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TCL ELECTRONICS HOLDINGS LIMITED
TCL 電子控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01070)

(the “**Company**” and together with its subsidiaries, the “**Group**”)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

Based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2019 by the management of the Company, the Group is expected to record a significant increase of not less than 120% in the profit attributable to owners of the parent of the Company for the Year compared with the corresponding period of 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “**SFO**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the unaudited management accounts of the Group for the year ended 31 December 2019 (the “**Year**”) by the management of the Company, the Group is expected to record a significant increase of not less than 120% in the profit attributable to owners of the parent of the Company for the Year compared with the corresponding period of 2018.

The aforesaid expected significant increase was mainly attributable to the following factors:

- (i) Being benefited from the improvement of product technology, optimization of product mix and promotion of cost reduction and efficiency enhancement, the overall gross profit margin of TCL brand TV was increased;
- (ii) Both the business scale and operating results of TCL brand TV in overseas markets grew substantially by leveraging on its leading position in overseas markets and its global production capacity layout;
- (iii) The Group's global Internet business continued to expand with increasingly stronger profitability, and remarkably enhanced the Company's net profit. In the Year, new recurring revenue stream generated from Internet business in overseas markets was recorded for the first time, whereas the full-year net profit of the Internet business platform operated through Shenzhen Falcon Network Technology Co., Ltd. in the mainland PRC market saw an expected year-on-year growth of over 120%; and
- (iv) A significant one-off non-operating gain of approximately HK\$787 million was recorded due to the remeasurement of the fair value of 44.44% pre-existing equity interest in Shenzhen Falcon Network Technology Co., Ltd. held by the Group as of the acquisition date (please refer to the announcements of the Company dated 23 January 2019 and 18 March 2019 and the interim report of the Company for the six months ended 30 June 2019 for details about the acquisition).

The Company is still in the process of finalising its results for the Year. The information contained in this announcement is only based on the preliminary assessment on the unaudited management accounts of the Group for the Year by the management of the Company, and is not based on any figures or information audited by the Company's auditors or reviewed by the Company's audit committee. Shareholders and potential investors are advised to read carefully the results announcement of the Group for the Year which is expected to be published in due course.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

On behalf of the Board
LI Dongsheng
Chairman

Hong Kong, 6 February 2020

As at the date of this announcement, the Board comprises Mr. LI Dongsheng, Mr. WANG Cheng Kevin, Mr. YAN Xiaolin and Mr. WANG Yi Michael as executive directors, Mr. Albert Thomas DA ROSA, Junior, Mr. YANG Anming and Mr. LI Yuhao as non-executive directors and Mr. Robert Maarten WESTERHOF, Dr. TSENG Shieng-chang Carter, Professor WANG Yijiang and Mr. LAU Siu Ki as independent non-executive directors.