

For Immediate Release

TCL Multimedia Announces 2010 Annual Results

Q4 Financial Performance Improved with Operating Profit of HK\$143 Million

Results Highlight :

- For the year ended 31 December 2010, the Group recorded HK\$26,949 million in turnover, representing a 11.2% drop from the same period last year. Gross profit was down 23.5% year-on-year. Operating loss amounted to HK\$591 million while loss attributable to owners of the parent company totalled HK\$983 million.
- The Group's operational and financial performances was improved in the fourth quarter. An operating profit of HK\$143 million was recorded, which mitigated the operating loss for the whole year.
- In 2010, the Group's LCD TV sales volume dropped by 10.9% year-on-year to 7.46 million sets. However, LCD TV sales volume in the PRC Market was up by 10.7% to 5.12 million sets year-on-year.
- Maintained leading position in the PRC Internet TV market with a 23.5% market share. Stepped up efforts to promote LED backlight LCD TV products in the second half of the year, the sales volume of LED backlight LCD TVs in proportion to total LCD TV sales volume was 27.6% in December.
- The Group's LCD TV sales volume in Emerging Markets made a breakthrough with a significant year-on-year growth of 194.2%.

(25 February 2011, 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 2010.

Intense market competition, restructuring of the Group's business in North America, and adjustment to the customer base of its strategic OEM business have contributed to a decline in its total TV sales. At the same time, the channel sales in the PRC Market were below target due to the overly optimistic forecast of the PRC's TV industry, resulting in a high inventory level at the beginning of the year. In addition, during the first half of the year, the Group failed to seize the opportunity brought by the market transition from CCFL LCD TVs to LED backlight LCD TVs, which had caused tremendous pressure on gross margin and resulted in an operating loss in

2010. For the year ended 31 December 2010, the Group recorded HK\$26,949 million in turnover, down by 11.2% year-on-year. Gross profit decreased by 23.5% year-on-year to HK\$3,765 million. For the whole year, the Group recorded HK\$591 million in operating loss and HK\$983 million in loss attributable to owners of the parent company. Basic loss per share amounted to HK92.05 cents (2009: basic earnings per share of HK39.15 cents).

The Group had substantially completed the inventory clearance of obsolete TV models by the end of the third quarter, paving the way for adjustment to its product mix and strategy. Under the leadership of the newly appointed Chief Executive Officer Mr. Zhao Zhongyao, the management team implemented a series of improvement measures, through enhancing the supply chain management, strengthening the competitiveness of its products, and by establishing new business model, the Group's operational and financial performance improved with HK\$143 million operating profit recorded in the fourth quarter of 2010, which mitigated the operating loss for the whole year.

Mr. Li Dongsheng, Chairman of TCL Multimedia said, "The year 2010 was a year fraught with challenges for the Group. The Group took timely measures and adopted a proactive and pragmatic approach to respond to the challenges. With our continuous efforts in innovation to build brand equity, the Group's 3D TVs and Smart Internet TVs have received many international industry awards. The Group will further consolidate its leading position in the PRC and global markets and keep achieving integration of its upstream and downstream industry value chain as well as transformation and upgrade of the industry. This in turn will help us create synergy, enhance the Group's competitiveness, laying a solid foundation for our healthy and sustainable development."

According to DisplaySearch, the Group ranked No. 7 and No. 2 in global TV markets and the PRC TV market respectively, while its LCD TV market share stood at 13.6% and ranked No. 3 in the PRC Market.

The Group has stepped up efforts to promote its LED backlight LCD TV products, and the Group's joint venture with Taiwan's AU Optronics Corporation ("AU Optronics") commenced mass production of LED backlight modules in August 2010. As a result, the sales volume of LED backlight LCD TVs rose from 1.5% of total LCD TV sales in the first half of 2010 to 27.6% in December. At the same time, the Group also made relentless efforts to improve product quality, strengthened its research and development, and optimized its product mix to fulfill customers' needs. During the year, 66 new TV models were launched, including three 3D TV series, eight LED

backlight LCD TV series, the innovative CCFL V10 model, and the Super-slim LCD TV P60 and P50 series.

In the PRC Market, during the period under review, the Group grasped the opportunity brought by TV transition in the market, and it benefited from stimulus policies such as the “Household Appliances Subsidy Scheme”, the “Home Appliances Replacement Scheme” and “Promotion of Energy Efficient Appliances Scheme”. The total sales volume of LCD TVs for the year rose by 10.7% year-on-year to 5.12 million sets in the PRC Market, accounting for 68.6% of the total sales volume of the Group's LCD TVs in 2010, up from 55.3% in 2009. The Group also proactively adjusted its product mix and strategy in view of the market transition to LED backlight LCD TVs and stepped up efforts to promote its LED backlight LCD TVs, resulting in a gradual improvement in the sales volume of its LED backlight LCD TVs in the PRC Market in the second half of the year. The sales volume of LED backlight LCD TVs accounted for 26.5% of the total sales volume of LCD TV products in December. As the result, the gross profit margin for LCD TVs in the PRC Market improved in the fourth quarter.

Emerging Markets have become the key growth driver and revenue source for the Group's overseas business, LCD TV sales volume rose sharply by 194.2% year-on-year and the Group reported record-breaking sales growth in Asian Market, African Market and Latin American Market. The Group also successfully developed customer bases in India, Brazil and Australia, with the success of its marketing and promotional strategies targeting major international sport events, including the “Asian Games” and “the World Cup”, which has effectively strengthened its brand reputation.

The Group actively promoted TCL-branded TV products in the European Markets and introduced its LED backlight LCD TV products to keep pace with the market trend by focusing on expansion strategies for key markets and customers. This led to a significant increase in its market share in France, Spain and Switzerland and a sharp rise in sales volume of TCL-branded TV products. The LCD TV sales volume for the whole year in Europe rose by 27.5%. On the other hand, the Group ceased the sale of RCA-branded TVs in line with its brand strategy alignment in the second quarter in North American Markets. TV sales volume in the North American Market, therefore, remained at a relatively low level. In addition, the Group has focused on restructuring of its operation and has adopted stringent operating cost control measures in order to reduce costs, laying a robust foundation for long-term development of TCL-branded TV products.

Going forward, the global TV industry still faces tremendous challenges. The Group will proactively take advantages of the gradual recovery of the world economy and the opportunities brought by the TV replacement cycle in the PRC Market and Emerging Markets, and will make full use of its internal and external resources in order to make faster response to market changes and enhance operational efficiency. By promoting industry value chain integration and adapting the strategy of migrating to high-end TV products through innovation and research and development, the Group will continue to increase the proportion of LED backlight LCD TVs in its product mix, while further investing in Internet TVs and 3D TVs businesses to consolidate its leading position in the Internet TV industry of the PRC Market. The Group will focus on expanding its overseas businesses in Emerging Markets, make continuous efforts to enhance the brand equity of TCL-branded TV products, and strive to become a leading TV and consumer electronics brand in the world.

The PRC Market remains the Group's main growth driver. The Group will continue to benefit from market opportunities arising from the PRC government's stimulus policies, such as the "Household Appliances Subsidy Scheme" and the "Home Appliances Replacement Scheme". It will leverage on further promotion of its LED backlight LCD TV business to expand its product portfolio with the aim of enhancing sales and profitability. The Group will also strive to make greater headways to the markets of third- and fourth-tier cities as well as towns and villages. It will expand further its sales channel in rural villages and create market-oriented sales channels, so as to capture the growing demand brought by the product migration to high-end TV products in the PRC Market.

Emerging Markets including Asia, Africa and Latin America are set to become major contributors to the revenue and growth for the Group's overseas business. The Group will take full advantage of the opportunities brought by the product migration in these markets and devote more resources to increase its LCD TV market share. In European Markets, the Group will continue to push ahead with its prudent business development plans and create a more diversified product portfolio on top of an enhanced business model. In North American Market, the Group will seek to raise the profile of the TCL brand in line with its brand strategy adjustment. The Group will focus on exploring business opportunities through partnership with established international brands to diversify the customer bases of its strategic OEM business.

The joint venture of TCL Corporation (the Group's ultimate holding company) and

the Shenzhen Municipal Government, will begin production of the 8.5 generation LCD panels. The backlight modules production lines of Shenzhen TCL Optoelectronic Technology Co. Ltd, which is owned by TCL Corporation, and the LED backlight modules production lines of the Group's joint venture with Taiwan's AU Optronics has commenced mass production, these developments will be beneficial to the Group's smooth management of inventories and cost control, as well as further extend its industry value chain to the realm of core components. This vertical integration of the upstream and downstream of the industry value chain will significantly enhance the Group's competitive edge in the industry. The Group will remain vigilant about changes in the market, and will work on comprehensive improvement for its marketing strategies, sales channels, product offerings and cost control. The Group will strive to make faster response and enhance operational efficiency for its core competitiveness.

Mr. Li Dongsheng, Chairman of TCL Multimedia continued, "The year 2011 marks the 30th anniversary of the founding of TCL Group. Being the most important business of TCL Group, TCL Multimedia is confident in its healthy growth in the future. We'll adhere to the development strategy of "integration, innovation and internationalization" and aim to become an innovative TV manufacturer with a leading market position by enhancing our production capabilities, and continuously striving for innovation. This will enable the Group to seize the opportunity of global TV market development, contribute to the continuous and healthy growth of the Group, and create greater value and return for shareholders in the long term."

As of the year ended 31 December 2010, sales volumes by regions are indicated below:

	2010 (‘000 sets)	2009 (‘000 sets)	Change
LCD TVs	7,464	8,373	(10.9%)
Of which: LED backlight LCD TVs	843	-	N/A
- PRC	5,124	4,629	+10.7%
- Overseas	2,340	3,744	(37.5%)
CRT TVs	5,548	5,865	(5.4%)
- PRC	1,947	2,968	(34.4%)
- Overseas	3,601	2,897	+24.3%
Total TV Sales Volume	13,012	14,238	(8.6%)
Total AV Products Sales Volume	15,893	21,291	(25.4%)

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TCL Multimedia Technology Holdings Limited is one of largest TV manufactures globally and its products are sold all over the world. TCL Multimedia is headquartered in China, with a number of production facilities and R&D departments around the world. The Group's largest shareholder is TCL Corporation.

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