



(For Immediate Release)

TCL Multimedia Announces 2016 Annual Results

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Overall Gross Profit Margin Rose to 17.4% with Continuous Increase in High-end Products Proportion

LCD TV Sales Volume and Gross Profit Margin in Overseas Markets Increased by 30.2% and 2.5 Percentage Points Respectively

BUSINESS HIGHLIGHTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2016

- The Group sold 19.96 million sets of liquid-crystal-display (“LCD”) TVs, up by 15.1% year-on-year. Sales volume of LCD TVs in the PRC market increased by 1.8% year-on-year to 9.41 million sets, while sales volume of LCD TVs in the overseas markets grew by 30.2% year-on-year to 10.54 million sets.
- The Group achieved a turnover of HK\$33.36 billion, dropped by 1.9% year-on-year. Gross profit increased by 1.1% when compared with the same period of last year to HK\$5.82 billion, and gross profit margin rose from 16.9% of the same period of last year to 17.4%. Operating profit was HK\$300 million, and net profit after tax was HK\$180 million. Profit attributable to owners of the parent amounted to HK\$180 million. Basic earnings per share was HK11.8 cents.
- With continued product mix enhancements, the proportion of high-end products (such as quantum dot, curved, 4K and large screen TVs, etc.) has been steadily increasing. Sales volume of smart TVs of the Group in the PRC market (excluding ODM business) increased by 10.1% year-on-year to 5.15 million sets, which accounted for 66.1% of the Group’s LCD TV sales volume in the PRC market. Sales volume of 4K TVs in the PRC market (excluding ODM business) amounted to 2.83 million sets, which accounted for 36.3% of the Group’s LCD TV sales volume in the PRC market. Market share of curved TVs in the PRC market (excluding ODM business) was 30.4%, maintaining No.1 position among the domestic brands in the market (Source: China Market Monitor Co., Ltd. (“CMM”).
- The accumulated number of TCL activated smart TV users of the Group totalled 17,289,434, and the daily average number of active users in December 2016 was 7,473,240 (Source: Huan Technology Co., Ltd. (“Huan”).
- The Group ranked No.3 in the global LCD TV market with a market share of 9.0% in 2016 according to the latest IHS Technology and the Company’s shipment data, and ranked No.3 in the PRC LCD TV market with a market share of 14.2% in 2016 according to CMM’s report.

(21 March 2017, 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 2016.



Business Review

The Group continuously optimised its product mix to boost the proportion in sales volume of high-end products such as quantum dot, curved, 4K and large screen TVs, etc.. The Group also enhanced operational efficiency and strengthened cost control. Various measures for reducing costs have yielded results and caused the non-panel costs to decrease as well. In the overseas markets, the Group has made significant breakthroughs and improvements in sales volume and earnings. Besides, the foreign exchange gains and losses were under control due to the relatively stable exchange rate in 2016 when compared with 2015, resulting in an improvement in operating results.

In 2016, the Group achieved a turnover of HK\$33.36 billion, dropped by 1.9% year-on-year. Gross profit increased by 1.1% year-on-year to HK\$5.82 billion, and gross profit margin rose from 16.9% of the same period of last year to 17.4%. Operating profit was HK\$300 million, and net profit after tax was HK\$180 million. Profit attributable to owners of the parent amounted to HK\$180 million. Basic earnings per share was HK11.8 cents.

In the fourth quarter, the Group's turnover was HK\$9.69 billion, representing an increase of 1.2% year-on-year. Gross profit decreased by 12.7% when compared with the same period of last year to HK\$1.77 billion and gross profit margin declined by 2.9 percentage points in the same period of last year to 18.2%. Operating profit amounted to HK\$47.36 million, and net profit after tax was HK\$39.79 million. Profit attributable to owners of the parent amounted to HK\$35.88 million. Basic earnings per share was HK2.17 cents.

On 5 December, 2016, the Group was included in the eligible shares list of the Southbound Hong Kong Trading Link under Shenzhen-Hong Kong Stock Connect ("Shenzhen-Hong Kong Stock Connect"). The Shenzhen-Hong Kong Stock Connect will offer alternative investing channels in both the PRC and Hong Kong stock markets, to enliven the two stock markets by boosting trade volume and increasing the valuations of Hong Kong stocks. The Group expects to attract more Chinese and overseas investors through the programme.

The PRC Market

In 2016, the Group's LCD TV sales volume increased by 1.8% year-on-year to 9.41 million sets. Affected by prices of major raw materials, average market selling price and 6.1% year-on-year depreciation in the average exchange rate of Renminbi against Hong Kong dollars in 2016, the average selling price of LCD TVs decreased by 13.8% year-on-year while turnover decreased by 12.2% year-on-year to HK\$19.17 billion, imposing pressure on earnings.

Despite this, the Group has proactively optimised its product mix and further strengthened cost control, which resulted in a significant improvement in non-panel cost reduction and a year-on-year increase in gross profit margin of LCD TVs from 20.6% to 20.9%.

With continued product mix enhancements, the proportion of mid-to-high-end products has been steadily increasing in 2016 (Data below excluded ODM business).

- Smart TV sales volume increased by 10.1% year-on-year to 5.15 million sets, which accounted for 66.1% of the LCD TV sales volume, rising from 53.7% in the same period of last year.
- 4K TV sales volume increased by 63.3% year-on-year to 2.83 million sets, which accounted for 36.3% of the LCD TV sales volume, rising from 19.9% in the same period of last year.
- Market share of curved TVs was 30.4% in 2016, maintaining No.1 position among the domestic brands in the market (Source: CMM). The proportion of accumulated curved TV sales volume to the Group's LCD TV sales volume in the PRC market rose from 2.5% in the same period of last year to 10.9%.



- Proportion of the sales volume of products with screen size of 55 inches or above increased from 16.6% of LCD TV sales volume in 2015 to 29.0% in 2016.
- The average size of TVs sold increased from 41.5 inches in the same period of last year to 44.3 inches.

Overseas Markets

Product mix (excluding ODM business) was enhanced through the CBUS (curved, large screen, 4K, smart TVs) strategy :

- The proportion of curved TV sales volume increased from 0.2% in 2015 to 1.9% in 2016.
- The proportion of TV with screen size of 55 inches and above sales volume increased from 8.2% in 2015 to 14.8% in 2016.
- The proportion of 4K TV sales volume increased from 2.6% in 2015 to 14.8% in 2016.
- The proportion of smart TV sales volume increased from 33.8% in 2015 to 58.2% in 2016.

Contributed by the continued sales growth in the North American market and the emerging markets, the Group's LCD TV sales volume in 2016 increased by 30.2% year-on-year to 10.54 million sets, turnover was up by 16.2% year-on-year to HK\$13.92 billion and gross profit margin rose to 12.5% from 10.0% in the same period of last year.

Performance in the overseas markets in 2016:

- In the North American market, LCD TV sales volume surged by 71.8% year-on-year, with its ranking of market share, in terms of sales volume, climbing from No.9 in the same period of last year to No.6 in 2016 (Source: NPD).
- LCD TV sales volume in the emerging markets rose by 44.3% year-on-year, of which market shares, in terms of sales volume for the year 2016 in Thailand, remained No.3. Ranking in Vietnam has increased from No.5 in the same period of last year to No.4 in 2016, while ranking in Australia was No.6 (Source: GfK).
- Due to fluctuations in exchange rates and increased panel prices, LCD TV sales volume in the European market slightly dropped by 0.9% year-on-year. In terms of sales volume, the Group ranked No.3 in France in 2016, rising from No.4 in the same period of last year (Source: GfK).
- LCD TV sales volume of the strategic ODM business was up by 21.3% when compared with the same period of last year.

Internet Business

As of December 2016, the accumulated number of TCL activated smart TV users totalled 17,289,434, the daily average number of active users in December 2016 was 7,473,240 (Source: Huan).

- Video-on-demand business totalled 17.40 million users, increasing by 12.4% when compared with the first three quarters of 2016;
- Lifestyle business totalled 4.89 million users, increasing by 51.8% when compared with the first three quarters of 2016;
- Applications business totalled 15.40 million users, increasing by 32.0% when compared with the first three quarters of 2016;
- Spending time of users reached 4.7 hours, representing an continuous enhancement in user loyalty.



Outlook

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, “Looking forward, we will set ‘efficiency is basis, structure is core, profit is goal’ as our overall operation strategy for 2017 and continue to strengthen the establishment of core competencies of the enterprise and forge core competitiveness. Meanwhile, we will focus on ‘two-up and two-down’ as operating strategy to increase the proportion of products with high gross profit and low cost channels while decreasing system costs and asset turnover days. Furthermore, we will continue to foster the establishment of four core competitiveness including product technology capabilities, industry capabilities, brand and channel capabilities as well as internet application and service capabilities, and actively build a comprehensive ecosystem for smart TVs to provide users with an exquisite experience with smart products and services, thereby delivering greater enterprise value and returns to shareholders.”

The Group’s sales volume of LCD TVs by regions and the number of TCL smart TV users during the year were as follows:

	2016 ('000 sets)	2015 ('000 sets)	Change
LCD TVs	19,956	17,343	15.1%
Total			
— PRC Market	9,415	9,244 [^]	1.8%
— Overseas Markets	10,541	8,099 [^]	30.2%
Of which: Smart TVs	10,593	6,265	69.1%
4K TVs	3,977	1,858	114.1%

[^] Restated

	Accumulate d total as of 31 December 2016	December 2016	December 2015	Change	2016	2015	Change
Number of TCL activated smart TV users⁽¹⁾	17,289,434	606,989	483,653	25.5%	5,364,578	4,558,404	17.7%
Daily average number of active users⁽²⁾	N/A	7,473,240	4,800,723	55.7%	N/A	N/A	N/A

Notes:

- (1) Number of TCL activated smart TV users refers to the number of users who use the internet TV web service for more than once
- (2) Daily average number of active users refers to the number of unrepeated individual users who visit within 7 days



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, 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 “intelligence + internet” and “products + services” as the main direction, it strives to build a comprehensive ecosystem for smart TVs that provides users with an exquisite experience with its smart products and services. The Group ranked No.3 in the global LCD TV market with a market share of 9.0% in 2016 according to the latest IHS Technology and the Company’s shipment data, and ranked No.3 in the PRC LCD TV market with a market share of 14.2% in 2016 according to CMM’s report. The Group is included in the eligible shares list of the Shenzhen-Hong Kong Stock Connect. For more information, please visit its website: <http://multimedia.tcl.com>.

*This press release is issued by Cornerstones Communications Ltd. on behalf of **TCL Multimedia Technology Holdings Limited**. For further information, please contact:*

Cornerstones Communications Ltd.

Kylie Yeung / Ivan Kau / Sara Qian / Victoria Chiu

T: (852) 2903 9293 / 2903 9285 / 2903 9282 / 2903 9281

F: (852) 2887 1712

E: tcl.multimedia@cornerstonescom.com