

TCL Electronics' Revenue in the First Three Quarters Increases by 22.0% YoY to HK\$31.83 Billion with Profit Attributable to Owners of the Parent after Deducting One-off Non-Operating Items Surged by 56.6% YoY Reached HK\$811 Million

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TV Sales Volume Ranked Global Top 3

Revenue of Internet Business up by 62.1% YoY to HK\$257 Million in Q3

HONG KONG, 17 November 2020 -- TCL Electronics Holdings Limited (“TCL Electronics” or “The Company”, stock code: 01070.HK) announced its unaudited financial results for the three months (Q3 2020) and nine months ended 30 September 2020 (Figures of TV ODM business are all excluded).

The Company’s global smart TV and Internet businesses continued to deliver strong performance in the third quarter. Revenue in the third quarter reached HK\$14.68 billion, up by 76.6% year-on-year and 43.9% quarter-on-quarter. The gross profit arrived at HK\$2.82 billion, up by 55.7% year-on-year and 32.1% quarter-on-quarter. The expense ratio decreased by 2.2 percentage points year-on-year to 16.2%, with the profit attributable to owners of the parent after deducting one-off non-operating items recorded HK\$359 million.

In the first three quarters of 2020, revenue reached HK\$31.83 billion, up by 22.0% year-on-year. Gross profit arrived at HK\$6.35 billion, up by 21.9% year-on-year. The expense ratio decreased by 0.4 percentage points year-on-year to 15.8%. The profit attributable to owners of the parent after deducting one-off non-operating items was HK\$811 million, surged by 56.6% year-on-year.

The Company’s Internet business has achieved steady growth with its revenue in the third quarter reaching HK\$257 million, surging by 62.1% year-on-year. The revenue doubled in the first three quarters of 2020, reaching HK\$779 million, soaring by 100.4% year-on-year. The operating profit surged by 169.7% to HK\$333 million.

Smart TV and Internet Businesses Both Keep Strong Growth Momentum

As the global economic was recovering in the third quarter, TCL Electronics, a user-centric company, managed to accelerate the process of product and technology innovation, shorten the time needed for balancing supply and demand and optimize product mix and channels. In the third quarter, the Company maintained the growth

momentum in the first half of the year, especially smart TV and Internet business segments.

Ranking Top 3 in terms of Global TV Sales Volume, Adjusting Market Strategies during the Pandemic

With its global strategic layout further established, the Company's brand influence continues to increase with its brand TV well recognized by consumers around the world. In the third quarter of 2020, TCL brand TV sales volume reached 7.24 million sets, up by 49.7% year-on-year and 24.7% quarter-on-quarter. According to the latest report of Sigmaintell, the market share of TCL brand TV, in terms of sales volume, increased by 2.7 percentage points year-on-year from 8.6% in the third quarter of 2019 to 11.3% in the same period of 2020, firmly ranking among the top three in the global market. The overall sales volume in the first three quarters reached 17.32 million sets, up by 14.4% year-on-year.

Benefiting from the Company's leading advantages in brand power, product competitiveness and global supply chain, TCL brand TV has seen its market shares expanding steadily in many overseas markets. According to the latest report of GfK, the market share of TCL brand TV in terms of sales volume in overseas markets increased by 1.0 percentage points year-on-year in the first three quarters of 2020. The sales volumes of TCL brand TV ranked top 5 among 19 key markets, with the ranking of market share going up in over 15 key countries compared to the same period last year. Meanwhile, the Company continued to lead the trend of large-screen, high-tech and Internet-oriented smart TV globally. In the third quarter of 2020, the average size of TCL TV sold increased by 0.5 inch, from 45.0-inch in the same period of last year to 45.5-inch. Sales volume of super-large TV (65-inch and above) increased by 62.3% year-on-year. The sales volume proportion of 4K TV in the third quarter of 2020 increased by 4.1 percentage points to 54.8%, compared with 50.7% in the same period of last year. The sales volume proportion of smart TV increased by 10.3 percentage points from 81.1% in the third quarter last year to 91.4% in the same period of 2020. The sales volume proportion of quantum dot TV in overseas markets grew by 4.5 percentage points year-on-year to 4.8%.

In the first three quarters of 2020, the TCL brand TV sales volume in overseas markets increased by 26.8% year-on-year to 12.83 million sets, although the world has been undergoing a hard time in the period. Of which, North American markets up by 24.8% year-on-year, emerging markets up by 15.5% year-on-year and European markets up by 96.3% year-on-year. Total revenue increased by 19.7% year-on-year to HK\$18.81 billion. Gross profit reached HK\$3.26 billion, up by 34.6% year-on-year. Gross profit margin increased by 1.9 percentage points year-on-year to 17.3%. In the third quarter of 2020, TCL brand TV sales volume reached 5.52 million sets,

remarkably up by 81.3% year-on-year. Revenue reached HK\$8.48 billion, up by 71.5% year-on-year. Thanks to products and channels optimization, gross profit margin was 17.3%, up by 1.3 percentage points year-on-year. Operating margin increased by 1.6 percentage points year-on-year.

In the first three quarters in the PRC market, the Company continued to deliver excellent results. According to CMM's omni-channel data, despite the 8.9% year-on-year decline in TV sales volume of the market in the third quarter, the market share of TCL brand TV increased to 13.6% in terms of sales volume, becoming the second runner-up. In response to the change of consumption habits during the pandemic, the Company has strengthened online sales channels, and developed new marketing patterns, such as live streaming promotion, in order to increase the proportion of online sales volume. In the first three quarters of 2020, the sales volume of TCL brand TV in the PRC market reached 4.49 million sets, of which online sales volume increased by 9.9% year-on-year to 2.12 million sets, and the proportion embraced a year-on-year growth of 8.9 percentage points to 47.3%. Revenue reached HK\$7.78 billion. In the third quarter, TV sales volume increased by 7.2% quarter-on-quarter to 1.72 million sets. Revenue reached HK\$3.44 billion, up by 20.9% year-on-year and 38.5% quarter-on-quarter.

Continue to Deepen Strategic Cooperation with Overseas Internet Giants, Revenue of Internet Business Surged by 62.1% YoY in Q3

The Company's Internet business has achieved steady growth with its revenue in the third quarter reaching HK\$257 million, surging by 62.1% year-on-year. The revenue doubled in the first three quarters of 2020, reaching HK\$779 million, soaring by 100.4% year-on-year.

Through partnership with overseas Internet giants like Roku, Google and Netflix, TCL Electronics continued to expand its global home Internet business. The overseas Internet business' revenue in the third quarter reached HK\$81 million, up by 32.3% year-on-year. The revenue of the first three quarters totaled at HK\$206 million, up by 30.3% year-on-year, and the operating profit was HK\$156 million, jumped by 166.0% year-on-year. In addition, starting from 2021, TCL Electronics manages to explore the United Kingdom and Brazilian markets with Roku in order to further increase the coverage of its overseas Internet business. Meanwhile, TCL Electronics has been actively promoting its TCL Channel, a content integration application, in overseas, with covering a total of 12 countries by the third quarter of 2020. In the future, TCL Channel will be available on TCL brand Roku TV and Google TV in the U.S. to further promote Internet value-added services.

In the PRC market, benefited from the elevating product competitiveness of Falcon Network Technology, the Company's Internet business achieved sustainable improvements in user loyalty and membership penetration rate. Revenue in the third quarter increased by 80.9% year-on-year to HK\$176 million. The total revenue from domestic Internet business in the first three quarters reached HK\$573 million, remarkably up by 148.4% year-on-year. Operating profit increased by 173.1% year-on-year to HK\$176 million. ARPU reached HK\$33.8, up by 36.5% year-on-year. By the end of September 2020, with the continuous access of IoT smart TV devices, the average number of monthly active users of the Falcon platform increased by 21.3% year-on-year to 17.4 million, meanwhile, the average time spent on TV per user was 5.84 hours, up by 9.6% year-on-year.

Revenue of TCL brand smartphone in September surged by over 200% year-on-year, TCL 5G phone is available on Verizon

TCL Communication business was consolidated for the first time in September 2020. The revenue of mobile phones and services increased by 8.0% year-on-year, reaching HK\$898 million in September, among which the revenue of TCL brand smartphone was significantly up by 215.5% year-on-year. Other consumer electronics products businesses also performed well. The revenue of smart tablet business reached HK\$149 million, up by 25.4% year-on-year; the revenue of routers and other smart connected products business reached HK\$119 million, substantially increased by 115.5% year-on-year. In addition, the Company's leading advantages in the overseas markets became prominent. By the third quarter of 2020, mobile phone sales volume ranked No.5 in the U.S., No. 6 in Australia and Europe, and No.7 in the Latin American market. Smart tablet sales volume ranked No.4 in the U.S., No.5 in Europe, and No.7 in Latin America (Source: latest IDC report). In October, TCL 10 5G UW smartphone was officially launched on Verizon, the largest carrier in the U.S.

Propel "AI x IoT" Core Development Strategy by Increasing R&D Investment

To propel the development strategy of "Smart Display as Core, 5G and AI x IoT as Technology Engine", the Company's research and development ("R&D") expenses recorded HK\$390 million in the third quarter, remarkably up by 61.2% year-on-year. In the first three quarters of 2020, the Company's R&D expenses was HK\$898 million, up by 51.2% year-on-year, with the R&D expense ratio up by 0.5 percentage points year-on-year to 2.8%. As the first company in the world mass manufacturing Mini LED TVs, the Company launched 8K Mini LED X10 smart TV in the PRC market, and launched TCL 6-Series and TCL 8-Series Mini LED TVs in the U.S. market. Also, the Company launched the first 5G 8K QLED smart screen TV in China in August. The

Company will continue to increase R&D investment and will focus on the R&D in technologies like AI, IoT and cloud services, smart interaction, Android TV system and Internet applications as well as the innovative application of products.

The Company had fruitful yields on products R&D as its investment on R&D continued to increase. The TCL QLED TV C815 won the “EISA Best Buy TV 2020-2021” Award, one of the most prestigious awards in the European audiovisual industry. In addition, TCL QLED TV 8K X9, the world's first consumer 8K TV, debuted at the IFA2020 in Berlin and was recognized by both domestic and overseas industry players. According to the (the 26th) Report on Top 100 Chinese Companies in Brand Value 2020 issued by R&F Global Ranking, TCL ranked No.8 in overall and No.1 among all TV brands in the PRC market. Thus the Company’s brand influence further strengthened.

Looking forward, TCL Electronics will not only continue to increase its market share of brand TV to a leading position among the world, but also seek to expand the domestic market share of its Internet business, and expand the scope of business cooperation of overseas Internet business. The development of 5G technology will accelerate the upgrade of display industry in an all-rounded smart way. TCL Electronics will continue to increase R&D investment to further develop technologies like AI, Internet-based Big Data, 5G, smart manufacturing, smart interaction and smart display. The Company will do in-depth exploration among household, mobile and commercial scenarios in order to provide users with a smart and healthy life. TCL Electronics is devoted to becoming a world-leading smart technology company that brings long-term sustainable growth and returns 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 research and development, 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 the third quarter of 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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