

*For Immediate Release*

## **TCL Multimedia Records Net Profit of HK\$434 million in 1H 2012**

### **Sales Volume of LCD TVs in the PRC Market and Overseas Markets up 32.1% and 108.4% year-on-year, respectively**

#### **Results Highlight:**

- For the six months ended 30 June 2012, the Group recorded turnover of approximately HK\$16,380 million, up 24.5% year-on-year. Gross profit amounted to approximately HK\$2,774 million, up 34.7% year-on-year. Operating profit reached approximately HK\$681 million, up 98.5% year-on-year. Profit attributable to owners of the parent reached approximately HK\$434 million, a significant increase of 231.3% year-on-year. The board of directors declared an interim dividend of HK10.00 cents per share.
- The overall sales volume of LCD TVs reached 6.48 million sets, an increase of 60.6% year-on-year. The sales volume of LCD TVs in the PRC Market and Overseas Markets rose by 32.1% and 108.4% year-on-year, respectively, exceeding the industry average, of which, the sales volume of LCD TVs in the Emerging Markets increased by 103.9% year-on-year.
- The product mix has continued to be optimized. Sales volume of smart & internet TVs and 3D TVs accounted for 38.3% and 16.9% of LCD TV sales volume in the PRC Market, respectively. Sales volume of LED backlight LCD TVs accounted for 66.5% and 67.7% of overall LCD TV sales volume and LCD TV sales volume in the PRC Market, respectively.

(9 August 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 six months ended 30 June 2012. The Group remained committed to “speed and efficiency” in its operational and marketing strategies, striving to strengthen its product competitiveness and profitability by optimizing its product mix, marketing strategies and sales channels.

For the six months ended 30 June 2012, the Group recorded turnover of approximately HK\$16,380 million, up 24.5% compared with the same period of 2011. Gross profit was approximately HK\$2,774 million, up 34.7% year-on-year. Operating profit and profit attributable to owners of the parent reached approximately HK\$681 million and HK\$434 million, up 98.5% and 231.3% from the same period of last year, respectively, including the one-off gain of approximately HK\$144 million 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 HK33.55 cents (same period in 2011: basic earnings per share of HK12.07 cents). The board of directors declared an interim dividend of HK10.00 cents per share.

During the period under review, the Group sold a total of 6.48 million sets of LCD TVs, up 60.6% compared with the same period of last year, of which sales volume of LCD TVs in the PRC Market and Overseas Markets increased by 32.1% and 108.4% year-on-year, respectively, exceeding the industry average. Meanwhile, the proportion of the sales

volume of LED backlight LCD TVs as a percentage of the total LCD TV sales volume also recorded a stable increase to reach 66.5%. According to the latest DisplaySearch report, in the first quarter of 2012, the Group's global LCD TV market share increased to 5.6% from 4.9% with its ranking rising to No.5 from No.7 in 2011, marking the first time a PRC TV maker has entered into the top five in the global LCD TV market share.

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said, "During the first half of 2012, we remained committed to 'speed and efficiency' in our operational and marketing strategies and optimizing our product mix, exploring sales channels and potential markets and fully utilizing the cost advantages brought by integration to enhance our core competitiveness and profitability. In addition, we remained dedicated to strengthening our supply chain management, lowering costs through resources integration and actively promoting our high-end products, including 3D TVs and smart 'cloud' TVs. Gross profit margin therefore improved to 16.9% in the first half of this year from 15.7% in the same period of last year."

In terms of the TV business, the Group achieved satisfactory growth in both the PRC Market and the Overseas Markets. The PRC Market remains the Group's major source of income. The Group increased sales volume and profit and enhanced its brand influence by continuously improving its product mix and product differentiation, enhancing price competitiveness and strengthening its marketing and promotion efforts. Turnover in the PRC Market increased by 15.5% year-on-year to HK\$8,641 million. Sales volume of LCD TVs in the PRC Market reached 3.34 million sets, up 32.1% from the same period of last year, well above the industry average, of which, sales volume of LED backlight LCD TVs increased to 2.26 million. Sales volume of LED backlight LCD TVs as a percentage of total LCD TV sales volume in the PRC Market also increased to 67.7% in the first half of this year. In addition, the Group also continued to capitalize on the opportunity of being an exclusive partner of CCTV's first 3D TV channel and actively promoted 3D TVs and smart & internet TVs. In the first half of this year, sales volume of 3D TVs amounted to 0.56 million sets. Sales volume of 3D TVs as a percentage of total LCD TV sales volume in the PRC Market increased to 16.9%. Sales volume of smart & internet TVs amounted to 1.28 million sets and its sales volume as a percentage of total LCD TV sales volume in the PRC Market also increased to 38.3%. In addition, the Group actively optimized its sales channels and improved network penetration and store efficiency in its rural distribution channels. The number of points of sales in the first half of 2012 increased to approximately 27,000 in third-tier to sixth-tier markets and rural markets, an increase of approximately 6,000 points of sales, compared to the beginning of 2011.

The Group continued to adopt a prudent operational strategy in the Overseas Markets. In addition to continuous stable growth in sales volume in the Emerging Markets and strategic OEM business, the Group actively capitalized on the opportunities brought by the UEFA EURO in the European Market. During the period, turnover in the Overseas Markets reached HK\$5,784 million, up 70.1% from the same period of last year. Sales volume of LCD TVs in the Overseas Markets reached 3.14 million sets, representing a year-on-year increase of 108.4%, of which sales volume of LED backlight LCD TVs grew significantly to 2.05 million sets from 0.46 million sets in the same period of last year. Sales volume of LED backlight TVs as a percentage of total LCD TV sales volume in the Overseas Markets also increased to 65.2%. Sales volume of LCD TVs in the Emerging Markets reached 1.82 million sets, up 103.9% from the same period of last year, with good sales performance in areas such as Africa and Thailand. In addition, in order to enhance its brand influence and awareness, the Group entered into a cooperation agreement with Sweden-based IKEA, the world's largest

furniture manufacturer, to develop comprehensive household solution that include TV, audio equipment and furniture.

In terms of AV business, due to the impacts of the volatile global economy and the continuous shrinking of the traditional DVD player market, the total sales volume of AV products of the Group decreased by 28.5% year-on-year to 6.79 million sets during the period under review. Despite this, the Group continued to carry out its strategy of diversifying its products and customer base, and stepped up its investment in R&D. It proactively developed its blue ray products and improved the competitiveness of its electro-acoustic products during the period under review, with sales volume of these two types of products increasing by 52.8% and 36.2% year-on-year, respectively.

Looking to the second half of 2012, the operating environment of the TV industry is still full of both opportunities and challenges. The PRC government announced a new energy-saving subsidy program which promotes five types of home appliances, including flat panel TVs, that meet energy-saving standards. The Group's 259 LCD TV products, including all of its 3D smart "cloud" TVs, were eligible for the subsidy scheme, making it the enterprise with the largest number of LCD TV products included on the subsidy list. The Group's 2012 annual sales target of LCD TVs is 15.20 million sets, of which sales of 8.20 million sets are expected in the PRC Market. It is expected to benefit significantly from the implementation of the energy-saving subsidy program, which will further boost the sales growth of the Group's high-end TV products. However, as the growth of both the PRC's macro economy and the TV industry are not optimistic, the growth of sales volume in the second half of 2012 is expected to be slower than in the first half, coupled with a high basis of comparison for the Group's sales volume in the second half of last year. Nevertheless, the Group will continue to improve its product mix. In addition to focusing on boosting sales of LED backlight LCD TVs, the Group will also capitalize on the booming 3D TV market, which will thus offset the negative impact of the slowing growth of the macro economy and the TV industry, so as to boost growth in sales volume and the Group's market share.

In the Overseas Markets, the Group will continue to implement prudent operational strategies. The Group is dedicated to sustaining continuous growth in the Emerging Markets while further enhancing its operational efficiency in the European and North American Markets in order to ensure profit-making in the overall business for the Overseas Markets in the whole year of 2012.

For AV business, the Group will continue to strengthen its strategic partnership with existing major customers and endeavor to expand its customer base in order to diversify its product and customer base, while continuing to optimize its global supply chain to improve its operational efficiency and further enhance overall competitiveness.

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said, "Looking forward to the second half of 2012, we will remain committed to 'speed and efficiency' in operation and marketing; implementing development strategies to achieve 'sales volume growth, transformation and sustainable profit growth'; strengthening our R&D efforts in product technology and further optimizing our product mix to improve our profit capability while striving to achieve annual sales target of 15.2 million sets, all in an effort to improve our leading position in the global TV market."

The Group's sales volumes of TVs and AV products by region are indicated as below:

	<b>1H 2012</b> <i>('000 sets)</i>	1H 2011 <i>('000 sets)</i>	<b>Change</b>
<b>LCD TVs</b>	<b>6,477</b>	4,033	+60.6%
of which : LED backlight LCD TVs	<b>4,307</b>	1,379	+212.3%
Smart & internet TVs	<b>1,302</b>	389	+234.7%
3D TVs	<b>592</b>	40	+1,380.0%
- PRC	<b>3,338</b>	2,527	+32.1%
- Overseas	<b>3,139</b>	1,506	+108.4%
<b>CRT TVs</b>	<b>1,271</b>	2,243	(43.3%)
- PRC	<b>144</b>	601	(76.0%)
- Overseas	<b>1,127</b>	1,642	(31.4%)
<b>Total TV sales volume</b>	<b>7,748</b>	6,276	+23.5%
<b>Total AV products sales volume</b>	<b>6,791</b>	9,504	(28.5%)

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#### **About TCL Multimedia**

TCL Multimedia Technology Holdings Limited (stock code: 01070.HK) headquartered in China, is one of the leading 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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