



(For Immediate Release)

TCL Multimedia Announces 2015 First Quarter Results

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Profit Attributable to Owners of the Parent Increased by 200.1% year-on-year to HK\$45.58 Million

LCD TV Turnover in the PRC Market Increased by 24.5% to HK\$5,410 Million

**Pursuing “Double +” Strategy and
Transforming into “Global Entertainment Technology Enterprise”**

BUSINESS HIGHLIGHTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2015

- The Group achieved a turnover of HK\$8,290 million, up by 5.0% year-on-year. Gross profit margin increased from 13.0% of the same period of last year to 14.3%. Operating profit was HK\$89.57 million, profit attributable to owners of the parent was HK\$45.58 million.
- The Group sold 4.16 million sets of LCD TVs, an increase of 8.8% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 20.5%* year-on-year to 2.17 million sets, sales volume of LCD TVs in the Overseas Markets decreased by 1.6% year-on-year to 1.99 million sets.
- The accumulated number of TCL activated smart TV users of the Group totalled 7,769,780. The daily average number of active users in March 2015 was 2,899,924 (Source: Huan Technology Co., Ltd.).
- The Group selected TV+ as main product line in the PRC Market and focused on mid-to-high-end products with curved, big-screen, ultra-high-definition, priced at above RMB7,000 and high colour domain, enhancing product mix and increasing the average selling price of LCD TVs by 3.3% year-on-year. The proportion of sales volume of smart TVs rose from 41.0% in 2014 to 47.2% while that of 4K TVs increased from 9.7% to 12.9% in the PRC Market.

Note:

- * Since 9 May 2014, Toshiba Visual Products (China) Co., Ltd. (“Toshiba Visual”) has become a subsidiary of the Group with equity interest of 70%. Therefore, in the first quarter of 2015, the Group’s total LCD TV sales volume in the PRC Market has included the sales volume of Toshiba Visual. If sales volume of Toshiba Visual was excluded, the total LCD TV sales volume in the PRC Market for the first quarter of 2015 would have increased by 17.2% year-on-year to 2.11 million sets.

(23 April 2015, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated results for the three

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months ended 31 March 2015.

Business Review for the First Quarter ended 31 March 2015

The Group achieved a turnover of HK\$8,290 million, an increase of 5.0% year-on-year. Gross profit rose by 15.9% year-on-year to HK\$1,190 million, gross profit margin increased from 13.0% of the same period of last year to 14.3%. Expense ratio edged up from 12.7% of the same period of last year to 13.1%. Operating profit was HK\$89.57 million, an increase of 191.9% year-on-year. Profit attributable to owners of the parent was HK\$45.58 million, up by 200.1% year-on-year. Basic earnings per share was HK3.45 cents.

Through deepening sales channels and organisational reforms, sales volume of LCD TVs was up by 8.8% year-on-year to 4.16 million sets. Sales volume of LCD TVs in the PRC Market increased by 20.5%* year-on-year to 2.17 million sets, sales volume of LCD TVs in the Overseas Markets decreased by 1.6% year-on-year to 1.99 million sets, of which the sales volume of LCD TVs in the Strategic ODM business was down by 34.7% year-on-year to 0.52 million sets, while sales volume in the Emerging Markets rose by 22.8% year-on-year to 1.17 million sets. According to the latest DisplaySearch figures, the Group ranked No.4 in the global LCD TV market with a market share of 5.4% in 2014 and ranked No.3 in the PRC LCD TV market with a market share of 16.0%.

In order to strengthen capabilities in product technology innovation, in the first quarter of 2015 the Group has introduced a series of innovative products during the period under review including the new flagship TV+ product, H9700 Series, the first Quantum Dot TV in the PRC and the world's first TV+, H8800 Series Curved TV, with the best 4000R surface curvature, quantum dot technology and Harman Kardon sound system. Such series combines the current TV industry's advanced quantum dot and curved screen dual core technologies, with an industry leading colour domain coverage ratio of 110%. It also has a record-breaking 4000R surface curvature which greatly enhances picture quality. It is also equipped with Harman Kardon sound system to bring a cinematic audio-visual experience.

Another innovative product is the E6800 True Colour Series Module TV. With the ability to freely swap smartcards to bring a different range of smart TV configurations and performances, users will be able to enjoy an extensive array of video content and various smart services and provide users with a truly personalised experience.

The PRC Market

Since October last year, the Group has restructured its business operations, enhanced operational efficiency by reducing intermediate levels in its organisational structure, and focused on high colour domain mid-to-high-end products with curved, big-screen, ultra-high-definition, priced at above RMB7,000, as well as quantum dot, etc. The Group's turnover in the PRC Market increased by 24.5% year-on-year to HK\$5,410 million, while gross profit margin also increased by 1.1 percentage points

year-on-year to 17.9%. Sales volume of LCD TVs was up by 20.5%* year-on-year to 2.17 million sets, the average selling price increased by 3.3% year-on-year. Sales volume of smart TVs increased by 51.8% year-on-year to 1.02 million sets, accounting for 47.2% of the Group's total LCD TV sales volume in the PRC Market. Meanwhile, through the enhancement of online sales management and online product mix, the proportion of the Group's online sales volume in the first quarter increased from 7.8% in 2014 to 11.0%.

For the internet and services strategies, the Group continued to build a TV+ content ecosystem. Through operations of Launcher intelligence recommendation system and Big Data, user experience and loyalty were improved. The accumulated number of TCL activated smart TV users totalled 7,769,780. The daily average number of active users in March 2015 increased by 79.8% year-on-year to 2,899,924.

Overseas Markets

During the period under review, the Group's turnover in the Overseas Markets was HK\$2,860 million, a decrease of 4.0% year-on-year, whilst gross profit margin decreased by 3.0 percentage points to 7.3%. Sales volume of LCD TVs was 1.99 million sets, down by 1.6% year-on-year, the average selling price decreased by 1.9% year-on-year. Sales volume and gross profit margin in the Overseas Markets declined mainly because LCD TV sales volume of the Strategic ODM business was affected by major customers and fell by 34.7% year-on-year to 0.52 million sets. The European Market was also impacted by the fluctuations of foreign exchange rates, leading to declines in revenue and gross profit margin.

The Group actively adjusted its product mix in the Emerging Markets. LCD TV sales volume increased by 22.8% year-on-year to 1.17 million sets, average selling price increased by 6.7% year-on-year. As the cooperation with TCL Roku TVs in the North American Market has gradually achieved improvements, the Group's sales volume of LCD TVs in the North American Market grew by 85.1% year-on-year.

Outlook

Looking forward, the Group will continue to pursue the following strategies. Firstly, the Group will implement the "double +" strategic transformation and strengthen capabilities in product technology innovation, software, various applications and content service, thereby establishing a competitive O2O business model and enhance its user management ability. Secondly, the Group will strengthen establishing its fundamental capabilities, improve the quality of its business operations and seek to maximise effectiveness from its vertical integration along the industrial chain by taking advantage of the opportunities brought forth by this year's supply-demand balance and shortage of certain sizes of LCD panels. Thirdly, the Group will continue to pursue the internationalisation by introducing new products to the key overseas markets, increasing investment and marketing efforts in its brand business, striving to achieve breakthroughs in the key markets, adhering to business strategies of "increasing revenue and



adjusting product mix”, enhancing operational efficiency in overseas business and expanding the Emerging Markets such as India, etc. In 2015, the Group will strive to achieve a full-year revenue target growth of 20.8% and annual LCD TV sales volume of 17.50 million sets.

Mr. Hao Yi, Chief Executive Officer of TCL Multimedia said, “The current TV industry is entering a “New Normal” with diversified and intensified competition, bringing along industrial transformations in the traditional TV industry. The market is shifting from simple product-based competition to “products + services” competition. Against the backdrop of “Internet +”, the Group is expected to achieve continuous breakthroughs in its brand and products through the “products + services” strategic layout. Additionally, we will continue to take full advantage of the resources of TCL Corporation to establish TCL Multimedia as a “global entertainment technology enterprise”, so as to reward the support of our shareholders.”

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:

	2015 First Quarter (‘000 sets)	2014 First Quarter (‘000 sets)	Change
LCD TVs	4,164	3,826	+8.8%
of which: LED backlight LCD TVs	4,159	3,825	+8.7%
Smart TVs	1,173	720	+63.0%
— PRC Market	2,171	1,801	+20.5%*
— Overseas Markets	1,993	2,025	(1.6%)
Total TV Sales Volume	4,182	3,870	+8.1%

	Accumulated Total as of 31 March 2015	2015 March	2014 March	2015 First Quarter	2014 First Quarter	Change
Number of TCL activated smart TV users⁽¹⁾	7,769,780	226,198	168,721	1,022,710	698,730	+46.4%
Daily average number of active users⁽²⁾	N/A	2,899,924	1,613,234	N/A	N/A	+79.8%

Note:

⁽¹⁾ Number of TCL activated smart TV users refers to the number of users who used the internet TV web service for more than once

⁽²⁾ Daily average number of active users refers to the number of unrepeated individual users who visit within 7 days



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 customers. According to the latest Display Search figures, the Group ranked No.4 in the global LCD TV market with a market share of 5.4% in 2014 and ranked No.3 in the PRC LCD TV market with a market share of 16.0%. For more information, please visit its website: <http://multimedia.tcl.com>

This press release is issued by Cornerstones Communications Ltd. on behalf of TCL Multimedia. For further information, please contact:

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