

**TCL Electronics' Revenue in the First Half of 2021 Increased by
103.7% YoY to HK\$34.93 Billion**

**Profit Attributable to Owners of the Parent
Increased by 122.9% YoY to HK\$1.04 Billion**

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**Sales Volume of TCL Smart Screen Remains in Top 3 Globally
Revenue of Internet Business Surged by 38.3% to HK\$721 Million**

(6 August 2021, Hong Kong) - **TCL Electronics Holdings Limited** ("TCL Electronics" or "the Company", 01070.HK) announced its unaudited interim results for the six months ended 30 June 2021.

In the first half of 2021, against the backdrop of the continued tight supply and demand for TV panels, the Company demonstrated strong resilience. With the world's leading capabilities in brand and products, the Company's smart screen sales volume and Internet business have maintained steady growth. During the reporting period, the revenue from continuing operations of the Company reached HK\$34.93 billion, increasing by 103.7% year-on-year; gross profit reached HK\$5.57 billion, up 57.6% year-on-year. Attributing to the Company actively optimising the supply chain and channel layout, as well as strengthening cost and enhancing efficiency, the expense ratio fell by 1.2 percentage points year-on-year to 14.2%.

In the first half of the year, the Company's net profit attributable to owners of the parent from continuing operations reached HK\$1.04 billion, up 122.9% year-on-year. Of which, the profit attributable to owners of the parent from continuing operations after deducting one-off non-operating items reached HK\$245 million. The basic earnings per share from continuing operations was HK43.30 cents, a year-on-year increase of 113.3%.

The Brand has Achieved Remarkable Results in Overseas Markets, Smart Screen and Internet Businesses have Developed Rapidly

In the first half of 2021, TCL Electronics seized the opportunity in the evolving industry, adhered to the smart display business as its core development strategy, deeply implemented the "AI x IoT" full-scenario smart and healthy life strategy, and increased research and development ("R&D") and innovation investment,

achieving steady growth in the Company's global smart screen sales and Internet business.

Sales Volume of TCL Smart Screen has Steadily Increased in Global Market Share, and the Penetration of High-End Products has Accelerated

Leveraging its global production capacity and supply chain advantages, the sales volume of TCL smart screens in the first half of 2021 maintained a good trend of steady growth. The global sales volume reached 11.27 million sets, a year-on-year increase of 11.8%. According to the latest report of Sigmaintell, in the first half of 2021, the market share by shipment of TCL smart screen in the global TV market increased by 1.0 percentage point to 11.6%, ranking firmly among the top three in the world. According to the latest data released by GfK and NPD, the sales volume of TCL smart screen during January to May 2021 ranks among the top five in 19 overseas countries and regions. According to China Market Monitor's omni-channel data, sales volume of TCL smart screen in the People's Republic of China ("PRC") accounted for 13.9% of the market share in the first half of the year, ranking third domestically. The market share in terms of sales revenue in the PRC reached 13.2%, jumping to second domestically.

In the first half of 2021, TCL Electronics continued to top the global market, and the competitiveness of its international business continued to increase. In the first half of 2021, the sales volume of TCL smart screen in overseas markets increased by 22.2% year-on-year, and the average selling price increased by 32.0% year-on-year. Revenue reached HK\$16.66 billion, up 61.4% year-on-year while gross profit reached HK\$2.40 billion, up 34.3% year-on-year. Among which, the North American markets increased by 31.6% year-on-year, the emerging markets increased by 74.9% year-on-year, and the European markets increased by 140.8% year-on-year.

In the PRC market, affected by the increase in screen prices, TCL Electronics adopted active strategies such as raising selling prices and optimising product structure, which offset part of the cost pressure. In the first half of 2021, the average selling price of TCL smart screen in the PRC market surged by 75.8% year-on-year, and revenue reached HK\$6.43 billion, up 47.9% year-on-year. Gross profit reached HK\$1.31 billion, a year-on-year increase of 17.7%. At the same time, the Company ushered in a breakthrough in high-end products, and the trend of large-screen product became increasingly obvious. In the first half of 2021, the sales volume of TCL quantum dot ("QLED") smart screen increased by 61.8% year-on-year, and its sales volume increased by 2.1 percentage points

year-on-year to 4.5%. The average size of TCL smart screen sold increased by 2.6 inches to 52.5 inches from the same period last year. In the future, the Company will adhere to the mid-to-high-end lines, continue to optimise the product and channel structure, and promote the steady improvement of operating performance.

Internet Business Profitability Continued to Grow, and Revenue Increased by 38.3% YoY to HK\$721 million

TCL Electronics has been steadily propelling the development of home Internet services on a global scale and is committed to providing users with products and services that are multi-screen, real-time interactive and with full-scenario intelligent perception. In the first half of 2021, the Company's global Internet business revenue reached HK\$721 million, a significant year-on-year increase of 38.3%.

In the PRC market, in the first half of 2021, revenue from the Company's domestic Internet business (mainly the relevant business of Falcon Network Technology Group) reached HK\$600 million, a significant year-on-year increase of 51.3%. Falcon Network Technology is committed to enhancing user experience, and its software competitiveness continues to improve. Among them, the revenue of its membership business, value-added business and advertising business has increased by 75.9%, 44.8% and 13.0% year-on-year respectively. While deepening the cooperation with major video content providers, Falcon Network Technology has vigorously explored innovative businesses such as children's business, large-screen education, and seniors' business. At the same time, it has developed vertical content fields such as cloud games and short videos. User loyalty continues to improve. As of end June 2021, the number of monthly active users of Falcon Network Technology increased by 13.8% year-on-year to 19.29 million. The average daily user time spent in the first half of 2021 was 5.13 hours and the ARPU reached HK\$31.4 in the first half of 2021, a year-on-year increase of 31.5%.

In overseas markets, for the first half of 2021, revenue from overseas Internet business of the Company reached HK\$121 million, which remained flat when compared to that of the same period last year. The Company continued to deepen cooperation with global Internet giants such as Roku, Google and Netflix and completed TCL Channel's commercial transformation by expanding the global household Internet business. As of June 2021, the Company's content aggregator platform TCL Channel covered 18 countries in total. The Company

will continue to launch TCL Channel in more countries to bring better quality user experience and service to consumers in key markets.

Total Sales Volume of Smart Mobile, Connective Devices and Services Reached 14.70 Million Sets, up 37.7% YoY

TCL Electronics has continued to optimise its diverse business ecosystem and accelerate the adoption of its core strategy of "AI x IoT" since merging with the global business of TCL Communication Technology Holdings Limited. For the first half of 2021, the Company's total sales volume of smart mobile, connective devices and services reached 14.70 million sets, up 37.7% year-on-year, revenue reached HK\$7.09 billion.

In key overseas markets, according to the IDC ranking data for the first quarter of 2021, sales volume of the Company's mobile phone ranked No.4 in the U.S., Canada and Australia, and No.5 in Western Europe. Sales volume of the Company's smart tablet ranked No.5 globally. Of which, it ranked No.3 in the U.S. and No.5 in Western Europe. In the future, the Company will further consolidate the smart mobile, connective devices and services business and increase the diversity of sales channels to embrace the broader market potential.

Continuously Increased Investment in R&D, Leading the Way in High-End Display and Intelligent Interaction Technology

The Company highly values the design, R&D and advanced manufacturing of the next-generation smart screens, especially in the areas of display, AI and intelligent interaction technologies, with the objective of providing an enhanced user experience, augmenting the products and brand values, and gradually increasing the penetration rate of smart screen in households. For the first half of 2021, the Company's R&D expenditure increased by 102.6% and amounted to HK\$1.03 billion, and the R&D expense ratio was 2.9%.

In the first half of 2021, the Company continued to launch mid-to-high end smart products such as TCL X12 8K Mini LED starlight smart screen, TCL C12 QLED Mini LED smart screen and the new TCL 20 Series mobile phones. Of which, the Company had launched the world's first TCL OD Zero Mini LED product - TCL X12 8K Mini LED starlight smart screen, which is also as the thinnest Mini LED smart screen in the world. Moreover, TCL X10 8K QLED smart screen was honored with the "2021 Display Industry Award" by the Society for Information

Display (“SID”) for its Mini LED new technologies and diverse product functions. Being China's only smart screen product to receive this accolade, it demonstrated the Company's capabilities in technological and research development. The Company also increased the investments in "AI x IoT" technologies R&D, covering advanced technologies such as AI, IoT, cloud service, big data, intelligent interaction, Android TV system and Internet applications.

Seizing Opportunities amid Industry Transformation, Deepening the Smart and Healthy Living Core Strategy of "AI x IoT" for All Scenarios

Cutting-edge technologies such as AI and IoT are developing rapidly. The "digital intelligence" transformation of the display industry will be accelerating and bringing major development opportunities. The Company will focus on the smart screen business and revolve around the core of "Smart Screens Interconnect Everything and Lead to the Future" to develop high-end displays and intelligent interaction technologies. Meanwhile, the Company will continue to implement its intelligent and global development strategy by strengthening the global supply chain and channels, while investing further in R&D and product innovations that center around cutting-edge technologies including AI, big data, 5G and smart manufacturing. In efforts to strengthen the core competencies of the Company, the innovative business unit will be given full play to steadily increase the revenue of Internet value-added service. Looking ahead, the Company will endeavor to become a global leader in providing users around the world with the best products and services that enable multi-screen, real-time interactions and all-scenario smart sensing, while bringing long-term sustainable growth and returns to the Company's 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 the first half of 2021 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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