



(For Immediate Release)

TCL Multimedia Announces 2016 First Quarter Results

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**Proportion of High-end Products Steadily Increased with
Continued Product Mix Enhancements and Operational Efficiency
Gross Profit Margin Surged by 4.5 Percentage Points to 18.8% Year-on-year**

BUSINESS HIGHLIGHTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2016

- The Group sold 4.20 million sets of LCD TVs, up by 1.0% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 3.3% year-on-year to 2.40 million sets, while sales volume of LCD TVs in the Overseas Markets decreased by 2.0% year-on-year to 1.80 million sets.
- The Group achieved a turnover of HK\$7.36 billion, fell by 11.2% year-on-year. Gross profit increased by 16.4% when compared with that in the same period of last year to HK\$1.38 billion, gross profit margin increased from 14.3% in the same period of last year to 18.8%. Operating profit was HK\$130 million, net profit after tax was HK\$76.10 million. Profit attributable to owners of the parent amounted to HK\$73.88 million, up by 62.1% year-on-year. Basic earnings per share was HK5.55 cents.
- Resulting from the Group's continuous improvement in product mix and operational efficiency during the period under review, gross profit margin increased by 4.5 percentage points year-on-year, which offset the impact of decline in turnover, its profitability was enhanced and results was improved.
- With continued product mix enhancements, the proportion of high-end products, new products such as quantum dot, curved screen, 4K and large screen, etc., has been steadily increasing. Sales volume of smart TVs in the PRC Market increased by 34.5% year-on-year to 1.38 million sets, which accounted for 63.7% of the Group's LCD TV sales volume in the PRC Market (excluding ODM business). Sales volume of 4K TVs in the PRC Market amounted to 0.7 million sets, which accounted for 32.5% of the Group's LCD TV sales volume in the PRC Market (excluding ODM business). Market share of curved TVs in the PRC Market in March was 28.3%, maintaining its No.1 position among the domestic brands in the market (Source: China Market Monitor Co., Ltd. ("CMM")).
- The accumulated number of TCL activated smart TV users of the Group totalled 13,499,849, the daily average number of active users in March 2016 was 5,762,014 (Source: Huan Technology Co., Ltd. ("Huan")).
- The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM's report.





(20 April 2016, 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 months ended 31 March 2016.

Business Review for the First Quarter ended 31 March 2016

During the first quarter of 2016, as the major raw material prices fell year-on-year, average selling price of TVs in the first quarter decreased year-on-year. Coupled with the impact of Hong Kong Dollar exchange rates translation, the Group’s turnover of the first quarter dropped year-on-year. Nevertheless, resulting from the Group’s continuous improvement in product mix and operational efficiency during the period under review, gross profit margin increased by 4.5 percentage points year-on-year, which offset the impact of decline in turnover, its profitability was enhanced and results was improved.

The Group’s turnover in the first quarter was HK\$7.36 billion, fell by 11.2% year-on-year. Gross profit increased by 16.4% year-on-year to HK\$1.38 billion, gross profit margin increased from 14.3% in the same period of last year to 18.8%. Operating profit was HK\$130 million, net profit after tax was HK\$76.10 million. Profit attributable to owners of the parent amounted to HK\$73.88 million, representing an increase of 62.1% when compared with that in the same period of last year. Basic earnings per share was HK5.55 cents, up by 60.9% year-on-year.

The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM’s report.

The PRC Market

In the first quarter of 2016, the Group’s LCD TV sales volume in the PRC Market increased by 3.3% year-on-year to 2.40 million sets, and turnover fell by 11.8% year-on-year to HK\$4.96 billion, mainly due to a year-on-year decline in major raw material prices leading to a year-on-year decrease in average selling price of TVs in the first quarter and impact of Hong Kong Dollar exchange rates translation. In addition, gross profit margin was up from 17.7% in the same period of last year to 21.5%, resulting from continuous enhancement in product mix and improvement in operational efficiency.

With continued product mix enhancements, the proportion of mid-to-high-end products has been steadily increasing.

- Smart TV sales volume increased by 34.5% year-on-year to 1.38 million sets, which accounted for 63.7% of the Group’s LCD TV sales volume in the PRC Market (excluding ODM business) in the first quarter of 2016, rising from 47.2% in the first quarter of 2015.
- 4K TV sales volume was 0.7 million sets, which accounted for 32.5% of the Group’s LCD TV sales volume in the PRC Market (excluding ODM business) in the first quarter of 2016, rising from 12.5% in the first quarter of 2015.



- Market share of curved TVs was 28.3% in March, maintaining its No.1 position among the domestic brands in the market (Source: CMM). The proportion of curved TV sales volume to the Group's LCD TV sales volume in the PRC Market (excluding ODM business) rose from 0.3% in the first quarter of 2015 to 6.5% in the first quarter of 2016.
- Proportion of sales volume of products with screen size of 55 inches and above increased from 12.6% of the total LCD TV sales volume in the PRC Market in the first quarter of 2015 to 24.9% in the first quarter of 2016. The average size increased from 40.9 inches in the first quarter of 2015 to 43.8 inches in the first quarter of 2016.

Overseas Markets

In the first quarter of 2016, the Group's LCD TV sales volume decreased by 2.0% year-on-year to 1.80 million sets in the Overseas Markets, turnover was down by 9.5% year-on-year to HK\$2.38 billion, mainly due to the drop of major raw material prices leading to a decrease in average selling price of TVs. In addition, gross profit margin rose to 13.1% from 7.0% in the same period of last year with substantial improvements in operating results, which was also attributable to continuous enhancement in product mix.

Performance in the Overseas Markets for the first quarter:

- In the North American Market, LCD TV sales volume surged by 173.6% year-on-year.
- LCD TV sales volume in the Emerging Markets and European Markets rose by 8.2% and 0.5% when compared with that in the same period of last year, respectively.
- LCD TV sales volume of the Strategic ODM business was down by 20.4% when compared with that in the same period of last year.

Internet Business

The Group strengthened the cooperation with the internet ecosystem partners such as LeTV, Tencent, etc. in various sectors including joint user operation for innovative product development, premium content sharing and vertical service, etc., and concrete progress has been made

In the first quarter of 2016, the number of users from internet businesses all achieved rapid growth. As of March 2016, the accumulated number of TCL activated smart TV users totalled 13,499,849, the daily average number of active users in March 2016 was 5,762,014 (Source: Huan).

- Video-on-demand business (GoLive included) totalled 11.38 million users, increasing by 45% when compared with the year of 2015; average daily video-on-demand frequency increased from 20.2 times in the year of 2015 to 21.0 times in the first quarter of 2016; average daily viewing time increased from 4.4 hours to 4.7 hours.
- Gaming business totalled 5.80 million users, increasing by 32% when compared with the year of 2015; average daily usage time was 70 minutes, remained flat compared with the year of 2015.



- Education business totalled 2.30 million users, increasing by 51.3% when compared with the year of 2015; average daily viewing time amounted to 40 minutes.
- Lifestyle business went online at the end of July 2015, with accumulated users of 1.40 million.
- Application business totalled 9.58 million users, increasing by 19.7% when compared with the year of 2015.

In the first quarter of 2016, the Group's revenue from internet businesses was approximately RMB3.58 million, mostly generated from video-on-demand business (GoLive included). In 2016, the Group's total revenue from internet services is targeted to be approximately RMB100.00 million.

Outlook

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, "Affected by the overall slowdown of the PRC economic development and sluggish market demand, market competition became more intensified. Looking ahead, we will continue to strengthen its core competencies, and promote twin drivers of 'double +' and internationalisation strategic transformations. Moreover, we will enhance four core competitiveness, including product technology capabilities, industry capabilities, brand and globalisation capabilities and internet application service capabilities to promote operational efficiency, optimise product mix, improve profitability, achieve sustainable growth and deliver long-term value and returns to shareholders."

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

	2016 First Quarter (<i>'000 sets</i>)	2015 First Quarter (<i>'000 sets</i>)	Change
LCD TVs	4,203	4,164	1.0%
of which: Smart TVs	2,079	1,173	77.2%
— PRC Market	2,401	2,324 [^]	3.3%
— Overseas Markets	1,802	1,840 [^]	(2.0%)

[^] Restated



	Accumulated				2016	2015	
	total as of		March	March	First	First	
	31 March	March	March	Change	Quarter	Quarter	Change
	2016	2016	2015				
Number of TCL activated smart TV users⁽¹⁾	13,499,849	345,152	226,198	52.6%	1,574,993	1,022,710	54.0%
Daily average number of active users⁽²⁾	N/A	5,762,014	2,899,924	98.7%	N/A	N/A	N/A

Notes:

(1) Number of TCL activated smart TV users refers to the number of users who use 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, it strives to become a “global entertainment technology enterprise” that provides integrated entertainment solution to customers. The Group ranked No.3 in the global LCD TV market with a market share of 5.56% in 2015 according to the latest IHS Technology figures and Company data, and ranked No.3 in the PRC LCD TV market with a market share of 14.04% according to CMM’s report. 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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