

For Immediate Release

TCL Multimedia Records Net Profit of HK\$34 million For 1Q 2011

Speed and Efficiency of Operations and Marketing Strategy Continued to Enhance Profitability

Results Highlight :

- For the three months ended 31 March 2011, the Group recorded approximately HK\$6,581 million in turnover, representing a slight drop of 2.7% from the same period last year. Gross profit was approximately HK\$1,054 million. Operating profit and profit attributable to owners of the parent amounted to approximately HK\$145 million and HK\$34 million respectively.
- The Group sold approximately 1.93 million sets of LCD TVs. The total sales volume of LCD TVs in the PRC Market and Emerging Markets rose by 12.0% and 111.4% year-on-year respectively.
- The Group launched a series of new products and introduced the world's first Super Smart Internet TV that employs the advanced 3D User Interface technology.
- LED backlight LCD TV sales volume to overall LCD TV sales volume rose further to 40.0% in March this year, from 27.6% in December last year

(29 April 2011, HONG KONG) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated results for the first quarter ended 31 March 2011.

Benefiting continuously from national stimulus policies, TV replacement cycle has been sped up in the PRC Market. Coupled with the Group's successful marketing strategy and enhanced product mix, sales volume of its LED backlight LCD TVs increased significantly. Thanks to the completion of inventory clearance of obsolete TV models last year which aimed improve product turnover management, the Group's product structure and inventory management were further optimized. As a result, turnover and gross profit grew by 8.9% and 26.7% respectively in the PRC Market from the same period last year. The Group adjusted its brand strategy in North American Markets and further optimized its strategic OEM business customer structure which caused a decline in its sales volume in certain overseas markets. In the first quarter of 2011, the Group recorded approximately HK\$6,581 million in turnover, down 2.7% from approximately HK\$6,761 million in the same period of

2010. Gross profit decreased slightly by 3.9% year-on-year to approximately HK\$1,054 million. Profit attributable to owners of the parent and basic earnings per share amounted to approximately HK\$34 million and HK3.13 cents respectively (2010 Q1 basic earnings per share: HK4.32 cents).

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said, “The Group continued to enhance the speed and efficiency of operation and marketing strategy, developed its flagship products so as to further enhance its competitiveness, strengthened sales channels and broadened customer base to increase market share. Meanwhile, we are dedicated to the strategy of transitioning to the high-end TV products through independent innovation and research and development, and to optimize its manufacturing capacity by promoting the integration of upstream and downstream industry chain. In addition, the Group strives to expand its Overseas Markets and optimize cost structure. Through these efforts, the Group aims to become a key leader in the global TV industry”.

During the period under review, the Group sold approximately 1.93 million sets of LCD TVs, flat from the same period in previous year. The sales volume of LCD TVs in the first quarter this year accounted for 62.4% of total TV sales volume, up from 54.5% in the first quarter of 2010. The Group capitalized successfully on the market transition towards high-end TV products, strengthened its market competitiveness through continuous improvement in product structure and adopted market-oriented sales strategies. As a result, LED backlight LCD TV sales volume to overall LCD TV sales volume increased further to 40.0% in March this year, from 27.6% in December last year. During the period under review, the Group launched a number of new TV series in the market, including the latest two Super Smart Internet TV V8200 and F3200 series. The products were well received by the market.

The PRC Market saw strong demand for high-end TV products and continued product upgrade. As a result, the Group further increased the proportion of LED backlight LCD TVs in its product structure and stepped up its promotion efforts. At the same time, the Group optimized its product lines by reducing the number of product models from 467 in the same period last year to approximately 270 during the period under review (inventory excluded), of which 165 were major product models. During the period under review, the PRC Market’s turnover increased by 8.9% year-on-year. The total sales volume of LCD TVs reached approximately 1.33 million sets, up 12.0% year-on-year. In March this year, the total sales volume of LED backlight LCD TVs accounted for 43.4% of the LCD TV sales volume in the PRC Market, up from 26.5% in December last year.

The Group further strengthened its sales channels in third-tier and fourth-tier cities and rural markets by focusing on developing retail network in rural areas, improving the coverage ratio and efficiency of each shop of its rural distribution channels, and developing e-business and direct sales distribution channels. Starting from the first quarter of this year, the Group has also implemented measures to standardize retail stores management in urban and rural areas.

In Overseas Markets, the Group's adjustment of the brand strategy in North American Markets and restructuring of Strategic OEM customer base caused a decline in the sales volume in certain overseas markets, the LCD TV sales volume in Overseas Markets decreased by 19.2% year-on-year. Driven by the strong market demand during the period under review, the Group's efforts on improving distribution channels, implementation of customer-focused marketing and promotion strategies and medium-to-small-size TV product launch in the markets, LCD TV sales volume in Emerging Markets recorded a significant year-on-year increase of 111.4%. The Group rolled out a number of LED backlight LCD TV series and successfully introduced LED backlight LCD TVs to markets in Brazil, India, Russia, Middle East, etc. In addition, the Group started up TCL-branded TV business in European Markets such as Spain, Poland, Belgium, Switzerland, Ukraine etc. Its dual-brand strategy has begun to show results. In Northern American Markets, the Group also continued to explore business opportunities with other international brands and started business relationships with various regional distributors.

During the first quarter of this year, the Group had launched approximately 130 new product series, including DVD, BD, other AV and portable products. At the same time, as the Group's overall competitiveness in the video disc player business continued to improve, our share of that market increased globally, both factors led to a 32.6% jump in sales volume in the first quarter this year from the same period last year to approximately 4.4 million sets, making it our best ever first quarter on record in terms of sales volume. As a result of rising raw material costs and rising minimum wages in the PRC, the cost of production has come under upward pressure, while increasing demand from clients on products with lower-cost solutions has resulted in a narrower gross margin. Furthermore, the earthquake in Japan has made it difficult to schedule for some raw materials supplies which impacts product delivery. The impact on some of our customers is expected to continue for the next quarter.

Looking ahead, the global economy is on its way to recovery while the PRC's economy is also improving along with enhancing living standards of its people. However, due to rising inflationary pressure in the PRC and tight raw materials

supply following the earthquake and tsunami in Japan, the road ahead for the global TV industry will continue to be challenging. In view of this, the Group will persist in enhancing its speed and efficiency through the development strategy of vertical integration, innovation and internationalization, and will also actively look for alternative resources for its TV and AV businesses in response to the impact of tight raw materials supply.

The PRC Market remains a major growth driver for the Group's business. The Group will increase the proportion of LED backlight LCD TVs in the product mix, while further exploring the enormous smart internet TV market in the PRC. The Group's marketing focus will be put on Super Smart Internet TV and 3D progressive scanning technology in 2011 and key products such as polarized 3D and shutter 3D TVs will be launched. The Group will also proactively consider forming partnerships with Internet TVs middleware companies so as to enhance the competitiveness of its products, laying a solid foundation for capturing the 3D and smart internet TV market. Meanwhile, the Group will further strengthen its distribution channels which will help drive the sales growth in third-tier and fourth-tier cities and rural markets to increase market share. It will continue to benefit from opportunities brought by the PRC government's stimulus policies.

In Overseas Markets, strong demand in Emerging Markets is expected to continue. The Group will continue its efforts in promoting TCL-branded products, strengthening overseas distribution network, focusing on resources and markets to seize opportunities brought by product upgrade from CCFL LCD TVs to LED backlight LCD TVs in Emerging Markets and seeking growth potential from major markets in Brazil, India, Russia, Middle East, etc. to consolidate its leading position in the global TV industry. The Group will also continue to implement stringent cost control measures in the European Markets and to develop its own-branded business synchronously with OEM business model to increase sales volume and enhance profitability.

Turning to the AV business, the Group will make full use of its accumulated strengths in technologies and customer base to develop new product lines with existing customers. In terms of cost control, the Group will seek to increase output per capita through measures such as improving production technology, streamlining production process and reducing indirect workforce, etc. Moreover, it has established overseas manufacturing bases in the regions with cost and logistics advantages. These overseas production bases have already started mass production. Increased productivity and a more globalized industry chain have relieved rising cost pressure to a certain extent and have enhanced the competitiveness of its products.

The production plant for 8.5 generation LCD panel of Shenzhen Huaxing Photoelectrics Technology Company Limited, a joint venture between TCL Corporation (the Group's ultimate holding company) and the Shenzhen Municipal Government, will commence mass production in the fourth quarter of this year. The plant will have the most advanced manufacturing facilities for the production of 8.5 generation TFT-LCD panels outside Japan and South Korea. It demonstrates that TCL will extend its industry value chain to core components manufacturing. TCL will become the only PRC TV manufacturer with a fully integrated supply chain and sales capability.

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia continued, "With the growing competition in the industry as a result of TV upgrade and transition, we will continue to put focus on strengthening its R&D capabilities, adjusting its product mix based on market demand, enhancing its industry value chain to boost its competitiveness, maintaining its leading position in the TV market and laying a solid foundation for long term sustainable development."

Sales volumes by regions are indicated below:

	2011 Q1 (‘000 sets)	2010 Q1 (‘000 sets)	Change
LCD TVs	1,928	1,927	+0.1%
Of which: LED backlight LCD TVs	599	-	N/A
- PRC	1,331	1,188	+12.0%
- Overseas	597	739	(19.2%)
CRT TVs	1,163	1,612	(27.9%)
- PRC	377	569	(33.7%)
- Overseas	786	1,043	(24.6%)
Total TV sales volume	3,091	3,539	(12.7%)
Total AV Products sales volume	4,403	3,321	+32.6%

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About TCL Multimedia

TCL Multimedia Technology Holdings Limited is one of largest TV manufacturers 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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