

(For immediate release)

TCL Multimedia Recorded Year-on-year Improvement in Profit Attributable to Owners of the Parent For the First Three Quarters of 2014

Established Strategy Executive Committee to Continuously Implement “Double+” Strategy

(23 October 2014, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated results for the nine months ended 30 September 2014. For the first three quarters of 2014, TCL Multimedia recorded a turnover of approximately HK\$23,601 million, down by 15.4% year-on-year. Gross profit amounted to approximately HK\$3,831 million, down by 6.6% year-on-year. Gross profit margin increased from 14.7% to 16.2% year-on-year. Operating profit was approximately HK\$494 million, up by 124.5% year-on-year. Net profit after tax from continuing operations was approximately HK\$239 million, up by 431.1% year-on-year. Profit attributable to owners of the parent from continuing operations was approximately HK\$228 million, up by 470.0% year-on-year. The Group’s basic earnings per share and basic earnings per share from continuing operations were HK17.21 cents and HK17.21 cents respectively, up by 105.1% and 466.1% respectively.

For the third quarter of 2014, TCL Multimedia recorded a turnover of approximately HK\$8,398 million, down by 14.4% year-on-year. Gross profit amounted to approximately HK\$1,448 million, up by 14.9% year-on-year. Gross profit margin increased by 4.4 percentage points to 17.2% compared with the same period last year, representing the second quarter in a roll that experienced quarter-on-quarter improvement. Operating profit was approximately HK\$185 million, an improvement of HK\$296 million compared with the same period last year.

Due to the continuous weak market demand in the PRC Market, TCL Multimedia sold 5.78 million sets of LCD TVs in the PRC Market for the first three quarters of 2014, dropped by 17.7% year-on-year. Meanwhile, benefited from the robust year-on-year growth of the sales volume of LCD TVs for the Strategic OEM business, the sales volume of LCD TVs in the Overseas Markets was 6.12 million sets, up by 20.9% year-on-year. According to the latest DisplaySearch report, the Group ranked No.4 in the global LCD TV market with a market share of 5.5% in the first half of 2014. Meanwhile the Group ranked No.1 in the PRC LCD TV market with a market share of 17.1%.

In the year of 2014, TCL Multimedia launched has fully implemented a “double +” transformation strategy and has been proactively progressing with the establishment of TV+ smart TV platform by successively rolling out new smart products including TCL Mango TV+ and 7V Box, etc. In addition, the Group, together with Tencent, embedded Wechat application and service function on its TV+ smart TV platform in third quarter, thereby tied in innovative applications including interaction with Wechat friends, sharing of video clips and remote interaction on TV screens by bundling Wechat service with smart TV. Meanwhile, TCL Multimedia further strengthened its operation capabilities targeting at smart TV users. It has established an Internet Business Unit in a move that has created a new user operational model by establishing a full-coverage ecosystem integrating content resources including video, game, education and living that revolve around smart terminals including TV+ smart TVs, 7V Box and game consoles, etc as an entry. As at September 2014, the accumulated total number of activated smart TV users was 6,041,181 and the daily average number of active users for 7 days was 2,000,923, which has already reached the initial critical mass for operation.



To further facilitate reforms in organization and workflows to serve the needs of the Group’s strategic transformation and to improve its operational efficiency and core competitiveness, the Board of TCL Multimedia has resolved to set up the Strategy Executive Committee under the Board of Directors. The Committee comprises Mr. Bo Lianming, Mr. Hao Yi, and Mr. Yan Xiaolin. Mr. Bo Lianming was a non-executive director of TCL Multimedia and has been re-designated an executive director and appointed Chairman of the Strategy Executive Committee.

Mr. Li Dongsheng, Chairman of TCL Multimedia said, “TCL Multimedia has made staged progress in implementing the ‘double +’ strategy which focuses on ‘intelligence + internet’ and ‘products + services’. As now comes to the key period for the strategic transformation of TCL Multimedia, the Board has now set up the Strategy Executive Committee under the Board of Directors with a view to implementing its reforms in organization and workflows, improving its operational efficiency and core competitiveness and to increasing its implementation strengths. The Strategy Executive Committee will have the full authorization of the Board, leading TCL Multimedia in its exploration of new business directions and models and shouldering the responsibilities of the Group’s operation and management.”

Looking ahead, the Group will continue to proactively implement “double +” transformation strategy, which encompasses “intelligence + internet” and “products + services”. By shifting from a product-oriented approach to a product-and-user-oriented approach, the Group seeks to develop smart products and services that deliver exquisite experience and provide users a comprehensive entertainment solution.

The Group’s sales volume of TVs by regions and the numbers of TCL smart TV users during the period under review were as follows:

	The third quarter of 2014	The third quarter of 2013	Change	First three quarters of 2014	First three quarters of 2013	Change
	('000 sets)	('000 sets)		('000 sets)	('000 sets)	
LCD TVs	4,346	4,370	(0.5%)	11,903	12,085	(1.5%)
of which: LED backlight LCD TVs	4,311	4,241	+1.7%	11,869	11,569	+2.6%
Smart TVs	1,063	644	+65.1%	2,475	1,782	+38.9%
– PRC Market	2,224	2,480	(10.3%)	5,781	7,022	(17.7%)
– Overseas Markets	2,122	1,890	+12.3%	6,122	5,063	+20.9%

	Accumulated total as at September 2014	September 2014	First three quarters of 2014	First three quarters of 2013	Year-on-year Change
Number of TCL activated smart TV users	6,041,181	N/A	1,768,842	1,315,311	+34.5%
Daily average number of active users for 7 days	N/A	2,000,923	N/A	N/A	N/A

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About TCL Multimedia

Headquartered in China, TCL Multimedia Technology Holdings Limited (HKSE stock code: 01070) is one of the leading players in the global TV industry, engaged in the research and development, manufacturing and distribution of consumer electronic products. Through a new product-and-user-oriented business model that focuses primarily on a “double +” strategy which includes “intelligence + internet” and “products + services” as the main direction, striving to become a global entertainment technology enterprise that provides integrated entertainment solution to users. According to the latest DisplaySearch report, the Group ranked No.4 in the global LCD TV market with a market share of 5.5% in the first half of 2014. The Group ranked No.1 in the PRC LCD TV market with a market share of 17.1%.

For more information, please visit its website: <http://multimedia.tcl.com>

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