

TCL Electronics to Increase Its Stake in SEMP TCL to 80%

- Further penetration in Brazil and expand its global layout -

(HONG KONG, June 4, 2020) TCL Electronics Holdings Limited ("**TCL Electronics**" or "the **Company**", HKSE stock code: 01070.HK) announced that it would spend a maximum price of BRL 325 million (HKD 485 million) to double its stake in the Brazil-based joint venture SEMP TCL to 80% via its subsidiary TCL NL. The joint venture has already gained a solid foothold with the market share of TCL brand TVs continuously increasing in Brazil, which has the world's fifth largest population and tremendous market potential. Therefore, the Company's move to raise its stake of SEMP TCL will pave way for TCL's deeper penetration in this market, as a critical step of its globalization strategy. When the deal is accomplished, SEMP TCL will become a subsidiary of the Company, with its operating results, assets, and liabilities consolidated into the Company's books.

SEMP, one of Brazil's largest home appliance firms, manufactures and sells TVs, small home appliances, home theaters, and other consumer electronics. With its well-established brand in the country, SEMP has robust capabilities of manufacturing, logistics and distribution. In August 2016, the Company founded SEMP TCL via partnership with SEMP, in an effort to make a quick foray into the Brazilian market for its TV business. With the Company's competitive edge of vertical integration in the TV industry and diverse product offerings under TCL brand, this partnership has generated great synergy in all round across R&D, procurement, manufacturing and distribution. SEMP TCL is set up to mainly engage in manufacturing and selling medium- and high-end products, including TCL brand and SEMP brand TVs plus small home appliances. The first TCL brand 8K TV for the Brazilian market was launched in July 2019. What's more, ISTOÉDINHEIRO, a prestigious business magazine in Brazil, ranked SEMP TCL in Top 3 in the field of "electrical appliances, telecommunications machinery and components" in its 16th Best Investment Management Award on 30 September 2019. All these proved the joint venture's success.

Since its inception, SEMP TCL has seen its sales volume and market share continuously grow every year. As shown by data released by GfK, a renowned market research company, the market share of SEMP TCL by sales volume jumped to 8.5% in 2019. Between January and April 2020, market share by sales volume of overall SEMP TCL TVs further grew to 9.4%. Among them, the market share of TCL brand TV reached 7.5%, claiming the 4th place in Brazil by sales volume during the according period. South America is beset with a

huge income disparity, where local consumers are separated to either buy low-end or high-end products. Within less-than-four-year period of time, SEMP TCL had successfully penetrated the market with its high-mid-low end products against severe competition from international TV brands, which has proved the appeal and competitiveness of its products.

In recent years, Brazil's economy has developed steadily. According to the estimation by BBM, its GDP will grow at a range of 2.5% to 3.8% annually between 2021 and 2023 with unemployment ratio trending downward, except for a decline in GDP caused by COVID-19 this year. Excluding the U.S. and India, Brazil would be the largest market for consumer electronics outside China, and the scale of its TV market is expected to balloon over the next several years, during which, however, Japanese and Brazilian brands will see their business dwindle there. Internet TVs have a high penetration rate in Brazil where content providers can produce abundant TV programs and e-commerce accounts for approximately 20% market share. TVs sold by TCL Electronics in the country range from 32 inches to 85 inches. Over 20% of those are large-screen smart TVs equipped with cutting-edge technologies like 4K and Quantum Dot. Last year, smart TVs accounted for 86.6% of the Company's total sales volume across the world, with a wide range of product offerings, spanning from X, C, to P Series. Apparently, the Company's products perfectly fit local consumers' demand in Brazil.

Kevin Wang, the Company's CEO, said, "We are bullish on Brazil's market. Though COVID-19 is wreaking economic havoc worldwide, it doesn't undermine our strong faith in globalization of our business. TCL Electronics ranks in Top 2 by TV shipments in global wide and we certainly will continuously pursue of our globalization strategy. SEMP TCL is expected to enhance our presence in Brazil and afterwards, we will extend our business into other South American countries in larger sense."

-End-

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. The Company proactively promoted intelligentisation, globalisation, R&D innovation and "AI x IoT" strategic transformation, focused on developing smart TV, Internet services, smart home and commercial display



systems. The Company will continuously increase its investment in R&D to develop advanced display technologies such as QD, Mini LED and 8K, so as to further enhance its product competitiveness. At the same time, in order to become a fast-growing intelligent technology enterprise with constant revenue generated from user operation, the Company endeavours to develop its business in the field of IoT by establishing a household TV-centred IoT ecosystem. 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>.

For Enquiries:

Hong Kong Zhixin Financial News Agency Limited

Ms.Rachel Lei	Tel: (86-755) 8254 5361
Ms.Lilian Lam	Tel: (86-755) 8255 0643
Ms.Jules Zhu	Tel: (86-755) 8277 0579
Ms.Fancy Wang	Tel: (86-755) 2589 3557
Mr.Jason Wang	Tel: (86-755) 2394 1306
Mr.Alex Xiao	Tel: (86-755) 8323 6296

Email: info@zhixincaijing.com