proprietary Super Drum core technology, the Group launched the TCL Stain-Free Super Drum Washer-Dryer Combo P9 Ultra, integrating three major design features of 540mm large drum diameter, 6D lifter and wave-pattern inner drum, achieving thorough and even cleaning whilst protecting fabric, shape and colour.



Management Discussion and Analysis

4.3 Smart Connection and Smart Home

AI + IoT drives innovation and diversified layout, building long-term competitive advantages

The smart connection and smart home business achieved steady growth in 2025. In 2025, business revenue reached HK\$1,920 million, representing a year-on-year increase of 13.7%, with gross profit increasing by 23.0% year-on-year to HK\$472 million, and gross profit margin increasing by 1.9 percentage points year-on-year to 24.6%.

In the domestic market, the Group's door lock products sustained steady growth in offline home appliance channels. Among them, new dual-screen AI smart locks were launched across all channels in the fourth quarter of 2025, consolidating the Group's market position in the price segment above RMB1,500 through enhanced product competitiveness. In 2026, the Group will focus on establishing a leading industry position for dual-screen AI smart locks in the domestic market. In overseas markets, with "technological leadership + emotional appeal + AI intelligence" as its core strategy, the Group will build a mid-to-high-end brand image for door lock products and the palm vein lock is targeted to rank among the industry leaders in Amazon's online self-operated channel.

In the smart connection product sector, as a leading overseas manufacturer of mobile routers and children's smart watches, the Group has successively launched a series of industry-leading products, including the industry's first flagship AI 5G CPE products, the first overseas children's smart watch with dual-frequency positioning capacity, and TCL TBOT, the Group's first AI children's companion ecosystem product. The Group remains committed to innovation-driven development and continuously enhancing its industry influence.



Management Discussion and Analysis

In the AR/XR sector, RayNeo, incubated by the Group, continued to maintain its industry-leading position. In 2025, RayNeo held a 32% market share in the PRC AI/AR glasses market, ranking first²² with an absolute advantage; in the PRC AR glasses online market in 2025, RayNeo held a 35.4% sales volume share, maintaining rapid growth amid intensifying market competition, and ranking first in the PRC online omni-channel market for four consecutive years²³. In terms of product innovation, the Group launched in October 2025 the world's first HDR glasses, RayNeo Air 4, integrating seven major technological highlights and leading the industry in technology development.

Furthermore, the Group continued to increase its R&D and innovation efforts, actively seizing market opportunities arising from the convergence of AI and IoT. At CES 2025, we launched TCL AiMe, the world's first detachable AI companion robot, perfectly integrating AI technology, IoT control and home companionship functions, which marked a major breakthrough by the Group in the convergence of "AI x IoT x robotics" domain. As the smart home ecosystem matures, innovative products such as TCL AiMe are expected to become widely seen in future homes, demonstrating enormous market potential.

5. Outlook

Driving industrial upgrade through AI innovation, strengthening the core business and expanding new businesses, focusing on dual enhancement of profitability and scale, achieving high-quality development and continuously creating long-term value for Shareholders

Looking ahead, the Group will continue to uphold the business philosophy of "Strategy Guidance, Innovation Driven, Advanced Manufacturing and Global Operation", and centre around two core directions of enhancing profitability in the core business, and expanding global scale in new business segments, with AI innovation and digital intelligence empowerment as key drivers, and synergistically advance Globalisation 3.0, brand upgrade and ESG strategy. The Group will adhere to long-term operational objectives and pursue quality growth to achieve high-quality sustainable development.

²² Source: CINNO Research, sales volume data of consumer-grade AI/AR market in China for 2025.

²³ Source: RUNTO, brand sales volume share data of the online AR glasses market in China for 2025.

Management Discussion and Analysis



At the core business level, the Group will leverage high-end display technologies in large-sized display to consolidate its industry-leading position, expand high-end market share, and actively explore AI innovative applications. The small-and-medium-sized display business will focus on core markets, strengthen operational efficiency through resource synergy and enhance profitability. The internet business will drive steady growth in the PRC market through AI innovation, and expand overseas markets through model innovation, with such dual engines driving overall profit enhancement.

At the new business expansion level, the Group will adhere to a profitable scale expansion strategy for the photovoltaic business. While further expanding its presence in the distributed market in China, the Group will focus on accelerating scale expansion in the European market, and is committed to becoming a global leading integrated solution provider of renewable energy. The Group will build competitive advantages through ecosystem partnership, energy operation services and system product and deliver development synergic effect through digital intelligence, financial capabilities, organisational support and risk management to drive sustained business growth. In terms of the all-category marketing business, the Group will continue to optimise its product portfolio, leverage brand, supply chain and channel synergy advantages to support high-quality growth in global business and enhance market share. In terms of AI deployment, the Group will increase investment in smart robots, AR/XR and other fields, deliver upgraded user experience through technological innovation, and optimise decision-making efficiency through digital intelligence to drive the Group's long-term development.

Management Discussion and Analysis



In terms of the Globalisation 3.0 strategy, the Group will continue to strengthen the resilience of global resource allocation and enhance localised operational capabilities in key overseas regions; in terms of brand building, the Group will leverage the Olympic Games and regional sports marketing to drive simultaneous enhancement of brand value and global influence; in terms of ESG strategy, the Group will focus on R&D and application of eco-friendly technologies, be committed to energy conservation and emission reduction and energy transition targets, and steadily advance the carbon peaking process.

In terms of shareholder return, the Group attaches great importance to the long-term value of Shareholders. The Group successively granted certain share awards in 2024 and 2025 to deeply align the interests of senior management and core employees with the Group's business growth. The performance targets at the Company level corresponding to both of the above grants have been exceeded, fully reflecting the strong binding and driving effect of the incentive mechanism on performance growth. The Group will continue to use adjusted profit attributable to owners of the parent as its core performance indicator for the period from 2026 to 2027. Going forward, while maintaining sound business growth, the Group will continuously optimise its capital structure and deliver tangible results, committing to creating sustainable, high-quality and long-term returns for Shareholders.

Management Discussion and Analysis

Comparison between the Year of 2025 and the Year of 2024

The table below lists and compares the figures of the year of 2025 and the year of 2024:

	For the year ended 31 December	
	2025	2024
	HK\$'000	HK\$'000
REVENUE	114,582,832	99,322,325
Cost of sales	(96,682,644)	(83,768,340)
Gross profit	17,900,188	15,553,985
Other income and gains	1,387,072	1,959,846
Selling and distribution expenses	(7,995,377)	(7,504,064)
Administrative expenses	(4,677,249)	(4,145,105)
Research and development costs	(2,532,381)	(2,335,052)
Other operating expenses	(97,364)	(294,382)
Impairment losses on financial and contract assets, net	(46,014)	(47,666)
Finance costs	3,938,875	3,187,562
Shares of profits and losses of:		
– Joint ventures	–	5,886
– Associates	155,873	107,989
Profit before tax	3,304,296	2,514,523
Income tax	(777,316)	(666,012)
Profit for the year	2,526,980	1,848,511
Profit attributable to owners of the parent	2,495,131	1,759,366
Non-HKFRS measure:		
Adjusted profit attributable to owners of the parent	2,512,389	1,605,828

Management Discussion and Analysis

Revenue

The Group's revenue increased by 15.4% year-on-year from HK\$99,322 million in 2024 to HK\$114,583 million in 2025. The following table shows the Group's revenue by business segment for the years ended 31 December 2025 and 31 December 2024:

	For the year ended 31 December			
	2025		2024	
	HK\$ Million	Proportion of the total revenue	HK\$ Million	Proportion of the total revenue
Display Business²⁴	75,797	66.2%	69,440	69.9%
Large-Sized Display	64,708	56.5%	60,108	60.5%
– The PRC Market	17,204	15.0%	19,046	19.2%
– International Market	47,504	41.5%	41,062	41.3%
Small-and-Medium-Sized Display	9,968	8.7%	8,459	8.5%
Smart Commercial Display	1,121	1.0%	873	0.9%
Internet Business²⁵	3,109	2.7%	2,627	2.6%
Innovative Business²⁶	35,628	31.1%	27,009	27.2%
Photovoltaic Business	21,063	18.4%	12,874	13.0%
All-Category Marketing	12,645	11.0%	12,446	12.5%
Smart Connection and Smart Home	1,920	1.7%	1,689	1.7%
Others	49	0.0%	246	0.3%
Total Revenue	114,583	100.0%	99,322	100.0%

²⁴ "Display business" (including large-sized display (i.e. TV business), small-and-medium-sized display and smart commercial display) corresponds to both (i) the "TV" segment; and (ii) the display business in both "Smart mobile, connective devices and services" segment and "Smart commercial display, smart home and other businesses" segment as set out in the operating segment information of the notes to the financial statements.

²⁵ "Internet business" refers to "Internet business" as set out in the operating segment information of the notes to the financial statements.

²⁶ "Innovative business" (including photovoltaic business, all-category marketing, smart connection and smart home business) corresponds to (i) "Photovoltaic business" segment; (ii) "All-category marketing" segment; and (iii) the remaining business after excluding the display business and other businesses in the "Smart mobile, connective devices and services" segment and the "Smart commercial display, smart home and other businesses" segment as set out in the operating segment information of notes to the financial statements.

Management Discussion and Analysis

Display Business

Revenue from the display business increased by 9.2% year-on-year from HK\$69,440 million in 2024 to HK\$75,797 million in 2025, primarily benefitting from the Group's proactive expansion in the global market and the effective enhancement of its brand influence. In 2025, the product mix of TCL TV global shipment improved significantly, with revenue from the large-sized display business growing by 7.7% year-on-year to HK\$64,708 million. The small-and-medium-sized display business, benefitting from the ongoing recovery of the industry, recorded a revenue increase of 17.8% year-on-year to HK\$9,968 million. Meanwhile, the smart commercial display business focused on key breakthroughs in business development, with revenue growing by 28.4% year-on-year to HK\$1,121 million.

Internet Business

Revenue from the internet business increased by 18.3% year-on-year from HK\$2,627 million in 2024 to HK\$3,109 million in 2025, primarily driven by continuous breakthroughs in the monetisation of overseas internet business models, alongside substantial improvements in content development, product experience and commercialisation capabilities, showcasing markedly strengthened monetisation effectiveness.

Innovative Business

Revenue from the innovative business increased by 31.9% year-on-year from HK\$27,009 million in 2024 to HK\$35,628 million in 2025, primarily attributable to the continuous enhancement of the photovoltaic business's market-oriented power trading capabilities, agile adjustment of marketing strategy, expanded regional presence and deepened channel partnerships during the year, and the Group's diversified design offerings tailored to various housing types precisely matched market demands, driving a rapid 63.6% year-on-year increase in photovoltaic revenue scale.

Gross Profit and Gross Profit Margin

The Group's overall gross profit increased by 15.1% year-on-year from HK\$15,554 million in 2024 to HK\$17,900 million in 2025. The year-on-year growth in gross profit was primarily driven by the Group's commitment to advancing its mid-to-high-end business transformation strategy, improvements in TV product mix, and growth in photovoltaic business scale coupled with effective cost control measures, which collectively contributed to steady growth in overall gross profit. The gross profit margin for 2025 was 15.6%, representing a slight decrease of 0.1 percentage points year-on-year, primarily due to the increased revenue contribution from the innovative business, which has a relatively low gross profit margin, whilst the product mix of the large-sized display business continued to be optimised with an increased sales proportion of mid-to-high-end products, and the revenue expansion of the internet business with a high gross profit margin, resulting in a combined effect.

Management Discussion and Analysis

Display Business

The gross profit margin for the display business in 2025 was 16.5%, representing a year-on-year increase of 1.1 percentage points, primarily driven by the Group's continued implementation of its mid-to-high-end strategy and effective improvement of the product mix, with the gross profit margin of the large-sized display business increasing by 1.3 percentage points year-on-year.

Internet Business

The gross profit margin for the internet business in 2025 was 56.4%, representing a year-on-year increase of 0.2 percentage points, primarily driven by the further expansion of the scale of overseas internet revenue, which has a relatively high gross profit margin.

Innovative Business

The gross profit margin for the innovative business in 2025 was 10.3%, representing a year-on-year decrease of 2.1 percentage points, primarily due to the increased revenue contribution from the photovoltaic business, which has a relatively low gross profit margin, and the decrease in the gross profit margin of the Group's all-category marketing business as a result of the change in product mix.

Other Income and Gains

Other income and gains decreased by 29.2% year-on-year from HK\$1,960 million in 2024 to HK\$1,387 million in 2025, primarily due to the decrease in interest income resulting from the reduction in the Group's wealth management scale, as well as losses arising from realised gains and losses on the settlement of derivative financial instruments and changes in the fair value of foreign exchange derivatives (compared with gains in 2024).

Selling and Distribution Expenses

Selling and distribution expenses increased by 6.5% year-on-year from HK\$7,504 million in 2024 to HK\$7,995 million in 2025, primarily driven by the Group's strategic investment in brand marketing and product promotion activities, coupled with an increase in bonus provisions for sales personnel driven by strong performance.



Management Discussion and Analysis

Administrative Expenses

Administrative expenses increased by 12.8% year-on-year from HK\$4,145 million in 2024 to HK\$4,677 million in 2025, primarily due to realised losses on the settlement of derivative financial instruments by the Group in 2025, an increase in related platform fees driven by enhancement of digital capabilities, and an increase in Awarded Share expenses, among other combined effects.

R&D Costs

R&D costs increased by 8.5% year-on-year from HK\$2,335 million in 2024 to HK\$2,532 million in 2025, primarily driven by the Group's continued investment in high-end display technology and AI.

Other Operating Expenses

Other operating expenses significantly decreased by 66.9% year-on-year from HK\$294 million in 2024 to HK\$97.36 million in 2025, primarily due to the goodwill impairment provision made by the Group in 2024. For further details, please refer to the 2024 annual report of the Company.

Impairment Losses on Financial and Contract Assets, Net

Impairment losses on financial and contract assets, net decreased by 3.5% year-on-year from HK\$47.67 million in 2024 to HK\$46.01 million in 2025, primarily due to a decrease in bad debt provision for other receivables.

Finance Costs

Finance costs increased marginally by 0.4% year-on-year from HK\$787 million in 2024 to HK\$790 million in 2025.

Share of Profits and Losses – Joint Ventures and Associates

The share of profits increased by 36.9% year-on-year from HK\$114 million in 2024 to HK\$156 million in 2025, primarily attributable to improved performance and profit growth of the Group's associates.

Management Discussion and Analysis

Profit before Tax

Profit before tax increased by 31.4% year-on-year from HK\$2,515 million in 2024 to HK\$3,304 million in 2025, primarily driven by significant improvements in the operational quality of multiple business lines, including the display business, internet business and innovative business during the reporting period, coupled with economies of scale and quality and efficiency enhancements, as well as an effective reduction in the overall expense ratio.

Income Tax

Income tax increased by 16.7% year-on-year from HK\$666 million in 2024 to HK\$777 million in 2025, primarily due to the rise in profit before tax of certain subsidiaries of the Company during the reporting period.

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

Profit for the year increased by 36.7% year-on-year from HK\$1,849 million in 2024 to HK\$2,527 million in 2025. Profit attributable to owners of the parent rose by 41.8% year-on-year from HK\$1,759 million in 2024 to HK\$2,495 million in 2025. The increase was primarily driven by the Group's proactive expansion in global markets, continuous optimisation of product mix, effective expansion of revenue scale, coupled with increased investment in high-end display technology and AI R&D, active deployment of global supply chain and channels, and continuous optimisation of the expense structure, which collectively drove significant enhancement in operational quality and profitability.

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

Adjusted profit attributable to owners of the parent increased by 56.5% year-on-year from HK\$1,606 million in 2024 to HK\$2,512 million in 2025, primarily driven by significant operational performance enhancements across multiple business lines including display, internet and innovative businesses during the reporting period, coupled with effective reduction in overall expense ratio through economies of scale and quality and efficiency improvements, resulting in sustained enhancement of operational efficiency.

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

Management Discussion and Analysis

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

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

	For the year ended	
	31 December	
	2025	2024
	HK\$'000	HK\$'000
Profit attributable to owners of the parent, as reported	2,495,131	1,759,366
(Gain)/loss from investment companies, net ²⁷	(12,136)	(69,389)
(Gain)/loss on disposal and liquidation of subsidiaries, net ²⁸	(9,133)	(64,709)
(Gain)/loss related to call options and put options, net ²⁹	49,265	(20,749)
(Gain)/loss on disposal of non-current assets, net ³⁰	(17,334)	1,933
Related income tax effect ³¹	6,596	(624)
Non-HKFRS measure:		
Adjusted profit attributable to owners of the parent	2,512,389	1,605,828

²⁷ (Gain)/loss from investment companies, net includes net (gains)/losses on deemed disposals, disposals, liquidations, and deemed partial purchases/ disposals of investment companies.

²⁸ (Gain)/loss on disposal and liquidation of subsidiaries, net includes gains on bargain purchase, and net (gains)/ losses on deemed disposals, disposals and liquidation of subsidiaries.

²⁹ (Gain)/loss related to call options and put options, net includes changes in fair value of call options and put options, net (gains)/losses related to put option and net (gains)/losses on settlement of expired call options.

³⁰ (Gain)/loss on disposal of non-current assets, net includes net (gains)/losses on disposal of fixed assets, other intangible assets, right-of-use assets and other assets.

³¹ Related income tax effect refers to the income tax effect of non-HKFRS adjustments.

Management Discussion and Analysis

FINANCIAL REVIEW

Significant Investments, Acquisitions and Disposals

The Group had no significant investment held as at 31 December 2025, and did not undertake any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

Future Plans on Material Investments or Capital Assets

Save as disclosed in this annual report, the Group does not have any current concrete plan for material investments or capital assets.

Liquidity and Financial Resources

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

The cash and cash equivalents of the Group as at 31 December 2025 amounted to approximately HK\$13,522,134,000, increasing by 54.2% year-on-year, of which 53.1% was in U.S. dollars, 28.1% was in Renminbi, 7.5% was in Euros, 0.4% was in Hong Kong dollars and 10.9% was in other currencies for overseas operations.

For the purpose of day-to-day liquidity management and future expansion, the Group has access to bank and other borrowings. The bank and other borrowings of the Group as at 31 December 2025 were approximately HK\$6,074,072,000, which were interest-bearing at fixed and floating rates ranging from 1.75% to 5.30% and denominated in U.S. dollars, Renminbi, Euros and Vietnamese Dong. The maturity profile of borrowings was on demand to within fourteen years. It is the intention of the Group to maintain a mix of equity and debt to ensure an efficient capital structure and in view of the reasonable interest rate. There was no material change in available credit facilities when compared with the year ended 31 December 2024 and there was no asset held under finance lease as at 31 December 2025.

As at 31 December 2025, the Group's gearing ratio was 0% since the Group's cash and cash equivalents, and restricted cash and pledged deposits of approximately HK\$14,028,459,000 were higher than the total interest-bearing bank and other borrowings and lease liabilities of approximately HK\$6,536,698,000. Gearing ratio was calculated by net borrowings (i.e. total interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents, and restricted cash and pledged deposits), divided by equity attributable to owner of the parent. The maturity profile of such borrowings ranged from on demand to within twenty-four years.

Management Discussion and Analysis

Pledge of Assets

Please refer to notes 21, 22, 23, 25, 27, 28 and 34 to the financial statements set out in this annual report.

Capital Commitments and Contingent Liabilities

As at 31 December 2025, the Group had the following capital commitments:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for	170,264	539,899

As at 31 December 2025, the Group had the following contingent liabilities which have not been provided for in the financial statements:

TCL SEMP Eletroeletronicos is currently a respondent in a tax assessment dispute in Brazil with Brazil tax authority for alleged improper application of tax credits for the financial years of 2012 and 2013. As at 31 December 2025, the tax assessment dispute was still ongoing. The information usually required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that such disclosure can be expected to seriously prejudice the outcome. The Group has not made any provision as the Group, based on the advice from its legal counsel, believes that TCL SEMP Eletroeletronicos has a valid defence against the allegation.

Pending Litigation

Save as disclosed above, the Group was not involved in any material litigation as at 31 December 2025.

Foreign Exchange Exposure

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

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

Management Discussion and Analysis

Employee and Remuneration Policy

As at 31 December 2025, the Group had a total of 37,859 dynamic and talented employees. During the year ended 31 December 2025, the total staff costs amounted to approximately HK\$6,962,187,000. The employees of the Group were all dedicated to contributing to the growth and development of the Group. The Group promotes individuals based on their performance in the positions held and development potential. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employees' performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual employees' performance. In addition, training and development programmes are provided on an on-going basis throughout the Group. The remuneration policy of the Group was reviewed regularly, making reference to current legislation, market condition and the performance of both individual employees and the Group.

In order to align the interests of staff with those of Shareholders, share options can be granted to relevant grantees, including employees of the Group, under the Share Option Scheme. No share option has been granted under the Share Option Scheme since its adoption on 3 November 2023 to 31 December 2025.

The 2023 Share Award Scheme was adopted by the Company on 3 November 2023 in view of the expiry of the 2008 Share Award Scheme on 5 February 2023. Pursuant to the 2023 Share Award Scheme, existing Shares may be purchased from the market or new Shares may be subscribed for by the designated trustee out of cash contributed by the Company, and would be held on trust by the designated trustee for the relevant selected persons until such shares are vested with the relevant selected persons in accordance with the rules of the 2023 Share Award Scheme. Awarded Shares granted and subsisting under the 2008 Share Award Scheme prior to its expiry shall continue to be in full force and effect in accordance with the 2008 Share Award Scheme and their terms of grant. On 9 April 2025, 91,497,900 Awarded Shares (all to be satisfied in the form of existing shares) were granted under the 2023 Share Award Scheme. There were a total of 135,206,800 Awarded Shares granted under the 2023 Share Award Scheme which remained outstanding as at 31 December 2025.



Corporate Governance Report

INTRODUCTION

The Board aims to achieve a high standard of corporate governance and business ethics in pursuing the Group's mission of "building a sustainable and connected future with advanced technology". The Group's ultimate goal is to maximise value for its Shareholders and other stakeholders. The Group holds on to change, innovation, accountability and excellence as its core values.

The Board is committed to enhancing the Group's corporate governance standards by improving corporate transparency through effective channels of information disclosure. The Board believes that good corporate governance is beneficial for maintaining close and trustful relationships with its employees, business partners, Shareholders and investors.

Accordingly, the Company has adopted a corporate governance code prepared based on the Code Provisions of the CG Code as the guidelines for corporate governance of the Company, as amended, revised and updated from time to time to reflect the latest changes in the Code Provisions, and the Company has taken steps to comply with and apply the Code Provisions and principles of good corporate governance under the CG Code wherever appropriate.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2025, the Company has complied with the Code Provisions set out in Part 2 of the CG Code and adopted recommended best practices set out in the CG Code where appropriate, except for the deviation from the Code Provision F.1.3 of the CG Code.

Under Code Provision F.1.3 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the board should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. The chairman of the independent board committee (if any) should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval.

Due to other pre-arranged business commitments which must be attended to, Ms. DU Juan, being the chairperson of the Board and an executive Director, was not present at the 2025 AGM. However, Dr. TSENG Shieng-chang Carter, being the then chairperson of the Remuneration Committee and an independent non-executive Director, Professor WANG Yijiang, being the chairperson of the Nomination Committee and an independent non-executive Director, and Mr. LAU Siu Ki, being the chairperson of the Audit Committee and an independent non-executive Director, were present at the 2025 AGM to maintain an ongoing dialogue and communicate with the Shareholders and encourage their participation.

Corporate Governance Report

COMPLIANCE WITH DEED OF NON-COMPETITION

The Company has received a written confirmation from TCL Industries Holdings and T.C.L. Industries (H.K.) confirming that for the period from 1 January 2025 to 31 December 2025 (both dates inclusive), they had fully complied with the Deed of Non-Competition (2020) executed by them in favour of the Company dated 29 June 2020.

The Company has received a written confirmation from TCL Technology confirming that for the period from 1 January 2025 to 31 December 2025 (both dates inclusive), it had fully complied with the Deed of Termination (2020) executed by and among TCL Technology, T.C.L. Industries (H.K.) and the Company dated 29 June 2020.

The independent non-executive Directors have reviewed the relevant confirmations on Deed of Non-Competition (2020) and Deed of Termination (2020), and all of them are satisfied that the non-competition undertakings under the Deed of Non-Competition (2020) and the Deed of Termination (2020) have been complied with during the year ended 31 December 2025.

DIRECTORS

The Board

The Board, led by the chairperson, steers the Company's business direction. It is responsible for formulating the Company's long-term strategies, setting business development goals, establishing and shaping the corporate culture, assessing results of management policies, monitoring the management's performance and ensuring effective implementation of risk management measures on a regular basis. The Board is accountable to the Shareholders for the long-term development and success of the Company.

The Directors meet regularly to review the Group's financial and operational performance and to discuss and formulate future development plans. Regular Board meetings are attended by the majority of the Directors in person or through electronic means of communication.



Corporate Governance Report

Board Composition

There are currently seven Directors, all being industry veterans, responsible to the Shareholders for formulating the overall business development targets and long-term company strategies, assessing results of management policies and monitoring performance of the management. The Board comprised the following Directors during the year ended 31 December 2025 and as at the date of this annual report:

Executive Directors

Ms. DU Juan (Chairperson)
Mr. ZHANG Shaoyong (CEO)
Mr. PENG Pan (CFO)
Mr. SUN Li

Independent Non-executive Directors

Professor WANG Yijiang
Mr. LAU Siu Ki
Mr. HUI Chi Kin Max (Note (a))
Dr. TSENG Shieng-chang Carter (Note (b))

Notes:

(a) Mr. HUI Chi Kin Max was appointed as an independent non-executive Director with effect from 6 June 2025.

(b) Dr. TSENG Shieng-chang Carter retired as an independent non-executive Director with effect from 6 June 2025.

On 5 June 2025, Mr. HUI Chi Kin Max (i) obtained legal advice from Messrs. Ronald Tong & Co, a firm of solicitors qualified to advise on Hong Kong law, as regards the requirements under the Listing Rules that are applicable to him as a Director and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange; and (ii) confirmed he understood his obligations as a Director.

An updated list of the Company's Directors by category identifying their roles and functions is at all times available on the websites of the Company and the Hong Kong Stock Exchange. The list specifies whether the Director is an independent non-executive Director and sets out the respective roles and functions of each Director. The Company identifies the independent non-executive Directors in all corporate communications which disclose the names of Directors. Details of the biographies of the Directors are given under the section "Board of Directors" of this annual report on pages 16 to 24.

There are no relationships (including financial, business, family or other material or relevant relationships) among members of the Board and between the chairperson of the Board and the chief executive.

Corporate Governance Report

The independent non-executive Directors play important roles on the Board. They are experienced professionals in their respective fields. They are responsible for ensuring that the Board maintains high standards of financial and other mandatory reporting as well as providing adequate checks and balances for safeguarding the interests of Shareholders and the Group as a whole.

Throughout the year of 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors and the number of independent non-executive Directors made up at least one-third of the total number of members of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications or accounting-related financial management expertise as required under the Listing Rules.

Number of Meetings Attended/Eligible to Attend in 2025

During the year of 2025, the Board held four regular meetings at about quarterly intervals and four additional meetings. As regards general meetings, the Company held the 2025 AGM on 6 June 2025. A table summary in regard to the Directors' participation at various Board meetings, Board Committee meetings and the Company's general meetings during the year of 2025 is set out below:

TYPE OF MEETINGS DIRECTORS	Regular Board Meetings	Additional Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Strategy Committee Meetings (Note 4)	General Meetings
Executive Directors							
DU Juan	4/4	3/4	N/A	N/A	1/1	12/12	0/1
ZHANG Shaoyong	3/4	3/4	N/A	N/A	N/A	12/12	0/1
PENG Pan (Note 1)	4/4	3/4	N/A	3/3	1/1	12/12	1/1
SUN Li	4/4	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors							
WANG Yijiang	3/4	4/4	3/3	3/3	1/1	N/A	1/1
LAU Siu Ki	4/4	3/4	3/3	3/3	1/1	N/A	1/1
HUI Chi Kin Max (Note 2)	2/2	2/2	2/2	1/1	1/1	N/A	N/A
TSENG Shieng-chang Carter (Note 3)	2/2	2/2	1/1	2/2	N/A	N/A	1/1

Notes:

1. Mr. PENG Pan ceased to be a member of the Remuneration Committee with effect from 27 March 2026.
2. Mr. HUI Chi Kin Max was appointed as an independent non-executive Director with effect from 6 June 2025.
3. Dr. TSENG Shieng-chang Carter retired as an independent non-executive Director with effect from 6 June 2025.
4. The Strategy Committee was established on 22 September 2017. From 1 January 2025 to 31 December 2025 and up to the date of this annual report, it comprises Ms. DU Juan as the chairperson, Mr. ZHANG Shaoyong and Mr. PENG Pan as the members.



Corporate Governance Report

Notices of regular Board meetings are served to all Directors at least 14 days before the meeting.

Agenda and papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner, and at least three days before the intended date of each Board or Board Committee meeting, except agreed otherwise among the members, to ensure that they have sufficient time to review the papers, be adequately prepared for the meeting, keep the Directors or the Board Committee members apprised of the latest developments and financial position of the Company and to enable them to include any matter in the agenda and to make informed decisions.

The Company has in place effective mechanisms to ensure independent views and input are available to the Board. The Board has conducted an annual review on such mechanisms in 2025 and is of the view that the mechanisms have been properly implemented and are effective. In particular, the Company plans Board and Board Committee meeting schedules well in advance and provides remote facilities for attendance, so as to facilitate active attendance and participation in the meetings. Board members, especially independent non-executive Directors, are welcome and are encouraged to raise enquiries, suggestions and views during the meetings. The Board processes as stated above, including agenda setting and provision of meeting documents, facilitates effective and active participation by all Directors. The Board and each Director, upon reasonable request, have access to independent professional advice to assist them in performing their duties to the Company, at the Company's expense.

Minutes of all Board, Audit Committee, Remuneration Committee, Nomination Committee and Strategy Committee meetings are kept by the joint company secretaries of the Company. All of the above minutes record the matters considered and the discussions and decisions reached by the relevant Directors or Board Committee members in sufficient detail, including any concern raised by Directors or dissenting views expressed. Any Director may inspect the minutes at any reasonable time on reasonable notice.

Draft minutes are normally circulated to Directors or members of the relevant committee for comment within reasonable time after each meeting and the final version is sent to all Directors or Board Committee members for their record.

Corporate Governance Report

According to the current Board practice, any transaction, which involves a conflict of interests between a substantial Shareholder or a Director and the Company, will be considered and dealt with by the Board at a duly convened Board meeting with the presence of the independent non-executive Directors who have no material interest in the said transaction. Directors will abstain from voting and not be counted in the quorum at meetings for approving the relevant transactions or matters in which such Directors or any of their associates have a material interest.

The Company has maintained appropriate insurance cover in respect of any legal action against its Directors and officers arising out of corporate activities.

Chairperson and CEO

The Company fully supports the division of responsibility between the chairperson of the Board and the CEO (being the chief executive of the Company) to ensure a balance of power and authority, and adopted a set of consolidated memorandum of duties setting out its division of responsibilities between the chairperson and the CEO on 24 February 2012.

During the year ended 31 December 2025 and up to the date of this annual report, the position of the chairperson of the Board is held by Ms. DU Juan and the position of CEO is held by Mr. ZHANG Shaoyong.

The core duties of the chairperson of the Board include:

- providing leadership for the Board;
- ensuring that the Board works effectively, performs its responsibilities, discusses all key and appropriate issues in a timely manner, with good corporate governance practices and procedures;
- ensuring, with the assistance of the management, that the Directors receive adequate, accurate, clear, complete and reliable information in a timely manner and appropriate briefings on issues arising at Board meetings;
- ensuring that the agenda for each Board meeting is drawn up and approving the same, taking into account matters proposed by other Directors;
- encouraging all Directors to fully and actively contribute to the Board's affairs, express different views and discuss issues in sufficient depth before reaching any consensus in Board decisions;
- facilitating the effective contribution of Directors, in particular, non-executive Directors, and promoting the constructive relations between executive and non-executive Directors;
- meeting at least annually with the independent non-executive Directors without the presence of other Directors. The Board regards such meeting as an exchange of opinions whereby a broad range of strategic and performance matters are openly discussed; and



Corporate Governance Report

- ensuring the effective communication between the Board and the Shareholders as a whole through different channels, including (i) printed or electronic copies (as elected by Shareholders) of corporate communications required by the Listing Rules; (ii) the AGM which provides a forum for Shareholders to raise comments and exchange views with the Board; and (iii) the Company's website which allows the Shareholders to acquire the updated and key information on the Group and to provide feedback to the Company.

Appointment, Re-election and Removal of Members of the Board

Under article 116 of the Articles, at each AGM, not less than one-third of the Directors for the time being shall retire from office by rotation and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years while those retiring Directors shall be eligible for re-election. Any director who has not been subject to retirement by rotation in the three years preceding the AGM shall retire by rotation at such AGM.

Under article 99 of the Articles, any Director appointed by the Board whether to fill a casual vacancy or as an addition to the Board shall hold office only until the first AGM after his appointment and shall then be eligible for re-election at that meeting.

Accordingly, at the 2025 AGM, Mr. SUN Li and Professor WANG Yijiang retired from office by rotation pursuant to article 116 of the Articles and were re-elected as Directors thereat, whilst Dr. TSENG Shieng-chang Carter retired from office by rotation pursuant to article 116 of the Articles but did not offer himself for re-election with an aim to promote good corporate governance of the Company and healthy development of the Board as he has been an independent non-executive Director for more than 9 years. Mr. HUI Chi Kin Max shall hold office until the 2026 AGM and shall then be eligible for re-election at the 2026 AGM pursuant to article 99 of the Articles.

Independent Non-executive Directors

Pursuant to Rule 3.13 of the Listing Rules, the Company has received a written confirmation from each independent non-executive Director of his independence to the Company. The Company has assessed the independence and considers all of the independent non-executive Directors to be independent based on the independence criteria in accordance with the requirements in Listing Rules, their non-involvement in the daily operation and management of the Group and the absence of any relationship which will interfere with the exercise of their independent judgement.

Corporate Governance Report

All independent non-executive Directors, including those appointed for a specific term, are subject to retirement by rotation and re-election at AGM of the Company in accordance with the Articles and the Listing Rules. A summary of rotation and re-election of independent non-executive Directors is set out in the table below:

Name of Directors (Note 1)	Position	Date of last election or retirement by rotation and re-election	Term of appointment
WANG Yijiang	Independent non-executive Director	AGM held on 6 June 2025	No specific term, subject to retirement by rotation and re-election
LAU Siu Ki	Independent non-executive Director	AGM held on 20 May 2024	No specific term, subject to retirement by rotation and re-election
HUI Chi Kin Max (Note 2)	Independent non-executive Director	N/A	No specific term, subject to retirement by rotation and re-election
TSENG Shieng-chang Carter (Note 3)	Independent non-executive Director	AGM held on 6 June 2025	No specific term, subject to retirement by rotation and re-election

Notes:

1. The above table is a list of independent non-executive Directors during the year of 2025.
2. Mr. HUI Chi Kin Max was appointed as an independent non-executive Director with effect from 6 June 2025.
3. Dr. TSENG Shieng-chang Carter retired as an independent non-executive Director with effect from 6 June 2025 and did not offer himself for re-election.



Corporate Governance Report

Nomination of Directors

The Board has established the Nomination Committee to provide a framework and set the standards for the appointment of high quality directors who should have the capacity and ability to lead the Company towards achieving sustainable development. It considers matters regarding the nomination and/or appointment or re-appointment of Director(s).

Details of the Nomination Committee are set out in the sub-section headed “Nomination Committee” below.

Responsibilities of Directors

The CFO of the Company, with assistance from the Company’s external legal advisor (who is currently also one of the joint company secretaries of the Company), works closely with the newly appointed Directors both immediately before and after his/her appointment to acquaint the newly appointed Directors with the duties and responsibilities as a Director and the business operation of the Company.

A package compiled and reviewed by the Company’s legal advisor setting out such duties and responsibilities under the Listing Rules, the Hong Kong Companies Ordinance and other related laws and relevant regulatory requirements of Hong Kong is provided to each newly appointed Director. The package also includes information relating to the operations and business of the Group. The Directors are updated with the latest developments in laws, rules and regulations relating to the duties and responsibilities of Directors from time to time. Guidelines for Directors issued by the Companies Registry of Hong Kong have been forwarded to each Director for his/her information and ready reference.

During the year ended 31 December 2025, the Board is of the view that the independent non-executive Directors are well aware of their functions and have been actively performing their functions including but not limited to exercising their independent judgement at the Board meetings, taking the lead where potential conflicts of interest arise, scrutinising the Company’s performance and providing constructive and informed advice on the business strategy, policy, performance and management of the Company. They regularly review the financial information, monitor the operational performance of the Company and serve on the Audit Committee, the Remuneration Committee and/or the Nomination Committee.

The Directors have disclosed to the Company at the time of their appointment, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. They have also informed the Company of the identity of other public companies or organisations they serve and the time involved in these public companies or organisations.

Corporate Governance Report

During the year ended 31 December 2025, all Directors have devoted their time and attention to the affairs of the Company with their hands-on knowledge and expertise in the areas and operation with which they are charged. The contribution made by the Directors to the affairs of the Company is measured in terms of time as well as quality of the attention and the ability of the Directors with reference to their necessary knowledge and expertise. The satisfactory attendance at Board meetings, general meetings and Board Committee meetings indicates the active participation of all Directors, including executive and independent non-executive Directors and ensures a better understanding of the views of Shareholders by all Directors. The extent of participation and contribution should be viewed both quantitatively and qualitatively.

To fulfil their duties properly, where they consider it necessary to obtain additional information other than that provided by the management, the Directors make inquiries during the Board meetings and Board Committee meetings. The queries raised by Directors have received prompt and full responses.

Induction and Continuous Professional Development

The Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities through various Board meetings, resolutions, memos and Board papers. According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuous professional development during the period from 1 January 2025 to 31 December 2025:

Directors	Read materials	Attend seminars/briefings
Executive Directors		
Ms. DU Juan (Chairperson)	✓	✓
Mr. ZHANG Shaoyong (CEO)	✓	✓
Mr. PENG Pan (CFO)	✓	✓
Mr. SUN Li	✓	✓
Independent Non-executive Directors		
Professor WANG Yijiang	✓	✓
Mr. LAU Siu Ki	✓	✓
Mr. HUI Chi Kin Max (Note 1)	✓	✓
Dr. TSENG Shieng-chang Carter (Note 2)	✓	✓

Notes:

1. Mr. HUI Chi Kin Max was appointed as an independent non-executive Director with effect from 6 June 2025.
2. Dr. TSENG Shieng-chang Carter retired as an independent non-executive Director with effect from 6 June 2025.



Corporate Governance Report

Securities Transactions Guidelines

The Board has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code under Appendix C3 to the Listing Rules.

Specific enquiries have been made with all Directors, and all of them confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2025.

The Directors' and chief executive's interests in Shares within the meaning of Part XV of the SFO as at 31 December 2025 are set out on page 104 of this annual report.

The Board has also established written guidelines on no less exacting terms than the Model Code for the relevant employees, including any employee or a director of a subsidiary or holding company who, because of his/her office or employment, is likely to be in possession of inside information in relation to the Company or its securities, in respect of their dealings in the Company's securities.

DELEGATION BY THE BOARD

Management Functions

The Board delegates its powers and authorities from time to time to the Board Committees and the management in order to ensure the operational efficiency and that specific issues are being handled by personnel with the relevant expertise. All Board Committees are provided with accurate and sufficient information in a timely manner so as to enable the Board Committees to make informed decisions for the benefit of the Company and with sufficient resources to discharge their duties. The management team of the Company is accountable to the Board for the operations and businesses of the Group. During the year ended 31 December 2025, the Board Committees and the management team of the Company have performed the duties delegated to them as set out further below.

On 24 February 2012, the Board has adopted a set of consolidated memorandum of duties setting out its delegation policy. The segregation of duties and responsibilities between the Board and the management has been clearly defined and provided as internal guidelines of the Company.

Corporate Governance Report

The types of decisions which are to be taken by the Board include those relating to:

- corporate and capital structure;
- corporate strategy;
- significant policies affecting the Company as a whole and material changes thereof;
- business plan, budgets and any subsequent material changes, public announcements and matters referred to the Board by Board Committees;
- key financial matters;
- appointment, removal or reappointment of Board members, senior management and auditor;
- remuneration of Directors and senior management; and
- communication with key stakeholders, including Shareholders and regulatory bodies.

The types of decisions that the Board has delegated to the management include:

- approving the extension of the Group's activities not in a material manner into a new geographic location or a new business;
- assessing and monitoring the performance of all business units and ensuring that all necessary corrective actions have been taken;
- approving expenses up to a certain limit;
- approving the nomination and appointment of personnel other than members of the Board, senior management and auditor;
- approving press releases concerning matters decided by the Board;
- approving any matters related to routine matters or day-to-day operation of the Group (including the entering into of any transaction not requiring disclosure under the Listing Rules and cessation of non-material parts of the Group's business); and
- carrying out any other duties as the Board may delegate from time to time.



Corporate Governance Report

Operation

In order to facilitate the strategic development of the Company and enhance its operational decision-making efficiency, the Board resolved on 22 September 2017 to establish the Strategy Committee. The main purpose of the Strategy Committee is to lead the development of the Group in relation to research and exploration of new directions and modes of business for approval of the Board and for implementation of the same, and improvement of operational decision-making efficiency. As at the date of this annual report, the Strategy Committee comprises Ms. DU Juan (chairperson), Mr. ZHANG Shaoyong and Mr. PENG Pan, all being executive Directors. The Strategy Committee is delegated by the Board to approve and implement matters including but not limited to transactions not requiring disclosures under the Listing Rules, business development plans proposed by the management and assessing performance of business units of the Group not requiring the approval from the Board.

Board Committees

Throughout 2025, the Board had four Board Committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee, all with specific written terms of reference, to oversee particular aspects of the Group's affairs.

Attendance of the relevant members of the Board Committees at the meetings of the Board Committees in 2025 is set out on page 59 of this annual report.

Nomination Committee

The Nomination Committee currently comprises five members, namely Ms. DU Juan and Mr. PENG Pan, both being executive Directors, and Professor WANG Yijiang, Mr. LAU Siu Ki and Mr. HUI Chi Kin Max, all being independent non-executive Directors. Professor WANG Yijiang is the chairperson of the Nomination Committee. The Nomination Committee held one meeting during the year of 2025.

The Nomination Committee is governed by its terms of reference, which are closely aligned with the relevant Code Provisions requirements and are available at both the Company's website (<http://electronics.tcl.com>) and the Hong Kong Stock Exchange's website (<http://www.hkex.com.hk>).

Corporate Governance Report

The main duties of the Nomination Committee include the following:

- review and supervise the performance, structure, size, diversity and composition of the Board;
- identify qualified individuals to become members of the Board;
- assess the independence of the independent non-executive Directors;
- make recommendations to the Board on the appointment, re-appointment and succession planning of Directors, in particular the chairperson of the Board and chief executive(s), and any proposed change to the Board to implement the Company's corporate strategy;
- consider Board succession planning and conduct periodical reviews of the plan;
- review the Board Diversity Policy;
- monitor and review the Nomination Policy to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice; and
- review the sufficiency of time commitment of Directors to perform their responsibilities.

The work performed by the Nomination Committee during 2025 included:

- considering and making recommendation to the Board on the nomination of Mr. HUI Chi Kin Max as an independent non-executive Director;
- considering the nomination of Ms. DU Juan, Mr. ZHANG Shaoyong and Mr. HUI Chi Kin Max to be re-elected as Directors at the AGM in 2026 in accordance with the Nomination Policy and Board Diversity Policy (each of Ms. DU Juan and Mr. HUI Chi Kin Max had respectively abstained from voting at the relevant Board meeting and Nomination Committee meeting on the proposition of their respective recommendation for their re-election by the Shareholders at the forthcoming AGM);
- reviewing the Nomination Policy and Board Diversity Policy;
- reviewing the current Board structure, diversity, size and composition;
- assessing the independence of all independent non-executive Directors; and
- reviewing the contribution required from a Director to perform his/her responsibilities and whether he/she has spent sufficient time performing them.

The Nomination Committee performed all these main duties in 2025.



Corporate Governance Report

Nomination Policy

The Company has adopted the Nomination Policy on 20 December 2018 (with effect from 1 January 2019), which sets out the Company's policy in relation to nomination of Directors that the Company has been following. The terms of the Company's Nomination Policy are set out as follows:

OBJECTIVE

1. The Nomination Policy aims to list the principles and procedures for selection and nomination of the Board, to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.
2. The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as Directors at general meetings, or to appoint as Directors to fill casual vacancies.
3. The Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of Directors to be appointed or re-elected at a general meeting, or the number of casual vacancies to be filled.

SELECTION CRITERIA

4. The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate.

Common Criteria for All Directors

- 4.1. Reputation, character and integrity
- 4.2. Commitment in respect of available time
- 4.3. The willingness to assume fiduciary responsibility
- 4.4. Present needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs
- 4.5. Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organisation, industry experience and familiarity with the products and processes used by the Company

Corporate Governance Report

- 4.6. Significant business or public experience relevant and beneficial to the Board and the Company
- 4.7. Breadth of knowledge about issues affecting the Company
- 4.8. Ability to objectively analyse complex business problems and exercise sound business judgement
- 4.9. Ability and willingness to contribute special competencies to Board matters
- 4.10. Fit with the Company's culture
- 4.11. Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

Criteria Applicable to Non-executive Directors/Independent Non-executive Directors

- 4.12. Willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a Director (including attendance at and active participation in Board and committee meetings), and considering other responsibilities of the relevant candidate (such as other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas and other major appointments, if any) and the effort and time that may be required by the candidate in fulfilling such role
 - 4.13. Accomplishments of the candidate in his/her field
 - 4.14. Outstanding professional and personal reputation
 - 4.15. The candidate's ability to meet the independence criteria for directors established in the Listing Rules
- 5. These factors are for reference only, and are not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person as it considers appropriate.
 - 6. Retiring directors, save for those who have served as independent non-executive Directors for a period of nine consecutive years or more, are eligible for nomination by the Board to stand for re-election at a general meeting. Any independent non-executive Director who has served such role for a period of nine consecutive years or more is, subject to the Nomination Committee being satisfied that he/she still maintains his/her independence and that his/her continuation to serve in such role is in the interest of the Company and its shareholders as a whole, eligible for nomination by the Board to stand for re-election at a general meeting.



Corporate Governance Report

7. Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a director of the Company and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election to such directorship.
8. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

NOMINATION PROCEDURES

9. The board affairs team of the Company shall be responsible for liaising with the company secretary to call a meeting of the Nomination Committee, and invite nominations of candidates from Board members, if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
10. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation. The Nomination Committee follows the procedures below when considering nomination of Directors:
 - 10.1. the Nomination Committee will evaluate the balance of skills, knowledge and experience of the Board, and identify any special requirements for the vacancy or the directorship the candidate is proposed to take (e.g. independence status in the case of an independent non-executive Director);
 - 10.2. the Nomination Committee will consider the role and capabilities required for the particular vacancy or the directorship;
 - 10.3. the Nomination Committee will identify candidates through personal contacts/recommendations by Board members, senior management, business partners or investors, and will to the extent possible select from a broad range of candidates who are outside the Board's circle of contacts in accordance with the Company's Board Diversity Policy;
 - 10.4. where appropriate, the Nomination Committee will conduct interviews with the relevant candidate to evaluate whether he/she meets the aforesaid selection and nomination criteria, and verify the information provided by the candidate; and
 - 10.5. the Nomination Committee will make recommendations to the Board on the appointment or re-appointment of Directors.

Corporate Governance Report

11. The Nomination Committee shall ensure the selection process to be transparent and fair.
12. For the avoidance of doubt, the ultimate responsibility for selection and appointment of Directors rests with the entire Board.
13. Until the issue of the shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
14. In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to Shareholders. The names, brief biographies (including qualifications and relevant experience), independence (for independent non-executive Directors), proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations, of the proposed candidates will be included in the circular to Shareholders.
15. “Procedures for Shareholders to propose a person for election as a director” of the Company shall apply in respect of the nomination by Shareholders of person for election as Director.
16. A candidate is allowed to withdraw his/her candidature at any time before the despatch of circular to Shareholders for election at the general meeting by serving the Company a notice in writing provided that such notice shall be served to the Company not less than three business days prior to the despatch of the said circular. If any candidate wishes to withdraw his/her candidature after the despatch of circular but before the convening of the general meeting for any special reason(s), the Board may, after considering such reason(s) and having confirmed that such withdrawal is in the interest of the Company and the Shareholders, approve such withdrawal.
17. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.



Corporate Governance Report

CONFIDENTIALITY

18. Unless required by law or any regulatory authority, under no circumstances shall a member of the Nomination Committee or a staff member of the Company disclose any information to or entertain any enquiries from the public with regard to any nomination or candidature before the circular to Shareholders, as the case may be, is issued. Following the issue of the circular, the Nomination Committee or other staff member of the Company approved by the Nomination Committee may answer enquiries from the regulatory authorities or the public but confidential information regarding nominations and candidates should not be disclosed.

REVIEW

19. In addition to meeting for the purpose of considering Board appointment(s), the Nomination Committee shall from time to time meet (and at least once annually):
- 19.1. to review and consider the performance of the Board, including but not limited to looking at benchmarking how the Company's Board measures up against the other boards in Hong Kong or Chinese mainland of peer issuers;
 - 19.2. to consider the need to refresh the Board composition regularly to avoid entrenchment and to attract fresh thinking;
 - 19.3. to consider Board succession planning and conduct periodical reviews of the plan to ensure the long-term success of the Company; and
 - 19.4. to monitor and review Nomination Policy to ensure that it remains relevant to the Company's needs and reflects both current regulatory requirements and good corporate governance practice.
20. The Nomination Committee will continually review the Nomination Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Nomination Policy at any time.
21. The Board may in accordance with the requirements of the relevant laws and regulations disclose in the Company's Corporate Governance Report annually any information regarding the Nomination Policy, procedures and objectives made for implementation of the Nomination Policy and the progress made towards achieving the objectives.

Corporate Governance Report

Board Diversity Policy

The Company adopted the Board Diversity Policy on 13 August 2013 which sets out its approach to achievement and maintenance of diversity on the Board in order to enhance the effectiveness of the Board, which was subsequently revised and updated on 20 December 2018. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development, and Board diversity also helps to achieve a diversity of views and perspectives among members of the Board, to enhance decision making capacity, and to fairly and effectively safeguard the interests of various stakeholders, especially the long-term interests of the Shareholders.

The Company recognises and embraces the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. All Board appointments and succession will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and professional experience, etc. as aforementioned) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. In particular, in accordance with the requirements under the CG Code, the Company has set an initial target of appointing at least one director of a different gender to the Board and has achieved such target since August 2021 when Ms. DU Juan was appointed as an executive Director and the chairperson of the Board. As at the date of this annual report, the gender diversity ratio of the Board is approximately 14.3% (1 female out of 7 Directors). The Nomination Committee and the Board will review the Board's gender diversity ratio target from time to time and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. Further, the Board currently consists of members with different professional backgrounds (including business, corporate management, marketing, human resources management, accounting, investment, financial management and technology) and from different age groups (from 40's to 70's). Accordingly, the Nomination Committee considers that the current composition of the Board is characterised by diversity (including gender diversity) after taking into account its own business model and specific needs, whether considered in terms of professional experience or skills.



Corporate Governance Report

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. The Nomination Committee will discuss at least annually any changes to the Board Diversity Policy and Board composition that may be required (including the need to identify potential successors to the Board to achieve gender diversity), and make such recommendations to the Board for consideration and approval. The Board has reviewed the Board Diversity Policy in 2025 and is of the view that the Board Diversity Policy has been properly implemented and is effective.

The overall gender diversity of the Group is relatively balanced. As at 31 December 2025, the overall workforce of the Group consisted of approximately 59.6% male and 40.4% female employees. The Board was led by a female chairperson. In addition, there were two members of senior management (as referred to under paragraph 12 of Appendix D2 to the Listing Rules) in the Group and two of them were male employees. The Group has in place a mechanism to support diversity across all facets including but not limited to gender diversity. The Group treats every employee equally, adheres to equal pay for equal work and equal opportunities for different genders. In particular, the recruitment process of the Group shall not involve any discrimination on the grounds of race, disability, gender, sexual orientation, family responsibilities, marital status, union membership, political opinion, age, languages or other discriminatory factors. The Group also cares for the legal rights and special needs of female employees and has established a “mummy hut” to provide comfortable and private breastfeeding spaces for female employees during their lactation, so as to attract and retain more female talent. Besides, the Group offers half-day off for female employees on the International Women’s Day. In the past four years, the proportion of female employees of the overall workforce of the Group was more than 40%. Whilst it is relatively challenging for the Group to achieve equal gender ratio across all business units of the Group due to the characteristics and work types of different business units, it is the Group’s goal to achieve a balanced gender ratio in the overall workforce (including senior management). For further details of the diversity of the workforce of the Group, please refer to the ESG Report of the Group for the year ended 31 December 2025.

Remuneration Committee

As of 31 December 2025, the Remuneration Committee comprised four members, namely Mr. PENG Pan, being an executive Director (ceased to be a member of the Remuneration Committee on 27 March 2026), and Mr. HUI Chi Kin Max, Professor WANG Yijiang and Mr. LAU Siu Ki, all being independent non-executive Directors. Mr. HUI Chi Kin Max is the chairperson of the Remuneration Committee. The Remuneration Committee held three meetings during the year of 2025.

The Remuneration Committee is governed by its terms of reference, which were adopted by the Board on 24 February 2012 and subsequently revised by way of the written resolutions of all Directors dated 29 December 2022, and by resolutions passed at the meeting of the Board held on 23 November 2023. The terms of reference are made available on the Company’s website (<http://electronics.tcl.com>) and the Hong Kong Stock Exchange’s website (<http://www.hkex.com.hk>).

Corporate Governance Report

The Remuneration Committee was established on 16 April 2005 pursuant to Rule 3.25 of the Listing Rules. It meets from time to time to discharge its duties as set out in its terms of reference. Among others, it makes recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management, and on the establishment of a formal and transparent procedure for developing policy on such remuneration. It also reviews and approves the management's remuneration proposals with reference to corporate goals and objectives approved by the Board from time to time, and determines, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

The work performed by the Remuneration Committee during 2025 included:

- considering and making recommendation to the Board on the remuneration of Mr. HUI Chi Kin Max, the then newly appointed independent non-executive Director;
- reviewing and making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration, and reviewing and approving management's remuneration proposals, with reference to the Board's corporate goals and objectives;
- reviewing and determining the remuneration packages of all executive Directors and senior management of the Company with reference to their performance;
- assessing the performance of executive Directors; and
- reviewing and making recommendations to the Board on the remuneration of non-executive Directors.

There are no material matters relating to the share schemes of the Company as referred to in Chapter 17 of the Listing Rules which were required to be reviewed and/or approved by the Remuneration Committee during the year ended 31 December 2025.

The human resources department provides administrative support and implements the approved remuneration packages and other human resources related decisions approved by the Remuneration Committee.

Corporate Governance Report

Emolument Policy and Long-Term Incentive Plans

To attract and retain talent, the Company provides a competitive remuneration package to its employees, including executive Directors and senior management. This comprises base monthly salary, guaranteed cash benefits and allowances, special allowances, variable pay, and long-term incentive plans which include Share Option Scheme and Share Award Schemes, if applicable. The amount of variable pay is set at a percentage of the fixed pay, and is paid half-yearly or yearly depending on performance delivered through plans and objectives which have pre-determined criteria and standards. Long-term incentive plans primarily consist of share options carrying rights to subscribe for the Shares and Awarded Shares respectively. Please refer to pages 106 to 114 of this annual report for details of the Share Option Scheme and the Share Award Schemes. The emoluments payable to the Directors are determined with reference to their duties and responsibilities with the Company and the market rate for the positions.

The remuneration package of executives is designed so that a proportion is structured to link rewards to corporate and individual performance, and gives incentives to executives to perform at the highest levels. Through job evaluation and job matching, the Group ensures the pay is internally equitable. Besides, the Group ensures external competitiveness of the pay through reference to market surveys and data.

The non-executive Directors' compensation relates to the time commitment and responsibilities. They receive fees which comprise the following components:

- Directors' fee, which is usually paid annually; and
- share options and/or Awarded Shares of the Company which are awarded subject to the discretion of the Board, if any.

The fees and any other reimbursement or emolument payable to the Directors and senior management by band are set out in notes 8 and 9 to the financial statements.

Corporate Governance Report

DIVIDEND POLICY

The Company confirmed and consolidated its Dividend Policy on 20 December 2018 (taking effect from 1 January 2019).

Purpose

1. The Dividend Policy aims to consolidate and set out the approach and principles of the Company in declaration of dividend.

Factor(s) to be considered for declaration of dividends

2. In considering whether to declare any dividend, the Board shall consider factors in all aspects such as the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the Shareholders, including but not limited to:
 - 2.1. the Company's actual and expected financial performance;
 - 2.2. retained earnings and distributable reserves of the Company and each of the members of the Group;
 - 2.3. the level of the Group's debt-to-equity ratio, return on equity and the relevant financial covenants;
 - 2.4. any restrictions on payment of dividends that may be imposed by the Group's lenders;
 - 2.5. the Group's expected working capital requirements and future expansion plans;
 - 2.6. general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and
 - 2.7. any other factors that the Board deems appropriate.



Corporate Governance Report

Principles in relation to declaration of dividends

3. If the Group records a profit and the Board, having considered factors of all aspects (including but not limited to those factors set out in paragraph 2 above), is satisfied that the declaration and distribution of dividends does not affect the Group's normal operations, and subject to compliance with any restrictions under the Companies Act (As Revised) of the Cayman Islands and the Articles:
 - 3.1. the Company may declare and distribute dividends to the Shareholders;
 - 3.2. the Company will give priority to distributing dividends in cash and share its profits with the Shareholders, whereas the payout ratio target of dividends distributed is expected to be in the range of 30%–50% of the Group's net profit for the current year, and the remaining profit will be used for the business development and operation of the Group; and
 - 3.3. yet, any such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board.
4. Subject to the Articles and all laws and regulations applicable to the Company:
 - 4.1. the Company in general meeting may declare final dividends in any currency but no dividends shall exceed the amount recommended by the Board; and
 - 4.2. the Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the profits of the Company.
5. The Dividend Policy and the declaration and/or payment of dividends under the Dividend Policy are subject to the Board's continuing determination that the Dividend Policy and the declaration and/or payment of dividends would be in the best interests of the Group and Shareholders, and are in compliance with all laws and regulations applicable to the Group.
6. The Board endeavours to maintain a balance between meeting the Shareholders' expectations and prudent capital management with a sustainable dividend policy.
7. The Board will continually review the Dividend Policy and reserves the right in its sole and absolute discretion to update, amend, modify and/or cancel the Dividend Policy at any time, and the Dividend Policy shall in no way constitute a legally binding commitment by the Company in respect of its future dividend and/or in no way obligate the Company to declare a dividend at any time or from time to time.

Corporate Governance Report

Audit Committee

The Audit Committee currently comprises three members, namely Mr. LAU Siu Ki, Professor WANG Yijiang and Mr. HUI Chi Kin Max, all of them being independent non-executive Directors. Mr. LAU Siu Ki is the chairperson of the Audit Committee.

The Audit Committee is governed by its terms of reference. The terms of reference are made available on the Company's website (<http://electronics.tcl.com>) and the Hong Kong Stock Exchange's website (<http://www.hkex.com.hk>). Among others, it is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process, reviewing the financial information of the Company, as well as overseeing the Company's financial reporting system, risk management and internal control systems.

The Audit Committee usually meets to review the Company's interim and annual results and the integrity of the Group's financial statements. In addition, to review and monitor the effectiveness of the audit process in accordance with applicable standards, the Audit Committee will meet with the external auditor before the annual audit commences to discuss the nature and scope of the audit and reporting obligations of the Company. The Audit Committee held three meetings during the year of 2025.

The Audit Committee meetings are normally attended by the Company's CFO. When meetings concern the routine financial management and internal control, the head of the internal audit department and the head of the risk management department of the Company also attend the meeting to report on the problems identified during the internal audits (if any) and recommend methods to alleviate and solve the problems identified. The external auditor is often present on discussion of the audit of financial results and audit planning.

The work performed by the Audit Committee during 2025 included consideration of the following matters:

- the integrity, completeness and accuracy of the 2024 annual and 2025 interim financial statements and reports;
- review of the Company's compliance with statutory and regulatory requirements, developments in accounting standards and the effect on the Company;
- review of the effectiveness of the systems of financial controls, internal audit function, internal control and risk management of the Group;
- review of the financial reporting system of the Group;
- review of the risk management and internal control reports of the Company;
- review of the financial and accounting policies and practices of the Group;



Corporate Governance Report

- review of the legal department structure of the Group;
- review of the audit fees payable to external auditor, the nature, scope and timetable of the audit for year 2025;
- review of the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards; and
- recommendations to the Board, for the approval by Shareholders, the reappointment of Messrs. Ernst & Young as the external auditor, which the Board agreed and accepted.

The Audit Committee has been advised that it may seek independent professional advice at the expense of the Company wherever necessary. The Audit Committee is also supported by the staff of finance department, internal audit department, risk management department and the external auditor.

The Audit Committee recommended to the Board, and the Board agreed and accepted, that subject to Shareholders' approval at the forthcoming AGM, Messrs. Ernst & Young be re-appointed as the Company's external auditor for 2026.

Strategy Committee

The Board established the Strategy Committee on 22 September 2017 with specific written terms of reference. The Board delegated responsibilities to the Strategy Committee for making certain decisions for the management of the Company. In accordance with their terms of reference, members of the Strategy Committee shall be appointed by the Board from amongst the executive Directors only.

As at the date of this annual report, the Strategy Committee comprises three executive Directors, namely, Ms. DU Juan (chairperson), Mr. ZHANG Shaoyong and Mr. PENG Pan.

For details of the Strategy Committee, please refer to the section "Delegation by the Board – Operation" of this Corporate Governance Report on page 66.

The work completed by the Strategy Committee during 2025 included consideration of the following matters:

- approving any routine matters or matters concerning day-to-day operation of the Group;
- implementing the annual business plan, operating and capital expenditure budgets of the Company as approved by the Board; and
- implementing the strategic plans and long-term objectives as approved by the Board.

Corporate Governance Report

Corporate Governance Function

The work completed by the Board during 2025 as part of its corporate governance function included the following:

- reviewing the Company's policies and practices on corporate governance;
- reviewing and monitoring the training and continuous professional development of Directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- reviewing and monitoring the code of conduct applicable to employees and Directors; and
- reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and understandable assessment in annual and interim reports, inside information announcements and other financial disclosures required under the Listing Rules and other regulatory requirements.

The Directors have acknowledged their responsibility for the preparation of the accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that period.

The statement by the auditor of the Company regarding its reporting responsibilities on the financial statements of the Group is set out in the "Independent Auditor's Report" on pages 124 to 130.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and hence have decided that it is appropriate to prepare the financial statements set out on pages 131 to 300 on a going concern basis. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.



Corporate Governance Report

The basis on which the Company generates or preserves value over the longer term and the strategy for delivering its objectives are explained in the “Management Discussion and Analysis” set out on pages 25 to 55 of this annual report.

The management of the Company provides the Board with sufficient explanation and information, such as the Group’s major business activities and key financial information, to enable the Board to make an informed assessment of the financial information and position of the Company before approval.

The management of the Company also provides all Directors with monthly updates giving them a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of Listing Rules.

Risk Management and Internal Controls

The Board is responsible for overseeing the risk management and internal control systems of the Group on an ongoing basis. The Directors acknowledge their responsibility to establish, maintain and review from time to time the effectiveness of the Group’s system of risk management and internal controls. During the year, the Directors, through the Audit Committee, have reviewed the effectiveness of all material aspects of the risk management and internal control system of the Group, including the identification and monitoring of risks, the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit, financial reporting function and those relating to the Company’s ESG performance and reporting, and covering all material controls, including financial, operational and compliance controls.

The Company has adopted a set of risk management and internal control mechanisms and processes to identify, evaluate and properly manage significant risks, to safeguard the Group’s assets, to ensure proper maintenance of accounting records and reliability of financial reporting, and to ensure compliance with relevant legislation and regulations. Such mechanisms and processes included the review by the senior management of financial budgets, strategic plans and operational reports, who regularly reviews the Group’s internal operations, investigates complaints made internally following internal guidelines and implements disciplinary actions for non-compliance incidents accordingly. Certain executive Directors and senior management have been delegated with respective level of authorities and have specific responsibility for monitoring the performance of business operating units.

The Company has assessed the risk profiles of different geographical locations in which the Group carries out its business and set different priorities and coverage for its internal control, risk management and internal audit work to be carried out in these locations, which enhances the cost-effectiveness of the Group’s internal control, risk management and internal audit work. The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve its business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness.

Corporate Governance Report

Each year, the Audit Committee reviews the findings made by the external auditor in respect of issues encountered by them in preparation of the independent auditor's report, which often cover issues relating to internal control. The Audit Committee also reviews the internal control and risk management report submitted by the Company's internal audit department and risk management department. The Audit Committee then reviews the actions performed or the plans to be carried out by the management in addressing the issues. The issues identified and the corresponding remedial plans and recommendations (if any) are then submitted to the Board for consideration.

The Company has established an internal audit and risk management function. The Company's internal audit department and risk management department independently review the effectiveness of the internal controls and risk management, including financial, operational and compliance controls, in the key activities of the Group's business. In accordance with the approved review and audit mechanisms, the heads of the Company's internal audit department and risk management department report to the Audit Committee, and submit regular reports for its review and monitors the effectiveness of the system of internal control and risk management of the Group during the year. In case any material internal control defect is discovered, the Board would require reports on the cause of and proposed solution for remedying the defect be submitted by the internal audit department and risk management department and follow up with the defect until it is resolved.

The Audit Committee has reviewed the effectiveness of the Group's internal control and risk management systems and is of the opinion that the resources for and qualifications of staff of the Company's accounting and financial reporting function are adequate and effective. Based on information furnished to them and on their own observations, the Audit Committee and the Board are satisfied with the adequacy and effectiveness of the internal control and risk management system of the Group.

The Company has procedures and internal controls for the handling and dissemination of inside information, including strictly prohibiting unauthorised use of inside information and ensuring that communication of sensitive information is made on a "need-to-know" basis only. The Group strives to identify inside information and any information which may potentially constitute inside information at the earliest practicable opportunity, which is then assessed and handed to the Board for decision on the need for disclosure. Further, relevant employees of the Group are subject to black-out period prior to the release of the Company's interim and annual results. Inside information and other information which is required to be disclosed pursuant to the Listing Rules and the SFO will be disclosed in accordance with all applicable requirements in due course. Inside information would be kept strictly confidential until such disclosure.

In accordance with the requirements under the CG Code, the Company has consolidated, codified and adopted a whistleblowing policy and an anti-corruption policy in 2022, so as to promote and support anti-corruption laws and regulations and to encourage employees and those who deal with the Company to raise concerns about possible improprieties in any matter related to the Company. Both policies are made available on the Company's website (<http://electronics.tcl.com>).

Corporate Governance Report

Connected Transactions

The Company is committed to ensuring compliance with regulatory requirements under the Listing Rules, applicable laws and regulations in handling connected transactions. Accordingly, the Company implemented various internal control mechanisms to identify and monitor connected transactions to ensure that connected transactions are conducted under normal commercial terms or on terms that are fair and reasonable and properly disclosed and (if necessary) approved by the independent Shareholders in accordance with the Listing Rules. The relevant connected persons to which the respective connected transactions relate will be required to abstain from voting in the relevant general meetings. Details of the connected transactions of the Company during the year ended 31 December 2025 are set out in the Report of the Directors in this annual report.

Senior Management's Remuneration

For the year ended 31 December 2025, senior management of the Company comprises 2 individuals. The senior management's remuneration during the year ended 31 December 2025 falls within the following bands:

Remuneration (per annum) (Note)	Number of Individuals
HK\$4,000,001 to HK\$4,500,000	1
HK\$4,500,001 to HK\$5,000,000	1

Note: The remuneration included salaries, allowances, benefits in kind, discretionary performance related bonuses, long-term incentives and pension scheme contributions.

Auditor's Remuneration

For the year under review, the remuneration for services provided by the auditor is roughly as follows:

Statutory audit services of the Group	HK\$11,512,000
Statutory audit services of certain subsidiaries of the Company	HK\$4,004,000
Non-audit services (which mainly include taxation compliance, agreed upon procedures and advisory services)	HK\$7,380,000
Non-audit services in respect of reviewing continuing connected transactions	HK\$480,000

COMPANY SECRETARY

The position of joint company secretaries of the Company is held by Mr. CHEN Ming and Ms. CHOY Fung Yee (a practising solicitor of Hong Kong who is not an employee of the Company). Mr. PENG Pan, an executive Director and CFO of the Company, is the primary corporate contact person with Ms. CHOY Fung Yee. Information in relation to the performance, financial position and other major developments and affairs of the Group (including but not limited to the monthly management report to the Board) is speedily delivered to Ms. CHOY Fung Yee through the contact person assigned. The joint company secretaries are responsible to the Board and report to the chairperson of the Board from time to time. All Directors have access to the advice and services of the joint company secretaries to ensure that Board procedures, and all applicable laws, rules and regulations are followed.

Each of Mr. CHEN Ming and Ms. CHOY Fung Yee is required to take no less than 15 hours of relevant professional training during the year 2025. Each of them has fulfilled the requirement during the year under review.

Corporate Governance Report

INVESTOR RELATIONS PROGRAMMES

During 2025, more than 400 physical or virtual meetings were held by the Company with institutional investors and analysts in Hong Kong, Chinese mainland, and overseas, through investor relations activities such as small group/one-on-one meetings, non-deal roadshows, analyst briefings and investor conferences.

Communication with Shareholders and Procedures for Putting Forward Proposals at General Meetings

The Company has formulated and adopted a shareholders' communication policy (as amended from time to time) to ensure the Shareholders are provided with ready, equal and timely access to balanced information about the activities of the Company in order to enable Shareholders to exercise their rights and to engage with the Company in an informed manner. The Board has taken appropriate steps to provide effective communication with Shareholders.

All published corporate information, including all the statutory announcements, annual and interim reports, corporate presentation and press releases, is promptly posted on the Company's website at <http://electronics.tcl.com>. Shareholders may raise enquiries, suggestions or their views on the Company to the Board or management of the Company by sending an email to hk.ir@tcl.com, which will be promptly handled and directed by the Company's dedicated investor relations team. The investor relations team takes a proactive approach to communicate with existing and potential investors, Shareholders and stakeholders in a timely manner by various means including holding regular face-to-face meetings and conference calls in order to solicit and understand their views. Shareholders can also send proposals to be put forward at Shareholders' meetings to the Board or senior management by contacting the investor relations team by sending an e-mail to hk.ir@tcl.com, or directly through the questions and answers session at Shareholders' meetings or and results presentation. Shareholders who wish to move a resolution may also request the Company to convene a general meeting following the procedures set out in the section headed "Shareholders' Rights to Convene an EGM" in this annual report.

The general meetings and results presentation of the Company provide the best opportunity for communication between the Board and the Shareholders. The Company complies with the required notice periods for general meetings under the applicable laws, rules and regulations.

The chairperson of the Board and the respective chairperson of the Remuneration Committee, the Nomination Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent board committee, are available to answer questions at the Shareholders' meetings.

The external auditor of the Company, Messrs. Ernst & Young, also attends the AGM to answer questions about the conduct of the audit, the preparation and content of the independent auditor's report, the accounting policies and auditor independence (if any).



Corporate Governance Report

The Board has reviewed its prevailing shareholders' communication policy during the year, and believes that, in light of the multiple channels of communication and engagement in place as stated above, the current shareholders' communication policy of the Company has been properly implemented during 2025 and is effective.

Voting by Poll

The Company states in each relevant corporate communication that the Shareholders shall vote by poll so as to allow the Shareholders to have one vote for every Share held. The chairperson of the meeting would explain the voting procedures and answer any questions from the Shareholders regarding voting by poll in the general meetings. The poll voting results of the general meetings would be published on the websites of the Hong Kong Stock Exchange and the Company respectively on the same day when the general meetings are held.

Shareholders' Rights to Convene an EGM

Under article 72 of the Articles, general meetings shall also be convened on the written requisition of any one or more members of the Company holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, in the issued share capital of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself/themselves may do so in the same manner, provided that any meeting so convened must be a physical meeting at only one location and shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Constitutional Documents

There was no change to the Company's constitutional documents in 2025.

Conclusion

Going forward, the Company will continue to work diligently to maintain the highest level of corporate transparency possible. Relevant corporate information including annual and interim reports, statutory announcements, corporate presentation and press releases, is disclosed in a timely manner and is available on the Company's website (<http://electronics.tcl.com>). Enquiries can also be sent to the Board or senior management by contacting the investor relations team via e-mail to hk.ir@tcl.com, or directly through the questions and answers session at Shareholders' meetings or press conference.

Human Resources and Social Responsibility

HUMAN RESOURCES

In 2025, the Group carried out a series of human resource management initiatives on the basis of the working theme of “Lead with Brand Value, Deepen Global Operations, Drive with Technology, Thrive on Global Vitality” to foster the growth of employees, which provided direct and effective support to the Group’s strategy and performance.

1. Basic Profile of Human Resources

As at 31 December 2025, the total number of employees was 37,859, with a male to female gender ratio of 6:4. The distribution was as follows:

By geographical region as at 31 December 2025:

Chinese mainland	27,194
Regions other than Chinese mainland	10,665

2. Major Accomplishments in Human Resources

In order to support the development strategy of the Group, we continuously endeavoured to optimise our talent structure and increase the efficiency of our talents on the basis of the theme of “Lead with Brand Value, Deepen Global Operations, Drive with Technology, Thrive on Global Vitality”, with a series of proactive measures adopted as follows to strengthen areas including appraisals and incentives, and recruitment, nurturing and development of talents:

In respect of appraisal and incentives, the Group continued to optimise and improve its performance management, remuneration and incentive systems in 2025. Through the establishment of a fair, transparent, reasonable and effective appraisal mechanism, the Group was able to enhance the motivation and creativity of our employees, and achieve business objectives and sustainable development of the Group. Through targeted bonus schemes for business lines, the integration of frontline and back-office support was further strengthened based on the principles of profit sharing arising from value creating and more rewards for more work. In respect of long-term incentives, the Group has formulated and implemented a long-term profit-sharing scheme and share incentive scheme for senior management and key personnel, and strengthened the principles of shared responsibility and profit-sharing, as well as the retention of and motivation of outstanding core talents.

In 2025, the Group continued to optimise its performance management system and process so as to deliver more impartial and scientific appraisal results, which serves as a strong safeguard for employees’ career growth and corporate development.



Human Resources and Social Responsibility

In respect of talent recruitment, the Group acted on its strategic business plan and the philosophy of People First for Global Leadership. The Group closely followed business development needs, actively formulated scientific and efficient talent recruitment tactics and approach, precisely targeting top talents in key fields. A total of 1,757 talents were recruited in 2025, including 414 through campus recruitment, accounting for 23.6%.

In respect of talent development and cultivation, the Group actively carried out talent reviews, enhanced the application of the review results, and promoted the development of talent pools for back-office functions. By inviting overseas high-potential talents to study and work in China, continuously promoting the rotation of high-potential talents and rapidly building an accreditation system for key position qualifications, the Group has laid out a clearer career path for our staff, activated organisational talent, and endeavoured to align the new talent structure with the Group's strategy, so as to contribute to the Group's high-quality development.

TCL Electronics is committed to building a sustainable talent development ecosystem. By comprehensively empowering employee growth through a systematic and tiered training system, the Group aims to inject long-lasting momentum into the high-quality development of the enterprise.

At the level of management team, the Group has carried out through special programmes such as "Relative Competitiveness Practical Training" and "High-Quality Development Lecture Hall", covering nearly 5,000 person-times. These initiatives continuously reinforced the management team's operational mindset and international perspective. In terms of reserve talents, the "Talent Pools" project was steadily advanced, effectively preparing more talents for key positions. Geared towards international development, the Group focused on core overseas positions. Relying on programmes such as the "Country-Level Manager Practical Training Camp" and "Eagle Plan", the Group promoted the two-way integration of talent, ensured talent supply for key markets, and built an international talent pool with a global vision.

The Group attaches great importance to the systematic cultivation of young talents. Through dedicated growth programmes, we developed clear career development paths for new employees recruited from campuses, facilitating the rapid growth of the youth workforce. Meanwhile, keeping pace with AI technology trends, TCL Electronics actively promoted the enhancement of AI literacy for all employees. By systematically organising thematic learning on AI and compliance, the Group empowered employees to keep up with the times, injecting continuous knowledge momentum into sustainable development.

Human Resources and Social Responsibility

SOCIAL RESPONSIBILITY

During the past year, the Group continued to attach great importance to its social responsibility, and contributed to society with concrete actions including actively organising and participating in educational support, charity and school-enterprise cooperation activities.

1. Charitable Funds

1.1 Shenzhen TCL Foundation

The Shenzhen TCL Foundation (“TCL Foundation”) was formally founded in June 2012, and was rated an AAAAAA-grade social organisation of Shenzhen in 2025. TCL Foundation focuses on four major areas, namely technology, education, culture and sports, and directed support. Drawing on leading technology, TCL Foundation explored the integration of technology and charity, mobilised high-quality education resources to pave the way for the growth of the young, promoted the spirit of innovation in culture and sports for the dissemination of the value of charity, and sustained directed support initiatives to assist in developing a fair and harmonious society.

Leveraging on the power of technology, the TCL Foundation promoted the sharing of educational resources and information-based education by making donations to TCL smart classrooms in urban and rural areas, which are equipped with TCL smart blackboards, education tablets, eye protecting lights, air-conditioners and other TCL smart education devices and software. Bolstered by a new generation of information technology, the smart classrooms broke down the physical boundaries and space of conventional schools by building an immersive and intelligent teaching and learning environment, creating a classroom dedicated to realising the true meaning of “attending the same lesson”, and achieving the sharing of educational resources. The smart classrooms have been put into use in five schools in provinces such as Guangdong and Guangxi, benefitting over 7,700 students. The TCL Photovoltaic Low-Carbon Campus Project promoted energy transition to empower green development and facilitate the sustainable development of education. The project has donated 35 photovoltaic low-carbon campuses in rural and urban areas across China, with a total installed capacity of 2,055 KW which could provide 61.91 million kWh of green power during their life cycles, equivalent to saving approximately 20,109 tonnes of standard coal, reducing approximately 49,877 tonnes of carbon dioxide emissions, and planting 2.76 million trees. The Home A.I. programme utilised AI technology to develop and design the Eagle Story-Telling Machine, enabling children to experience joyful growth by the use of AI technology. The project has distributed 393 sets of Eagle Story-Telling Machines to children left behind in rural areas or with no fixed place of abode. The “Eagle Story Club”, an extended programme of the project, was put into pilot use at 88 rural schools across 21 provinces in China, benefitting more than 27,000 people. The Eagle Listening WeChat mini programme, which is developed by TCL Foundation and empowered by AI technology, is able to customise parents’ voices and equipped with story-telling and music playing functions, telling stories to children who are in need of companionship, thereby enhancing their sense of well-being and strengthening the bond between parents and children.



Human Resources and Social Responsibility

The TCL University Donation System consists of TCL Science and Technology Innovation Fund, TCL Young Scholar Programme and Huameng Scholarship, providing fund to scientific research projects at the top, followed by young scholars, and the largest group being university students, forming a “pyramid” shaped structure. Such system has covered 8 renowned universities in China and supported higher education institutions for the cultivation of more talents in technological innovation for society. TCL Foundation and Southern University of Science and Technology (SUST) jointly launched the SUST-TCL Grand Lecture on Innovation and Entrepreneurship, which is aimed to become an influential platform for innovation and entrepreneurship exchanges in the Greater Bay Area and even across China, contributing to the nurturing of young scientific and technological talents. To date, the programme has invited experts and scholars including ZHANG Weiyang, JIN Li and NING Gaoning to hold 55 feature lectures. Soon after its establishment, TCL Foundation set up the TCL Hope Project Candlelight Award Programme, a charitable project for teachers in village schools. Since the implementation of the programme in 2013, it has been held for 10 years with applicants from 500 counties in 23 provinces across China, and over 3,800 outstanding teachers from over 3,000 rural schools were awarded, with a total investment of over RMB47 million. In order to support the educational development in Shenzhen, TCL Foundation has set up primary and secondary education donation programmes in Shenzhen Middle School, Nanshan Innovation School under Shenzhen Middle School and Shenzhen Nanshan District Second Foreign Language School (Group), rewarding students with outstanding character and academic performance and demonstrating an all-rounded development, as well as teachers with professional ethics and dedication to education.

The TCL Foundation organised a total of eight TCL Art Charity Concerts in 2025, spreading love and sincerity through music and benefitting more than 2,400 person-times. The charity creativity contest for TCL staff was held for the fourth time to spread the charity culture. In the contest, a total of 66 charitable programmes were planned and run, benefitting over 200,000 people. The “Little Musician+” programme focused on the artistic development of children and the Xiaoxue Music Box was rolled out. Its extended programme, Xiaoxue Music Lesson, has been put into pilot use in 89 rural schools across 19 provinces in China, and has distributed 430 Xiaoxue Music Boxes to over 24,700 students. TCL Foundation has constantly provided directed support to those in need and has been committed to targeted poverty alleviation, rural revitalisation, environmental development and education assistance, making active contribution to building a fair and harmonious society.

In 2025, the expenditure on charity undertakings of TCL Foundation amounted to approximately RMB61.85 million. The TCL Foundation is ready to collaborate with more organisations in the future to promote the development of charity cause and social progress.

Human Resources and Social Responsibility

1.3 TCL Electronics Mutual Aid Fund

The Group is dedicated to building a mutual aid platform internally for caring for our employees, alleviating poverty and relieving distress of employees. To boost the team spirit of “Assistance for Those in Need, Mutual Help and Dedication with Love”, the spirit of humanity and the corporate culture of people-orientation among the employees, TCL Electronics Mutual Aid Fund, with the donation and support from Dr. TSENG Shieng-chang Carter (who retired as an independent non-executive Director in June 2025) and others, was set up. Established in August 2012, TCL Electronics Mutual Aid Fund is an organisation managed by employees under the Group’s Union Association and is dedicated to assisting employees or families suffering from serious illness or major disasters. Since its founding, TCL Electronics Mutual Aid Fund has been rendering assistance to employees. In 2025, assistance was provided to a number of employees.

TCL Electronics Mutual Aid Fund also fulfilled its corporate social responsibility by supporting the education and development of underprivileged university students from impoverished families through the “First Generation University Student” campaign for 12 consecutive years, contributing RMB200,000 in 2025 and a total of approximately RMB1,920,000 as at 31 December 2025. The TCL-TV laboratory jointly planned and designed by the Group and Shenzhen Shekou Yucai Education Group (“Yucai Group”) was unveiled and put into use in 2020, and a sponsoring amount of approximately RMB200,000 went to Yucai Group for sports facilities and activities in 2025. More such activities will be held in the future, while more new charitable projects will also be launched to support more children to receive quality education. In 2025, in order to expand the coverage of TCL Electronics Mutual Aid Fund, public welfare activities such as donating books, caring for exceptional children, caring for the blind, caring for the solitary elderly, protecting the environment, street cleaning, voluntary blood donation and other activities were organised, which cumulatively subsidised more than 500 individuals from special need groups, more than 500 people living in impoverished mountainous area, and helped more than 100 impoverished students. The total investment in 2025 was approximately RMB667,000.



Human Resources and Social Responsibility

2. School-Enterprise Cooperation

TCL Electronics has always regarded campus recruitment as an important channel for discovering global outstanding talents, actively attracting top young talents from campuses around the world. To better build a university-enterprise talent ecosystem, TCL Electronics continuously deepens cooperation with universities such as South China University of Technology, the University of Hong Kong, Central South University, Hunan University, Wuhan University, Huazhong University of Science and Technology and Harbin Institute of Technology, actively exploring more diversified forms of university-enterprise cooperation. The Group actively constructs a new model of university-enterprise cooperation that is student-centric, employment-oriented, and aligned with development. By establishing talent highlands in universities and deepening university-level cooperation, the Group is carrying out targeted college-level cooperation across multiple dimensions. During the year, the “TCL Electronics Global University Talent Open Day” attracted over 50 top students from various countries to visit TCL Electronics and engage in in-depth corporate tours and exchanges with senior management. This initiative realised more efficient empowerment and talent pipelines for employment, steadily elevating the level of university-enterprise cooperation. By connecting with top universities globally, the Group is gradually establishing talent pipelines from overseas institutions and exploring university-enterprise relationships. TCL Electronics remains committed to sharing its corporate development story on campuses worldwide, disseminating latest corporate updates, and empowering university students to enhance their employability.

3. Environmental Protection

The Group strives to achieve environmental sustainability and incorporates its philosophy of corporate social responsibility into daily operations. The Group operates its in-house manufacturing facilities in compliance with all applicable local environmental regulations.

The Group calls for protecting the environment and implements a fine-tuned strategy to shoulder its environmental, social, and ethical responsibility and improve corporate governance in order to create greater value for all of the Group’s stakeholders including Shareholders, customers, employees, as well as the communities where it operates. Furthermore, the Group remains steadfast in its commitment to upholding a responsible approach toward its employees, customers and the environment. Throughout the product manufacturing process from sourcing raw materials to delivering finished goods, we meticulously regulate and oversee toxic and hazardous substances, which are prohibited throughout the manufacturing process from production packaging, distribution and marketing so as to prevent any matter that is harmful to the health of employees and consumer safety, damages natural environment or may lead to other serious consequences.

The ESG Report of the Company for the year ended 31 December 2025 prepared in accordance with Appendix C2 to the Listing Rules will be published separately pursuant to the requirements under Appendix C2 to the Listing Rules.

Report of the Directors

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Group is mainly engaged in display business, innovative business and internet business as disclosed in the section headed “Management Discussion and Analysis”. The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries of the Company are set out in note 1 to the financial statements. There was no significant change in the nature of the Group’s principal activities during the year ended 31 December 2025.

RESULTS AND DIVIDENDS

The Group’s profit for the year ended 31 December 2025 and the state of affairs of the Company and the Group as at that date are set out in the financial statements on pages 131 to 300.

The Board has proposed a final dividend for the year ended 31 December 2025 of HK49.80 cents in cash per share (31 December 2024: HK31.80 cents) out of the share premium account of the Company.

Subject to (i) Shareholders' approval at the forthcoming AGM to be held on 22 June 2026, Monday, and (ii) the Directors being satisfied that there are no reasonable grounds for believing that the Company is, and immediately after the final dividends are paid, will be unable to pay its liabilities as they become due in the ordinary course of business, the said final dividend will be payable on or about 30 July 2026, Thursday to Shareholders whose names appear on the register of members of the Company at the close of business on 26 June 2026, Friday.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated/reclassified as appropriate, is set out on page 301. This summary does not form part of the audited financial statements.

RECORD DATE AND CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlements to attend and vote at the forthcoming AGM, members of the Company must lodge the relevant transfer document(s) and share certificate(s) at the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on 15 June 2026, Monday for registration. Members of the Company whose names are recorded in the register of members of the Company at the close of business on 15 June 2026, Monday are entitled to attend and vote at the forthcoming AGM.



Report of the Directors

The record date for determining the entitlements of the Shareholders to the proposed final dividend is 26 June 2026, Friday. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 25 June 2026, Thursday. The Hong Kong register of members of the Company will be closed on 26 June 2026, Friday, during which no transfer of Shares may be registered.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out in the section headed "Management Discussion and Analysis" on pages 25 to 55 of this annual report. Discussions on non-financial performance including the Group's human resources management, the key relationships with its employees, social responsibility, and environmental policies and performance are disclosed in the section headed "Human Resources and Social Responsibility" of this annual report. Those discussions form part of this Report of the Directors. Key relationships with customers and suppliers are disclosed in the section headed "Major Customers and Suppliers" in this Report of the Directors. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a review of the business of the Group, discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position, particulars of important events affecting the Group that have occurred since 1 January 2026 and up to the date of this annual report, and an indication of the outlook and future development of the business of the Group, are set out under the sections headed "Chairperson's Statement" and "Management Discussion and Analysis" of this annual report. Those discussions also form part of this Report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

In the face of complex and changing internal and external environments and risks, the Group strictly complies with the requirements of various laws and regulations, continuously improves the governance structure, enhances the operation standards, improves the internal control system, and effectively prevents and controls various risks with an aim to ensure the sustainable, stable, and sound development of the Group.

As at 31 December 2025 and up to the date of this annual report, the Board was not aware of any non-compliance with the relevant laws and regulations that had a significant impact on the Company.

Report of the Directors

SIGNIFICANT RISKS AND UNCERTAINTIES

Some significant risks and uncertainties affecting the Group are outlined below. They are not exhaustive and there may be other additional risks and uncertainties which are now unknown or immaterial to the Group but could become material in future.

Market Environment

In 2025, the global economy maintained resilient growth amid a volatile trade environment, with emerging economies leading in growth rates. The global TV industry saw stable demand with further improvement in brand concentration, while the importance of consumers' emotional value and entertainment experience became particularly prominent, with smart, mid-to-high-end and large-screen products being highly favoured. According to Omdia, global TV shipment in 2025 reached approximately 209 million sets, of which shipment of large-screen TVs of 65 inches and above recorded a year-on-year increase of 5.3% and the global penetration rate of Mini LED TV shipment doubled year-on-year, significantly increasing to 6.1%. Meanwhile, generative AI technology experienced explosive development in 2025, with computing power, algorithms and devices undergoing coordinated upgrades, driving the rapid proliferation of capabilities such as multimodal interaction, content generation and smart assistants, and became the core engine for digital economy and smart hardware upgrades. In terms of consumer-grade clean energy, the global photovoltaic industry continued to maintain strong growth in 2025. According to International Energy Agency, the global cumulative installed photovoltaic capacity exceeded 2,800GW as at the end of 2025, with photovoltaic power generation's position in the global energy mix becoming increasingly consolidated. As the world's largest photovoltaic market, the PRC continued to lead industry development in 2025. According to official data from the National Energy Administration of the PRC, the PRC's newly grid-connected photovoltaic capacity reached 317GW in 2025, of which distributed photovoltaics accounted for 153GW, representing nearly half of the total and demonstrating the enormous potential of distributed photovoltaics in the PRC market.

The Group continues to uphold the business philosophy of "Strategy Guidance, Innovation Drive, Advanced Manufacturing and Global Operation", centred around two core directions of enhancing profitability in the core business and expanding global scale in new business segments, with AI innovation and digital intelligence empowerment as key drivers, synergistically advancing Globalisation 3.0, brand upgrade and ESG strategy, adhering to long-term operational objectives, pursuing high-quality growth, and striving to achieve high-quality sustainable development.



Report of the Directors

Raw Materials

Panels are important raw materials for the Group's TVs and mobile communication products and hence the Group's business is dependent on their availability and price.

To better control the risk, the Company maintains good relationships with its suppliers (as more specifically discussed in the section headed "Major Customers and Suppliers" below in this Report of the Directors). Further, the Group has been pursuing and will continue to pursue synergies with multiple industries of TCL Industries Holdings Group and TCL Technology Group and leverage the advantages of an integrated industrial chain through the long-term relationship with CSOT (which is a major panel supplier in the PRC) to capitalise on opportunities arising from the revolution of the industry and to establish an eco-system enterprise based on display business. In addition, while consolidating and expanding our existing display business, we will actively diversify our business to develop all-category marketing, photovoltaic and internet businesses through investments, mergers and acquisitions, and restructuring to explore new business growth opportunities. Further discussion in this aspect has been set out under the sections headed "Chairperson's Statement" and "Management Discussion and Analysis" of this annual report.

Technological Development

The market is rapidly evolving and subject to continuous technological development. The Group's success will depend on its ability to keep up with the changes in technology. If the Group fails to adapt its products and services to such changes in an effective and timely manner, it could adversely affect its business, financial condition, and results of operations.

Therefore, the Group will maintain high R&D investment, attach great importance to product innovation and continue adjusting the product mix to develop high-end display technologies such as Mini LED, QLED, and 8K. At the same time, the Group will plan ahead in the field of intelligent interaction, vigorously explore cutting-edge technologies such as AI, internet-based big data, 5G, and intelligent manufacturing, and further enhance the core technology competitiveness of the Group.

Policy Regulatory Risks

Despite the continuous expansion of the Group's business in the PRC and abroad, multiple factors such as evolving international trade policies, increasingly stringent regulatory environments in various countries, and changing international political situations have exposed the Group to more severe trade, compliance, and political risks (including geopolitical risks), mainly manifested as trade policy risks, export and sanctions compliance risks, supply chain compliance risks, anti-bribery risks, privacy protection, cyber security and other compliance risks, as well as risks associated with political uncertainty.

Report of the Directors

The Group has always been committed to strictly complying with applicable laws and regulations, establishing relevant management units and departments to research and analyse laws, regulations and market rules, and setting up key compliance management systems within the Group. A wide range of compliance management and control methods such as emphasis from the management, construction of organisational structure, publication of policies, built-in processes, training and publicity, inspection and auditing are in place to manage and control related risks in a systematic manner. On the one hand, the Group will actively follow the updates in relevant laws, regulations and policies, broaden and strengthen the existing compliance management system through political risk prevention and early warning to improve crisis response capabilities. On the other hand, the strength of global layout will be fully leveraged and production capacity layout and supply chain system will be optimised to mitigate the negative impact of policy regulatory risks on the Group's business.

Financial Risks

Further discussions on the financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk, that would affect the business operations of the Group, the potential financial impact, and measures taken to manage those risks are disclosed in note 49 to the financial statements.

PROPERTY, PLANT, AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND SHARE AWARDS

Details of movements in the Company's share capital (including issue of Shares), share options, and share awards during the year, together with the reasons thereof are set out in notes 37 and 38 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or Cayman Law which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

PURCHASE, REDEMPTION, OR SALE OF LISTED SECURITIES OF THE COMPANY

There was no purchase, redemption or sale by the Company, or any of its subsidiaries, of the listed securities (including sale of treasury shares) of the Company during the year ended 31 December 2025.

As at 31 December 2025, the Company did not hold any Shares in treasury.

Report of the Directors

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 50 to the financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had an aggregate of HK\$2,901,770,000 standing to the credit of its share premium account and HK\$738,936,000 standing to the credit of its capital reserve account. As the aforesaid capital reserve represents a premium arising from the issue of Shares, the entire amount of HK\$738,936,000 standing to the credit of the capital reserve account of the Company will be transferred to the share premium account in compliance with the Articles and Cayman Law. Subject to compliance with the applicable requirements under Cayman Law, the share premium may be applied for payment of dividend by the Company. After the transfer of the capital reserve as aforesaid, the amount which can be utilised for payment of dividend by the Company out of its share premium account would be HK\$3,640,706,000.

CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group made charitable contributions totaling approximately HK\$19,666,000.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

– the largest supplier	17%
– the five largest suppliers combined	32%

Sales

– the largest customer	8%
– the five largest customers combined	24%

The Group recognises that maintaining good and stable relationship with suppliers, customers, and business partners is key to the sustainable development of the Group. The Group also endeavours to maintain reliable business relationships with its major suppliers and customers which have been cooperating with the Group for a long time.

Report of the Directors

Major Customers

The Group's major customers are all from the consumer electronics industry, which is characterised by its cycle of integration and intensified competition. Any loss of or changes in market position of any of these customers may materially and adversely affect the business, financial conditions, and operating results of the Group. In light of this, the Group adopts the following strategies to reduce the risk from reliance on one single customer. On the one hand, the Group strengthens the relationship with its existing customers, which have made relatively stable contributions to the revenue of the Group. On the other hand, the Group endeavours to expand its business and acquire new customers by improving its product mix and integrating its industry chain. Further discussion in this aspect has been set out in the section headed "Management Discussion and Analysis" of this annual report.

The Group's credit terms with its customers including credit period are disclosed in note 22 to the financial statements. Each customer has a credit limit depending on its size and credibility. The Group also maintains credit insurance for trade receivables from customers.

Major Suppliers

There are numerous suppliers providing materials required for the Group's production and other business operations. The Group adopts multiple sourcing policies and strategic inventory management to ensure sufficient supply of materials for production.

The Group has fully capitalised on its robust brand influence and channel advantages to proactively expand its global layout and accelerate the distribution of smart all-category products to international markets through purchasing air conditioners, refrigerators, and washing machines from TCL Industries Holdings Group. We also take advantage of the online channel of TCL Industries Holdings Group in the PRC to enhance its overall distribution scale. Thus, two of the five largest suppliers and one of the five largest customers of the Group are subsidiaries of TCL Industries Holdings.

Notwithstanding the respective interests and/or roles of certain Directors in TCL Industries Holdings, specifically as at 31 December 2025, (i) Ms. DU Juan was also a director and the CEO of TCL Industries Holdings; (ii) Mr. ZHANG Shaoyong was also a director and senior vice president of TCL Industries Holdings; (iii) Mr. PENG Pan was also the CFO of TCL Industries Holdings; (iv) Mr. SUN Li was also the CTO of TCL Industries Holdings; and (v) each of Ms. DU Juan, Mr. PENG Pan and Mr. SUN Li also held positions as directors or senior management in certain subsidiaries and/or associates of TCL Industries Holdings, as their respective direct or indirect interests in TCL Industries Holdings were insignificant, none of them was considered as having a material interest in those subsidiaries of TCL Industries Holdings.

Save as aforesaid, none of the Directors, their close associates or Shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued Shares) had any interest in the Group's five largest customers or five largest suppliers.



Report of the Directors

DIRECTORS

The Directors during the year ended 31 December 2025 and up to the date of this annual report were:

Executive Directors:

Ms. DU Juan

Mr. ZHANG Shaoyong

Mr. PENG Pan

Mr. SUN Li

Independent Non-executive Directors:

Professor WANG Yijiang

Mr. LAU Siu Ki

Mr. HUI Chi Kin Max (appointed as an independent non-executive Director with effect from 6 June 2025)

Dr. TSENG Shiang-chang Carter (retired as an independent non-executive Director with effect from 6 June 2025)

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

In accordance with Article 116 of the Articles, at each AGM, not less than one-third of the Directors for the time being shall retire from office by rotation and, under the corporate governance code adopted by the Company, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. In accordance with Article 99(a) of the Articles, any Director appointed by the Board whether to fill a casual vacancy or as an addition to the Board shall hold office only until the first AGM after his appointment and shall then be eligible for re-election at that meeting. All retiring Directors shall be eligible for re-election. Accordingly, Ms. DU Juan, Mr. ZHANG Shaoyong and Mr. HUI Chi Kin Max shall retire from office at the conclusion of the forthcoming AGM. Ms. DU Juan, Mr. ZHANG Shaoyong and Mr. HUI Chi Kin Max, being eligible, will offer themselves for re-election at the forthcoming AGM.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT, AND THE FIVE HIGHEST PAID EMPLOYEES

Particulars of the remuneration of the Directors, senior management, and the five highest paid employees (including senior management) during the financial year are set out in notes 8 and 9 to the financial statements, respectively.

Report of the Directors

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

Please refer to the Corporate Governance Report contained on pages 56 to 88 of this annual report for the Group's emolument policy and long-term incentive schemes together with the basis for determining the remuneration payable to the Directors.

PENSION SCHEMES

Particulars of the Group's pension schemes are set out in note 2.4 to the financial statements.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 16 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2025, none of the Directors is interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

Save as disclosed in the section headed "Connected Transactions" in this Report of the Directors, none of the Directors or their connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, or any of its subsidiaries, holding companies, or fellow subsidiaries was a party during the year ended 31 December 2025.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in the section headed "Connected Transactions" in this Report of the Directors, no contract of significance was entered into among the Company or any of its subsidiaries and the controlling shareholder of the Company (as defined under the Listing Rules) or any of its subsidiaries during the year ended 31 December 2025.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares, and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interests in the Company – Long Positions

Name of Directors	Capacity	Number of ordinary Shares interested or deemed to be interested		Total	Approximate percentage of the number of issued Shares (Note 2)
		Personal interests	Other interests		
			(Note 1)		
Directors					
DU Juan	Beneficial owner	1,817,324	2,276,200	4,093,524	0.16%
ZHANG Shaoyong	Beneficial owner	3,254,261	1,817,500	5,071,761	0.20%
PENG Pan	Beneficial owner	453,249	1,817,500	2,270,749	0.09%
SUN Li	Beneficial owner	1,796,668	1,817,500	3,614,168	0.14%
WANG Yijiang	Beneficial owner	44,312	–	44,312	0.002%
LAU Siu Ki	Beneficial owner	164,637	–	164,637	0.01%

Notes:

- These interests are Awarded Shares that have been granted to the relevant Directors under the 2023 Share Award Scheme and were not vested as at 31 December 2025.
- The percentages are calculated based on the number of issued Shares as at 31 December 2025, i.e. 2,520,935,155 Shares.

Save as disclosed above, as at 31 December 2025, none of the Directors had registered an interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, the interests and short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long position in Shares

Shareholder	Capacity	Number of Shares held	Percentage of the number of issued Shares (Note 1)
TCL Industries Holdings (Note 2)	Interest of controlled corporation	1,374,938,618 (Note 3)	54.54%

Notes:

- The percentage in respect of the interest of the relevant substantial Shareholder was calculated based on the number of Shares and underlying Shares in which such substantial Shareholder was interested as notified to the Company and disclosed on the website of the Hong Kong Stock Exchange against the number of issued Shares as at 31 December 2025, being 2,520,935,155 Shares in issue.
- As at 31 December 2025, the following Directors were directors/employees of a company who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:
 - Ms. DU Juan was also a director and the CEO of TCL Industries Holdings;
 - Mr. ZHANG Shaoyong was also a director and senior vice president of TCL Industries Holdings;
 - Mr. PENG Pan was also the CFO of TCL Industries Holdings; and
 - Mr. SUN Li was also the CTO of TCL Industries Holdings.
- Based on the disclosure of interest form submitted by the said substantial Shareholder(s), as at 11 October 2022, TCL Industries Holdings was deemed to be interested in 1,350,728,288 Shares held by T.C.L. Industries (H.K.). According to the information subsequently provided to the Company by the said substantial Shareholder(s), as at 31 December 2025, 1,374,938,618 Shares were interested or deemed to be interested by the said substantial Shareholder(s) through the foregoing structure, however such change in shareholding does not give rise to a duty of disclosure on the part of the relevant substantial Shareholder under Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, no person, other than the Directors whose interests or short positions are set out in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above, had notified the Company of an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.



Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections under the headings “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES”, “SHARE OPTION SCHEME” and “SHARE AWARD SCHEMES” in this Report of the Directors, at no time during the year ended 31 December 2025 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or his/her spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, or any of its subsidiaries, holding companies, or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The Company adopted the 2023 Share Option Scheme on 3 November 2023.

The 2023 Share Option Scheme

For the terms of the 2023 Share Option Scheme, please refer to the annual report of the Company for the year ended 31 December 2023. Unless otherwise defined, all capitalised terms and abbreviations under this section shall have the same meanings as those defined in the circular of the Company dated 17 October 2023.

The purposes of the 2023 Share Option Scheme are (i) to recognise and acknowledge the contributions of the Participants and to motivate Participants to contribute to, and promote the interests of, the Company by granting share options to them as incentives or rewards for their contributions to the growth and development of the Group; (ii) to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group; (iii) to develop, maintain and strengthen long-term relationships that the Participants may have with the Group for the benefit of the Group; and (iv) to align the interest of the Participants with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group. The Participants of the 2023 Share Option Scheme will include Employee Participants, Related Entity Participants, and Service Providers. The 2023 Share Option Scheme became effective on 3 November 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date until 2 November 2033.

Report of the Directors

The total number of Shares which may be allotted and issued in respect of all share options that may be granted under the 2023 Share Option Scheme and all share options and all share awards that may be granted under any Other Schemes existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme (the “Scheme Mandate Limit”). The total number of Shares which may be allotted and issued in respect of share options that may be granted to Service Providers under the 2023 Share Option Scheme and all share options and all share awards that may be granted under any Other Schemes existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme (the “Service Provider Sublimit”). The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from 3 November 2023 or the date of Shareholders’ approval for the last refreshment. The Scheme Mandate Limit is 250,756,873 Shares, representing approximately 9.95% of the total number of issued Shares (excluding treasury shares) as at the date of this annual report.

The maximum number of Shares issued or to be issued upon exercise of share options granted to (i.e. the maximum entitlement of) any one participant in a 12-month period shall not exceed 1% (or 0.1% for any substantial Shareholder, independent non-executive Director, or any of their respective associates) of the number of issued Shares, unless otherwise approved by Shareholders in a general meeting of the Company.

Share options granted to a Director, chief executive or substantial Shareholder, or to any of their respective associates are subject to approval in advance by the independent non-executive Directors. In addition, the grant of any share options to a substantial Shareholder or an independent non-executive Director, or to any of their respective associates, in excess of 0.1% of the number of Shares in issue at any time within any 12-month period, is subject to Shareholders’ approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted upon payment of a non-refundable nominal consideration of HK\$0.10, and within the period determined by the Board provided that no such offer shall be open for acceptance after the expiry or termination of the 2023 Share Option Scheme by each grantee.

The vesting period in respect of any share options shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Share options granted to Employee Participants may be subject to a shorter vesting period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager of the Company, under any of the following circumstances:

- (a) grants of “make-whole” share options to a new Employee Participant to replace the share awards or share options that such Employee Participant forfeited when leaving his or her previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
- (c) grants of share options with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;



Report of the Directors

- (d) grants of share options that are made in batches during a year for administrative and compliance reasons;
- (e) grants of share options with a mixed or accelerated vesting schedule such as where the share options may vest evenly over a period of 12 months; and
- (f) grants of share options with a total vesting and holding period of more than 12 months.

The exercise period of the share options granted is determinable by the Directors, and commences on a specified date and ends on a date which is not later than ten years from the date of grant of the relevant share options.

The exercise price of a share option to subscribe for Shares is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Shares on the Hong Kong Stock Exchange on the date of grant; (ii) the average closing price of the Shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

No share options had been granted, exercised, lapsed or cancelled under the 2023 Share Option Scheme during the year ended 31 December 2025. As at 1 January 2025 and 31 December 2025, there were no outstanding share options granted under the 2023 Share Option Scheme.

SHARE AWARD SCHEMES

The Company adopted the 2008 Share Award Scheme on 6 February 2008. Following the expiration of the 2008 Share Award Scheme on 5 February 2023, the Company adopted the 2023 Share Award Scheme on 3 November 2023. The 2023 Share Award Scheme constitutes a share scheme involving grant of, among others, new Shares under Chapter 17 of the Listing Rules. Details of the 2023 Share Award Scheme were set out in the circular of the Company dated 17 October 2023.

The 2023 Share Award Scheme

For the terms of the 2023 Share Award Scheme, please refer to the annual report of the Company for the year ended 31 December 2023. Unless otherwise defined, all capitalised terms and abbreviations under this section shall have the same meanings as those defined in the circular of the Company dated 17 October 2023.

Report of the Directors

The purposes of the 2023 Share Award Scheme are (i) to recognise and acknowledge the contribution of the Participants and to motivate Participants to contribute to, and promote the interests of, the Company by granting share awards to them as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract, retain and motivate high-calibre Participants to promote the sustainable development of the Group in line with the performance goals of the Group; (iii) to develop, maintain and strengthen long-term relationships that the Participants may have with the Group for the benefit of the Group; and (iv) to align the interest of the Selected Persons with those of the Shareholders to promote the long-term performance (whether in financial, business and operational aspects) of the Group. The Participants of the 2023 Share Award Scheme include Employee Participants, Related Entity Participants and Service Providers, and provided that if and only if a share award is to be made in the form of existing Shares, Participants in respect of such share award shall also include Other Participants, i.e. any other person(s) whom the Board in its sole discretion considers may contribute or have contributed to the Group (including but not limited to employees and officers of any invested entities of the Company, of any affiliated entities of the Company, and/or of any Service Provider). The 2023 Share Award Scheme became effective on 3 November 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date until 2 November 2033.

The total number of Shares which may be allotted and issued in respect of all share awards to be granted under the 2023 Share Award Scheme, and all share options and all share awards to be granted under any Other Schemes existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Award Scheme. The total number of Shares which may be allotted and issued in respect of all share awards to be granted to Service Providers under the 2023 Share Award Scheme and all share options and all share awards that may be granted under any Other Schemes existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of approval of the 2023 Share Award Scheme. The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from 3 November 2023 or the date of Shareholders' approval for the last refreshment. The Scheme Mandate Limit is 250,756,873 Shares, representing approximately 9.95% of the total number of issued Shares (excluding treasury shares) as at the date of this annual report.

The total number of Shares issued and to be issued in respect of all awards granted under the 2023 Share Award Scheme and all share options and all share awards granted under any Other Schemes (including both exercised or outstanding share options and vested or outstanding Awarded Shares and awards but excluding any Awards, share options and share awards lapsed in accordance with the terms of the 2023 Share Award Scheme or any Other Schemes) to each Participant in any 12-month period up to and including the relevant Offer Date shall not exceed 1% of the total number of Shares in issue (i.e. Individual Limit).

The Selected Person does not need to make any payment for the acceptance of awards.



Report of the Directors

The vesting period in respect of any awarded Share shall not be less than 12 months (or such other period as the Listing Rules may prescribe or permit from time to time). Share awards granted to Employee Participants may be subject to a shorter vesting period as determined by (i) the Remuneration Committee if such Employee Participant is a Director or a senior manager of the Company, or (ii) the Board if such Employee Participant is not a Director or a senior manager of the Company, under any of the following circumstances:

- (a) grants of “make-whole” share awards to a new Employee Participant to replace the share awards or share options that such Employee Participant forfeited when leaving his or her previous employer;
- (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control events;
- (c) grants of share awards with performance-based vesting conditions as determined by the Board, in lieu of time-based vesting criteria;
- (d) grants of share awards that are made in batches during a year for administrative and compliance reasons;
- (e) grants of share awards with a mixed or accelerated vesting schedule such as where the share awards may vest evenly over a period of 12 months; and
- (f) grants of share awards with a total vesting and holding period of more than 12 months.

Subject to the foregoing minimum vesting period requirements, the Board has the authority to determine, among other things, the vesting conditions, the vesting period and schedule, the number and form of awarded Shares, the terms and conditions for each grant, and the period for acceptance of grant. In general, no amount is payable on acceptance of grant of awarded Shares under the 2023 Share Award Scheme. The purchase price of the awarded Shares (i.e. the price payable by a Selected Person to purchase the awarded Shares), if any, shall be such price which shall be determined by the Board from time to time based on considerations such as the prevailing closing price of the Shares, the purpose of the share award, and the characteristics and profile of the Selected Person. Such room for discretion provides the Board with flexibility to stipulate, if necessary, a purchase price for awarded Shares, while balancing the purpose of the share award and the interests of Shareholders.

Report of the Directors

The Company has appointed the Trustee for the administration of the share award scheme. To the knowledge and belief of the Company, the Trustee is an independent third party to the Company. No one, including the Trustee, may exercise any voting rights in respect of the Awarded Shares held by the Trustee.

The trust for management and the trust for employees and other details are set out in note 38 to the financial statements.

Name or category of participants	Number of Awarded Shares						Date of grant of Awarded Shares	Share closing price on the date of grant of Awarded Shares HK\$	Vesting period of Awarded Shares	Share closing price immediately before the date of grant of Awarded Shares HK\$	Weighted average share closing price immediately before the vesting dates HK\$
	At 1 January 2025	Reclassification	Granted during the year	Vested during the year	Cancelled during the year	Lapsed during the year					
Directors											
<i>Executive Directors</i>											
DU Juan	1,500,000	-	-	(600,000)	-	-	25-Jan-24	2.32	Note 2	2.30	9.69
	-		1,376,200	-	-	-	09-Apr-25	6.54	Note 3	6.65	N/A
	1,500,000	-	1,376,200	(600,000)	-	-					
ZHANG Shaoyong	1,500,000	-	-	(600,000)	-	-	25-Jan-24	2.32	Note 2	2.30	9.69
	-	-	917,500	-	-	-	09-Apr-25	6.54	Note 3	6.65	N/A
	1,500,000	-	917,500	(600,000)	-	-					
PENG Pan	1,500,000	-	-	(600,000)	-	-	25-Jan-24	2.32	Note 2	2.30	9.69
	-	-	917,500	-	-	-	09-Apr-25	6.54	Note 3	6.65	N/A
	1,500,000	-	917,500	(600,000)	-	-					
SUN Li	1,500,000	-	-	(600,000)	-	-	25-Jan-24	2.32	Note 2	2.30	9.69
	-	-	917,500	-	-	-	09-Apr-25	6.54	Note 3	6.65	N/A
	1,500,000	-	917,500	(600,000)	-	-					
	6,000,000	-	4,128,700	(2,400,000)	-	-					
Other Employee Participants	2,863,735	-	-	(2,863,735)	-	-	18-May-21	5.21	Note 1	5.16	9.20
	64,090,000	(626,000)	-	(26,068,794)	-	(1,890,206)	25-Jan-24	2.32	Note 2	2.30	9.69
	-	(198,600)	75,296,000	-	-	(1,891,200)	09-Apr-25	6.54	Note 3	6.65	N/A
	66,953,735	(824,600)	75,296,000	(28,932,529)	-	(3,781,406)					
Related Entity Participants	64,815	-	-	(64,815)	-	-	18-May-21	5.21	Note 1	5.16	9.20
	9,260,000	626,000	-	(3,072,000)	-	(250,000)	25-Jan-24	2.32	Note 2	2.30	9.69
	-	198,600	12,073,200	-	-	(68,900)	09-Apr-25	6.54	Note 3	6.65	N/A
	9,324,815	824,600	12,073,200	(3,136,815)	-	(318,900)					
	82,278,550	-	91,497,900	(34,469,344)	-	(4,100,306)					

Report of the Directors

- Note 1 For Awarded Shares granted in view of the achievement of performance targets for 2017 to 2020, approximately 40% of such Awarded Shares were vested on 20 June 2022, a further approximately 30% were vested on 20 June 2023, and the remaining approximately 30% were vested on 20 June 2024. For Awarded Shares granted in view of the achievement of performance targets for 2021, approximately 40% of such Awarded Shares were vested on 20 June 2023, a further approximately 30% were vested on 20 June 2024, and the remaining approximately 30% were vested on 20 June 2025. For details, please refer to the announcement of the Company dated 19 May 2021.
- Note 2 For Awarded Shares granted in view of the achievement of performance targets for 2024 to 2026, approximately 40% of such Awarded Shares were vested on 11 June 2025, a further approximately 30% are scheduled to be vested on 11 June 2026, and the remaining approximately 30% are scheduled to be vested on 11 June 2027. For details, please refer to the announcement of the Company dated 25 January 2024.

The vesting of Awarded Shares granted on 25 January 2024 is subject to achievement of performance targets as follows:

- (i) Performance targets at the Company level
- Each of the three batches of Awarded Shares shall be vested according to tiers with reference to the percentage increase in adjusted profit attributable to owners of the parent of the Group for the corresponding financial year as compared against the adjusted profit attributable to owners of the parent of the Group for the financial year ended 31 December 2023 (the "Percentage Increase 2023") as follows:

Corresponding to results for the financial year ending 31 December	Vesting Date	Percentage Increase 2023 (X)	The percentage of Awarded Shares corresponding to the relevant financial year to be vested
2024	11-Jun-25	$X \geq 65\%$	100%
		$50\% \leq X < 65\%$	80%
		$X < 50\%$	0%
2025	11-Jun-26	$X \geq 100\%$	100%
		$70\% \leq X < 100\%$	80%
		$X < 70\%$	0%
2026	11-Jun-27	$X \geq 150\%$	100%
		$90\% \leq X < 150\%$	80%
		$X < 90\%$	0%

- (ii) Performance targets at individual selected person level
- A selected person's personal assessment will be conducted annually in accordance with the assessment method formulated by the Group. Each of the three batches of Awarded Shares shall be vested according to the individual performance appraisal results of the selected persons for the corresponding financial year. The Awarded Shares will not be vested on the selected persons who fail to attain a designated threshold at individual selected person level, whether the performance targets at the Company level are satisfied or not.

Report of the Directors

Note 2 (continued)

(ii) Performance targets at individual selected person level (continued)

All or such part of the Awarded Shares granted to a selected person which do not vest because of failure to achieve the performance targets will lapse in accordance with the terms of the 2023 Share Award Scheme.

The fair value at the date of grant of Awarded Shares granted on 25 January 2024 amounted to HK\$190,866,000. For details of the accounting policy please refer to note 2.4 of notes to financial statements.

Note 3 For Awarded Shares granted in view of the achievement of performance targets for 2025 to 2027, approximately 40% of such Awarded Shares are scheduled to be vested on 12 May 2026, a further approximately 30% are scheduled to be vested on 12 May 2027, and the remaining approximately 30% are scheduled to be vested on 12 May 2028. For details, please refer to the announcement of the Company dated 9 April 2025.

The vesting of Awarded Shares granted on 9 April 2025 is subject to achievement of performance targets as follows:

(i) Performance targets at the Company level

Each of the three batches of Awarded Shares shall be vested according to tiers with reference to the percentage increase in adjusted profit attributable to owners of the parent of the Group for the corresponding financial year as compared against the adjusted profit attributable to owners of the parent of the Group for the financial year ended 31 December 2024 (the "Percentage Increase 2024") as follows:

Corresponding to results for the financial year ending 31 December	Vesting Date	Percentage Increase 2024 (X)	The percentage of Awarded Shares corresponding to the relevant financial year to be vested
2025	12-May-26	$X \geq 45\%$	100%
		$25\% \leq X < 45\%$	80%
		$X < 25\%$	0%
2026	12-May-27	$X \geq 75\%$	100%
		$50\% \leq X < 75\%$	80%
		$X < 50\%$	0%
2027	12-May-28	$X \geq 100\%$	100%
		$75\% \leq X < 100\%$	80%
		$X < 75\%$	0%



Report of the Directors

Note 3 (continued)

(ii) Performance targets at individual selected person level

A selected person's personal assessment will be conducted annually in accordance with the assessment method formulated by the Group. Each of the three batches of Awarded Shares shall be vested according to the individual performance appraisal results of the selected persons for the corresponding financial year. The Awarded Shares will not be vested on the selected persons who fail to attain a designated threshold at individual selected person level, whether the performance targets at the Company level are satisfied or not.

All or such part of the Awarded Shares granted to a selected person which do not vest because of failure to achieve the performance targets will lapse in accordance with the terms of the 2023 Share Award Scheme.

The fair value at the date of grant of Awarded Shares granted on 9 April 2025 amounted to HK\$598,396,000. For details of the accounting policy please refer to note 2.4 of notes to financial statements.

Note 4 The purchase price (being the price payable by a selected person to purchase the Awarded Shares) of all Awarded Shares disclosed in the above table is nil.

Save as disclosed above, no share awards had been granted, lapsed or cancelled under the 2023 Share Award Scheme respectively during the reporting period.

As at 1 January 2025, the number of share options and share awards available for grant under the Scheme Mandate Limit and the Service Provider Sublimit under the 2023 Share Option Scheme, 2023 Share Award Scheme and any other share schemes of the Company were 250,756,873 and 25,075,687 respectively.

No grant was made under the 2023 Share Option Scheme and a grant of 91,497,900 share awards was made under the 2023 Share Award Scheme to Employee Participants and Related Entity Participants all in the form of existing Shares during the year ended 31 December 2025. Accordingly, as at 31 December 2025, the number of share options and share awards available for grant under the Scheme Mandate Limit and the Service Provider Sublimit under the 2023 Share Option Scheme, 2023 Share Award Scheme and any other share schemes of the Company were 250,756,873 and 25,075,687 respectively.

The number of shares that may be issued in respect of share options and share awards granted under all share schemes of the Company during the year ended 31 December 2025 divided by the weighted average number of Shares in issue (excluding treasury shares) during the year ended 31 December 2025 is 0.

As at the date of this annual report, the total number of shares available for issue under the 2023 Share Option Scheme and 2023 Share Award Scheme, which represents the aggregate of all outstanding (i.e. in the case of share options, granted and not yet exercised, cancelled nor lapsed, and in the case of share awards, granted and not yet vested, cancelled nor lapsed) share options and share awards, and all share options and all share awards available for future grant under the 2023 Share Option Scheme and 2023 Share Award Scheme, was 250,756,873, representing approximately 9.95% of the total Shares in issue (excluding treasury shares) as at the date of this annual report.

Report of the Directors

CONNECTED TRANSACTIONS

During the year, the Group carried out the following continuing connected transactions (other than continuing connected transactions that are fully exempted under Rule 14A.73 of the Listing Rules) with its connected persons including (i) TCL Industries Holdings (being the ultimate controlling shareholder of the Company), its subsidiaries and its associates (as defined in the Listing Rules); and (ii) Tencent Holdings Limited (a connected person of the Company at the subsidiary level as one of Tencent Holdings Limited's wholly-owned subsidiaries held more than 10% of Falcon Network Technology during the year) and its subsidiaries (collectively "Tencent Group").

- (a) Pursuant to the Master Sale and Purchase (2025-2027) Agreement dated 26 September 2024 entered into between the Company and TCL Industries Holdings, the Group (i) purchased TCL Associates Products (as defined in the announcement of the Company dated 26 September 2024) from TCL Industries Holdings and its various associates amounting to HK\$11,259,038,000; and (ii) sold Electronics Products (as defined in the announcement of the Company dated 26 September 2024) to TCL Industries Holdings and its various associates amounting to HK\$11,268,606,000 during the year. Further details of the Master Sale and Purchase (2025-2027) Agreement are set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 6 November 2024.
- (b) Pursuant to the Master Services (2025-2027) Agreement dated 26 September 2024 entered into between the Company and TCL Industries Holdings, the Group (i) paid service fees to TCL Industries Holdings and its various associates amounting to HK\$2,404,607,000; and (ii) received service fees from TCL Industries Holdings and its various associates amounting to HK\$303,760,000 during the year. Further details of the Master Services (2025-2027) Agreement are set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 6 November 2024.
- (c) Pursuant to the Master Brand Promotion (2025-2027) Agreement dated 26 September 2024 entered into between the Company and TCL Industries Holdings, the Group shall pay brand promotion fees to TCL Industries Holdings for setting up and/or maintaining promotion fund(s) for advertisement, promotion, management, and maintenance of TCL Brand (as defined in the announcement of the Company dated 26 September 2024) and/or TCL Industries Holdings Brand (as defined in the announcement of the Company dated 26 September 2024). During the year, the Group paid brand promotion fee to TCL Industries Holdings amounting to HK\$626,068,000. Further details of the Master Brand Promotion (2025-2027) Agreement are set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 6 November 2024.

Report of the Directors

- (d) Pursuant to the Master Financial (2025-2027) Agreement dated 26 September 2024 entered into among the Company, TCL Industries Holdings, and Finance Company (HK) (a subsidiary of TCL Industries Holdings), (i) the maximum outstanding daily balances of deposits (including interest receivables in respect of these deposits and deposits as security) placed by TCL Electronics Qualified Members (as defined in the announcement of the Company dated 26 September 2024) with Finance Company (HK) and/or TCL Industries Holdings Financial Services Associates (as defined in the announcement of the Company dated 26 September 2024) amounted to HK\$3,878,849,000; (ii) the maximum daily balances of outstanding loans (including interest receivables in respect of those loans) provided by the Group to the Qualified Holdings Group (as defined in the announcement of the Company dated 26 September 2024) amounted to HK\$1,576,473,000; (iii) no facility (including interest and handling fees) provided by TCL Industries Holdings Financial Services Associates to TCL Electronics Qualified Members was used during the year ended 31 December 2025; and (iv) foreign exchange transactions entered into between the Group and Finance Company (HK) and/or TCL Industries Holdings Financial Services Associates amounted to HK\$476,867,000 during the year. Further details of the Master Financial (2025-2027) Agreement are set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 6 November 2024.
- (e) Pursuant to the Master Photovoltaic (2025-2027) Agreement dated 26 September 2024 entered into between the Company and TCL Industries Holdings, the Group (i) received construction services income from TCL Industries Holdings and its various associates amounting to HK\$436,548,000; (ii) received operation and maintenance services income from TCL Industries Holdings and its various associates amounting to HK\$23,748,000 during the year; and (iii) had not made any payment under the guarantee arrangement during the year. Further details of the Master Photovoltaic (2025-2027) Agreement are set out in the announcement of the Company dated 26 September 2024 and the circular of the Company dated 6 November 2024.
- (f) Pursuant to the Master Rental (2025-2027) Agreement dated 26 September 2024 entered into between the Company and TCL Industries Holdings, during the year, (i) the Group received rental/license income from TCL Industries Holdings and its associates amounting to HK\$12,705,000; (ii) the Group paid rental/license cost to TCL Industries Holdings and its associates amounting to HK\$2,634,000; and (iii) the total maximum value of the right-of-use assets for TCL Industries Holdings and its associates to be leased to the Group amounted to HK\$105,399,000. Further details of the Master Rental (2025-2027) Agreement are set out in the announcement of the Company dated 26 September 2024.
- (g) Pursuant to the Internet TV Cooperation (2025-2027) Framework Agreement dated 19 December 2024 entered into between the Company and Tencent Computer (as defined in the announcement of the Company dated 19 December 2024), during the year, the Group (i) received aggregate income from Tencent Computer amounting to HK\$62,457,000; and (ii) paid aggregate fees to Tencent Computer amounting to HK\$365,056,000. Further details of the Internet TV Cooperation (2025-2027) Framework Agreement are set out in the announcement of the Company dated 19 December 2024.

Report of the Directors

- (h) Pursuant to the Master Finance Lease (2022-2024) Agreement dated 26 August 2022 entered into among the Company, TCL Industries Holdings, and TCL Finance Lease (Zhuhai) Co., Ltd. (a subsidiary of TCL Industries Holdings), as at 31 December 2025, (i) the Group received a contractual sum of HK\$519,419,000 in aggregate from TCL Industries Holdings and its associates for the individual agreements for sale of leased assets entered into during the financial year ended 31 December 2022; (ii) the Group paid HK\$911,000 in aggregate under the guarantee arrangement arising from the agreements entered into during the financial year ended 31 December 2022; and (iii) the maximum outstanding balance of security deposits paid by the Group to TCL Industries Holdings and its associates amounted to HK\$24,146,000 arising from the agreements entered into during the financial year ended 31 December 2022. Further details of the Master Finance Lease (2022-2024) Agreement are set out in the announcement of the Company dated 26 August 2022 and the circular of the Company dated 8 September 2022.
- (i) Pursuant to the Exclusive Business Co-operation Agreement dated 23 July 2019 (as supplemented and amended from time to time) entered into between Falcon Network Technology and the OPCO, the OPCO Group shall engage Falcon Network Technology on an exclusive basis to provide business support, technical services, consulting services, and other services, including but not limited to technical services, network support, business consultation, intellectual property licensing, leasing of equipment, market consultation, system integration, product research and development, system maintenance, and other related services from time to time in accordance with the PRC Laws. The OPCO Group shall pay, on a quarterly basis, to Falcon Network Technology a service fee that is set by Falcon Network Technology and stated in the invoice issued by Falcon Network Technology to the OPCO Group having taken into account the workload and commercial value of the services provided by Falcon Network Technology to the OPCO Group, and the service fee shall be equivalent to all profits generated by the OPCO Group, after deducting relevant costs, expenses, and taxes, and subject to adjustment by Falcon Network Technology. The Group received service fees amounting to HK\$416,985,000 from the OPCO Group during the year ended 31 December 2025. After deducting all costs and expenses including the aforesaid service fee paid, the net profit of OPCO and the OPCO Group for the year ended 31 December 2025 amounted to HK\$45,941,000 and HK\$45,377,000 respectively, and such profit has been retained in the OPCO Group to facilitate its future development. No dividends or other distributions have been made by the OPCO Group to the PRC Equity Owners which are not otherwise subsequently assigned or transferred to the Group. Further details of the Exclusive Business Cooperation Agreement are set out in the VIE Announcement and the section “VIE Structure” below.

The Directors confirm that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.



Report of the Directors

All the related party transactions set out in note 47 to the financial statements (except for the transactions with joint ventures and associates of the Group, addition of right-of-use assets, depreciation of right-of-use assets, interest expense on lease liabilities and transactions with certain affiliates of TCL Industries Holdings and TCL Technology and/or companies controlled by TCL Technology included in note 47 to the financial statements) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

The independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and confirmed that such continuing connected transactions were entered into: (i) in the ordinary and usual course of the Group's business; (ii) on normal commercial terms or better; and (iii) in accordance with the terms of the respective agreements governing such transactions on terms that were fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor, Messrs. Ernst & Young, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the HKICPA. Messrs. Ernst & Young has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. Messrs. Ernst & Young has confirmed in the letter to the Board that, with respect to the aforesaid continuing connected transactions carried out during the year ended 31 December 2025, (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) nothing has come to their attention that causes them to believe that such continuing connected transactions have exceeded the annual caps as set by the Company.

Report of the Directors

VIE STRUCTURE

Reference is made to the VIE Announcement. Unless otherwise defined, all capitalised terms and abbreviations under this section shall have the same meanings as those defined in the VIE Announcement.

On 23 July 2019, Falcon Network Technology entered into the VIE Agreements with the OPCO and/or the PRC Equity Owners and/or their spouses. Through the VIE Agreements, Falcon Network Technology has effective control over the finance and operation of the OPCO and enjoys the entire economic interests and benefits generated by the OPCO. Upon the entering into of the VIE Agreements, the financial results of the OPCO have been consolidated into the consolidated financial statements of the Group and the OPCO has become an indirect subsidiary of the Company. The Company has applied for, and the Hong Kong Stock Exchange has granted, a waiver pursuant to Rule 14A.102 of the Listing Rules from (i) setting a fixed term for each of the VIE Agreements pursuant to Rule 14A.52 of the Listing Rules, and (ii) setting a maximum aggregate annual cap pursuant to Rule 14A.53 of the Listing Rules for the services fees payable by the OPCO to Falcon Network Technology under the Exclusive Business Co-operation Agreement.

Particulars of the OPCO and Major Terms of the VIE Agreements

For the particulars of the OPCO, as well as a summary of the major terms of the VIE Agreements, please refer to the VIE Announcement. The OPCO did not have any subsidiary when the VIE Agreements were entered into. In order to make it clear that the provisions in the VIE Agreements that are applicable to the OPCO are equally applicable to any subsidiary of the OPCO so as to better protect the interest of the Company in the OPCO and its subsidiaries from time to time (collectively the “OPCO Group”), and to ensure that the Company (through Falcon Network Technology) will have effective control over the finance and operation of the OPCO Group and enjoy the entire economic interests and benefits generated by the OPCO Group, on 20 January 2022, a supplemental agreement has been entered into between Falcon Network Technology and the OPCO, pursuant to which the provisions of the VIE Agreements are confined to be equally applicable to the entire OPCO Group. In order to further expand the scope of business, it is contemplated that certain wholly-owned subsidiaries of Falcon Network Technology (collectively the “Target Companies”) would engage in the production and operation business of radio and television programmes in the PRC, which was restricted business of foreign investment under PRC laws. Therefore, the supplemental agreement in respect of additional business under VIE Agreements and confirmation in relation to the performance of the entire set of VIE Agreements were entered into by and among Falcon Network Technology, the OPCO and the Target Companies on 15 August 2025, thereby allowing the OPCO to engage in the production and operation business of radio and television programmes in the PRC by acquiring 100% equity interest in the Target Companies. Save as aforementioned, for the year ended 31 December 2025, there was no material change in the particulars of the OPCO, the VIE Structure and/or the circumstances under which they were adopted, and none of the VIE Agreements has been unwound as none of the restrictions that led to the adoption of the VIE Structure has been removed.



Report of the Directors

The independent non-executive Directors have reviewed the VIE Agreements (including the aforementioned supplemental agreements) and confirmed for the year ended 31 December 2025 that: (i) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the VIE Agreements and have been operated so that the profit generated by the OPCO Group has been substantially retained by the Group; (ii) no dividends or other distributions have been made by the OPCO Group to the PRC Equity Owners which are not otherwise subsequently assigned or transferred to the Group; and (iii) any new contracts entered into, renewed or reproduced between the Group and the OPCO during the relevant financial period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned, and in the interests of the Shareholders as a whole. To this extent, no new VIE agreements or contractual arrangements were entered into between the Group and the OPCO during the year ended 31 December 2025.

The Company's auditor has carried out review procedures for the year ended 31 December 2025 on the transactions carried out pursuant to the VIE Agreements (including the aforementioned supplemental agreements) and has confirmed that the transactions have received the approval of the Directors and have been entered into in accordance with the relevant VIE Agreements and that no dividends or other distributions have been made by the OPCO Group to the PRC Equity Owners which are not otherwise subsequently assigned or transferred to the Group.

Whilst the operations of the OPCO Group in aggregate are not considered to be material to the Group as at 31 December 2025, for the purpose of good corporate governance, the information regarding the OPCO Group for the year ended 31 December 2025 is set out below:

Financial Information, Business Activities of the OPCO and Their Significance to the Group

For the year ended 31 December 2025, the major business activities of the OPCO Group were to conduct valued-added telecommunications business and internet cultural business (i.e. the Subject Business) in the PRC. As at 31 December 2025, the registered owners of the OPCO were Mr. WANG Hao and Ms. ZHU Xiaojiang, and each of them respectively owned 50% equity interests of the OPCO. The OPCO Group's significance to the Group is that it holds relevant licences to conduct the Subject Business in the PRC. The revenue of the OPCO Group amounted to approximately HK\$1,246,008,000 for the year ended 31 December 2025, whilst the net asset value of the OPCO Group was approximately HK\$200,101,000 as at 31 December 2025.

Report of the Directors

Reasons for Adopting the VIE Structure

The primary purpose for the Group to adopt the VIE Structure was to enable the Group to engage in the Subject Business in the PRC, thereby deepening the Group's reach to those business segments as well as widening the Group's customer base. Nevertheless, pursuant to various laws and regulations of the PRC currently in force, the Subject Business operated by the OPCO Group is regarded as restricted foreign investment businesses. As a foreign owned enterprise, Falcon Network Technology is not entitled to obtain licences to provide the Subject Business in the PRC. In order to comply with the PRC laws, the VIE Agreements were entered into among Falcon Network Technology, the OPCO, and the PRC Equity Owners. Through the VIE Agreements (including the aforementioned supplemental agreement), Falcon Network Technology will have effective control over the finance and operation of the OPCO Group and will enjoy the entire economic interests and benefits generated by the OPCO Group despite the lack of registered equity ownership.

Risk Factors and Mitigation Actions in Relation to the VIE Structure

The risk factors and mitigation actions in relation to the VIE Structure are summarised below. Please also refer to the VIE Announcement for more details.

As the primary beneficiary of the OPCO Group, the Group will bear economic risks which may arise from difficulties in the operation of their businesses. Falcon Network Technology will have to provide financial support in the event of financial difficulty of the OPCO Group. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of the OPCO Group and the need to provide financial support to the OPCO Group. Since the Group conducts business through the OPCO Group and the financial results of the OPCO Group are consolidated into the financial statements of the Group, any losses suffered by the OPCO Group would be reflected in the Group's consolidated financial statements and the Group's consolidated financial position such as the consolidated earnings and profits will be adversely affected.

Moreover, there is no assurance that the VIE Agreements could comply with future changes in the regulatory requirements in the PRC and the PRC government may determine that the VIE Agreements do not comply with applicable regulations. The VIE Agreements may also not be as effective as direct ownership in providing control over the OPCO Group, especially in the event there was conflict of interests between the Group and the PRC Equity Owners. There may be limitations in acquiring ownership in the equity interests of the OPCO Group by the Group.

Further, certain terms of the VIE Agreements may not be enforceable under the PRC laws. The PRC government may determine that the VIE Agreements do not comply with the applicable regulations. The VIE Agreements may also be subject to scrutiny of the PRC tax authorities and additional tax may be imposed. Up to 31 December 2025, the Group did not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder.



Report of the Directors

In order to mitigate the aforementioned risks, as well as to safeguard the assets of the OPCO Group, the VIE Agreements provided that the PRC Equity Owners shall not sell, transfer, mortgage, or otherwise dispose of any of their interests in the OPCO Group or be allowed to create any encumbrances on them without the prior written consent of Falcon Network Technology. Moreover, Falcon Network Technology has the right to request for the OPCO Group's financial information to ascertain its consolidated profit before tax from time to time.

In addition, as internal control measures, Falcon Network Technology is involved in assessing material financial matters as well as making corporate strategy, business plans, and budgets of the OPCO Group. Terms of appointment of senior management of the OPCO Group are also subject to review by Falcon Network Technology. OPCO's senior management and relevant officers may be appointed under Falcon Network Technology's recommendations and such senior management and relevant officers will have the physical possession of all of the OPCO's common seals, company chops and books and records.

The adoption of the VIE Structure was not related to any requirements other than the foreign ownership restriction in the PRC. As at 31 December 2025, the VIE Structure did not contravene the prevailing laws and regulations in the PRC and the VIE Agreements were binding on each of the contracting parties save as disclosed in the VIE Announcement. The Company will monitor the relevant PRC laws and regulations relevant to the VIE Structure and will take all necessary actions to protect the Company's interest in the OPCO Group.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 56 to 88 in this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard as set out in the Model Code. Specific enquiries have been made with all Directors and all of them have confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year ended 31 December 2025.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at 23 April 2026, the latest practicable date prior to the issue of this annual report.

Report of the Directors

AUDIT COMMITTEE

The Company has an audit committee for the purposes of reviewing and supervising the Group's financial reporting process and internal controls.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in note 51 to the financial statements.

AUDITOR

Ernst & Young will retire and, being eligible, will offer itself for re-appointment as auditor of the Company at the forthcoming AGM.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme and the Share Award Schemes as disclosed above and in note 38 to the financial statements respectively and the grant letters issued pursuant to the schemes, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year.

PERMITTED INDEMNITY PROVISION

The Articles provides that the Directors shall be indemnified out of the assets of the Company from and against all losses or liabilities which they incur or sustain as a Director in defending any proceedings, whether civil or criminal, in which judgement is given in his/her favour, or in which he/she is acquitted.

The Company has taken out and maintained Directors' liability insurance which provides aforesaid indemnities with appropriate cover for the Directors and directors of the subsidiaries of the Company. The permitted indemnity provisions (within the meaning under section 469 of the Hong Kong Companies Ordinance) contained in the Articles and the Directors' liability insurance were in force during the financial year ended 31 December 2025 and as at the date of this annual report.

On behalf of the Board

TCL Electronics Holdings Limited

DU Juan

Chairperson

Hong Kong

27 March 2026

Independent Auditor's Report



To the shareholders of TCL Electronics Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of TCL Electronics Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 131 to 300, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HSAs”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<i>Impairment of goodwill</i>	
As at 31 December 2025, the Group had goodwill of HK\$3,177,559,000, representing approximately 23% of the total non-current assets of the Group. The determination of the recoverable amount, being the higher of fair value less costs of disposal and value-in-use, requires judgement on the part of management in both identifying and then valuing the relevant cash-generating unit ("CGU"). Recoverable amounts were based on management's estimates of variables such as budgeted revenue/gross margins, growth rates and the most appropriate discount rates. The accounting policies and disclosures in respect of goodwill are included in notes 2.4, 3 and 16 to the Group's consolidated financial statements.	Our audit procedures included the following: • Reviewing the valuation report prepared by management's specialist referenced in the recoverable amount calculation, evaluating the competence, capabilities and objectivity of the management's specialist; • Evaluating the methodologies, assumptions and parameters used by management, in particular those relating to the budgeted revenue/gross margins, growth rates and pre-tax discount rates, by comparing the cash flow forecast to historical trend analyses and referring to the industry discount rate; • Assessing the historical results of management's estimates and evaluation of business plans by referring to the market situation as at 31 December 2025; • Evaluating the sensitivity analysis performed by management in respect of the growth rates and pre-tax discount rates to assess the extent of impact on the calculation of the value-in-use; • Involving our internal valuation expert to assist us with our assessment of the methodology and the discount rates used to determine the recoverable amounts; and • Assessing the disclosures made in the Group's consolidated financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<i>Acquisition of the equity interests in TCL SunPower Global B.V. and TCL Electronics Chile SpA</i>	
On 14 February 2025, the Group completed the acquisition of an additional 60% equity interest in TCL Electronics Chile SpA, a former 40% owned associate of the Group, at a consideration of approximately USD3,879,000. TCL Electronics Chile SpA has become a wholly-owned subsidiary of the Group. On 1 April 2025, the Group completed the acquisition of a 90.01% equity interest in TCL SunPower Global B.V. at a consideration of approximately USD25,280,000. TCL SunPower Global B.V. and its subsidiaries have become 90.01% owned subsidiaries of the Group. These transactions were subject to complicated accounting treatments for business combinations using acquisition method, including the purchase price allocation to the identifiable assets acquired and liabilities assumed and the treatments for the difference between the consideration and the fair value of the identifiable net assets of the acquiree in the business combinations. The Group engaged independent valuers to evaluate the fair value of the identifiable assets and liabilities of the acquiree, which involved management's judgements and estimates such as budgeted revenue/gross margin, growth rates and discount rates. The other intangible assets newly identified in the TCL SunPower Global B.V. acquisition amounted to approximately HK\$38,059,000, and the purchase price allocation resulted in goodwill of approximately HK\$154,529,000. The other intangible assets newly identified in the TCL Electronics Chile SpA acquisition amounted to approximately HK\$1,033,000, and the purchase price allocation resulted in goodwill of approximately HK\$12,819,000. The accounting policies and disclosures in respect of acquisitions are included in notes 2.4 and 42 to the Group's consolidated financial statements.	Our audit procedures included the following: • we examined purchase agreements, the resolutions of shareholders' meeting and the board of directors meeting related to acquisitions, the purchase price bank payment slips and other relevant documents; • we involved our internal specialist to assist us in evaluating the methodologies, assumptions and parameters used in valuation reports, in particular those relating to the budgeted revenue/gross margin, growth rates and discount rates. We also evaluated the independent valuers' qualifications, professional competence and independence; • we obtained and examined the valuation reports from the independent valuers and the acquiree's financial statements at the acquisition date. We also assessed the allocation of purchase price to all identifiable assets acquired and liabilities assumed, and reviewed the accounting treatments of the business combinations; and • we assessed the disclosures made in the Group's consolidated financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
<i>Impairment assessment of trade and other receivables</i>	
As at 31 December 2025, the Group had trade receivables which measured at amortised cost and other receivables of HK\$22,030,055,000 and HK\$4,456,991,000, respectively, representing approximately 28% and 6% of the current assets of the Group, respectively. Management develops expected credit loss ("ECL") models to assess the impairment allowance for trade and other receivables at the end of each reporting period. The ECL model of trade and other receivables involves judgement and subjective estimations such as the staging, groupings of the debtor segments and estimated loss rates. The accounting policies and disclosures in respect of trade and other receivables are included in notes 2.4, 3, 22, 25 and 49 to the Group's consolidated financial statements.	In evaluating management's impairment assessment, our audit procedures included the following: • Obtaining an understanding of evaluating and testing management's key controls in relation to the assessment of the expected credit losses of receivables; • Obtaining an understanding of key data and assumptions of the expected credit loss model adopted by management, including the basis of segmentation of receivables based on credit loss characteristics, the ageing profile, historical default data, assumptions involved in management's estimated loss rate and whether there has been any significant increase in credit risk since initial recognition for other receivables; • Assessing the estimated credit loss rates by considering historical cash collection and movements of the ageing of receivables, the market conditions and forward-looking factors and Testing on a sample basis, the accuracy of ageing analysis of receivables prepared by management; • Examining on a sample basis, the subsequent settlement of the receivables to cash receipts and the related supporting documentation; and • Assessing the disclosures made in the Group's consolidated financial statements.



Independent Auditor's Report

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



Independent Auditor's Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Law Kwok Kee (practising certificate number: P04296).

Ernst & Young

Certified Public Accountants

Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
REVENUE	5	114,582,832	99,322,325
Cost of sales		(96,682,644)	(83,768,340)
Gross profit		17,900,188	15,553,985
Other income and gains	5	1,387,072	1,959,846
Selling and distribution expenses		(7,995,377)	(7,504,064)
Administrative expenses		(4,677,249)	(4,145,105)
Research and development costs		(2,532,381)	(2,335,052)
Other operating expenses		(97,364)	(294,382)
Impairment losses on financial and contract assets, net		(46,014)	(47,666)
		3,938,875	3,187,562
Finance costs	6	(790,452)	(786,914)
Share of profits and losses of:			
Joint ventures		–	5,886
Associates		155,873	107,989
PROFIT BEFORE TAX	7	3,304,296	2,514,523
Income tax	10	(777,316)	(666,012)
PROFIT FOR THE YEAR		2,526,980	1,848,511

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of the hedging instruments arising during the year	(641,489)	(8,940)
Reclassification adjustments for losses included in the consolidated statement of profit or loss	548,394	116,748
Income tax effect	(1,149)	1,215
	(94,244)	109,023
Exchange differences:		
Exchange differences on translation of foreign operations	735,350	(1,013,899)
Reclassification adjustments for foreign operations disposed of or liquidated during the year	(8,951)	(583)
Reclassification adjustments for associates deemed partial disposed, disposed of or liquidated during the year	(80)	107
Reclassification adjustments for remeasurement and deemed disposal of previously held interests in step acquisition of a subsidiary	7,374	–
Reclassification adjustments for a joint venture liquidated during the year	–	3,381
	733,693	(1,010,994)
Financial assets at fair value through other comprehensive income:		
Changes in fair value of bills receivable, net of income tax	9,479	(2,063)
Share of other comprehensive income of associates and a joint venture	4,879	8,764
Reclassification adjustments for remeasurement and deemed disposal of previously held interests in step acquisition of a subsidiary	(1,918)	–
Reclassification adjustments for a joint venture disposed of during the year	–	1,312
Reclassification adjustments for an associate disposed of during the year	–	(5,781)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	651,889	(899,739)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value, net of income tax		21,905	15,981
Share of other comprehensive loss of associates		–	(498)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		21,905	15,483
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		673,794	(884,256)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,200,774	964,255
Profit for the year attributable to:			
Owners of the parent		2,495,131	1,759,366
Non-controlling interests		31,849	89,145
		2,526,980	1,848,511
Total comprehensive income/(loss) for the year attributable to:			
Owners of the parent		3,098,387	1,032,075
Non-controlling interests		102,387	(67,820)
		3,200,774	964,255
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		HK103.41 cents	HK72.39 cents
Diluted		HK98.24 cents	HK69.72 cents

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,775,689	2,439,532
Investment properties	14	405,299	413,818
Right-of-use assets	15(a)	925,871	827,107
Goodwill	16	3,177,559	2,947,380
Other intangible assets	17	1,941,060	1,499,256
Investments in joint ventures	18	4,441	4,331
Investments in associates	19	1,559,854	1,437,839
Equity investments designated at fair value through other comprehensive income	20	370,884	366,098
Financial assets at fair value through profit or loss	26	42,549	37,656
Debt investments at amortised cost	27	169,130	198,757
Deferred tax assets	36	759,989	471,530
Contract assets	24	58,915	365,201
Other receivables		792,714	–
Other deferred assets		982,292	818,931
Derivative financial instruments	32	6,946	6,041
Total non-current assets		13,973,192	11,833,477
CURRENT ASSETS			
Inventories	21	23,088,359	15,288,555
Trade receivables	22	23,957,524	22,332,884
Bills receivable	23	3,418,264	4,436,662
Contract assets	24	4,592	22,470
Prepayments, other receivables and other assets	25	10,491,238	9,451,215
Tax recoverable		220,105	147,255
Financial assets at fair value through profit or loss	26	2,358,397	2,861,035
Derivative financial instruments	32	193,840	552,250
Restricted cash and pledged deposits	28	506,325	669,910
Cash and cash equivalents	28	13,522,134	8,771,691
Total current assets		77,760,778	64,533,927
CURRENT LIABILITIES			
Trade payables	29	32,466,512	26,646,451
Bills payable	30	12,449,066	5,839,326
Other payables and accruals	31	17,001,229	18,521,480
Interest-bearing bank and other borrowings	34	5,850,136	4,172,399
Lease liabilities	15(b)	126,628	137,367
Tax payable		472,089	332,855
Derivative financial instruments	32	148,533	353,309
Provisions	35	1,480,998	1,125,749
Total current liabilities		69,995,191	57,128,936

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 HK\$'000	31 December 2024 HK\$'000
NET CURRENT ASSETS		7,765,587	7,404,991
TOTAL ASSETS LESS CURRENT LIABILITIES		21,738,779	19,238,468
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	223,936	437,660
Lease liabilities	15(b)	335,998	220,045
Deferred tax liabilities	36	322,158	324,803
Other long-term payables		141,947	94,568
Other non-current liabilities		605,747	296,308
Financial liability associated with put option	33	214,218	188,666
Total non-current liabilities		1,844,004	1,562,050
Net assets		19,894,775	17,676,418
EQUITY			
Equity attributable to owners of the parent			
Issued capital	37	2,520,935	2,520,935
Reserves	39	16,676,820	14,683,433
		19,197,755	17,204,368
Non-controlling interests		697,020	472,050
Total equity		19,894,775	17,676,418

DU Juan
Director

PENG Pan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent														Non-controlling interests HK\$'000	Total equity HK\$'000
	Issued capital	Share premium account	Capital reserve	Reserve funds	Cash flow hedge reserve	Exchange fluctuation reserve	Fair value reserve	Other reserve	Shares held for the Award Scheme	Awarded share reserve	Put option reserve	Retained profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
	(Note 37)	(Note 37)	(Note 39(iii))	(Note 39(iii))	(Note 39(v))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	(Note 38)	(Note 39(iv))	HK\$'000	HK\$'000			
At 1 January 2025	2,520,935	3,837,419	454,973	1,180,330	78,750	(1,711,732)	86,771	155,544	(335,028)	180,894	(208,846)	10,964,358	17,204,368	472,050	17,676,418	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	2,495,131	2,495,131	31,849	2,526,980	
Other comprehensive income/(loss) for the year:																
Cash flow hedges	-	-	-	-	(91,856)	-	-	-	-	-	-	-	(91,856)	(2,388)	(94,244)	
Exchange differences on translation of foreign operations	-	-	-	-	-	659,292	-	-	-	-	-	-	659,292	76,058	735,350	
Reclassification of exchange differences for foreign operations disposed of or liquidated	-	-	-	-	-	(5,819)	-	-	-	-	-	-	(5,819)	(3,132)	(8,951)	
Reclassification of exchange differences for associates disposed of or liquidated	-	-	-	-	-	(80)	-	-	-	-	-	-	(80)	-	(80)	
Reclassification adjustments for remeasurement and deemed disposal of previously held interests in step acquisition of a subsidiary	-	-	-	-	-	7,374	-	(1,918)	-	-	-	-	5,456	-	5,456	
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	9,479	-	-	-	-	-	9,479	-	9,479	
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	21,905	-	-	-	-	-	21,905	-	21,905	
Share of other comprehensive income of associates	-	-	-	-	-	-	-	4,879	-	-	-	-	4,879	-	4,879	
Total comprehensive income/(loss) for the year	-	-	-	-	(91,856)	660,767	31,384	2,961	-	-	-	2,495,131	3,098,387	102,387	3,200,774	
Acquisition of subsidiaries (note 42)	-	-	-	-	-	-	-	-	-	-	-	-	-	4,753	4,753	
Capital injection in a subsidiary from a non-wholly-owned entity	-	-	(42)	-	-	-	-	-	-	-	-	-	(42)	42	-	
Acquisition of non-controlling interests	-	-	(114,843)	-	-	-	-	-	-	-	-	-	(114,843)	114,843	-	
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	2,945	2,945	
Employee share-based compensation benefits under the Share Award Schemes (note 38)	-	-	-	-	-	-	-	-	-	319,362	-	-	319,362	-	319,362	
Vesting of shares under the Share Award Schemes (note 38)	-	(115,094)	-	-	-	-	-	-	135,935	(73,611)	-	-	(52,770)	-	(52,770)	
Purchase of shares for the Share Award Schemes	-	-	-	-	-	-	-	-	(447,471)	-	-	-	(447,471)	-	(447,471)	
2024 final dividend paid	-	(769,507)	-	-	-	-	-	-	-	-	-	-	(769,507)	-	(769,507)	
Related distribution for shares held for the Share Award Schemes	-	(51,048)	-	-	-	-	-	-	-	-	-	-	(51,048)	-	(51,048)	
Transfer of fair value reserve upon the disposal of equity investments designated at fair value through other comprehensive income	-	-	-	2,182	-	-	(21,821)	-	-	-	-	19,639	-	-	-	
Reclassification of gain previously in other reserve related to disposal of an associate	-	-	-	-	-	-	-	(804)	-	-	-	804	-	-	-	
Transfer from retained profits	-	-	-	115,973	-	-	-	-	-	-	-	(115,973)	-	-	-	
Share of capital reserves of associates and joint ventures	-	-	11,319	-	-	-	-	-	-	-	-	-	11,319	-	11,319	
At 31 December 2025	2,520,935	2,901,770	351,407	1,298,485	(13,106)	(1,050,965)	96,334	157,701	(646,564)	426,645	(208,846)	13,363,959	19,197,755	697,020	19,894,775	

* These reserve accounts comprise the consolidated reserves of HK\$16,676,820,000 (2024: HK\$14,683,433,000) in the consolidate statement of financial position.

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent															Non-controlling interests	Total equity
	Issued capital	Share premium account	Share option reserve	Capital reserve	Reserve funds	Cash flow hedge reserve	Exchange fluctuation reserve	Fair value reserve	Other reserve	Shares held for the Award Scheme	Awarded share reserve	Put option reserve	Retained profits	Total			
	HK\$'000 (Note 37)	HK\$'000 (Note 37)	HK\$'000 (Note 39(ii))	HK\$'000 (Note 39(ii))	HK\$'000 (Note 39(iii))	HK\$'000 (Note 39(v))	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note 38)	HK\$'000 (Note 39(iv))	HK\$'000	HK\$'000			
At 1 January 2024	2,507,569	4,212,723	46,234	443,400	1,028,449	(26,705)	(861,271)	72,853	151,747	(190,135)	216,299	(208,846)	9,315,337	16,707,654	598,432	17,306,086	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	1,759,366	1,759,366	89,145	1,848,511	
Other comprehensive income/(loss) for the year:																	
Cash flow hedges	-	-	-	-	-	105,455	-	-	-	-	-	-	-	105,455	3,568	109,023	
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(853,313)	-	-	-	-	-	-	(853,313)	(160,586)	(1,013,899)	
Reclassification of exchange differences for foreign operations disposed of or liquidated	-	-	-	-	-	-	(636)	-	-	-	-	-	-	(636)	53	(583)	
Reclassification of exchange differences and other comprehensive income for associates deemed partial disposal or disposed of	-	-	-	-	-	-	107	-	(5,781)	-	-	-	-	(5,674)	-	(5,674)	
Reclassification of exchange differences and other comprehensive loss for joint ventures disposal of or liquidated	-	-	-	-	-	-	3,381	-	1,312	-	-	-	-	4,693	-	4,693	
Change in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(2,063)	-	-	-	-	-	(2,063)	-	(2,063)	
Change in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	15,981	-	-	-	-	-	15,981	-	15,981	
Share of other comprehensive income of associates and a joint venture	-	-	-	-	-	-	-	-	8,266	-	-	-	-	8,266	-	8,266	
Total comprehensive income/(loss) for the year	-	-	-	-	-	105,455	(850,461)	13,918	3,797	-	-	-	1,759,366	1,032,075	(67,820)	964,255	
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,364)	(29,364)	
Capital injection in subsidiaries from a non wholly-owned entity	-	-	-	31,209	-	-	-	-	-	-	-	-	-	31,209	(31,209)	-	
Disposal or liquidation of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,011	2,011	
Share of capital reserves of associates and joint ventures	-	-	-	(19,636)	-	-	-	-	-	-	-	-	-	(19,636)	-	(19,636)	
Issue of shares upon exercise of share options (note 37)	4,577	16,465	(4,698)	-	-	-	-	-	-	-	-	-	-	16,344	-	16,344	
Forfeiture of share options during the year	-	-	(47,057)	-	-	-	-	-	-	-	-	-	47,057	-	-	-	
Issue of shares under the 2008 Share Award Scheme (note 38)	8,789	-	-	-	-	-	-	-	-	(8,789)	-	-	-	-	-	-	
Employee share-based compensation benefits under the Share Award Schemes (note 38)	-	-	-	-	-	-	-	-	-	-	96,832	-	-	96,832	-	96,832	
Vesting of shares under the 2008 Share Award Scheme (note 38)	-	-	-	-	-	-	-	-	-	63,881	(132,237)	-	-	(68,356)	-	(68,356)	
Purchase of shares for the 2023 Share Award Scheme	-	-	-	-	-	-	-	-	-	(199,985)	-	-	-	(199,985)	-	(199,985)	
2023 final dividend paid	-	(391,769)	-	-	-	-	-	-	-	-	-	-	-	(391,769)	-	(391,769)	
Transfer from retained profits	-	-	-	-	151,881	-	-	-	-	-	-	-	(151,881)	-	-	-	
Transfer from share option reserve to retained earnings	-	-	5,521	-	-	-	-	-	-	-	-	-	(5,521)	-	-	-	
At 31 December 2024	2,520,935	3,837,419*	-*	454,973*	1,180,330*	78,750*	(1,711,732)*	86,771*	155,544*	(335,028)*	180,894*	(208,846)*	10,964,358*	17,204,368	472,050	17,676,418	

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,304,296	2,514,523
Adjustments for:			
Finance costs	6	790,452	786,914
Share of profits and losses of joint ventures and associates		(155,873)	(113,875)
Unrealised (loss)/profit of transaction with a joint venture		(6,638)	7,950
Deemed gain on partial disposal of an associate	5, 7	(4,846)	(217)
Gain on disposal of a joint venture	5, 7	–	(59,186)
Gain on bargain purchase of a subsidiary	5, 7	–	(12,123)
(Gain)/loss on disposal of items of property, plant and equipment, net	7	(14,754)	10,127
(Gain)/loss on disposal of items of other intangible assets, net	7	(3,081)	3,672
Loss/(gain) on disposal of items of right-of-use assets, net	7	489	(11,623)
Loss/(gain) on disposal of items of other deferred assets, net	7	12	(243)
Gain on disposal of associates	5, 7	(3,235)	(8,035)
Gain on disposal of subsidiaries	5, 7	(510)	(52,807)
(Gain)/loss on liquidation of subsidiaries	7	(8,623)	221
Gain on liquidation of an associate	5, 7	(1)	–
Loss on liquidation of a joint venture	7	–	3,381
Gain on remeasurement and deemed disposal of previously held interests in step acquisition of a subsidiary	5, 7	(172)	–
Interest income	5, 7	(432,246)	(773,444)
Fair value losses/(gains) on derivative financial instruments – transactions not qualifying as hedges	7	2,439	(92,266)
Fair value gains on financial assets at fair value through profit or loss – equity investment	5, 7	(3,882)	(5,332)
Fair value gains on financial assets at fair value through profit or loss – trust products and financial products	5, 7	(61,738)	(35,358)
Fair value losses on call options and put options	7	48,423	44,445
Realised gains on settlement of financial assets at fair value through profit or loss	5, 7	(30,693)	(21,590)
Loss/(gain) related to put option	7	842	(65,194)
Depreciation of property, plant and equipment	13	418,310	382,840
Foreign exchange difference, net		(14,127)	(210)
Impairment of items of other intangible assets	17	109	30,179
Impairment of items of property, plant and equipment	13	1,867	2,084
Impairment of goodwill	16	–	127,910
Depreciation of investment properties	14	11,915	14,679
Depreciation of right-of-use assets	15(a)	193,662	202,672
Amortisation of other intangible assets	17	595,544	518,603
Amortisation of other deferred assets	7	154,445	36,530
Employee share-based compensation benefits under the Share Award Schemes	7	263,009	82,531
Cash inflow before working capital changes		5,045,395	3,517,758

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Increase in inventories	(7,000,470)	(4,372,961)
Increase in trade receivables	(884,198)	(7,569,292)
Decrease/(increase) in bills receivable	1,106,836	(1,057,692)
Decrease/(increase) in contract assets	324,488	(246,721)
Increase in other deferred assets and other long-term receivables	(1,022,296)	(122,301)
Decrease/(increase) in pledged time deposits	174,170	(626,755)
(Increase)/decrease in prepayments, other receivables and other assets	(1,390,159)	1,166,983
Increase in trade payables	4,985,207	8,069,235
Increase in bills payable	6,445,208	1,056,621
(Decrease)/increase in other payables and accruals	(2,069,457)	3,238,770
Increase in provisions	243,819	121,752
Increase in other long-term payables	42,645	48,987
Increase in other non-current liabilities	253,555	257,545
Cash generated from operations	6,254,743	3,481,929
Interest received	147,242	351,507
Interest paid	(501,876)	(510,096)
Interest element of lease payments	(18,440)	(19,794)
Income taxes paid	(959,098)	(673,149)
Net cash flows from operating activities	4,922,571	2,630,397

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	278,390	467,084
Dividends received	30,026	53,546
Purchases of items of property, plant and equipment	(502,638)	(525,133)
Prepayment of right-of-use assets	(7,203)	(5,756)
Proceeds from disposal of items of property, plant and equipment	48,079	6,721
Proceeds from disposal/(purchase) of financial assets at fair value through profit or loss, net	722,817	(1,839,619)
Purchase of debt investments at amortised costs	(883)	(195,856)
Acquisition of subsidiaries	(106,250)	(59,089)
Investment in an associate	–	(21,848)
Capital withdrawals from associates	1,176	6,928
Disposal of subsidiaries	246,312	(91,179)
Proceeds from disposal of associates	35,377	75,223
Proceeds from disposal of a joint venture	28,445	56,889
Additions of other intangible assets	(439,799)	(362,542)
Disposal of other intangible assets	718	–
Additions of other deferred assets	(418,246)	(378,462)
Withdrawal of pledged time deposits	3,370	6,371
Disposal/(purchase) of equity investments designated at fair value through other comprehensive income	29,273	(24,205)
Purchase of financial assets at fair value through profit or loss – equity investment	–	(33,060)
Advance from related parties of TCL Industries Holdings	190,999	689,607
Net cash flows from/(used in) investing activities	139,963	(2,174,380)

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares upon exercise of share options		–	16,344
Interest paid		(306,812)	(261,768)
Principal portion of lease payments		(181,719)	(193,245)
Purchase of shares for the Share Award Scheme		(447,471)	(199,985)
Purchase of debt investments at amortised costs		(108,820)	–
New bank and other loans		17,630,219	11,951,014
Repayment of bank and other loans		(16,263,874)	(13,093,239)
Increase in pledged deposits		(1,690)	–
Dividends paid		(801,662)	(403,348)
Dividends paid to former shareholder of a subsidiary		–	(124,873)
Dividends paid to non-controlling shareholders		–	(29,364)
Net cash flows used in financing activities		(481,829)	(2,338,464)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		8,771,691	10,736,877
Effect of foreign exchange rate changes, net		169,738	(82,739)
CASH AND CASH EQUIVALENTS AT END OF YEAR		13,522,134	8,771,691
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	28	14,028,459	9,441,601
Less: Restricted cash and pledged deposits	28	(506,325)	(669,910)
Cash and cash equivalents as stated in the consolidated financial position and consolidated statement of cash flows		13,522,134	8,771,691

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION

TCL Electronics Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered address of the Company is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s principal place of business in Hong Kong is located at 5th Floor, Building 22E, 22 Science Park East Avenue, Hong Kong Science Park, Shatin, New Territories, Hong Kong.

During the year, the Group and its subsidiaries (collectively referred to as the “Group”) were mainly involved in the manufacture and sale of television (“TV”) sets, smartphones, smart mobile and connective devices, smart commercial display and smart home products, all-category marketing, photovoltaic business and the provision of internet platform operating services.

In the opinion of the directors of the Company, T.C.L. Industries Holdings (H.K.) Limited (“T.C.L. Industries (H.K.)”), a company incorporated in Hong Kong, is the immediate holding company of the Company. In the first quarter of 2019, a restructuring occurred whereby TCL Technology Group Corporation (“TCL Technology”, formerly known as TCL Corporation) spun off and transferred, among others, all its equity interests in T.C.L. Industries (H.K.) to TCL Industries Holdings Co., Limited (“TCL Industries Holdings”), a limited liability company registered in the People’s Republic of China (the “PRC”). Accordingly, the ultimate holding company of the Company has changed to TCL Industries Holdings following the completion of such restructuring. As certain shareholders of TCL Industries Holdings are the management of TCL Technology, TCL Technology remained a related party of the Group.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	% of equity attributable to the Company		Principal activities
			Direct	Indirect	
TCL Commercial Information Technology (Huizhou) Limited [#]	PRC/ Chinese mainland	RMB100,000,000	–	100	Trading of smart commercial display products
Guangzhou Kuyu Network Technology Co., Ltd. [#]	PRC/ Chinese mainland	RMB100,000,000	–	100	Trading of TV products
TCL Smart Home Technologies Co., Limited	Hong Kong	RMB135,670,000	–	100	Trading of smart commercial display products
Guangzhou Digital Rowa Technology Co., Ltd. ^{**/#}	PRC/ Chinese mainland	RMB120,000,000	–	70	Manufacture of TV products

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)**Information about subsidiaries (continued)**

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	% of equity attributable to the Company		Principal activities
			Direct	Indirect	
Manufacturas Avanzadas, S.A. de C.V.	Mexico	USD15,866,637	–	100	Manufacture of TV products
TTE Corporation	British Virgin Islands ("BVI")/ Hong Kong	USD10,001	100	–	Investment holding
Shenzhen TCL New Technology Co., Ltd.**	PRC/ Chinese mainland	HK\$10,000,000	–	100	Research and Development ("R&D") of TV products
TCL Smart Device (Vietnam) Company Limited	Vietnam	VND256,080,000,000	–	100	Manufacture and sale of TV products
Huizhou TCL Electrical Appliances Sales Co., Ltd.#	PRC/ Chinese mainland	RMB2,430,000,000	–	100	Operation of a distribution network in the PRC
TCL Electronics (HK) Limited	Hong Kong	HK\$30,000,000	–	100	Trading of TV products and related components
TCL Electronics (Thailand) Co., Limited	Thailand	THB255,000,000	–	100	Trading of TV products and components and white goods
TCL Holdings (BVI) Limited	BVI/Hong Kong	USD25,000	100	–	Investment holding
TCL Belgium S.A.	Belgium	EUR71,463,602	–	100	Investment holding
TCL International Electronics (BVI) Limited	BVI/Hong Kong	USD1	100	–	Investment holding
TTE (North America) Holdings Limited	BVI/Hong Kong	USD1	–	100	Investment holding

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	% of equity attributable to the Company		Principal activities
			Direct	Indirect	
TCL King Electrical Appliances (Chengdu) Company Limited ^{**/#}	PRC/ Chinese mainland	HK\$95,000,000	–	100	Manufacture of TV products
TCL King Electrical Appliances (Huizhou) Company Limited ("TCL King (Huizhou)") ^{**}	PRC/ Chinese mainland	HK\$1,723,564,481	–	100	Manufacture and sale of TV products and trading of components
TCL King Electrical Appliances (Nanchang) Company Limited ^{**/#}	PRC/ Chinese mainland	HK\$20,000,000	–	100	Manufacture of TV products
TCL Overseas Holdings Limited	BVI/Hong Kong	USD1	–	100	Investment holding
TCL Overseas Marketing Limited	BVI/Hong Kong	USD1	–	100	Trading of TV products and components and white goods
TTE Technology Inc.	USA	USD129,433,108	–	100	Trading of TV products and components and white goods
TCL Operations Polska SP. Z O.O.	Poland	PLN126,716,500	–	100	Manufacture of TV products
TCL Optoelectronics Technology (Huizhou) Co., Ltd. ^{*/#}	PRC/ Chinese mainland	RMB576,000,000	100	–	Manufacture and sale of TV products and trading of components
TCL Intelligent Technology (Ningbo) Co., Ltd. [#]	PRC/ Chinese mainland	RMB62,500,000	–	100	Trading of TV products and components and white goods
TCL Communication Technology Holdings Limited	Cayman Islands/ Hong Kong	HK\$1,278,984,118	100	–	Investment holding

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	% of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shenzhen Falcon Network Technology Co., Ltd. ("Falcon Network Technology")**/#	PRC/ Chinese mainland	RMB121,621,629	–	82	R&D of software on smart TV devices and internet platform operation
Shenzhen Falcon Network Media Company Limited#	PRC/ Chinese mainland	RMB15,000,000	–	82	R&D of software on smart TV devices and internet platform operation
TCL SEMP Indústria e Comércio de Eletroeletrônicos S.A. ("TCL SEMP")	Brazil	BRL591,817,699	–	75	Manufacture and sale of TV products and other household appliance products
TCL Netherlands B.V. ("TCL NL")	Netherlands	EUR500,000	–	100	Investment holding and trading of TV products and components and white goods
TCL Global Marketing Company Limited ("TCL Global Marketing")	Hong Kong	HK\$100,000	–	100	Trading of TV products and components and white goods
TCT Mobile International Limited	Hong Kong	HK\$5,000,000	–	100	Distribution of mobile devices and other products and rendering of services
Huizhou TCL Mobile Communication Co., Ltd.*	PRC/ Chinese mainland	USD239,973,227	–	100	Manufacture and distribution of mobile devices and rendering of services

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	% of equity attributable to the Company		Principal activities
			Direct	Indirect	
TCL Mobile Communication (HK) Company Limited	Hong Kong	HK\$2,269,191,450	–	100	Distribution of mobile devices and related components
TCL Digital Technology (Shenzhen) Company Limited [#]	PRC/ Chinese mainland	RMB49,966,904	–	100	Investment holding
TCL Europe	France	EUR251,800	–	100	Trading of TV products and components and white goods
TCT Mobile Europe SAS	France	EUR23,031,072	–	100	Distribution of mobile devices
TTE TECHNOLOGY INDIA PRIVATE LIMITED	India	INR242,500,000	–	100	Trading of TV products and components and white goods
TCT Mobile (US) Inc.	USA	USD1	–	100	Distribution of mobile devices
Ningbo Falcon Digital Entertainment Co., Ltd. [#]	PRC/ Chinese mainland	RMB100,000,000	–	100	Provision of valued-added telecommunications business and internet cultural business in the PRC
Huizhou TCL Photovoltaic Technology Co., Ltd. [#]	PRC/ Chinese mainland	RMB600,000,000	–	100	Sale of photovoltaic power generating facilities
Shaanxi TCL Photovoltaic Engineering Co., Ltd. [#]	PRC/ Chinese mainland	RMB60,000,000	–	100	Construction of photovoltaic power stations
TCL Electronics Chile SpA ("TCL Chile") (formerly known as Radio Victoria TCL Chile SpA)	Chile	CLP9,116,250,000	–	100	Trading of TV products and components and white goods

Notes to Financial Statements

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)**Information about subsidiaries (continued)**

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	% of equity attributable to the Company		Principal activities
			Direct	Indirect	
TCL SunPower Global B.V. ("TCL SunPower Global") (formerly known as Lumetech B.V.)	Netherlands	USD26,021,942	–	90	Investment holding
TCL Photovoltaic Technology (Shenzhen) Co., Ltd. [#]	PRC/ Chinese mainland	RMB430,000,000	–	100	Sale of photovoltaic power generating facilities

* Registered as wholly-foreign-owned enterprises under the PRC law

** Registered as limited liability company (foreign investment, non-sole proprietorship) under the PRC law

[#] The English names of these companies are not official and are the direct translation from their Chinese names for identification purposes only

None of the above subsidiaries has debt securities.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of net assets of the Group or formed a material portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES**2.1 BASIS OF PREPARATION**

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments and certain financial assets and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

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

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

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any significant impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ¹

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

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

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

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure at the acquisition date components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition-date fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)**2.4 MATERIAL ACCOUNTING POLICIES (continued)***Fair value measurement*

The Group measures its certain financial assets, derivative financial instruments, and equity investments at fair value at the end of each reporting period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, contract assets, deferred tax assets, investment properties, and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	2.1%
Buildings	2% to 10%
Leasehold improvements	20% to 50% or over the lease terms whichever is shorter
Plant and machinery	5% to 50%
Furniture, fixtures and equipment	10% to 50%
Motor vehicles	16.7% to 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)**2.4 MATERIAL ACCOUNTING POLICIES (continued)***Investment properties*

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured and stated at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, less accumulated depreciation and any impairment losses.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 3.33%
Leasehold land	Over the lease terms

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences with finite lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives 3 to 20 years.

Purchased patents and licences with indefinite useful lives are stated at cost less any identified impairment losses.

Trademarks

Purchased trademarks with finite lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 40 years.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Customer relationships

Purchased customer relationships with finite lives are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 4 to 14.3 years.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products and software is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised on a systematic basis with reference to projected production volume, upon future sales volume of related products.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)**2.4 MATERIAL ACCOUNTING POLICIES (continued)***Leases (continued)**The Group as a lessee (continued)***(a) Right-of-use assets**

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follow:

Leasehold land	20 to 99 years
Plant and properties	1 (non-inclusive) to 25 years
Motor vehicles and other equipment	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate ("IBR") at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are separately disclosed in the consolidated statement of financial position.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

The Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes certain trade receivables, other receivables, derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, bills payable, derivative financial instruments, lease liabilities, interest-bearing bank and other borrowings, financial liabilities included in other payables and accruals, other long-term payables and financial liability associated with put option.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Subsequent measurement (continued)

Financial liabilities at amortised cost (trade payables, other payables, bills payable and borrowings)

After initial recognition, trade payables, other payables, bills payable and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial liability associated with put option over non-controlling interests

Put option written to non-controlling interest ("NCI put") is a financial instrument granted by the Group whereby the counterparty may have the right to request the Group to purchase their equity interests in the Group's non-wholly-own subsidiaries for cash or other financial assets when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash or other financial assets under the put option, the Group has to initially recognise a financial liability at the present value of the estimated future cash outflows under the put option. Subsequently, if the Group revises its estimates of payments, the Group adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. At the end of each reporting period, the Group recalculates the carrying amount by computing the present value of revised estimated future cash outflows at the financial instrument's original effective interest rate and the adjustment to its carrying amount is to be recognised as income or expenses in profit or loss. If the put option expires without being exercised, the carrying amount of the liability is reclassified as equity.

The put option liabilities are non-current liabilities unless the put option first becomes exercisable 12 months after the end of the reporting period.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

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

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is “an economic relationship” between the hedged item and the hedging instrument.
- The effect of credit risk does not “dominate the value changes” that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instruments is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the statement of profit or loss.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the statement of profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the statement of profit or loss.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. Cost of inventories includes the transfer from equity of gains and losses on qualifying cash flow hedges in respect of the purchases of raw materials.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Provisions (continued)

The Group provides for warranties in relation to the sale of certain TV and other products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except that deferred tax is not recognised for the Pillar Two income taxes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item except research and development cost item, it is deducted from the related expense on systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset except research and development assets, the fair value is deducted from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by way of a reduced depreciation charge.

Where the grant relates to research and development asset or cost item, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset or on systematic basis.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)**2.4 MATERIAL ACCOUNTING POLICIES (continued)***Revenue recognition (continued)**Revenue from contracts with customers (continued)***(a) Sale of TV, mobile devices and other products**

Revenue from the sale of TV, mobile devices and other products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the TV, mobile devices and other products.

Some contracts for the sale of TV, mobile devices and other products provide customers with volume rebates which giving rise to variable consideration.

(i) Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(ii) Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Construction services

Revenue from the provision of construction services related to photovoltaic business is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(c) Video-on-demand internet services

Video-on-demand internet services primarily offers customers to assess certain videos on the internet platform. Revenue from video-on-demand services is recognised over the validity period on a straight-line basis.

(d) Advertising, value-added and other services

Advertising, value-added and other services primarily offers smart terminal advertising exposure and software promotion services. Revenue from advertising, value-added and other services is recognised at the point in time when the services are rendered.

(e) Processing and technical service income

Revenue from rendering of processing service and technical service income are recognised at the point in time upon the transfer of service outcome to customer.

Revenue from other sources

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or the payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates the share option scheme adopted on 3 November 2023 ("2023 Share Option Scheme") and share award schemes (the share award scheme adopted on 6 February 2008 and expired on 5 February 2023 ("2008 Share Award Scheme") and the share award scheme adopted on 3 November 2023 ("2023 Share Award Scheme")). Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding equity-settled award is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries in the Chinese mainland and overseas are required to participate in a central pension scheme operated by the local municipal government. Certain subsidiaries are required to contribute a certain percentage of their payroll costs to the pension schemes at the applicable rates based on the amounts stipulated by the local government organisations. The only obligation of the Group with respect to the pension schemes is to pay the required ongoing contributions. Contributions under the schemes are charged to profit or loss as they become payable in accordance with the rules of the pension schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).



Notes to Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (CONTINUED)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollar at the accumulated average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollar at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollar at the accumulated average exchange rates for the year.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of TV, mobile devices and other products with volume rebates.

The Group has developed a statistical model for forecasting sales returns. The model used the historical return data of each product to estimate expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of volume rebates monthly and the rebate allowances are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which the goodwill is allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was HK\$3,177,559,000 (2024: HK\$2,947,380,000). Further details are given in note 16 to the financial statements.

Provision for expected credit losses on trade receivables, contract assets and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables, contract assets and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables, contract assets and other receivables is disclosed in notes 22, 24 and 25 to the financial statements, respectively.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.



Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 48 to the financial statements. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments as at 31 December 2025 was HK\$368,997,000 (2024: HK\$362,895,000). Further details are included in note 20 to the financial statements.

Fair value of financial instruments determined using valuation techniques

Fair value of financial instruments, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity risks, associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 48 to the financial statements.

Useful lives and impairment of property, plant and equipment

The Group determines the useful lives and related depreciation charges for its property, plant and equipment based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The estimated useful lives could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles.

Management will increase the depreciation charge where useful lives are less than previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned. Actual economic lives of property, plant and equipment may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and, therefore, depreciation in the future periods.

Notes to Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of the reporting period and makes provision against obsolete and slow-moving items. Management reassesses the estimation at the end of the reporting period.

The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Warranty provisions

As further explained in note 35 to the financial statements, the Group makes provisions for the warranties it gives on the sale of its products, taking into account the Group's current sales levels and past experience of the level of repairs and returns. As the Group is continually upgrading its product designs and launching new models, it is possible that the past experience of the level of repairs and returns is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the actual claims would affect profit or loss in future years.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureaus, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.



Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION

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

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

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

Notes to Financial Statements

31 December 2025

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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

	TV				Internet business		Smart mobile, connective devices and services		All-Category marketing		Photovoltaic business		Smart commercial display, smart home, and other businesses		Total		Eliminations		Consolidated	
	TCL TV – the PRC market		TCL TV – international market																	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:																				
Sales to external customers	17,204,223	19,046,463	47,503,923	41,061,903	3,108,588	2,627,155	11,315,413	9,588,059	12,644,694	12,446,454	21,062,705	12,873,481	1,743,286	1,678,810	114,582,832	99,322,325	-	-	114,582,832	99,322,325
Intersegment sales	3,670,571	3,912,606	150,773	352,190	28,606	24,695	107	4,360	7,425	25,141	33	48,780	127	165,006	3,857,642	4,532,778	(3,857,642)	(4,532,778)	-	-
Total	20,874,794	22,959,069	47,654,696	41,414,093	3,137,194	2,651,850	11,315,520	9,592,419	12,652,119	12,471,595	21,062,738	12,922,261	1,743,413	1,843,816	118,440,474	103,855,103	(3,857,642)	(4,532,778)	114,582,832	99,322,325
Gross profit	3,731,093	3,762,689	7,165,147	5,536,260	1,752,896	1,476,050	1,810,977	1,585,967	1,383,438	1,732,884	1,814,683	1,230,252	241,954	229,883	17,900,188	15,553,985	-	-	17,900,188	15,553,985

Geographical information

	Chinese mainland		Europe		North America		Emerging Market		Consolidated	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	47,393,031	41,476,428	16,001,409	13,119,423	19,485,419	17,317,487	31,702,973	27,408,987	114,582,832	99,322,325
Non-current assets	10,006,947	8,410,102	453,266	205,689	430,777	320,029	2,322,213	2,426,127	13,213,203	11,361,947

The revenue information above is based on the locations of the customers. The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

For the year ended 31 December 2025, revenue of approximately HK\$8,777,214,000 (2024: HK\$10,321,326,000) was derived from sales by the TCL TV – the PRC market to a single customer.

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers	114,582,832	99,322,325

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2025

Segments	TV and others* HK\$'000	Internet business HK\$'000	Total HK\$'000
Types of goods or services			
Sale of goods	110,290,204	186,925	110,477,129
Construction services	1,184,040	–	1,184,040
Video-on-demand services	–	597,235	597,235
Advertising, vertical application and other new businesses	–	2,324,428	2,324,428
Total revenue from contracts with customers	111,474,244	3,108,588	114,582,832
Geographical markets			
Chinese mainland	45,589,763	1,803,268	47,393,031
Europe	15,816,653	184,756	16,001,409
North America	19,042,716	442,703	19,485,419
Emerging Market	31,025,112	677,861	31,702,973
Total revenue from contracts with customers	111,474,244	3,108,588	114,582,832
Timing of revenue recognition			
Goods transferred at a point in time	110,290,204	186,925	110,477,129
Services transferred over time	1,184,040	597,235	1,781,275
Services transferred at a point in time	–	2,324,428	2,324,428
Total revenue from contracts with customers	111,474,244	3,108,588	114,582,832

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)**Revenue from contracts with customers (continued)***(i) Disaggregated revenue information (continued)*

For the year ended 31 December 2024

Segments	TV and others* HK\$'000	Internet business HK\$'000	Total HK\$'000
Types of goods or services			
Sale of goods	95,891,517	109,789	96,001,306
Construction services	803,653	–	803,653
Video-on-demand services	–	499,072	499,072
Advertising, vertical application and other new businesses	–	2,018,294	2,018,294
Total revenue from contracts with customers	96,695,170	2,627,155	99,322,325
Geographical markets			
Chinese mainland	39,669,040	1,807,388	41,476,428
Europe	12,999,936	119,487	13,119,423
North America	16,953,820	363,667	17,317,487
Emerging Market	27,072,374	336,613	27,408,987
Total revenue from contracts with customers	96,695,170	2,627,155	99,322,325
Timing of revenue recognition			
Goods transferred at a point in time	95,891,517	109,789	96,001,306
Services transferred over time	803,653	499,072	1,302,725
Services transferred at a point in time	–	2,018,294	2,018,294
Total revenue from contracts with customers	96,695,170	2,627,155	99,322,325

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2025

Segments	TV and others* HK\$'000	Internet business HK\$'000	Total HK\$'000
Revenue from contracts with customers			
External customers	111,474,244	3,108,588	114,582,832
Intersegment sales	3,829,036	28,606	3,857,642
	115,303,280	3,137,194	118,440,474
Intersegment adjustments and eliminations	(3,829,036)	(28,606)	(3,857,642)
Total revenue from contracts with customers	111,474,244	3,108,588	114,582,832

For the year ended 31 December 2024

Segments	TV and others* HK\$'000	Internet business HK\$'000	Total HK\$'000
Revenue from contracts with customers			
External customers	96,695,170	2,627,155	99,322,325
Intersegment sales	4,508,083	24,695	4,532,778
	101,203,253	2,651,850	103,855,103
Intersegment adjustments and eliminations	(4,508,083)	(24,695)	(4,532,778)
Total revenue from contracts with customers	96,695,170	2,627,155	99,322,325

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

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)**Revenue from contracts with customers (continued)***(ii) Performance obligations*

Information about the Group's performance obligations is summarised below:

Sales of TV, mobile devices and other products

The performance obligation is satisfied upon delivery of TV, mobile devices and other products and payment is generally due within 180 days from delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 90 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Video-on-demand services

The performance obligation is satisfied over time as the services allow customers to play and watch certain videos on the internet platform within the validity period, where payment in advance is normally required. The validity period ranging from a few hours to one year depends on the respective terms of the service contracts.

Advertising, vertical application and other new businesses

The performance obligation is satisfied upon rendering of the services and payment is generally due within 30 to 180 days from rendering.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Sales of products	1,524,580	1,267,355

Notes to Financial Statements

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Other income and gains

	Notes	2025 HK\$'000	2024 HK\$'000
Other income			
Interest income	7	432,246	773,444
Sales of scrap materials		24,205	14,614
Government grants	7	460,450	405,971
Foreign exchange differences, net	7	127,734	–
Write-off of balances due to creditors		15,017	12,242
Software development income		15,826	33,171
Rental income, net	7	40,362	34,469
Others		107,119	63,904
Total other income		1,222,959	1,337,815
Gains			
Gain on disposal of items of other intangible assets, net	7	3,081	–
Gain on disposal of items of other deferred assets, net	7	–	243
Gain on disposal of items of property, plant and equipment, net	7	14,754	–
Gain on disposal of items of right-of-use asset, net	7	–	11,623
Claim indemnity		5,367	4,152
Fair value gains, net:			
Derivative financial instruments – transactions not qualifying as hedges	7	–	92,266
Financial assets at fair value through profit or loss – trust products and financial products	7	61,738	35,358
Financial assets at fair value through profit or loss – equity investment	7	3,882	5,332
Realised gain on settlement, net:			
Derivative financial instruments	7	–	221,136
Financial assets at fair value through profit or loss	7	30,693	21,590
Gain related to put option	7	–	65,194
Gain on liquidation of subsidiaries	7	8,623	–
Gain on disposal of subsidiaries	7, 43	510	52,807
Gain on disposal of associates	7	3,235	8,035
Gain on disposal of a joint venture	7	–	59,186
Deemed gain on partial disposal of an associate	7	4,846	217
Gain on remeasurement and deemed disposal of previously held interests in step acquisition of a subsidiary	7	172	–
Gain on liquidation of an associate	7	1	–
Gain on bargain purchase of a subsidiary	7, 42	–	12,123
Others		27,211	32,769
Total gains		164,113	622,031
Total other income and gains		1,387,072	1,959,846

Notes to Financial Statements

31 December 2025

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on:		
Bank/factoring loans and discounted bills	762,168	743,851
Interest expense on lease liabilities (note 15)	18,440	19,794
Deposits and loans from companies controlled by TCL Industries Holdings	9,772	23,269
Deposits from affiliates controlled of TCL Industries Holdings	72	–
Total	790,452	786,914

7. PROFIT BEFORE TAX

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

	Notes	2025 HK\$'000	2024 HK\$'000
Cost of inventories sold and services provided		96,682,644	83,768,340
Depreciation of property, plant and equipment	13	418,310	382,840
Depreciation of investment properties	14	11,915	14,679
Depreciation of right-of-use assets	15	193,662	202,672
Amortisation of other deferred assets		154,445	36,530
Research and development costs		2,532,381	2,335,052
Amortisation of other intangible assets	17	595,544	518,603
Lease payments not included in the measurement of lease liabilities	15(c)	198,784	112,101
Auditor's remuneration		11,512	11,512
Employee benefits expenses (including directors' remuneration):			
Wages and salaries		6,064,305	5,786,943
Employee share-based compensation benefits under the Share Award Schemes		263,009	82,531
Defined contribution expenses		634,873	516,026
		6,962,187	6,385,500

Notes to Financial Statements

31 December 2025

7. PROFIT BEFORE TAX (CONTINUED)

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

	Notes	2025 HK\$'000	2024 HK\$'000
Foreign exchange differences, net***		(127,734)	160,368
Impairment of goodwill**	16	–	127,910
Impairment of financial and contract assets, net:			
Impairment of trade receivables	22	40,896	33,290
Impairment of other receivables	25	8	14,240
Impairment of contract assets	24	5,110	136
		46,014	47,666
Impairment of items of property, plant and equipment**	13	1,867	2,084
Impairment of items of other intangible assets**	17	109	30,179
Write-down of inventories to net realisable value		102,717	145,784
Rental income, net	5	(40,362)	(34,469)
Interest income	5	(432,246)	(773,444)
Government grants*:			
Credited to other income and gains	5	(460,450)	(405,971)
Deducted from cost of sales and relevant expenses		(18,081)	(77,359)
		(478,531)	(483,330)
Fair value (gains)/losses, net:			
Derivative financial instruments – transactions not qualifying as hedges***		2,439	(92,266)
Financial assets at fair value through profit or loss – trust products and financial products	5	(61,738)	(35,358)
Financial assets at fair value through profit or loss – equity investment	5	(3,882)	(5,332)
Call options and put options**		48,423	44,445
Realised (gain)/loss on settlement, net:			
Derivative financial instruments***		395,091	(221,136)
Financial assets at fair value through profit or loss	5	(30,693)	(21,590)
(Gain)/loss related to put option**		842	(65,194)
Ineffectiveness of fair value hedges		28,922	17,442
(Gain)/loss on disposal of items of property, plant and equipment, net**		(14,754)	10,127
(Gain)/loss on disposal of items of other intangible assets, net**		(3,081)	3,672
(Gain)/loss on disposal of items of right-of-use assets, net**		489	(11,623)

Notes to Financial Statements

31 December 2025

7. PROFIT BEFORE TAX (CONTINUED)

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

	Notes	2025 HK\$'000	2024 HK\$'000
(Gain)/loss on disposal of items of other deferred assets, net**		12	(243)
(Gain)/loss on liquidation of subsidiaries**		(8,623)	221
Gain on disposal of subsidiaries	5, 43	(510)	(52,807)
Gain on disposal of associates	5	(3,235)	(8,035)
Deemed gain on partial disposal of an associate	5	(4,846)	(217)
Gain on remeasurement and deemed disposal of previously held interests in step acquisition of a subsidiary	5	(172)	–
Gain on liquidation of an associate	5	(1)	–
Gain on disposal of a joint venture	5	–	(59,186)
Gain on bargain purchase of a subsidiary	5, 42	–	(12,123)
Loss on liquidation of a joint venture**		–	3,381

Notes:

- * Certain government grants have been received related to the Group's day-to-day activities. Government grants including value-added tax ("VAT") refund and national patent subsidies are recorded in "Other income and gains" in the consolidated statement of profit and loss and other comprehensive income. There are no unfulfilled conditions or contingencies relating to these grants.
- ** Losses on these items are included in "Other operating expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.
- *** Losses on these items are included in "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	1,029	887
Other emoluments:		
Salaries, allowances and benefits in kind	3,473	3,168
Discretionary performance related bonuses	1,892	3,223
Employee share-based compensation benefits under the Share Award Schemes	3,816	3,133
Pension scheme contributions	289	261
Subtotal	9,470	9,785
Total	10,499	10,672

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The remuneration paid to independent non-executive directors during the year was as follows:

	2025				2024			
	Fees HK\$'000	Discretionary performance related bonuses HK\$'000	Employee share-based compensation benefits under the Share Award Schemes HK\$'000	Total remuneration HK\$'000	Fees HK\$'000	Discretionary performance related bonuses HK\$'000	Employee share-based compensation benefits under the Share Award Schemes HK\$'000	Total remuneration HK\$'000
Professor WANG Yijiang	400	-	-	400	400	-	-	400
Mr. LAU Siu Ki	400	-	-	400	400	-	-	400
Mr. HUI Chi Kin Max (note (i))	229	-	-	229	-	-	-	-
Dr. TSENG Shieng-chang Carter (note (ii))	-	-	-	-	-	-	-	-
Total	1,029	-	-	1,029	800	-	-	800

No other emoluments were payable to the independent non-executive directors during the year (2024: Nil).

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and chief executive

The remuneration paid to executive directors, non-executive directors and chief executive during the year was as follows:

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary performance related bonuses ^a HK\$'000	Employee share-based compensation benefits under the Share Award Scheme HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2025						
Executive directors:						
Ms. DU Juan	-	600	-	-	18	618
Mr. ZHANG Shaoyong (note (iii))	-	1,666	1,090	1,908	145	4,809
Mr. PENG PAN	-	1,207	802	1,908	126	4,043
Mr. SUN Li (note (iv))	-	-	-	-	-	-
	-	3,473	1,892	3,816	289	9,470

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and chief executive (continued)

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary performance related bonuses* HK\$'000	Employee share-based compensation benefits under the Share Award Schemes HK\$'000	Pension scheme contributions HK\$'000	Total remuneration HK\$'000
2024						
Executive directors:						
Ms. DU Juan	-	600	-	-	18	618
Mr. ZHANG Shaoyong (note (iii))	-	1,484	1,721	1,558	131	4,894
Mr. PENG PAN	-	1,084	1,502	826	112	3,524
Mr. SUN Li (note (iv))	-	-	-	363	-	363
Mr. YAN Xiaolin (note (v))	-	-	-	122	-	122
Subtotal	-	3,168	3,223	2,869	261	9,521
Non-executive directors:						
Mr. WANG Cheng (note (vi))	-	-	-	264	-	264
Mr. LI Yuhao (note (vii))	87	-	-	-	-	87
Subtotal	87	-	-	264	-	351
Total	87	3,168	3,223	3,133	261	9,872

The discretionary performance related bonuses for each of the financial year represents the estimated amount of such bonuses determined based on the performance targets set for the relevant individual director of the Company and chief executive, whereas the actual amount would only be determined and paid after the end of the financial year with reference to the financial performance of the Group and the performance of the individual director of the Company or chief executive and subject to approval by the Board and/or the Remuneration Committee.

Notes to Financial Statements

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and chief executive (continued)

Notes:

- (i) Mr. HUI Chi Kin Max was appointed as an independent non-executive director of the Company on 6 June 2025.
- (ii) Dr. TSENG Shiang-chang Carter agreed to waive his remuneration of HK\$171,000 (2024: HK\$400,000) as an independent non-executive director for the year ended 31 December 2025 and such remuneration will be donated by the Company for charity use. Dr. TSENG Shiang-chang Carter retired as an independent non-executive director of the Company with effect from 6 June 2025.
- (iii) Mr. ZHANG Shaoyong was appointed as an executive director of the Company with effect from 28 March 2024.
- (iv) Mr. SUN Li has been re-designated from a non-executive director to an executive director of the Company with effect from 28 March 2024.
- (v) Mr. YAN Xiaolin resigned as an executive director of the Company with effect from 28 March 2024.
- (vi) Mr. WANG Cheng resigned as a non-executive director of the Company with effect from 28 March 2024.
- (vii) Mr. LI Yuhao retired as a non-executive director of the Company with effect from 20 May 2024.

Save as disclosed in note (ii) above, there was no arrangement under which a director or chief executive of the Company returned, waived or agreed to waive any remuneration during the year.

Save as disclosed above, no emoluments were paid by the Group to any director or chief executive of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

During the year, there were no loans, quasi-loans and other dealings in favour of (i) directors of the Company and of a holding company of the Company; (ii) bodies corporate controlled by such directors; (iii) entities connected with such directors and there were no consideration provided to or receivable by third parties for making available directors' services.

Save as disclosed in the section headed "Connected Transactions" under Report of the Directors in this annual report, none of the directors of the Company or their connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contract of significance to the business of the Group to which the Company, or any of its subsidiaries, holding companies or fellow subsidiaries was a party during the year ended 31 December 2025.

The executive directors' and chief executive's emoluments shown above were paid for their services in connection with the management of affairs of the Company and the Group; and the non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes to Financial Statements

31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2024: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2024: three) non-directors, highest paid employees for the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and benefits in kind	4,620	4,862
Discretionary performance related bonuses	1,939	1,728
Employee share-based compensation benefits under the Share Award Schemes	9,451	3,510
Pension scheme contributions	422	271
Total	16,432	10,371

During the year, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

The numbers of non-directors, highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees	
	2025	2024
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	–	2
HK\$4,500,001 to HK\$5,000,000	1	–
HK\$5,000,001 to HK\$5,500,000	1	–
HK\$6,000,001 to HK\$6,500,000	1	–
Total	3	3

Notes to Financial Statements

31 December 2025

10. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2025 HK\$'000	2024 HK\$'000
Current – Hong Kong profits tax		
Charge for the year	71,703	115,987
Overprovision in prior years	(958)	(552)
Current – Elsewhere – income taxes (excluding Pillar Two income taxes)		
Charge for the year	880,295	564,256
Underprovision in prior years	82,189	38,348
Pillar Two income taxes – current tax	9,109	4,309
Deferred	(265,022)	(56,336)
Total tax charge for the year	777,316	666,012

A reconciliation of the tax expense applicable to profit before tax at the statutory/applicable rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Profit before tax	3,304,296	2,514,523
Tax at the statutory/applicable tax rates of different countries/ jurisdictions	749,081	661,482
Lower tax rates for specific provinces or enacted by local authority	(204,564)	(134,455)
Adjustments in respect of current tax of previous periods	81,231	37,796
Recognition of tax losses and temporary differences not recognised in prior years	(28,404)	–
Pillar Two income taxes	9,109	4,309
Profits and losses attributable to joint ventures and associates	(37,215)	(27,493)
Income not subject to tax	(131,909)	(158,295)
Super deduction of research and development expenditures	(65,566)	(64,045)
Expenses not deductible for tax	401,344	285,076
Tax losses utilised from previous periods	(188,161)	(200,455)
Tax losses not recognised	192,370	262,092
Tax charge at the Group's effective rate	777,316	666,012

Notes to Financial Statements

31 December 2025

10. INCOME TAX (CONTINUED)

The share of tax attributable to joint ventures and associates amounting to HK\$0 (2024: HK\$2,356,000) and HK\$18,597,000 (2024: HK\$7,004,000), respectively, is included in “Share of profits and losses of joint ventures and associates” in the consolidated statement of profit or loss and other comprehensive income.

In accordance with the relevant tax rules and regulations of the PRC, certain of the Group’s subsidiaries in the PRC enjoy a preferential corporate income tax rate of 15%, and two subsidiaries in the PRC enjoy a preferential corporate income tax rate of 10%.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the mandatory exception to recognising and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes, and will account for the Pillar Two income taxes as current tax when incurred. Pillar Two legislation has been enacted or substantively enacted but not yet in effect as at 31 December 2025 in certain jurisdictions in which the Group operates.

The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year. As such, it may not be entirely representative of future circumstances. Based on the assessment, the Group should benefit from the Transitional Country-by-Country Reporting (“CbCR”) Safe Harbour for most of the jurisdictions in which the Group operates. The Group has identified potential exposure from the subsidiaries in respect of profits earned in certain jurisdictions. The Group has made Pillar Two income taxes provision. The Group continues to follow Pillar Two legislative developments, as more countries prepare to enact the Pillar Two model rules, to evaluate the potential future impact on its financial statements.

11. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Proposed final dividend – HK49.80 cents (2024: HK31.80 cents) per ordinary share	1,255,426	801,657
Total	1,255,426	801,657

The above amount of proposed final dividend for the year ended 31 December 2025 was calculated based on the number of shares of the Company as at 31 December 2025 for illustration. The proposed final dividend for the year is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting (“AGM”). These consolidated financial statements do not reflect this dividend payable.

Notes to Financial Statements

31 December 2025

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of the Company of 2,412,913,575 (2024: 2,430,547,191) in issue during the year.

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

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

	2025 HK\$'000	2024 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	2,495,131	1,759,366
	Number of shares 2025	2024
Shares		
Weighted average number of ordinary shares in issue less shares held for the Share Award Schemes during the year used in the basic earnings per share calculation	2,412,913,575	2,430,547,191
Effect of dilution – weighted average number of ordinary shares:		
Awarded shares	126,959,040	92,857,117
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	2,539,872,615	2,523,404,308

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2025							
At 1 January 2025							
Cost	2,247,368	547,286	2,177,351	971,734	20,654	41,308	6,005,701
Accumulated depreciation and impairment	(1,043,159)	(439,270)	(1,281,175)	(787,739)	(14,826)	-	(3,566,169)
Net carrying amount	1,204,209	108,016	896,176	183,995	5,828	41,308	2,439,532
At 1 January 2025, net of accumulated depreciation and impairment	1,204,209	108,016	896,176	183,995	5,828	41,308	2,439,532
Additions	2,268	25,333	105,312	57,516	2,408	309,801	502,638
Acquisition of subsidiaries (note 42)	53,584	890	1,892	770	-	49	57,185
Disposal of a subsidiary (note 43)	-	-	(593)	(67)	-	-	(660)
Transfer from inventories	-	-	154,873	-	-	-	154,873
Disposals	(473)	(289)	(18,789)	(12,008)	(274)	(1,492)	(33,325)
Transfers	531	108,784	240,488	(12,168)	304	(337,939)	-
Depreciation provided during the year (note 7)	(90,700)	(69,485)	(184,976)	(70,890)	(2,259)	-	(418,310)
Impairment loss recognised (note 7)	-	-	(1,867)	-	-	-	(1,867)
Exchange realignment	26,983	4,185	27,895	5,656	136	10,768	75,623
At 31 December 2025, net of accumulated depreciation and impairment	1,196,402	177,434	1,220,411	152,804	6,143	22,495	2,775,689
At 31 December 2025:							
Cost	2,400,990	698,836	2,857,687	806,231	22,920	22,495	6,809,159
Accumulated depreciation and impairment	(1,204,588)	(521,402)	(1,637,276)	(653,427)	(16,777)	-	(4,033,470)
Net carrying amount	1,196,402	177,434	1,220,411	152,804	6,143	22,495	2,775,689

Notes to Financial Statements

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024							
At 1 January 2024							
Cost	2,170,417	510,666	2,078,966	1,005,248	21,540	6,721	5,793,558
Accumulated depreciation and impairment	(924,237)	(409,253)	(1,327,333)	(737,800)	(10,629)	–	(3,409,252)
Net carrying amount	1,246,180	101,413	751,633	267,448	10,911	6,721	2,384,306
At 1 January 2024, net of accumulated depreciation and impairment	1,246,180	101,413	751,633	267,448	10,911	6,721	2,384,306
Additions	7,553	15,482	123,662	13,877	1,984	362,575	525,133
Acquisition of a subsidiary (note 42)	–	–	–	5	–	–	5
Disposal of subsidiaries (note 43)	–	–	(31,370)	(4,564)	–	(6,645)	(42,579)
Transfer from investment properties (note 14)	73,420	–	–	–	–	–	73,420
Disposals	(146)	(1,381)	(7,265)	(2,821)	(5,235)	–	(16,848)
Transfers	4,848	43,537	251,475	20,862	–	(320,722)	–
Depreciation provided during the year (note 7)	(88,901)	(48,541)	(142,592)	(101,177)	(1,629)	–	(382,840)
Impairment loss recognised (note 7)	–	–	(2,084)	–	–	–	(2,084)
Exchange realignment	(38,745)	(2,494)	(47,283)	(9,635)	(203)	(621)	(98,981)
At 31 December 2024, net of accumulated depreciation and impairment	1,204,209	108,016	896,176	183,995	5,828	41,308	2,439,532
At 31 December 2024:							
Cost	2,247,368	547,286	2,177,351	971,734	20,654	41,308	6,005,701
Accumulated depreciation and impairment	(1,043,159)	(439,270)	(1,281,175)	(787,739)	(14,826)	–	(3,566,169)
Net carrying amount	1,204,209	108,016	896,176	183,995	5,828	41,308	2,439,532

Notes to Financial Statements

31 December 2025

14. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	413,818	544,530
Depreciation provided during the year (note 7)	(11,915)	(14,679)
Transfer to property, plant and equipment (note 13)	–	(73,420)
Transfer to right-of-use assets (note 15(a))	–	(29,931)
Exchange realignment	3,396	(12,682)
Carrying amount at 31 December	405,299	413,818

The Group's investment properties mainly consist of commercial property and industrial property located in Chinese mainland and Hong Kong with the carrying amounts of HK\$394,755,000 (2024: HK\$402,821,000) and HK\$10,544,000 (2024: HK\$10,997,000), respectively, and are held under operating lease arrangements.

According to the valuation results provided by independent third parties, the fair values of the investment properties located in Chinese mainland and Hong Kong approximate to HK\$409,693,000 (2024: HK\$414,795,000) and HK\$79,200,000 (2024: HK\$96,700,000), respectively.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties, motor vehicles and other equipment used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 20 to 99 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and properties generally have lease terms between 1 and 25 years, while motor vehicles generally have lease terms between 2 and 5 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value.

Notes to Financial Statements

31 December 2025

15. LEASES (CONTINUED)**(a) Right-of-use assets**

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK\$'000	Plant and properties HK\$'000	Motor vehicles HK\$'000	Other equipment HK\$'000	Total HK\$'000
As at 1 January 2024	470,351	374,355	1,260	68	846,034
Additions	–	212,411	540	520	213,471
Transfer from investment properties (note 14)	29,931	–	–	–	29,931
Depreciation charge (note 7)	(9,181)	(192,648)	(625)	(218)	(202,672)
Deductions as a result of disposal of subsidiaries (note 43)	–	(10,895)	–	–	(10,895)
Lease modification	–	(13,782)	–	–	(13,782)
Exchange realignment	(7,626)	(27,306)	(42)	(6)	(34,980)
As at 31 December 2024 and 1 January 2025	483,475	342,135	1,133	364	827,107
Additions	–	282,840	2,188	–	285,028
Additions as a result of acquisition of subsidiaries (note 42)	–	3,534	2,275	–	5,809
Depreciation charge (note 7)	(10,325)	(180,270)	(2,844)	(223)	(193,662)
Lease modification	(325)	(21,222)	–	–	(21,547)
Exchange realignment	6,010	17,139	(19)	6	23,136
As at 31 December 2025	478,835	444,156	2,733	147	925,871

Notes to Financial Statements

31 December 2025

15. LEASES (CONTINUED)**(b) Lease liabilities**

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
As at 1 January	357,412	407,316
New leases	265,190	207,955
Additions as a result of acquisition of subsidiaries (note 42)	6,000	–
Deductions as a result of disposal of subsidiaries (note 43)	–	(10,639)
Lease modification	(8,422)	(25,645)
Accretion of interest recognised during the year (note 6)	18,440	19,794
Payments	(200,159)	(213,039)
Exchange realignment	24,165	(28,330)
As at 31 December	462,626	357,412
Analysed into:		
Current portion	126,628	137,367
Non-current portion	335,998	220,045

The maturity analysis of lease liabilities is disclosed in note 49 to the financial statements.

Notes to Financial Statements

31 December 2025

15. LEASES (CONTINUED)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest expenses on lease liabilities (note 6)	18,440	19,794
Depreciation charge of right-of-use assets (note 7)	193,662	202,672
Expense relating to short-term leases and leases of low-value assets (note 7)	198,784	112,101
Total amount recognised in profit or loss	410,886	334,567

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced is disclosed in notes 44(c) and 45(b), respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of various commercial and industrial properties in Chinese mainland and Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income from continuing operations recognised by the Group during the year was HK\$40,362,000 (2024: HK\$34,469,000), details of which are included in note 5 to the financial statements.

At 31 December the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	11,352	13,376
After one year but within two years	10,698	5,649
After two years but within three years	6,268	4,515
After three years but within four years	3,507	3,067
After four years but within five years	1,112	3,467
After five years	479	2,308
Total	33,416	32,382

Notes to Financial Statements

31 December 2025

16. GOODWILL

	HK\$'000
At 1 January 2024:	
Cost	3,256,671
Accumulated impairment	(63,032)
Net carrying amount	3,193,639
Cost at 1 January 2024, net of accumulated impairment	3,193,639
Impairment during the year (note 7)	(127,910)
Disposal of subsidiaries (note 43)	(24,687)
Exchange realignment	(93,662)
Cost and net carrying amount at 31 December 2024	2,947,380
At 31 December 2024:	
Cost	3,138,322
Accumulated impairment	(190,942)
Net carrying amount	2,947,380
Cost at 1 January 2025, net of accumulated impairment	2,947,380
Acquisition of subsidiaries (note 42)	167,348
Exchange realignment	62,831
Cost and net carrying amount at 31 December 2025	3,177,559
At 31 December 2025:	
Cost	3,317,518
Accumulated impairment	(139,959)
Net carrying amount	3,177,559



Notes to Financial Statements

31 December 2025

16. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following CGUs for impairment testing:

- PRC TV products with the TCL brand (“PRC TCL TV CGU”)
- Commercial display products (“Commercial Display Products CGU”)
- Falcon internet business (“Falcon Internet Business CGU”)
- Smart mobile, connective devices and services (“Smart Mobile, Connective devices and Services CGU”)
- Brazil TV products and other household products (“Brazil TV and Other Household Products CGU”)
- Chile TV and other household products (“Chile CGU”)
- Europe photovoltaic products (“Europe Photovoltaic Products CGU”)
- Others*

* The others represented certain CGUs which individually form an insignificant portion of the goodwill amount of the Group.

Notes to Financial Statements

31 December 2025

16. GOODWILL (CONTINUED)**Impairment testing of goodwill (continued)**

The recoverable amount of each CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to cash flow projections and the growth rate used to extrapolate the cash flows beyond the five-year period of each CGU are as follows:

		2025	2024
PRC TCL TV CGU	discount rate	18%	18%
	growth rate	1.7%	2.0%
Commercial Display Products CGU	discount rate	17%	17%
	growth rate	1.7%	2.0%
Falcon Internet Business CGU	discount rate	15%	14%
	growth rate	1.7%	2.0%
Smart Mobile, Connective devices and Services CGU	discount rate	14%	14%
	growth rate	1.7%	2.0%
Brazil TV and Other Household Products CGU	discount rate	19%	19%
	growth rate	3.0%	3.0%
Chile CGU	discount rate	18%	N/A
	growth rate	3.0%	N/A
Europe Photovoltaic Products CGU	discount rate	15%	N/A
	growth rate	0.0%	N/A
Others	discount rate	23%	23%
	growth rate	1.7%	2.0%

Notes to Financial Statements

31 December 2025

16. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

The carrying amount of goodwill allocated to each of the CGUs is as follows:

	PRC TCL	Commercial Display Products	Falcon Internet Business	Smart Mobile, Connective Devices and Services	Brazil TV and Other Household Products	Chile CGU	Europe Photovoltaic Products	Others	Total
	TV CGU	CGU	CGU	CGU	CGU	CGU	CGU	CGU	CGU
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 31 December 2024	340,531	234,814	1,039,091	1,132,489	187,475	-	-	12,980	2,947,380
As at 31 December 2025	340,531	246,417	1,065,547	1,132,489	208,825	12,819	157,951	12,980	3,177,559

Assumptions were used in the value-in-use calculation of all CGUs for 31 December 2025 and 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

Notes to Financial Statements

31 December 2025

17. OTHER INTANGIBLE ASSETS

	Patents and licences HK\$'000	Trademarks HK\$'000	Customer relationships and others HK\$'000	Computer software HK\$'000	Deferred development costs HK\$'000	Total HK\$'000
31 December 2025						
Cost at 1 January 2025, net of accumulated amortisation and impairment	225,802	15,242	203,274	753,674	301,264	1,499,256
Additions	20,269	50,960	–	12,390	407,140	490,759
Acquisition of subsidiaries (note 42)	–	–	39,091	21,246	–	60,337
Amortisation provided during the year (note 7)	(25,991)	(6,600)	(24,978)	(135,198)	(402,777)	(595,544)
Disposals	–	–	(315)	(266)	–	(581)
Transfer from other deferred assets	4,586	–	–	446,112	–	450,698
Impairment during the year (note 7)	–	–	–	(109)	–	(109)
Exchange realignment	532	1,561	1,223	25,198	7,730	36,244
At 31 December 2025	225,198	61,163	218,295	1,123,047	313,357	1,941,060
At 31 December 2025:						
Cost	483,718	144,126	483,996	1,969,552	413,497	3,494,889
Accumulated amortisation and impairment	(258,520)	(82,963)	(265,701)	(846,505)	(100,140)	(1,553,829)
Net carrying amount	225,198	61,163	218,295	1,123,047	313,357	1,941,060

Notes to Financial Statements

31 December 2025

17. OTHER INTANGIBLE ASSETS (CONTINUED)

	Patents and licences HK\$'000	Trademarks HK\$'000	Customer relationships and others HK\$'000	Computer software HK\$'000	Deferred development costs HK\$'000	Total HK\$'000
31 December 2024						
Cost at 1 January 2024, net of accumulated amortisation and impairment	247,455	66,948	224,413	530,744	307,678	1,377,238
Additions	7,788	–	6,685	–	348,069	362,542
Amortisation provided during the year (note 7)	(28,950)	(24,700)	(27,267)	(89,673)	(348,013)	(518,603)
Disposals	–	–	–	(3,647)	–	(3,647)
Transfer from other deferred assets	–	–	–	339,455	–	339,455
Disposals of subsidiaries (note 43)	–	–	–	(120)	–	(120)
Impairment during the year (note 7)	–	(23,414)	(1,458)	(5,307)	–	(30,179)
Exchange realignment	(491)	(3,592)	901	(17,778)	(6,470)	(27,430)
At 31 December 2024	225,802	15,242	203,274	753,674	301,264	1,499,256
At 31 December 2024:						
Cost	457,965	91,246	439,974	1,395,518	374,911	2,759,614
Accumulated amortisation and impairment	(232,163)	(76,004)	(236,700)	(641,844)	(73,647)	(1,260,358)
Net carrying amount	225,802	15,242	203,274	753,674	301,264	1,499,256

Notes to Financial Statements

31 December 2025

18. INVESTMENTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	4,441	4,331

During the year ended 31 December 2024, the Group disposed of its investment in a joint venture. The investment was transferred to investment in an associate and a disposal gain of HK\$59,186,000 was recognised in other income and gains.

A joint venture in which the Group had fully provided for an impairment loss was deregistered during the year ended 31 December 2024.

The following table illustrates the aggregate summarised financial information of the Group's joint ventures that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Share of the joint ventures' profit for the year	–	5,886
Share of the joint ventures' total comprehensive income for the year	–	3,835
Aggregate carrying amount of the Group's investments in the joint ventures	4,441	4,331

Notes to Financial Statements

31 December 2025

19. INVESTMENTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	1,381,537	1,264,480
Goodwill on acquisition	178,317	179,824
Subtotal	1,559,854	1,444,304
Provision for impairment	—	(6,465)
Total	1,559,854	1,437,839

During the year ended 31 December 2025, the Group disposed certain of its investments in associates, resulting in a disposal gain of HK\$3,235,000 (2024: HK\$8,035,000) for the year.

Particulars of the Group's material associates are as follows:

Name	Particulars of registered capital	Place of Registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Amlogic (Shanghai) Co., Ltd. ("Amlogic") [#]	RMB421,165,613	PRC/Chinese mainland	4.88	Note (a)
Huan Technology Co., Ltd.* ("Huan Technology")	RMB52,989,648	PRC/Chinese mainland	34.00	Note (b)

* The English name of the company is not official and is the direct translation from its Chinese name for identification purposes only.

[#] Up to the date of approval of these financial statements, Amlogic has not yet disclosed its annual financial statements for the year ended 31 December 2025. The figures presented in the table below are extracted from financial information which was released publicly disclosed by Amlogic, with some information not being disclosed.

All the associates have been accounted for using the equity method in these financial statements.

Notes to Financial Statements

31 December 2025

19. INVESTMENTS IN ASSOCIATES (CONTINUED)

Notes:

(a) Amlogic

Amlogic, which is considered as a material associate of the Group, is a strategic partner of the Group engaged in the manufacture and trading of integrated circuits and other semiconductor services.

Although the Group holds less than 20% of the voting power of Amlogic, in the opinion of the directors, the Group is in a position to exercise significant influence over Amlogic through its representation in the board of directors and its participation in policy-making processes of Amlogic.

During the year ended 31 December 2025, the Group's shareholding in Amlogic was diluted from 4.91% to 4.88% as a result of restricted share awards granted by Amlogic under its equity incentive plan.

The following table illustrates the summarised financial information of Amlogic, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets	8,313,407	6,855,119
Net assets, excluding goodwill	8,295,389	6,837,149
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	4.88%	4.91%
Group's share of net assets of the associate, excluding goodwill	404,815	335,704
Goodwill on acquisition	18,018	17,970
Carrying amount of the investment	422,833	353,674
Revenue and other income and gains	7,422,966	6,497,019
Profit attributable to owners of the parent for the year	952,003	900,067
Fair value of the Group's investment in the associate	1,986,033	1,524,866

Notes to Financial Statements

31 December 2025

19. INVESTMENTS IN ASSOCIATES (CONTINUED)

Notes: (continued)

(b) Huan Technology

Huan Technology, which is considered a material associate of the Group, is a strategic partner of the Group engaged in internet platform operation. Huan Technology has become an associate of the Group since 1 November 2019.

The following table illustrates the summarised financial information of Huan Technology, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets	1,160,904	1,050,597
Net assets, excluding goodwill	1,054,115	946,459
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	34.00%	34.00%
Group's share of net assets of the associate, excluding goodwill	358,399	321,796
Goodwill on acquisition	106,789	104,138
Carrying amount of the investment	465,188	425,934
Revenue	939,163	709,422
Profit attributable to owners of the parent for the year	81,237	38,365
Total comprehensive income attributable to owners of the parent for the year	81,237	38,365

The following table illustrates the aggregate summarised financial information of the Group's associates that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Share of the associates' profit for the year	81,795	52,174
Share of the associates' other comprehensive income/(loss) for the year	5,458	(430)
Share of the associates' total comprehensive income for the year	87,253	51,744
Aggregate carrying amount of the Group's investments in these associates	671,833	658,231

Notes to Financial Statements

31 December 2025

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Listed equity investments, at fair value		
Beijing Digital Telecom Co., Ltd.	1,887	3,203
	1,887	3,203
Unlisted equity investments, at fair value		
Shenzhen Digital TV National Engineering Laboratory Co., Ltd.*	–	10,554
Shanghai Digital TV National Engineering Research Center Co., Ltd.*	3,307	3,300
Shenzhen Zhongcailian Technology Co., Ltd.*	2,882	3,176
Shanghai Guanmu Investment Management Partnership (Limited Partnership)*	55,791	57,784
RayNeo Co., Ltd.	166,420	147,174
Fengzhangqingyu Investment (Ningbo) Partnership (Limited Partnership)*	51,808	46,217
Huizhou Kuyu Network Technology Co., Ltd.*	86,896	92,954
Others	1,893	1,736
	368,997	362,895
Total	370,884	366,098

* The English names of the companies are not official and are the direct translation from their Chinese names for identification purposes only.

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers that these investments are strategic in nature.

Notes to Financial Statements

31 December 2025

21. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	7,623,125	4,946,533
Work in progress	1,971,389	1,395,295
Finished goods	13,493,845	8,946,727
Total	23,088,359	15,288,555

As at 31 December 2025, inventories of nil (2024: HK\$400,087,000) were pledged for bank loans for the Group.

22. TRADE RECEIVABLES

	Note	2025 HK\$'000	2024 HK\$'000
Due from third parties		18,464,217	15,504,528
Due from related parties:			
Companies controlled by TCL Industries Holdings	(a)	2,634,455	4,127,684
Affiliates of TCL Industries Holdings	(a)	275,702	147,794
Companies controlled by TCL Technology	(a)	1,594,965	1,128,966
Joint ventures	(a)	618,080	547,733
Associates	(a)	680,853	1,143,130
Subtotal		5,804,055	7,095,307
Impairment allowance		(310,748)	(266,951)
Total		23,957,524	22,332,884

Note:

- (a) As at 31 December 2025 and 2024, the amounts were interest-free, unsecured and repayable within one year.

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

Notes to Financial Statements

31 December 2025

22. TRADE RECEIVABLES (CONTINUED)

Save for those amounts due from the related parties, in view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group holds a commercial property from a group of customers as collaterals for trade receivables with a gross carrying amount of HK\$77,614,000 (2024: HK\$171,323,000). The Group held certain government bonds from a groups of customers as collaterals for trade receivables with a gross carrying amount of HK\$104,213,000 as at 31 December 2024, and the balance with collaterals had been fully settled as at 31 December 2025. The Group does not hold any collaterals or other credit enhancements over its remaining trade receivables. The remaining trade receivables are non-interest bearing.

As at 31 December 2025, trade receivables of approximately HK\$1,676,000 (2024: Nil) were pledged for bank loans for the Group.

Included in the Group's trade receivables are (i) receivables to be factored of HK\$1,924,550,000 (2024: HK\$1,649,838,000), as well as (ii) the assets and the associated liabilities representing the extent of the Group's continuing involvement in the factored trade receivables of which the Group neither retained nor transferred substantially all of the risks and rewards, amounting to HK\$2,919,000 (2024: HK\$11,927,000). The above receivables are classified as financial assets at fair value through profit or loss. The remaining trade receivables with a gross carrying amount of HK\$22,340,803,000 (2024: HK\$20,938,070,000) are measured at amortised cost.

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

	2025 HK\$'000	2024 HK\$'000
Current to 90 days	17,803,918	16,595,138
91 to 180 days	3,696,100	2,857,168
181 to 365 days	1,792,087	2,059,204
Over 365 days	976,167	1,088,325
	24,268,272	22,599,835
Impairment allowance	(310,748)	(266,951)
Total	23,957,524	22,332,884

Notes to Financial Statements

31 December 2025

22. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	266,951	298,968
Impairment losses, net (note 7)	40,896	33,290
Acquisition of subsidiaries	2,489	–
Disposal of subsidiaries	–	(175)
Amount written off as uncollectible	(8,932)	(51,872)
Exchange realignment	9,344	(13,260)
At end of year	310,748	266,951

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables measured at amortised cost using a provision matrix:

	Gross carrying amount HK\$'000	Ratio	ECLs HK\$'000	ECL rate
As at 31 December 2025				
Individual provision for ECLs	297,457	1.3%	231,173	77.72%
Provision for ECLs based on the credit risk characteristics group	22,043,346	98.7%	79,575	0.36%
Total	22,340,803	100.0%	310,748	1.39%
As at 31 December 2024				
Individual provision for ECLs	273,116	1.3%	220,224	80.63%
Provision for ECLs based on the credit risk characteristics group	20,664,954	98.7%	46,727	0.23%
Total	20,938,070	100.0%	266,951	1.27%

Notes to Financial Statements

31 December 2025

22. TRADE RECEIVABLES (CONTINUED)

Set out below is the information about provision for expected credit loss of trade receivables based on the credit risk characteristics group:

Past due	Gross carrying amount HK\$'000	ECLs HK\$'000	ECL rate
As at 31 December 2025			
Within one year	21,759,520	58,246	0.27%
After one year	283,826	21,329	7.51%
Total	22,043,346	79,575	0.36%
As at 31 December 2024			
Within one year	20,276,860	34,643	0.17%
After one year	388,094	12,084	3.11%
Total	20,664,954	46,727	0.23%

23. BILLS RECEIVABLE

	Note	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through other comprehensive income	(a)	3,418,264	4,436,662
Total		3,418,264	4,436,662

Note:

- (a) As at 31 December 2025, bills receivable of Nil (31 December 2024: HK\$192,282,000) were pledged for issuing bank acceptance notes for the Group.

Notes to Financial Statements

31 December 2025

24. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Contract assets arising from:		
Sale of products	45,773	364,630
Construction services	23,132	23,254
Total	68,905	387,884
Impairment	(5,398)	(213)
Net carrying amount	63,507	387,671

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	4,592	22,470
Over one year	58,915	365,201
Total	63,507	387,671

The movements in the loss allowance for impairment of contract assets are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	213	81
Impairment losses (note 7)	5,110	136
Exchange realignment	75	(4)
At end of year	5,398	213

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2025	2024
Expected credit loss rate	7.83%	0.05%
Gross carrying amount (HK\$'000)	68,905	387,884
Expected credit losses (HK\$'000)	5,398	213

Notes to Financial Statements

31 December 2025

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2025 HK\$'000	2024 HK\$'000
Prepayments and deposits		897,698	904,629
Other receivables	(a)	3,069,649	2,674,798
VAT receivables		4,785,326	2,804,801
Interest receivable		2,003	4,566
Due from companies controlled by TCL Industries Holdings	(b)	1,729,344	2,815,731
Due from affiliates of TCL Industries Holdings	(b)	82,106	331,356
Due from companies controlled by TCL Technology	(c)	139,991	80,363
Due from associates	(c)	5,341	35,139
		10,711,458	9,651,383
Impairment allowance		(220,220)	(200,168)
Total		10,491,238	9,451,215

Notes:

- (a) As at 31 December 2025, other receivables of approximately HK\$68,086,000 (2024: HK\$4,428,000) with interest rates ranging from 0.85% to 3.00% (2024: 2.15%) per annum was pledged for the balance of financial instruments for the Group.
- (b) As at 31 December 2025, the relevant balance of advance to TCL Industries Holdings under the meaning of Chapter 13 of the Listing Rules amounted to approximately HK\$1,811,450,000 (2024: HK\$3,147,087,000), out of which: (i) approximately HK\$1,172,750,000 (2024: HK\$1,952,594,000) was deposits placed with TCL Finance (Hong Kong) Co., Limited and/or members of Qualified Holdings Group (as defined in the announcement of the Company dated 26 September 2024) pursuant to the Master Financial (2025-2027) Agreement dated 26 September 2024 entered into among the Company, TCL Industries Holdings and TCL Finance (Hong Kong) Co., Limited with interest rates ranging from 0.01% to 2.57% (2024: 0.0001% to 5.25%) per annum and repayable within one year and without collateral; (ii) approximately HK\$25,698,000 (2024: HK\$226,376,000) was other receivables in trade nature from TCL Industries Holdings' affiliated companies which arose in the Group's ordinary and usual course of business (other than as a result of the provision of financial assistance) and on normal commercial terms, that were interest-free and unsecured; (iii) approximately HK\$575,122,000 (2024: HK\$968,117,000) was other receivables from TCL Industries Holdings and its subsidiaries and affiliated companies arising from non-trading nature transactions which were interest-free, unsecured and repayable within one year; and (iv) approximately HK\$37,880,000 (2024: Nil) was loans provided by the Group to members of Qualified Holdings Group (as defined in the announcement of the Company dated 26 September 2024) pursuant to the Master Financial (2025-2027) Agreement dated 26 September 2024 with interest rate at 3% (2024: Nil) per annum and repayable within one year and without collateral. For details of the Master Financial (2025-2027) Agreement, please refer to the Company's announcement dated 26 September 2024 and the circular dated 6 November 2024.
- (c) As at 31 December 2025 and 2024, the amounts were interest-free, unsecured and repayable within one year.

Notes to Financial Statements

31 December 2025

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

The Group has classified certain other receivables amounting to HK\$465,832,000 (2024: HK\$367,934,000) as financial assets measured at fair value through profit or loss as these items are held for trading. The remaining amounts are measured at amortised cost.

ECLs are estimated for other receivables and amounts due from related companies by applying a loss rate approach with reference to the historical loss records of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit quality of the financial assets included in the line items of prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”. Set out below is the information about the credit risk exposure on the Group’s other receivables and amounts due from related companies:

As at 31 December 2025

	Normal	Doubtful	Total
ECL rate	0.08%	98.98%	4.71%
Gross carrying amount (HK\$'000)	4,458,102	219,109	4,677,211
ECLs (HK\$'000)	3,348	216,872	220,220

As at 31 December 2024

	Normal	Doubtful	Total
ECL rate	0.05%	98.83%	3.52%
Gross carrying amount (HK\$'000)	5,488,990	199,899	5,688,889
ECLs (HK\$'000)	2,604	197,564	200,168

Notes to Financial Statements

31 December 2025

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2025 HK\$'000	2024 HK\$'000
At beginning of year	200,168	215,454
Impairment losses, net (note 7)	8	14,240
Acquisition of subsidiaries	14,925	–
Amount written off as uncollectible	(566)	(25,674)
Exchange realignment	5,685	(3,852)
At end of year	220,220	200,168

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Unlisted equity investment, at fair value	42,549	37,656
Current assets		
Trust products and financial products issued by commercial banks	2,358,397	2,861,035
Total	2,400,946	2,898,691

Notes to Financial Statements

31 December 2025

27. DEBT INVESTMENTS AT AMORTISED COST

	2025 HK\$'000	2024 HK\$'000
Deposit certificates	169,130	198,757

The balance represented deposit certificates purchased from creditworthy licensed banks in Chinese mainland with interest rates ranging from 2.35% to 2.85% (2024: 2.35% to 3.10%) per annum with an original maturity period of over 1 year.

As at 31 December 2025, debt investments at amortised cost of approximately HK\$169,130,000 (31 December 2024: HK\$107,637,000) pledged as the balance of financial instruments for the Group.

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2025 HK\$'000	2024 HK\$'000
Cash and cash equivalents	13,522,134	8,771,691
Restricted cash and pledged deposits	506,325	669,910
	14,028,459	9,441,601
Less: Restricted cash and pledged deposits:		
for factored trade receivables	24,195	159,860
for banking facilities and other financial instruments	470,955	500,501
others restricted cash and pledged deposits	11,175	9,549
Cash and cash equivalents	13,522,134	8,771,691

As at 31 December 2025, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to HK\$3,800,128,000 (2024: HK\$2,460,399,000). RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes to Financial Statements

31 December 2025

28. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (CONTINUED)

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances, restricted cash and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2025, included in the Group's cash and bank balances were deposits of HK\$104,000 (2024: HK\$44,000), placed with TCL Technology Finance Co., Ltd., a subsidiary of TCL Technology, and a financial institution approved by the People's Bank of China. The annual interest rate of such deposits is determined with reference to the deposit interest rates ranging from 0.14% to 0.38% (2024: 0.35%) reported by the People's Bank of China.

29. TRADE PAYABLES

	Note	2025 HK\$'000	2024 HK\$'000
Due to third parties		17,683,842	14,926,811
Due to related parties:			
Companies controlled by TCL Industries Holdings	(a)	5,559,615	4,049,782
Affiliates of TCL Industries Holdings	(a)	390,140	363,220
Companies controlled by TCL Technology	(a)	7,248,152	5,815,891
Joint ventures and associates	(a)	1,584,763	1,490,747
		14,782,670	11,719,640
Total		32,466,512	26,646,451

Notes to Financial Statements

31 December 2025

29. TRADE PAYABLES (CONTINUED)

Note:

- (a) As at 31 December 2025 and 31 December 2024, the amounts were interest-free, unsecured and repayable within one year.

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

	2025 HK\$'000	2024 HK\$'000
Current to 90 days	26,904,878	21,779,822
91 to 180 days	4,285,646	3,852,823
181 to 365 days	680,375	860,845
Over 365 days	595,613	152,961
Total	32,466,512	26,646,451

The trade payables are non-interest-bearing and are normally settled within credit periods ranging from 30 to 180 days.

30. BILLS PAYABLE

	2025 HK\$'000	2024 HK\$'000
Bills payable	12,449,066	5,839,326

An ageing analysis of the bills payable as at the end of the reporting period, based on the maturity date, is as follows:

	2025 HK\$'000	2024 HK\$'000
Current to 90 days	5,917,709	2,518,195
91 to 180 days	4,749,372	3,321,131
181 to 365 days	1,781,985	–
Total	12,449,066	5,839,326

Notes to Financial Statements

31 December 2025

31. OTHER PAYABLES AND ACCRUALS

	Notes	2025 HK\$'000	2024 HK\$'000
Other payables	(a)	10,923,442	11,113,618
Advanced receipts		4,131	7,460
Accruals		3,525,361	3,210,280
Dividend payable		14	17
Contract liabilities	(b)	1,025,381	1,524,580
Due to companies controlled by TCL Industries Holdings	(c)	1,135,163	2,184,924
Due to affiliates of TCL Industries Holdings	(c)	158,185	334,331
Due to companies controlled by TCL Technology	(c)	197,853	122,257
Due to associates	(c)	31,699	24,013
		17,001,229	18,521,480

Notes:

(a) As at 31 December 2025, except for amount of HK\$18,732,000 which was interest-bearing at interest rate of 0.4%, the remaining other payables were non-interest-bearing and were expected to be settled within one year.

(b) Details of contract liabilities are as follows:

	31 December 2025 HK\$'000	31 December 2024 HK\$'000	1 January 2024 HK\$'000
<i>Short-term advances received from customers</i>			
Sale of goods	975,490	1,401,151	1,157,314
Video-on-demand services	95,009	123,429	110,041
Total contract liabilities	1,070,499	1,524,580	1,267,355

Contract liabilities include short-term advances received to deliver goods and video-on-demand services.

As at 31 December 2025, the total amount of short-term advances received was HK\$1,070,499,000, out of which: (i) HK\$1,025,381,000 were from non-related parties; (ii) HK\$37,175,000 were from companies controlled by TCL Industries Holdings; (iii) HK\$5,194,000 were from affiliates of TCL Industries Holdings; (iv) HK\$2,468,000 were from companies controlled by TCL Technology; and (v) HK\$281,000 were from associates.

(c) As at 31 December 2025, amounts due to companies controlled by TCL Industries Holdings of HK\$699,641,000 (2024: HK\$1,289,154,000) were interest bearing at 0.05% to 2.47% (2024: 0.05% to 4.85%) per annum, amounts due to affiliates of TCL Industries Holdings of HK\$26,611,000 (2024: Nil) were interest bearing at 0.05% to 1.25% (2024: Nil) per annum. The remaining amounts were interest-free, unsecured and repayable within one year.

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Call option	6,946	6,041
Current assets		
Forward currency contracts	146,139	456,228
Call options and put options	47,701	96,022
	193,840	552,250
Total	200,786	558,291
Current liabilities		
Forward currency contracts	148,533	353,309
Total	148,533	353,309

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Cash flow hedge – Foreign currency risk**

Foreign currency forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in BRL/EUR/GBP/MXN/CAD/AUD/JPY/RMB and forecast purchases in the USD. These forecast transactions are highly probable, and they comprise about 100% of the Group's total expected sales in BRL/EUR/GBP/MXN/CAD/AUD/JPY/RMB and purchase in USD. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange forward match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted sales and purchases and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

The Group holds the following foreign exchange forward contracts:

	Less than 3 months	Total
As at 31 December 2025		
Foreign currency forward contracts (highly probable forecast sales)		
Notional amount (in HK\$'000)	2,395,138	2,395,138
Foreign currency forward contracts (highly probable forecast purchases)		
Notional amount (in HK\$'000)	1,720,251	1,720,251

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Cash flow hedge – Foreign currency risk (continued)**

The impacts of the hedging instruments on the statement of financial position are as follows:

	Notional amount HK\$'000	Carrying amount HK\$'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year HK\$'000
As at 31 December 2025				
Foreign currency forward contracts (highly probable forecast sales)	615,388	2,211	Derivative financial instruments (assets)	6,530
Foreign currency forward contracts (highly probable forecast sales)	1,779,750	7,841	Derivative financial instruments (liabilities)	(36,289)
Foreign currency forward contracts (highly probable forecast purchases)	–	–	Derivative financial instruments (assets)	(67,133)
Foreign currency forward contracts (highly probable forecast purchases)	1,720,251	11,182	Derivative financial instruments (liabilities)	(544,597)

The impacts of the hedged items on the statement of financial position are as follows:

	Change in fair value used for measuring hedge ineffectiveness for the year HK\$'000	Cash flow hedge reserve HK\$'000
Year ended 31 December 2025		
Highly probable forecast sales	(29,759)	3,389
Highly probable forecast purchases	(611,730)	(6,279)

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Cash flow hedge – Foreign currency risk (continued)**

The effects of the cash flow hedge on the statement of profit or loss and other comprehensive income are as follows:

	Total hedging loss recognised in other comprehensive income			Amount reclassified from other comprehensive income to profit or loss			Line item (gross amount) in profit or loss
	Gross amount	Tax effect	Total	Gross amount	Tax effect	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Year ended 31 December 2025							
Highly probable forecast sales	(29,759)	(1,285)	(31,044)	29,330	136	29,466	Revenue/ Administrative expenses
Highly probable forecast purchases	(611,730)	-	(611,730)	519,064	-	519,064	Cost of sales/ Administrative expenses

Fair value hedge – Foreign currency risk

Foreign currency forward contracts are designated as hedging instruments in fair value hedges of accounts receivable and accounts payables in USD from certain subsidiaries whose functional currency is RMB or HK\$. There is an economic relationship between the hedged item and the hedging instrument as the terms of the foreign currency forward contracts match the terms of accounts receivables and accounts payables.

The Group has established a hedge ratio of 1:1 for the hedging relationships as the foreign currency risk of the foreign currency forward contracts is identical to that of the hedged risk component. To test the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instrument against the changes in fair value of the hedged item attributable to the hedged risk.

The hedge ineffectiveness can arise from:

- Differences in the timing of the fair value of the hedged item and the hedging instrument
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Fair value hedge – Foreign currency risk (continued)**

The impact of the hedging instrument on the statement of financial position is as follows:

	Notional amount HK\$'000	Carrying amount HK\$'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year HK\$'000
As at 31 December 2025				
Foreign currency forward contracts	3,931,732	163	Derivative financial instruments	(725,394)

The impact of the hedged item on the statement of financial position is as follows:

	Carrying amount HK\$'000	Accumulated fair value adjustments HK\$'000	Line item in the statement of financial position	Change in fair value used for measuring hedge ineffectiveness for the year HK\$'000
As at 31 December 2025				
Foreign trade receivables	3,191,809	–	Trade receivables	82,202
Foreign trade payables	739,923	–	Trade payables	614,270

Non-hedging currency derivatives

In addition, the Group has entered into various forward currency contracts to manage its exchange rate exposures. They are not designated for hedge purposes and are measured at fair value through profit or loss. Net loss of HK\$2,439,000 (2024: net gain of HK\$92,266,000) as a result of the changes in the fair value of these non-hedging derivative financial contracts were recognised in profit or loss for the year ended 31 December 2025.

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Call options and put options****(1) TCL Call Options and TCL Put Options**

On 29 June 2018, the Group entered into new shareholders' agreement with Radio Victoria Argentina S.A. ("RVF"), Sontec Argentina S.A. ("Sontec") and the sellers (the "Sellers") of RVF and Sontec, pursuant to which the Group was granted with:

Call options ("TCL Call Options") whereby the Group has the discretion to acquire additional equity interest in RVF and/or Sontec, subject to the total shareholding of the Group not exceeding 49% shareholding of RVF and/or Sontec at any time, at a consideration based on the net book value with reference to audited financial statements of RVF and Sontec respectively for the fiscal year immediately preceding the date of the exercise, which is exercisable at any time within 8 years after the closing date of acquisition of RVF and Sontec (the "RVF and Sontec Acquisition").

Put options ("TCL Put Options") whereby the Group has the discretion to dispose of all equity interest in RVF and/or Sontec at a consideration based on the net book value with reference to audited financial statements of RVF and Sontec respectively for the fiscal year immediately preceding the date of the exercise, which is exercisable at any time after 2 years and within 8 years of the RVF and Sontec Acquisition.

As at 31 December 2025 and 2024, the fair values of options were determined by Asset Appraisal Limited based on the Black-Scholes Options Pricing Model. The key inputs into the model for the values of the options are as follows:

	TCL Call Option and TCL Put Option	
	2025	2024
Maturity (year)	0.5	1.5
Risk-free rate (%)	3.6	4.1
Volatility (%)	31.7	30.8

Notes to Financial Statements

31 December 2025

32. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**Call options and put options (continued)****(2) TCL SEMP Call Option**

On 7 July 2023, the Group, SEMP Amazonas S.A., a company incorporated under the laws of Brazil with limited liability (“STA”), TCL SEMP and Affonso Brandão Hennel entered into the New Shareholders’ Agreement in respect of TCL SEMP, pursuant to which STA granted the Call Option (“TCL SEMP Call Option”) to the Group and the Group granted the Put Option (“TCL SEMP Put Option”) to STA, pursuant to which both parties would have the right to purchase from the other, and the counterparty would be obliged to sell, all but not less than all, of the remaining 25% equity interest of TCL SEMP at the purchase price based on the audited net book value of TCL SEMP on the date of exercise, which is exercisable upon occurrence of any trigger event, also the TCL SEMP Put Option’s purchase price is subject to a maximum price of R\$1,200,000,000 (equivalent to approximately HK\$1,935,960,000).

As at 31 December 2025, the fair value of the call option was determined by Labeo Finance (31 December 2024: Labeo Finance) based on the Monte Carlo simulation model. The key inputs into the model for the value of the call option are as follows:

	2025 TCL SEMP Call Option	2024 TCL SEMP Call Option
Maturity (year)	47.5	48.5
Risk-free rate (%)	4.2	4.3
Volatility (%)	29.8	25.4

Notes to Financial Statements

31 December 2025

33. FINANCIAL LIABILITY ASSOCIATED WITH PUT OPTION

	2025 HK\$'000	2024 HK\$'000
Non-current: Redemption liability arising from TCL SEMP Put Option	214,218	188,666

The amount represented financial liability associated with a put option granted to the non-controlling shareholder of TCL SEMP.

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2025			31 December 2024		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
	(%)			(%)		
Current						
Bank loans – unsecured	1.75 to 5.30	2026	5,711,458	1.95 to 5.77	2025	3,755,295
Bank loans – secured	1.80 to 3.25	2026	111,000	3.25 to 4.00	2025	400,318
Advances from banks as consideration for factored trade receivables	2.03 to 4.07	2026	2,919	4.51 to 5.11	2025	11,927
Loans from a company controlled by TCL Industries Holdings	2.00 to 3.66	2026	24,759	5.53	2025	4,859
			5,850,136			4,172,399
Non-current						
Bank loans – unsecured	2.40	2027	220,855	2.40 to 3.00	2026-2027	434,423
Bank loans – secured	3.25	2027-2039	3,081	3.25	2026-2039	3,237
			223,936			437,660
			6,074,072			4,610,059

Notes to Financial Statements

31 December 2025

34. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	5,825,377	4,167,540
In the second year	221,092	219,283
In the third to fifth years, inclusive	712	216,066
After fifth years	2,132	2,311
	6,049,313	4,605,200
Analysed into:		
Other loans repayable:		
Within one year or on demand	24,759	4,859
Total	6,074,072	4,610,059

Notes:

- (a) As at 31 December 2025 and 2024, the carrying amounts of the Group's bank and other borrowings were approximated to their fair values.
- (b) TCL Industries Holdings has individually guaranteed certain of the Group's bank loans of up to HK\$2,605,979,000 (2024: HK\$1,838,914,000) as at the end of the reporting period.
- (c) As at 31 December 2025, the Group's bank loans amounting to HK\$114,081,000 (2024: HK\$403,555,000) are secured by the pledge of certain of the Group's debt investments at amortised cost amounting to HK\$110,760,000 (2024: Nil), trade receivables amounting to HK\$1,676,000 (2024: Nil), restricted cash and pledged deposits amounting to HK\$1,690,000 (2024: Nil), inventories amounting to nil (2024: HK\$400,087,000) and future receivables amounting to nil (2024: HK\$3,468,000).

Included in bank and other loans are the following amounts denominated in currencies other than the functional currencies of the entities to which they relate:

	2025 HK\$'000	2024 HK\$'000
USD	3,600,309	3,160,442
RMB	2,249,887	1,295,077
EUR	20,562	6,492
VND	203,314	148,048
Total	6,074,072	4,610,059

Notes to Financial Statements

31 December 2025

35. PROVISIONS

	Warranties HK\$'000	Onerous contract HK\$'000	Pending litigation HK\$'000	Restructuring costs HK\$'000	Total HK\$'000
At 1 January 2025	1,095,566	27,107	2,509	567	1,125,749
Acquisition of subsidiaries (note 42)	62,341	-	-	-	62,341
Additional provision	1,631,363	-	37,455	-	1,668,818
Reversal of unutilised amounts	(326,273)	(601)	(37,129)	-	(364,003)
Amount utilised during the year	(1,060,527)	(2,267)	-	-	(1,062,794)
Exchange realignment	50,320	198	285	84	50,887
At 31 December 2025	1,452,790	24,437	3,120	651	1,480,998

Warranties

The Group provides warranties ranging from one to five years to its customers on certain of its electronic products, under which faulty products are repaired or replaced. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

Onerous contract

The onerous contracts has been provided based on the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Pending litigation

Provision has been provided based on the best estimate of the litigation compensation.

Restructuring costs

The restructuring costs were mainly related to the redundancy costs incurred for a streamlined business model.

Notes to Financial Statements

31 December 2025

36. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Changes in fair value HK\$'000	Fair value adjustments arising from acquisition of subsidiaries HK\$'000	Right-of- use assets HK\$'000	Deferred income HK\$'000	Others HK\$'000	Total HK\$'000
At 1 January 2024	1,240	52,816	299,532	64,850	81,992	–	500,430
Deferred tax charged/(credited) to profit or loss during the year	(83)	3,707	(14,966)	(975)	(50,985)	–	(63,302)
Deferred tax charged/(credited) to other comprehensive income during the year	–	24,141	(3,770)	–	–	–	20,371
Disposal of subsidiaries (note 43)	(4)	–	–	(227)	–	–	(231)
Exchange realignment	1	(5,772)	(1,739)	(1,712)	(893)	–	(10,115)
Gross deferred tax liabilities at 31 December 2024	1,154	74,892	279,057	61,936	30,114	–	447,153
Acquisition of subsidiaries (note 42)	4,818	–	22,955	–	–	6	27,779
Deferred tax charged/(credited) to profit or loss during the year	(37)	(29,252)	(15,350)	16,450	(8,470)	7,155	(29,504)
Deferred tax charged to other comprehensive income during the year	–	1,288	–	–	–	–	1,288
Exchange realignment	508	1,441	2,645	2,372	647	499	8,112
Gross deferred tax liabilities at 31 December 2025	6,443	48,369	289,307	80,758	22,291	7,660	454,828

Notes to Financial Statements

31 December 2025

36. DEFERRED TAX (CONTINUED)

The movements in deferred tax liabilities and assets during the year are as follows: (continued)

Deferred tax assets

	Elimination of unrealised profits arising from intra-group transactions HK\$'000	Accruals and other provisions HK\$'000	Losses available for offsetting against future taxable profits HK\$'000	Changes in fair value HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	121,427	407,214	41,174	13,368	67,576	650,759
Deferred tax credited/(charged) to profit or loss during the year	98,593	(49,568)	(27,879)	(24,656)	(3,456)	(6,966)
Deferred tax credited to other comprehensive income during the year	–	815	–	11,273	–	12,088
Disposal of subsidiaries (note 43)	(16)	(22,607)	–	–	–	(22,623)
Exchange realignment	–	(35,475)	(2,230)	15	(1,688)	(39,378)
Gross deferred tax assets at 31 December 2024	220,004	300,379	11,065	–	62,432	593,880
Acquisition of subsidiaries (note 42)	–	19,830	20,440	–	–	40,270
Deferred tax credited to profit or loss during the year	18,900	177,805	19,129	3,638	16,046	235,518
Deferred tax charged to other comprehensive income during the year	–	–	–	(824)	–	(824)
Exchange realignment	(1)	18,579	2,698	49	2,490	23,815
Gross deferred tax assets at 31 December 2025	238,903	516,593	53,332	2,863	80,968	892,659

Notes to Financial Statements

31 December 2025

36. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 HK\$'000	2024 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	759,989	471,530
Net deferred tax liabilities recognised in the consolidated statement of financial position	322,158	324,803

Deferred tax assets have not been recognised in respect of the following items:

	2025 HK\$'000
Tax losses	7,133,064
Deductible temporary differences	2,267,862
Total	9,400,926

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose, subject to certain tax rules of the countries/jurisdictions in which the Group operates. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

Notes to Financial Statements

31 December 2025

36. DEFERRED TAX (CONTINUED)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2025, based on a number of factors including management's estimation of the need for funds outside Chinese mainland and applicable tax laws and regulations, no deferred tax liabilities have been recognised for withholding income taxes in respect of earnings that were not expected to be remitted to their overseas holding companies in the foreseeable future or were expected to be retained by subsidiaries in Chinese mainland for reinvestment purposes. The aggregate amount of temporary differences associated with investments in subsidiaries in Chinese mainland for which deferred tax liabilities have not been recognised totalled approximately HK\$11,889,877,000 as at 31 December 2025 (2024: HK\$10,285,792,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

37. SHARE CAPITAL**Shares**

	2025 HK\$'000	2024 HK\$'000
Authorised:		
3,000,000,000 (2024: 3,000,000,000) shares of HK\$1.00 each	3,000,000	3,000,000
Issued and fully paid:		
2,520,935,155 (2024: 2,520,935,155) shares of HK\$1.00 each	2,520,935	2,520,935

Notes to Financial Statements

31 December 2025

37. SHARE CAPITAL (CONTINUED)

Shares (continued)

A summary of movements in the Company's issued share capital and share premium account is as follows:

	Note	Number of shares in issue	Issued capital HK\$'000	Share premium account HK\$'000	Total HK\$'000
At 1 January 2024		2,507,568,733	2,507,569	4,212,723	6,720,292
Dividend paid to shareholders		–	–	(391,769)	(391,769)
Issue of shares under the 2008 Share Award Scheme		8,788,507	8,789	–	8,789
Issue of shares upon exercise of share options	(a)	4,577,915	4,577	16,465	21,042
At 31 December 2024 and 1 January 2025		2,520,935,155	2,520,935	3,837,419	6,358,354
Dividend paid to shareholders		–	–	(769,507)	(769,507)
Vesting of shares under the Share Award Schemes		–	–	(115,094)	(115,094)
Related distribution for shares held for the Share Award Schemes		–	–	(51,048)	(51,048)
At 31 December 2025		2,520,935,155	2,520,935	2,901,770	5,422,705

Note:

- (a) During the year ended 31 December 2025, no share options were exercised.

During the year ended 31 December 2024, the subscription rights attaching to 4,577,915 share options were exercised at the subscription prices of HK\$3.5700 per share, resulting in the issue of an aggregate of 4,577,915 shares of HK\$1.00 each for a total cash consideration of HK\$16,344,000 before expenses. An amount of HK\$4,698,000 was transferred from the share option reserve to the share premium account upon the exercise of the share options.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS

Share option scheme of the Company

The Company adopted the 2023 share option scheme on 3 November 2023.

2023 Share Option Scheme

The Participants of the 2023 Share Option Scheme include (i) director(s) and employee(s) (whether full time or part time employees) of the Company and/or of any of its subsidiaries (including persons who are granted share warrants or share options under the 2023 Share Option Scheme as an inducement to enter into employment contracts with these companies) (“Employee Participant(s)”); (ii) director(s) and employee(s) (whether full time or part time employee) of the holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company (“Related Entity Participant(s)”); and (iii) person(s) (whether a natural person, a corporate entity or otherwise) who provide services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work for any member of the Group as independent contractors (such as agents, distributors, contractors, vendors, suppliers, advisers, consultants and other service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity (“Service Provider(s)”).

The total number of Shares which may be allotted and issued in respect of all share options that may be granted under the 2023 Share Option Scheme and all share options and all share awards that may be granted under all the schemes or arrangements involving the grant by the Company or any member of the Group of options over Shares or other securities of the Company to, or for the benefit of, specified participants of such schemes or arrangements which, in the opinion of the Hong Kong Stock Exchange, is analogous to a share scheme as described in Chapter 17 of the Listing Rules, other than the 2023 Share Option Scheme or the 2023 Share Award Scheme (as the case may be) (“Other Schemes”) existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme (the “Scheme Mandate Limit”). The total number of Shares which may be allotted and issued in respect of share options that may be granted to Service Providers under the 2023 Share Option Scheme and all share options and all share awards that may be granted under any Other Schemes existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of approval of the 2023 Share Option Scheme (the “Service Provider Sublimit”). The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from 3 November 2023 or the date of Shareholders’ approval for the last refreshment. The Scheme Mandate Limit is 250,756,873 Shares, representing approximately 9.95% of the issued Shares as at the date of this annual report.



Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme of the Company (continued)

2023 Share Option Scheme (continued)

The maximum number of Shares issued or to be issued upon exercise of share options granted to (i.e. the maximum entitlement of) any one participant in a 12-month period shall not exceed 1% (or 0.1% for any substantial Shareholder, independent non-executive Director, or any of their respective associates) of the number of issued Shares, unless otherwise approved by the Shareholders in a general meeting of the Company.

Share options granted to a Director of the Company, chief executive or substantial Shareholder of the Company, or to any of their respective associates are subject to approval in advance by the independent non-executive Directors of the Company. In addition, the grant of any share options to a substantial Shareholder of the Company or an independent non-executive Director of the Company, or to any of their respective associates, in excess of 0.1% of the number of Shares of the Company in issue at any time within any 12-month period, are subject to Shareholders' approval in advance in a general meeting of the Company.

The offer of a grant of share options may be accepted upon payment of a non-refundable nominal consideration of HK\$0.10, and within the period determined by the Board provided that no such offer shall be open for acceptance after the expiry or termination of the 2023 Share Option Scheme by each grantee.

The exercise price of a share option to subscribe for Shares of the Company is determinable by the Directors, but may not be less than the highest of (i) the closing price of the Shares on the Hong Kong Stock Exchange on the date of grant; (ii) the average closing price of the Shares on the Hong Kong Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares.

The Directors of the Company have estimated the values of the share options granted, calculated using the binomial option pricing model as at the date of grant of the options. The values of share options calculated using the binomial model are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any change to the variables used may materially affect the estimation of the fair value of a share option.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)**Share option scheme of the Company (continued)***2023 Share Option Scheme (continued)*

There were no share options outstanding under the share option scheme as of 31 December 2025:

	2025		2024	
	Weighted average exercise price per share HK\$	Number of options '000	Weighted average exercise price per share HK\$	Number of options '000
At 1 January	–	–	4.0584	34,924
Forfeited during the year	–	–	4.1321	(30,347)
Exercised during the year	–	–	3.5700	(4,577)
At 31 December	–	–	–	–

The weighted average share price at the date of exercise for share options exercised during the year ended 31 December 2024 was HK\$4.5418 per share.

The exercise prices and exercise periods of the share options outstanding as at 31 December 2024 were as follows:

2024

Number of options '000	Exercise price per share* HK\$	Exercise period
–	4.1520	Note 1
–	3.5700	Note 2

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)

Share option scheme of the Company (continued)

2023 Share Option Scheme (continued)

Note 1: Subject to fulfilment of the performance targets for the year ended 31 December 2018, up to about one-sixth of the share options were exercisable commencing from 18 May 2019 to 22 January 2024 and up to another about one-sixth of share options were exercisable commencing from 9 January 2020 to 22 January 2024; and subject to fulfilment of the performance targets for the year ended 31 December 2019, up to about one-sixth of the share options were exercisable commencing from 18 May 2020 to 22 January 2024 and up to another about one-sixth of share options were exercisable commencing from 9 January 2021 to 22 January 2024; and subject to fulfilment of the performance targets for the year ended 31 December 2020, up to about one-sixth of the share options were exercisable commencing from 18 May 2021 to 22 January 2024 and up to another about one-sixth of share options were exercisable commencing from 9 January 2022 to 22 January 2024.

Note 2: Subject to fulfilment of the conditions for exercise of share options that the relevant option grantee (i) has paid the costs incurred or to be incurred by the Company for the relevant part of the share options and (ii) remains to be an employee of TCL Technology or TCL Industries Holdings on 15 June 2018, 15 June 2019 and 15 June 2020 (as the case may be) respectively, approximately one-third of the share options were exercisable commencing from 15 June 2018 to 24 April 2024; another approximately one-third of the share options were exercisable commencing from 15 June 2019 to 24 April 2024; and the remaining approximately one-third of the share options were exercisable commencing from 15 June 2020 to 24 April 2024.

There was no share option granted during 2025.

Share award schemes of the Company

2008 Share Award Scheme

2008 Share Award Scheme was adopted by the Company on 6 February 2008 (the “Adoption Date”) (as amended on 11 August 2015, 13 June 2016, 24 November 2017 and 4 May 2018) to recognise and motivate the contribution of certain participants and to provide incentives and help the Group in retaining its existing employees and recruiting suitable personnel as additional employees to further extend the operation and development of the Group and to provide them with a direct economic interest in attaining the long-term business objectives of the Group.

The 2008 Share Award Scheme comprises (i) the trust for management for the benefit of selected persons (“2008 Selected Persons” and each a “2008 Selected Person”, as defined in the circular of the Company dated 7 May 2028) including, among others, connected persons of the Company and the senior management of the Group and (ii) the trust for employees and others for the benefit of selected persons who are not connected persons of the Company. During the period from 1 January 2023 to 29 November 2023, BOCI-Prudential Trustee Limited is responsible for administration of each of the trusts under the Award Scheme, whereas during the period from 30 November 2023 to the date of this annual report, BOCI Trustee (Hong Kong) Limited is responsible for administration of each of the trusts under the 2008 Share Award Scheme.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)

Share award schemes of the Company (continued)

2008 Share Award Scheme (continued)

Pursuant to the terms of the 2008 Share Award Scheme:

1. The Board may, from time to time, at its sole and absolute discretion, designate any award to be made to any selected participant. Participants cover (i) employees, advisers, consultants, agents, contractors, clients or suppliers of any member of the Group; and (ii) employees or officers of the affiliated companies whom the Board in its sole discretion considers may contribute or have contributed to the Group.
2. An award may be satisfied by existing shares to be acquired by the trustee for the time being ("Trustee") from the market or new shares to be allotted and issued to the Trustee by the Company (collectively "Awarded Shares") to be held on trust by the Trustee for the Selected Persons until the end of each vesting period subject to fulfilment of the vesting condition(s). The Board has the discretion to decide whether the Awarded Shares are the existing shares or new shares.
3. The 2008 Selected Persons shall also be entitled to the related distribution derived from the relevant Awarded Shares, which mainly covers a dividend paid by the Company in respect of the Awarded Shares concerned distributed during the period from the grant date to the vesting date of the Awarded Shares. The Awarded Shares and related distribution shall however only be vested on the relevant Selected Persons on the vesting date subject to fulfilment of the vesting conditions.
4. The Company may be obliged to pay the taxes and levies on behalf of the 2008 Selected Persons at the time when the liabilities arise and has the discretion to deduct from such number of Awarded Shares entitled by the relevant 2008 Selected Persons a certain number of the Awarded Shares which is sufficient to cover the relevant liabilities of such taxes and levies as reimbursement. The Awarded Shares so deducted will become returned shares, which will be held by the Trustee and may be awarded as Awarded Shares pursuant to the Award Scheme.
5. The maximum aggregate number of shares awarded by the Board under the 2008 Share Award Scheme is ten percent (10%) of the number of issued shares of the Company as at 23 May 2018 (the "Amendment Date"), excluding all the shares awarded under the rules of the pre-amended 2008 Share Award Scheme up to the Amendment Date.
6. The duration of the 2008 Share Award Scheme is 15 years from the Adoption Date, i.e., continue in force until 5 February 2023.
7. The Board may, at its sole and absolute discretion, accelerate the vesting of awarded shares add/or waive and/or alter any or all of the vesting conditions attached to the Awarded Shares.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)**Share award schemes of the Company (continued)***2023 Share Award Scheme*

Following the expiration of the 2008 Share Award Scheme on 5 February 2023, the Company adopted 2023 Share Award scheme on 3 November 2023. The 2023 Share Award Scheme constitutes a share scheme involving grant of, among others, new Shares under Chapter 17 of the Listing Rules. Details of the 2023 Share Award Scheme were set out in the circular of the Company dated 17 October 2023.

The 2023 Share Award Scheme comprises (i) the trust for connected persons of the Company and (ii) the trust for non-connected persons of the Company. The Company has appointed BOCI Trustee (Hong Kong) Limited for administration of each of the trusts under the 2023 Share Award Scheme.

Pursuant to the terms of the 2023 Share Award Scheme:

1. Upon and subject to the terms of the 2023 Share Award Scheme and all applicable laws, rules and regulations (including the Listing Rules), the Board shall be entitled at any time within the period commencing on 3 November 2023 and expiring on the day immediately preceding its tenth anniversary (both days inclusive) but subject to early termination pursuant to the provisions of the rules of the 2023 Share Award Scheme in its present or any amended form select any participant (other than any excluded person) for participation in the 2023 Share Award Scheme. Until and unless so selected, no participant shall be entitled to participate in the 2023 Share Award Scheme. The participants of the 2023 Share Award Scheme include Employee Participants (as defined in the circular of the Company dated 17 October 2023), Related Entity Participants (as defined in the circular of the Company dated 17 October 2023), and Service Providers (as defined in the circular of the Company dated 17 October 2023), and provided that if and only if a share award is to be made in the form of existing Shares, Participants in respect of such share award shall also include any other person(s) whom the Board in its sole discretion considers may contribute or have contributed to the Group (including but not limited to employees and officers of any invested entities of the Company, of any affiliated entities of the Company, and/or of any Service Provider).

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)**Share award schemes of the Company (continued)***2023 Share Award Scheme (continued)*

Pursuant to the terms of the 2023 Share Award Scheme: (continued)

2. For the purpose of satisfying any award to be granted under the 2023 Share Award Scheme from time to time, the relevant Trustee shall maintain a pool of Shares of the Company in the trust funds. Such pool of Shares of the Company shall comprise the following: (i) such existing Shares of the Company as may be purchased or acquired by the Trustee on-market or off-market by utilising the funds allocated by the Board out of the Group's resources or cash proceeds in the trust funds pursuant to the 2023 Share Award Scheme; (ii) such new Shares of the Company as may be subscribed for by the Trustee by utilising the funds allocated by the Board out of the Group's resources or cash proceeds in the trust funds pursuant to the 2023 Share Award Scheme; and (iii) such other Shares in the trust funds, including returned shares, Shares of the Company derived from Shares held by the Trustee (including fractional Shares resulting from any consolidation, re-classification or reorganisation of Shares of the Company, Shares as may be allotted or issued to the Trustee as a holder of Shares whether by way of distribution in scrip form, bonus Shares or otherwise), Shares transferred or caused to be transferred by the Company from other trusts set up by the Company for the purpose of share incentive schemes and, accepted by the Trustee as additions.
3. The Board or any committee of the Board or person(s) to whom the Board has delegated its authority for administration of the 2023 Share Award Scheme shall have the general power from time to time to determine whether a selected person ("2023 Selected Person", as defined in the circular of the Company dated 17 October 2023) is entitled to the related distribution in respect of an award. The Awarded Shares (together with the related distributions, if any) shall only be vested on the relevant selected persons on the vesting date subject to fulfilment of the vesting conditions.
4. In the event that the Company is obliged, required or otherwise requested to pay for and on behalf of the relevant selected person any tax and/or other expenses which are to be borne by him, the Company shall be entitled, as the Board may in its sole and absolute discretion determine, to elect on the vesting date to recover such amount of tax and/or other expenses paid by the Company for the selected person as reimbursement in accordance with the terms of the 2023 Share Award Scheme.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)

Share award schemes of the Company (continued)

2023 Share Award Scheme (continued)

Pursuant to the terms of the 2023 Share Award Scheme: (continued)

5. The total number of Shares which may be allotted and issued in respect of all share awards to be granted under the 2023 Share Award Scheme, and all share options and all share awards to be granted under any Other Schemes existing at such time, must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of the 2023 Share Award Scheme. The total number of Shares which may be allotted and issued in respect of all share awards to be granted that may be granted to Service Providers under the under the 2023 Share Award Scheme and all share options and all share awards that may be granted under any Other Schemes existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of approval of the 2023 Share Award Scheme. The Scheme Mandate Limit and the Service Provider Sublimit may respectively be refreshed by ordinary resolution of the Shareholders in general meeting after three years from 3 November 2023 or the date of Shareholders' approval for the last refreshment. The Scheme Mandate Limit is 250,756,873 Shares, representing approximately 9.95% of the issued Shares as at the date of this annual report.
6. The 2023 Share Award Scheme became effective on 3 November 2023 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date until 2 November 2033.
7. The Company may, at any time during the subsistence of the relevant trusts in respect of the 2023 Share Award Scheme, and at its sole and absolute discretion, alter the terms and conditions of the awards granted to a selected person (including but not limited to (i) accelerate the vesting of such awarded Shares to an earlier date; (ii) postpone the vesting of such awards to a later date; and/or (iii) waive or alter any or all of the vesting conditions attached to such awarded Shares in accordance with the terms of the 2023 Share Award Scheme.

Notes to Financial Statements

31 December 2025

38. SHARE-BASED PAYMENTS (CONTINUED)**Share award schemes of the Company (continued)**

The following Awarded Shares were outstanding during the year:

	2025 Number of Awarded Shares '000	2024 Number of Awarded Shares '000
At 1 January		
– Number of Awarded Shares held by the Trustee	97,479	70,788
– Number of Awarded Shares granted but not vested	82,279	37,002
– Number of Awarded Shares available for grant	168,487	250,757
At 31 December		
– Number of Awarded Shares held by the Trustee	117,254	97,479
– Number of Awarded Shares granted but not vested	135,207	82,279
– Number of Awarded Shares available for grant	76,989	168,487
Granted during the year (note a)	91,498	82,270
– Grant using existing shares	91,498	82,270
Lapsed during the year	4,101	2,920
Vested during the year	34,469	34,073
Purchased during the year (note b)	48,800	41,523
Allotted and issued during the year (note c)	–	8,789
Individual income tax paid on behalf of the Selected Persons during the year (note d)	5,444	10,452

Notes:

- (a) For the year ended 31 December 2025, 91,497,900 (2024: 82,270,000) Awarded Shares were granted to the Selected Employees. The fair values of the Awarded Shares on the date of grant were HK\$598,396,000 (HK\$6.54 per share) (2024: HK\$190,866,000 (HK\$2.32 per share)), of which the Group recognised employee share-based compensation benefits under the Award Scheme of HK\$263,009,000 (2024: HK\$82,531,000) in respect of the Awarded Shares granted to the Selected Employees.
- (b) For the year ended 31 December 2025, the trustee purchased 48,800,000 (2024: 41,523,000) Awarded shares at a total cost (including transaction costs) of HK\$447,471,000 (2024: HK\$199,985,000).
- (c) For the year ended 31 December 2025, no (2024: 8,788,507) Awarded Shares were allotted and issued to the trustee at par value.
- (d) For the year ended 31 December 2025, tax has been paid by the Group on behalf of certain Selected Persons whose rights were vested in the Awarded Shares and 5,444,518 (2024: 10,452,213) Awarded Shares were deducted from the total number of Awarded Shares entitled to be vested to those Selected Persons as the settlement for the individual income tax paid by the Group on their behalf.



Notes to Financial Statements

31 December 2025

39. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 136 and 137.

(i) Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire after the vesting period.

(ii) Capital reserve

The Group's capital reserve represented the excess of the nominal value of the shares of the subsidiaries acquired prior to the listing of the Company's shares over the nominal value of the Company's shares issued in exchange therefor as well as the difference between the amounts of consideration and the carrying values of non-controlling interests acquired or disposed of.

(iii) Reserve funds

Pursuant to the relevant laws and regulations in the PRC, a portion of the profits of the Group's subsidiaries in the PRC has been transferred to the reserve funds which are restricted to use.

(iv) Awarded share reserve

The awarded share reserve represents the excess of the fair value of the Awarded Shares over the total cost (including related transaction costs) of the Awarded Shares awarded and vested to the selected employees at the date of award.

(v) Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net gain or loss on the hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flows in accordance with the accounting policy adopted for cash flow hedges.

Notes to Financial Statements

31 December 2025

40. PARTLY-OWNED SUBSIDIARY WITH MATERIAL NON-CONTROLLING INTERESTS

Details of Falcon Network Technology Group, the Group's subsidiary that has material non-controlling interests are set out below:

	2025	2024
Falcon Network Technology Group	17.78%	17.78%

	2025 HK\$'000	2024 HK\$'000
Profit for the year allocated to non-controlling interests	71,937	48,853
Accumulated balances of non-controlling interests at the reporting date	502,100	418,052

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2025 (Consolidated) HK\$'000	2024 (Consolidated) HK\$'000
Revenue	2,346,820	1,981,168
Total expenses	(1,942,227)	(1,706,404)
Profit for the year	404,593	274,764
Other comprehensive income/(loss) for the year	68,115	(51,389)
Total comprehensive income for the year	472,708	223,375
Current assets	3,912,760	3,228,594
Non-current assets	62,563	136,222
Current liabilities	(930,396)	(806,720)
Non-current liabilities	(37,756)	(26,281)
Net cash flows from/(used in) operating activities	62,244	(69,223)
Net cash flows used in investing activities	(554)	(121,185)
Net cash flows from/(used in) financing activities	(58,920)	50,509
Net increase/(decrease) in cash and cash equivalents	2,770	(139,899)

Notes to Financial Statements

31 December 2025

41. TRANSFERS OF FINANCIAL ASSETS

Financial assets that are derecognised in their entirety

Factoring trade receivables

At 31 December 2025, the Group has entered into certain receivables purchase agreements with financial institutions for the factoring of trade receivables due from certain specified customers with an aggregate carrying amount of HK\$4,730,706,000 (2024: HK\$4,046,576,000). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the factored trade receivables. Accordingly, it has derecognised the full carrying amounts of the factored trade receivables. The maximum exposures to loss from the Group's continuing involvement in the factored trade receivables and the undiscounted cash flows to repurchase these factored trade receivables are equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the factored trade receivables are not significant.

Bills discounted

At 31 December 2025, certain bills receivable were with a carrying amount of HK\$2,170,332,000 (2024: HK\$3,480,525,000) discounted by banks in the PRC and banks in Hong Kong. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the discounted bills. Accordingly, it has derecognised the full carrying amounts of the discounted bills. The maximum exposure to loss from the Group's continuing involvement in the discounted bills and the undiscounted cash flows to repurchase these discounted bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's continuing involvement in the discounted bills are not significant.

Notes to Financial Statements

31 December 2025

41. TRANSFERS OF FINANCIAL ASSETS (CONTINUED)**Financial assets that are derecognised in their entirety (continued)***Endorsed bills*

At 31 December 2025, certain subsidiaries of the Group endorsed certain bills receivable accepted by banks in the PRC (the “derecognised bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK\$2,044,990,000 (2024: HK\$1,989,649,000). The derecognised bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills have a right of recourse against the Group if the PRC banks default. In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills and the associated trade payables. The maximum exposures to loss from the Group’s continuing involvement in the derecognised bills and the undiscounted cash flows to repurchase these derecognised bills are equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s continuing involvement in the derecognised bills are not significant.

Financial assets that are not derecognised in their entirety*Factoring trade receivables*

During the year ended 31 December 2025, the Group entered into trade receivable factoring arrangements and transferred certain trade receivables to banks. Under the arrangements, the Group was required to pay interest to banks during the payment term of trade debtors or a certain period, using the less. The Group is not exposed to default risks of the trade debtors after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The carrying amount of the assets that the Group continued to recognise and that of the associated liabilities as at 31 December 2025 amounted to HK\$2,919,000 (2024: HK\$11,927,000).

42. BUSINESS COMBINATIONS**Year ended 31 December 2025**

On 14 February 2025, TCL NL (a subsidiary of the Company) entered into a stock purchase and sale agreement with Radio Victoria S.A. (an independent third party), pursuant to which TCL NL agreed to acquire and Radio Victoria S.A. agreed to sell 60% equity interest of TCL Chile (a then associate of the Company) at the consideration of approximately USD3,879,000 (equivalent to approximately HK\$30,218,000). The transaction was completed in February 2025 and TCL Chile has become a wholly-owned subsidiary of the Company since then.

Notes to Financial Statements

31 December 2025

42. BUSINESS COMBINATIONS (CONTINUED)**Year ended 31 December 2025 (continued)**

On 31 March 2025, TCL Energy Solution Co., Limited (“TCL Energy Solution”, a subsidiary of the Company) entered into a sale and purchase agreement with, among others, LUMETECH PTE. LTD. (“Lumetech PTE.”, an indirect subsidiary of TCL Technology), pursuant to which, among other things, Lumetech PTE. agreed to sell, and TCL Energy Solution agreed to acquire, 14,157,716 issued and fully-paid ordinary shares of TCL SunPower Global at the consideration of approximately USD15,280,000 (equivalent to approximately HK\$119,290,000).

On 31 March 2025, TCL Sunpower International PTE. Ltd. (“TCL Sunpower”, a subsidiary of TCL Technology as the licensor) and TCL Energy Solution (as the licensee), entered into a trademark license agreement, pursuant to which, TCL Sunpower granted TCL Energy Solution and all of its related parties the use of certain trademarks in specific regions for licensed products for 10 years effective from 1 April 2025. The license fee amounted to USD6,500,000 (equivalent to approximately HK\$50,960,000).

On 1 April 2025, TCL Energy Solution entered into a share subscription agreement with Lumetech PTE. and TCL SunPower Global, pursuant to which TCL Energy Solution agreed to subscribe for 9,265,265 ordinary shares to be issued and allotted by TCL SunPower Global at the consideration of USD10,000,000 (equivalent to approximately HK\$78,071,000). Upon completion of the aforementioned two transactions involving, among others, TCL Energy Solution and Lumetech PTE., TCL Energy Solution held 90.01% equity interest of TCL SunPower Global.

TCL SunPower Global is principally engaged in the sales of new energy products, including photovoltaic modules, residential energy storage systems and heat pumps. The aforementioned two transactions involving, among others, TCL Energy Solution and Lumetech PTE. were completed in April 2025 and TCL SunPower Global has become a non wholly-owned subsidiary of the Company since then.

The Group has elected to measure the non-controlling interest in TCL SunPower Global at the non-controlling interest’s proportionate share of TCL SunPower Global’s identifiable net assets.

TCL Chile and TCL SunPower Global are collectively referred to as the Acquired Subsidiaries.

Notes to Financial Statements

31 December 2025

42. BUSINESS COMBINATIONS (CONTINUED)**Year ended 31 December 2025 (continued)**

The fair values of the identifiable assets and liabilities of the Acquired Subsidiaries as at the dates of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	13	57,185
Right-of-use assets	15(a)	5,809
Other intangible assets	17	60,337
Deferred tax assets	36	40,270
Equity investments designated at fair value through other comprehensive income	48	8
Inventories		284,513
Trade receivables		106,091
Prepayments, other receivables and other assets		179,715
Financial assets at fair value through profit or loss		7,199
Cash and cash equivalents		21,897
Tax receivable		15,041
Trade payables		(390,934)
Other payables and accruals		(165,924)
Derivative financial instruments		(456)
Tax payable		(15,871)
Lease liabilities	15(b)	(6,000)
Provision	35	(62,341)
Other long-term payables		(23,632)
Deferred tax liabilities	36	(27,779)
Non-controlling interests		1
Total identifiable net assets at fair value		85,129
Fair value of 40% equity interest held immediately before the step acquisition		(20,145)
Non-controlling interests		(4,753)
Goodwill on acquisition	16	167,348
Satisfied by:		
Cash		128,147
Trade receivables		20,970
Other payables		78,462

Notes to Financial Statements

31 December 2025

42. BUSINESS COMBINATIONS (CONTINUED)

Year ended 31 December 2025 (continued)

An analysis of the cash flows in respect of the Acquired Subsidiaries are as follows:

	2025 HK\$'000
Cash consideration	(128,147)
Cash and bank balances acquired	21,897
Net outflow of cash and cash equivalents included in cash flows from investing activities	(106,250)
Total net cash outflow	(106,250)

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to HK\$106,091,000 and HK\$148,982,000, respectively. The gross contractual amounts of trade receivables and other receivables were HK\$108,580,000 and HK\$163,907,000, respectively.

Since the acquisition, the acquisition of subsidiaries contributed HK\$1,090,003,000 to the Group's revenue and resulted in a deficit of HK\$146,561,000 in the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK\$114,752,905,000 and HK\$2,541,533,000, respectively.

Year ended 31 December 2024

On 28 April 2024, TCL King (Huizhou) entered into an acquisition agreement with Shenzhen Qianhai Qihang International Supply Chain Management Co., Limited* ("Shenzhen Qihang", 深圳前海啟航國際供應鏈管理有限公司, an associate of TCL Industries Holdings), pursuant to which Shenzhen Qihang had agreed to sell, and TCL King (Huizhou) had agreed to acquire, 100% of equity interest in Huizhou Yunxin Technology Co., Limited* ("Huizhou Yunxin", 惠州市蘊鑫科技有限公司) at the consideration of approximately RMB10,780,000 (equivalent to approximately HK\$11,810,000). The transaction was completed in July 2024 and Huizhou Yunxin has become a wholly-owned subsidiary of the Group since then.

Notes to Financial Statements

31 December 2025

42. BUSINESS COMBINATIONS (CONTINUED)**Year ended 31 December 2024 (continued)**

On 11 June 2024, TCL Energy & Mobile Technology Netherlands B.V. ("TCL Energy") entered into an acquisition agreement with FORIS Gründungs GmbH ("FORIS", an independent third party), pursuant to which FORIS agreed to sell, and TCL Energy agreed to acquire, 100% of the equity interest in TCL Energy (Germany) GmbH ("TCL Energy (Germany)") at the cash consideration of approximately EUR25,000 (equivalent to approximately HK\$209,000). TCL Energy (Germany) is principally engaged in trading of photovoltaic products since the completion of the acquisition. The transaction was completed in June 2024 and TCL Energy (Germany) has become a wholly-owned subsidiary of the Group since then.

On 26 July 2024, TTE Corporation entered into the acquisition agreement with Wuhan TCL Home Appliances Co., Ltd.* ("Wuhan Home Appliances", 武漢TCL家電有限公司, a subsidiary of TCL Industries Holdings), pursuant to which Wuhan Home Appliances had agreed to sell, and TTE Corporation had agreed to acquire, 100% of equity interest in TCL Global Marketing at the consideration of HK\$1. The transaction was completed in July 2024 and TCL Global Marketing has become a wholly-owned subsidiary of the Group since then.

Huizhou Yunxin, TCL Energy (Germany) and TCL Global Marketing are collectively referred to as the 2024 Acquired Subsidiaries.

The fair values of the identifiable assets and liabilities of the 2024 Acquired Subsidiaries as at the dates of acquisition were as follows:

	Notes	Fair value recognised on acquisition HK\$'000
Property, plant and equipment	13	5
Inventories		46
Trade receivables		710,464
Prepayments, other receivables and other assets		162,492
Cash and cash equivalents		15,426
Trade payables		(838,132)
Other payables and accruals		(23,504)
Tax payable		(2,655)
Total identifiable net assets at fair value		24,142
Gain on bargain purchase recognised in other income and gains in profit or loss	5, 7	(12,123)
Satisfied by:		
Cash		12,019

Notes to Financial Statements

31 December 2025

42. BUSINESS COMBINATIONS (CONTINUED)

Year ended 31 December 2024 (continued)

An analysis of the cash flows in respect of the 2024 Acquired Subsidiaries is as follows:

	2024 HK\$'000
Cash consideration	(12,019)
Cash and bank balances acquired	15,426
Net inflow of cash and cash equivalents included in cash flows from investing activities	3,407
Transaction costs of the acquisition included in cash flows from operating activities	(29)
Total net cash inflow	3,378

The fair values and gross contractual amounts of the trade receivables and other receivables as at the dates of acquisition amounted to HK\$710,464,000 and HK\$162,492,000, respectively.

Since the acquisition, the 2024 Acquired Subsidiaries contributed HK\$28,036,000 to the Group's revenue and HK\$238,000 to the consolidated profit for the year ended 31 December 2024.

The Group incurred transaction costs of HK\$29,000 for the acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK\$99,357,951,000 and HK\$1,851,521,000, respectively.

Notes to Financial Statements

31 December 2025

43. DISPOSAL OF SUBSIDIARIES

	Notes	2025 HK\$'000	2024 HK\$'000
Net assets disposed of:			
Property, plant and equipment	13	660	42,579
Right-of-use assets	15(a)	–	10,895
Goodwill	16	–	24,687
Other intangible assets	17	–	120
Deferred tax assets	36	–	22,623
Other deferred assets		8,166	1,516
Inventories		–	626,939
Trade receivables		260,295	431,357
Prepayments, other receivables and other assets		9,482	87,916
Tax recoverable		102	21,279
Derivative financial instruments		–	2,334
Cash and cash equivalents		229	131,999
Trade payables		(87,696)	(970,790)
Other payables and accruals		(168,423)	(109,884)
Lease liabilities	15(b)	–	(10,639)
Other long-term payables		(901)	–
Provisions		–	(4,401)
Deferred tax liabilities	36	–	(231)
Other non-current liabilities		–	(42,178)
Subtotal		21,914	266,121
Non-controlling interests		–	2,064
Release of exchange fluctuation reserve upon disposal		174	(567)
Gain on disposal of subsidiaries	5, 7	510	52,807
Satisfied by			
Cash		22,597	40,820
Other receivables		1	279,605
		22,598	320,425

Notes to Financial Statements

31 December 2025

43. DISPOSAL OF SUBSIDIARIES (CONTINUED)

An analysis of the net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2025 HK\$'000	2024 HK\$'000
Cash consideration received	22,597	40,820
Cash and bank balances disposed of	(229)	(131,999)
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries	22,368	(91,179)

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**(a) Major non-cash transactions**

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK\$265,190,000 (2024: HK\$207,955,000) and HK\$265,190,000 (2024: HK\$207,955,000), respectively, in respect of lease arrangements for plant and equipment.

(b) Changes in liabilities arising from financing activities

	Bank loans and other borrowings HK\$'000	Lease liabilities HK\$'000	Dividend payable included in other payables HK\$'000	Total HK\$'000
At 1 January 2025	4,610,059	357,412	17	4,967,488
Changes from financing cash flows	1,366,345	(181,719)	(801,662)	382,964
Foreign exchange movement	51,143	24,165	–	75,308
Interest expense accrued but not yet due	46,525	–	–	46,525
Acquisition of subsidiaries	–	6,000	–	6,000
New lease arising from addition of right-of-use assets	–	265,190	–	265,190
Change in lease contracts	–	(8,422)	–	(8,422)
Interest expense – lease liabilities	–	18,440	–	18,440
Interest paid classified as operating cash flows	–	(18,440)	–	(18,440)
Dividends payable	–	–	801,659	801,659
At 31 December 2025	6,074,072	462,626	14	6,536,712

Notes to Financial Statements

31 December 2025

44. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (continued)

	Bank loans and other borrowings HK\$'000	Lease liabilities HK\$'000	Dividend payable included in other payables HK\$'000	Total HK\$'000
At 1 January 2024	5,811,654	407,316	16	6,218,986
Changes from financing cash flows	(1,142,225)	(193,245)	(403,348)	(1,738,818)
Foreign exchange movement	(59,370)	(28,330)	–	(87,700)
Disposal of subsidiaries	–	(10,639)	–	(10,639)
New lease arising from addition of right-of-use assets	–	207,955	–	207,955
Change in lease contracts	–	(25,645)	–	(25,645)
Interest expense – lease liabilities	–	19,794	–	19,794
Interest paid classified as operating cash flows	–	(19,794)	–	(19,794)
Dividends payable	–	–	403,349	403,349
At 31 December 2024	4,610,059	357,412	17	4,967,488

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 HK\$'000	2024 HK\$'000
Within operating activities	217,224	131,895
Within financing activities	181,719	193,245
Total	398,943	325,140

Notes to Financial Statements

31 December 2025

45. COMMITMENTS

- (a) The Group had the following capital commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Capital contribution payable to a subsidiary	–	369,544
Capital contribution payable to an equity investment designated at fair value through other comprehensive income	170,264	170,355
Total	170,264	539,899

- (b) The Group has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are HK\$22,368,000 due within one year, HK\$64,125,000 due in the second to fifth years, inclusive, and HK\$4,475,000 due after fifth years.
- (c) The Group has various short-term leases and leases of low-value assets contracts that have not yet completed as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are HK\$56,220,000 due within one year and HK\$982,000 due in the second to fifth years, inclusive.

46. CONTINGENT LIABILITIES

TCL SEMP Eletroeletronicos is currently a respondent in a tax assessment dispute in Brazil with Brazil tax authority for alleged improper application of tax credits for the financial years of 2012 and 2013. As at 31 December 2025, the tax assessment dispute was still ongoing. The information usually required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* is not disclosed on the grounds that such disclosure can be expected to prejudice seriously the outcome. The Group has not made any provision as the Group, based on the advice from its legal counsel, believes that TCL SEMP Eletroeletronicos has a valid defence against the allegation.

Notes to Financial Statements

31 December 2025

47. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2025 HK\$'000	2024 HK\$'000
Joint ventures:			
Sales of raw materials and finished goods	(i)	1,271,402	3,224,641
After-sales service income	(ii)	3,431	3,057
Purchase of raw materials and finished goods	(vi)	–	634,917
Rental related income	(x)	–	422
Other service income	(xv)	–	31,300
Associates:			
Interest income	(iii)	63	751
Purchase of raw materials and finished goods	(vi)	2,426,768	1,248,450
Sales of raw materials and finished goods	(i)	3,184,720	908,926
After-sales service income	(ii)	4,720	2,886
IT and other service fees	(viii)	25,142	–
Subcontracting fee expense	(xvii)	430,364	358,544
Rental related income	(x)	800	967
Construction service income	(xviii)	1,202	–
Other service income	(xv)	114,809	85,743

Notes to Financial Statements

31 December 2025

47. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

	Notes	2025 HK\$'000	2024 HK\$'000
Companies controlled by TCL Industries Holdings:			
Interest income	(iii)	102,250	166,520
Interest expense	(iv)	9,772	23,269
Sales of raw materials and finished goods	(i)	10,545,922	11,204,888
Purchase of raw materials and finished goods	(vi)	10,497,888	10,191,379
Rental related income	(x)	8,463	10,818
Rental expense and licence fee	(xi)	2,616	16,829
Brand promotion fee	(xii)	626,068	549,621
Operation and maintenance service income	(vii)	22,584	58,268
After-sales service fee	(xiv)	721,944	793,536
Construction service income	(xviii)	414,273	380,007
Other service income	(xv)	266,000	323,939
Addition of right-of-use assets	(ix)	38,214	45,009
IT and other service fees	(viii)	59,700	70,687
Depreciation of right-of-use assets		49,343	48,601
Interest expense on lease liabilities		1,983	2,248
Other finance service fees	(v)	4,711	1,793
Affiliates of TCL Industries Holdings:			
Interest expense	(iv)	72	–
Purchase of raw materials and finished goods	(vi)	1,863,874	1,050,932
Sales of raw materials and finished goods	(i)	401,241	178,971
Other service income	(xv)	40,785	40,161
Logistics service fee expense	(xvi)	307,328	356,050
Depreciation of right-of-use assets		–	5,342
Interest expense on lease liabilities		–	677
Rental related income	(x)	2,996	3,856
IT and other service fees	(viii)	1,548,703	997,918
Construction service income	(xviii)	1,052	–

Notes to Financial Statements

31 December 2025

47. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

	Notes	2025 HK\$'000	2024 HK\$'000
Companies controlled by TCL Technology:			
Sales of raw materials and finished goods	(i)	2,696,602	1,936,387
Purchase of raw materials and finished goods	(vi)	24,793,132	22,841,988
Rental related income	(x)	31,035	65,251
Rental expense and licence fee	(xi)	551	401
Reimbursement of R&D expenses	(xiii)	105,255	146,599
After-sales service fee	(xiv)	4,645	6,205
Platform service fee	(viii)	20,746	10,226
Subcontracting fee expense	(xvii)	–	39,753
IT and other service fees	(viii)	50,632	58,914
Addition of right-of-use assets	(ix)	14,496	19,408
Depreciation of right-of-use assets		13,118	12,942
Interest expense on lease liabilities		1,036	862
Construction service income	(xviii)	36,061	113,420
Other service income	(xv)	29,903	26,242
Other finance service fees	(v)	30	141
Interest income	(iii)	1,648	3,808

Notes:

- (i) The sales of finished goods were made with reference to prevailing market prices, while sales of raw materials were made at cost plus a mutually agreed mark-up.
- (ii) The after-sales service income were determined with reference to the rates of other similar services and the amount of general after-sales service expenses of the Group in the past.
- (iii) The interest was charged at rates ranging from 0.01% to 6.00% (2024: from 0.0001% to 6.00%) per annum, which were determined with reference to the savings rates quoted by the People's Bank of China and local banks in Hong Kong.
- (iv) The interest was charged at rates ranging from 0.05% to 5.53% (2024: 0.01% to 5.53%) per annum.
- (v) The other finance service fees were determined with reference to the rates of other similar services provided by third party companies.
- (vi) The purchases of raw materials and finished goods were made at prices similar to those set by independent third party suppliers or the cost plus mark-ups.

Notes to Financial Statements

31 December 2025

47. RELATED PARTY TRANSACTIONS (CONTINUED)

- (a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

Notes: (continued)

- (vii) Operation and maintenance service income was determined with reference to the rates of other similar services and the amount of general Operation and maintenance service expenses of the Group in the past.
- (viii) The platform and IT and other service fees were determined with reference to service expenses charged by third party companies offering similar services.
- (ix) The price of addition of right-of-use assets was determined with reference to prices charged by third party companies.
- (x) The rental related income were determined with reference to the rates of other similar premises.
- (xi) The rental expense was charged at rates ranging from RMB9 to RMB267 (2024: RMB45 to RMB210) per square meter. The licence fee was charged at rates of HK\$42.1 (2024: HK\$39.5) per square feet.
- (xii) Brand promotion fee incurred by TCL Industries Holdings was made based on 2.00% (2024: 2.00%) of the annual sales of products using TCL brand within the PRC, 0.75% (2024: 0.75%) of the annual sales of products using TCL brand outside the PRC and 0.25% (2024: 0.25%) of the annual sales of products of ODM and OEM brands, as defined in the Master Brand Promotion (2025-2027) Agreement.
- (xiii) The research and development expenses was determined with reference to the rates of other similar services provided by other third party companies.
- (xiv) The after-sales service fee was determined with reference to the rates of other similar services provided by other third party companies.
- (xv) The other service income was determined with reference to the rates of similar services provided to other third party companies.
- (xvi) The logistics service fee expense was determined with reference to the rates of other similar services provided by other third party companies.
- (xvii) The subcontracting fee expense was determined with reference to subcontracting fees charged by third party companies offering similar services.
- (xviii) The construction service income was determined with reference to the rates of similar services provided to other third party companies.

Notes to Financial Statements

31 December 2025

47. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other material transactions with related parties:

In addition to other transactions detailed elsewhere in these financial statements, the Group had the following other material transactions with related parties:

- (i) On 24 December 2024, TCL SEMP entered into an equity transfer agreement with a related party TCL Home Appliances Holding Company Limited ("TCL Home Appliances"), pursuant to which TCL SEMP had agreed to sell, and TCL Home Appliances had agreed to purchase, 75% equity interest in TCL SEMP Indústria e Comércio de Condicionadores de ar S.A., at the consideration of R\$255,542,000 (equivalent to approximately HK\$320,425,000), the transaction was completed in December 2024.
 - (ii) On 27 December 2024 (after trading hours), Huizhou TCL Mobile (an indirect wholly-owned subsidiary of the Company) entered into an equipment transfer agreement with TCL Yuxin Zhixing, pursuant to which Huizhou TCL Mobile agreed to sell, and TCL Yuxin Zhixing agreed to purchase, the Production Line Equipment at the consideration of RMB18,000,000 (equivalent to HK\$19,492,200).
- (c) Details of compensation of key management personnel of the Group are set out in notes 8 and 9 to the financial statements.

Except for the transactions with joint ventures, associates of the Group, addition of right-of-use assets, depreciation of right-of-use assets, interest expense on lease liabilities and transactions with certain affiliates of TCL Industries Holdings and/or companies controlled by TCL Technology included in note 47, all the above transactions disclosed in note 47 also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets				
Equity investments designated at fair value through other comprehensive income	370,884	366,098	370,884	366,098
Trade receivables classified as financial assets at fair value through profit or loss	1,927,469	1,661,765	1,927,469	1,661,765
Bills receivable	3,418,264	4,436,662	3,418,264	4,436,662
Other receivables classified as financial assets at fair value through profit or loss	465,832	367,934	465,832	367,934
Financial assets at fair value through profit or loss	2,400,946	2,898,691	2,400,946	2,898,691
Derivative financial instruments	200,786	558,291	200,786	558,291
	8,784,181	10,289,441	8,784,181	10,289,441
Financial liabilities				
Interest-bearing bank and other borrowings	6,074,072	4,610,059	6,066,750	4,589,053
Derivative financial instruments	148,533	353,309	148,533	353,309
Financial liability associated with put option	214,218	188,666	214,218	188,666
	6,436,823	5,152,034	6,429,501	5,131,028

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial director reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The change in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 was assessed to be insignificant.

The fair value of the financial liability associated with put option is measured by discounted cash flow model using significant unobservable market inputs.

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to sales ("EV/S") multiple, price to sales ("P/S") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.



Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The Group invests in unlisted investments, which represent wealth management products issued by banks in the Chinese mainland. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Derivative financial instruments, including forward currency contracts and foreign currency swaps, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The model incorporates various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The Group enters into these kinds of derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including call options and put options, are measured using valuation techniques of Black-Scholes Options Pricing Model and Monte Carlo Simulations Model. The model incorporates various market observable inputs including risk-free rate ("RFR") and volatility. The carrying amounts of forward currency contracts, foreign currency swaps and call options and put options are the same as their fair values.

As at 31 December 2025, the mark-to-market value of the derivative asset position was net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

For the fair value of the unlisted equity investments at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments	Valuation multiples	Average EV/S multiple of peers	2025: 6.2x (2024: 5.6x)	5% (2024: 5%) increase in multiple would result in increase in fair value by HK\$165,000 (2024: HK\$693,000)
		Average P/S multiple of peers	2025: 1.4x to 14.4x (2024: 4.9x to 13.7x)	5% (2024: 5%) increase in multiple would result in increase in fair value by HK\$1,204,000 (2024: HK\$389,000)
		Average P/E multiple of peers	2025: 12.9x (2024: 13.2x)	5% (2024: 5%) increase in multiple would result in increase in fair value by HK\$2,758,000 (2024: HK\$3,028,000)
Unlisted equity investments	Back Solve Method	RFR	2025: Nil (2024: Nil)	1% (2024: 1%) increase (decrease) in RFR would have no material impact on the fair value
		Volatility	2025: Nil (2024: Nil)	1% (2024: 1%) increase (decrease) in volatility would have no material impact on the fair value
Call option	Black-Scholes Option Pricing Model and Monte Carlo Simulations Model	RFR	2025: 3.6% to 4.2% (2024: 4.3%)	1% (2024: 1%) increase (decrease) in RFR would have no material impact on the fair value
		Volatility	2025: 29.8% to 31.7% (2024: 30.8%)	1% (2024: 1%) increase (decrease) in volatility would have no material impact on the fair value
Put option	Black-Scholes Options Pricing Model	RFR	2025: 3.6% (2024: 4.3%)	1% (2024: 1%) increase (decrease) in RFR would have no material impact on the fair value
		Volatility	2025: 31.7% (2024: 30.8%)	1% (2024: 1%) increase (decrease) in volatility would have no material impact on the fair value

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

Assets measured at fair value:

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2025

	Quoted prices in active markets (Level 1) HK\$'000	Fair value measurement using Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income	1,887	–	368,997	370,884
Trade receivables classified as financial assets at fair value through profit or loss	–	1,927,469	–	1,927,469
Other receivables classified as financial assets at fair value through profit or loss	–	465,832	–	465,832
Bills receivable	–	3,418,264	–	3,418,264
Derivative financial instruments	–	146,139	54,647	200,786
Financial assets at fair value through profit or loss	–	2,400,946	–	2,400,946
Total	1,887	8,358,650	423,644	8,784,181

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

As at 31 December 2024

	Quoted prices in active markets (Level 1) HK\$'000	Fair value measurement using Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	Total HK\$'000
Equity investments designated at fair value through other comprehensive income	3,203	–	362,895	366,098
Trade receivables classified as financial assets at fair value through profit or loss	–	1,661,765	–	1,661,765
Other receivables classified as financial assets at fair value through profit or loss	–	367,934	–	367,934
Bills receivable	–	4,436,662	–	4,436,662
Derivative financial instruments	–	456,228	102,063	558,291
Financial assets at fair value through profit or loss	–	2,898,691	–	2,898,691
Total	3,203	9,821,280	464,958	10,289,441

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Equity investments designated at fair value through other comprehensive income:		
At 1 January	362,895	315,651
Additions	4,369	23,750
Acquisition of subsidiaries (note 42)	8	–
Disposals	(31,631)	–
Total gain recognised in other comprehensive income	23,221	20,719
Income tax effect	963	9,680
Exchange realignment	9,172	(6,905)
At 31 December	368,997	362,895
Derivative financial instruments:		
At 1 January	102,063	147,316
Total losses recognised in profit or loss	(48,423)	(44,445)
Exchange realignment	1,007	(808)
At 31 December	54,647	102,063

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Derivative financial instruments	–	148,533	–	148,533

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets	inputs	inputs	
	(Level 1)	(Level 2)	(Level 3)	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Derivative financial instruments	–	353,309	–	353,309

Notes to Financial Statements

31 December 2025

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total HK\$'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets (Level 1) HK\$'000	inputs (Level 2) HK\$'000	inputs (Level 3) HK\$'000	
Interest-bearing bank and other borrowings	–	6,066,750	–	6,066,750
Financial liability associated with put option	–	–	214,218	214,218
Total	–	6,066,750	214,218	6,280,968

As at 31 December 2024

	Fair value measurement using			Total HK\$'000
	Quoted prices	Significant	Significant	
	in active	observable	unobservable	
	markets (Level 1) HK\$'000	inputs (Level 2) HK\$'000	inputs (Level 3) HK\$'000	
Interest-bearing bank and other borrowings	–	4,589,053	–	4,589,053
Financial liability associated with put option	–	–	188,666	188,666
Total	–	4,589,053	188,666	4,777,719

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, other interest-bearing borrowings, and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

In general, the Group's treasury department (the "Group Treasury") implements all external financings to meet the borrowing needs of all subsidiaries. In some cases, subsidiaries may borrow directly from local banks upon approval from the Group Treasury in advance. At the subsidiary level, financing is generally done on a short-term floating rate basis. Long term financing is normally done at Group level.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no material impact on other components of the Group's equity.

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk (continued)

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000
2025		
United States dollar	(25)	2,479
RMB	(25)	755
United States dollar	25	(2,479)
RMB	25	(755)
2024		
United States dollar	(25)	3,693
United States dollar	25	(3,693)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, certain bank loans were denominated in currencies other than the functional currencies of the entities to which they relate. The Group takes rolling forecasts on the foreign currency revenue and expenses and matches the currency and the amount incurred so as to alleviate the impact on business due to exchange rate fluctuations. The Group uses foreign currency forward contracts to reduce the foreign currency exposures.

It is the Group's policy to negotiate the terms of the hedging instruments to match the terms of the hedged items to maximise hedge effectiveness.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rates of currencies other than the functional currencies of the relevant operating units, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities). There is no material impact on other components of the Group's equity.

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (continued)

	Increase/ (decrease) in exchange rates %	Increase/ (decrease) in profit before tax HK\$'000
2025		
If the HK\$ weakens against the USD	5	(369,930)
If the HK\$ weakens against the EUR	5	29,983
If the HK\$ weakens against the RMB	5	(6,981)
If the HK\$ weakens against the THB	5	456
If the RMB weakens against the USD	5	(2,190)
If the RMB weakens against the HK\$	5	(478)
If the RMB weakens against the EUR	5	190
If the EUR weakens against the USD	5	(1,071)
If the EUR weakens against the PLN	5	18,378
If the USD weakens against the EUR	5	541
If the USD weakens against the PLN	5	4,879
If the USD weakens against the HK\$	5	(6,318)
If the USD weakens against the THB	5	22,576
If the USD weakens against the MXN	5	(1,290)
If the USD weakens against the RMB	5	(3,167)
If the MXN weakens against the USD	5	2,297
If the AED weakens against the USD	5	13,692
If the HK\$ strengthens against the USD	(5)	369,930
If the HK\$ strengthens against the EUR	(5)	(29,983)
If the HK\$ strengthens against the RMB	(5)	6,981
If the HK\$ strengthens against the THB	(5)	(456)
If the RMB strengthens against the USD	(5)	2,190
If the RMB strengthens against the HK\$	(5)	478
If the RMB strengthens against the EUR	(5)	(190)
If the EUR strengthens against the USD	(5)	1,071
If the EUR strengthens against the PLN	(5)	(18,378)
If the USD strengthens against the EUR	(5)	(541)
If the USD strengthens against the PLN	(5)	(4,879)
If the USD strengthens against the HK\$	(5)	6,318
If the USD strengthens against the THB	(5)	(22,576)
If the USD strengthens against the MXN	(5)	1,290
If the USD strengthens against the RMB	(5)	3,167
If the MXN strengthens against the USD	(5)	(2,297)
If the AED strengthens against the USD	(5)	(13,692)

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(CONTINUED)

Foreign currency risk (continued)

	Increase/ (decrease) in exchange rates %	Increase/ (decrease) in profit before tax HK\$'000
2024		
If the HK\$ weakens against the USD	5	(171,143)
If the HK\$ weakens against the EUR	5	34,460
If the HK\$ weakens against the RMB	5	37,912
If the HK\$ weakens against the THB	5	20,658
If the RMB weakens against the USD	5	24,489
If the RMB weakens against the HK\$	5	(31,437)
If the RMB weakens against the EUR	5	985
If the EUR weakens against the USD	5	3,189
If the EUR weakens against the PLN	5	19,433
If the USD weakens against the HK\$	5	(9,401)
If the AED weakens against the USD	5	6,002
If the HK\$ strengthens against the USD	(5)	171,143
If the HK\$ strengthens against the EUR	(5)	(34,460)
If the HK\$ strengthens against the RMB	(5)	(37,912)
If the HK\$ strengthens against the THB	(5)	(20,658)
If the RMB strengthens against the USD	(5)	(24,489)
If the RMB strengthens against the HK\$	(5)	31,437
If the RMB strengthens against the EUR	(5)	(985)
If the EUR strengthens against the USD	(5)	(3,189)
If the EUR strengthens against the PLN	(5)	(19,433)
If the USD strengthens against the HK\$	(5)	9,401
If the AED strengthens against the USD	(5)	(6,002)

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

The Group trades only with recognised and creditworthy third parties and related parties. There is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Other long-term receivables**					
– Normal	792,714	–	–	–	792,714
Trade receivables measured at amortised cost*	–	–	–	22,340,803	22,340,803
Debt investments at amortised cost	169,130	–	–	–	169,130
Contract assets*	–	–	–	68,905	68,905
Financial assets included in prepayments, other receivables and other assets**					
– Normal	4,458,102	–	–	–	4,458,102
– Doubtful	–	–	219,109	–	219,109
Cash and cash equivalents					
– Not yet past due	13,522,134	–	–	–	13,522,134
Restricted cash and pledged deposits					
– Not yet past due	506,325	–	–	–	506,325
Total	19,448,405	–	219,109	22,409,708	42,077,222

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
Trade receivables measured at amortised cost*	–	–	–	20,938,070	20,938,070
Debt investments at amortised cost	198,757	–	–	–	198,757
Contract assets*	–	–	–	387,884	387,884
Financial assets included in prepayments, other receivables and other assets**					
– Normal	5,488,990	–	–	–	5,488,990
– Doubtful	–	–	199,899	–	199,899
Cash and cash equivalents					
– Not yet past due	8,771,691	–	–	–	8,771,691
Restricted cash and pledged deposits					
– Not yet past due	669,910	–	–	–	669,910
Total	15,129,348	–	199,899	21,325,954	36,655,201

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 22 and 24 to the financial statements, respectively.

** The credit quality of other long-term receivables and the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 22 to the financial statements.

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

Group

	2025				Total HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	
Interest-bearing bank and other borrowings	5,924,959	226,706	736	5,633	6,158,034
Lease liabilities	165,516	119,957	181,793	74,951	542,217
Trade payables	32,466,512	–	–	–	32,466,512
Bills payable	12,449,066	–	–	–	12,449,066
Derivative financial instruments	148,533	–	–	–	148,533
Financial liability associated to put option	–	–	–	214,218	214,218
Financial liabilities included in other payables	12,247,832	–	–	–	12,247,832
Total	63,402,418	346,663	182,529	294,802	64,226,412

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

Group

	2024				Total HK\$'000
	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000	
Interest-bearing bank and other borrowings	4,220,978	229,045	220,017	3,468	4,673,508
Lease liabilities	157,145	105,618	114,847	31,707	409,317
Trade payables	26,646,451	–	–	–	26,646,451
Bills payable	5,839,326	–	–	–	5,839,326
Derivative financial instruments	353,309	–	–	–	353,309
Financial liability associated to put option	–	–	–	188,666	188,666
Financial liabilities included in other payables	13,429,039	–	–	–	13,429,039
Total	50,646,248	334,663	334,864	223,841	51,539,616

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

Notes to Financial Statements

31 December 2025

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital. The Group's policy is to maintain the gearing ratio not exceeding 100%. Net debt is calculated as a total of lease liabilities, interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash and pledged deposits. Total capital refers to equity attributable to owners of the parent.

The gearing ratios as at the end of the reporting periods were as follows:

	Notes	2025 HK\$'000	2024 HK\$'000
Lease liabilities	15(b)	462,626	357,412
Interest-bearing bank and other borrowings	34	6,074,072	4,610,059
Less: Cash and cash equivalents	28	(13,522,134)	(8,771,691)
Restricted cash and pledged deposits	28	(506,325)	(669,910)
Net assets		(7,491,761)	(4,474,130)
Equity attributable to owners of the parent		19,197,755	17,204,368
Gearing ratio		N/A	N/A

Notes to Financial Statements

31 December 2025

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	6,019,952	5,700,589
Right-of-use assets	10,862	2,578
Deferred tax assets	16	–
Total non-current assets	6,030,830	5,703,167
CURRENT ASSETS		
Due from related parties	2,254,290	3,675,561
Prepayments, other receivables and other assets	73,870	85,858
Cash and cash equivalents	2,364	305
Total current assets	2,330,524	3,761,724
CURRENT LIABILITIES		
Due to related parties	673,062	807,515
Other payables and accruals	19,827	15,659
Lease liabilities	3,908	2,415
Total current liabilities	696,797	825,589
NET CURRENT ASSETS	1,633,727	2,936,135
TOTAL ASSETS LESS CURRENT LIABILITIES	7,664,557	8,639,302
NON-CURRENT LIABILITIES		
Lease liabilities	7,052	–
Deferred tax liabilities	–	27
Other long-term payables	703	529
Total non-current liabilities	7,755	556
Net assets	7,656,802	8,638,746
EQUITY		
Issued capital	2,520,935	2,520,935
Reserves	5,135,867	6,117,811
Total equity	7,656,802	8,638,746

DU Juan
Director

PENG Pan
Director

Notes to Financial Statements

31 December 2025

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows:

	Share premium account HK\$'000 (note 37)	Share option reserve ^Δ HK\$'000	Capital reserve [£] HK\$'000	Shares held for the Award Scheme HK\$'000	Awarded share reserve* HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 January 2024	4,212,723	119,593	738,936	(190,135)	216,299	1,643,688	6,741,104
Total comprehensive loss for the year	-	-	-	-	-	(62,993)	(62,993)
Issue of shares upon exercise of share options	16,465	(4,698)	-	-	-	-	11,767
Issue of shares under the 2008 Share Award Scheme (note 38)	-	-	-	(8,789)	-	-	(8,789)
Employee share-based compensation benefits under the Share Award Schemes (note 38)	-	-	-	-	96,832	-	96,832
Vesting of shares under the 2008 Share Award Scheme (note 38)	-	-	-	63,881	(132,237)	-	(68,356)
Purchase of shares for the 2023 Share Award Scheme	-	-	-	(199,985)	-	-	(199,985)
Profit distribution to owners	(391,769)	-	-	-	-	-	(391,769)
Transfer from share option reserve to retained earnings	-	(114,895)	-	-	-	114,895	-
At 31 December 2024 and 1 January 2025	3,837,419	-	738,936	(335,028)	180,894	1,695,590	6,117,811
Total comprehensive income for the year	-	-	-	-	-	19,490	19,490
Employee share-based compensation benefits under the Share Award Schemes (note 38)	-	-	-	-	319,362	-	319,362
Vesting of shares under the Share Award Schemes (note 38)	(115,094)	-	-	135,935	(73,611)	-	(52,770)
Purchase of shares for the Share Award Schemes	-	-	-	(447,471)	-	-	(447,471)
Profit distribution to owners	(769,507)	-	-	-	-	-	(769,507)
Related distribution for shares held for the Share Award Schemes	(51,048)	-	-	-	-	-	(51,048)
At 31 December 2025	2,901,770	-	738,936	(646,564)	426,645	1,715,080	5,135,867

Notes to Financial Statements

31 December 2025

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

A summary of the Company's reserves is as follows: (continued)

- ^Δ The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire after the exercisable period.
- [#] The capital reserve arose as a result of the Group reorganisation in 1999 and represents the excess of the fair value of the shares of the subsidiaries acquired over the nominal value of the Company's shares issued in exchange therefor.
- ^{*} The awarded share reserve represents the excess of the fair value of the Awarded Shares over the total cost (including related transaction costs) of the Awarded Shares awarded and vested to the Selected Persons at the date of award.

51. EVENTS AFTER THE REPORTING PERIOD

On 20 January 2026 (after trading hours), the Company entered into a non-legally binding memorandum of understanding (the "MOU") with Sony Corporation ("Sony") in relation to, among others, (i) the possible formation of a joint venture (the "Joint Venture") which would assume Sony's home entertainment business, handling the full process from product development and design to manufacturing, sales, logistics, and customer service for products including televisions and home audio equipment globally, with the Group holding 51% and Sony holding 49% of the shares of the Joint Venture, and (ii) the future licensing arrangements on patents, know-how and brand between the Joint Venture and Sony and those between the Joint Venture and the Group. The parties will negotiate in good faith, aiming to finalise the terms of the definitive agreements as soon as practicably possible within the period commencing from the date of the MOU until 31 March 2026.

52. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 27 March 2026.

Five Year Financial Summary

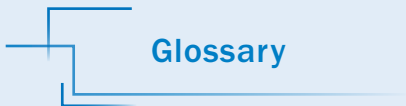
Year ended 31 December 2025

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and reclassified/re-presented as appropriate, is set out below.

		Year ended 31 December			
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)	
RESULTS					
REVENUE	114,582,832	99,322,325	78,986,064	71,351,415	74,846,888
PROFIT BEFORE TAX	3,304,296	2,514,523	1,148,184	835,528	1,447,766
Income tax	(777,316)	(666,012)	(321,375)	(281,694)	(168,476)
PROFIT FOR THE YEAR	2,526,980	1,848,511	826,809	553,834	1,279,290
Attributable to:					
Owners of the parent	2,495,131	1,759,366	743,633	446,975	1,183,999
Non-controlling interests	31,849	89,145	83,176	106,859	95,291
Total	2,526,980	1,848,511	826,809	553,834	1,279,290

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

		As at 31 December			
	2025	2024	2023	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)	
TOTAL ASSETS	91,733,970	76,367,404	64,776,450	55,108,941	59,538,065
TOTAL LIABILITIES	(71,839,195)	(58,690,986)	(47,470,364)	(38,227,840)	(41,161,866)
NON-CONTROLLING INTERESTS	(697,020)	(472,050)	(598,432)	(417,432)	(414,863)
Total	19,197,755	17,204,368	16,707,654	16,463,669	17,961,336



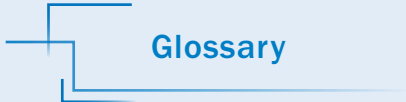
Glossary

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

“2008 Share Award Scheme”	the restricted share award scheme adopted by the Company on 6 February 2008 (as amended or modified from time to time), which expired on 5 February 2023;
“2023 Share Award Scheme”	the share award scheme adopted by the Company on 3 November 2023;
“ACCA”	Association of Chartered Certified Accountants;
“AGM”	annual general meeting of the Company;
“AI”	artificial intelligence;
“AIGC”	artificial intelligence generated content;
“AR”	augmented reality;
“Articles”	the articles of association of the Company as amended from time to time;
“ASP”	average selling price;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Audit Committee”	the audit committee of the Company;
“Awarded Share(s)”	awarded Shares of the Company granted to a selected person pursuant to the Share Award Schemes;
“Board”	the board of Directors;
“Board Committee(s)”	the committee(s) under the Board, including the Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee;
“Board Diversity Policy”	the board diversity policy of the Company adopted on 13 August 2013;
“Cayman Law”	the laws of the Cayman Islands;
“CEO”	the chief executive officer;

Glossary

“CES”	Consumer Electronics Show;
“CFO”	the chief financial officer of the Company;
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules;
“CINNO Research”	CINNO Research, a third-party consulting firm specialising in the pan-semiconductor industry chain encompassing display, semiconductor, consumer electronics, intelligent manufacturing and key components;
“Circana”	Circana Group, a market research company that provides global data, industry expertise and analysis from a variety of perspectives. It is formed through the merger of NPD Group L.P. and Information Resources Corporation;
“CMM”	China Market Monitor Co., Ltd., a research institute focusing on consumer goods and the retail home appliance market in the PRC;
“Code Provision(s)”	the code provision(s) contained in Part 2 of the Corporate Governance Code;
“Company” or “TCL Electronics”	TCL Electronics Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 01070);
“COO”	the chief operating officer;
“CSOT”	TCL China Star Optoelectronics Technology Co., Ltd.* (TCL華星光電技術有限公司), formerly known as Shenzhen China Star Optoelectronics Technology Co., Ltd.* (深圳市華星光電技術有限公司), a company established under the laws of the PRC with limited liability, a subsidiary of TCL Technology;
“CTO”	the chief technology officer;
“Deed of Non-Competition (2020)”	the deed executed by TCL Industries Holdings, T.C.L. Industries (H.K.) and the Company on 29 June 2020 in favour of the Company whereby each of TCL Industries Holdings and T.C.L. Industries (H.K.) has undertaken not to (save for the exception as defined on page 39 of the announcement of the Company dated 29 June 2020), directly or indirectly, carry on or be engaged or interested in the manufacture and assembly of TCL brand TV sets and smart phones;

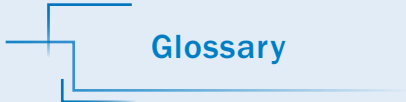


Glossary

“Deed of Termination (2020)”	the deed executed by TCL Technology, T.C.L. Industries (H.K.) and the Company on 29 June 2020 pursuant to which the parties agreed to terminate the Deed of Non-Competition (1999) (as defined on page 48 of the announcement of the Company dated 29 June 2020) as amended from time to time and TCL Technology has undertaken not to (save for the Exception as defined on page 39 of the announcement of the Company dated 29 June 2020), directly or indirectly, carry on or be engaged or interested in the manufacture and assembly of TV sets bearing TCL brand;
“Director(s)”	the director(s) of the Company;
“Discien”	a professional consulting firm focusing on the display and semiconductor industry chain;
“Dividend Policy”	the dividend policy of the Company which was confirmed and consolidated on 20 December 2018 and took effect from 1 January 2019;
“EGM”	the extraordinary general meeting of the Company;
“Emerging Market”	regions including Asia-Pacific (excluding the PRC), Latin America, Middle East and Africa;
“ESG”	environmental, social and governance;
“ESG Committee”	the ESG committee of the Company;
“Falcon Network Technology”	Shenzhen Falcon Network Technology Co., Ltd.* (formerly literally translated and known as Shenzhen Thunderbird Network Technology Company Limited) (深圳市雷鳥網絡科技有限公司), a limited liability company established and subsisting under the laws of the PRC, an indirect non-wholly-owned subsidiary of the Company;
“Falcon Network Technology Group”	Falcon Network Technology and its subsidiaries;
“Finance Company (HK)”	TCL Finance (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and a direct subsidiary of T.C.L. Industries (H.K.);
“GMV”	gross merchandise volume;
“Group”	the Company and its subsidiaries collectively;

Glossary

“GW”	gigawatt, equivalent to one billion watts, a unit of power;
“HDR”	High Dynamic Range;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKAS(s)”	Hong Kong Accounting Standard(s);
“HKFRS(s)”	HKFRS Accounting Standards;
“HKICPA”	Hong Kong Institute of Certified Public Accountants;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Companies Ordinance”	the Companies Ordinance (Cap. 622 of the Laws of Hong Kong);
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“IDC”	International Data Corporation, a global provider of market information and consulting services related to the information technology, telecommunications and consumer technology markets;
“IFRS”	International Financial Reporting Standards;
“IoT”	Internet of Things;
“LED”	light emitting diode;
“Listing Rules”	the rules governing the listing of securities on the Hong Kong Stock Exchange;
“Model Code”	the model code for securities transactions by directors of listed issuers as set out in Appendix C3 to the Listing Rules;
“Nomination Committee”	the nomination committee of the Company;
“Nomination Policy”	the nomination policy of the Company, which was adopted on 20 December 2018 and took effect from 1 January 2019;

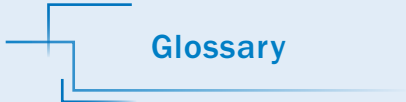


Glossary

“Omdia”	a global technology research organisation formed through the merger of research divisions (Ovum/Heavy Reading and Tractica) and the acquisition of IHS Markit International;
“OPCO”	Ningbo Falcon Digital Entertainment Co., Ltd.* (寧波雷鳥數字娛樂有限公司), formerly known as Hawk Digital Entertainment Technology (Shenzhen) Co., Limited* (豪客數字娛樂科技(深圳)有限公司) and Shenzhen Falcon Digital Entertainment Co., Ltd.* (深圳市雷鳥數字娛樂科技有限公司), a limited company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company;
“OTT”	Over The Top, an acronym for a variety of media services provided directly to viewers via the internet;
“PRC” or “China”	the People’s Republic of China; for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to the “PRC” and “China” do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China;
“PRC Equity Owners”	Mr. WANG Hao and Ms. ZHU Xiaojiang, the details of which are set out on page 120 of this annual report;
“QLED”	quantum dot display technology;
“R&D”	research and development;
“RayNeo”	RayNeo Co., Ltd., a company established under the laws of the PRC with limited liability, which primarily operates the Group’s smart glasses business and of which the Group held 10.10% equity interest as of the date of this annual report;
“Remuneration Committee”	the remuneration committee of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“RUNTO”	Beijing Runto Technology Co., Ltd., a third-party institution in the PRC that provides data products and research and advisory services;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of the Company;

Glossary

“Share Award Schemes”	collectively the 2008 Share Award Scheme and the 2023 Share Award Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 3 November 2023;
“Shareholder(s)”	shareholder(s) of the Company;
“Strategy Committee”	the strategy committee of the Company established on 22 September 2017;
“subsidiary”	any entity within the meaning of the term “subsidiary” as defined in the Listing Rules and the term “subsidiaries” shall be construed accordingly;
“TCL Communication”	TCL Communication Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares were listed on the Main Board of the Hong Kong Stock Exchange from September 2004 to September 2016 (then stock code: 02618.HK), which has become a direct wholly-owned subsidiary of the Company since 1 September 2020;
“TCL Industries Holdings”	TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司), formerly known as TCL Industries Holdings (Guangdong) Inc.* (TCL實業控股(廣東)股份有限公司), a joint stock limited company established under the laws of the PRC;
“TCL Industries Holdings Group”	TCL Industries Holdings and its subsidiaries and any entity that may become subsidiary of TCL Industries Holdings from time to time, and for the purpose of this annual report excludes the Group;
“T.C.L. Industries (H.K.)”	T.C.L. Industries Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability, an immediate controlling Shareholder, and a wholly-owned subsidiary of TCL Industries Holdings;
“TCL SEMP Eletroeletronicos”	TCL SEMP ELETROELETRONICOS LTDA (formerly known as SEMP TCL MOBILIDADE LTDA.), a company incorporated under the laws of Brazil with limited liability, an indirect subsidiary of the Company;
“TCL NL”	TCL Netherlands B.V., a company established under the laws of the Netherlands with limited liability and an indirect wholly-owned subsidiary of the Company;



Glossary

“TCL Technology”	TCL Technology Group Corporation* (TCL科技集團股份有限公司), formerly known as TCL Corporation* (TCL集團股份有限公司), a joint stock limited company established under the laws of the PRC, the shares of which are listed on Shenzhen Stock Exchange (stock code: 000100.SZ);
“TCL Technology Group”	TCL Technology and its subsidiaries and any entity that may become subsidiary of TCL Technology from time to time;
“Trustee”	the trustee appointed by the Board for the administration of the Share Award Schemes;
“TV(s)”	television(s);
“U.S.”	the United States of America;
“VIE Agreements”	collectively the exclusive business cooperation agreement, the exclusive purchase right agreement, the equity pledge agreement, the authorisation letters, the confirmation letters and the spousal consent letters entered into between Falcon Network Technology, OPCO and/or the PRC Equity Owners and/or their spouses on 23 July 2019 (as amended or revised from time to time);
“VIE Announcement”	the announcement of the Company dated 23 July 2019;
“VIE Structure”	the contractual arrangement pursuant to the VIE Agreements for the Group to indirectly participate in the value-added telecommunications business and internet cultural business in the PRC including video membership business with autopay and/or “WeChat Pay to merchant” and/or the like function;
“XR”	extended reality; and
“%”	per cent.

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

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