



(For Immediate Release)

## TCL Multimedia Announces Q1 Results for 2014

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**Fully Implements the “Double +” strategy focusing on  
“Intelligence + Internet” and “Products + Services”**

**Raises operation efficiency and competitiveness**

**Targets to become a global entertainment technology enterprise**

### Highlights:

- For the three months ended 31 March 2014, the Group recorded a turnover of approximately HK\$7,889 million, down by 15.9% year-on-year. Gross profit amounted to approximately HK\$1,026 million, down by 33.7% year-on-year. Operating profit was approximately HK\$31 million, down by 89.0% year-on-year. Net profit after tax from continuing operations was approximately HK\$12 million, down by 93.1% year-on-year. Profit attributable to owners of the parent from continuing operations was approximately HK\$15 million, down by 91.0% year-on-year.
- During the period under review, the Group sold a total of 3.83 million sets of LCD TVs, down by 2.2% year-on-year. The sales volume of the LCD TVs in the PRC’s market declined by 29.0% year-on-year to 1.80 million sets while the sales volume of its LCD TVs in the Overseas Markets increased by 47.1% year-on-year to 2.03 million sets, of which the sales volume of LCD TVs in the Emerging Markets grew by 5.4% to 0.96 million sets. The product mix has continuously been optimized, with a high proportion of sales volume of high-end products; sales volume of smart TVs and 3D TVs accounted for 37.2% and 27.6% of the LCD TV sales volume in the PRC market in the first quarter of this year, respectively.
- The Group announced its new operational strategic transformation by adopting the “double +” strategy as the main direction of future transformation, naming the combination of “intelligence + internet” and “products + services”, which was user-oriented. Coupled with internet thinking, planning for smart products and services with ultimate experiences to consumers, and to gradually transform to a global entertainment technology enterprise.
- The Group continued its efforts to establish an ecosystem. Its new game products were showcased for the first time at the Ninth Global Mobile Game and Channel Conference (“TFC”), and announced the cross-industry co-initiation of “TCL Game TV Ecosystem Strategic Alliance” with China Unicom Broadband, AT&T, JD.com and Gameloft.

(24 April 2014, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated results for three months ended 31 March 2014.

For the three months ended 31 March 2014, the Group recorded a turnover of approximately HK\$7,889 million, down by 15.9% year-on-year. Gross profit amounted to approximately HK\$1,026 million, down by 33.7% year-on-year. Gross profit margin dropped to 13.0% from 16.5% for the same period last year while expense ratio decreased to 12.7% from 14.3% for the same period last year. Operating profit was approximately HK\$31 million, down by 89.0% year-on-year. Net profit after tax from continuing operations was approximately HK\$12 million, down by 93.1% year-



on-year. Profit attributable to owners of the parent from continuing operations was approximately HK\$15 million, down by 91.0% year-on-year. The Group's basic earnings per share and basic earnings per share from continuing operations were HK1.14 cents and HK1.14 cents, respectively (Basic earnings per share and basic earnings per share from continuing operations in the same period of 2013: HK14.73 cents and HK12.64 cents, respectively).

During the period, the Group sold a total of 3.83 million sets of LCD TVs, down by 2.2% year-on-year. Due to the continuing weak market demand, delays in launches of new products and inadequate selling capabilities at the sales terminals, the sales volume of the Group's LCD TVs in the PRC Market decreased by 29.0% year-on-year to 1.80 million sets. Turnover in the PRC Market dropped 35.0% year-on-year to HK\$4,347 million. 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 maintained its No.1 position in the PRC LCD TV market with a market share of 18.1%.

In the first quarter of 2014, the Group launched a total of 20 new products in 8 series, including 9 products of 4K ultra high-definition TVs. The sales volume of the smart TVs increased from 0.55 million sets in the same period of last year to 0.67 million sets, and its proportion to the total LCD TV sales volume in the PRC Market increased to 37.2%. Meanwhile, following its co-launch of "TCL-iQIYI TV+" ("TV+") with iQIYI under Baidu, Inc. in September last year, the Group introduced a total of 9 new products of TV+ in February 2014, with full coverage of 32 inches to 55 inches mainstream products and full range of display technology from 2D to 4K.

Diversifying its business into game industry is an important move for the Group to gear its transformation towards internet and entertainment orientations. In March 2014, the Group jointly established a "TCL Game TV Ecosystem Strategic Alliance" with China Unicom Broadband, AT&T, JD.com and Gameloft to develop a double-screen integrated game platform. TCL game console T<sup>2</sup> game hardware products were first unveiled in TFC, offering users with exquisite audio and video experiences. As an important step of entering game industry by the Group, the Group expects the game product series will become a new business growth driver, exploring the blue ocean in the game entertainment market.

In addition, during the period under review, the Group's Overseas Markets achieved encouraging growth and an improvement in results. The sales volume of the LCD TVs increased by 47.1% year-on-year to 2.03 million sets while turnover increased by 16.4% year-on-year to HK\$2,982 million in the Overseas Markets. Gross profit margin increased by 1.8 percentage points year-on-year, contributing to a turnaround in Overseas Markets in the first quarter. In the first quarter of 2014, the sales volume of the LCD TVs in the Emerging Markets reached 0.96 million sets, increased by 5.4% compared to the same period last year. Sales volume of Strategic OEM business increased by 208.9% year-on-year. The Group started to introduce various 4K ultra high-definition TVs with panels of 40 inches to 85 inches in the Australian Market since March 2014 and gained initial enthusiastic feedback from the market, strengthening the Group's confidence in promoting high-end products in the Overseas Markets. At the same time, the Group introduced TCL Roku smart TVs during the period, making its first foray into the North American Market for internet smart TVs.

Looking forward, the Group will steadily improve its fundamental capabilities and accelerate improvements in its operational efficiency. It will also proactively implement "double +" transformation strategy, which comprises "intelligence + internet" and "products + services". The strategy marks a shift from the previous product-oriented approach to a product-and-user-oriented approach, seeking to develop smart products and services that deliver exquisite experiences, providing users a comprehensive solution, with an aim of gradually transforming the Group from a conventional TV manufacturing enterprise to a global entertainment technology enterprise.



Mr. Hao Yi, Chief Executive Officer of TCL Multimedia said, "In face of the competitive landscape of the industry, we will enhance our fundamental strengths establishment, raise our operational efficiency and competitiveness and improve our quality of operations as well as accelerate improvements in our operational efficiency. Meanwhile, we will persistently implement our internationalized branding strategy, consolidate our resources all over the world and continue to strengthen our business in the Overseas Markets, enhancing the synergies in the industry and develop TCL into a leading global brand and strive to increase the global market share and awareness of the TCL brand with an aim of gradually transforming into a global entertainment technology enterprise and bringing long-term value and returns to our shareholders."

The Group's sales volume of TVs by regions during the period under review is as follows:

	<b>2014 First Quarter ( '000 sets)</b>	2013 First Quarter ( '000 sets)	Change
<b>LCD TVs</b>	<b>3,826</b>	3,912	(2.2%)
Of which: LED backlight LCD TVs	<b>3,825</b>	3,541	+8.0%
Smart TVs	<b>720</b>	591	+21.8%
3D TVs	<b>500</b>	772	(35.2%)
– PRC Market	<b>1,801</b>	2,535	(29.0%)
– Overseas Markets	<b>2,025</b>	1,377	+47.1%

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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>

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