

## **CCXAP assigns first-time long-term credit rating of A<sub>g</sub>- to TCL Technology Group Corporation, with stable outlook.**

Hong Kong, 28 April 2026 – China Chengxin (Asia Pacific) Credit Ratings Company Limited (“CCXAP”) has assigned a long-term credit rating of A<sub>g</sub>- to TCL Technology Group Corporation, with stable outlook.

The A<sub>g</sub>- 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.

### **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

### **Rating Considerations**

#### **Credit Strengths**

**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 semi-conductor display

industry. 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. In terms of research and development, TCL CSOT ranks among the industry leaders, with substantial investments driving advancements in key semiconductor display technologies.

**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. 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.

**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 cyclicity. 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.

**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. TCL Technology and its subsidiaries have consistently benefited from government support, including government grants, subsidies, and operation assistance.

### Credit Challenges

**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.

**Moderate profitability capabilities.** TCL Technology's profitability has been highly correlated with the cyclical nature of the semi-conductor display and photovoltaic industries. We expect TCL Technology's financial performance to remain vulnerable to industry cyclicity, particularly in the photovoltaic segment, where pricing and demand volatility could persist.

**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. 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.

### **Rating Outlook**

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.

#### **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.

### **Rating Methodology**

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

### **Regulatory Disclosures**

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