

*For Immediate Release*

**TCL Multimedia's Net Profit Up Significantly by 62.4% to HK\$635 million in the First Three Quarters of 2012**

**Sales Volume of LCD TVs in the PRC Market and Overseas Markets up by 36.1% and 76.0% year-on-year, respectively**

**Results highlight:**

- For the nine months ended 30 September 2012, the Group recorded turnover of approximately HK\$27,245 million, up by 21.0% year-on-year. Gross profit was approximately HK\$4,581 million, up by 30.4% year-on-year. Operating profit amounted to approximately HK\$931 million, up by 34.7% year-on-year. Profit attributable to owners of the parent reached approximately HK\$635 million, a significant increase of 62.4% year-on-year.
- The overall sales volume of LCD TVs reached 10.85 million sets, an increase of 51.5% year-on-year, of which the monthly sales volume of LCD TVs in September 2012 achieved a record high of 1.90 million sets after December 2011, up 43.8% year-on-year. The sales volume of LCD TVs in the PRC Market and Overseas Markets rose by 36.1% and 76.0% year-on-year, respectively, higher than the industry average, of which the sales volume of LCD TVs in the Emerging Markets increased by 76.3% year-on-year.
- The product mix has been continuously optimized. Sales volume of smart & internet TVs and 3D TVs accounted for 42.9% and 21.1% of the sales volume of LCD TVs in the PRC Market, respectively. Sales volume of LED backlight LCD TVs accounted for 71.3% and 75.0% of overall LCD TV sales volume and LCD TV sales volume in the PRC Market, respectively.
- The Group and Tencent Holdings jointly launched iCE SCREEN, the world's first large screen mobile entertainment smart "cloud" product, creating a new form of consumer electronic product. This innovative cross-industry integration model has also set a new benchmark in innovation in the consumer electronics industry and internet industry in the PRC.

(26 October 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 nine months ended 30 September 2012. The Group remained committed to "speed and efficiency" as a focus and implemented its development strategies of achieving "sales volume growth, transformation and sustainable profit growth", striving to optimize its product mix, explore sales channels and fully take advantages of vertical integration so as to enhance its core competitiveness and profitability.

For the nine months ended 30 September 2012, the Group recorded turnover of approximately HK\$27,245 million, up 21.0% compared with the same period of 2011. Gross profit was approximately HK\$4,581 million, up 30.4% year-on-year. Operating profit and profit attributable to owners of the parent reached approximately HK\$931 million and HK\$635 million, up by 34.7% and 62.4% from the same period of last year, respectively. Basic earnings per share was HK48.72 cents (basic earnings per share of HK35.99 cents in the same period of 2011).

The Group sold a total of 10.85 million sets of LCD TVs in the first three quarters of 2012, up by 51.5% compared with the same period of last year, of which the monthly sales volume of LCD TVs in September 2012 achieved a record high of 1.90 million sets after December 2011, up 43.8% year-on-year. The sales volume of LCD TVs in the PRC Market and Overseas Markets increased by 36.1% and 76.0% year-on-year to 5.97 million sets and 4.88 million sets, respectively. Meanwhile, the sales volume of LED backlight LCD TVs maintained rapid growth. The proportion of the sales volume of LED backlight LCD TVs as a percentage of the total LCD TV sales volume increased to 71.3%. The proportion of the sales volume of smart & internet TVs and 3D TVs as a percentage of the total LCD TV sales volume also increased to 24.1% and 11.9%, respectively. According to the latest DisplaySearch report, the Group's market share in the global LCD TV market was 5.3% in the first half of 2012, ranking No.5. The Group's market share in the PRC LCD TV market was 17.1%, ranking No.2. In addition, TCL remained the top TV brand in the PRC with a brand value of RMB58,326 million, allowing it to maintain its industry-leading position and ranking No.6 among the top 100 Chinese brands in the "2012 (18<sup>th</sup>) Most Valuable Chinese Brands Evaluation" jointly released by R&F Global Ranking Information Group Ltd. and Beijing Famous Brand Evaluation Co., Ltd..

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said, "In the first three quarters of 2012, we achieved growth in our sales volume of LCD TVs by continuously optimizing our product mix and expanding our sales channels, as well as implementing proactive marketing strategies. In the meantime, we maintained our focus on strengthening our supply chain management, lowering costs through resource integration and actively promoting the proportion of sales volume of our high-end products. As a result, during the period under review, gross profit margin improved to 16.8% from 15.6% in the same period of last year, while our expense ratio decreased to 13.9% from 14.3% in the same period of last year."

In the third quarter, the Group launched 7 product series featuring 18 new products in the PRC Market, all of which were 3D TVs and smart & internet TVs, including the smart "cloud" TV Cloud-Ping<sup>2</sup> V6500 series featuring the world's first dual-core 4D dual-display function and the smart "cloud" TV Cloud-Chang E4500 series with the world's first dual-core processors featuring KTV function. In addition, the Group and Tencent Holdings jointly launched iCE SCREEN, the world's first large screen mobile entertainment smart "cloud" product, which successfully created a new form of consumer electronic product

and marked a new epoch in the cross-industry integration between the consumer electronics industry and internet industry while also attracting attention around the world.

In terms of the TV business, the Group continued to achieve satisfactory growth in both the PRC Market and the Overseas Markets. The PRC Market remains the Group's major source of income, with turnover increasing by 17.1% year-on-year to HK\$15,242 million. The Group continued to optimize its product mix and product differentiation, enhance its price competitiveness and strengthen its marketing efforts, bringing the proportion of sales volume of high-end products, including 3D TVs and smart "cloud" TVs, increased significantly. Sales volume of 3D TVs increased from 0.56 million sets in the first half of 2012 to 1.26 million sets in the first three quarters of 2012 in the PRC Market, its proportion of total LCD TV sales volume in the PRC Market up to 21.1%. Sales volume of smart & internet TVs amounted to 2.56 million sets in the PRC Market. Sales volume of smart & internet TVs as a percentage of total LCD TV sales volume in the PRC Market also increased to 42.9%. In addition, the Group actively optimized its sales channels. It continued to improve network penetration and store efficiency in its rural distribution channels in the PRC Market. The number of points of sales in the first three quarters of 2012 increased to approximately 28,500 in third-tier to sixth-tier markets and rural markets in the PRC, an increase of approximately 2,500 points of sales compared to the beginning of 2012.

Benefiting from its improved product mix, enhanced sales channels and effective marketing and promotional strategies, the Group's turnover in the Overseas Markets reached HK\$8,657 million during the period under review, up 47.7% from the same period of last year. Emerging Markets remained the Group's primary contributor in the Overseas Markets and have become a new growth driver alongside the PRC Market. During the period under review, the Group seized the opportunity of product transformation in the Emerging Markets by quickly launching new products, including various LED backlight LCD TVs, and proactively introducing 3D TVs and smart & internet TVs. As a result, sales volume of LCD TVs in the Emerging Markets reached 2.99 million sets, up 76.3% year-on-year, with strong sales performance in regions such as Thailand, Central America and South America. Meanwhile, the Group actively explored markets in Central and Northern Europe, as well as Poland. Coupled with the launch of movie and television marketing campaigns through "Batman" movie, its sales volume increased significantly. In addition, the Group's strategic OEM business recorded continuous growth in LCD TV sales volume.

In terms of the AV business, due to the impact of the volatile global economy and the constantly shrinking of traditional DVD player market, the total sales volume of AV products decreased by 28.7% year-on-year to 11.12 million sets during the period under review. Nevertheless, the Group proactively improved the efficiency of its supply chain and accelerated its inventory turnover rate while also launching intelligent accessories and high-end home theatre system products to optimize its product mix. In the third quarter, the Group launched 4 product series featuring 10 new products, achieving new breakthroughs in product transformation.

Looking forward, although the global economy remains uncertain, the continuous replacement demand for traditional CRT TVs in the PRC Market and the new energy-saving subsidy program introduced by the PRC government will help to boost the growth of the Group's TV business. The Group will adjust its product mix in response to changes in the TV market while constantly step up its efforts in R&D and marketing and continue to strengthen its "full cloud strategies" to increase the proportion of sales volume of high-end products. Meanwhile, the Group is committed to lowering its costs through industry chain integration, thus enhancing its overall competitiveness. Furthermore, the Group will constantly strengthen the establishment of its sales channels in third-tier to sixth-tier markets and rural markets, and will fully expand its e-commerce business in order to further increase its share of the PRC Market. In the Overseas Markets, the Group will continue to implement prudent operational strategies. In the Emerging Markets, the Group will seize opportunities in the transition to high-end products and will strive to increase the proportion of sales volume of LED backlight LCD TVs. It will continue to boost its efforts in brand promotion and marketing to further strengthen its brand influence and brand awareness. For AV business, the Group will further enhance its capabilities in the technical design of intelligent accessories to develop smart TV-related Sound Bar products for the diversification of the Group's product portfolio. The Group will also continue to optimize the global supply chain and to lower its production costs so as to enhance its product competitiveness.

In October 2012, the 8.5-generation LCD panel production plant operated by Shenzhen China Star Optoelectronics Technology Co., Ltd., a joint venture among TCL Corporation (the Group's ultimate holding company), the Shenzhen Municipal Government and Samsung (Korea), reached full capacity and will commence mass production of 42-inch and 55-inch large-size LCD panels. Together with TCL Optoelectronics Technology (Huizhou) Co., Ltd. (which is mainly engaged in the production of LCD modules), the Group's wholly-owned subsidiary, the synergy effects from vertical integration will become more apparent.

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said, "As the fourth quarter, a traditional peak season for sales, approaches, we will adhere to 'speed and efficiency' as core development strategy, and actively produce value-for-money products through strategies that include product innovation, cost optimization and price adjustment. We will also actively expand our sales channels and improve operational efficiency. We are confident that we can achieve the 2012 full-year target of LCD TV sales volume of 15.20 million sets. We will endeavor to enhance the Group's leading position in the global TV market and to create better returns for our shareholders."

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

	<b>First three quarters of 2012 (<i>'000 sets</i>)</b>	First three quarters of 2011 ( <i>'000 sets</i> )	<b>Change</b>
<b>LCD TVs</b>	<b>10,849</b>	7,160	+51.5%
of which: LED backlight LCD TVs	<b>7,731</b>	2,709	+185.4%
Smart & internet TVs	<b>2,613</b>	894	+192.3%
3D TVs	<b>1,295</b>	193	+571.0%
- PRC	<b>5,971</b>	4,388	+36.1%
- Overseas	<b>4,878</b>	2,772	+76.0%
<b>CRT TVs</b>	<b>1,658</b>	3,343	(50.4%)
- PRC	<b>150</b>	821	(81.7%)
- Overseas	<b>1,508</b>	2,522	(40.2%)
<b>Total TV sales volume</b>	<b>12,507</b>	10,503	+19.1%
<b>Total AV products sales volume</b>	<b>11,115</b>	15,589	(28.7%)

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### **About TCL Multimedia**

Headquartered in China, TCL Multimedia Technology Holdings Limited (stock code: 01070.HK) is one of the leading players in the global TV industry. TCL Multimedia is engaged in the R&D, manufacture 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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