

TCL Electronics Further Enhances Its Profitability with Net Profit of Falcon Network Technology from Jan to Apr 2020 Doubled

(May 12, 2020, Hong Kong) TCL Electronics Holdings Limited ("TCL Electronics" or "the Company", stock code: 01070.HK) announced business performance of its subsidiary, Falcon Network Technology from January to April 2020. Benefiting from the positive impact of "Stay at home during the COVID-19", user base, revenue and net profit of Falcon Network Technology have all recorded substantial growth.

During the period from January to April 2020, the revenue of Falcon Network Technology reached HK\$270 million, remarkably up by 67.6% year-on-year, among which revenue from membership business and value-added business surged by 74.8% and 215.1% respectively over the corresponding period of the preceding year. In the meanwhile, the proportion of value-added business, which contributes to the overall revenue of Falcon Network Technology, grew by 15 percentage points to 32.2%. In the first four months, the net profit of Falcon Network Technology reached HK\$103 million, substantially up by 103.0% and the net profit margin was as high as 38.1%, which was 6.6 percentage points higher than that in the same period in 2019. The profitability of Falcon Network Technology Group has increased notably.

In terms of user operation, the Company has enriched its platform content and optimized user experience so as to realize the continuous growth in user base of Internet TV business. During the period from January to April 2020, the average daily time spent on TV per user steadily grew to 6.6 hours, up by 23.2% year-on-year. In particular, the average daily time spent on TV per user surged to 7.8 hours in February. In the first four months of 2020, the Company's total number of global activated users increased by 29.9%, reaching 45.96 million, while the average daily number of global active users of the Company's Internet business reached 23.41 million, up by 33.5% year-on-year. In addition, Falcon Network Technology continues to expand its user base. As of April 2020, the number of its existing subscribers has significantly increased by 122.3% year-on-year.

Meanwhile, it's worth mentioning that Falcon Network Technology and Tencent Jiguang TV have cooperated with over 40 premium educational institutions to launch the "Learn from Home" channel on the TCL TV platform in order to help students study at home since February 2020, providing free-for-limited-time educational contents including famous tutors' classes and specific subjects classes for students ranging from pre-schools, primary schools, junior high schools to senior high schools. The number of users reached over 120,000 on its first-day launch. At its peak as of the end of April 2020, the number of daily users reached to 509,000.

Falcon Network Technology has been long providing users with excellent Internet services on large screens through lean innovation, and continues to enrich platform content, strengthen user operations and improve user experience. During the period,

Falcon Network Technology has built content platform with nearly one hundred partners including Tencent, Youku, iQIYI and Xueersi, by increasing the active user rate of partners, to expand the scale of the platform and increase revenue. Furthermore, the Company has unveiled the next generation TV, TCL•XESS smart screen and accelerated system iteration so as to provide users with brand-new experience of both high efficiency and good quality. In addition, in overseas markets, Falcon Network Technology has successfully launched TCL Channel in Vietnam, India, Japan, Brazil and Russia in 2019, with rich local content for overseas users and expanding the scale of user base gradually.

TCL Electronics has continuously increased its market share in the past three years, with the total shipment in 2019 ranked top 2 in global, indicating its growth outperformed the industry. Taking the advantage of its global layout and integrated industrial chain, the Company is well-prepared to grab opportunities of consumer market rebounding. At the same time, the Company will continuously develop its global Internet business by further enhancing its cooperation with top global streaming players so as to provide rich value-added Internet services, and to increase the profit contribution of Internet business to the overall profit of the Company and ultimately, the overall valuation of the Company rapidly. Moreover, TCL Electronics will continuously increase the investment in R&D and propel development of innovative and fast-growing business, such as smart home and commercial display. TCL Electronics endeavors to become a global leading intelligent technology company and create greater value for shareholders.

Business Performance of Falcon Network Technology from January to April 2020 (Unaudited)

	January to April 2020	January to April 2019	Y-o-Y Change (%)
Revenue (HK\$ million)	270.4	161.3	67.6%
— Advertising Business	71.1	69.5	2.3%
— Membership Business	112.2	64.2	74.8%
— Value-added Business	87.2	27.7	215.1%
Net Profit (HK\$ million)	103.0	50.8	103.0%
Total Number of Global Activated Users ⁽¹⁾	45,956,380	35,374,179	29.9%
Average Daily Number of Global Active Users ⁽²⁾⁽³⁾	23,408,611	17,532,742	33.5%
The Average Daily Time Spent On TV Per User (hours)	6.59	5.35*	23.2%

* Restated

⁽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 April 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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