

Credit Opinion

28 April 2026

Ratings	
Category	Corporate
Domicile	China
Rating Type	Solicited Rating
Long-Term Credit Rating	A _g -
Outlook	Stable

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TCL Technology Group Corporation

Initial credit rating report

CCXAP assigns first-time long-term credit rating of A_g- to TCL Technology Group Corporation, with stable outlook.

Summary

The A_g- long-term credit rating of TCL Technology Group Corporation (“TCL Technology” or the “Company”) is underpinned by the Company’s (1) leading market position in semi-conductor display industry, with advancing technology, scale advantages, and substantial production capacity; (2) diversified business portfolio that enhances resilience in a competitive market; (3) robust access to diversified financing channels combined with good financial flexibility; and (4) track record of receiving policy support for the strategic technology industries.

However, the rating is constrained by the Company’s (1) exposure to highly cyclical and intensely competitive industries; (2) moderate and volatile profitability; and (3) substantial ongoing capital expenditure requirements, which have contributed to a rising debt burden and elevated leverage.

The stable outlook on TCL Technology’s rating reflects our expectation that over the next 12 to 18 months, the Company will maintain a stable standalone credit profile, supported by its sustained market position and good access to reliable funding access.

Rating Drivers

- Leading market position in semi-conductor display sector, supported by established scale and advancing technological advantages
- Diversified business portfolio that enhances resilience in a competitive market
- Exposure to highly cyclical and intensely competitive industries
- Benefiting from the policy support for strategic technology industries
- Moderate profitability capabilities due to the industry's high cyclical and price volatility
- Increasing debt burden driven by high capital expenditures
- Access to diversified and reliable funding sources

Rating Sensitivities

What could upgrade the rating?

The rating could be upgraded if the Company's (1) profitability indicators, such as EBITDA margin and ROA, show sustained and material improvement, reflecting greater earnings stability and reduced cyclical vulnerability; or (2) key debt repayment and leverage metrics significantly strengthen, including a meaningful reduction in the debt burden, improved cash flow coverage ratios.

What could downgrade the rating?

The rating could be downgraded if (1) there is a deterioration in capital and profitability; (2) the Company's capital investments underperform expectations and lead to a material drag on financial performance; or (3) the Company's refinancing capabilities and liquidity position weaken substantially.

Key Indicators

	2023FY	2024FY	2025FY
Total Assets (RMB billion)	382.9	378.3	372.7
Total Equity (RMB billion)	145.3	132.7	133.3
Total Revenue (RMB billion)	174.4	165.0	184.2
Net Profits (RMB billion)	4.8	-4.2	0.2
EBITDA Margin (%)	20.4	19.1	20.5
Return on Assets (%)	2.7	0.3	1.2
Total Capitalization Ratio (%)	54.5	58.0	56.7
Total Debt/EBITDA (x)	4.9	5.8	4.6
CFO/Total debt (%)	14.5	16.1	25.2
EBITDA/Interest (x)	6.9	6.0	7.4

All ratios and figures are calculated using CCXAP's adjustments.

Source: Company data, CCXAP research

Corporate Profile

Established in 1981, TCL Technology (stock code: 000100.SZ) is a globalized technology conglomerate with an industry leading position and was listed on the Shenzhen Stock Exchange in 2004. Before April 2019, the Company's primary business consisted of the production and sale of semi-conductor displays and intelligent terminals. In April 2019, the Company spun off its intelligent terminal business to restructure its operations,

focusing on semi-conductor display and materials. In 2020, the Company acquired Tianjin Zhonghuan Electronics & Information (Group) Co., Ltd. Nowadays, the Company focuses on its core businesses: semi-conductor display, primarily operated through its subsidiary TCL China Star Optoelectronics Technology Co., Ltd. (“TCL CSOT”), and new energy photovoltaic and other silicon materials, principally conducted through its subsidiary TCL Zhonghuan Renewable Technology Co., Ltd. (“TZE”).

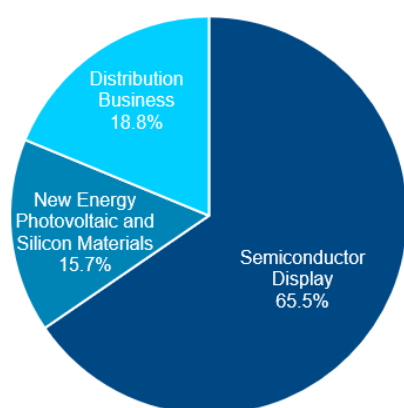
Following a series of private placements and capitalizations from capital reserves, the Company’s registered capital and paid-in capital both reached RMB20.8 billion as of 31 December 2025. As of the same date, Mr. Li Dongsheng and his concerted parties were the largest shareholder and held 6.09% of the Company’s equity. Due to a relatively dispersed shareholding structure, the Company has no controlling shareholder or actual controller.

Exhibit 1. Top 10 shareholders of the Company as of 31 December 2025

Name of shareholders	Shareholding percentage (%)
Li Dongsheng and Ningbo Jiutian Liancheng Equity Investment Partnership (Limited Partnership)	6.09
Hong Kong Securities Clearing Company Ltd.	4.96
Shenzhen Major Industrial Development Phase I Fund Co., Ltd.	4.74
Huizhou Investment Holding Co., Ltd.	2.58
China Securities Finance Corporation Limited	1.97
Industrial and Commercial Bank of China - Huatai- Pinebridge CSI 300 ETF	1.65
UBS AG	1.44
Wuhan Optics Valley Industrial Investment Co., Ltd.	1.20
China Construction Bank - Efund - CSI 300 ETF Initiated	1.18

Source: Company information, CCXAP research

Exhibit 2. Revenue structure in 2025



Source: Company information, CCXAP research

Rating Considerations

Business Profile

Leading market position in semi-conductor display sector, supported by established scale and advancing technological advantages

TCL Technology's operating subsidiary, TCL CSOT, maintains a strong competitive position in the global semiconductor display industry, which features high technological and capital barriers, along with significant concentration in China, Japan, and South Korea. While Japan and South Korea continue to lead in certain cutting-edge technologies, China's panel industry holds the world's largest production scale, providing a clear advantage in cost efficiency and volume manufacturing.

TCL CSOT has established a particularly solid competitive edge in the large-size LCD segment. In 2025, TCL CSOT achieved shipments of 58.7 million units in TV panel, capturing a global market share of 23% and ranking second worldwide. Simultaneously, through its self-constructed t9 production line targeting medium-sized products like high-value-added IT and commercial displays, TCL CSOT has achieved a comprehensive full-sized strategic layout.

TCL CSOT offers a complete and diversified product portfolio, covering displays for televisions, mobile phones, laptops, automotive applications, gaming devices, and other categories, while serving major global customers. As of the end of 2025, TCL CSOT operated 11 high-generation panel production lines and 7 module factories across key locations including Suzhou, Wuhan, Huizhou, and India. This extensive manufacturing footprint delivers strong scale advantages over many competitors, reinforced in recent years through self-built lines and targeted acquisitions that have consolidated its position in the global panel market.

In terms of research and development, TCL CSOT ranks among the industry leaders, with substantial investments driving advancements in key semiconductor display technologies. TCL CSOT has filed over 80,000 patent applications, contributed to or participated in establishing more than 300 industry standards, and secured over 3,200 patents in quantum dot display technology—ranking second globally in this area.

Diversified business portfolio that enhances resilience in a competitive market

TCL Technology entered the new energy photovoltaics and other silicon materials segment through its acquisition of TZE in 2020. TZE (stock code: 002129.SZ) is the only listed company with dual industrial chains of solar-grade and electronic-grade silicon materials in China, benefiting from advantages in production capacity, products, and costs. TZE's photovoltaic wafer business commands leading market share, with production costs below the industry average and relatively pricing power. However, the Chinese broader photovoltaic industry has been characterized by intense competition and chronic supply-demand imbalances for the recent years. Aggressive capacity expansions by major integrated players have resulted in severe oversupply across the value chain. Polysilicon, wafer, and module prices have fallen sharply since 2023 peaks, frequently trading below cash costs for extended periods through 2024–2025. Chinese regulators have encouraged self-discipline measures and capacity rationalization, but meaningful supply adjustment has been slow. TZE's net profit turned negative in 2024 and material losses through 2025, materially dragging on the Company's consolidated revenue and profitability. TZE's earnings recovery remains subject to multiple uncertainties, including the pace of industry consolidation, effectiveness of policy interventions to address overcapacity, raw-material cost volatility, and evolving global and domestic supply-demand dynamics.

To support the development and optimization of its industrial chain, the Company also operates an industrial finance business. The Company's subsidiaries, primarily including TCL Technology Group Finance Co., Ltd., provide business empowerment for the Company's industrial operations. Furthermore, the Company holds equity interests in various cross-industry entities including Bank of Shanghai, which generate certain investment income. The Company has achieved investment income of RMB2.6 billion, RMB1.4 billion, and RMB2.4 billion from 2023 to 2025, respectively. In addition to financial services and investments, among the Company's subsidiaries, Highly Information Industry Co., Ltd. (stock code: 835281.SO) provides sales and services for 3C

products, while Tianjin Printronics Circuit Corp. (stock code: 002134.SZ) is engaged in the printed circuit board business. These businesses are relatively small in scale and have limited contribution to the Company's total revenue.

Exposure to highly cyclical and intensely competitive industries

Both the semi-conductor display and photovoltaic industries in which TCL Technology operates are characterized by pronounced cyclical fluctuations. These inherent cyclical dynamics expose the Company's overall earnings to material volatility, despite ongoing efforts to enhance resilience through product mix optimization and operational efficiencies.

The semi-conductor display business is highly sensitive to global demand shifts, panel pricing volatility, and supply-side capacity expansions, leading to significant swings in profitability. Since the first half of 2025, national subsidies have supported the shift toward larger panel sizes, sustaining panel demand. Combined with greater supply-side discipline and ongoing industry consolidation, this has contributed to a more balanced supply-demand dynamic. Similarly, the photovoltaic segment has experienced even sharper cycles, exacerbated by disorderly and intense market competition that triggered rapid capacity additions, a collapse in polysilicon and silicon wafer prices, and prolonged industry-wide oversupply. In 2026, measures are expected to be progressively implemented, with their effects on product pricing, mergers and acquisitions, and higher entry barriers becoming more evident. Accelerated elimination of outdated capacity should gradually improve the industry's competitive landscape and supply chain stability.

Benefiting from the policy support for strategic technology industries

In recent years, the Chinese government has provided strong policy support to strategic high-tech and emerging industries, including semi-conductors, new energy, and advanced manufacturing. This support encompasses targeted subsidies, tax incentives, low-cost financing, research and development funding, and capacity guidance, aimed at enhancing technological self-reliance and global competitiveness in critical sectors.

TCL Technology and its subsidiaries have consistently benefited from government support, including government grants, subsidies, and operation assistance. For example, the construction of some production lines at TCL CSOT has received financial backing from local governments and industrial funds, which helps alleviate part of the pressure on capital expenditure. According to the Company's announcement in September 2025, it plans to invest in the construction of an OLED display panel production line with a total estimated investment of approximately RMB29.5 billion. TCL CSOT will contribute RMB8.9 billion, while state-owned enterprises and other partners coordinated by the People's Government of Guangzhou Municipality and the Administrative Committee of Guangzhou Economic and Technological Development Zone will jointly invest RMB5.9 billion. The remaining balance will be funded through syndicated loans and other financing channels.

Financial Profile

Moderate profitability capabilities due to high cyclical and price volatility

TCL Technology's profitability has been highly correlated with the cyclical nature of the semi-conductor display and photovoltaic industries. Over the 2023-2025 period, the Company's net profit exhibited significant volatility, with a net loss in 2024. In 2025, the Company demonstrated a recovery, reporting revenue of RMB184.2 billion and a return to profitability with a net profit of RMB213.8 million. The three-year average return on assets stood at 1.4% and average EBITDA margin at 20.0%, reflecting modest profitability with relatively weak stability.

In the semi-conductor display segment, which represented for over 60% of the total revenue, TCL CSOT recorded substantial losses in 2022 and the first half of 2023, which was mainly due to the sharp decline in panel demand and panel prices falling. Starting from the second half of 2023, benefiting from optimized product mix, rising prices for large-size panels, and improved utilization and layout of mid- and small-size production lines, TCL CSOT's semi-conductor display business began to deliver significant increases in revenue scale and gross profit levels, with segment revenue increasing from RMB83.7 billion in 2023 to RMB120.7 billion in 2025 and gross margin expanding from 13.8% to 20.1%. In the photovoltaic sector, TZE experienced a material decline in both revenue scale and profitability during 2023 to 2024, entering a phase of deep losses, which was primarily driven by severe industry-wide oversupply and a sharp collapse in product prices. In 2024, the photovoltaic segment saw revenue contract sharply by 52.0%, and its gross margin turned negative at -9.1%. In late 2025, photovoltaic industry conditions showed signs of stabilizing at cyclical lows, with marginal improvement in the industry's supply-demand dynamics contributing to a reduction in losses from the Company's photovoltaic businesses.

Additionally, the increase in impairment charges, primarily from photovoltaic inventory write-downs and goodwill impairments for operating subsidiary amid industry oversupply and price declines, materially pressured the Company's reported profitability and highlighted the earnings sensitivity to cyclical downturns. Other income, which was primarily government subsidies and related grants, and investment income provided important supplement to the profits.

We expect TCL Technology's financial performance to remain vulnerable to industry cyclical, particularly in the photovoltaic segment, where pricing and demand volatility could persist. Nevertheless, sustained growth and margin expansion in the semiconductor display business, alongside the gradual stabilization and narrowing of losses in photovoltaics, are expected to support improvements in profitability metrics.

Increasing debt burden driven by high capital expenditures

TCL Technology's debt burden has increased over the past three years, primarily driven by sustained capital investments to expand production capacity, upgrade technology, strengthen supply chain collaboration, and support global market expansion. As of 31 December 2025, the Company's total interest-bearing debt amounted to RMB174.8 billion; total capitalization (calculated as total debt/ total capital) rose gradually from 54.5% at end-2023 to 56.7% at end-2025. We expect the debt burden to remain elevated over the next 12 to 18 months, given the Company's substantial ongoing capital requirements for construction projects and planned acquisitions, which are necessary to maintain competitive positioning amid industry cyclical and technological evolution. As of 31 December 2025, the Company's total estimated investment in projects under construction was RMB68.4 billion with a remaining investment of RMB11.5 billion. Additionally, the Company continues to optimise technology, expand product offerings and enhance production capacity through exogenous M&A. In September 2025, the Company has entered into a co-invest agreement with the Guangzhou government to build the 8.6th Generation printed OLED production line, with a total project investment of RMB29.5 billion, of which the Company will contribute RMB8.9 billion.

The Company's liquidity profile is supported by a sound debt maturity structure, strong operating cash generation, particularly from the semiconductor display segment, and an adequate liquidity buffer. As of 31 December 2025, the Company's short-term debt represented 25.8% of the total debt, with cash to short-term debt coverage at around 0.7x. The Company's robust cash inflows from the semi-conductor display business also provide a meaningful buffer for debt servicing and capital expenditures. The cash flow from operations to total debt ratio has shown consistent improvement over the past three years, averaging 18.6%, reflecting

enhanced cash generation relative to debt levels. In addition, EBITDA interest coverage has been maintained at levels around 6.8x over recent periods. Diversified funding channels, including bank facilities, bonds, and other sources, along with RMB135.4 billion in available liquidity buffer, further bolster near-term resilience.

Access to diversified and reliable funding source

TCL Technology's financing ability is underpinned by its diversified funding channels, low financing cost, and good financial flexibility. As a Shenzhen Stock Exchange-listed entity with multiple listed subsidiaries, the Company has successfully accessed equity and hybrid capital markets in recent years through various instruments, enhancing overall financial flexibility and supporting strategic initiatives amid industry cyclicality.

As of the end of 2025, the Company has exhibited diversified and healthy debt funding channels, primarily including bank loans and domestic corporate bonds. Leveraging its leading market position and benefiting from supportive government policies for high-tech and strategic industries, the Company maintains good relationships with banks. The Company has access to low-cost bank loans and syndicated facilities from policy banks, state-owned commercial banks, and major joint-stock commercial banks. As of 30 June 2025, total bank credit facilities amounted to RMB330.0 billion, with RMB135.4 billion remaining undrawn, providing substantial headroom for indirect financing.

Meanwhile, in the direct financing market, the Company has achieved high recognition through multiple issuances of technology innovation corporate bonds (including digital economy-themed tranches), medium-term notes (science and technology innovation notes), and other debt financing instruments. The funds raised are primarily used for debt swaps and working capital, with issuance interest rates as low as 1.7%-2.6%. This has further enriched the Company's direct financing channels and optimized its debt structure.

ESG Considerations

TCL Technology faces environmental risks due to its core business activities including semiconductor display and new energy photovoltaic manufacturing across multiple R&D and manufacturing bases worldwide. Such risks can be mitigated by implementing green production technologies, conducting strict pollutant control and waste recycling throughout the production process.

As a listed company, TCL Technology is also exposed to certain social risks. The Company faces elevated societal expectations to promote technological innovation, maintain stable employment, and engage in community co-development.

TCL Technology's governance situations mainly include information disclosure, internal control, development strategy, senior management behavior, governance structure and operation, which are supported by its sound governance structure and internal control system. Moreover, it must navigate stringent cross-border compliance and disclosure requirements as a globally operated listed entity with business covering different countries and regions.

Rating Methodology

The methodology used in this rating is the Rating Methodology for [Manufacturing Industry \(April 2021\)](#).

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