

*For Immediate Release*

## **TCL Multimedia Recorded Growth in Turnover and Gross Profit Margin in the First Quarter of 2012**

**LCD TV sales volume in the PRC Market and the Overseas Markets up 28.2% and  
153.4% year-on-year, respectively**

### **Results Highlights:**

- For the three months ended 31 March 2012, the Group recorded a turnover of approximately HK\$8,302 million, up by 26.2% year-on-year. Gross profit amounted to approximately HK\$1,497 million, up by 42.0% year-on-year. Operating profit reached approximately HK\$480 million, up by 231.0% year-on-year. Profit attributable to owners of the parent reached approximately HK\$309 million, a significant increase of 808.8% year-on-year.
- The sales volume of overall LCD TVs reached 3.22 million sets, an increase of 67.0% year-on-year. The sales volume of LCD TVs in the PRC Market and Overseas Markets rose by 28.2% and 153.4% year-on-year, respectively, in which the sales volume of LCD TVs in the Emerging Markets alone soared 181.3% year-on-year.
- The product mix has continuously been optimized. Sales volume of LED backlight LCD TVs accounted for 62.8% and 65.2% of overall LCD TV sales volume and LCD TV sales volume in the PRC Market, respectively. Sales volume of smart & internet TVs and 3D TVs accounted for 32.3% and 13.2% of LCD TV sales volume in the PRC Market, respectively.
- AV business maintained healthy profitable growth thanks to improved operational efficiency and effective cost control as well as the strategy of diversifying its products and customer base.

(26 April 2012, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated results for the first quarter ended 31 March 2012.

The Group recorded unaudited turnover of approximately HK\$8,302 million, up 26.2% compared with the same period of last year. Gross profit was approximately HK\$1,497 million, up 42.0% year-on-year. Operating profit and profit attributable to owners of the parent reached approximately HK\$480 million and HK\$309 million, up significantly by 231.0% and 808.8% from the same period of last year, respectively, including the one-off gain of approximately HK\$144 million arising from the acquisition of the entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. and its 60%-owned subsidiary, Huizhou TCL Coretronic Co., Ltd., completed on 18 January 2012. Basic earnings per share was HK24.32 cents (The first quarter of 2011: basic earnings per share of HK3.13 cents).

During the period under review, the Group was dedicated to the optimization of its products, marketing strategies, sales channels and brand influence. The Group's overall sales volume of LCD TVs increased by 67.0% year-on-year to 3.22 million sets, of which sales volume of LCD TVs in the PRC Market and Overseas Markets increased by 28.2% and 153.4% year-on-year to 1.71 million sets and 1.51 million sets, respectively. Meanwhile, the proportion of the sales volume of LED backlight LCD TVs as a percentage of the total LCD TV sales volume increased to 62.8%. According to the latest DisplaySearch report, the Group's global LCD TV market share in 2011 was 4.9%, propelling its ranking to No.7 from No.10 in 2010.

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said: "Despite the effects of the sluggish economic environment on the global TV market, we firmly enhanced 'speed and efficiency' in our operational and marketing strategies and focused on strengthening product competitiveness as well as continuously optimizing our sales channels. Therefore, we achieved balanced development in sales, scale, profitability and branding and recorded satisfactory growth in turnover. Meanwhile, we enhanced our operational capability by streamlining our product portfolio, improving our product turnover rate and enhancing our production efficiency. Our gross profit margin improved to 18.0% from 16.0% while our expense ratio decreased to 14.9% from 15.2% in the same period of last year."

In terms of TV business, the Group achieved rapid growth and balanced development in both the PRC Market and the Overseas Markets. The PRC Market remains the Group's major source of income. During the period under review, the Group continued to improve its product mix and to strengthen the establishment of its sales channels. Along with lowering production costs through the resources integration and increasing production efficiency, the overall competitiveness was strengthened. Turnover increased by 11.4% year-on-year to HK\$4,509 million. Sales volume of LED backlight LCD TVs increased from 0.40 million sets in the same period of last year to 1.11 million sets in the first quarter of this year, a significant increase of 176.2%. Sales volume of LED backlight LCD TVs as a percentage of LCD TV sales volume in the PRC Market also increased to 65.2% in the first quarter of this year. In addition, the Group actively capitalized on the opportunity as being an exclusive partner of the PRC CCTV's first 3D TV channel, and was dedicated to developing the booming 3D TV market. In the first quarter of this year, sales volume of 3D TVs amounted to 0.22 million sets. Sales volume of 3D TVs as a percentage of LCD TV sales volume in the PRC Market increased to 13.2%. Sales volume of smart & internet TVs amounted to 0.55 million sets, accounting for 32.3% of LCD TV sales volume in the PRC Market.

In the Overseas Markets, in addition to continuous strong sales growth in the Emerging Markets and the remarkable results in the optimization of its strategic OEM customer base,

the Group actively capitalized on the opportunities brought by the UEFA EURO in the European Market, along with the improvement of the product mix, the turnover in the Overseas Markets reached HK\$2,789 million, up 87.6% from the same period of last year. Sales volume of LED backlight LCD TVs grew to 0.91 million sets from 0.20 million sets in the same period last year, accounting for 60.1% of sales volume of LCD TVs in the Overseas Markets. Sales volume of LCD TVs in the Emerging Markets reached 0.89 million sets in the Emerging Markets in the first quarter of 2012, up 181.3% from the same period of last year, with good sales performance in areas such as Africa, Brazil and Thailand.

In terms of the AV business, under the influence of unfavorable factors such as the volatile global economy and the continued shrinking DVD player market, the total sales volume of AV products recorded a decline compared with the same period of last year. Nevertheless, during the period under review, the sales volume of blue ray products and electro-acoustic products increased by over 80% and 30%, respectively. The Group launched 25 new product series during the period under review. AV business maintained healthy profitable growth thanks to improved operational efficiency and effective cost control.

Looking ahead, although the operating environment of the global TV industry is still full of challenges, market demand for LCD TV products will remain strong, which driven by further urbanization in the PRC and the replacement demand of traditional CRT TVs. The Group will continue to carry out “speed and efficiency” in its operational and marketing strategies, strengthen the innovation capability in its product technology and further enhance its core competency and profitability.

In the PRC Market, the Group will leverage the “innovation of full-scale cloud technology, integration of full-scale cloud resources, orientation of the full-scale cloud market and synergy of the full-scale cloud industry” as a driving force, which will support the theme of a category with a full range of cloud products, including six series of 3D smart “cloud” TVs. In addition, the Group will focus on four major core areas – products, price, place and promotion – to carry out its “full cloud strategies” in the future and to build up core competitive advantages in the cloud age. The Group will also seize the opportunity of sales promotion for various “golden festivals and holidays” in the second quarter by launching large-scale marketing and promotional activities, in order to achieve aims of increasing its sales volume and market share at the same time.

In the Overseas Markets, the Group will continue to implement stable and healthy operational strategies. The Group will sustain continuous growth in the Emerging Markets while further enhancing its operational efficiency in Europe and North America with an aim to achieve significant growth in sales volume and improve its operational effectiveness in the Overseas Markets in the full year of 2012. The Group will step up its efforts and invest

more resources in its brand promotion, launching international marketing and promotional projects in order to strengthen its brand influence and awareness. In addition, the Group will strengthen the establishment of sales channel in key markets in the PRC and overseas, strengthen its customer base and improve its sales capability.

In terms of its AV business, the Group will continue to strengthen its strategic partnership with existing major customers and will endeavour to expand its customer base. The Group will continue to diversify its products, boost investment in R&D to enhance the overall competitiveness of its new products and will continue to optimize its global supply chain.

Coupled with the Group's acquisition of the entire equity interest in TCL Optoelectronics Technology (Huizhou) Co., Ltd. (which is mainly engaged in the production of LCD modules) on 18 January 2012, together with the 8.5-generation LCD panel production plant operated by Shenzhen Huaxing Photoelectrics Technology Company Limited, a joint venture between TCL Corporation (the Group's ultimate holding company), the Shenzhen Municipal Government and Samsung (South Korea), the synergy effect of the vertically-integrated industry chain will gradually take effect. The Group will continue to enhance "speed and efficiency", strengthen our R&D effort in product technology, and further optimize our product mix to strengthen our overall competitiveness, all in an effort to improve the Group's leading position in the global TV market. While laying a solid foundation for long-term consistent development, the Group will also remain devoted to creating better returns for our shareholders.

The Group's sales volume of TVs and AV products by regions are shown below:

	<b>First quarter of 2012 (<i>'000 sets</i>)</b>	First quarter of 2011 ( <i>'000 sets</i> )	Change
<b>LCD TVs</b>	<b>3,219</b>	1,928	+67.0%
of which: LED backlight LCD TVs	<b>2,022</b>	599	+237.6%
Smart & internet TVs	<b>551</b>	84	+556.0%
3D TVs	<b>250</b>	0.5	+49,900.0%
- PRC	<b>1,706</b>	1,331	+28.2%
- Overseas	<b>1,513</b>	597	+153.4%
<b>CRT TVs</b>	<b>765</b>	1,163	(34.2%)
- PRC	<b>86</b>	377	(77.2%)
- Overseas	<b>679</b>	786	(13.6%)
<b>Total TV sales volume</b>	<b>3,984</b>	3,091	+28.9%
<b>Total AV products sales volume</b>	<b>3,368</b>	4,403	(23.5%)

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**About TCL Multimedia**

TCL Multimedia Technology Holdings Limited (stock code: 01070.HK) headquartered in China, is one of the leading player in the global TV industry. TCL Multimedia is engaged in the R&D, manufacturing and distribution of consumer electronic products comprising television and audio visual products. Its ultimate shareholder is TCL Corporation. For more information, please visit its website: <http://multimedia.tcl.com>.

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