

For immediate Release

TCL Multimedia Announces 2010 Q3 Results
Inventory clearance of obsolete models near completion
LED backlight LCD TVs see significant growth in market penetration

Highlights

- For the nine months ended 30 September 2010, the Group recorded turnover of HK\$19,095 million, a decrease of 9.5% compared to the same period last year, while gross profit decreased by 32.7% year-on-year. The Group recorded an operating loss of HK\$733 million and a loss attributable to owners of the parent of HK\$ 991 million
- The Group's LCD TV sales volume decreased by 6.1% to 5.19 million sets year-on-year; however, LCD TV sales volume increased by 17.4% year-on-year in the PRC Market
- The Group had successfully cleared most of its obsolete inventory in the PRC Market by the end of the third quarter
- In proportion to total LCD TV sales volume, the sales volume of LED backlight LCD TVs continued to rise, reaching 18.9% in September compared to only 1.5% during the first half of this year
- The Group captured business opportunities in Emerging Markets during the transition to LCD TVs, and recorded a strong year-on-year increase of 241.9% in LCD TV sales volume in the market through the implementation of successful product transition and marketing strategy
- During the period under review, the Group adjusted its customer base and began cooperating with Toshiba to form a joint venture first in the PRC
- Due to the continued decline in the global traditional DVD player market, sales volume of AV products decreased by 27.7% year-on-year to approximately 12.06 million sets; however, gross profit margin increased slightly

(29 October 2010, Hong Kong) – TCL Multimedia Technology Holdings (“TCL Multimedia” or “the Group”, HKSE: 01070) today announced its consolidated unaudited results for the nine months ended 30 September 2010.

Results of the first three quarters : Inventory clearance and operations restructuring led to operating losses

For the nine months ended 30 September 2010, the Group recorded turnover of HK\$19,095 million, down 9.5% from HK\$21,098 million during the same period last year. The Group's ceased sales of RCA-branded products in its North American Markets and the restructuring of its customer base of Strategic OEM business resulted in a year-on-year decline of 0.4% in the Group's total TV sales volume. LCD TV sales volume decreased by 6.1% year-on-year to 5.19 million sets. The Group's gross profit margin decreased mainly due to the intense competition in the TV markets, its stock clearance of obsolete LCD TV models in the PRC Market and European Markets, as well as the business restructuring. The Group recorded

an operating loss of HK\$733 million and a HK\$991 million loss attributable to owners of the parent during the period under review.

However, since May of this year, the Group has worked to clear its old stock of obsolete TV models in the PRC market and the inventory clearance was substantially completed by the end of third quarter of this year. TV sales volume in the PRC Market therefore rebounded in September. At the same time, the enhanced efforts made by the Group for promoting its LED backlight LCD TVs have started to yield positive results. After the Group's joint venture with Taiwan's AU Optronics Corporation had started the mass production of LED backlight modules in August this year, the proportion of LED backlight LCD TV sales to the total LCD TV sales volume has been increasing rapidly. Its penetration rate increased from only 1.5% in the first half of this year to 18.9% in September. Sales volume of LED backlight LCD TVs reached 339,000 sets for the first nine months of this year, with strong sales performance in the PRC Market.

In the first nine months of this year, the Group recorded turnover of HK\$10,751 million in the PRC Market, a decrease of 1.5% year-on-year. Due to keen market competition and the overly optimistic forecast of the PRC TV industry at the beginning of this year which resulted in lower-than-expected sales volume and subsequently led to high inventory level, the Group strengthened its efforts to clear the stock of obsolete LCD TV models during the third quarter. As a result, the Group's gross profit margin in the PRC Market was under severe pressure and recorded an operating loss of HK\$511 million in the third quarter of this year. Nevertheless, the Group had largely cleared up its inventory of obsolete LCD TV models by the end of the third quarter of this year, which in turn, will lay a solid foundation for adjustments of its product structure. After recording year-on-year declines in LCD TV sales volume in both July and August, the Group's PRC Market LCD TV sales volume rebounded and reached 746,000 sets in September, up 16.5% year-on-year and 87.6% month-on-month. In the first nine months of 2010, LCD TV sales volume increased to 3.50 million sets and was up by 17.4% from the same period last year. The contribution of the PRC Market to the Group's total turnover increased substantially from 64.2% in the first half of this year to 74.1% in the third quarter. The PRC Market remained as the major growth driver of the Group's business.

South American, the Middle Eastern and Southeast Asian markets have become the Group's main focus in its Overseas Markets. Leveraging its leading position in CRT TVs in Emerging Markets, the Group has continued to benefit from opportunities arising from CRT TVs to LCD TVs replacement cycle. LCD TV sales volume surged by 241.9% compared to the same period last year, while LCD TV Sales volume in its European Markets during the period under review increased by 50.4% year-on-year. However, due to the backlog inventory from the "World Cup" and the weak economy in Europe, the Group's gross profit margin remained low in European Markets in the third quarter. The Group therefore focused on integrating its supply chain and enhancing its efforts on the localization of production and procurement to optimize cost control. Since the Group adjusted its brand strategy and ceased sales of RCA-branded TVs in the second quarter of this year, TV sales volume remained low in North American Markets. In line with the Group's efforts to develop TCL-branded TV products, the Group focused on restructuring its North American operations and maintaining effective cost control. As for the Group's strategic OEM business, during the period under review, the Group adjusted its customer base and began cooperating with Toshiba to form a joint venture first in the PRC to sell Toshiba-branded TVs. In addition, the Group successfully opened a new online sales channel in partnership with Amazon.com, the largest Internet retailer in the U.S., and initiated the sale of TCL-branded TVs in the North American Markets.

Due to the fact that the global traditional DVD player market continued to shrink, the Group's

AV products' sales volume in the first nine months of 2010 decreased by 27.7% year-on-year to approximately 12.06 million sets. However, AV products' gross profit margin increased slightly. At the same time, the Group proactively seized opportunities for strategic cooperation with suppliers and explored new clients as well as new business models.

Outlook: Continue to increase LED backlight LCD TVs' contribution to overall LCD TV sales volume, operational efficiency to increase gradually

Looking ahead, the PRC TV industry still faces challenges amid the uncertainty of global economic recovery and competition from international brands, yet also opportunities arising from the replacement cycle of CRT TVs to LCD TVs by 400 million domestic consumers. In view of these developments, the Group will actively work to integrate its products lines and increase its efforts to promote LED backlight LCD TV products. The Group will also allocate more resources to its Internet TV capacity and 3D TV businesses to solidify its leading position and increase profits. The Group's LCD TV sales volume target for this year is about 7.5 to 8 million sets, of which the penetration rate of LED backlight LCD TVs is expected to reach approximately 20% to 25% in the second half of this year.

Meanwhile, the Group's joint venture with Taiwan's AU Optronics Corporation began mass production of LED backlight modules in August this year, which has enabled a steady supply of key components for the Group's LED backlight LCD TVs. The Group's LCD TV Integration Plant in Huizhou, the PRC, has entered into a stage whereby economies of scale have already been achieved. TCL Corporation will also launch its 8.5 generation LCD panel line in the third quarter of 2011. Thus, the Group believes further competitive advantages from upstream and downstream integration will bring about synergy to the business in the near future.

In the South American, Middle Eastern and Southeast Asian markets, the Group will take advantage of opportunities during the transition period from CRT TVs to LCD TVs to garner a greater market share in the LCD TV market. However, in the North American and European Markets, the Group will continue to adopt a prudent development strategy. In terms of AV products, the Group will proactively develop blue ray and home theatre system products and continue to expand its product lines in order to win new customer orders and maintain the industry leading position.

"In the first three quarters of this year, TCL Multimedia has faced numerous challenges and the Group has paid a heavy price." TCL Multimedia CEO, Mr. Zhao Zhongyao said, "Now marks a clean slate for us to strive to increase the speed and efficiency for our core competitiveness, remain committed to achieve breakthrough improvement in our performance and to create greater value for our shareholders in the future."

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Sales volume by region is indicated below:

	First Three Quarters in 2010 ('000 sets)	First Three Quarters in 2009 ('000 sets)	Change
LCD TVs	5,191	5,527	(6.1%)
Of which: LED backlight LCD TV	339	-	N/A
- PRC	3,502	2,984	+17.4%
- Overseas	1,689	2,543	(33.6%)
CRT TVs	4,375	4,080	+7.2%
- PRC	1,562	2,278	(31.4%)
- Overseas	2,813	1,802	+56.1%
Total TV sales volume	9,566	9,607	(0.4%)
Total AV products sales volume	12,059	16,681	(27.7%)

About TCL Multimedia

TCL Multimedia Technology Holdings Limited is one of the world's leading TV manufacturers, with product sales in all major markets around the world. TCL Multimedia is headquartered in China, with a number of production facilities and R&D centres distributed across all the major continents. The Group's largest shareholder is TCL Corporation.

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