



(For Immediate Release)

TCL Multimedia Announces 2016 Interim Results

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**Continued Enhancements in Product Mix and Operational Efficiency
Gross Profit Margin Further Improved to 17.4%**

**Sales Volume of LCD TVs in the PRC Market and the Overseas Markets
Increased by 4.6% and 18.0% Respectively**

BUSINESS HIGHLIGHTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

- The Group sold 8.56 million sets of LCD TVs, up by 10.9% year-on-year. Sales volume of LCD TVs in the PRC Market increased by 4.6% year-on-year to 4.28 million sets, while sales volume of LCD TVs in the Overseas Markets grew by 18.0% year-on-year to 4.28 million sets.
- The Group achieved a turnover of HK\$14.23 billion, fell by 7.6% year-on-year. Gross profit dropped slightly by 1.3% when compared with that in the same period of last year to HK\$2.47 billion, gross profit margin rose from 16.3% of the same period of last year to 17.4%. Operating profit was HK\$180 million, net profit after tax was HK\$87.80 million. Profit attributable to owners of the parent amounted to HK\$94.69 million. Basic earnings per share was HK6.54 cents.
- With continued product mix enhancements, the proportion of high-end products (new products such as quantum dot, curved, 4K and large screen, etc.) has been steadily increasing. Sales volume of smart TVs of the Group in the PRC Market (excluding ODM business) increased by 16.1% year-on-year to 2.28 million sets, which accounted for 62.6% of the Group's LCD TV sales volume in the PRC Market. Sales volume of 4K TVs in the PRC Market (excluding ODM business) amounted to 1.23 million sets, which accounted for 33.9% of the Group's LCD TV sales volume in the PRC Market. Market share of curved TVs in the PRC Market (excluding ODM business) in June was 30.8%, 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 14,557,671, the daily average number of active users in June 2016 was 6,244,653 (Source: Huan Technology Co., Ltd. ("Huan")).
- The Group ranked No.3 in the global LCD TV market with a market share of 6.5% in the first quarter of 2016 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 15.0% in the first half of 2016 according to CMM's report.

(12 August 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 six months ended 30 June 2016.

Business Review for the Six Months Ended 30 June 2016

During the reporting period, TV market demand in the PRC experienced stagnant growth. According to the report from CMM, overall sales volume of LCD TVs in the PRC market in the first half of 2016 decreased by 6.8% year-on-year. Due to the year-on-year decline in average selling price of products caused by intensive market competition, continued depreciation of Renminbi as well as the decrease in panel price, the Group’s turnover for the first half of 2016 dropped year-on-year. Nevertheless, resulting from the Group’s continuous improvements in product mix and operational efficiency during the period under review, gross profit margin rose from 16.3% in the same period of last year to 17.4%.

The Group’s turnover in the first half of 2016 was HK\$14.23 billion, falling by 7.6% year-on-year. Gross profit dropped slightly by 1.3% year-on-year to HK\$2.47 billion, gross profit margin rose from 16.3% in the same period of last year to 17.4%. Operating profit was HK\$180 million, net profit after tax was HK\$87.80 million. Profit attributable to owners of the parent amounted to HK\$94.69 million. Basic earnings per share was HK6.54 cents.

The decline in turnover led to a higher expense ratio in the first half of 2016, coupled with shrinking gross profit margin triggered by market price decrease and panel price increase in the PRC Market in the second quarter, the overall profit decreased year-on-year. The Group will adopt product mix adjustment and improvement to increase gross profit margin and profitability in the second half of the year.

The Group ranked No.3 in the global LCD TV market with a market share of 6.5% in the first quarter of 2016 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 15.0% in the first half of 2016 according to CMM’s report.

The PRC Market

In the first half of 2016, the Group’s LCD TV sales volume in the PRC Market increased by 4.6% year-on-year to 4.28 million sets, turnover fell by 14.5% year-on-year to HK\$8.59 billion. Mainly due to the intense market competition, 6.1% year-on-year depreciation in the average exchange rate of Renminbi against Hong Kong Dollars in the first half of 2016 as well as panel price decline, the average selling price of TVs decreased by 18.3% year-on-year, which caused the gross profit margin to fall slightly from 20.9% in the same period of last year to 20.3%.

The proportion of mid-to-high-end products has been steadily increasing in the first half of 2016 (Data below excluded ODM business).

- Smart TV sales volume increased by 16.1% year-on-year to 2.28 million sets, which accounted for 62.6% of the LCD TV sales volume, rising from 50.7% in the same period of last year.
- 4K TV sales volume was 1.23 million sets, which accounted for 33.9% of the LCD TV sales volume, rising from 13.8% in the same period of last year.

- Market share of curved TVs was 30.8% in June, 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 rose from 0.8% in the same period of last year to 7.4%.
- Proportion of the sales volume of products with screen size of 55 inches and above increased from 14.2% of LCD TV sales volume in the same period of last year to 25.4%.
- The average size of TVs sold increased from 41.1 inches in the same period of last year to 43.7 inches.

Overseas Markets

Despite the decrease in the average selling price of products, the operating results of the Group's Overseas Markets have improved significantly along with continuously optimised sales channel establishment and product mix, and the increasing proportion of sales volume of high-end products such as big screen, 4K and curved TVs. Sales volume of LCD TVs in the first half of 2016 increased by 18.0% year-on-year to 4.28 million sets, turnover was up by 5.9% year-on-year to HK\$5.55 billion, gross profit margin rose to 12.5% from 7.5% in the same period of last year.

- In the North American Market, LCD TV sales volume surged by 165.0% year-on-year, with its ranking of market share, in terms of sales volume, climbing from No.15 in the same period of last year to No.8 from January to June 2016 (Source: GfK).
- LCD TV sales volume in the Emerging Markets rose by 36.4% year-on-year, of which market shares, in terms of sales volume, in Thailand, Vietnam and Australia have increased. The Group ranked No.3, No.4 and No.5, respectively, in those markets from January to June 2016 (Source: GfK).
- LCD TV sales volume in the European Market rose by 13.1% year-on-year. The Group ranked No.3 for market share, in terms of sales volume, in France from January to June 2016 (Source: GfK).
- LCD TV sales volume of the Strategic ODM business was down by 1.8% when compared with that in the same period of last year.

With the launching of the China-Europe Block Train, transportation lead time between the PRC and Poland has been reduced from 38 days to 23 days, greatly improving logistic efficiency of the Group, reducing costs and accelerating market response, as well as enhancing the Group's competitiveness and market share in Europe.

Internet Business

As of June 2016, the accumulated number of TCL activated smart TV users totalled 14,557,671, the daily average number of active users in June 2016 was 6,244,653 (Source: Huan).

- Video-on-demand business totalled 13.86 million users, increasing by 21.8% when compared with the first quarter of 2016;

- GoLive business totalled 4.60 million users, increasing by 22.4% when compared with the first quarter of 2016;
- Gaming business totalled 7.07 million users, increasing by 21.9% when compared with the first quarter of 2016;
- Education business totalled 3.09 million users, increasing by 34.3% when compared with the first quarter of 2016;
- Lifestyle business totalled 2.10 million users, increasing by 50.0% when compared with the first quarter of 2016;
- Applications business totalled 10.79 million users, increasing by 12.6% when compared with the first quarter of 2016.

In the first half of 2016, the number of users from the Group's internet businesses maintained steady growth and achieved a revenue of approximately RMB28.75 million. In 2016, the Group's total revenue from internet services is targeted to be approximately RMB100.00 million.

Outlook

Faced with the challenges of global economy's slow recovery and the PRC's stagnant economic growth, along with the opportunities brought by the nation's "Belt and Road" initiative, the Group will continue to strengthen the establishment of its core competencies, and promote strategic transformations of its twin drivers of "double +" and internationalisation.

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, "Looking ahead, we will further enhance our four core competitiveness including product technology capabilities, industry capabilities, brand and globalisation capabilities and internet application service capabilities, to enhance overall competitiveness and profitability. Furthermore, we will also continue to implement the 'double +' strategic transformation, establish an ecosystem for living room economy that focuses on TV+ smart TV platform and a competitive O2O business model, to further promote the integration of its online and offline operations and grasp the potential growth brought by the rapidly developing 'Internet +' economy. In the progress of pursuing internationalisation, we will further consolidate and increase market share in the European and American markets, while forging competitiveness of the whole value chain by penetrating into key markets such as India, Brazil, etc. and rooting in the local markets, in order to enhance its layout in the Overseas Markets."

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:

	1H 2016 (‘000 sets)	1H 2015 (‘000 sets)	Change
LCD TVs	8,557	7,716	10.9%
of which: Smart TVs	4,085	2,286	78.7%
– PRC Market	4,281	4,092 [^]	4.6%
– Overseas Markets	4,276	3,624 [^]	18.0%

[^] Restated

	Accumulated				Change	1H 2016	1H 2015	Change
	Total as of 30 June 2016	2016 June	2015 June	Change				
Number of TCL activated smart TV users⁽¹⁾	14,557,671	343,559	429,035	(19.9%)	2,632,815	2,315,801	13.7%	
Daily average number of active users⁽²⁾	N/A	6,244,653	3,440,254	81.5%	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 6.5% in the first quarter of 2016 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 15.0% in the first half of 2016 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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