

**TCL Electronics' Revenue in 2020 Increased by 40.2% YoY to
HK\$50.95 Billion**

**Profit Attributable to Owners of the Parent
Increased by 25.1% YoY to HK\$1.05 Billion**

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**TCL TV Sales Volume Ranked No. 3 around the Globe
Revenue of Internet Business Surged by 97.0% to HK\$1.23 Billion**

(March 25, 2021, Hong Kong) - TCL Electronics Holdings Limited ("TCL Electronics" or "the Company", 01070.HK) announced its annual results for the year ended 31 December 2020 (all the figures in this press release excluded discontinued operation of TV ODM business).

In 2020, despite the Covid-19 pandemic which has severely impacted the global economy and brought downward pressure to the industry, TCL Electronics' global smart TV sales and its Internet business again achieved record results against the headwind, with revenue and profit growing rapidly. The Company's revenue reached HK\$50.95 billion, up 40.2% year-on-year. Gross profit reached HK\$9.66 billion, up 29.8% year-on-year, with a gross profit margin of 19.0%. Benefiting from proactive optimisation of sales channels as well as enhanced cost cutting measures, the expense ratio decreased by 1.2 percentage points year-on-year to 15.5%.

In 2020, the Company's profit attributable to owners of the parent from continuing operations reached HK\$1.85 billion. Profit attributable to owners of the parent from continuing operations after deducting one-off non-operating items reached HK\$1.05 billion, with an increase of 25.1% year-on-year. In 2020, basic earnings per share from continuing operations was HK79.25 cents, and HK44.92 cents after deducting one-off non-operating items. The Board proposed a final dividend of HK11.50 cents per share, with full year dividend totaling HK21.20 cents per share, representing a dividend payout ratio of 45.0% based on profit attributable to owners of the parent after deducting one-off non-operating items.

Smart Screen and Internet Businesses Grew While Continuing to Build the Foundation of Smart Living Ecosystem

In 2020, TCL Electronics continued to focus on the "smart display" strategy, with technology advancement and product innovation as its core philosophy. During the year, the Company launched advanced smart products and services, grew market share and core competitiveness and achieved solid results against a challenging market.

Sales Volume of TCL LCD TV Ranked No. 2 in the World, High-End Products Accounted for Greater Share

In 2020, leveraging its global production capacity and supply chain advantages, TCL Electronics achieved strong growth in sales volume of TCL TV and exceeded the sales target of the year. The global annual sales volume of TCL TV reached 23.93 million sets, with a year-on-year growth of 15.9%. According to the latest report of Omdia, the market share by sales volume of TCL TV in the overall TV market increased by 1.5 percentage points year-on-year to 10.7% in 2020, ranking No. 3 in the world. The market share by sales volume of TCL TV in the LCD TV market increased by 1.6 percentage points year-on-year to 10.9% in 2020, with its ranking jumped to No. 2 globally. According to the latest reports of GfK and NPD, sales volume of TCL TV in 2020 ranked top 5 in 19 countries and regions worldwide. According to the CMM omni-channel data, TCL TV accounted for 13.7% of the market share by sales volume, ranking No. 3 in 2020; and market share of TCL TV in terms of sales revenue increased to 13.5%, rising to No. 2 in 2020.

As a top player in the industry, the Company continued to lead the trend of large-screen, high-tech and Internet-connected smart TV globally. The average screen size of TCL TV sold increased by 0.8 inches from 44.8 inches in 2019 to 45.6 inches in 2020. The proportion of TCL TV of 65-inch and above by sales volume increased by 1.0 percentage point from 10.0% in 2019 to 11.0% in 2020.

Leveraging brand recognition and product advantages, the Company maintained strong sales growth momentum in each of its overseas markets. Among them, in North American Markets, sales volume increased by 25.4% year-on-year. In Emerging Markets, sales volume increased by 19.4% year-on-year. In European Markets, sales volume increased by 66.0% year-on-year. In 2020, the Company's sales revenue of TCL TV in the overseas markets reached HK\$26.76 billion, up 27.4% year-on-year. The Company's gross profit of TCL TV business in the overseas markets reached HK\$4.36 billion, up by 34.0% year-on-year and gross profit margin reached 16.3%, up by 0.8 percentage points year-on-year.

In the PRC market, TCL Electronics maintained positive developments. Revenue of TCL TV in the PRC market reached HK\$12.86 billion in 2020, with gross profit of HK\$2.73 billion. According to CMM's omni-channel data, sales volume of the overall TV industry in the PRC market fell by 9.7% year-on-year in 2020. However, TCL Electronics recorded growth against a challenging industry backdrop. The market share by sales volume of TCL TV in the PRC market increased by 3.0 percentage points year-on-year to 13.7% and ranked No. 3. The market share by revenue increased by 2.5 percentage points year-on-year to 13.5%, rising to No. 2. In addition, during the pandemic, the Company proactively followed the trend of consumption change, strengthened its online sales channels, and grew online sales by carrying out live broadcasts. In 2020, the proportion of sales volume of TCL TV via online channels reached 48.4%, with a year-on-year growth of 5.4 percentage points.

Internet Business Continued to Expand its Market Exposure and Influence, with a Significant Revenue Increase of 97.0% YoY to HK\$1.23 Billion

TCL Electronics continued to expand its home Internet business around the world, providing users with all-scenario products and services for multi-screen, real-time interaction and smart sensing. In 2020, the annual global Internet business revenue of the Company reached HK\$1.23 billion, substantially up by 97.0% year-on-year.

In overseas markets, in 2020, revenue from overseas internet business of the Company reached HK\$323 million, up by 53.7% year-on-year. In light of the business opportunity brought by the “Stay-at-Home Economy”, the Company continued to deepen cooperation with Internet giants such as Roku and Google globally, in which the Company’s overseas internet business’s exposure and influence continued to expand. The Company’s partnership with Roku has expanded from the U.S. to worldwide since July 2020. In addition, the Company has worked closer together with Netflix in overseas markets. Moreover, the Company continued to actively promote TCL Channel overseas, providing overseas users with rich local contents. As of December 2020, TCL Channel covered 12 countries in total. The Company will continue to promote the launch of TCL Channel in more countries in the future.

In the PRC market, the Company continued to enhance Falcon Network Technology’s operation capability. In 2020, revenue from the domestic Internet business (mainly relevant business of Falcon Network Technology Group) surged by 118.8% year-on-year to HK\$911 million. Among which, revenue from membership business, value-added business and advertising business rose by 91.1%, 141.9% and 10.3% year-on-year, respectively. With the expansion of the coverage of domestic IoT smart TV equipment and development of new businesses, user loyalty and membership penetration continued to grow. By the end of December 2020, the average monthly number of active users of the Company’s domestic Internet platform operated by Falcon Network Technology increased by 15.5% year-on-year to 17.91 million, and the average daily time spent on TV per user in 2020 increased by 6.2% year-on-year to 5.6 hours. ARPU reached HK\$53.2, up 50.7% year-on-year. In addition to in-depth cooperation with major streaming platforms, Falcon Network Technology also began to work with 8 cloud gaming platforms, short-video giant ByteDance to explore other content verticals. Viewing time of short-videos continue to increase.

Total Sales Volume of Smart Mobile, Connective Devices and Service Reached 11.70 Million Sets, up 14.1% Year-on-Year

TCL has continued to optimise its smart home product and service ecosystem over the years. In July 2020, TCL Electronics disposed its TV ODM business and incorporated the global business of TCL Communication Technology Holdings Limited to further enrich its product line and accelerate the development of “AI x IoT” strategy. From September to December 2020, the Company’s total sales volume of smart mobile, connective devices and service reached 11.70 million sets, up 14.1% year-on-year. Revenue for the segment reached HK\$5.19 billion. In key overseas markets, according to the IDC ranking data, sales volume of the Company’s mobile phone in 2020 ranked No. 4 in the U.S., No. 5 in Canada, Australia and Western Europe. In October 2020, TCL 10 5G UW was available through Verizon, the largest U.S. mobile carrier.

Meanwhile, sales volume of the Company's smart tablet ranked No. 5 in the world. Of which, it ranked No. 4 in the U.S. and No. 6 in Europe and Latin America. In the future, the Company will further consolidate the smart mobile and connected devices business to embrace broader market potential.

Increased Investment in Research and Development (“R&D”), Focusing on High-End Display and Intelligent Interaction Technology

The Company continued to focus on the design, R&D and advanced manufacturing of the next-generation smart TV. For the year ended 31 December 2020, the Company's annual R&D expenditure amounted to HK\$1.63 billion, recording an increase of 117.0% year-on-year, and the R&D expense ratio increased by 1.1 percentage points year-on-year to 3.2%. On 18 August 2020, the Company embarked on a new journey and launched the world's first 5G+8K smart screen products, namely the 8K Mini LED 75X10 (5G version) smart screen and 8K QLED 85X9 (5G version) smart screen. In the meantime, the Company continued to increase investments in “AI x IoT” technology R&D, focusing on AI, IoT, cloud service, big data, intelligent interaction, Android TV system, Internet applications as well as innovative application of products. At present, the Eagle Laboratory of the Company consists of four technological centres worldwide, with over 200 employees in the big data and cloud platform team, and more than 400 employees in the AI algorithm team, aiming to become the core provider of the Company's “data service” + “smart scenarios” offerings.

In addition, the Company released multiple mid-to-high end smart products in 2020, which received a number of domestic and overseas awards. Specifically, TCL X9 8K quantum dot TV received the “8K QLED TV Gold Award 2019-2020” from IDG at the 2020 International Consumer Electronics Show (“CES”). TCL XESS Rotary Smart Screen won the Appliance & Electronics World Expo 2020 (“AWE 2020”) Award for “Outstanding Products at the AWE 2020”. TCL was recognised as “The Readers' Choice 2020” and “The Best TV Brand 2021” by PCMag. Falcon Network Technology, incubated by TCL Electronics, was also included as a member of “China's TOP 100 most investor-focused start-ups in 2020” by 36Kr.

Seizing Opportunities in Global Economic Recovery, Accelerating the Adoption of the Core Strategy of “AI x IoT”

Looking ahead, the global economy is poised to recover further with improving industry landscape. In the digital age, cutting-edge technologies are developing rapidly, the Company will seize business opportunities brought by the advanced technologies, step up the development of three major smart scenarios, namely smart home, mobile service and smart commercial displays, to offer users smart living services across scenarios and product categories, and further implement the smart and healthy living strategy of “AI x IoT” for all scenarios.

In the meantime, the Company will increase R&D investment continuously to enhance its core competitiveness and vigorously promote digital transformation, hence seeking

to increase the revenue from Internet value-added service. The Company will endeavour to become a global leader in providing users around the world with the best products and services that enable multi-screen timely interactions and all-scenario smart sensing, and bring long-term sustainable growth and return to our shareholders.

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About TCL Electronics

Headquartered in Shenzhen, China, TCL Electronics Holdings Limited (stock code: 01070.HK, incorporated in the Cayman Islands with limited liability) is engaged in the R&D, manufacturing and distribution of consumer electronic products such as smart TVs and mobile communication devices and independently developed home Internet services. TCL Electronics has emerged as a world-leading and China's only diversified consumer electronics platform with advantages of vertically integrated industrial chain. With smart display as the core of the strategy and 5G and "AI x IoT" as technology drivers, TCL Electronics provides users with a smart and healthy life with household, mobile and commercial scenarios and is devoted to becoming a world-leading smart technology company. According to the latest report from Sigmaintell, the market share of global brand smart TV of TCL Electronics in 2020 ranked Top 3 in the world. With leading positions in the domestic and overseas markets, the MAU and ARPU of TCL Electronics' home Internet operation platform, Falcon Network Technology, both ranked among the top in the PRC market. TCL Electronics has also emerged as the industry's only Chinese company with sustainable and large-scale revenue in the overseas Internet services. TCL Electronics is included in the eligible shares list of the Shenzhen-Hong Kong Stock Connect Scheme, Hang Seng Stock Connect Hong Kong Index, Hang Seng Composite MidCap & SmallCap Index and Hang Seng Corporate Sustainability Benchmark Index. For more information, please visit the website of investor relations of TCL Electronics: <http://electronics.tcl.com>

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