

TCL Electronics' Overall TV Sales Volume Reaches 6.73 Million Sets in the First Quarter of 2020

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Sales Volume of TCL Brand TV in the First Quarter Reaches 4.27 Million Sets Global User Base of Internet Business Exceeds 45 Million Revenue from Online Membership Business Surges 1.4 Times

(April 17, 2020, Hong Kong) **TCL Electronics Holdings Limited** (“**TCL Electronics**” or “**the Company**”, HKSE stock code: 01070.HK) announced its sales volumes of TV products in the first quarter of 2020 (January to March). Due to the coronavirus disease 2019 (“COVID-19”) and the increased base which incurred by the large shipment from American channel suppliers in the first quarter of last year, TV sales volume of the Company in the first quarter of 2020 was 6.73 million sets, decreased by 20.2% year-on-year, but on the other hand, the number of existing subscribers of Falcon Network Technology significantly increased by 148.8% year-on-year. After the Lunar New Year holiday, the Company quickly reopened and basically resumed production by the end of February.

Benefiting from the continuous enhancement in TCL Electronics' product competitiveness and brand power, sales volume of TCL brand TV in the first quarter of 2020 reached 4.27 million sets. Among them, sales volume of Smart TV and 4K TV accounted for 88.1% and 50.7% of the total sales volume of TCL brand TV, respectively. In addition, the total sales volume of quantum dot TV, also know as QLED TV, surged by 217.1% year-on-year in the first quarter.

In terms of the overseas markets, the COVID-19 has limited influence on the sales volume in the first quarter, although sales volume of TCL brand TV in the first quarter of 2020 decreased by 23.8% year-on-year to 3.11 million sets. It was mainly due to the increased uncertainty of the trade dispute in the beginning of last year, and the fact that some channels suppliers has stocked up ahead of schedule, therefore leading to the sales base in North America became much higher than normal in the corresponding period of last year (sales volume in 2019Q1 increased by 112.0% compared to 2018Q1). In addition, the pandemic began to spread in North America since March. Under such circumstance, sales volume of TCL brand TV in North American markets decreased by 52.1% year-on-year in the first quarter of 2020. The European markets has not been affected by the COVID-19 outbreak yet, which maintained rapid growth momentum, with its sales volume of TCL brand TV in the first quarter of 2020 increased by 43.9% year-on-year. Specifically, sales volume of Poland and Italy significantly increased by 100.9% and 17.0% year-on-year,

respectively. In the emerging markets, the Company continued to expand its distribution channels, leading to an increase of sales volume of TCL brand TV by 14.3% year-on-year in the first quarter of 2020. The top performers in the region were Russia, Australia, Brazil and India, with year-on-year growth rates of 145.4%、84.6%、75.9% and 40.2%, respectively. In the meantime, sales volume of TCL brand TV in overseas markets accounted for over 70% of the total sales volume of TCL brand TV, which was higher than the proportion of 2019. Due to the uncertainties of the pandemic situation in overseas, the Company will pay close attention to the development of the pandemic in different areas, timely adjust its global supply and marketing strategies, and increase the investment of online resources, in order to minimize the pandemic impact on the sales volume of the Company in overseas markets. Meanwhile, by maintaining close communication with local distributors, the Company can seize the opportunity to resume rapid growth ahead when the markets rebound.

In terms of the PRC market, due to the COVID-19 impact, most of the offline stores were closed from February to March. Therefore, sales volume of TCL brand TV in the first quarter of 2020 decreased by 36.1% year-on-year to 1.16 million sets. During this period, the online sales volume of the Company increased by 74.2% year-on-year in February and March, which led to the total sales volume of TCL brand TV in the PRC market increased by 9.8% year-on-year in February and March. Meanwhile, the proportion of online sales in the first quarter of 2020 increased by 11.4 percentage points to 44.3% from 32.9% in the same period of last year. And in the first quarter of 2020, the sales volume of TCL's Smart TV and 4K TV accounted for 87.4% and 68.0% of the total sales volume of TCL brand TV in the PRC market, up by 5 percentage points and 12.8 percentage points compared to the same period of last year respectively. The Company will continue to optimize its channel structure in the PRC market by launching advanced digital marketing tools such as T Sales and TCL Home implementing the activity of "Explore Markets in Counties, Develop 10 Thousands of New Stores" in April. Since the pandemic situation has taken a turn for the better in China, sales volume in the second quarter is anticipated to resume growth. Moreover, the Company has launched the TCL•XESS Smart Screen, the first rotatable screen capable of auto rotation to vertical mode in the TV industry, which is the first to achieve seamless switch between mobile phone and large screen, with deploy of pop-up AI camera and capability of interaction among multiple screens. The TCL•XESS Smart Screen has received high recognition from the consumers since the first day it launched.

The user base of Internet business continued to expand. The accumulative number of newly-activated users operated by Huan reached 2.92 million in the first quarter of 2020. Meanwhile, the accumulative number of global users exceeded 45 million, reaching 45.25 million, which up by 30.0% year-on-year. And the average daily number of global active users rapidly surged to 23.41 million, with year-on-year increase of 36.7% (Source: Huan Technology Co., Ltd. "Huan"). As of March 2020,

the existing subscribers of Falcon Network Technology has significantly increased by 148.8% year-on-year, and the revenue from the online membership business of Falcon Network Technology in the first quarter of 2020 rapidly increased by 141.1%, showing the further improvement of the profitability.

TCL Electronics focuses on smart display industry and servicing global users, as its market share has been continuously increased in the past three years, with the total shipment in 2019 ranked top 2 in global, indicating its growth outperformed the industry. As the global layout of display panel will undergo a great change, China's panel industry will rise further, and the enterprises from Korea will gradually shrink out of the LCD panel industry. As a Chinese leading enterprise in smart display industry, TCL Electronics will further seize the development opportunities. Due to the uncertainties of the pandemic in overseas recently, the Company will continue to invest in R&D and product innovation, and strive to maintain annual sales growth. In addition, the Company will focus on developing global Internet business, and vigorously propel the "AI x IoT" strategy, in order to become a global leading intelligent technology company and create greater value for shareholders.

From January to March 2020 (Unaudited)

	Accumulated Total (As at March 2020)	January to March 2020	January to March 2019	Y-o-Y Change (%)
LCD TV sales volume	N/A	6,734,694	8,442,925	-20.2%
— PRC Market (TCL Brand)	N/A	1,161,108	1,817,671	-36.1%
— Overseas Markets (TCL Brand)	N/A	3,110,945	4,080,291	-23.8%
— ODM business	N/A	2,462,641	2,544,963	-3.2%
Proportion of TCL Brand Smart TV (%)	N/A	88.1%	88.1%	N/A
Proportion of TCL Brand 4K TV (%)	N/A	50.7%	51.2%	N/A
Number of Global Accumulative Activated Users ⁽¹⁾	45,254,457	2,915,806	2,910,833	0.2%
Average Daily Number of Global Active Users ⁽²⁾⁽³⁾	N/A	23,405,205	17,118,261	36.7%

⁽¹⁾ Refers to the number of users who use the Internet TV web service more than once.

⁽²⁾ Refers to the number of non-repeat individual users who use Internet TV services within seven days.

⁽³⁾ Data as of March 2020

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About TCL Electronics

Headquartered in China, **TCL Electronics Holdings Limited** (stock code: **01070.HK**, incorporated in the Cayman Islands with limited liability) is one of the leading players in the global TV industry, and is engaged in the research and development, manufacturing and distribution of consumer electronic products. Through a new product-and-user-oriented business model that focuses primarily on a "double +" strategy which includes "smart + internet" and "products + services" as the main direction, TCL Electronics strives to build a comprehensive ecosystem for smart TVs that provides users with smart and healthy living products and services, and is dedicated to becoming a global leading smart technology company. According to the latest Sigmaintell report, the market share of the Company in terms of sales volume ranked No.2 in the global TV markets in 2019. 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 its website: <http://electronics.tcl.com>.

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