

For immediate release

TCL Multimedia Announces 2010 Interim Results

Focused on Streamlining Operations in the First Half of 2010
Expanding LED TV Market in the Second Half of 2010

Highlights

- LCD TV sales volume maintained steady growth, increasing by 11.1% year-on-year to 3.25 million sets
- The Group's LCD TV sales volume soared in Emerging Markets (up 294.1% year-on-year) and European Markets (up 124.9% year-on-year), which was attributable to its successful sports marketing strategy, including the World Cup promotion, and the proactive expansion of its customer base
- In the first half of 2010, turnover rose 7.5% year-on-year to HK\$12,241 million, while gross profit decreased by 17.4% year-on-year. The Group recorded an operating loss of HK\$173 million and a loss attributable to owners of the parent of HK\$334 million
- The Group raised net proceeds of approximately HK\$523 million from a share placement and subscription in April this year, strengthening its financial position to support business development. As of 30 June 2010, the Group's cash and bank balances were HK\$2,069 million
- As a pioneer in the Internet TV business in the PRC market, the Group's "MiTV" Internet TV has secured a dominant position in the region. The Group will proactively explore the LED backlight LCD TV market, and continue to incorporate Internet applications into its TV products
- The Group's CEO Mr. Yu Guanghui formally resigned from his post. Mr. Zhao Zhongyao, formerly executive director and senior vice president of TCL Group, has been appointed as the new CEO of TCL Multimedia

(26 August 2010, Hong Kong) – TCL Multimedia Technology Holdings ("TCL Multimedia" or "the Group", HKSE: 01070) today announced its consolidated unaudited results for the first half of 2010.

Performance for the first six months of 2010: Inventory clearance, operations restructuring and euro depreciation led to an operating loss

During the first half of 2010, the Group's turnover reached HK\$12,241 million, a year-on-year increase of 7.5%, while LCD TV sales volume grew 11.1% to 3.25 million sets over the same period last year. The Group also worked to clear inventory by selling down its stock of old TV model in preparation to increase the proportion of LED backlight LCD TV products sales in the second half of this year. That move, coupled with the significant decline in TV sales volume in North American Markets and the Strategic OEM business following the adjustment of its product brand strategy and the continued depreciation of the euro, led to the Group's gross profit during the period under review to decrease by 17.4% compared to the same period last year. The Group also recorded an operating loss of HK\$173 million and a loss attributable to owners of the parent of HK\$334 million.

In the PRC Market, the Group recorded turnover of HK\$6,513 million, an increase of 8.7% over the same period last year. In terms of sales volume, the Group sold a total of 206 million LCD TV sets, up 29.2% year-on-year. However, the Group did not reach its TV sales target for the first six months of this year in the PRC Market, due to intensified competition between local and international brands, weaker than expected growth in the PRC TV Market, and the Group's LED backlight LCD TV product sales volume falling below market average. For those reasons, coupled with the old stock clearance in the second quarter, the Group recorded an operating loss of HK\$182 million in the PRC market. On the other hand, the Group continued to benefit from the PRC government's "Household Appliance Subsidy Scheme." The Group took advantage of the growing consumer demand for upgrading from CRT TVs to LCD TVs in third, fourth and fifth-tier cities, and quickly introduced

popular products to meet that demand. As a result, the Group has seen significant growth in sales in these areas, and TV sales volume generated from the scheme made up 45% of its total TV sales volume in the PRC. In addition, as the pioneer in Internet TV business in China, the Group's "MiTV" Internet TV has secured a leading position in the market, and its sales volume accounted for 25.1% of total LCD TV sales volume in the PRC Market during the first half of 2010. In addition, the Group's partnership with China's largest video content provider Wasu Digital TV Media Group helped lay a solid foundation for the Group's further development of its Internet TV business.

In overseas markets, due to a successful sports marketing strategy, including promotional programs for the World Cup, and the proactive expansion of its customer base, the Group's LCD TV sales volume soared 291.4% year-on-year in Emerging Markets. LCD TV sales volume in European Markets grew 124.9% year-on-year. It is worth noting that the sales volume of TCL branded products has been increasing rapidly since its initial introduction into European Markets last year. For the first six months of 2010, sales volume of TCL branded TVs grew to reach 20% of the Group's total TV sales volume in that market. In North American Markets, the Group ceased selling RCA branded TVs in the second quarter of 2010, in line with its own brand development strategy, thus sales are expected to remain at a relatively low level in the near term. However, this course of action is beneficial to the Group's development in the long run. The contribution of the strategic OEM business to the Group's overall TV business declined further, as a result of allocating resources to TCL-branded product development.

For AV products, as a result of the current transition from traditional DVD players to Blu-ray DVD players, market capacity continued to shrink. During the first half of 2010, the Group recorded sales of 7.77 million sets of AV products, 13.9% lower than the same period last year. However, through effective cost control measures and maximizing economies of scale of its production capacity, the Group's AV business continued to contribute a notable operating profit and recorded a significant increase from the same period last year.

In order to further expand the LED backlight LCD TV market and strengthen its financial position for sustainable business development, the Group successfully completed a share placement and subscription plan in April of this year, raising net proceeds of approximately HK\$523 million. As of 30 June 2010, the Group stood at a healthy financial position with cash and bank balances of HK\$2,069 million.

Outlook: LED backlight LCD TV new models to be rolled out, operational efficiency to gradually increase

Looking ahead to the second half of 2010, the business environment in the global TV industry is full of opportunities and challenges. Capitalizing on the opportunities presented by the TV products upgrade cycle, the Group will move up to focus on launching high-end TV products. The proportion of LED backlight LCD TV products is expected to increase, and more Internet applications will be incorporated to the TV models to maintain its leadership in the PRC Internet TV market. In the second half of this year, the Group will strive to improve on a full spectrum of key operational areas, from supply chain enhancement, product line integration, new distribution channel development in the PRC Market, inventory management improvement, as well as European business optimisation. The Group aims to achieve an annual LCD TV sales volume of 8 million sets, with LED backlight TV penetration increasing to approximately 15%. The Group's LED backlight LCD TV sales volume accounted for 9.7% of its total TV sales volume in July; and although there still remains a significant gap with the current market leader in LED backlight LCD TV, the Group's increased LED backlight LCD TV sales proportion illustrates the progress already made in adjusting their product mix.

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 has entered a stage whereby economies of scale have already been achieved. TCL Corporation will 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.

Mr. Yu Guanghui, current CEO of the Group expressed that he would take responsibility for the poor performance in the first half of the year, and formally submitted his resignation. Mr. Zhao Zhongyao, executive director and senior vice president of TCL Corporation, was subsequently appointed as the Group's new CEO.

The Group accepted the resignation of current CEO, Mr. Yu Guanghui and appointed Mr. Zhao Zhongyao to succeed him, effective on 10 September 2010. Mr. Zhao is an executive director and senior vice president of TCL Corporation. He joined TCL Corporation in 1991, and has extensive experience in marketing, management and international business operation. Between 2006 and 2007, Mr. Zhao participated in the "Innovation and Global Leadership" program at the Massachusetts Institute of Technology where he obtained his Master Degree.

"The loss seen during the first half of this year was the painful result of TCL Multimedia management's misjudgement on market and product trends, which eventually led to a realignment of strategy. The Group has subsequently put huge efforts into laying a solid foundation for future business development and growth. In the second half of this year, we will focus on enhancing the supply chain, improving the retail channel network, integrating product lines and optimizing overseas business in order to solidify the Group's leading position in the PRC Market as well as the global TV market," Mr. Li Dongsheng, chairman of TCL Multimedia commented. " Mr. Zhao Zhongyao has years of management experience in the TV industry and I am confident that under his leadership, together with the determination and continuous hard work of the new management, TCL Multimedia will achieve significant improvement in sales and profitability in the near future."

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Sales volume by region is indicated below:

	1H 2010 (‘000 sets)	1H 2009 (‘000 sets)	Change
LCD TV	3,254	2,930	+11.1%
- PRC	2,055	1,591	+29.2%
- Overseas	1,199	1,339	(10.5%)
CRT TV	2,836	2,305	+23.0%
- PRC	993	1,426	(30.4%)
- Overseas	1,843	879	+109.7%
Total TV Sales	6,090	5,235	+16.3%
AV Products	7,770	9,029	(13.9%)

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 Limited.

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