



(For immediate release)

TCL Multimedia Announces Annual Results for 2013

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**Strives to enhance fundamental capabilities
Establishes a smart TV ecosystem**

Targets to become a global multimedia entertainment technology enterprise

Target LCD TV sales volume of 18.50 million sets in 2014

Highlights:

- According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market in 2013 with a market share of 6.5%. Meanwhile, the Group has maintained its No.1 position in the PRC LCD TV Market with a market share of 18.1%.
- The overall sales volume of LCD TVs reached 17.18 million sets, representing an increase of 10.7% year-on-year. The proportion of sales volume from high-end products continued to grow, the sales volume of smart TVs in December 2013 accounted for 36.5% of the LCD TV sales volume in the PRC Market.
- The Group continued to develop a cross-industry smart terminal product which integrates “platform, content, terminal and application”. It will further strengthen the strategic cooperation with business partners and establish a TV ecosystem that features a vertically integrated value chain and spans across operating systems, contents and services, in order to speed up internet-oriented development and become a global multimedia entertainment technology enterprise.
- The Group sealed a strategic alliance with iQIYI, a leading online video platform in the PRC under Baidu, Inc. for the launch of a visionary and cross-industry new product “TCL-iQIYI TV+”. Sales volume reached over 100,000 sets in less than four months after its launch and it became the smart TV model with the highest sales volume in the PRC Market.
- The Group established “TCL-IMAX Entertainment Co., Ltd.” with IMAX Corporation, the world’s leading entertainment technology company, which will be engaged in the development, manufacture and distribution of premium home theatre systems in the PRC and other selected global markets starting from 2015.

(24 February 2014, Hong Kong) –TCL Multimedia Technology Holdings Limited (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its audited consolidated annual results for the year ended 31 December 2013.

For the year ended 31 December 2013, the Group’s overall sales volume of LCD TVs reached 17.18 million sets, representing an increase of 10.7% year-on-year. According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market in 2013 with a market share of 6.5%. Meanwhile, the Group has maintained its No.1 position in the PRC LCD TV Market with a market share of 18.1%.

The Group’s sales volume of LCD TVs in the PRC Market reached 9.91 million sets, which rose by 11.9% year-on-year. The Group continued to strengthen its “full cloud strategies”, sped up the process of its strategic layout for smart TVs, persistently stepped up its marketing efforts to boost

the proportion of sales volume of smart TVs and 3D TVs. The sales volume of smart TVs and 3D TVs in December 2013 accounted for 36.5% and 30.1% of the LCD TV sales volume in the PRC Market, respectively.

Nevertheless, owing to the withdrawal of the energy-saving home appliances subsidy policy by the PRC government in June 2013, the demand for LCD TVs in the PRC Market continued to decline and the Group did not meet its sales volume target in the PRC Market in 2013. Furthermore, an overly optimistic expectation of the Group on market demand at the beginning of 2013 prompted an overstocking of the inventory of raw materials, as a result of lower raw material prices, a significant devaluation had to be made for the corresponding inventory. In addition, quality issues in individual products originated from sourcing of components from external suppliers resulted in an additional increase in the cost of after-sale services. Hence, despite the fact that the Group recorded a turnover of approximately HK\$39,495 million, up by 9.6% year-on-year, gross profit and operating profit decreased by 11.9% and 78.5% year-on-year to approximately HK\$5,414 million and HK\$252 million, respectively. As a result, loss attributable to owners of the parent from continuing operations was approximately HK\$119 million (2012: approximately HK\$816 million of profit).

The Group strives to enhance its product competitiveness and brand influence. In order to seize the first-mover opportunity in creating a smart TV ecosystem, the Group sealed a strategic alliance with iQIYI, a leading online video platform in the PRC under Baidu, Inc. for the launch of a visionary and cross-industry new product “TCL-iQIYI TV+” (“TV+”), which has pioneered a new trend for cross-industry smart cloud terminal products, and became the first TV product to have truly incorporated with internet elements. Sales volume of TV+ reached over 100,000 sets in less than four months after its launch and it became the smart TVs model with the highest sales volume in the PRC Market. Meanwhile, the Group is committed to proactively developing 4K ultra high-definition TV. 8 models of 4K ultra high-definition TV in 3 series, Cloud XiE 5690, Cloud QingV 8500 and Cloud MuH 9500, with panels sized from 39 inches to 85 inches, were launched and met the Chinese National 4K TV Certification Standards. The Group has also launched TCL Disney Children TV, the world’s first model that effectively protects and enhances children’s eyesight. Furthermore, the Group entered into a joint venture agreement with IMAX Corporation, the world’s leading entertainment technology company for the establishment of “TCL-IMAX Entertainment Co., Ltd.”, which will be engaged in the development, manufacture and distribution of premium home theatre systems in the PRC and other selected global markets starting from 2015.

In terms of brand promotion, TCL aims at enhancing its brand influence in the global TV industry through its international entertainment marketing efforts. TCL had a series of cooperations with the Hollywood movie “Iron Man 3” through brand placement, joint promotions and authorized usage of creative elements. Meanwhile, TCL obtained the naming right of Grauman’s Chinese Theatre, the landmark architecture on Hollywood Boulevard. The building was officially renamed “TCL Chinese Theatre”. On 15 September 2013, the world’s largest IMAX theatre officially opened at “TCL Chinese Theatre”. Meanwhile, “TCL Square Experience Store”, situated in the facade of “TCL Chinese Theatre”, also opened officially on the same day.

On the other hand, the sales volume of the LCD TVs in the Overseas Markets for 2013 increased by 9.1% year-on-year to 7.28 million sets, of which the sales volume of the LCD TVs in the Emerging Markets rose by 13.0% year-on-year to 4.55 million sets, the sales performance in Brazil was the most encouraging with a 72.6% year-on-year increase in sales volume. In the European Market, the Group continued to strive for optimizing its product mix by accelerating the introduction of new products including the smart TVs. The market share in France of the Group increased to 7.1% for 2013 from 5.7% for 2012, according to GfK figures. In addition, it continued to expand point of sales and sales channels, and increased the number of in-store product sample displays at the markets in France, Poland, Germany, Spain and Italy, etc., in order to enhance consumers’ access to the products.

Looking ahead, the Group will adhere to its core development strategy that is based on “speed and efficiency”, seeking to bring value-for-money products to consumers and deliver new lifestyle experiences through product innovation, cost enhancement, product competitiveness as well as



pricing strategy, and strategically targeting to become a truly global multimedia entertainment technology enterprise. The Group has targeted its annual LCD TV sales of 18.50 million sets in 2014.

Mr. Hao Yi, Chief Executive Officer of TCL Multimedia said, “In face of the competitive landscape of the industry, the Group has set three major directions of development for the future, namely establishment of product-driven organization based on market insight, internet-oriented layout and brand globalization. First, we will endeavor the best of our efforts in establishing a mechanism that identifies consumer needs and user experiences in order to enhance product planning and development model. Second, we will apply internet thinking in R&D, manufacturing and marketing of the products. Third, we will integrate our globalization resources, construct a globalized sales management platform in an effort to enhance operational efficiency, market share and awareness of the TCL brand in the global market. In conclusion, the Group expects to achieve a sustainable profitable growth through a short-term, mid-term and long-term overall business planning with an aim to become a global multimedia entertainment technology enterprise, creating greater values to its shareholders.”

The Group’s sales volume of TVs by regions during the year are as follows:

	2013 <i>(’000 sets)</i>	2012 <i>(’000 sets)</i>	Change
LCD TVs	17,184	15,527	+10.7%
of which: LED backlight LCD TVs	16,661	11,828	+40.9%
Smart TVs	2,800	1,471	+90.3%
3D TVs	2,669	2,179	+22.5%
— PRC Market	9,908	8,856	+11.9%
— Overseas Markets	7,276	6,671	+9.1%

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About TCL Multimedia

Headquartered in China, TCL Multimedia Technology Holdings Limited (HKSE stock code: 01070) is one of the leading players in the global TV industry. TCL Multimedia is engaged in the research and development, manufacturing and distribution of consumer electronic products. Its ultimate holding company is TCL Corporation. According to the latest DisplaySearch report, the Group ranked No.3 in the global LCD TV market share with a 6.5% market share in 2013. The Group remained its No.1 position in the PRC LCD TV market with a market share of 18.1%.

For more information, please visit its website: <http://multimedia.tcl.com>.

For further information, please contact:

iPR Ogilvy & Mather

Juliana Li / Aven Yu / Natalie Tang

Tel: (852) 2169 0467 / 2136 6176 / 3920 7640

E-mail: tclmultimedia@iprogilvy.com