China Display Optoelectronics Technology Holdings Limited
華顯光電技術控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

Annual Report

2025

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Executive Director

Mr. LIAO Qian *(Chairman)*

Executive Directors

Mr. OUYANG Hongping (resigned on 4 July 2025)
Mr. WEN Xianzhen (resigned on 6 August 2025)
Mr. XI Wenbo
Mr. WANG Xinfu (resigned on 17 October 2025)
Mr. ZHANG Feng *(Chief Executive Officer)* (appointed on 4 July 2025)
Mr. ZHANG Caili (appointed on 6 August 2025)
Mr. HAI Hong (appointed on 28 November 2025)

Independent Non-Executive Directors

Ms. HSU Wai Man, Helen
Mr. LI Yang
Mr. XU Yan
Ms. YANG Qiulin

COMPANY SECRETARY

Ms. CHEUNG Bo Man, Solicitor, Hong Kong

AUDITOR

Ernst & Young
Certified Public Accountants
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

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Building 22E
Phase Three
Hong Kong Science Park
Pak Shek Kok
New Territories
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

TICKER SYMBOL

Listed on The Stock Exchange of Hong Kong Limited under the share ticker number 334

WEBSITE

http://www.tclcdot.com

FINANCIAL HIGHLIGHTS

FINANCIAL PERFORMANCE

(RMB Million)	**Year ended 31 December 2025**	Year ended 31 December 2024
Revenue	**7,725**	4,549
Gross profit	**375**	196
Gross profit margin (%)	**4.9%**	4.3%
Profit attributable to owners of the parent	**139**	66
Basic earnings per share (RMB cents)	**6.65**	3.15

FINANCIAL POSITION

(RMB Million)	**31 December 2025**	31 December 2024
Property, plant and equipment	**815**	747
Treasury deposits at a related party	**1,046**	1,200
Cash and cash equivalents	**33**	62
Total assets	**4,166**	3,530
Total liabilities	**2,942**	2,459
Net assets	**1,224**	1,071

OPERATION INDICATORS

	Year ended 31 December 2025	Year ended 31 December 2024
Inventory turnover (days)	**17**	22
Trade receivables turnover (days)	**62**	63
Trade payables turnover (days)	**103**	113
Current ratio	**1.05**	1.03

Note: The above turnover days are calculated on average balance of the beginning and end of the year.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of China Display Optoelectronics Technology Holdings Limited, I hereby present to you the annual report of the Group for the year ended 31 December 2025.

Overcoming Challenges with Determination, Advancing with Steady Steps

In 2025, the global economic environment remained complex and volatile. Great-power competition continued to intensify, industrial chains accelerated restructuring, and technological revolutions became deeply intertwined with industrial transformations. Despite the uncertainties pervading the market landscape, the consumer electronics industry still demonstrated a certain degree of resilience, exhibiting a gradual recovery worldwide. Although Chinese Mainland's smartphone market benefited from the "national subsidy" policy, the industry's recovery momentum has not yet fully stabilized due to factors such as early exhaustion of subsidy funds. Facing the severe external challenges, the Group has overcome challenges with determination, remaining consistently focused on strengthening core business competitiveness, actively developing diversified strategies to address market challenges, and promoting sustainable development. Driven by product diversification and steady growth in orders from brand customers, the Group achieved significant growth in both revenue and profit. In 2025, the Group recorded a substantial year-on-year increase in total revenue of 69.8%, reaching RMB7,725.4 million; profit attributable to owners of the parent company reached RMB139.4 million, representing a year-on-year increase of 111.3%. At year end, the Group had no borrowings, reflecting the Group's solid overall financial position.

Looking ahead to 2026, uncertainties persist in the global economy. AI technology continues to reshape industry landscapes, upward pressure on supply-chain costs is expected to intensify, and the manufacturing sector will still face formidable challenges. The Group will continue to pursue technology innovation as the core driver of development, persistently optimize production capacity and industrial chain layout, and enhance product competitiveness and cost advantages. We will further deepen our strategic partnerships with TCL CSOT and brand customers, actively seize opportunities in niche market, and improve operational efficiency through lean management to respond effectively to market fluctuations, consolidate and expand our market share.

Finally, I would like to express my sincerest gratitude to all shareholders, business partners, customers, and employees. We firmly believe that with a clear strategy, solid foundation of cooperation, and the dedicated efforts of our entire staff, the Group will be able to seize opportunities amid challenges, achieve sustainable, high-quality development, and create long-term, stable returns to our shareholders.

Chairman
LIAO Qian
Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2025, the global consumer electronics industry experienced a slow recovery amid a complex economic environment. In the smartphone market, according to a report from market research institution Omdia ("Omdia"), driven by strong sales of high-end models and consumers replacing devices earlier in anticipation of potential price increases, the global consumer electronics market overcame challenges from storage chip shortages and achieved shipment growth. Global smartphone shipments reached 1,246 million units in 2025, representing a year-on-year increase of 2%. In particular, global smartphone shipments in the fourth quarter increased by 4% year-on-year to 340 million units. However, the Chinese mainland smartphone market showed signs of faltering growth, affected by cost pressures and the weakening subsidy effect of the national "trade-in" consumption policy. Smartphone shipments in the Chinese mainland market reached approximately 282 million units in 2025, representing a year-on-year decrease of 1%. In the tablets market, according to a report from Omdia, boosted by seasonal holiday demand and suppliers' advance production in response to anticipated memory supply shortage, global tablet shipments in 2025 increased 9.8% year-on-year to 162 million units.

The panel industry also demonstrated a steady recovery trend. According to the research from CINNO Research, demand for smartphone panels from most brand customers remained stable, with overall demand and pricing for amorphous silicon liquid crystal display ("a-Si LCD") panels remaining steady. Data from Sigmaintell showed that global smartphone panel shipments in 2025 reached 2,310 million pieces, representing a year-on-year increase of approximately 3.4%. Among them, shipments of a-Si LCD smartphone panels reached about 1,330 million units, representing a year-on-year increase of 10.2%. This highlighted their strong resilience, driven by significant cost advantages, even amid global economic uncertainty. In the tablet panel segment, global shipments in 2025 reached 298 million units, representing a year-on-year growth of 13.9%. Stimulated by the expansion of application scenarios and the national subsidy policy, the market achieved consecutive quarter-on-quarter growth in the first two quarters of 2025, while the trend gradually stabilized in the second half of 2025.

BUSINESS REVIEW

During the year ended 31 December 2025 (the "Review Period"), the Group continued to deepen its collaboration with TCL China Star Optoelectronics Technology Co., Ltd. ("TCL CSOT"). By integrating with TCL CSOT's t9 liquid crystal panel production line ("t9 Production Line"), which focuses on the small to medium-sized and professional display markets, the Group has established an integrated panel and module business model. This model provides customized products and solutions for multiple first-tier brand customers.



Integrated fully automatic inline production lines

During the Review Period, the Group's business achieved rapid growth driven by its product diversification strategy and stable order growth from brand customers. Total sales volume reached 89.1 million units, representing a year-on-year increase of 80.6%, which significantly boosted up the overall revenue by 69.8%, reaching RMB7,725.4 million. To strengthen long-term collaboration with customers and enhance customer loyalty, the Group actively implemented a customized product strategy, enabling more flexible and rapid responses to market demands and changes. However, due to the execution of this strategy and intensified market competition, coupled with changes in the product mix of commercial display products to smaller sizes and standard resolution products, the Group's average selling price of sales products declined by 7.0% year-on-year to RMB90.5 per unit.

During the Review Period, the Group's mobile phone modules sales increased by 72.3% year-on-year to 63.1 million units, with related revenue reaching RMB2,998.8 million. Sales of tablet modules grew by 167.2% year-on-year to 13.8 million units, generating related revenue of RMB2,353.6 million. Sales of commercial display products surged by over 4 times year-on-year to 6.0 million units, with related revenue amounting to RMB1,769.5 million.

During the Review Period, the Group expanded its portfolio of brand clients through strategic collaborations, driving rapid growth in core operations and achieving economies of scale that led to a significant reduction in unit production costs. As a result, the Group recorded a gross profit of RMB375.3 million, with a gross profit margin of 4.9%, representing a year-on-year increase of 0.6 percentage point. The Group's profit attributable to owners of the parent amounted to RMB139.4 million, representing a year-on-year increase of 111.3%.

- **Sales volume by product segment and their respective year-on-year comparisons**

	For the year ended 31 December				
	2025		2024		Change
	'000 units	**%**	'000 units	%	
Sales of Products					
Mobile Phone Modules	**63,051.1**	**70.8%**	36,598.9	74.2%	+72.3%
Tablet Modules	**13,841.3**	**15.5%**	5,180.9	10.5%	+167.2%
Commercial Display Products	**5,985.3**	**6.7%**	1,196.2	2.4%	+400.4%
Parts and Others	**1,780.1**	**2.0%**	3,304.7	6.7%	-46.1%
Other Services	**4,473.0**	**5.0%**	3,061.6	6.2%	+46.1%
Total	**89,130.8**	**100.0%**	49,342.3	100.0%	+80.6%

- **Revenue by product segment and their respective year-on-year comparisons**

	For the year ended 31 December				
	2025		2024		Change
	RMB million	**%**	RMB million	%	
Sales of Products					
Mobile Phone Modules	**2,998.8**	**38.8%**	1,855.1	40.8%	+61.7%
Tablet Modules	**2,353.6**	**30.5%**	925.9	20.4%	+154.2%
Commercial Display Products	**1,769.5**	**22.9%**	1,012.2	22.2%	+74.8%
Parts and Others	**540.6**	**7.0%**	712.0	15.6%	-24.1%
Other Services	**62.9**	**0.8%**	44.2	1.0%	+42.1%
Total	**7,725.4**	**100.0%**	4,549.4	100.0%	+69.8%

- **Revenue by geographical segment and their respective year-on-year comparisons**

	For the year ended 31 December				
	2025		2024		Change
	RMB million	**%**	RMB million	%	
Chinese Mainland	**6,194.6**	**80.2%**	4,285.6	94.20%	+44.5%
Hong Kong	**1,530.8**	**19.8%**	263.6	5.79%	+480.7%
Other	**–**	**–**	0.2	0.01%	N.A.
Total	**7,725.4**	**100.0%**	4,549.4	100.0%	+69.8%

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Looking ahead to 2026, the risks of geopolitical conflict persist. However, the macroeconomic environment is expected to maintain a low-speed growth trajectory, driven by the combined effects of the robust development of artificial intelligence technology, accommodative monetary and fiscal policies, and easing trade tensions. The global consumer electronics industry continues to grapple with rising costs due to the ongoing shortage of memory chips. Against this backdrop, the panel industry is likely to encounter challenges from contraction of downstream procurement plans and an overall weakening demand for smart device panels. The national subsidy policy is expected to continue in 2026, but its stimulus effect on market growth is likely to be diminished. International Data Corporation forecasts that smartphone shipments in the Chinese mainland market are likely to experience a relatively noticeable decline which will in turn exert increasing pressure on panel demand.

In response to the structural market changes, the Group will fully leverage the integrated panel-module advantage established with TCL CSOT's t9 production line. The Group will strictly control costs, diversify its product and customer portfolio, continuously strengthen operational resilience, and enhance its relative competitiveness. Orders for mobile phone modules and tablet modules from brand customers will remain the core driver of the Group's growth. As consumers increasingly prioritize screen experience and multifunctional applications and benefiting from the rapid development of artificial intelligence, medium-sized display modules are expected to achieve steady growth. Meanwhile, driven by the strong momentum of digital education transformation and intelligentization, the educational learning tablet market is poised to sustain robust growth.

Looking ahead, the Group maintains a cautiously optimistic outlook on market developments. We will remain committed to optimizing production capacity and supply chain layout, while continuously enhancing product competitiveness through technological innovation and process upgrades to meet the growth demands of different market segments. At the same time, we are dedicated to deepening collaborations with strategic customers, consolidating growth momentum, and strengthening and expanding our market share among brand clients. Through lean management and operational efficiency, we will strictly control costs to accelerate both sales and profit growth, thereby creating sustainable long-term value for the Group and its shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group's principal financial instruments comprise cash and cash equivalents, short-term deposits and time deposits. The main objective for the use of these financial instruments is to maintain continuity of funding and flexibility at the lowest cost possible.

The Group's cash and cash equivalents balance as at 31 December 2025 amounted to RMB33.3 million, of which 1.6% was denominated in US dollar and 98.4% was denominated in RMB. The Group's treasury deposits balance as at 31 December 2025 amounted to RMB1,045.6 million, such deposits were placed with TCL Technology Group Corporation ("TCL Technology") and its subsidiaries pursuant to the Master Financial Services (2023-2025) Agreement dated 31 October 2022 entered into among the Company, TCL Technology and TCL Technology Finance Co., Ltd.* (TCL科技集團財務有限公司，"Finance Company")(as amended and supplemented by the supplemental agreement ("Supplemental Agreement") to the Master Financial Services (2023-2025) Agreement dated 27 October 2023 entered into among the Company, TCL Technology and the Finance Company).

As at 31 December 2025, the Group had no interest-bearing bank loans.

As at 31 December 2025, total equity attributable to owners of the parent was RMB1,223.9 million (31 December 2024: RMB1,070.6 million), and the gearing ratio was nil (31 December 2024: nil). The gearing ratio is calculated based on the Group's total interest-bearing loans (including bank and other borrowings) divided by its total assets.

Pledge of Assets

As at 31 December 2025, no asset of the Group was pledged (31 December 2024: Nil).

Capital Commitments and Contingent Liabilities

	31 December 2025 RMB'000	31 December 2024 RMB'000
Contracted, but not provided for:		
Plant and machinery	**36,797**	53,318

As at 31 December 2025, the Group had no significant contingent liabilities (31 December 2024: Nil).

Pending Litigation

The Group had not been involved in any material litigation for the year ended 31 December 2025.

Foreign Exchange Risk

The Group's business and operations is facing the international market, thus it is inevitable for the Group to be exposed to the risks arising from foreign exchange transactions and conversion.

The Group is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. The Group also used forward currency contracts to reduce the foreign currency exposures. In addition, pursuant to the principle of prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions during the Review Period.

Significant Investments Held

There was no significant investment held by the Group as at 31 December 2025.

Material Acquisitions and Disposals

The Group did not undertake any material acquisition or disposal of subsidiaries, associates or joint ventures during the Review Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2025, the Group did not have any concrete plans for material investments or capital assets for the year ending 31 December 2026.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 4,009 employees. During the Review Period, the total staff costs amounted to RMB418.9 million. The Group aims to provide employees with reasonable, legal and competitive compensation, and welfare by offering remuneration packages which are regularly updated based on local gross domestic product (GDP) growth and the latest laws and regulations. Training and development programmes are also provided on an on-going basis to employees of the Group. During the Review Period, the Company has also reviewed the remuneration policy with reference to the existing legislations, market conditions, as well as the performances of employees and the Company. In order to align the interests of staff with those of shareholders, the Company may grant share options and share awards to relevant grantees, including employees of the Group, under the Company's share option scheme and share award scheme respectively.

ENVIRONMENTAL POLICY AND COMPLIANCE

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

The Group is committed to create an environmental friendly workplace. To promote environmental awareness among employees, new staff shall attend induction training on energy saving. During the Review Period, the Group improved its management efficiency and implemented various energy saving measures, which effectively reduced the use of resources and further created a safe and healthy workplace and living environment for its staff.

The Group continues to optimise its strategy to shoulder its corporate environmental, social and ethical responsibility and improve corporate governance, in an effort to create greater value for all of the Group's stakeholders including shareholders, customers and employees as well as the communities where it operates.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2025 prepared in accordance with Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") will be published separately pursuant to the requirements under Appendix C2 to the Listing Rules.

CUSTOMERS AND SUPPLIERS

The Group recognises that maintaining good and stable relationship with customers and business partners is the key for the sustainable development of the Group. Therefore, the Group keeps good partnership with its major customers and suppliers. During the Review Period, the Group's largest customer and the top five largest customers contributed approximately 23% and 77% (for the year ended 31 December 2024: 19% and 72%) of the revenue of the Group, respectively. Those customers have business relationship with the Group ranging from 2 to 11 years. The Group's largest supplier and the top five largest suppliers accounted for approximately 24% and 55% (for the year ended 31 December 2024: 35% and 53%) of the purchases made by the Group, respectively. Those suppliers have been cooperating with the Group ranging from 1 to 17 years.

Major customers

The Group's major customers are all from the consumer mobile device industry, including a number of world-renowned brands. As the mobile device industry is characterised by its cycles of integration and emergence of new brands, any loss 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 has adopted the following strategies to reduce the risk of over-reliance on a single customer. Firstly, the Group has strengthened the relationship with its existing customers, one of them being a subsidiary of TCL Industries Holdings Company Limited* (TCL實業控股股份有限公司), which has established a solid partnership with the Group over the years. The other major customers have also maintained long-term cooperation with the Group, keeping the number of orders at a relatively stable level. Secondly, the Group endeavours to expand its business horizontally and attract new customers in different markets by developing a diverse range of product categories.

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period generally ranges from 30 to 90 days, depending on the size and credibility of the customers. Each customer has its own specific credit limit. The Group also maintains credit insurance for trade receivables from customers.

Suppliers

There are numerous suppliers providing materials required for the Group's production and other business operations. However, for certain materials with specified feature or specification, the Group can only rely on a limited number of suppliers. If the suppliers fail to timely deliver adequate production materials, the Group's production process may be disrupted. Since the commencement of production of the display panel production line "t9" of TCL CSOT, a member of TCL Technology Group, in September 2022, the Group has benefited from a stable supply of materials from TCL CSOT. In addition, the Group periodically reviews the market environment and new trends, and adopts multiple sourcing policy and strategic inventory management to ensure sufficient supply of materials for production.

DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. LIAO Qian

aged 45, was appointed as a non-executive director and the chairman of the Company, and also the chairman of the nomination committee ("Nomination Committee") and a member of the remuneration committee ("Remuneration Committee") of the Company on 1 January 2017. Mr. Liao is currently an executive director, the senior vice president and the secretary of the board of directors of TCL Technology Group Corporation ("TCL Technology"). Mr. Liao possesses a master degree qualification and he also holds a Chinese legal professional qualification certificate. Mr. Liao obtained the degree of bachelor of economics from Fuzhou University in 2002. He further obtained the master degree of laws from Yunnan University in 2006. Mr. Liao joined TCL Technology in March 2014, and was appointed as a non-independent director of TCL Zhonghuan Renewable Energy Technology Co., Limited (stock code: 002129.SZ) in October 2020 and the chairman of Tonly Technology Co., Ltd. in November 2021 and Highly Information Industry Co., Ltd (stock code: 835281.OC) * (翰林匯信息產業有限公司) in September 2023 respectively. Mr. Liao was appointed as the director and the vice-chairman of Tianjin 712 Communication and Broadcasting Co., Limited (stock code: 603712.SH) from June 2019 to May 2024.

EXECUTIVE DIRECTORS

Mr. ZHANG Feng

aged 46, was appointed as the Chief Executive Officer ("CEO") and executive director of the Company in July 2025, and also a member of Remuneration Committee and Nomination Committee. Mr. Zhang joined TCL CSOT in April 2010 and he is currently the senior vice president of TCL CSOT. Mr. Zhang held various positions in the Group, namely an executive director of the Company from March 2021 to June 2023, the legal representative and the chairman of China Display Optoelectronics Technology (Huizhou) Company Limited* (華顯光電技術(惠州)有限公司, an indirect wholly-owned subsidiary of the Company, hereinafter "CDOT Huizhou") from September 2020 to May 2024, he is also a director of various other subsidiaries of the Company. Mr. Zhang graduated from Beijing University of Chemical Technology with a bachelor degree in material science & engineering and a master's degree in material science. He obtained an executive master of business administration degree from China Europe International Business School in 2019. From July 2003 to April 2010, Mr. Zhang successively held various engineering or technology-related positions in Shanghai Guangdian NEC Liquid-Crystal Display Limited* (上海廣電NEC液晶顯示器有限公司) and Shanghai Avic Optoelectronics Co., Ltd.* (上海中航光電子有限公司) respectively.

Mr. XI Wenbo

aged 47, was appointed as an executive director and the financial director of the Company in June 2023 and is also a director of various other subsidiaries of the Company. Mr. XI graduated from Jiangxi University of Finance and Economics with a master's degree in accounting. Mr. XI held various positions in TCL Technology, including cost accountant, general ledger manager, senior finance manager and head of finance & operation department since he joined TCL Technology and its subsidiaries (together "TCL Technology Group") in February 2005. Since November 2022, he has become the vice president and chief director of financial centre of TCL CSOT.

Mr. ZHANG Caili

aged 43, was appointed as an executive director of the Company in August 2025. Mr. Zhang, formerly known as ZHANG Caijun, graduated from Xi'an Jiaotong University with a bachelor's degree in applied physics. Mr. Zhang joined TCL CSOT in 2010 and held various positions including plant manager of TCL CSOT's t6 and t7 panel production plant and mass production integration plant, deputy general manager of the manufacturing centre and general manager of the Shenzhen-Huizhou base during November 2019 to December 2024. Mr. Zhang is currently the vice president and general manager of the manufacturing centre of TCL CSOT.

Mr. HAI Hong

aged 42, was appointed as an executive director of the Company in November 2025. He was also appointed as the general manager of CDOT Huizhou in October 2025 and became the legal representative of CDOT Huizhou from December 2025. Mr. Hai joined TCL CSOT in 2011 and successively held various positions, i.e. deputy plant manager and plant manager of the m9 module production plant. Mr. Hai holds a bachelor's degree from Xiangtan University in material formation and control engineering. From 2005 to 2011, Mr. Hai held engineering-related positions at Innolux Corporation.

Mr. OUYANG Hongping (resigned on 4 July 2025)

aged 49, was appointed as an executive director of the Company from June 2015 to July 2025, and also a member of Remuneration Committee and Nomination Committee. Mr. Ouyang was re-designated from the position of Chief Operating Officer of the Company ("COO") to CEO in March 2019, and resigned in December 2024. Mr. Ouyang joined TCL Technology Group in 2004. From August 2004 to December 2008, he was the chief engineer of CDOT Huizhou, responsible for supervising engineering related matters, including production planning and management. Since January 2009, he has also been the deputy general manager of CDOT Huizhou, and was appointed as a director and the general manager of CDOT Huizhou in September 2016. Mr. Ouyang subsequently was appointed as a vice president and a senior vice president of TCL CSOT in December 2021 and from November 2022 to December 2024 respectively. Mr. Ouyang was appointed as COO of TCL Zhonghuan Renewable Energy Technology Co., Limited (stock code: 002129.SZ) in December 2024. Mr. Ouyang graduated from the University of Nanchang in July 1999 with a Bachelor's degree in industrial automation.

Mr. WEN Xianzhen (resigned on 6 August 2025)

aged 53, was appointed as an executive director of the Company from March 2018 to August 2025. Mr. Wen was appointed as the deputy general manager of CDOT Huizhou in April 2022 and resigned in August 2025. Mr. Wen was appointed as the finance director of the Company and CDOT Huizhou from November 2017 to June 2023. Mr. Wen joined TCL Technology Group in 2004 and has over 20 years of experience in the field of accounting and finance. He held the position of finance manager of Huizhou Shenghua Industrial Co. Ltd.* (惠州市昇華工業有限公司, a subsidiary of TCL Technology) from September 2004 to February 2008. Mr. Wen was appointed as the finance director of Huizhou TCL King High Frequency Electronics Co. Ltd.* (惠州TCL王牌高頻電子有限公司) from March 2008 to June 2010. From July 2010 to April 2012, he held the positions of deputy general manager and finance director of TCL Air-Conditioner (Zhongshan) Co., Ltd.* (TCL空調器(中山)有限公司) and was responsible for finance management and analysis. From April 2012 to October 2017, he held the positions of deputy general manager and finance director of Huizhou TCL Environmental Resource Co., Ltd.* (惠州TCL環保資源有限公司), then he was appointed as the finance director, deputy general manager and general manager of Huizhou TCL Environment Technology Co., Ltd.* (惠州TCL環境科技有限公司). Mr. Wen graduated with a Bachelor of Accounting from Central South Institute of Technology* (中南工學院) (now merged into University of South China* (南華大學)) in June 1997 and currently is a certified public accountant of the Chinese Institute of Certified Public Accountants and a Hong Kong certified financial planner.

Mr. WANG Xinfu (resigned on 17 October 2025)

aged 51, was appointed as an executive director of the Company and general manager of CDOT Huizhou from August 2024 to October 2025, and resigned in October 2025. Mr. Wang joined the Group and TCL Technology Group in March 2004. Since March 2004, Mr. Wang has held the positions of engineer and the head of facility section in CDOT Huizhou, in charge of the engineering and facility section. Since August 2008, he has successively held various positions in CDOT Huizhou, including the head of production department, manufacturing director, the person in charge of the delivery centre, general manager and the legal representative. In 2016, Mr. Wang received the Award of Outstanding Leader of HZZK Hi-tech Industrial Development Zone* (惠州仲愷高新技術開發區凱旋人才領軍人物獎). Mr. Wang graduated from Changchun University of Technology in July 1999, with a Bachelor's degree in engineering.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. HSU Wai Man, Helen

aged 56, was appointed as an independent non-executive director and the chairperson of the audit committee of the Company ("Audit Committee"), and also a member of the Remuneration Committee and the Nomination Committee in June 2015. Ms. Hsu has over 20 years' experience in accounting. Ms. Hsu graduated from The Chinese University of Hong Kong with a Bachelor's degree in business administration. Ms. Hsu had worked with Ernst & Young for 18 years and was a partner before she retired from the firm in February 2011. Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Ms. Hsu is currently an independent non-executive director of the following companies whose shares are listed on the Stock Exchange: Beijing Gas Blue Sky Holdings Limited (Stock code: 6828.HK) since July 2020, Perfect Optronics Limited (Stock code: 8311.HK) since September 2020, Perfect Medical Health Management Limited (stock code: 1830.HK) since December 2011, Richly Field China Development Limited (stock code: 313.HK) since November 2013 and Guolian Minsheng Securities Company Limited (stock code: 1456.HK and 601456.SH) since August 2025.

Mr. XU Yan

aged 62, was appointed as an independent non-executive director and the chairman of the Remuneration Committee, and also a member of the Audit Committee and the Nomination Committee in June 2015. Mr. Xu has been an associate professor and professor successively of the Department of Information Systems, Business Statistics and Operations Management of the Hong Kong University of Science and Technology since 2004. Mr. Xu has been appointed as the Associate Director of the Center for Business Strategy and Innovation of HKUST since 2010. Mr. Xu has also been the Associate Dean of the School of Business of the Hong Kong University of Science and Technology for the programs of EMBA for Chinese Executives, Executive Education, and China Strategy from 2011 to 2023. Mr. Xu has rich experience in management of technology innovation as well as research in telecommunication regulations and policies. He is currently a member of the board of directors of the International Telecommunications Society, and was appointed by the Chief Executive as a member of the Communications Authority of Hong Kong from 2017 to 2019. He has been appointed as member of the Unsolicited Electronic Messages (Enforcement Notices) Appeal Board since December 2022, also by the Chief Executive of Hong Kong. Mr. Xu graduated from Beijing Institute of Posts and Telecommunications* (北京郵電學院), now known as Beijing University of Posts and Telecommunications, in July 1984 with a Bachelor's degree in telecom engineering. He obtained a Master's degree in telecom management from Beijing University of Posts and Telecom in April 1987 and a Doctor of Philosophy degree in research in telecommunications policy in the Department of Human Resource Management from Strathclyde University, the United Kingdom, in July 1997. Mr. Xu was appointed as an independent non-executive director of Akeso, Inc. (stock code: 9926.HK) in April 2020 and Suzhou UIGreen Micro&Nano Technologies Co., Ltd. (stock code: 688661.SH) in September 2025 respectively.

Mr. LI Yang

aged 57, was appointed as an independent non-executive director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee in June 2015. Mr. Li obtained a PRC lawyer qualification in 1998 and was admitted as a practicing lawyer in 2002. He was a professor and doctoral tutor of the School of Law, Sun Yat-sen University from January 2016 to December 2020, and has served as professor and doctoral tutor of The Civil, Commercial and Economic Law School, China University of Political Science and Law* (中國政法大學民商經濟法學院) since January 2021. Mr. Li graduated from the Zhongnan Institution of Political Science and Law* (中南政法學院) (now known as Zhongnan University of Economics and Law) in 1990 with a Bachelor's degree in law. He received his Master's degree and Doctorate degree in law from the Peking University Law School in 1996 and 2003 respectively and finished the post-doctoral research fellowship in Wuhan University in 2006. Mr. Li was an independent director of 37 Interactive Entertainment Network Technology Group Co., Ltd, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002555.SZ), from December 2019 to July 2025. Mr. Li has rich experience in intellectual property law (including patent, trademark, copyright, anti-unfair competition and antitrust), intellectual property management, and intellectual property personnel training. Mr. Li is currently an academic committee member of China Intellectual Property Law Association, a special advisor to the Supreme People's Court and a hearing officer of the Supreme People's Procuratorate.

Ms. YANG Qiulin

aged 61, was appointed as an independent non-executive director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee in May 2024. Ms. Yang is a level-2 professor at the University of South China and a registered Certified Public Accountant in the People's Republic of China (the "PRC") (non-practicing membership). After graduating from Hunan University with a Bachelor's degree in accounting in 1987, she joined the University of South China and has since then held various teaching and administrative positions, including lecturer, deputy professor, professor of the School of Economics, Management and Law, deputy head of the Finance Department, deputy head and head of the Audit Department and head of the Bidding Management Centre. Ms. YANG stepped down from all administrative positions at the University of South China in September 2017 and focused on her teaching positions and retired in July 2025. Since 2010, Ms. YANG Qiulin has subsequently become a member of the Professional Environmental Committee of the Accounting Society of China*（中國會計學會環境專業委員會）, an executive member of each of the Accounting Society of Hunan Province*（湖南省會計學會）and Audit Society of Hunan Province*（湖南省審計學會）and deputy head of the Accounting Society of Hengyang City*（衡陽市會計學會）. Ms. Yang is currently an independent director of the following companies: Hunan Jiudian Pharmaceutical Co., Ltd. (stock code: 300705.SZ, since January 2024) and Tangel Culture Co., Ltd. (stock code: 300148.SZ, since December 2025). Ms. Yang was an independent director of the following companies: Hunan Airbluer Environmental Protection Technology Co., Ltd. (stock code: 301259.SZ) from November 2020 to November 2023, AVE Science and Technology Co. Ltd. (stock code: 688067.SH) from April 2020 to October 2024 and Hunan Lead Power Technology Group Co., Ltd. (stock code: 300530.SZ) from January 2022 to May 2025.

SENIOR MANAGEMENT

Mr. ZHANG Hongjun

aged 50, is the marketing director of the Company. He graduated from Inner Mongolia Agriculture and Animal Husbandry College*（內蒙古農牧學院）(currently known as Inner Mongolia Agricultural University*（內蒙古農業大學）) with his Bachelor's degree in 1996. He has more than 20 years' experience in sales. Mr. Zhang worked as business director at Pudong company of Shanghai Volkswagen Motor Sales Co., Ltd. in 1996. He joined TCL Technology Group in 1998 and successively held several positions of Inner Mongolia TCL Electrical Appliance Sales Co., Ltd. *（內蒙古TCL電器銷售有限公司）, i. e. business manager, general manager of branch AV business center, assistant to the general manager of the branch, manager of Hohhot business department. He served as manager of Hengshui business department and manager of Baoding business department of Shijiazhuang TCL Electrical Appliance Sales Co., Ltd.*（石家莊TCL電器銷售有限公司）in 2000 and 2003 respectively, and served as general manager of Harbin TCL Electrical Appliance Sales Co., Ltd.*（哈爾濱TCL電器銷售有限公司）in 2004. Mr. Zhang served as general manager of Inner Mongolia Hongsheng Agriculture and Animal Husbandry Co. Ltd.*（內蒙古宏晟農牧業有限公司）from 2007 to 2010, and marketing director of CDOT Huizhou from 2010 to 2017. Since 2017, he has been the marketing director of the Company.

COMPANY SECRETARY

Ms. CHEUNG Bo Man

aged 37, was appointed as the Company Secretary of the Company on 25 April 2017. She is a practising lawyer in Hong Kong and a partner of Ronald Tong & Co, Hong Kong. Ms. Cheung graduated from the University of Hong Kong with the Bachelor of Business Administration (Law) and Bachelor of Laws in 2009 and 2011 respectively and obtained a Postgraduate Certificate in Laws from the University of Hong Kong in 2012.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The board ("Board") of directors ("Directors") of the Company aims to achieve a high standard of corporate governance and business ethics in pursuing its mission of becoming the leader in the LCD module industry. The Group's ultimate goal is to maximise values for its shareholders ("Shareholders") and customers, and to provide opportunities for employees.

The Company has adopted a corporate governance code prepared based on the code provisions (the "Code Provisions") of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules from time to time as the guidelines for corporate governance of the Company, and has taken steps to comply with and apply the Code Provisions and principles of good corporate governance under the CG Code wherever appropriate.

CORPORATE VALUES, CULTURE AND STRATEGY

Building a Sustainable & Connected Future with Advanced Technology

The Board has established the Company's purpose, values and strategy, and has satisfied itself that the Company's culture is aligned. The Company's mission is to build a sustainable and connected future with advanced technology, and its culture is moulded by our values.

All Directors must act with integrity, lead by example, and promote the desired culture of acting lawfully, ethically and responsibly.

Our values:

Change	–	Adaptive to change, embrace challenges and ready to make breakthrough
Innovation	–	Be bold, creative and take smart risks
Accountability	–	Act with sincerity and proactivity, inspire others with your passion
Excellence	–	Strive for excellence, do the right thing even it's a tough decision

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2025, the Company has complied with the Code Provisions as set out in the CG Code except for the following deviation:

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

The company secretary of the Company, Ms. CHEUNG Bo Man ("Ms. CHEUNG"), being a practising solicitor in Hong Kong and a partner of the Company's legal advisor, is not an employee of the Company.

During the year ended 31 December 2025, the Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations Department of the Company as the contact person with Ms. CHEUNG to ensure that information in relation to the performance, financial position and other major developments of the Group are speedily delivered to Ms. CHEUNG through the contact person assigned, to enable the company secretary to get hold of the Group's development promptly without material delay. With her expertise and experience, the Company is confident that having Ms. CHEUNG as its company secretary is beneficial to the Group's compliance with the relevant Board procedures, applicable laws, rules and regulations.

Save as disclosed above, none of the Directors is aware of any information which would reasonably indicate that the Company had not, throughout the year ended 31 December 2025, fully complied with the Code Provisions.

COMPLIANCE WITH DEED OF NON-COMPETITION

The Company has received the confirmations ("Confirmations") signed by TCL Technology and TCL CSOT confirming that for the year ended 31 December 2025 and up to the date of signing the Confirmations (both days inclusive), save for holding direct or indirect interest in the Company, each of them has fully complied with the deed of non-competitions dated 17 April 2015 (the "Deed of Non-Competition") executed by TCL Technology and T.C.L. Industries Holdings (H.K.) Limited ("TCL Industries") in favour of the Company (as supplemented and amended by the first deed of variation dated 25 May 2021 ("First Deed of Variation") entered into among TCL Technology, TCL Industries, TCL CSOT and the Company).

The independent non-executive Directors have reviewed the Confirmations and all of them are satisfied that the Deed of Non-Competition (as supplemented and amended by the First Deed of Variation) have been complied with during the year ended 31 December 2025.

DIRECTORS

The Board

The Board, led by the chairman, steers the Company's business direction. It is responsible for maintaining good corporate governance, formulating the Company's long-term strategies, setting business development goals, assessing results of management policies, establishing and shaping the corporate culture, 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 a majority of the Directors in person or through other electronic means of communication.

During the year ended 31 December 2025, as part of its corporate governance function, the Board has performed the following:

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

Board Composition

There are currently 9 Directors as at the date of this report, all with professional backgrounds and/or extensive expertise for the direction and oversight of the Group's strategic priorities. During the year ended 31 December 2025 and as at the date of this report, the Board comprises the following Directors:

Non-Executive Director

Mr. LIAO Qian (Chairman)

Executive Directors

Mr. OUYANG Hongping (resigned on 4 July 2025)
Mr. WEN Xianzhen (resigned on 6 August 2025)
Mr. XI Wenbo
Mr. WANG Xinfu (resigned on 17 October 2025)
Mr. ZHANG Feng (Chief Executive Officer) (appointed on 4 July 2025)
Mr. ZHANG Caili (appointed on 6 August 2025)
Mr. HAI Hong (appointed on 28 November 2025)

Independent Non-Executive Directors

Ms. HSU Wai Man, Helen
Mr. LI Yang
Mr. XU Yan
Ms. YANG Qiulin

An updated list of the Company's Directors specifying each of their role and function is at all times available on the websites of the Company and the Stock Exchange.

On 3 July 2025, 4 August 2025 and 18 November 2025, each of Mr. ZHANG Feng, Mr. ZHANG Caili and Mr. HAI Hong have respectively (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 Stock Exchange; and (ii) confirmed he understood his obligations as a 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 appear in the section "Directors and Senior Management" of this annual report on pages 12 to 15.

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

Number of meetings attended/eligible to attend during the year ended 31 December 2025

During the year ended 31 December 2025, the Board held 4 regular meetings and 7 additional meetings. The Company held 3 general meetings during the year ended 31 December 2025.

Attendance of individual Directors at the Board meetings and general meetings in 2025 is as follows:

	Regular Board Meetings	Additional Board Meetings concerning Special Matters requiring the Board's Decisions	General Meetings
Non-Executive Director			
Mr. LIAO Qian (Chairman)	4/4	6/7	3/3
Executive Directors			
Mr. OUYANG Hongping (resigned on 4 July 2025)	2/2	3/3	1/1
Mr. WEN Xianzhen (resigned on 6 August 2025)	2/2	4/4	1/1
Mr. XI Wenbo	4/4	7/7	3/3
Mr. WANG Xinfu (resigned on 17 October 2025)	3/4	5/5	2/2
Mr. ZHANG Feng (Chief Executive Officer) (appointed on 4 July 2025)	2/2	4/4	2/2
Mr. ZHANG Caili (appointed on 6 August 2025)	2/2	3/3	2/2
Mr. HAI Hong (appointed on 28 November 2025)	N/A	1/1	1/1
Independent Non-Executive Directors			
Ms. HSU Wai Man, Helen	4/4	7/7	3/3
Mr. LI Yang	4/4	7/7	3/3
Mr. XU Yan	4/4	7/7	3/3
Ms. YANG Qiulin	4/4	7/7	3/3

Notice of regular Board meetings are served to all Directors at least 14 days before the meeting while reasonable notice is generally given for other Board meetings.

Agenda and Board papers together with all appropriate, complete and reliable information are sent to all Directors in a timely manner, and at least 3 days before the intended date of each Board or Board committee meeting, except agreed otherwise among the Board members, to ensure that they had sufficient time to review the board papers, be adequately prepared for the meeting, to keep the Directors apprised of the latest developments and financial position of the Group and to enable them to include additional 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 regular Board and Board committees meeting schedules for the year 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 and each Director, upon reasonable request, have access to independent professional advice at the Company's expense to assist them in performing their duties to the Company.

Minutes of all Board meetings and meetings of the Audit Committee, Remuneration Committee and Nomination Committee are kept by the company secretary of the Company. All of the above minutes record the discussions and decisions reached as well as the concern raised by Directors or dissenting views expressed by the relevant members in sufficient details. 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 a reasonable time after each meeting and the final version of the minutes is sent to all relevant Directors or committee members for their record.

According to the current Board practice, any transaction involving a conflict of interests between a substantial shareholder or a Director on the one part and the Company on the other part, 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. A Director shall abstain from voting and not be counted in the quorum at meetings for approving transactions in which such Director or any of their associates have a material interest.

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

Chairman and the Chief Executive Officer

After the resignation of Mr. OUYANG Hongping as the Chief Executive Officer ("CEO") on 27 December 2024 and prior to the appointment of Mr. ZHANG Feng as the CEO on 4 July 2025, the duties of the CEO had been undertaken by all executive Directors and the senior management of the Company collectively.

Thereafter, given the position of Chairman was held by Mr. LIAO Qian while the position of CEO was held by Mr. ZHANG Feng, clear division of responsibilities between the Chairman and the CEO (being the chief executive of the Company) is in place to ensure a balance of power and authority.

This ensures a clear distinction between the Chairman's duty to manage the Board and the CEO's duty to oversee the overall internal operation of the Company.

Non-Executive Directors

The Company currently has one non-executive Director, namely Mr. LIAO Qian, and four independent non-executive Directors, namely Ms. HSU Wai Man, Helen, Mr. XU Yan, Mr. LI Yang and Ms. YANG Qiulin. Ms. HSU Wai Man, Helen, Mr. LI Yang and Ms. YANG Qiulin were last re-elected as independent non-executive Directors at the annual general meeting of the Company ("AGM") in 2025 with no specific term, whilst Mr. LIAO Qian and Mr. XU Yan were last re-elected as a non-executive Director and an independent non-executive Director respectively at the AGM in 2024 with no specific term. All non-executive Directors (including independent non-executive Directors) are subject to retirement from office by rotation at least once every three years in accordance with Code Provision B.2.2 of the CG Code and bye-law 84 of the bye-laws of the Company ("Bye-Laws").

Independent Non-Executive Directors

The independent non-executive Directors play an important role on the Board. Accounting for more than one-third of the Board members, 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 interest of Shareholders and the Group as a whole. During the year ended 31 December 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 with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise.

Each independent non-executive Director has provided the Company a written confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed the independence of each independent non-executive Director based on the independence criteria set forth in the Listing Rules by reviewing any potential conflicts of interest that he/she and their immediate family members may have, and considers all of the independent non-executive Directors to be independent.

As at the date of this Report, each of Ms. HSU Wai Man, Helen, Mr. XU Yan and Mr. LI Yang has served the Board for more than 9 years. Pursuant to Code Provision B.2.3 of the CG Code, the further appointment of an independent non-executive Director who has served a listed issuer for more than nine years should be subject to a separate resolution to be approved by Shareholders.

Appointments, re-election and removal of members of the Board

The appointment or re-appointment of Director are first considered by the Nomination Committee with reference to the policies adopted by the Company from time to time to ensure candidates of high calibre and with the capacity and ability to lead the Company towards achieving sustainable development are appointed.

Under bye-law 84 of the Bye-Laws, at each annual AGM, one-third of the Directors for the time being shall retire from office by rotation and every Director shall be subject to retirement by rotation at least once every 3 years while those retiring Directors shall be eligible for re-election.

In particular, the Nomination Committee has reviewed the independence of Mr. XU Yan based on the independence criteria as set out in Rule 3.13 of the Listing Rules and is satisfied that Mr. XU Yan remained independent. The Nomination Committee also evaluated his performance and considers that he has provided valuable contributions and devoted sufficient time to the Company and has demonstrated his abilities to provide independent, balanced and objective view to the Company's affairs. The Nomination Committee is of the opinion that the re-election of Mr. XU Yan would be in the interests of the Company and the Shareholders as a whole. The Board, with the recommendation of the Nomination Committee, has recommended the re-election of Mr. XU Yan by the Shareholders at the forthcoming AGM.

Responsibilities of Directors

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 they held in public companies or organisations and other significant commitments and appointments. They have also informed the Company of the identity of other public companies or organisations they serve and the time involved in serving these public companies or organisations.

The Company is satisfied that during the year ended 31 December 2025, all Directors have devoted sufficient time and attention to the affairs of the Company with their hands-on knowledge and expertise in the areas and operation in which he/she is charged with. The contribution made by the Directors to the affairs of the Company is measured qualitatively and quantitatively with reference to his/her necessary knowledge and expertise. The satisfactory attendance at Board meetings, general meetings and Board committee meetings indicates the constant participation of all Directors, and their devotion to better understand the views of shareholders of the Company.

In discharging their duties, where they consider it necessary to obtain additional information other than that provided by the management, the Directors would make inquiries during the Board meetings and Board committee meetings. The queries raised by Directors have received prompt and full response by the management.

As for the non-executive Directors, they have been actively performing their roles including but not limited to exercising their independent judgement at Board meetings, taking the lead where potential conflicts of interest arise, scrutinizing the Company's performance and providing constructive and informed advice on the business strategy, policy, performance and management of the Company.

Directors' Induction and Continuous Professional Development

Upon appointment to the Board, each Director receives an induction package containing materials on the duties and responsibilities of a director and introduction on the regulatory framework under the Listing Rules, the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and other related laws and regulations of Hong Kong. The officers of the Company would also provide each newly appointed Director with sufficient information relating to the operations and business of the Group. The Company will arrange appropriate training to newly appointed Directors to acquaint with the duties and responsibilities as a Director of the Company and the business operation of the Company.

The Company recognizes the Directors' need for continuous professional development to develop and refresh their knowledge on the latest legal and regulatory developments, and business and market changes. During the year ended 31 December 2025, the Company continued to arrange suitable training for the Directors. 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 for the year ended 31 December 2025:

Directors	Read materials and updates	Attend seminars, conferences/ briefings
Non-Executive Director		
Mr. LIAO Qian (Chairman)	✓	✓
Executive Directors		
Mr. OUYANG Hongping (resigned on 4 July 2025)	✓	✓
Mr. WEN Xianzhen (resigned on 6 August 2025)	✓	✓
Mr. XI Wenbo	✓	✓
Mr. WANG Xinfu (resigned on 17 October 2025)	✓	✓
Mr. ZHANG Feng (Chief Executive Officer) (appointed on 4 July 2025)	✓	✓
Mr. ZHANG Caili (appointed on 6 August 2025)	✓	✓
Mr. HAI Hong (appointed on 28 November 2025)	✓	✓
Independent Non-Executive Directors		
Ms. HSU Wai Man, Helen	✓	✓
Mr. LI Yang	✓	✓
Mr. XU Yan	✓	✓
Ms. YANG Qiulin	✓	✓

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 for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix C3 to the Listing Rules.

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

The Directors' interests in shares of the Company ("Share(s)") as at 31 December 2025 are set out on pages 42 to 43 of this annual report.

The Board has also established written guidelines on no less exacting terms than the Model Code for the relevant employee, including any employee or a Director or employee of a subsidiary or holding company who, because of his 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 has adopted a set of consolidated memorandum setting out principles of delegation and matters reserved for the Board's approval. The Board is responsible for approving matters in relation to, among others, corporate and capital structure, corporate strategy, significant policies affecting the Company as a whole, annual business plan and budgets, key financial matters and communication with key stakeholders.

The Board delegates its powers and authorities to the executive Directors and management for, among others, implementing day-to-day operations and business strategies, overseeing the timely and effective implementation of the objectives, policies, strategies and decisions taken by the Board. The management team of the Company is accountable to the Board for the operations and businesses of the Group.

The Board also delegates its powers and authorities from time to time to the Board committees in order to ensure operational efficiency and specific issues are being handled by relevant expertise. All Board committees are provided with accurate and sufficient information and resources in a timely manner in order to make informed decisions for the benefit of the Company.

Board Committees

For the year ended 31 December 2025, the Board had 3 Board committees, namely the Remuneration Committee, the Audit Committee and the Nomination Committee, all with specific terms of reference, to oversee particular aspects of the Group's affairs.

The composition of each Board committee and attendance of the relevant members of the Board committee at the meetings of the respective Board committees for the year ended 31 December 2025 are as follows:

	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings
Non-Executive Director			
Mr. LIAO Qian (Chairman)	N/A	5/5	5/5
Executive Directors			
Mr. OUYANG Hongping (resigned on 4 July 2025)	N/A	3/3	2/2
Mr. WEN Xianzhen (resigned on 6 August 2025)	N/A	N/A	N/A
Mr. XI Wenbo	N/A	N/A	N/A
Mr. WANG Xinfu (resigned on 17 October 2025)	N/A	N/A	N/A
Mr. ZHANG Feng (Chief Executive Officer) (appointed on 4 July 2025)	N/A	2/2	3/3
Mr. ZHANG Caili (appointed on 6 August 2025)	N/A	N/A	N/A
Mr. HAI Hong (appointed on 28 November 2025)	N/A	N/A	N/A
Independent Non-Executive Directors			
Ms. HSU Wai Man, Helen	3/3	5/5	5/5
Mr. LI Yang	2/3	5/5	5/5
Mr. XU Yan	3/3	5/5	5/5
Ms. YANG Qiulin	1/3	5/5	5/5

Audit Committee

The Audit Committee is accountable to the Board and supports the Board in monitoring and overseeing the Group's risk management and internal control system and for fulfilling the Group's external financial reporting. The Audit Committee also reviews and monitors the Company's relationship with its external auditors, including the scope and effectiveness of the work of external auditors.

The Audit Committee currently comprises 4 members, namely Ms. HSU Wai Man, Helen, Mr. XU Yan, Mr. LI Yang and Ms. YANG Qiulin, all of whom are independent non-executive Directors. Ms. HSU Wai Man, Helen is the chairperson of the Audit Committee.

The Audit Committee is governed by its terms of reference, which are made available on the Company's website at http://www.tclcdot.com and the Stock Exchange's website at http://www.hkex.com.hk.

The Audit Committee usually meets at least twice a year to review the Company's interim and annual results and the integrity of the Group's risk management and internal control system. In addition, in order to review and monitor the effectiveness of the audit process in accordance with applicable standards, the Audit Committee will meet with the external auditors of the Company before the commencement of the annual audit to discuss the nature and scope of audit and reporting obligations of the Company.

For the year ended 31 December 2025, the Audit Committee held 3 meetings and the work performed by the Audit Committee included considering the following matters:

- the integrity, completeness and accuracy of the 2024 annual report and the 2025 interim financial statements;
- the Group's compliance with statutory and regulatory requirements;
- the Group's financial and accounting policies and practices, as well as developments in accounting standards and their effect on the Group;
- the effectiveness of the systems of financial reporting and controls, internal audit functions, risk management and internal control systems of the Group;
- the internal control reports submitted by the internal control team of the Company;
- the audit fees payable to external auditors, the scope and timetable of the audit for year 2025;
- the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards; and
- review of the continuing connected transactions of the Group.

The Audit Committee has been advised that it may seek independent professional advice at the expense of the Company where necessary. The Audit Committee is also supported by the members of the internal audit team of the Company.

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 the year ending 31 December 2026.

Nomination Committee

The Nomination Committee is currently chaired by Mr. LIAO Qian, a non-executive Director, with Mr. ZHANG Feng, an executive Director, Ms. HSU Wai Man, Helen, Mr. XU Yan, Mr. LI Yang and Ms. YANG Qiulin, being independent non-executive Directors, as the other members. The majority of the members are independent non-executive Directors. The Nomination Committee held 5 meetings during the year ended 31 December 2025.

The Nomination Committee is governed by its terms of reference, which are closely aligns with the relevant Code Provisions requirements and are available on both the Company's website at http://www.tclcdot.com and the Stock Exchange's website at http://www.hkex.com.hk.

The main duties of the Nomination Committee include the followings:

- review and supervise the structure, size, composition and diversity of the Board;
- assist the Board in maintaining a board skills matrix;
- 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 of Directors, and any proposed change to the composition of the Board to implement the Company's corporate strategy;
- review the nomination policy ("Nomination Policy") and board diversity policy ("Board Diversity Policy") of the Company;
- review the sufficiency of time commitment of Directors to perform their responsibilities; and
- support the Company's regular evaluation of the Board's performance.

The work performed by the Nomination Committee for the year ended 31 December 2025 included:

– reviewing the current structure, diversity and composition of the Board (including the skills, knowledge and experience) taking into account the the appointment of Mr. ZHANG Feng, Mr. ZHANG Caili and Mr. HAI Hong as executive Directors;

– reviewing the Nomination Policy and Board Diversity Policy;

– reviewing the contribution required from a Director to perform his/her responsibilities and whether he/she has spent sufficient time performing them;

– assessing the independence of the independent non-executive Directors;

– considering the nomination of Directors to be re-elected as Directors at the AGM in accordance with the Nomination Policy and Board Diversity Policy; and

– discussing and considering the Board composition during the said period and Board succession plan.

The Company has adopted the Nomination Policy on 28 December 2018 (effective on 1 January 2019) which sets out the following procedures for nomination of Directors:

1. When there is a vacancy on the Board, the Nomination Committee evaluates the balance of skills, knowledge and experience of the Board, and identifies any special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).

2. The Nomination Committee will consider the role and capabilities required for the particular vacancy.

3. The Nomination Committee will identify candidates through personal contacts or 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.

4. The Nomination Committee will, where appropriate, arrange interview(s) with the relevant candidate to evaluate whether he/she meets the established selection and nomination criteria, and verify the information provided by the candidate.

5. The Nomination Committee will make recommendations to the Board on the appointment or re-appointment of Directors.

The Nomination Policy also provides the following criteria for nomination of Directors:

1. Common criteria for all Directors:

    (a) reputation for character and integrity;

    (b) commitment in respect of available time;

    (c) the willingness to assume principal fiduciary responsibility;

    (d) present needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs;

    (e) 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;

    (f) significant business or public experience relevant and beneficial to the Board and the Company;

    (g) breadth of knowledge about issues affecting the Company;

    (h) ability to objectively analyse complex business problems and exercise sound business judgement;

    (i) ability and willingness to contribute special competencies to Board activities;

    (j) fit with the Company's culture; and

    (k) 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.

2. Criteria applicable to non-executive Directors/independent non-executive Directors:

   (a) willingness and ability to make 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 Board committee meetings), which will include considering the other responsibility 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;

   (b) accomplishments of the candidate in his/her field;

   (c) outstanding professional and personal reputation; and

   (d) the candidate's ability to meet the independence criteria for directors established in the Listing Rules (for independent non-executive Directors).

Diversity Policy

The Company has adopted the Board Diversity Policy which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises 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 Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimal composition of 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 Board has set measurable objectives (in terms of different perspectives including gender, skills and experience) to implement the Board Diversity Policy and has reviewed 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 in the Board and has achieved such target. As at 31 December 2025 and as at the date of this annual report, the Board comprises seven male members and two female members thus having a female representation of approximately 22% (31 December 2024: 22%). The Nomination Committee and the Board will review the Board's target gender diversity ratio 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 skills and professional backgrounds (including business management, production, engineering, accounting, finance, legal and technology). The Nomination Committee considers that the current composition of the Board is diversified after taking into account its own business model and specific needs, both in terms of professional background and skills.

The Nomination Committee will review the Board Diversity Policy, as and when 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 Company aims to maintain an appropriate balance of diverse perspectives that are relevant to the Company's business growth. The Group has in place a policy to support diversity across all facets including but not limited to gender diversity. The Company is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that discrimination is not involved and a diverse range of candidates are considered. The overall gender diversity of the Group is relatively balanced. As at 31 December 2025, the overall workforce of the Group consisted of 2.764 (approximately 68.9%) male and 1,245 (approximately 31.1%) female employees. There was 1 senior management (as referred to under paragraph 12 of Appendix D2 of the Listing Rules) in the Group who was a male employee. Further details on the gender ratio of the Group together with other relevant data are set out on pages 54 to 80 of the Environmental, Social and Governance Report of the Company for the year ended 31 December 2025. Whilst it is relatively more challenging for the Group to achieve equal gender ratio across all business units of the Group due to the characteristics and job nature of different business units, it is the Group's goal to achieve a balanced gender ratio in the overall workforce (including senior management).

Remuneration Committee

The Remuneration Committee is chaired by Mr. XU Yan, an independent non-executive Director. It currently consists of 6 members, the majority of whom are independent non-executive Directors, including Mr. XU Yan, Ms. HSU Wai Man, Helen, Mr. LI Yang and Ms. YANG Qiulin, being independent non-executive Directors; Mr. LIAO Qian, being a non-executive Director; and Mr. ZHANG Feng, being an executive Director.

The Remuneration Committee is governed by its terms of reference, which are made available on the Company's website at http://www.tclcdot.com and the Stock Exchange's website at http://www.hkex.com.hk.

The Remuneration Committee was established pursuant to Rule 3.25 of the Listing Rules. It meets from time to time to make recommendations to the Board on the Company's policy and structure for remuneration of all Directors and senior management, and on the establishment of a formal and transparent procedure for developing a policy on such remuneration. The Remuneration Committee also reviews and approves the management's remuneration proposals with reference to corporate goals and objectives resolved by the Board from time to time, makes recommendations to the Board on the remuneration of non-executive Directors and exercise the delegated powers of the Board to determine the remuneration packages of all executive Directors and senior management.

For the year ended 31 December 2025, the Remuneration Committee held 5 meetings and the work accomplished by it included the following:

– review of the remuneration policy and structure for all Directors and senior management;

– discussion of long-term incentive scheme;

– exercised the delegated powers of the Board to determine the remuneration packages of all executive Directors and senior management of the Company including Mr. ZHANG Feng, Mr. ZHANG Caili and Mr. HAI Hong, the newly appointed executive Directors and to assess their performance; and

– reviewed and made recommendations to the Board on the remuneration of the non-executive Directors.

There are no material matters relating to the share award scheme or the share option scheme of the Company which are required to be reviewed and/or approved by the Remuneration Committee during the year ended 31 December 2025.

The remuneration of the senior management by band for the year ended 31 December 2025 is set out below:

	Number of persons
HK$1,500,001 to HK$2,000,000	1

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

Emolument Policy and Long-Term Incentive Plan

The Group provides a competitive remuneration package to its Directors to attract and retain talents. A large portion of the package for executive Directors is linked to their performance, which in turn is aligned with the interests of the shareholders, so as to provide an incentive for the executive Directors to achieve the best performance for the Group. Part of the remuneration of executive Directors may comprise of a long-term incentive plan which includes share options and restricted shares. 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 purpose of the long-term incentive plan of the Group is to reward outstanding performance measured by achieved targets, which is closely linked with the performance of the Group. The benefit or award granted under the plan will only be vested over a period of time so as to provide an incentive for the executives or employees to consistently perform at a high standard and bring about long-term benefits to the Group.

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

- directors' fee; and
- share options which are awarded subject to the discretion of the Board.

The fees and any other reimbursement or emolument payable to the Directors are set out in note 8 to the financial statements.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to present a balanced, clear and understandable assessment in its 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 should give a true and fair view of the state of affairs, the results and cash flows of the Group 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 52 to 55.

The Directors, having made appropriate and reasonable enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and hence decide that it is appropriate to prepare the financial statements set out on pages 56 to 123 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.

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 in pages 6 to 11 in this annual report.

The management 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 put before the Board for approval.

The management also provides all Directors with monthly updates giving them a balanced and understandable assessment of the Company's performance, financial 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.

Internal Control and Risk Management Systems

The Board is responsible for maintaining and reviewing the Company's risk management and internal control systems on an ongoing basis and ensuring that a review of the effectiveness of the Group's risk management and internal control systems has been conducted at least annually. Whilst the risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss, the Directors acknowledge their responsibility to establish, maintain and review from time to time the Group's internal control and risk management systems and their effectiveness.

The Company has adopted a set of internal control policies and procedures to ensure proper maintenance of accounting records and reliability of financial reporting, and to ensure compliance with relevant legislation and regulations and conducts annual review of the risk management and internal control systems according to the annual risk management and internal control plan. Staff at the relevant departments are required to conduct a routine self-evaluation on risk management and internal control, to allow the Company to identify any deficiencies in its internal control practices and to identify, evaluate and manage significant risks (if any). Results of the risk management and internal control evaluation are reported to the management and (where appropriate) independent non-executive Directors by email on a quarterly basis, and are submitted to the Board half-yearly for the preparation of risk management and internal control report. In addition, as a subsidiary of TCL Technology, the Company's risk management and internal control systems are subject to annual review by Da Hua Certified Public Accountants, the external auditor engaged by TCL Technology.

The Company exercises audit control over its business activities by developing corporate mechanisms, management measures and operating guidelines, and creating segregated posts. In addition, internal control investigations are regularly conducted by the Company's internal control task force.

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. Annual budgets of the Group and quarterly financial reports have been provided to the Board.

Each year, the Audit Committee of the Company reviews the findings made by the external auditors in respect of issues encountered by them in the preparation of the audit report, which often covers issues relating to internal control. The Audit Committee also reviews the internal control report submitted by the Company's internal audit team. The Audit Committee will then review 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 are then submitted to the Board for consideration.

During the Review Period, the Board, through the Audit Committee, has reviewed the effectiveness of the internal control and risk management systems of the Group covering all material controls, including financial, operational and compliance controls. In particular, the Board has reviewed matters including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function, as well as those relating to the Group's environmental, social and governance performance and reporting, the nature and extent of significant risks (including environmental, social and governance risks, the Company's ability to respond to changes in its business and external environment, the significant control failings or weaknesses (if any), as well as the effectiveness of the Company's processes for financial reporting and Listing Rules compliance. The Board concluded that the risk management and internal control systems were adequate and effective during the year ended 31 December 2025.

The Company has adopted its own Information Disclosure Guideline which, among others, sets out the procedures and internal controls for handling and dissemination of inside information, including prohibiting unauthorised use of inside information and limiting communication of sensitive information on a need-to-know basis only. The Company has established the Disclosure Executive Committee which has been authorised by the Board to coordinate and organise disclosure of the inside information of the Company.

Internal Audit Functions

The Company has established an internal audit function. The Company's internal audit team independently reviewed the effectiveness of the Company's risk management and internal control systems, including the financial, operational and compliance aspects of the Company's key business activities. The head of the Company's internal audit team reports to the Audit Committee, and submits regular reports for its review in accordance with the approved review and audit mechanisms. The department submits a detailed report at least once a year to the Board for its review and monitors the effectiveness of the risk management and the internal control systems of the Group.

The Audit Committee had reviewed and was satisfied with the effectiveness, adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's internal audit function.

The Company has consolidated, codified and adopted a whistleblowing policy and an anti-corruption policy pursuant to the CG Code, so as to promote and support anti-corruption laws and regulations and provide a channel for employees and parties dealing 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://www.tclcdot.com).

Connected Transactions

The Company is committed to ensuring compliance with regulatory requirements under the Listing Rules, applicable laws and regulations in relation to connected transactions. Accordingly, the Company had implemented various internal control mechanisms to monitor connected transactions to ensure that connected transactions are conducted under normal commercial terms or better and on terms that are fair and reasonable and properly disclosed and (if necessary) approved by the Shareholders in accordance with Listing Rules. Details of the connected transactions of the Company during the year ended 31 December 2025 are set out in the Report of the Directors at pages 47 to 49.

Auditors' Remuneration

For the year ended 31 December 2025, the remuneration paid for services provided by the auditor is approximately as follows:

Statutory audit services	HK$1,470,000
Non-audit services (including agreed-upon procedures)	HK$280,000

Dividend Policy

Pursuant to the dividend policy of the Company, in considering whether to declare any dividend, the Board would consider factors in all aspects whether on the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the shareholders of the Company, including but not limited to:

– the Company's actual and expected financial performance;

– retained earnings and distributable reserves of the Company and each of the members of the Group;

– the level of the Group's debts to equity ratio, return on equity and the relevant financial covenants;

– any restrictions on payment of dividends that may be imposed by the Group's lenders;

– the Group's expected working capital requirements and future expansion plans;

– 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

– any other factors that the Board deem appropriate.

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 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 of Bermuda and the Bye-Laws:

– the Company may declare and distribute dividends to the shareholders of the Company;

– the Company will take priority to distributing dividends in cash and shares its profits with the Shareholders;

– yet, any such declaration and payment of dividends shall remain to be determined at the sole discretion of the Board.

COMPANY SECRETARY

The position of Company Secretary is held by Ms. CHEUNG Bo Man, a practising solicitor of Hong Kong, who is not an employee of the Company. During the year ended 31 December 2025, the Company has assigned Ms. Clara SIU, the Vice Director of Finance and Investor Relations of the Company, as the contact person with the company secretary. The company secretary is responsible to the Board and reports to the Board chairman from time to time. All Directors have access to the advice and services of the company secretary to ensure that Board procedures, and all applicable laws, rules and regulations are followed and complied with.

Ms. CHEUNG has taken no less than 15 hours of relevant professional training during the year ended 31 December 2025.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Group recognises the importance of making timely, fair and transparent disclosure, in compliance with the Listing Rules and other regulatory requirements. The Group also highly values investor feedback and comments to facilitate the Group's growth and sustainable development and to enhance shareholder value.

The objectives of our investor relations programs are to promote effective communication with the investment community through various channels to enhance their knowledge and understanding of the Group's affairs and development. The investor relations team maintains an ongoing dialogue with institutional investors and analysts through different channels, including investor meetings, conference calls, non-deal roadshows and factory visits. During the year ended 31 December 2025, the Group had arranged conference calls and investor conferences in Hong Kong in which received favourable responses from research analysts and institutional investors attended with favourable response.

The general meetings of the Company provide the best opportunity for communication between the Board and the Shareholders.

The Chairman of the Board and chairman of the Remuneration Committee, Nomination Committee and the Audit Committee or, in their absence, other members of the respective committees and, where applicable, the members of the independent Board committee, are available to answer questions at the Shareholders' meetings. Representatives of the Company's external auditor, Ernst & Young also attended the AGM held on 23 May 2025 to answer questions in relation to the audit process, the preparation and contents of the auditors' report, the relevant accounting policies and auditor independence.

All published information, including all the statutory announcements and press releases, is promptly posted on the Company's website at http://www.tclcdot.com. For inquiries and suggestions, please send an email to ir.cdot@tcl.com or directly by raising questions at the general meeting of the Company.

Voting by Poll

The chairman of the meeting would explain the voting procedure and answer any questions from the Shareholders regarding voting by poll at the general meetings.

Shareholders' Rights

Procedure to Convene a Special General Meeting

Under bye-law 58 of the Bye-Laws, shareholders at the date of deposit of the requisition holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition and/or add resolutions to an agenda of such meeting.

Such meeting to be convened pursuant to the requisition shall be held in the form of a physical meeting only and within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner.

Procedures to put enquiries to the Board

A shareholders' communication policy was formulated and adopted by the Company to ensure the shareholders are provided with ready, equal and timely access to balanced information about the Company. The Board has taken appropriate steps to provide effective communication with Shareholders.

Shareholders can submit enquiries, provide their views or suggest proposals to be put forward at general meetings to the Board or the management by sending emails to ir.cdot@tcl.com or directly by raising questions at the general meetings of the Company, which will be promptly handled by the Company's dedicated investor relations team. The Investor Relations Department of the Company takes a proactive approach to communicate with existing and potential shareholders, investors and stakeholders in a timely manner by various methods including holding regular face-to-face meetings and conference calls in order to solicit and understand their views.

The Board has reviewed the Company's prevailing shareholders' communication policy during the year ended 31 December 2025, 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.

Constitutional Documents

During the year ended 31 December 2025, no amendment had been made to the Bye-Laws, being the constitutional documents of the Company.

Conclusion

Going forward, the Company will continue to work diligently to maintain the highest possible level of corporate transparency. The timely disclosure of relevant corporate information includes annual and interim reports, statutory announcements and press releases are available on the Company's website at http://www.tclcdot.com. Enquiries can also be sent to the Board or senior management by contacting the investor relations team via e-mail to ir.cdot@tcl.com or directly through the questions and answers session at shareholder meetings or press conferences.

HUMAN RESOURCES AND SOCIAL RESPONSIBILITY

HUMAN RESOURCES

As at 31 December 2025, the Group had a total of 4,009 employees. The male-to-female ratio was 2.22:1. The overall turnover rate was 4.86%.

Employees by Geographic Region:

Chinese Mainland	4,007
Hong Kong	2

Employees by Age:

Employees aged 18 to 30	2,932
Employees aged 31 or above	1,077

Key Efforts in Human Resources

During the Review Period, to align with its development strategies, the Group has taken a range of proactive and corresponding measures to improve its staff appraisal and incentives, recruitment, training and development, strategic communication and morale. For example, the Group regularly reviewed and updated employee remuneration packages based on local gross domestic product growth and the latest regulations and policies, aiming to provide employees with reasonable, legal and competitive compensation. It also established multiple management systems and standards to clarify promotion criteria, evaluation processes, and promotion frequency, creating a fair and transparent career development path and offering employees with space for growth and advancement. Furthermore, the Group advocated for anti-discrimination and diversity, actively recruiting and caring for people with disabilities. During the Review Period, the Group employed 30 staff members with disabilities and achieved a zero turnover rate for the year, demonstrating the Group's commitment to inclusive development.

Career Development

To continuously enhance the scientificity and adaptability of the system, in 2025, the Group engaged experts to comprehensively amend multiple management standards. It also established two sets and improved 9 sets of standards for career development ladder, enhancing the framework to better serve the evolving needs of business development and technological evolution trends, ensuring that talent growth is in line with the Group's strategy. During the Review Period, ECP certification and structural improvements led to a rise in the proportion of senior and experienced engineers to 51%, and an increase in the proportion of intermediate and higher-level technicians to 60%, with a total of 13 outstanding technical employees honoured as "Municipal-level Chief Technician" and "Municipality-level Young Experts".

Training

Embracing the philosophy of "worldwide preeminence driven by elite talents", the Group recruited high-calibre talents, elevated employees' proficiencies and competencies via a comprehensive training system, ensured optimal role matching for employees, fortified shared values and solidified unity of the team. During the Review Period, the percentage of trained employees of the Group reached 100%. The percentage of employees trained by different categories and the number of training hours are available in 2025 ESG Report of the Group. The major trainings organised by the Group during the Review Period were as follows:

Young Eagle Power Camp

As one of the important annual training projects of TCL Technology, the Young Eagle Power Camp is designed for fresh college graduates. The Young Eagle Power Camp lasted for two weeks, with a total of 88 training hours for each participant. In addition, TCL Technology organised outbound trainings of nearly 10 hours to raise their team awareness and cohesion. To ensure that fresh college graduates can fit in the Group as soon as possible, TCL Technology provided all fresh college graduates with one-on-one mentorship to help them formulate reasonable transition plans based on job targets, offering comprehensive guidance for their learning and work.

Eaglet Mentor Empowerment

The Group implemented the "Mentors First" mechanism to facilitate the smooth transition of fresh college graduates to their professional roles. Before the eaglet trainees officially started their positions, professional mentors paired with them were engaged in advance to introduce job responsibilities systematically and provide personalized guidance based on the personality traits of young trainees. This specialized empowerment programme involved over 18 mentors and human resources team members, laying a solid foundation for subsequent one-on-one coaching and position integration.

Eagle Cultivation Project

To continuously elevate on-site automation, the Group officially launched the "Eagle Cultivation" skilled talent development programme, aiming to cultivate professional talents with expertise in automated system operation and maintenance. To date, 100 potential employees have been selected as training targets. The programme not only reserves critical technical capabilities for the Group's automation transformation, but also improves the closed-loop system from technical training to talent deployment, laying a solid talent foundation for the sustainable growth of business.

Online Learning

In 2025, the Group further advanced online learning, offering courses covering various domains such as work safety, information security, technical processes, product expertise and professional competencies, achieving an average learning time of over twelve hours for every employee.

SOCIAL RESPONSIBILITY

In 2025, the Group diligently fulfilled its corporate social responsibilities and complied with relevant laws and regulations without being subject to any litigation in relation to social responsibilities. In addition, the Group has also continued to optimise its social responsibility-related management system and obtained relevant certificates. For specific certificates, please refer to the 2025 ESG Report. Furthermore, the Group has also made certain achievements in certain major social responsibility efforts such as employee care, environmental protection, occupational health and safety, labour and employment, and community welfare:

Employee Care

On the hardware front, the Group actively addressed employees' feedback. In 2025, it introduced a quality catering supplier for the cafeteria, regularly updated menu offerings, organized culinary events, and enhanced the level of catering services and food safety standards. Concurrently, the Group upgraded multiple hardware facilities across all dormitory public areas, establishing a comprehensive protective network to eliminate potential risks related to falls from heights, objects thrown from heights and blocked fire escape routes. In addition, the ground leveling and repair works covering nearly 700 square meters in the dormitory zone have been completed, resolving the road access issue and achieving visual consistency across the park. For employee activities, the trade union organised a variety of traditional events that covered all employees, including company anniversary starlight running event, basketball and badminton tournaments, and skill competitions. It also introduced parent-child activities such as the first daycare programme and the second Children's Day open day.

Environmental Protection

During the Review Period, the Group, in compliance with laws and regulations related to environmental protection, continuously optimised the ISO 14001 environmental management system, established the environmental protection responsibility system, hazardous waste prevention responsibility system and standardised management rules for hazardous waste, optimised pollutant emission management standards, and set emission targets. In 2025, the Group actively carried out various energy-saving and emission reduction initiatives, fostering water conservation awareness and behaviors among employees to build a corporate culture of "water conservation as a foundation with continuous improvement". In terms of packaging material consumption, the Group adhered to the principle of "sharing materials and conserving resources" by reducing consumption through recycling and reuse methods. Professional tests conducted by independent third parties showed that the Group's discharge and emissions of wastewater, exhaust gas and waste met the national standards. In terms of wastewater, waste gas and solid waste management, the Group complied with relevant laws and regulations and identified no violation of laws and regulations during the Review Period.

SOCIAL WELFARE ACTIVITIES

The Group actively implemented its internal policy on Regulations on the Management of Public Welfare Activities by responding to calls from superior public welfare organisations and volunteer teams to organize employees to participate in public welfare activities with different themes including environmental protection, plogging, and community cultural engagement. These initiatives help the Group support the sustainable development and serve the community interests, while fulfilling its corporate responsibilities. The Group's business activities, as well as all of the resources and services provided by the Group support the concept of sustainable development and are in the interest of the community.

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 1 to the financial statements. There were no significant changes 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 56 to 123.

The Board does not recommend the payment of any final dividend by the Company for the year ended 31 December 2025 (2024: none).

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2025 is set out on pages 6 to 7 of this annual report. Discussions on non-financial performance including human resources management initiatives and the Group's environmental policies and performance are disclosed in the section headed "Human Resources and Social Responsibility" of this annual report. The above discussions form part of this Report of the Directors.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), including a fair review of the business of the Group, discussion and analysis of the Group's performance during the year using key financial performance indicators, an account of the Group's key relationships with its stakeholders, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, and the material factors underlying its results and financial position, and an indication of the likely future development in the business of the Group, is set out under sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 4 to 11 of this annual report. Those discussions form part of this Report of the Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2025, there was no material non-compliance with regulations related to occupational safety, including but not limited to the Fire Prevention Law of the People's Republic of China, the Production Safety Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Occupation Diseases. Occupational safety of employees is ensured by implementing the following measures: weekly inspection of safety production risks including risks of fire, piling up of hazardous materials and electricity; regular disinfection of workplace and arranging professional medical institutions for physical examination for employees; accelerating the automatization of factories and assigning dangerous operation to machines to minimize occupational hazards.

During the year ended 31 December 2025, there was no material non-compliance with regulations related to production materials and emission, including but not limited to the Environmental Protection Law of the People's Republic of China. The Group carries out supervision mainly by the following methods: regular commissioning of professional institutions to implement indicator monitoring on pollution discharge so as to meet the national standard; reasonable storage and isolation of dangerous materials; strict selection of suppliers and materials that meet the registration, evaluation, authorisation & restriction of chemicals ("REACH") standards and restriction of hazardous substances ("RoHS") standards of the European Union are given priority.

Any non-compliance with the relevant laws and regulations may cause interruption to the Group's production. As at 31 December 2025 and up to the date of this report, the Board was unaware of any non-compliance with the relevant laws and regulations which had a significant impact on the Company.

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 competition

Substantially most of the Group's revenue were attributable to the revenue from sale of small to medium-sized display modules for the consumer device market. Therefore, the general outlook of the global economy, market condition and consumers' behaviour may have significant impact on the operating results and financial condition of the Group. The global market for the Group's products and services is highly competitive and is subject to ever-changing technological advancements, market development, changes in customer needs, evolving industry standards, and frequent product launches and upgrades.

To minimise the risks stated above, the Group will continue to reduce costs and increase production efficiency, while deepening its cooperation with TCL CSOT and its synergy with the LCD panel production line t9, which enables the Group to extend its reach to different end products so as to diversify its source of revenue and profit, and in turn reducing its dependency on one single type of products. In addition, through improved planning in the industry chain and leveraging on economies of scale, the Group has provided high-quality and customised services to first-tier customers, and has successfully formed strategic partnership with some first-tier brand customers in order to maintain robust profitability of the Group.

Foreign Exchange Risks

The Group reports its results in Renminbi but the Group's business and operations is facing the international market. Consequently, the Group is exposed to potential adverse impact of currency fluctuations on translation of the accounts. Although the Group actively manages its currency exposures, depreciation or fluctuation of the currencies in which the Group conducts its operations relative to the Renminbi could have a material adverse effect on the Group's financial condition and operational results.

The Group is committed to striking a balance among trades, assets and liabilities that are denominated in foreign currencies to achieve a natural hedging effect. The Group enters into various forward currency contracts from time to time to manage its exchange rate exposure. In addition, pursuant to the principle of prudent financial management, the Group has not conducted or engaged in any high-risk derivative transactions.

As regards the risks concerning the Group's customers and suppliers, please refer to the paragraph headed "Customers and Suppliers" under Management Discussion and Analysis on pages 6 and 11, which discussions form part of this Report of the Directors.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results, assets, liabilities and non-controlling interest of the Group for the last five financial years, as extracted from the relevant financial statements and restated and/or reclassified as appropriate, is set out on page 124. This summary does not form part of the audited financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2026 to 28 May 2026 (both dates inclusive), for the purposes of determining the entitlements of the shareholders of the Company to attend and vote at the AGM. No transfer of the shares may be registered during the said period. The record date for determining the entitlements of the shareholders of the Company to attend and vote at the AGM is 28 May 2026. In order to qualify to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 21 May 2026.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2025 are set out in note 13 to the financial statements.

SHARES ISSUED IN THE YEAR

Details of the Shares issued during the year ended 31 December 2025, together with the reasons therefore are set out in note 25 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda ("Bermuda 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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2025.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 37 to the financial statements and the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company's reserves available for distribution amounted to RMB167,911,000, none of which has been proposed as a final dividend for the year ended 31 December 2025. Under Bermuda Law, a company may make distribution to its shareholders out of contributed surplus.

DONATIONS AND CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2025, the Group did not make any donations or charitable contributions.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year ended 31 December 2025 attributable to the Group's major suppliers and customers are as follows:

Purchases

– the largest supplier	24%
– the five largest suppliers combined	55%

Sales

– the largest customer	23%
– the five largest customers combined	77%

One of the five largest customers of the Group is a subsidiary of TCL Technology. As at 31 December 2025, the following Directors were interested in or deemed to be interested in shares in TCL Technology within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong, hereinafter the "SFO"): (i) Mr. LIAO Qian, a non-executive Director, was deemed to be interested in 3,482,288 shares in TCL Technology (representing approximately 0.0167% of the issued share capital of TCL Technology); (ii) Mr. ZHANG Feng, an executive Director, was deemed to be interested in 1,591,775 shares in TCL Technology (representing approximately 0.0077% of the issued share capital of TCL Technology); (iii) Mr. ZHANG Caili, an executive Director, was deemed to be interested in 1,020,406 shares in TCL Technology (represent approximately 0.0049% of the issued share capital of TCL Technology) and (iv) Mr. XI Wenbo, an executive Director, was deemed to be interested in 602,763 shares in TCL Technology (represent approximately 0.0029% of the issued share capital of TCL Technology). Save as aforesaid, none of the Directors of the Company, their close associates or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

DIRECTORS

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

Non-Executive Director

Mr. LIAO Qian (Chairman)

Executive Directors

Mr. OUYANG Hongping (resigned on 4 July 2025)
Mr. WEN Xianzhen (resigned on 6 August 2025)
Mr. XI Wenbo
Mr. WANG Xinfu (resigned on 17 October 2025)
Mr. ZHANG Feng (Chief Executive Officer) (appointed on 4 July 2025)
Mr. ZHANG Caili (appointed on 6 August 2025)
Mr. HAI Hong (appointed on 28 November 2025)

Independent Non-Executive Directors

Ms. HSU Wai Man, Helen
Mr. LI Yang
Mr. XU Yan
Ms. YANG Qiulin

According to bye-law 83(2) of the Bye-laws, any person appointed as a Director to fill a casual vacancy on the Board shall hold office until the first annual general meeting of members of the Company after his appointment and be subject to re-election at such meeting.

According to bye-law 84(1) of the Bye-laws, at each annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of three (3), then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

According to bye-law 84(2) of the Bye-laws, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself/herself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to bye-law 83(2) of the Bye-laws and therefore required to retire shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Mr. ZHANG Feng, Mr. ZHANG Caili and Mr. HAI Hong were each appointed as an executive Director with effect from 4 July 2025, 6 August 2025 and 28 November 2025 respectively.

On 3 July 2025, 4 August 2025 and 18 November 2025, each of Mr. ZHANG Feng, Mr. ZHANG Caili and Mr. HAI Hong has respectively (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 Stock Exchange; and (ii) confirmed he understood his obligations as a Director.

Accordingly, (i) Mr. ZHANG Feng, Mr. ZHANG Caili and Mr. HAI Hong shall hold office until the forthcoming AGM, and (ii) each of Mr. XI Wenbo and Mr. LIAO Qian shall retire and all of the aforesaid Directors, being eligible, offer themselves for re-election at the forthcoming AGM. An ordinary resolution will also be proposed at the forthcoming AGM for the purpose of authorising the Board to fix the Directors' remuneration.

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

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

EMOLUMENT POLICY AND LONG-TERM INCENTIVE SCHEMES

Please refer to the Corporate Governance Report contained on page 29 of this annual report for the Group's emolument policy and long-term incentive schemes, as well as 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. The Group's contribution to the MPF Scheme are expensed as incurred and not reduced by forfeited contribution (by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions).

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 12 to 15 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 TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save as otherwise disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" in this annual report, 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 and Continuing Connected Transactions" in this annual report, no contract of significance has been 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.

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

As at 31 December 2025, the interests and/or short position of the Directors and chief executives of the Company in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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 Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Associated Corporation of the Company – Long Positions

TCL Technology *(Note 1)*

Name of Director	Nature of interest	Number of Ordinary Shares Held Personal Interest	 Other Interest *(Note 2)*	Number of Shares Held under Equity Derivatives	Total	Approximate Percentage of Issued Share Capital of TCL Technology *(Note 3)*
LIAO Qian	Beneficial owner	2,440,829	1,041,459	–	3,482,288	0.0167%
XI Wenbo	Beneficial owner	283,646	319,117	–	602,763	0.0029%
ZHANG Feng	Beneficial owner	1,129,894	461,881	–	1,591,775	0.0077%
ZHANG Caili	Beneficial owner	495,025	427,976	–		
	Interest of spouse	79,400	18,005	–	1,020,406	0.0049%

Notes:

1. TCL Technology, a joint stock limited company established under the laws of the PRC, is the ultimate controlling shareholder of the Company.

2. These interests are incentive shares that has been granted to the relevant Director under the incentive scheme adopted by TCL Technology and were not vested as at 31 December 2025.

3. Such percentage was calculated based on the number of issued share capital of TCL Technology as at 31 December 2025, being 20,800,862,447 shares in issue, as informed by TCL Technology.

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executives of the Company had registered an interest and/or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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 or 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 of the Company

Name of Shareholder	Nature of Interest	Number of Shares held	Approximate percentage of issued share capital of the Company *(Note 3)*
TCL Technology	Interest of controlled corporation	1,357,439,806 *(Note 1)*	64.20%
TCL CSOT	Interest of controlled corporation	1,357,439,806 *(Note 2)*	64.20%

Notes:

1. For the purpose of Part XV of the SFO, TCL Technology is deemed to be interested in 1,357,439,806 Shares, all of which are indirectly held through High Value Ventures Limited, a wholly owned subsidiary of China Star Optoelectronics International (HK) Limited, which in turn is wholly owned by TCL CSOT which is owned as to 82.21% by TCL Technology as at 31 December 2025.

2. For the purpose of Part XV of the SFO, TCL CSOT is deemed to be interested in 1,357,439,806 Shares, all of which are indirectly held through High Value Ventures Limited, a wholly owned subsidiary of China Star Optoelectronics International (HK) Limited, which in turn is wholly-owned by TCL CSOT.

3. Such percentage was calculated based on the total number of Shares in which each of the substantial shareholders was interested as disclosed on the website of the Stock Exchange against the number of issued shares of the Company as at 31 December 2025, being 2,114,307,929 Shares.

4. As at 31 December 2025, the following Directors were directors/employees of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

   (a) Mr. LIAO Qian was also an executive director, senior vice president and the secretary of the board of directors of TCL Technology;

   (b) Mr. ZHANG Feng was also the senior vice president of TCL CSOT;

   (c) Mr. ZHANG Caili was also the vice president and general manager of the manufacturing centre of TCL CSOT; and

   (d) Mr. XI Wenbo was also the vice president and head of financial centre of TCL CSOT.

Save as disclosed above, as at 31 December 2025, no person, other than the Directors and chief executives of the Company whose interests or short positions are set out in the section "Directors' and chief executives' 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 of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures", the share option scheme as disclosed under the heading "Share Option Scheme", and the share award scheme as disclosed under the heading "Share Award Scheme" in this annual report, 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 the Company or any other body corporate.

SHARE OPTION SCHEME

By way of a resolution of the shareholders of the Company passed on the further special general meeting of the Company on 11 March 2015, the Company adopted the share option scheme ("Share Option Scheme") with effect from the resumption of trading in the Company's shares on the Stock Exchange on 25 June 2015 and, unless otherwise terminated, will remain in force for 10 years from that date until 24 June 2025. The purpose of the Share Option Scheme is to recognise, motivate and provide incentives and rewards to the eligible participants who contribute to the success of the Group's operations, and to help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long-term business objectives of the Group. Eligible participants of the Share Option Scheme include employees of the Company or any of its subsidiaries (including any executive and non-executive director or proposed executive and non-executive director of the Company), adviser, consultant, agent, contractor, client or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group. The Share Option Scheme has not yet been amended according to the latest amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2025.

The total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue on the date of approval of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the issued Shares from time to time. 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 substantive shareholder, independent non-executive director or other associates) of the issued Shares unless otherwise approved by the Shareholders at a general meeting of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted by each grantee (and upon payment of a non-refundable nominal consideration of HK$1.00 by each grantee) until 5:00 p.m. of the 5th business day following the date of offer, provided that no such offer shall be open for acceptance after the expiry or termination of the Share Option Scheme. The Share Option Scheme does not specify any minimum holding period or vesting period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the Shares forming the subject of the share options must be held before it can be exercised. The exercise period of the share options granted is determinable by the Board, 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 option. The exercise price of a share option to subscribe for Shares is determined by the Board, but may not be less than the highest of (i) the closing price of the Company's shares on the Stock Exchange on the date of grant; (ii) the average closing price of the Shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Shares. Share options do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

During the period from 1 January 2025 to 24 June 2025, no share options has been granted, exercised, lapsed, canceled or forfeited. The Share Option Scheme has expired on 24 June 2025 after which no further share options can be granted pursuant to the Share Option Scheme. As at 1 January 2025 and 31 December 2025, there was no outstanding share option granted under the Share Option Scheme. As at 1 January 2025, the total number of Shares available for issue under the Share Option Scheme, which represents the aggregate of all outstanding share options (i.e. share options granted and not yet exercised, if any) and all share options available for future grant under the Share Option Scheme, was 172,149,980, representing approximately 8.14% of the total issued Shares as at 1 January 2025. Both as at 31 December 2025 and as at 17 April 2026, being the latest practicable date of this annual report, the total number of Shares available for issue in respect of the Share Option Scheme, which represents the aggregate of all outstanding share options (i.e. share options granted and not yet exercised, if any) and all share options available for future grant under the Share Option Scheme, was nil.

During the year ended 31 December 2025, no share was issued pursuant to the Share Option Scheme.

SHARE AWARD SCHEME

The Board resolved to adopt the share award scheme ("Share Award Scheme") with effect from 17 March 2016. The purposes and objectives of the Share Award Scheme are to recognise and motivate the contribution of its participants and to provide them with incentives, to help the Company in retaining its existing employees and attracting and recruiting suitable personnel as additional employees for further development of the Group, and to provide them with a direct economic interest in attaining the long-term business objectives of the Company. The specific mandate for the issuance and allotment of new shares as awarded Shares pursuant to the Share Award Scheme was subsequently approved by the special general meeting of the Company on 11 May 2016. On 9 August 2017, the Share Award Scheme was amended by the Board, pursuant to which, the Board may accelerate the vesting of the unvested awarded Shares for grantees on a date prior to the original vesting date and waive or alter any or all of the vesting conditions attached to such awarded Shares. Unless otherwise terminated, the Share Award Scheme shall be valid and effective for a term of 10 years commencing from 17 March 2016 until 16 March 2026. The Share Award Scheme has not yet been amended according to the latest amendments to Chapter 17 of the Listing Rules which took effect from 1 January 2023.

Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion designate an award ("Award" and collectively "Awards") to be made to a selected participant ("Selected Person" and collectively "Selected Persons"). Participants of the Share Award Scheme cover any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any affiliated company (i.e. TCL Technology and its subsidiaries and companies which, in accordance with the generally accepted accounting principles in the PRC, is recorded as an affiliated companies in the financial statements of TCL Technology, which shall include any companies in which TCL Technology is directly or indirectly interested in not less than 20% of its issued share capital (or in case such companies have no share capital, a power to exercise or control the exercise not less than 20% of voting in its members' meeting)) whom the Board in its sole discretion considers may contribute or have contributed to the Group.

Awards may be satisfied by (i) existing shares to be acquired by the trustee engaged by the Company for the purpose of administrating the Share Award Scheme (the "Trustee"), from the market, or (ii) new shares to be allotted and issued to the Trustee by the Company, in both case the costs of which will be borne by the Company, and will be held on trust by the trustee for the Selected Persons until the end of each vesting period subject to fulfilment of the vesting conditions (if any) in accordance with the provisions of the Share Award Scheme.

Subject to the refreshment of the scheme limit and the adjustment in the event of consolidation or subdivision of shares, the Board shall not make any further award of awarded Shares which will result in: (i) the aggregate number of the Shares awarded under the Share Award Scheme exceeding 10% of the issued Share capital of the Company as at the date of adoption of the Share Award Scheme (i.e. 172,149,980 Shares); and (ii) the aggregate number of the Shares held by public Shareholders falling below the minimum percentage as prescribed under the Listing Rules.

Unless otherwise approved by the Shareholders and subject to the adjustment in the event of consolidation or subdivision of Shares, the aggregate number of new Shares to be granted as awarded Shares in each financial year shall not exceed 3% of the total number of issued Shares as at the date of approval of the Share Award Scheme (i.e. 51,644,994 Shares) or the latest new approval date (i.e. latest date on which the relevant Shareholders' approval of the refreshed scheme limit is obtained), as the case may be.

Unless otherwise approved by the Shareholders and subject to the adjustment in the event of consolidation or subdivision of Shares, the maximum number of Shares which may be awarded to (i.e. the maximum entitlement of) any one participant in a 12-month period shall not exceed 1% of the issued share capital of the Company as at the adoption date of the Share Award Scheme (i.e. 17,214,998 Shares) or the latest new approval date (i.e. latest date on which the relevant Shareholders' approval of the refreshed scheme limit is obtained), as the case may be, provided that the aggregate interests of the connected persons in the Share Award Scheme shall at all time be less than 30%.

The Share Award Scheme does not specify any minimum vesting period. Pursuant to the Share Award Scheme, the Board has the authority to determine, among other things, the vesting period and schedule, the number and form of awarded Shares, and the terms and conditions for each grant of Award in respect of the Awards. In general, the grantees of the Award are not required to pay for the awarded Shares.

During the year ended 31 December 2025, no Award has been granted, vested, cancelled, lapsed or deducted. There was no outstanding or unvested Award granted under the Share Award Scheme as at 1 January 2025 and as at 31 December 2025.

Since the adoption date of the Share Award Scheme and up to 31 December 2025, 103,289,988 Shares in aggregate have been granted under the Share Award Scheme, of which 102,946,488 Shares had been vested, and 343,500 Shares had been forfeited. Accordingly, both as at 1 January 2025 and as at 31 December 2025, an aggregate of 68,859,992 awarded Shares were available for grant in the form of existing Shares or new Shares under the existing scheme mandate/scheme limit of the Share Award Scheme, and hence an aggregate of 68,859,992 Shares can be issued under the Share Award Scheme, which represented approximately 3.26% of the issued Shares of the Company as at 1 January 2025, and 31 December 2025. Since the Share Award Scheme has expired on 16 March 2026 after which no further Awards can be granted pursuant to the Share Award Scheme, as at 17 April 2026, being the latest practicable date of this annual report, no Shares were available for grant in the form of existing Shares or new Shares under the scheme limit of the Share Award Scheme. For further details, please see note 26 to the financial statements.

During the year ended 31 December 2025, no share option under the Share Option Scheme nor Award under the Share Award Scheme was granted. As disclosed above, as at 1 January 2025, nil share option and nil Award was outstanding/unvested and hence no Shares may be issued pursuant thereto.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2025, the Group entered into a number of connected transactions with TCL Technology (being the ultimate controlling shareholder of the Company) and its subsidiaries and/or its associates (as defined in the Listing Rules).

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) during the year ended 31 December 2025:

(a) Pursuant to the Master Financial Services (2023-2025) Agreement dated 31 October 2022 entered into among the Company, TCL Technology and the Finance Company (as amended and supplemented by the supplemental agreement dated 27 October 2023 ("FS Supplemental Agreement")) for a term from 1 January 2023 to 31 December 2025, the Company may from time to time utilise the financial services provided by TCL Financial Services Associates (as defined in the circulars of the Company dated 21 November 2022 and 22 November 2023 respectively) including deposit services, financing services, cash pooling services and other financial services.

    During the year ended 31 December 2025, (i) the maximum outstanding daily ending balances of deposits (including interest receivables in respect of these deposits and deposits as security) due from the Finance Company was RMB1,505,412,000; (ii) aggregate face value of bills discounted was nil; and (iii) no financial service charges in respect of other financial services has been paid by the Group pursuant to the Master Financial Services (2023-2025) Agreement (as amended and supplemented by the FS Supplemental Agreement).

    As at 31 December 2025, the relevant balance of advance to TCL Technology under the meaning of Chapter 13 of the Listing Rules amounted to RMB1,045,615,000, which was deposits placed with TCL Technology pursuant to the Master Financial Services (2023-2025) Agreement (as amended and supplemented by the FS Supplemental Agreement); out of which: (i) approximately RMB825,615,000 was placed with TCL Technology with interest rates ranging from 0.01% to 2.85% per annum and repayable within one year and without collateral; (ii) approximately RMB220,000,000 was placed with TCL Technology with interest rates of 2.85% per annum and repayable in the third year and without collateral.

    Further details of the Master Financial Services (2023-2025) Agreement and the FS Supplemental Agreement are set out in the circulars of the Company dated 21 November 2022 and 22 November 2023 respectively.

(b) Pursuant to the Master Sale and Purchase (2025-2027) Agreement dated 10 September 2024 entered into between the Company and TCL Technology (as amended and supplemented by the supplemental agreement dated 12 August 2025 ("SP Supplemental Agreement")) for a term commencing from 1 January 2025 to 31 December 2027, the Group (i) purchased materials from members of TCL Technology Group and/or associates of TCL Technology amounting to RMB2,153,137,000, and (ii) sold products to members of TCL Technology Group and/or associates of TCL Technology amounting to RMB4,469,805,000, during the year ended 31 December 2025.

    The respective aggregate amount of purchase of materials from TCL Technology Group and/or associates of TCL Technology by the Group and aggregate amount of sales of products to TCL Technology Group and/or associates of TCL Technology during the year ended 31 December 2025 did not exceed 60% of the Group's then total revenue in the year ended 31 December 2025.

    Further details of the Master Sale and Purchase (2025-2027) Agreement (as amended and supplemented by the SP Supplemental Agreement) are set out in the circulars of the Company dated 14 October 2024, 9 September 2025 and 19 November 2025 respectively.

(c) Pursuant to the Master Processing (2025-2027) Agreement dated 10 September 2024 entered into between the Company and TCL Technology for a term commencing from 1 January 2025 to 31 December 2027, if any member of TCL Technology Group and/or associates of TCL Technology so requests, the Group may from time to time process raw materials into semi-finished materials and/or finished goods, and the Group received processing fee from TCL Technology Group and/or associates of TCL Technology amounting to RMB68,420,000 during the year ended 31 December 2025.

Further details of the Master Processing (2025-2027) Agreement are set out in the circular of the Company dated 14 October 2024.

(d) Pursuant to the Master Human Resources Subcontracting (2025-2027) Agreement dated 10 September 2024 entered into between the Company and Huizhou TCL Human Resources Services Company Limited*（惠州TCL人力資源服務有限公司, hereinafter "Huizhou TCL", an associate of TCL Technology) (Huizhou TCL and its subsidiaries together referred to as "Huizhou TCL Group") for a term commencing from 1 January 2025 to 31 December 2027, the Group may from time to time engage the Huizhou TCL Group for provision of human resources services. During the year ended 31 December 2025, service fees in the amount of RMB116,787,000 have been paid by the Group to the Huizhou TCL Group for the human resources services.

Further details of the Master Human Resources Subcontracting (2025-2027) Agreement are set out in the circular of the Company dated 14 October 2024 and 10 November 2025.

(e) Pursuant to the Master Equipment Rental (2023-2025) Agreement dated 4 April 2023 entered into between the Company and Wuhan CSOT for a term commencing from 4 April 2023 to 31 December 2025, the Group may from time to time rent machineries, equipment, tools and articles from Wuhan CSOT. During the year ended 31 December 2025, rental fees in the amount of RMB387,000 have been paid by the Group to Wuhan CSOT for renting equipment.

Further details of the Master Equipment Rental (2023-2025) Agreement are set out in the announcement of the Company dated 4 April 2023.

(f) Pursuant to the Master Sourcing Agreement dated 13 October 2025 entered into between the Company and TCL Technology for a term commencing from 28 November 2025 to 31 December 2027, the relevant member of TCL Technology (i) acts as the intermediary for the Group to purchase the required PRC materials and products from the Company's PRC subsidiaries and (ii) exports and sells such PRC materials and products to the Company's overseas subsidiaries. During the period from 28 November 2025 to 31 December 2025, the Group (i) sold PRC materials and products amounting to RMB349,000 to TCL Technology Group and (ii) purchased PRC materials and products amounting to RMB296,000 from TCL Technology Group.

Further details of the Master Sourcing Agreement are set out in the circular of the Company dated 10 November 2025.

(g) Pursuant to the Master Research & Development Service Agreement dated 19 December 2025 entered into between the Company and TCL CSOT for a term commencing from 19 December 2025 to 31 December 2027, the Group may from time to time request for research & development service from members of the TCL CSOT Group. During the period from 19 December 2025 to 31 December 2025, no research funding has been paid by the Group to TCL CSOT Group for research & development service.

Further details of the Master Research & Development Service Agreement are set out in the announcement of the Company dated 19 December 2025.

(h) Pursuant to the Master Human Resources Sharing Services (2025-2027) Agreement dated 22 December 2025 entered into between the Company and TCL Technology for a term commencing from 22 December 2025 to 31 December 2027, member(s) of TCL Technology Group or member(s) of the Group may share their surplus employees to member(s) of the Group or member(s) of TCL Technology Group (as the case may be). During the period from 22 December 2025 to 31 December 2025, (i) the Group requested for the TCL Technology HR Sharing Service from members of TCL Technology Group amounting to RMB5,400,000; and (ii) TCL Technology Group requested for the CDOT HR Sharing Service from members of the Group amounting to RMB5,643,000.

Further details of the Master Human Resources Sharing Services (2025-2027) Agreement are set out in the announcement of the Company dated 22 December 2025.

All the related party transactions set out in note 32 to the financial statements (except for transactions with TCL Industries Holdings Co., Ltd and its then affiliates or associates) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The Company has complied with the applicable 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 business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 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 Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young have issued their unqualified letter containing their 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. Ernst & Young has confirmed in the letter to the Board that, with respect to the aforesaid continuing connected transactions entered into 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 entered into, 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.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year ended 31 December 2025 and up to the date of this report, none of the Directors has any interest in business, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MANAGEMENT CONTRACT

Save for employment contracts, no contracts concerning the management and administration of the whole or substantial part of any business of the Company were entered into or subsisted during the year ended 31 December 2025.

PERMITTED INDEMNITY PROVISION

The Bye-laws provides that each Director or other officers of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company against all losses which he or she may incur or sustain in or about the execution of the duties of his or her office. 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 in section 469 of the Companies Ordinance, Cap. 622 of Laws of Hong Kong) contained in the Bye-laws 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.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme and the Share Award Scheme as disclosed in the paragraphs headed "SHARE OPTION SCHEME" and "SHARE AWARD SCHEME" in this Report of the Directors, no equity linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreement that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 December 2025 or subsisted at the end of the said period.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 16 to 33 in this annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Specific enquiries have been made with all Directors and all of them have confirmed that they have complied with the 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 of the Company, at least 25% of the Company's total number of issued Shares was held by the public for the year ended 31 December 2025 and up to the date of this annual report.

AUDIT COMMITTEE

The Audit Committee is responsible for reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises four members, namely, Ms. HSU Wai Man, Helen (as the chairperson), Mr. XU Yan, Mr. LI Yang and Ms. YANG Qiulin, all of whom are independent non-executive Directors of the Company. The Group's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee, which is of the opinion that the preparation of such financial information complies with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

AUDITORS

Ernst & Young will retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

LIAO QIAN
Chairman

Hong Kong
27 March 2026

INDEPENDENT AUDITOR'S REPORT

To the shareholders of China Display Optoelectronics Technology Holdings Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Display Optoelectronics Technology Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 56 to 123, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of 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 the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

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 MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Inventories provision	
The Group is principally engaged in the research and development, manufacture, sale and distribution of liquid crystal display ("LCD") modules. The Group's inventories are subject to the significant risk of obsolescence due to the rapid technology development of the LCD module industry. Significant management judgement is accordingly involved when determining the extent of write-downs of inventories to net realisable value. Management is required to estimate the respective future selling prices and selling costs to determine if any provision should be made or should be reversed. Details of the inventory provision are disclosed in note 3 and note 6 to the consolidated financial statements.	We assessed the processes and methods used by management to make provision for obsolete inventories. Our assessment included evaluating management's inventory ageing profiles, selecting samples covering each ageing period of the ageing reports and checking the original goods receipt notes. We evaluated the inventory's net realisable value, on a sampling basis, by comparing the forecast selling prices and estimated costs to completion against existing contracts and recent market prices. Furthermore, we considered the subsequent sales trend analysis and assessed management's sales plan. We reviewed and assessed the adequacy and appropriateness of the related disclosures in the consolidated financial statements.

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 disclosure requirements of 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.

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 90 of the Bermuda Companies Act 1981, 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 HKSAs 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 HKSAs, 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.

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	**7,725,363**	4,549,406
Cost of sales		**(7,350,107)**	(4,353,087)
Gross profit		**375,256**	196,319
Other income and gains	5	**103,864**	83,075
Selling and distribution expenses		**(20,215)**	(7,836)
Administrative expenses		**(280,670)**	(185,913)
Impairment loss on financial assets		**(305)**	(209)
Other expenses		**(15,521)**	(6,532)
Finance costs	7	**(15,898)**	(11,402)
PROFIT BEFORE TAX	6	**146,511**	67,502
Income tax expense	10	**(7,082)**	(1,523)
PROFIT FOR THE YEAR		**139,429**	65,979
Attributable to:			
Owners of the parent	12	**139,429**	65,979
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	12		
Basic			
– For profit for the year		**RMB6.65 cents**	RMB3.15 cents
Diluted			
– For profit for the year		**RMB6.65 cents**	RMB3.15 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 *RMB'000*	2024 *RMB'000*
PROFIT FOR THE YEAR	**139,429**	65,979
OTHER COMPREHENSIVE INCOME		
Other comprehensive gain/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial operations	**7,518**	(6,347)
Net other comprehensive gain/(loss) that may be reclassified to profit or loss in subsequent periods	**7,518**	(6,347)
OTHER COMPREHENSIVE GAIN/(LOSS) FOR THE YEAR, NET OF TAX	**7,518**	(6,347)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**146,947**	59,632
Attributable to:		
Owners of the parent	**146,947**	59,632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**814,608**	747,470
Intangible assets	16	**11,384**	10,039
Goodwill	15	**–**	–
Deposits paid for purchase of items of property, plant and equipment	19	**793**	704
Deferred tax assets	24	**5,144**	627
Right-of-use assets	14(a)	**26,982**	28,009
Treasury deposits at related parties	20	**220,000**	235,000
Total non-current assets		**1,078,911**	1,021,849
CURRENT ASSETS			
Inventories	17	**387,170**	325,988
Trade and bills receivables	18	**1,617,584**	1,059,564
Prepayments and other receivables	19	**223,346**	75,793
Treasury deposits at related parties	20	**825,615**	965,485
Time deposits	21	**–**	19,000
Cash and cash equivalents	21	**33,296**	62,149
Total current assets		**3,087,011**	2,507,979
CURRENT LIABILITIES			
Trade payables	22	**2,529,606**	1,836,106
Other payables and accruals	23	**375,489**	584,467
Lease liabilities	14(b)	**308**	239
Tax payable		**30,585**	24,950
Total current liabilities		**2,935,988**	2,445,762
NET CURRENT ASSETS		**151,023**	62,217
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,229,934**	1,084,066
NON-CURRENT LIABILITIES			
Lease liabilities	14(b)	**606**	–
Deferred income		**4,764**	7,516
Deferred tax liabilities	24	**672**	5,921
Total non-current liabilities		**6,042**	13,437
Net assets		**1,223,892**	1,070,629

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	**172,134**	172,134
Shares held for the Share Award Scheme	25	**(13,080)**	(13,080)
Reserves	29	**1,064,838**	911,575
Total equity		**1,223,892**	1,070,629

Zhang Feng
Director

Xi Wenbo
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital *RMB'000* *(note 25)*	Shares held for the Share Award Scheme *RMB'000* *(note 25)*	Share premium account *RMB'000* *(note 29(a))*	Capital reserve *RMB'000* *(note 29(b))*	Contributed surplus *RMB'000* *(note 29(d))*	Share award reserve *RMB'000* *(note 26)*	Equity incentive reserve *RMB'000* *(note 27)*	Statutory surplus reserve *RMB'000* *(note 29(c))*	Exchange fluctuation reserve *RMB'000*	Retained profits *RMB'000*	Total equity *RMB'000*
At 1 January 2024	172,134	(13,080)	79,476	(77,680)	167,911	50	–	109,178	(6,655)	578,114	1,009,448
Profit for the year	–	–	–	–	–	–	–	–	–	65,979	65,979
Other comprehensive loss for the year:											
Exchange differences on translation of financial statements	–	–	–	–	–	–	–	–	(6,347)	–	(6,347)
Total comprehensive income/(loss) for the year	–	–	–	–	–	–	–	–	(6,347)	65,979	59,632
Equity-settled share-based payments	–	–	–	–	–	–	1,549	–	–	–	1,549
Appropriations to statutory surplus reserve	–	–	–	–	–	–	–	7,877	–	(7,877)	–
At 31 December 2024	172,134	(13,080)	79,476*	(77,680)*	167,911*	50*	1,549*	117,055*	(13,002)*	636,216*	1,070,629

	Attributable to owners of the parent										
	Share capital ***RMB'000*** ***(note 25)***	**Shares held for the Share Award Scheme** ***RMB'000*** ***(note 25)***	**Share premium account** ***RMB'000*** ***(note 29(a))***	**Capital reserve** ***RMB'000*** ***(note 29(b))***	**Contributed surplus** ***RMB'000*** ***(note 29(d))***	**Share award reserve** ***RMB'000*** ***(note 26)***	**Equity incentive reserve** ***RMB'000*** ***(note 27)***	**Statutory surplus reserve** ***RMB'000*** ***(note 29(c))***	**Exchange fluctuation reserve** ***RMB'000***	**Retained profits** ***RMB'000***	**Total equity** ***RMB'000***
At 1 January 2025	**172,134**	**(13,080)**	**79,476**	**(77,680)**	**167,911**	**50**	**1,549**	**117,055**	**(13,002)**	**636,216**	**1,070,629**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**139,429**	**139,429**
Other comprehensive loss for the year:											
Exchange differences on translation of financial statements	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,518**	**–**	**7,518**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,518**	**139,429**	**146,947**
Equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**6,316**	**–**	**–**	**–**	**6,316**
Appropriations to statutory surplus reserve	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,987**	**–**	**(12,987)**	**–**
At 31 December 2025	**172,134**	**(13,080)**	**79,476***	**(77,680)***	**167,911***	**50***	**7,865***	**130,042***	**(5,484)***	**762,658***	**1,223,892**

* *These reserve accounts comprise the consolidated reserves of RMB1,064,838,000 (2024: RMB911,575,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**146,511**	67,502
Adjustments for:			
Finance costs	*7*	**15,898**	11,402
Interest income	*5*	**(41,570)**	(35,563)
Loss on disposal of items of property, plant and equipment	*6*	**173**	1,192
Depreciation	*6*	**110,937**	92,026
Impairment of goodwill	*15*	**–**	3,011
Amortisation of intangible assets		**4,971**	4,331
Depreciation of right-of-use assets	*6*	**1,335**	1,459
Impairment of trade receivables	*6*	**306**	199
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets	*6*	**(9)**	10
Reversal of write-down of inventories to net realisable value	*6*	**(524)**	(2,085)
Realised gain on derivative financial instruments		**–**	(1,342)
Equity incentive expense	*27*	**6,316**	1,549
Exchange losses		**1,718**	119
		246,062	143,810
Increase in inventories		**(60,658)**	(123,262)
Increase in trade and bills receivables		**(552,526)**	(517,346)
(Increase)/decrease in prepayments, other receivables and other assets		**(147,544)**	43,449
Increase in trade payables		**693,500**	786,218
(Decrease)/increase in other payables and accruals		**(116,776)**	236,630
Increase in derivative financial instruments		**–**	(2,550)
Decrease in deferred income		**(2,752)**	(3,413)
Cash (used in)/from operations		**59,306**	563,536
Chinese Mainland taxes paid		**(25,237)**	(20,135)
Net cash flows (used in)/from operating activities		**34,069**	543,401
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**41,570**	35,563
Purchases of items of property, plant and equipment		**(255,825)**	(164,546)
Purchases of items of intangible assets	*16*	**(6,316)**	(1,871)
Proceeds from disposal of items of property, plant and equipment		**2**	789
Decrease/(increase) in treasury deposits at related parties		**173,870**	(354,082)
Proceeds from disposal of financial assets at fair value through profit or loss, net		**–**	1,342
Net cash flows from/(used in) investing activities		**(46,699)**	(482,805)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		**–**	(3,161)
Interest paid		**(15,882)**	(11,382)
Principal portion of lease payments	*30(b)*	**(387)**	(364)
Net cash flows used in financing activities		**(16,269)**	(14,907)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(28,899)**	45,689
Cash and cash equivalents at beginning of year	*21*	**62,149**	23,178
Effect of foreign exchange rate changes, net		**46**	(6,718)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*21*	**33,296**	62,149
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*21*	**33,296**	62,149
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	*21*	**33,296**	62,149

1. CORPORATE AND GROUP INFORMATION

China Display Optoelectronics Technology Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business in Hong Kong is located at 8/F, Building 22E, Phase 3, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

During the year ended 31 December 2025, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in the R&D (Research and Development), manufacture and sale of LCD modules for mobile phones and tablets, and the provision of processing services for LCD modules.

In the opinion of the directors, the immediate holding company of the Company is High Value Ventures Limited, a limited liability company incorporated in the British Virgin Islands, and the ultimate holding company is TCL Technology Group Corporation ("TCL Technology"), a limited liability company registered in the People's Republic of China (the "PRC") and listed on the Shenzhen Stock Exchange.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
China Display Optoelectronics Technology (Huizhou) Co., Ltd. ("CDOT Huizhou")*	PRC/Chinese Mainland	RMB451,686,900	–	100	R&D, manufacture and sale of LCD modules for mobile phones and tablets and provision of processing services
Huizhou Kedate Zhixian Technology Co., Ltd. ("Kedate Zhixian")*	PRC/Chinese Mainland	RMB50,000,000	–	100	R&D and sale of LCD modules for tablets
Taijia Investment Limited	Hong Kong	HK$10,000	–	100	Investment holding, merchandising and sales
TCL Display Technology (Hong Kong) Limited	Hong Kong	HK$1	–	100	Investment holding, merchandising and sales
TCL Intelligent Display Electronics Limited	Bermuda	HK$1	100	–	Investment holding
TCL Display Technology (BVI) Limited	British Virgin Islands	US$1	–	100	Investment holding
Taixing Investment Limited	Bermuda	HK$10,000	100	–	Investment holding

* *CDOT Huizhou and Kedate Zhixian are registered as limited liability companies under PRC law.*

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 which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") 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 (collectively referred to as the "Group") 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).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2. 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 impact on the Group's financial statements.

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

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.

2. ACCOUNTING POLICIES (Continued)

2.3 Issued but not Yet Effective HKFRS Accounting Standards (Continued)

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. 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. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

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.

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, HKFRS 9, HKFRS 10 and HKAS 7 (and the accompanying Guidance on implementing HKFRS 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.

- 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

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 the non-controlling interests in the acquiree 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 fair value. Acquisition-related costs are expensed as incurred.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Business combinations and goodwill (Continued)

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 or other comprehensive income, as appropriate.

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, or groups of cash-generating units, 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 cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) 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 cash-generating unit (or group of cash-generating units) 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 cash-generating unit retained.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Fair value measurement

The Group measures its investment properties, 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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit'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 cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Impairment of non-financial assets (Continued)

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 in those expense categories consistent with the function of the impaired asset.

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.

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 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.

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 the statement of 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 that 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:

Buildings	3%
Plant and machinery	14% to 32%
Office and other equipment	14% to 32%
Leasehold improvements	19% to 48%

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 period 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.

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.

Computer software

The 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 3 to 5 years.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Intangible assets (other than goodwill) (Continued)

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 is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that the asset 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.

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.

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.

(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 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 follows:

Leasehold land	50 years
Plant and properties	44 months
Equipment	60 months

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities (Continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate 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.

(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). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

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.

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 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 derivative financial instruments which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Derecognition of financial assets (Continued)

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.

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 that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 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 which apply the simplified approach as detailed below.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

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

Simplified approach

For trade receivables 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 amortised cost and financial liabilities at fair value through profit or loss.

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, other payables, derivative financial instruments, interest-bearing bank and other borrowings.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Financial liabilities (Continued)

Subsequent measurement

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

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. 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.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

<u>Financial liabilities at amortised cost (trade and other payables, and borrowings)</u>

After initial recognition, trade and other payables, 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 the statement of 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 the statement of profit or loss.

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Derivative financial instruments

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.

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.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-team 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 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 the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain 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 past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

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.

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

- when the deferred tax liability 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 taxable temporary differences associated with investments in subsidiaries, where 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.

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, 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Government grants

Government grants are recognised at their fair value 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, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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.

(a) Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the LCD module products.

(b) Services income

Revenue from services income is recognised at the point in time when control of the product is transferred to the customer, generally on delivery of the LCD module products.

Other income

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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a 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).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates the Share Award Scheme and participates in the Share Incentive Scheme (as defined in note 26 and note 27 to the financial statements, respectively) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. 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 for grants 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.

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 year 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.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Share-based payments (Continued)

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.

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 options is reflected as additional share dilution in the computation of earnings per share.

As disclosed in note 26 to the financial statements, the Group has engaged a trustee to administer the Share Award Scheme, where the trustee may purchase shares issued by the Company from the market as awards to the relevant participants. The consideration paid by the Company, including any directly attributable incremental costs, is presented as "shares held for the Share Award Scheme" and deducted from the Group's equity.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its eligible employees in Hong Kong. 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 subsidiary which operates in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme at the applicable rates based on the amounts stipulated by the local government organisations. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

2. ACCOUNTING POLICIES (Continued)

2.4 Material Accounting Policies (Continued)

Foreign currencies

The functional currency of the Company is HKD and these financial statements are presented in RMB. Most of the turnover of the Group is contributed by the business in Chinese Mainland and the presentation currency of RMB could provide users of the financial statements with more comparable information with other companies in similar industries. 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).

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 entities in the Group are currencies other than RMB. As at the end of the year, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the year and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB 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 RMB at the weighted average exchange rates for the year.

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

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

Tax

The PRC Corporate Income Tax Law, which became effective on 1 January 2008, states that the distribution of dividends by a foreign-invested enterprise established in Chinese Mainland to its foreign investors in respect of its earnings, from 1 January 2008 or thereafter, shall be subject to withholding corporate income tax at an applicable rate of 5% or 10%. The Group evaluates the necessity of dividend distribution of its subsidiaries established in Chinese Mainland out of profits earned after 1 January 2008 and makes decisions on such dividend distributions based on senior management's judgement. As at 31 December 2025, the aggregate unremitted earnings of RMB878,876,000 (31 December 2024: RMB757,151,000) of the Group's subsidiaries established in Chinese Mainland that are subject to withholding taxes were considered to be not probable to distribute in the foreseeable future and accordingly, the related deferred tax liabilities of RMB43,944,000 as at 31 December 2025 (31 December 2024: RMB37,858,000) were not recognised.

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.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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 products) 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 is disclosed in note 18 to the financial statements.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories and makes a 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 each year and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each year. 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 have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed. During the year ended 31 December 2025, the amount of the reversal of write-down of the inventories recognised in the consolidated statement of profit or loss was RMB524,000 (31 December 2024: RMB2,085,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment being the display product segment which principally engages in the processing, manufacture and sale of LCD module products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	2025 RMB'000	2024 RMB'000
Chinese Mainland*	**6,194,561**	4,285,556
Hong Kong	**1,530,802**	263,610
Taiwan	**–**	240
	7,725,363	4,549,406

The revenue information above is based on the locations of the customers.

* *Chinese Mainland means the People's Republic of China excluding Hong Kong, Macau and Taiwan.*

(b) Non-current assets

All significant operating assets of the Group are located in Chinese Mainland. Accordingly, no geographical information of segment assets is presented.

Information about major customers

Revenue of approximately RMB4,952,675,000 during the year ended 31 December 2025 (year ended 31 December 2024: RMB2,003,959,000) was derived from sales to related parties of the Company.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers	**7,725,363**	4,549,406

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2025

Segments	LCD modules RMB'000
Types of goods or services	
Sale of industrial products	**7,662,467**
Services Income	**62,896**
Total revenue from contracts with customers	**7,725,363**
Geographical markets	
Chinese Mainland	**6,194,561**
Hong Kong	**1,530,802**
Taiwan	**–**
Total revenue from contracts with customers	**7,725,363**
Timing of revenue recognition	
Goods and services transferred at a point in time	**7,725,363**

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

Segments	LCD modules *RMB'000*
Types of goods or services	
Sale of industrial products	4,505,131
Services Income	44,275
Total revenue from contracts with customers	4,549,406
Geographical markets	
Chinese Mainland	4,285,556
Hong Kong	263,610
Taiwan	240
Total revenue from contracts with customers	4,549,406
Timing of revenue recognition	
Goods and services transferred at a point in time	4,549,406

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 and recognised from performance obligations satisfied in previous periods:

	2025 ***RMB'000***	2024 *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**245,623**	39,056

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the LCD module products and the payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Services Income

The performance obligation is satisfied upon delivery of the LCD module products.

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Interest income	**41,570**	35,563
Subsidy income*	**21,569**	4,369
Gain on disposal of raw materials, samples and scraps	**19,662**	14,615
Value-added tax additional deduction	**20,408**	24,621
Others	**449**	1,213
	103,658	80,381
Other net gain		
Exchange gains	**206**	–
Realised gain on derivative financial instruments	**–**	2,694
	206	2,694
	103,864	83,075

* *Subsidy income represents various government grants received from the relevant government authorities to support the development of the relevant projects of the Group in Chinese Mainland. In the opinion of management, there are no unfulfilled conditions or contingencies relating to these grants.*

6. PROFIT BEFORE TAX

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		7,350,107	4,353,087
Depreciation of property, plant and equipment	13	110,937	92,026
Amortisation of intangible assets*	16	4,971	4,331
Depreciation of right-of-use assets	14(a)	1,335	1,459
Auditor's remuneration		1,602	1,327
Research and development costs^:			
Current year expenditures		230,754	131,222
Impairment of goodwill#		–	3,011
Lease payments not included in the measurement of lease liabilities	14(c)	775	4,655
Employee benefit expense (including directors' remuneration *(note 8)*):			
Wages and salaries		376,416	243,354
Equity-settled share incentive expenses	27	6,316	1,549
Pension scheme contributions		36,137	26,870
		418,869	271,773
Exchange losses, net#		14,221	863
Realised loss on derivative financial instruments		–	1,352
Impairment of trade receivables		306	199
(Reversal of impairment)/impairment of financial assets included in prepayments, other receivables and other assets		(9)	10
Reversal of write-down of inventories to net realisable value**		(524)	(2,085)
Loss on disposal of items of property, plant and equipment***		173	1,192

* *The amortisation of intangible assets is included in "Cost of sales" and "Administrative expenses" in the consolidated statement of profit or loss.*

^ *Research and development costs are included in "Administrative expenses" in the consolidated statement of profit or loss.*

\# *The impairment of goodwill and exchange loss are included in "Other expenses" in the consolidated statement of profit or loss.*

** *Reversal of write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.*

*** *Loss on disposal of items of property, plant and equipment is included in "Other expenses" in the consolidated statement of profit or loss.*

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities *(note 14 (b))*	**16**	20
Interest on discounted bills	**15,882**	11,382
	15,898	11,402

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to 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 RMB'000	2024 RMB'000
Fees	**660**	592
Other emoluments:		
Salaries, allowances and benefits in kind	**1,214**	2,014
Performance related bonuses	**6,463**	3,435
Pension scheme contributions	**112**	164
	7,789	5,613
	8,449	6,205

8. DIRECTORS' REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees 2025 RMB'000	Fees 2024 RMB'000
Ms. HSU Wai Man, Helen	165	164
Mr. XU Yan	165	164
Mr. LI Yang	165	164
Ms. Yang Qiulin*	165	100
	660	592

* *Ms. Yang Qiulin was appointed as an independent non-executive director of the Company with effect from 23 May 2024.*

Other independent non-executive directors were appointed with effect from 25 June 2015.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

(b) Executive directors and a non-executive director

2025	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. ZHANG Feng*	–	140	–	–	140
Mr. XI Wenbo	–	–	–	–	–
Mr. ZHANG Caili*	–	–	–	–	–
Mr. HAI Hong*	–	157	–	18	175
Mr. OUYANG Hongping*	–	–	4,873	–	4,873
Mr. WEN Xianzhen*	–	403	317	41	761
Mr. WANG Xinfu	–	514	1,273	53	1,840
Non-executive director:					
Mr. LIAO Qian	–	–	–	–	–
	–	1,214	6,463	112	7,789

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors and a non-executive director (Continued)

2024	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. OUYANG Hongping	–	637	2,219	38	2,894
Mr. WANG Xinfu	–	664	743	62	1,469
Mr. WEN Xianzhen	–	713	473	64	1,250
Mr. XI Wenbo	–	–	–	–	–
Non-executive director:					
Mr. LIAO Qian	–	–	–	–	–
	–	2,014	3,435	164	5,613

* *Mr. ZHANG Feng was appointed as an executive director of the Company with effect from 4 July 2025.*

* *Mr. ZHANG Caili was appointed as an executive director of the Company with effect from 6 August 2025.*

* *Mr. HAI Hong was appointed as an executive director of the Company with effect from 28 November 2025.*

* *Mr. OUYANG Hongping resigned as an executive director of the Company on 4 July 2025.*

* *Mr. WEN Xianzhen resigned as an executive director of the Company on 6 August 2025.*

* *Mr. WANG Xinfu resigned as an executive director of the Company on 17 October 2025.*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: three), details of whose remuneration are set out in note 8 above. Details of the remuneration during the year of the remaining three (2024: two) non-directors of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	**1,535**	1,128
Performance related bonuses	**2,095**	1,589
Pension scheme contributions	**172**	123
	3,802	2,840

9. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2025	2024
HK$1,000,001 to HK$1,500,000	2	–
HK$1,500,001 to HK$2,000,000	1	2

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 jurisdictions in which the Group operates.

	2025 RMB'000	2024 RMB'000
Current		
Charge for the year	30,746	163
Adjustment in respect of current tax of previous periods	(13,898)	(10,940)
Deferred	(9,766)	12,300
Total tax charge for the year	7,082	1,523

A reconciliation of the income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

2025

	Chinese Mainland		Hong Kong		British Virgin Islands and Bermuda		Total	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Profit before tax	148,620		1,954		(4,063)		146,511	
Tax at the statutory tax rate	23,400	15.6	323	16.5	–	–	23,723	16.2
Income not subject to tax	–	–	(308)	(15.8)	–	–	(308)	(0.2)
Expenses not deductible for tax and others	260	0.2	51	2.6	–	–	311	0.2
Adjustment in respect of current tax of previous periods	(13,870)	(9.3)	(28)	(1.4)	–	–	(13,898)	(9.5)
Deductible temporary differences not recognised	–	–	(10)	(0.5)	–	–	(10)	–
Tax losses utilised from previous period	(2,740)	(1.8)	–	–	–	–	(2,740)	(1.9)
Tax loss not recognised	–	–	4	0.2	–	–	4	–
Tax charge at the Group's effective tax rate	7,050	4.7	32	1.6	–	–	7,082	4.8

10. INCOME TAX (Continued)

2024

	Chinese Mainland RMB'000	%	Hong Kong RMB'000	%	British Virgin Islands and Bermuda RMB'000	%	Total RMB'000	%
Profit before tax	67,058		1,133		(689)		67,502	
Tax at the statutory tax rate	10,071	15.0	187	16.5	–	–	10,258	15.2
Income not subject to tax	–	–	(144)	(12.6)	–	–	(144)	(0.2)
Expenses not deductible for tax and others	848	1.3	–	–	–	–	848	1.3
Adjustment in respect of current tax of previous periods	(10,899)	(16.3)	(41)	(3.6)	–	–	(10,940)	(16.2)
Deductible temporary differences not recognised	–	–	(10)	(0.9)	–	–	(10)	–
Tax loss not recognised	1,462	2.2	49	4.3	–	–	1,511	2.2
Tax charge at the Group's effective tax rate	1,482	2.2	41	3.7	–	–	1,523	2.3

The Group has tax losses of RMB28,315,000 arising in Hong Kong (Year ended 31 December 2024: RMB28,292,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pillar Two income taxes

The Group is within the scope of the Pillar Two model rules. The Group has applied the temporary mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. From 1 January 2025, the Group is liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in Hong Kong. The Group will account for the additional 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, either the Group's effective tax rates in the jurisdictions in which it operates are above 15% or the constituent entities in certain jurisdiction are in loss position. The directors of the Company are not currently aware of any circumstances under which they might change. Therefore, the Group does not expect potential exposure to Pillar Two "top-up" taxes. 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

The Board does not recommend to declare any final dividends for the year ended 31 December 2025 (31 December 2024: Nil).

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share amount for the year ended 31 December 2025 is based on the profit for the year attributable to owners of the parent of RMB139,429,000 (2024: RMB65,979,000), and the weighted average number of ordinary shares of the Company in issue less shares held for the Share Award Scheme during the year of 2,096,908,406 (2024: 2,096,908,406).

The Company had no potentially dilutive ordinary shares in issue during the year ended 31 December 2025.

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2025

	Buildings RMB'000	Plant and machinery RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 31 December 2024:					
Cost	418,304	738,133	31,660	28,515	1,216,612
Accumulated depreciation	(26,169)	(406,429)	(25,081)	(11,463)	(469,142)
Net carrying amount	392,135	331,704	6,579	17,052	747,470
At 1 January 2025, net of accumulated depreciation	392,135	331,704	6,579	17,052	747,470
Additions	–	173,273	4,611	4,477	182,361
Disposal	–	(67)	(2,086)	(332)	(2,485)
Adjustment for final settlement procedures	(1,787)	(14)	–	–	(1,801)
Depreciation provided during the year	(13,900)	(90,541)	(248)	(6,248)	(110,937)
At 31 December 2025, net of accumulated depreciation and impairment	376,448	414,355	8,856	14,949	814,608
At 31 December 2025:					
Cost	416,518	911,326	34,408	32,033	1,394,285
Accumulated depreciation and impairment	(40,070)	(496,971)	(25,552)	(17,084)	(579,677)
Net carrying amount	376,448	414,355	8,856	14,949	814,608

31 December 2024

	Buildings RMB'000	Plant and machinery RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 31 December 2023:					
Cost	428,225	649,928	30,602	24,874	1,133,629
Accumulated depreciation	(11,895)	(368,357)	(24,909)	(5,862)	(411,023)
Net carrying amount	416,330	281,571	5,693	19,012	722,606
At 1 January 2024, net of accumulated depreciation	416,330	281,571	5,693	19,012	722,606
Additions	–	121,723	3,046	4,025	128,794
Disposal	–	(1,689)	(143)	(150)	(1,982)
Adjustment for final settlement procedures	(9,922)	–	–	–	(9,922)
Depreciation provided during the year	(14,273)	(69,901)	(2,017)	(5,835)	(92,026)
At 31 December 2024, net of accumulated depreciation and impairment	392,135	331,704	6,579	17,052	747,470
At 31 December 2024:					
Cost	418,304	738,133	31,660	28,515	1,216,612
Accumulated depreciation and impairment	(26,169)	(406,429)	(25,081)	(11,463)	(469,142)
Net carrying amount	392,135	331,704	6,579	17,052	747,470

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties, 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 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and properties generally have lease terms with 44 months. Other equipment generally has lease terms of 60 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(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:

	Right-of-use assets			
	Leasehold land *RMB'000*	Plant and properties *RMB'000*	Equipment *RMB'000*	Total *RMB'000*
As at 1 January 2024	27,252	546	1,658	29,456
Depreciation charge	(603)	(334)	(522)	(1,459)
Exchange realignment	–	12	–	12
As at 31 December 2024 and 1 January 2025	26,649	224	1,136	28,009
Additions	–	1,052	–	1,052
Disposal	–	–	(738)	(738)
Depreciation charge	(603)	(334)	(398)	(1,335)
Exchange realignment	–	(6)	–	(6)
As at 31 December 2025	26,046	936	–	26,982

14. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	239	571
Additions	1,052	–
Accretion of interest recognised during the year	16	20
Payments	(387)	(364)
Exchange realignment	(6)	12
Carrying amount at 31 December	914	239
Analysed into:		
Current portion	308	239
Non-current portion	606	–

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	16	20
Depreciation charge of right-of-use assets	1,335	1,459
Expense relating to short-term leases (included in cost of sales)	775	4,655
Total amount recognised in profit or loss	2,126	6,134

(d) The total cash outflow for leases is disclosed in note 30(b) to the financial statements.

15. GOODWILL

	RMB'000
At 1 January 2024:	
Cost	3,011
Accumulated impairment	–
Net carrying amount	3,011
Cost at 1 January 2024, net of accumulated impairment	3,011
Impairment during the year	(3,011)
Cost and net carrying amount at 31 December 2024	–
At 31 December 2024,1 January 2025 and 31 December 2025:	
Cost	3,011
Accumulated impairment	(3,011)
Net carrying amount	–

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing.

Medium-sized display module cash-generating unit

The recoverable amount of the medium-sized display module cash-generating unit 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 the cash flow projections is 13.95% in 2024. The growth rate used to extrapolate the cash flows of the medium-sized display module cash-generating unit beyond the five-year period is 2% in 2024.

Assumptions were used in the value in use calculation of the sales of the medium-sized display module cash-generating unit 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:

Revenue growth rate – The revenue growth rate is based on the average growth achieved in the past years and the expected revenue from sales of modules for tablets.

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.

The values assigned to the key assumptions on market development of medium-sized display modules and discount rates are consistent with external information sources.

16. INTANGIBLE ASSETS

	Patents and licences *RMB'000*	Computer software *RMB'000*	Total *RMB'000*
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	**7,124**	**2,915**	**10,039**
Additions	**–**	**6,316**	**6,316**
Amortisation provided during the year	**(2,671)**	**(2,300)**	**(4,971)**
At 31 December 2025	**4,453**	**6,931**	**11,384**
At 31 December 2025			
Cost	**13,358**	**21,978**	**35,336**
Accumulated amortisation	**(8,905)**	**(15,047)**	**(23,952)**
Net carrying amount	**4,453**	**6,931**	**11,384**

	Patents and licences *RMB'000*	Computer software *RMB'000*	Total *RMB'000*
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	9,796	2,703	12,499
Additions	–	1,871	1,871
Amortisation provided during the year	(2,672)	(1,659)	(4,331)
At 31 December 2024	7,124	2,915	10,039
At 31 December 2024			
Cost	13,358	15,662	29,020
Accumulated amortisation	(6,234)	(12,747)	(18,981)
Net carrying amount	7,124	2,915	10,039

17. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	**133,781**	155,084
Work in progress	**30,190**	19,364
Finished goods	**223,199**	151,540
	387,170	325,988

18. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	**1,617,748**	1,051,329
Bills receivable	**983**	9,076
Impairment	**(1,147)**	(841)
	1,617,584	1,059,564

The Group's trading terms with its customers are mainly on credit, except for certain customers, where payment in advance is normally required. The credit period is generally 30 to 90 days, depending on the size and credibility of the customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

Included in the Group's trade and bills receivables are amounts due from the Group's related parties of RMB1,122,125,000 (2024: RMB773,490,000), accounting for 69% (2024: 73%) of the net carrying amount of the Group's trade and bills receivables, which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 month	**650,445**	1,007,649
1 to 2 months	**491,002**	50,544
2 to 3 months	**440,941**	1,371
Over 3 months	**35,196**	–
	1,617,584	1,059,564

18. TRADE AND BILLS RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 *RMB'000*	2024 *RMB'000*
At beginning of year	**841**	642
Impairment losses, net	**306**	199
At end of year	**1,147**	841

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. 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. Generally, trade and bills receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Less than 6 months	**Over 6 months**	**Total**
Expected credit loss rate	**0.07%**	**–**	**0.07%**
Gross carrying amount *(RMB'000)*	**1,617,748**	**–**	**1,617,748**
Expected credit losses *(RMB'000)*	**1,147**	**–**	**1,147**

As at 31 December 2024

	Less than 6 months	Over 6 months	Total
Expected credit loss rate	0.08%	–	0.08%
Gross carrying amount *(RMB'000)*	1,051,329	–	1,051,329
Expected credit losses *(RMB'000)*	841	–	841

The Group's bills receivable have been accepted by notable banks with high credit ratings. As at 31 December 2025 and 31 December 2024, the probability of default and the loss given default were estimated to be minimal.

19. PREPAYMENTS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Non-current:		
Deposits and other receivables	**793**	704
Current:		
Prepayments	**31,931**	5,774
Deposits and other receivables	**23,953**	29,643
Value added tax recoverable	**167,462**	40,376
	223,346	75,793

None of the above assets is either past due or impaired. Deposits and other receivables mainly represent deposits paid for purchase of items of property and equipment, deposits paid for value added tax and deposits with suppliers. The expected credit losses are estimated with reference to the historical loss record of the Group. As at 31 December 2025, the probability of default and the loss given default of deposits and other receivables were estimated to be minimal.

Included in the Group's prepayments and other receivables are amounts due from the related parties of RMB51,142,000 (2024: RMB16,289,000).

20. TREASURY DEPOSITS AT RELATED PARTIES

As at 31 December 2025, the treasury deposits at related parties amounted to approximately RMB1,045,615,000, which were deposits placed with TCL Technology and its subsidiaries pursuant to the supplemental agreement of the Master Financial Services (2023-2025) Agreement dated 27 October 2023 entered into between the Company, TCL Technology Finance Co., Ltd. and TCL Technology; of which: (i) approximately RMB825,615,000 was placed with TCL Technology and its subsidiaries with interest rates ranging from 0.01% to 2.85% per annum and repayable within one year and without collateral; and (ii) approximately RMB220,000,000 has been placed with TCL Technology and its subsidiaries at an interest rate of 2.85% per annum, to be repaid in the third year without collateral.

21. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	**33,296**	62,149
Time deposits*	**–**	19,000
	33,296	81,149
Less: Non-pledged time deposits with original maturity of more than one year	**–**	19,000
Cash and cash equivalents	**33,296**	62,149
Cash and cash equivalents and time deposits denominated in		
– RMB	**32,760**	75,828
– HK$	**2**	2
– US$	**532**	5,318
– EUR$	**1**	–
– JPY$	**1**	1
Cash and cash equivalents and time deposits	**33,296**	81,149

* *The time deposits of RMB19,000,000 have matured on 7 July 2025.*

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one day and three years depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and time 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 and time deposits were deposits of RMB33,296,000 (31 December 2024: RMB62,148,986), placed with TCL Finance Co., Ltd., a fellow subsidiary of the Company and a financial institution approved by the People's Bank of China. The interest rate for the deposits placed with TCL Finance Co., Ltd. ranges from 0.05% to 2.85% (2024: 0.05% to 2.75%) per annum, being the savings rate offered by the People's Bank of China during the year. Further details of the interest income from the deposits in the related parties are set out in note 32 to the financial statements.

22. TRADE PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	**2,529,606**	1,836,106

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

	2025 RMB'000	2024 RMB'000
Within 30 days	**1,339,158**	1,042,748
31 to 60 days	**640,496**	317,271
61 to 90 days	**381,989**	345,728
Over 90 days	**167,963**	130,359
	2,529,606	1,836,106

The trade payables are non-interest-bearing and are normally settled on terms ranging from 30 to 150 days.

23. OTHER PAYABLES AND ACCRUALS

		2025 RMB'000	2024 RMB'000
Contract liabilities	*(a)*	**42,860**	284,946
Salaries and welfare payables		**94,266**	102,618
Tax payables other than current income tax liabilities		**5,211**	3,825
Other payables	*(b)*	**233,152**	192,316
Accruals		**–**	762
		375,489	584,467

Notes:

(a) Details of contract liabilities are as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Short-term advances received from customers			
Sale of goods	**42,860**	284,946	50,910

Contract liabilities include short-term advances received to deliver LCD module products. The fluctuation in contract liabilities in 2025 and 2024 was mainly due to the fluctuation in short-term advances received from customers in relation to the sale of LCD module products at the end of the years.

(b) Other payables are non-interest-bearing and have an average term of three months.

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Impairments *RMB'000*	Depreciation in excess of related depreciation allowance *RMB'000*	Accruals and unrealized profit *RMB'000*	Government grants *RMB'000*	Derivative financial liabilities *RMB'000*	Loss available for offsetting against future taxable profits *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2024	1,958	3,646	480	1,639	401	600	90	8,814
Credited/(charged) to the statement of profit or loss during the year *(note 10)*	(434)	(2,929)	257	(512)	(401)	5,649	(51)	1,579
At 31 December 2024 and 1 January 2025	1,524	717	737	1,127	–	6,249	39	10,393
Credited/(charged) to the statement of profit or loss during the year *(note 10)*	4	(717)	(529)	4,088	–	(6,249)	1,116	(2,287)
At 31 December 2025	1,528	–	208	5,215	–	–	1,155	8,106

Deferred tax liabilities

	Fair value adjustments arising from acquisition of a subsidiary *RMB'000*	Right-of-use assets *RMB'000*	Depreciation allowance in excess of related depreciation *RMB'000*	Total *RMB'000*
At 1 January 2024	1,469	339	–	1,808
Charged/(credited) to the statement of profit or loss during the year *(note 10)*	(401)	(132)	14,412	13,879
At 31 December 2024 and 1 January 2025	1,068	207	14,412	15,687
Credited to the statement of profit or loss during the year *(note 10)*	(399)	(53)	(11,601)	(12,053)
At 31 December 2025	669	154	2,811	3,634

24. DEFERRED TAX (Continued)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 *RMB'000*	2024 *RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	**5,144**	627
Net deferred tax liabilities recognised in the consolidated statement of financial position	**672**	5,921

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Chinese Mainland. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. No temporary differences associated with the investment in the subsidiary in Chinese Mainland for which deferred tax liabilities have not been recognised as at 31 December 2025 (31 December 2024: Nil).

25. SHARE CAPITAL

	2025	2024
Authorised:		
4,000,000,000 (31 December 2024: 4,000,000,000) ordinary shares of HK$0.10 each *(HK$'000)*	**400,000**	400,000
Issued and fully paid:		
2,114,307,929 (31 December 2024: 2,114,307,929) ordinary shares *(HK$'000)*	**211,431**	211,431
Equivalent to RMB'000	**172,134**	172,134

As at 31 December 2025, the total number of issued ordinary shares of the Company was 2,114,307,929 (2024: 2,114,307,929), of which 17,399,523 (2024: 17,399,523) shares, equivalent to RMB13,080,000 (2024: RMB13,080,000) were held by the trustee appointed for the Share Award Scheme adopted by the Company.

26. SHARE AWARD SCHEME

On 17 March 2016 (the "Adoption Date"), the Board (for the purposes of the Share Award Scheme, defined below, also including such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer) resolved to adopt a restricted share award scheme (the "Share Award Scheme") for the purpose of providing incentives to the participants under the Share Award Scheme. Pursuant to the terms of the Share Award Scheme, the Board may, from time to time, at its sole and absolute discretion, designate an award ("Award" and collectively "Awards") to be made to a selected participant ("Selected Person" and collectively "Selected Persons"). Participants of the Share Award Scheme cover any employee, adviser, consultant, agent, contractor, client or supplier of any member of the Group and any employee or officer of any affiliated company whom the Board in its sole discretion considers may contribute or have contributed to the Group. Awards may be satisfied by (i) existing shares to be acquired by the trustee engaged by the Company for the purpose of administrating the Share Award Scheme (the "Trustee") from the market, or (ii) new shares to be allotted and issued to the Trustee by the Company (collectively "Awarded Shares"), in both case the costs of which will be borne by the Company, and will be held on trust by the Trustee for the Selected Persons until the end of each vesting period, subject to fulfilment of the vesting conditions (if any). The specific mandate for the issuance and allotment of new shares as Awarded Shares pursuant to the Share Award Scheme was approved by the shareholders of the Company at the special general meeting of the Company held on 11 May 2016 (the "Approval Date"). On 9 August 2017, the Share Award Scheme was amended by the Group, pursuant to which, the Board may accelerate the vesting of the unvested Awarded Shares for grantees on a date prior to the original vesting date and waive or alter any or all of the vesting conditions attached to such Awarded Shares.

Subject to the refreshment of the scheme limit and the adjustment in the event of consolidation or subdivision of shares, the Board shall not make any further award of Awarded Shares which will result in: (i) the aggregate number of the Awarded Shares granted under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date (i.e. 172,149,980 shares); and (ii) the aggregate number of the Shares held by public shareholders of the Company falling below the minimum percentage as prescribed under the Listing Rules. Unless otherwise approved by the shareholders of the Company, the aggregate number of new shares to be granted as Awarded Shares in each financial year shall not exceed 3% of the total number of issued shares of the Company as at the Approval Date (i.e. 51,644,994 shares) or the latest new approval date (i.e. latest date on which the relevant shareholders' approval is obtained), as the case may be.

On 20 May 2016, the Company entered-into a trust deed with BOCI-Prudential Trustee Limited ("BOCI") whereby the BOCI was appointed as Trustee.

On 17 March 2016, the Board resolved to conditionally grant Awards with new shares to certain grantees (the "Shares Grant A") pursuant to the terms of the Share Award Scheme. This involves granting Awards in front of a total of 51,644,994 Awarded Shares being new shares to 97 Selected Persons. The Shares Grant A was subject to (i) the approval of the specific mandate for the issuance and allotment of new shares as Awarded Shares pursuant to the Share Award Scheme by the shareholders; and (ii) the approval by the listing committee of the Stock Exchange for the listing of, and permission to deal in, such new shares. The conditions were all fulfilled on 11 May 2016.

On 9 August 2017, the Board resolved to conditionally grant Awards in front of new shares to certain grantees (the "Shares Grant B") pursuant to the terms of the Share Award Scheme. This involves conditionally granting Awards in front of a total of 44,813,829 Awarded Shares being new shares and 6,831,165 Awarded Shares being existing shares from the market to 145 Selected Persons, who are all employees, and 2 Selected Persons, who are all non-employees, respectively. Out of the 145 Selected Persons of the Shares Grant B, 4 are connected persons of the Company (the "Connected Grantees") who are conditionally granted a total of 15,364,499 Awarded Shares being new Shares. The proposed Awards to such Connected Grantees constitute connected transactions and are therefore also subject to the approval by the independent shareholders, which has been obtained on 13 October 2017.

26. SHARE AWARD SCHEME (Continued)

Unvested Awarded Shares do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

Since the Adoption Date and up to 31 December 2025, 103,289,988 Shares in aggregate have been granted under the Share Award Scheme of the Company, of which 102,946,488 Shares had been vested, and 343,500 Shares had been forfeited.

As at 31 December 2025, an aggregate of 1,710,704 Awarded Shares (2024: 1,710,704 Awarded Shares), being Awarded Shares not accepted nor vested, or were forfeited in accordance with the terms of the Share Award Scheme, were held by the Trustee. Such Awarded Shares were not granted nor allocated to any grantee.

During the reporting period, no Award Share has been granted, vested, cancelled, lapsed or deducted. Nor were there any outstanding Awards granted under the Share Award Scheme at the beginning and/or at the end of the reporting period.

27. EQUITY INCENTIVE PLAN

The Group's ultimate holding company (TCL Technology) implemented the 2024 Employee Stock Ownership Scheme (hereinafter referred to as the "2024 Plan"), which was considered and approved at the first 2024 extraordinary shareholders' meeting of TCL Technology Group Co., Ltd. on 17 June 2024.

Certain employees of the Group were eligible to participate in the 2024 Plan during the year and the total number of shares of TCL Technology granted was 3,614,704.

The Group's ultimate holding company (TCL Technology) implemented the 2025 Employee Stock Ownership Plan (hereinafter referred to as the "2025 Plan"), which was considered and approved at the third 2025 extraordinary shareholders' meeting of TCL Technology Group Co., Ltd. on 17 July 2025.

Certain employees of the Group were eligible to participate in the 2025 Plan during the year and the total number of shares of TCL Technology granted was 3,365,157.

The vesting periods and ratios are as follows:

Number of occurrences	Vesting period and ratio
First non-trade transfer or sale	12 months after the date of vesting of the holder's respective quota of the underlying shares, the 2024 and 2025 Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's respective shares to the account of the holder of the 2024 and 2025 Plan, provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation.
Second non-trade transfer or sale	24 months after the date of vesting of the holder's corresponding quota of the underlying shares, the 2024 and 2025 Plan may decide whether to sell 50% of the shares or to transfer 50% of the holder's corresponding shares to the account of the holder of the 2024 and 2025 Plan provided that such transfer and sales are then supported by the systems of SZSE and the Registration and Settlement Corporation.

The fair value of the share incentive shares granted during the year was RMB15,513,000 (RMB4.61 each).

The Group recognised a share incentive expense of RMB6,316,000 during the year ended 31 December 2025 (2024: RMB1,549,000).

28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of recognising and providing incentives and rewards to eligible participants who contribute to the success of the Group's operations, helping the Group in retaining its existing employees, recruiting additional employees and providing them with a direct economic interest in attaining the long-term business objectives of the Group. Eligible participants of the Share Option Scheme include employees of the Company or any of its subsidiaries (including any executive and non-executive director or proposed executive and non-executive director of the Company), adviser, consultant, agent, contractor, client or supplier of any member of the Group or any other person whom the Board in its sole discretion considers may contribute or have contributed to the Group. The Share Option Scheme became effective on 25 June 2015 and, unless otherwise terminated, will remain in force for 10 years from that date.

The total number of shares of the Company which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares of the Company in issue on the date of approval of each of the Share Option Scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issued or to be issued upon exercise of share options granted to any one participant in a 12-month period shall not exceed 1% (or 0.1% for any substantive shareholder, independent non-executive director or other associates, see the paragraph below) of the issued shares of the Company.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment of a non-refundable nominal consideration of HK$1.00 by each grantee. The Share Option Scheme does not specify any minimum holding period but the Board has the authority to determine the minimum period for which a share option in respect of some or all of the shares forming the subject of the share options must be held before it can be exercised. 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 option.

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 Company's shares on the Stock Exchange on the date of grant; (ii) the average closing price of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Share options do not confer rights on the holders to receive dividends or to vote at general meetings of the Company.

As at 1 January 2025, the total number of Shares available for issue under the Share Option Scheme, which represents the aggregate of all outstanding share options (i.e. share options granted and not yet exercised, if any) and all share options available for future grant under the Share Option Scheme, was 172,149,980, representing approximately 8.14% of the total issued Shares as at 1 January 2025. As at 31 December 2025, the total number of Shares available for issue in respect of the Share Option Scheme, which represents the aggregate of all outstanding share options (i.e. share options granted and not yet exercised, if any) and all share options available for future grant under the Share Option Scheme, was nil.

No share option was granted during the financial years 2025 and 2024 and the Company had no outstanding share option outstanding as at 31 December 2025 and 2024.

The Share Option Scheme has expired on 24 June 2025, after which no further share options can be granted pursuant to the Share Option Scheme. As at 31 December 2025, there were no outstanding share options under the Share Option Scheme (2024: Nil).

29. RESERVES

The amounts of the Group's reserves and the movements therein during the years ended 31 December 2025 and 2024 are presented in the consolidated statement of changes in equity on page 60 of the financial statements.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration paid.

(b) Capital reserve

The capital reserve with the amount of RMB77,970,000 arose from the Reverse Takeover Transaction in 2015, with the adjustment of CDOT Huizhou's legal capital to reflect the Company's legal capital, and the capital reserve with the amount of RMB290,000 arose from the contribution from a non-controlling shareholder.

(c) Statutory surplus reserve

In accordance with the PRC Company Law, the subsidiaries registered in the PRC are required to allocate 10% of its profit after tax to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the PRC Company Law, part of the SSR may be converted to increase share capital of the subsidiaries registered in the PRC, provided that the remaining balance after the capitalization is not less than 25% of the registered capital.

(d) Contributed surplus

Upon compliance with Section 4b (2) of the Companies Act 1981 of Bermuda, the annual general meeting had passed the resolution to cancel the amount standing to the credit of the share premium amount of RMB237,632,000 and to transfer the amount to the contributed surplus account in 2017. Adjustments have been made standing to the debit of the share premium account each time when the Company declared dividend since then.

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

2025

	Lease liabilities *RMB'000*
At 1 January 2025	239
Changes from financing cash flows	(387)
New lease	1,052
Interest expense	16
Effect of foreign exchange rate changes, net	(6)
At 31 December 2025	914

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(a) Changes in liabilities arising from financing activities (Continued)

2024

	Interest-bearing bank borrowings *RMB'000*	Lease liabilities *RMB'000*
At 1 January 2024	3,161	571
Changes from financing cash flows	(3,161)	(364)
Interest expense	–	20
Effect of foreign exchange rate changes, net	–	12
At 31 December 2024	–	239

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 ***RMB'000***	2024 *RMB'000*
With operating activities	**(775)**	(4,655)
With financing activities	**(387)**	(364)
	(1,162)	(5,019)

31. COMMITMENTS

(a) The Group had the following capital commitments as at the end of the year:

	2025 ***RMB'000***	2024 *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**36,797**	53,318

32. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Transactions with related parties

The Group had the following transactions with related parties, namely TCL Technology and the then affiliates, as well as TCL Industries Holdings Co., Ltd ("TCL Holdings") and the then affiliates, during the year:

	2025 RMB'000	2024 RMB'000
TCL Technology and the then affiliates:		
Sales of goods and rendering of services	**4,310,746**	1,896,431
Sales of raw materials and samples	**222,304**	47,918
Purchase of goods and accepting services	**2,155,212**	1,574,593
Purchases of plant, vehicles, furniture and fixtures	**10,703**	432
Rental and other related charges	**823**	4,639
Interest income	**16,931**	19,958
Provision of human resources-related services	**5,643**	–
Receiving human resources-related services	**122,186**	74,208
Technical Services	**5,524**	8,172
Guarantee fee	**9**	–
	6,850,081	3,626,351
TCL Holdings and the then affiliates:		
Sales of goods and rendering of services	**641,929**	405,968
Sales of raw materials and samples	**35,176**	2,241
Purchase of goods and accepting services	**1,538,003**	1,060,839
Purchases of plant, vehicles, furniture and fixtures	**4,906**	2,488
Rental and other related charges	**367**	379
Provision of human resources-related services	**383**	–
Technical Services	**464**	–
	2,221,228	1,471,915

32. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Outstanding balances with related parties

	Due from related companies		Due to related companies	
	2025	2024	**2025**	2024
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Current:				
TCL Technology and the then affiliates	**1,899,073**	1,694,136	**532,041**	813,845
TCL Holdings and the then affiliates	**128,094**	118,520	**176,881**	103,126
	2,027,167	1,812,656	**708,922**	916,971
Non-current:				
TCL Technology and the then affiliates	**220,000**	235,000	**–**	–
	2,247,167	2,047,656	**708,922**	916,971

As at 31 December 2025, the current balance with the immediate holding company, an affiliate of TCL Technology, relating to the reimbursement for the listing expense which was paid by the immediate holding company on behalf of the Company amounted to RMB34,167,000 (2024: RMB35,034,000). The remaining balances with TCL Technology and the then affiliates and TCL Holdings and the then affiliates are mainly trading balances which are repayable on credit terms similar to those offered to the major customers of the Group.

(c) Compensation of key management personnel of the Group

	2025	2024
	RMB'000	*RMB'000*
Short term employee benefits	**11,838**	9,657
	11,838	9,657

Further details of directors' emoluments are included in note 8 to the financial statements.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the year are as follows:

31 December 2025

	Financial assets at amortised cost *RMB'000*
Financial assets	
Trade and bills receivables	**1,617,584**
Financial assets included in prepayments and other receivables	**23,953**
Treasury deposits at related parties	**1,045,615**
Cash and cash equivalents	**33,296**
	2,720,448

31 December 2024

	Financial assets at amortised cost *RMB'000*
Financial assets	
Trade and bills receivables	1,059,564
Financial assets included in prepayments and other receivables	29,643
Treasury deposits at related parties	1,200,485
Time deposit	19,000
Cash and cash equivalents	62,149
	2,370,841

33. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2025

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities	
Trade payables	2,529,606
Financial liabilities included in other payables and accruals	232,380
Lease liabilities	914
	2,762,900

31 December 2024

	Financial liabilities at amortised cost *RMB'000*
Financial liabilities	
Trade payables	1,836,106
Financial liabilities included in other payables and accruals	182,210
Lease liabilities	239
	2,018,555

34. FAIR VALUE MEASUREMENT

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade payables, financial assets included in prepayments and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the finance director and the audit committee. At each reporting date, the finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance director. 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 the non-current portion of time deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes 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 were assessed to be insignificant.

The Group enters into forward currency contracts with various counterparties. Derivative financial instruments are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs, including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The carrying amounts of forward currency contracts are the same as their fair values.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, and cash and cash equivalents. 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 and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors review and agree policies for managing each of these risks and they are summarised below.

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. Approximately 20% (2024: 6%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 9% (2024: 6%) of costs were denominated in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each year to a reasonably possible change in the US$ exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in exchange rate	**Increase/ (decrease) in profit before tax**
	%	*RMB'000*
31 December 2025		
If RMB weakens against US$	5	(669)
If RMB strengthens against US$	(5)	669
31 December 2024		
If RMB weakens against US$	5	128
If RMB strengthens against US$	(5)	(128)

Credit risk

The Group trades only with recognised and creditworthy third parties. 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.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, financial assets included in prepayments and other receivables, and time deposit, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group had concentrations of credit risk as 72% (31 December 2024: 90%) of the Group's trade and bills receivables were due from the Group's five largest customers as at 31 December 2025.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

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 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs	
	Stage 1	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables*	–	1,617,748	1,617,748
Bills receivable			
– Not yet past due	983	–	983
Financial assets included in prepayments and other receivables			
– Normal **	23,953	–	23,953
Treasury deposits at related parties	1,045,615	–	1,045,615
Cash and cash equivalents			
– Not yet past due	33,296	–	33,296
	1,103,847	1,617,748	2,721,595

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

As at 31 December 2024

	12-month ECLs Stage 1 *RMB'000*	Lifetime ECLs Simplified approach *RMB'000*	Total *RMB'000*
Trade receivables*	–	1,051,329	1,051,329
Bills receivable			
– Not yet past due	9,076	–	9,076
Financial assets included in prepayments and other receivables			
– Normal**	29,643	–	29,643
Treasury deposits at related parties	1,200,485	–	1,200,485
Cash and cash equivalents			
– Not yet past due	62,149	–	62,149
Time deposit			
– Not yet past due	19,000	–	19,000
	1,320,353	1,051,329	2,371,682

* *For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the financial statements.*

** *The credit quality of the financial assets included in prepayments and other receivables 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".*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and financial support from related parties.

The maturity profile of financial liabilities as at 31 December 2025, based on the contractual undiscounted payments, was as follows:

	Less than 1 year *RMB'000*	**1 to 5 years** *RMB'000*	**Total** *RMB'000*
31 December 2025			
Trade payables	**2,529,606**	**–**	**2,529,606**
Financial liabilities included in other payables and accruals	**232,380**	**–**	**232,380**
Lease liabilities	**366**	**625**	**991**
	2,762,352	**625**	**2,762,977**

	Less than 1 year *RMB'000*	1 to 5 years *RMB'000*	Total *RMB'000*
31 December 2024			
Trade payables	1,836,106	–	1,836,106
Financial liabilities included in other payables and accruals	182,210	–	182,210
Lease liabilities	243	–	243
	2,018,559	–	2,018,559

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as interest-bearing bank and other borrowings, trade payables, financial liabilities included in other payables and accruals, lease liabilities less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of the years are as follows:

	31 December 2025 *RMB'000*	31 December 2024 *RMB'000*
Trade payables	**2,529,606**	1,836,106
Financial liabilities included in other payables and accruals	**232,380**	182,210
Lease liabilities	**914**	239
Less: Cash and cash equivalents	**(33,296)**	(62,149)
Net debt	**2,729,604**	1,956,406
Equity attributable to owners of the parent	**1,223,892**	1,070,629
Capital and net debt	**3,953,496**	3,027,035
Gearing ratio	**69%**	65%

36. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group discounted certain bills receivable accepted by banks in Chinese Mainland (the "Derecognised Bills") to certain reputable banks with a carrying amount in aggregate of RMB223,618,000. 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 may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is 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.

During the year ended 31 December 2025, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year and cumulatively. The endorsement has been made evenly throughout the year.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the year is as follows:

	2025 *RMB'000*	2024 *RMB'000*
NON-CURRENT ASSETS		
Investments in subsidiaries	**269,410**	273,908
Total non-current assets	**269,410**	273,908
CURRENT ASSETS		
Cash and cash equivalents	**2**	2
Prepayments and other receivables	**101,746**	104,904
Total current assets	**101,748**	104,906
CURRENT LIABILITIES		
Other payables and accruals	**135,717**	135,861
Total current liabilities	**135,717**	135,861
NET CURRENT LIABILITIES	**(33,969)**	(30,955)
TOTAL ASSETS LESS CURRENT LIABILITIES	**235,441**	242,953
Net assets	**235,441**	242,953
EQUITY		
Share capital	**172,134**	172,134
Reserves *(Note)*	**63,307**	70,819
	235,441	242,953

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account *RMB'000*	Contributed surplus *RMB'000*	Accumulated losses *RMB'000*	Exchange fluctuation reserve *RMB'000*	Total equity *RMB'000*
At 1 January 2024	79,476	167,911	(194,599)	15,314	68,102
Loss for the year	–	–	(448)	–	(448)
Exchange differences on translation of financial statements	–	–	–	3,165	3,165
Total comprehensive income/(loss) for the year	–	–	(448)	3,165	2,717
At 31 December 2024	79,476	167,911	(195,047)	18,479	70,819

	Share premium account ***RMB'000***	**Contributed surplus** ***RMB'000***	**Accumulated losses** ***RMB'000***	**Exchange fluctuation reserve** ***RMB'000***	**Total equity** ***RMB'000***
At 1 January 2025	**79,476**	**167,911**	**(195,047)**	**18,479**	**70,819**
Loss for the year	**–**	**–**	**(3,832)**	**–**	**(3,832)**
Exchange differences on translation of financial statements	**–**	**–**	**–**	**(3,680)**	**(3,680)**
Total comprehensive loss for the year	**–**	**–**	**(3,832)**	**(3,680)**	**(7,512)**
At 31 December 2025	**79,476**	**167,911**	**(198,879)**	**14,799**	**63,307**

The Company's contributed surplus represents the cancellation of the amount standing to the credit of the share premium and transferred to the contributed surplus account with effect from the resolution approved at the annual general meeting held on 22 June 2017. Pursuant to Bermuda company law, a company may make distributions to its members out of the contributed surplus in certain circumstances. Adjustments have been made standing to the debit of the share premium account each time when the Company declared dividend since then.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

FIVE YEAR FINANCIAL SUMMARY

A summary of the audited results, assets and liabilities of the Group for the last five financial years ended 31 December 2025, as extracted from the published audited financial statements and restated and/or reclassified as appropriate, is set out as below:

	Year ended 31 December				
	2025	2024	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**7,725,363**	4,549,406	2,576,806	4,208,350	5,840,094
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**146,511**	67,502	18,347	167,706	219,888
Income tax credit/(expense)	**(7,082)**	(1,523)	(5,261)	1,319	(53,400)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**139,429**	65,979	13,086	169,025	166,488
DISCONTINUED OPERATIONS					
Profit/(loss) for the year from discontinued operations	**–**	–	–	–	33,223
PROFIT FOR THE YEAR	**139,429**	65,979	13,086	169,025	199,711
Attributable to:					
Owners of the parent	**139,429**	65,979	13,086	169,025	193,215
Non-controlling interests	**–**	–	–	–	6,496
	139,429	65,979	13,086	169,025	199,711

ASSETS AND LIABILITIES

	As at 31 December				
	2025	2024	2023	2022	2021
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS	**4,165,922**	3,529,828	2,531,877	2,580,181	2,887,065
TOTAL LIABILITIES	**2,942,030**	(2,459,199)	(1,522,429)	(1,580,016)	(2,055,568)
Non-controlling interest	**–**	–	–	–	–
Equity attributable to owners of the parent	**1,223,892**	1,070,629	1,009,448	1,000,165	831,497