

**TCL Electronics' Profit Attributable to Owners of the Parent
Surges 1.2 Times to HK\$2.28 Billion
Overall TV Sales Volume Hits a New High and Ranked No.2 Globally**

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**Overseas Markets Become Engines of Business Growth
Sales Volume in the PRC Market Outperforms the Market
Revenues from Internet Business More Than Doubled to HK\$ 756 Million**

Financial highlights for the year ended 31 December 2019

(HK\$ million)	FY 2019	FY 2018	Change
Turnover	46,991*	45,582	+3.1%
Gross profit margin (%)	17.4	15.3	+2.1p.p.
Expense ratio (%)	13.8	12.7	+1.1p.p.
Research & Development ("R&D")	987	722	+36.7%
EBITDA[@]	2,931	1,504**	+94.9%
Profit attributable to owners of the parent	2,279	1,041**	+118.9%
Profit attributable to owners of the parent (before restatement)	2,279	944 ^o	+141.4%
Profit attributable to owners of the parent after deducting one-time non-operating gain	1,065	789**	+35.0%
Basic earnings per share (HK cents)	100.06	46.99**	+112.9%
Proposed full year dividend per share (HK cents)	21.16	19.18	Dividend payout ratio after deducting one-time non-operating gain: 45%

* In 2019, the price of screen dropped which led to ASP lower than expected, the average exchange rate of RMB against HK\$ dropped by 3.9% YoY. The Company's financial statements are presented in HK\$. The exchange rate has certain impact on the turnover

@ EBITDA is defined as profit before deduction of finance costs, income tax, depreciation and amortization, excluding the Company's share of the profits and losses of the joint ventures and associates

** Restated, the finalization on the fair value assessment on the transactions of acquisition of equity interest in associates in 2018

o Un-restated

(30 March 2020, Hong Kong) – TCL Electronics Holdings Limited ("TCL Electronics" or "the Company", stock code: 01070.HK) announced its annual results for the year ended 31 December 2019.

Business Highlights

- **The Sales Volume of TV Reached 32.00 Million Sets, Global Ranking Remained No.2:** In 2019, the Company's global TV sales continued to increase and the sales volume achieved its annual target of 32.00 million sets, up by 11.9% year-on-year, representing a market share of 13.0% in shipment (data source: Sigmaintell) and continued to rank second in the global TV market. Among other things, the sales volume of TCL brand TV increased by 16.5% year-on-year to 20.64 million sets, with its market share ranking third in the global TV market (data source: IHS).
- **Various Performance Indicators Recorded New High:** The Company's turnover hit a new record high of HK\$46.99 billion, up by 3.1%. The annual gross profit increased year-on-year by 17.5% to HK\$8.17 billion. As a result of product mix optimisation, annual gross profit margin increased by 2.1 percentage points to 17.4% compared to the same period last year and the annual expense ratio was 13.8%. The Company's net profit after tax in 2019 was HK\$2.33 billion, increasing by 125.5% year-on-year. Profit attributable to owners of the parent hit historical high, recorded HK\$2.28 billion and represented a steep increase of 141.4% when compared with that of 2018 before restatement. Due to the finalisation of the fair value assessment on the transactions of acquisition of equity interest in associates in 2018 of this

year, profit attributable to owners of the parent in 2018 was increased to HK\$1.04 billion, and as such profit attributable to owners of the parent showed an increase of 118.9% over that of the preceding year after restatement. Profit attributable to owners of the parent after deducting one-time non-operating gain was HK\$1.07 billion, up by 35.0% year-on-year. Basic earnings per share was HK100.06 cents and basic earnings per share after deducting one-time non-operating gain was HK46.77 cents. The board of directors proposed a final dividend of HK10.60 cents per share for the year ended 31 December 2019. The full year dividend was HK21.16 cents per share, representing a dividend payout ratio of 45% based on profit attributable to owners of the parent after deducting one-time non-operating gain.

- **The Profitability of Overseas Markets Soared:** In 2019, the sales volume of TCL brand TV in overseas markets substantially increased by 26.1% year-on-year to 13.46 million sets and the turnover surged to HK\$21.00 billion, representing an increase of 14.1% year-on-year. The Company's profitability greatly improved with the operating result of TCL brand TV business in overseas reaching HK\$0.88 billion, up significantly by 42.3% year-on-year. According to reports published by GfK and NPD, in 2019, the market share of TCL brand TV grew steadily in multiple countries and was one of the market leaders in 15 countries.
- **The Global Internet Business Developed at a Fast Pace:** The Company's revenue from global Internet business significantly rose by 108.7% year-on-year to HK\$756 million. Among other things, the Company deepened its cooperation with Roku, Google and Netflix in the overseas markets and gained a sustainable revenue of HK\$210 million from overseas Internet business for the first time, which accounted for 27.8% of the Company's total annual revenue from the Internet business. The revenue from services provided by Falcon Network Technology Group reached HK\$546 million, up by 50.7% year-on-year, with an average revenue per user ("ARPU") of HK\$34.9. Falcon Network Technology Group recorded a net profit of HK\$175 million, representing a significant increase of 137.8% year-on-year and a net profit margin of 32.0%, up by 11.7 percentage points year-on-year. Additionally, the user base and user loyalty of the Company's Internet business have further improved. As of 31 December 2019, the cumulative number of activated users of the Company's Internet business around the world reached 42.34 million with an increase of 32.7% year-on-year. Moreover, as of December 2019, the global average daily number of active users reached 20.79 million with an increase of 36.1% over 2018; the average time spent on TV per user per day increased to 5.7 hours.

TCL Brand Business in Overseas Markets: Leading Competitive Advantage Led to Excellent Growth in Both Sales Volume and Profit

The Sales Volume of the TCL Brand TV in Several Foreign Regions Maintained a Strong Growth and the Company's Market Share Increased Continuously: With its persistent efforts to expand and penetrate key overseas markets, the sales volume of TCL brand TV in overseas markets recorded a significant growth of 26.1% year-on-year, reaching 13.46 million sets in 2019. the sales volume of the TCL brand TV in several foreign regions maintained a strong growth and the Company's market share increased continuously.

- North American markets continued to consolidate its leading position with sales volume rising by 14.3% year-on-year. According to NPD, in 2019, TCL's annual sales volume ranked second in the U.S. market and in July the rank was No.1¹;
- Emerging markets maintained a strong growth momentum, with an increase in sales volume of 40.8% year-on-year. Especially in the fourth quarter of 2019, the sales volume increased by 56.5% year-on-year. In fast-growing markets such as India, Argentina, Australia and Russia, year-on-year increases in sales volume of 151%, 121%, 79% and 46% respectively were shown. In 2019, the Company's market share in terms of sales volume ranked second in the Philippines, Myanmar and Saudi Arabia, third in Australia and Pakistan, fourth in Vietnam, Thailand and United Arab Emirates, and fifth in India (data source: GfK); and
- In 2019, the year-on-year growth rate in terms of sales volume was 35.0% in the European markets, with the year-on-year growth rate in terms of sales volume reaching 54.5% in the fourth quarter. Among those markets, Spanish, the United Kingdom, Italian, French, and German markets recorded the most remarkable growth rates, reaching 264%, 262%, 203%, 126% and 82% respectively. In 2019, the market share in terms of sales volume of the Company ranked third in France (data source: GfK).

Business Performance Significantly Enhanced: With the benefits of continuous optimised product mix, economies of scale, and the synergy of vertically integrated industrial chain, the turnover of TCL brand TV in overseas markets increased by 14.1% year-on-year to HK\$21.00 billion. The gross profit margin of TCL brand TV in overseas markets rose by 0.8 percentage point to 15.5% over the corresponding period of the preceding year. The operating results of the Company's TCL brand TV in overseas markets rose by 42.3% to HK\$0.88 billion, showing remarkable increase in profitability.

Accelerated Global Capacity Layout and Mitigated Potential Risks: Deepening its global production capacity layout and searching for new growth opportunities, the Company has also established factories in Mexico, Vietnam, Poland, India and South America. In particular, the Company jointly established TCL India Intelligent Manufacturing Industrial Park with CSOT (a subsidiary of TCL Technology Group Corporation), an annual production capacity of 6 million TV sets is expected upon completion. Besides, the Company's total overseas production capacity exceeds 15 million TV sets per year, which is sufficient to meet its shipment demand in the North American markets and can effectively mitigate potential risks.

TCL Brand Business in the PRC Market: Annual Sales Volume Increased against Downward Trend with Risen Gross Profit Margin

Adhering to its premium products strategy and continuously optimising its product mix and sales channels, the Company maintained sales growth momentum in TCL brand TVs in the PRC market regardless of the downward trend in the industry. CMM's omni-channel data show that the overall TV sales volume of 2019 in the PRC market decreased by 2.6% over last year. In 2019, however, the Company's sales volume of TCL brand TV went up by 2.1% over the preceding year to 7.18 million sets. Turnover decreased to HK\$12.99 billion year-on-year due to the decline in panel price and exchange fluctuation.

Constant Increased Proportion of Online Sales volume: Constant input in online channels increased the online sales volume proportion of TCL brand TV in the PRC market by 5.8 percentage points to 43.0%, compared to 37.2% over the same period of the preceding year.

Steady Increase in Gross Profit Margin: As a result of optimised product mix and sales channels, the gross profit margin of TCL brand TV in the PRC market increased by 2.7 percentage points to 24.8% over the corresponding period of last year.

The Company's product mix of TCL brand TV in the PRC market continued to optimise in 2019:

- The sales volume of super big screen TV over 65 inches increased by 263.5% when compared with 2018;
- The market share of curved TVs reached 35.9%, continuing to rank first in the PRC market (data source: CMM's omni-channel data); and
- The Brand Price Index of TCL was 103, ranking second in the PRC market (data source: CMM's omni-channel data).

The fierce competition brought operating results of TCL brand TV business in the PRC market slightly down in 2019. In 2020, the Company will persist in developing mid-to-high end products via optimising product mix and sales channels, in order to increase its gross profit margin and improve its business performance by increasing operation efficiency and industrial competency.

ODM business: The Only Company Had an Increase in Shipment among Global Top 3

In recent years, the Company's ODM business has been developing steadily with its shipment ranking among the top ones in the global market and renowned clients all over the world. In 2019, the shipment of the Company's ODM business ranked third in the global market (data source: DISCIEN).

Based on its solid foundation in manufacturing and efficient supply chain system, the Company increases its capacity utilisation while developing its ODM business in a stable manner. In 2019, the Company had a remarkable development in its ODM business in spite of adverse situations. The annual shipment amounted to 11.36 million TV sets, with a year-on-year increase of 4.3%, and the annual turnover reached HK\$10.50 billion.

Internet business: Had Great Potential as Profit from both Domestic and Overseas and Commercial Monetization Ability Further Enhanced

Internet Revenue of the Company Surged by 108.7% to HK\$ 756 Million: In 2019, the Company's Internet business developed rapidly. The Company continued to promote the "1+1+N" strategic cooperation model and deepened strategic cooperation with partners in China and abroad to build a smart TV ecosystem, thereby continuing to improve its business operation capability. In 2019, the accumulated revenue from Internet business reached HK\$756 million, remarkably up by 108.7% year-on-year. For the first time, the revenue from overseas Internet business was included in the Internet revenue of the Company, further enhancing the commercial monetisation of the Company's Internet business. Falcon Network Technology has been consolidated since April 2019 and the consolidated total revenue of Internet business of the Company in 2019 recorded HK\$ 626 million; the operating profit of the Company's Internet business reached HK\$ 317 million, accounting for 19.8% of the Company's overall operating profit.

Sustainable Revenue from Overseas Internet Business Reached HK\$210 Million: The Company deepened its cooperation with Roku in the U.S. market and with Google in the European and South American markets, and extended global cooperation with Netflix, thereby succeeding in expanding overseas Internet business. In 2019, overseas Internet business contributed sustainable revenue of HK\$210 million for the first time, accounting for 27.8% of the total annual revenue of the Internet business of the Company. As a result, the Company has become the first Chinese enterprise in the industry to have relatively large-scale and sustainable overseas Internet business revenue. With the rapid development of the global OTT industry and the fast growth in the Company's overseas TV sales volume, it is expected that overseas Internet business will further enhance the Company's overall profitability in the future.

Annual Net Profit Margin of Falcon Network Technology Reached 32.0%: In 2019, Falcon Network Technology, the Internet business operating platform of the Company that is mainly active in the PRC market and some overseas emerging markets, continued to enrich platform content, strengthen user operations and improve user experience. During the year under review, Falcon Network Technology also bolstered cooperation in Internet ecology and continued to deepen the "1+1+N" strategic cooperation with Tencent, South New Media and other partners and integrate more content resources so as to provide high-quality content and services to users. By introducing auto-renew payment membership, the penetration rate of Falcon Network Technology's membership has increased significantly and its business has demonstrated vigorous momentum. In addition, in overseas markets, Falcon Network Technology has successfully launched TCL Channel in Vietnam, India, Japan, Brazil and Russia in 2019, providing rich local content and resources for overseas users.

In 2019, the revenue of Falcon Network Technology Group reached HK\$546 million, remarkably up by 50.7% year-on-year, among which revenue from video-on-demand and membership increased by 43.0%, revenue from advertising business grew by 34.1%, and revenue from value-added business rose by 107.4%. ARPU reached HK\$34.9. The annual net profit reached HK\$175 million, significantly up by 137.8% and the net profit margin was as high as 32.0%, which was 11.7 percentage points higher than that in the preceding year. The profitability of Falcon Network Technology Group has increased notably, further enhancing the Company's profitability.

In terms of user operations, the Company has been improving TCL membership system as well as refined operation of content so as to enhance user loyalty. In 2019, the average daily time spent on TV per user steadily grew to 5.7 hours. As of 31 December 2019, the Company's total number of global activated users increased by 32.7%, exceeding 40 million and reaching 42.34 million. In December 2019, the average number of global daily active users of the Company's Internet business worldwide reached 20.79 million, up by 36.1%. User base of Internet TV business continued to grow considerably.

Innovative with Growing Momentum Business: Actively Expand the Layout of AI x IoT Strategy and Explore the Further Development for New Businesses

Devoted to Implementing the "AI x IoT" Strategy and Developing TV as the IoT Centre of Future Households: Regarding Artificial Intelligence ("AI"), the new generation smart engine has been adopted in smart products, which has expanded the application from TV, film, music, and encyclopedia to daily services. It also added more diversified functions, such as navigation, searching for popular tourist attractions, gourmet recommendations and ticketing service, on top of existing multi-turn dialogue, celebrity identification and natural language interaction functions. Besides, the new AI scenario and facial recognition

functions based on the latest AI technology enables intelligent adjustment of display effects based on the scenarios. Meanwhile, it can also provide smart and customised services to users via automatically recommending content that users are interested in.

In terms of Internet of Things (“IoT”) technology, the IoT ecosystem with smart home at its core experienced further expansion in service and system. The self-developed cloud platform of the Company enabled TV-centered control over smart devices of different categories and stable connection with a wider range and larger number of IoT products. The Company greatly broadened the scope of the ecosystem via connection with the cloud platform and has realized cloud connection with Huawei and JD.com, thereby expanding connection with products of different brands. Moreover, the standardised IoT module developed by the Company is applicable to products of all categories, which will accelerate intelligentisation of products.

R&D and Recognitions from Markets

Unveiled the Newt Generation Mini LED Display Technology: the Company showcased a new generation of Mini LED display technology - Vidrian Mini LED technology for the first time in CES in early 2020. The high-performance backlight technology arising from the combination of Vidrian Mini LED and 8K LCD panel allows customers to enjoy an immersive experience in different light conditions, realising innovation in TV functions.

Obtained Several Awards from the Industry and Capital Market: The Company got awards at various international exhibitions. It received the “Home Theater Gold Award” for its flagship Mini LED X10 TV by International Data Group (IDG) at IFA 2019. At CES 2020, TCL QLED TV 8K X915 was awarded “8K QLED TV Gold Award 2019-2020” by the IDG. At the same time, the Company won three top honors including “2019-2020 Global TV Brands Top 10”, “2019-2020 Top 10 CE Brands” and “2019-2020 Global CE Brands Top 50”, gaining high recognition once again from the international industry in terms of its product competitiveness, innovative technology and comprehensive strength. It has been selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index (“HSSUSB”). This selection fully demonstrates that the Company’s efforts in sustainable development have been well recognized. What’s more, 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, showing that the Company is fully recognized by the financial market.

Outlook

In 2020, the Company adheres the strategic orientation of “Reform and Make breakthroughs, Quality and Efficiency First for Global Leadership”:

- Leveraging on the Advantages in Vertical Integration of Industrial Chain to Improve Product Competitiveness;
- Expanding First-mover Advantage in Overseas Markets, Consolidating Global Strategic Layout;
- Accelerating the Development of Global Internet Business, Strengthening Operational Capability and Serving Global Users;
- Pursuing Higher Quality and Efficiency, Improving Corporate Operation Efficiency;
- Boosting R&D Innovation, Advancing “AI x IoT” Strategy

The Company will continue to consolidate its leading position in the global layout, leverage on the advantages in vertical integration of industrial chain, and deepen the implementation of intelligentisation and globalisation in 2020. The Company will also build a smart home ecosystem featuring “AI x IoT”, improve the profitability of the Internet business and propel digital transformation in order to expand new profit growth opportunities and create greater value for shareholders.

¹ Source: The NPD Group, Inc., US Retail Tracking Service, LCD TV, based on unit sales, Jan.- Dec. 2019 combined and July 2019.

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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Appendix: The Company's sales volume by regions and the number of TCL Internet TV users were as follows:

TV sales volume	FY 2019 (000' sets)	FY 2018 (000' sets)	Change
Total	31,997	28,606	+11.9%
- TCL brand TV in overseas markets	13,463	10,679	+26.1%
- TCL brand TV in the PRC market	7,179	7,034	+2.1%
- ODM business	11,355	10,892	+4.3%
Among of which: TCL brand smart TVs	17,614	14,779	+19.2%
TCL brand 4K TVs	10,538	8,033	+31.2%

	Accumulative Number as of 31 December 2019	FY 2019	FY 2018	Change
Total No. of Global Activated User(s) ⁽¹⁾	42,338,651	10,431,231	8,370,898	+24.6%
Average Daily No. of Global Active User(s) ^{(2) (3)}	N/A	20,793,359	15,282,347	+36.1%

Notes:

(1) The number of users who use the Internet TV web service for more than once

(2) The number of unrepeated individual users who visit within 7 days

(3) Data as of December 2019