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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 First Half of 2019 by the management of the Company, the Group is expected to record a significant increase in its consolidated profit for the First Half of 2019 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 by the management of the Company, the Group is expected to record a significant increase in its consolidated profit for the six months ended 30 June 2019 (the “**First Half of 2019**”) compared with the corresponding period of 2018.

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

- (i) Being benefited from the continuous improvement of product competitiveness and optimization of the product mix, the Group's overall gross profit margin in the First Half of 2019 was enhanced;
- (ii) Both the sales volume and revenue of TVs in overseas markets increased substantially and the operating results grew significantly in the First Half of 2019. In particular, performance in the North American markets has been remarkably well. The Company has been fully prepared for potential risks that may arise from the possible China-US trade dispute in the future with a well-established overseas supply chain layout which is sufficient to meet its shipment demand in the North American markets and can effectively mitigate potential risks from the China-US trade dispute;
- (iii) Shenzhen Falcon Network Technology Co., Ltd. ("**Falcon Technology**") has been consolidated into the Company's financial statements since 1 April 2019 and the Internet TV platform operated by Falcon Technology remarkably scaled up the user base, revenue and profitability, further enhancing the Company's net profit;
- (iv) By virtue of the Company rapidly gaining market shares in major overseas markets, the Company deepened its partnerships with the global Internet giant Google (Nasdaq: GOOGL) and the United States of America's largest TV streaming platform Roku (Nasdaq: ROKU), and generated Internet business revenue from overseas markets in the First Half of 2019; and
- (v) A significant one-off non-operating gain was recorded due to the remeasurement of the fair value of 44.44% pre-existing equity interest in Falcon Technology 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 for details about the acquisition).

The Company is still in the process of finalising its results for the First Half of 2019. The information contained in this announcement is only based on the Company's assessment on the unaudited management accounts of the Group for the First Half of 2019 by the management of the Group, and is not based on any figures or information audited or reviewed by the Company's auditors or audit committee. Shareholders and potential investors are advised to read carefully the results announcement of the Group for the First Half of 2019 which is expected to be published in late August 2019.

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, 14 August 2019

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.