

*For Immediate Release*

## **TCL Multimedia Recorded Net Profit of HK\$131 million in 1H 2011**

### **LCD TV Annual Sales Target Up to 9.6 Million Sets**

#### **Results Highlight:**

- For the six months ended 30 June 2011, turnover reached approximately HK\$13,156 million, up slightly by 7.5% year-on-year. Gross profit amounted to approximately HK\$2,060 million while operating profit reached approximately HK\$343 million. Business successfully turned around with profit attributable to owners of the parent amount of approximately HK\$131 million.
- LCD TV sales reached 4.033 million sets, representing a growth of 23.9% year-on-year. The sales volume of LCD TVs in the PRC Market and Overseas Markets rose by 23.0% and 25.6% year-on-year, respectively, while the sales volume of LCD TVs in Emerging Markets alone soared 124.3% year-on-year.
- The proportion of the sales volume of LED backlight LCD TVs sold compared to overall sales volume of LCD TVs sold was 34.2% while this proportion in the PRC Market amounted to 36.2%.
- Achieved a number of technological breakthroughs during the period under review, in terms of self-innovation and R&D, while focusing on the development of well-received high-end TV products, such as LED backlight LCD TVs, 3D TVs, Internet TVs and Smart TVs.
- Announced the acquisition of TCL Optoelectronics Technology (Huizhou) Co., Ltd. (primarily engages in LCD module business) in June 2011. The acquisition will help the Group further realize its vertical integration strategy, generate cost synergy, create new revenue streams and significantly improve its competitiveness with regard to TV manufacturing capabilities.

(8 August 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 six months ended 30 June 2011. The Group remained committed to the following: enhancing the speed and efficiency of its operational and marketing strategies; improving its overall competitiveness in terms of sales and marketing, products and back-end operation; lowering product costs and accelerating operational flow through resource integration; and continuously optimizing its product-mix to enhance its product competitiveness. The Group successfully turned around its business with a profit in the first half of 2011.

During the period under review, the Group recorded a turnover of approximately HK\$13,156 million, up 7.5% year-on-year. Meanwhile, gross profit was approximately HK\$2,060 million, up 19.7% year-on-year, and gross profit margin improved from 14.1% to 15.7% compared to the same period last year. The Group successfully turned around its business from last year’s net loss and recorded a profit attributable to the owners of the parent of approximately HK\$131 million. Basic earnings per share was HK12.07 cents (same period in 2010: basic

loss per share of HK31.80 cents).

During the period under review, the Group sold 4.033 million sets of LCD TV, representing a growth of 23.9% year-on-year. The sales volume of LCD TVs accounted for 64.3% of overall TV sales volume, up 10.9% year-on-year. According to the latest research from DisplaySearch, the Group's LCD TV market share in the global market was 4.4% and ranked No. 8 in the first quarter of 2011 while the Group's market share ranked No. 2 in the PRC TV market. Its LCD TV market share in the PRC market was 13.9% and ranked No. 3 in the PRC market. Sales volume of LCD TVs increased by 23.0% year-on-year to 2.527 million sets in the PRC Market. The Group optimized its product mix and strengthened its product competitiveness in response to market changes in order to increase the sales proportion of its LED backlight LCD TVs. The sales volume of the Group's LED backlight LCD TVs rose to 1.379 million sets in the first half of this year, accounting for 34.2% of total LCD TVs sold, and the sales volume of LED backlight LCD TVs accounted for 36.2% of total LCD TVs sold in the PRC Market. The Group recorded encouraging performance in the Overseas Markets as it continued to adopt prudent and healthy development strategy while increasing LED backlight LCD TV and LCD TV sales. During the period under review, sales volume of LCD TVs in Overseas Markets reached 1.506 million sets, up 25.6% year-on-year. Given the robust demand in Emerging Markets, sales volume of the Group's LCD TVs soared 124.3% year-on-year in Emerging Markets, among which key markets such as Brazil, Indonesia, Thailand, etc achieved breakthrough in sales volume. Furthermore, the Group explored regional sales channels and began to sell TCL-branded products in the North American Market, in addition, it strengthened sales management, risk control, and improved inventory turnover in the European Market.

Mr. Zhao Zhongyao, Chief Executive Officer of TCL Multimedia said, "We continue to enhance the speed and efficiency, dedicating to improve our overall competitiveness in terms of sales and marketing, products and back-stage operation; lowering product costs and accelerating operational flow through resource integration; and continuously optimizing the product-mix to enhance our product competitiveness. At the same time, by integrating upstream and downstream industry chains, we strive to generate synergies, improve operating capabilities, enhance our overall competitiveness and realize our corporate strategy of 'integration, innovation and internationalization'. With the significant improvement of overall operations, we have successfully turned the business around."

In terms of its AV business, the Group not only extended its customer base by fostering diversification of products but also launched 152 new products, including DVD, blue ray, video and digital multimedia broadcasting products. The sales volume of AV products rose 22.3% year-on-year to 9.504 million sets, whereas gross profit margin experienced year-on-year decrease due to expansion of the new production lines during the transition period. The Group managed to ease the cost pressures through improving its production efficiency and operations of the overseas factories, reducing manufacturing costs and strengthening product competitiveness.

Looking to the second half of 2011, the Group raised the annual sales target of LCD TV to 9.6 million sets, despite the growing challenges in the economy and the TV market. The Group will continue to enhance the speed and efficiency of its operating and marketing strategies, improve supply chain management and boost its operational efficiency through reducing the expense ratio and speeding up turnover of inventory and trade receivable. The Group will accelerate the development of the third-tier and fourth-tier cities and rural markets in the PRC by continuing to expand its sales channels and network, with an aim to achieve

21,000 retail outlets by the end of this year. In addition to further increasing the proportion of its LED backlight LCD TV business, the Group is keen to develop high-end products, such as 3D TVs, Internet TVs and Smart TVs, in an effort to strengthen its market share and profitability in the PRC Market. In Overseas Markets, the Group will continue to improve its risk control systems and to increase its investment in TCL-branded products in order to maintain healthy development of its business. The Group will continue to seize every opportunity for product transition and rapid development of chain sales channels in Emerging Markets, optimize sales channel management as well as increase product promotion to get greater market share and enhance profitability.

The 8.5-generation LCD panel production plant of Shenzhen Huaxing Photoelectronics Technology Company Limited, a joint venture among TCL Corporation, Samsung (South Korea) and the Shenzhen Municipal Government, started trial-production today. This will provide strategic support for the supply of the Group's LCD panels, generate synergy and strengthen its overall competitiveness. Meanwhile, the acquisition of TCL Optoelectronics Technology (Huizhou) Co., Ltd. (primarily engages in LCD module business) will help further realize the Group's vertical integration strategy. It will also generate cost synergy, create new revenue streams and significantly improve the Group's competitiveness with regard to TV manufacturing capabilities. In addition, to cope with its surging sales demand, the Group is planning to build a vertically integrated LCD TV production plant, with an annual production capacity of 3 million sets, in Hohhot, Inner Mongolia.

"To meet the challenges and opportunities in second half of 2011, we will continue to enhance the speed and efficiency of its operating and marketing strategies, strengthen self-innovation and R&D, promote the industry value chains through upstream and downstream integration." Mr. Zhao Zhongyao continued confidently, "We believe that with the further extension of the industry chain, our dominant position in core competitiveness and brand influence will be gradually strengthened in the future. As a result, our corporate strategy, with an emphasis on 'integration, innovation and internationalization', will be further realized and extended."

The Group's sales volumes by region are indicated as below:

	<b>1H 2011</b> <i>('000 sets)</i>	<b>1H 2010</b> <i>('000 sets)</i>	<b>Change</b>
<b>LCD TVs</b>	<b>4,033</b>	3,254	+23.9%
of which : LED backlight LCD TVs	<b>1,379</b>	-	N/A
- PRC	<b>2,527</b>	2,055	+23.0%
- Overseas	<b>1,506</b>	1,199	+25.6%
<b>CRT TVs</b>	<b>2,243</b>	2,836	(20.9%)
- PRC	<b>601</b>	993	(39.5%)
- Overseas	<b>1,642</b>	1,843	(10.9%)
<b>Total TV sales volume</b>	<b>6,276</b>	6,090	+3.1%
<b>Total AV products sales volume</b>	<b>9,504</b>	7,770	+22.3%

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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.

### **Investor & Media Inquiries**

For further enquiries, please contact Hill & Knowlton Asia Ltd:

Email: [tclmultimedia@hillandknowlton.com.hk](mailto:tclmultimedia@hillandknowlton.com.hk)

Jonathan Yang

Hedy Shen

Tel: (852) 2894 6391 / 6373 6676

Tel: (852) 2894 6323 / 6764 0631