



(For Immediate Release)

TCL Multimedia Announces 2017 Interim Results

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**Profit Attributable to Owners of the Parent Surged by
Approximately 60% Year-on-year to HK\$150 million
The Board of Directors Declared an Interim Dividend of HK3.90 Cents per Share
Continuous Enhancements in Product Mix and High-end Products Proportion**

BUSINESS HIGHLIGHTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2017

- The significant increase in the consolidated profit of the Group for the period under review was mainly attributable to: (1) the relatively great extent of increase in sales volume and sales revenue of business; (2) the improvement of product structure; and (3) the control of selling and distribution expenses and administrative expenses leading to a reduction of expense ratio.
- The Group sold 9.60 million sets of liquid-crystal-display (“LCD”) TVs, up by 12.2% year-on-year. Sales volume of LCD TVs in the PRC market decreased by 9.7% year-on-year to 3.87 million sets, while sales volume of LCD TVs in the overseas markets grew by 34.1% year-on-year to 5.74 million sets.
- The Group achieved a turnover of HK\$17.02 billion, increased by 19.7% year-on-year. Gross profit increased by 6.3% when compared to the corresponding period of last year to HK\$2.63 billion. Gross profit margin dropped from 17.4% of the corresponding period of last year to 15.4%, which was mainly impacted by sales proportion of the overseas and the PRC market. Expense ratio decreased from 15.9% in the corresponding period of last year to 13.8%. Operating profit was HK\$200 million and net profit after tax was HK\$140 million. Profit attributable to owners of the parent rose by 59.5% when compared to the corresponding period of last year to HK\$150 million. Basic earnings per share was HK9.12 cents. The board of directors declared an interim dividend of HK3.90 cents per share.
- With continued product mix enhancements, the proportion of high-end products (such as quantum dot, curved, 4K and large screen TVs, etc.) has been steadily increasing. Sales volume of smart TVs of the Group in the PRC market (excluding ODM business) amounted to 2.33 million sets, which accounted for 75.1% of the Group’s LCD TV sales volume in the PRC market (excluding ODM business). Sales volume of 4K TVs in the PRC market (excluding ODM business) amounted to 1.26 million sets, which accounted for 40.6% of the Group’s LCD TV sales volume in the PRC market (excluding ODM business). Market share of curved TVs in the PRC market (excluding ODM business) was 35.2%, maintaining No.1 position (Source: China Market Monitor Co., Ltd. (“CMM”)).
- The Group ranked No.3 in the global LCD TV market with a market share of 7.3% in the first quarter of 2017 according to the latest IHS Technology figures and the Company’s shipment data, and ranked No.3 in the PRC LCD TV market with a market share of 13.6% in the first half of 2017 according to CMM’s report.



(27 July 2017, Hong Kong) – **TCL Multimedia Technology Holdings Limited** (“TCL Multimedia” or “the Group”, HKSE stock code: 01070) today announced its unaudited consolidated interim results for the six months ended 30 June 2017.

Business Review

In the first half of 2017, the Group achieved a turnover of HK\$17.02 billion, rose by 19.7% year-on-year. Gross profit grew by 6.3% year-on-year to HK\$2.63 billion. As the price of main raw materials remained high and the sales proportion of the overseas markets has increased with regional adjustment for sales structure, gross profit margin dropped from 17.4% in the corresponding period of last year to 15.4%. Expense ratio decreased from 15.9% in the corresponding period of last year to 13.8%. Operating profit was HK\$200 million and net profit after tax was HK\$140 million. Profit attributable to owners of the parent increased by 59.5% year-on-year to HK\$150 million. Basic earnings per share was HK9.12 cents. The board of directors declared an interim dividend of HK3.90 cents per share.

As a result of the decreasing demand in the overall market, the Group’s LCD TV sales volume in the PRC market in the first half of the year dropped by 9.7% year-on-year, nevertheless, its performance for sales volume was still better than the average level in the industry. On the other hand, attributable to the continued strong growth in the North American market and the emerging markets, the sales volume of LCD TVs in the overseas markets significantly increased by 34.1% year-on-year and the turnover increased by 51.0% year-on-year in the first half of the year, of which, both sales volume and turnover recorded significant increase, becoming a main driver for business growth.

The PRC Market

Impacted by the 10.8% year-on-year decrease in the sales volume in the TV industry, the Group’s LCD TV sales volume decreased by 9.7% year-on-year to 3.87 million sets, yet its performance for sales volume was still better than the average level in the industry. The Group’s LCD TV turnover slightly decreased by 0.5% to HK\$8.55 billion when compared to the corresponding period of last year while increased by 2.6% in the second quarter year-on-year, which was attributable to the optimisation of the product mix and the increase in the LCD TV’s average selling price.

With continued product mix optimisation, the proportion of middle-to-high-end products has been steadily increasing in the first half of 2017 (Data below excluded ODM business).

- Smart TV sales volume amounted to 2.33 million sets, which accounted for 75.1% of the LCD TV sales volume in the first half of 2017, rising from 62.6% in the first half in 2016.
- 4K TV sales volume amounted to 1.26 million sets, which accounted for 40.6% of the LCD TV sales volume in the first half of 2017, rising from 33.9% in the first half of 2016.
- Market share of curved TVs was 35.2%, maintaining No.1 position (Source: CMM). Sales volume of curved TVs rose significantly by 79.4% year-on-year to 480,000 sets, which accounted for 15.4% of the LCD TV sales volume in the first half of 2017, increasing from 7.4% in the first half of 2016.
- The average size of TVs sold increased from 43.7 inches in the corresponding period of last year to 45.5 inches.



Overseas Markets

In the first half of 2017, the Group's LCD TV sales volume increased by 34.1% year-on-year to 5.74 million sets, turnover was up by 51.0% year-on-year to HK\$8.38 billion, the average selling price increased by 12.5% year-on-year. Both sales volume and revenue in the overseas markets recorded significant increase, becoming a main driver for business growth.

Performance in the overseas markets in the first half of 2017:

- In the North American market, LCD TV sales volume surged by 215.9% year-on-year.
- LCD TV sales volume in the emerging markets rose by 20.5% year-on-year.
- LCD TV sales volume in the European market dropped by 38.7% year-on-year.
- LCD TV sales volume of the strategic ODM business was up by 9.6% when compared with the corresponding period of last year.

The Group enhanced its product mix through CBUS (curved, big screen, 4K and smart) strategy (excluding ODM business):

- The sales volume proportion of curved TV increased from 1.6% in the first half of 2016 to 1.9% in the first half of 2017.
- The sales volume proportion of TV with screen size of 55 inches and above rose from 13.8% in the first half of 2016 to 16.3% in the first half of 2017.
- The sales volume proportion of 4K TV increased from 12.5% in the first half of 2016 to 19.3% in the first half of 2017.
- The sales volume proportion of smart TV rose from 48.3% in the first half of 2016 to 77.0% in the first half of 2017.

Internet Business

The Group launched its brand new internet TV brand “FFalcon” in March to tap into the internet TV market and announced on 2 July 2017 that Tencent Digital had agreed to make a capital contribution of RMB450 million to Thunderbird Technology under the Group; in return, Tencent Digital would acquire 16.67% of interest in Thunderbird Technology, making it the second largest shareholders. This strategic cooperation between two giants aims to achieve the strategic complementary effect on resources and accelerate the promotion of the “Smart + Internet” new business model.

In the first half of 2017, the Group recorded a revenue of approximately RMB30.19 million, with a growth of 18.7% year-on-year, while the accumulated number of TCL activated smart TV users of the Group totaled 20,303,387, and the daily average number of active users in June 2017 was 9,169,637 (Source: Huan Technology Co., Ltd.).

- Video-on-demand business totaled 19.39 million users, increased by 39.9% when compared to the first half of 2016.
- Paid business totaled 242,000 users, increased by 374.5% when compared to the first half of 2016.
- Average spending time of users on TV reached 4.9 hours.

Outlook

Mr. BO Lianming, Chief Executive Officer of TCL Multimedia said, “Looking forward, we will persist in adhering to the overall operation philosophy of ‘efficiency is the basis, the structure is core, profit is goal’ for 2017, and focus on ‘two-up and two-down’ as operating strategy to increase the proportion of products with high gross profit and low-cost channels while decreasing system costs and asset turnover days. We will also continue to foster the establishment of four core competitiveness including product technology capabilities, industry capabilities, brand and channel capabilities as well as internet application and service capabilities. We are committed to reinforcing our core brand competitiveness, improving profitability and achieving sustainable growth.”

The Group’s sales volume of LCD TVs by region and the number of TCL Smart TV users during the period under review were as follows:

	1H 2017 (‘000 sets)	1H 2016 (‘000 sets)	Change
LCD TVs			
Total	9,603	8,557	12.2%
- PRC market	3,867	4,281	(9.7%)
- Overseas markets	5,737	4,276	34.1%
Of which: Smart TVs	6,120	4,085	49.8%
4K TVs	2,227	1,530	45.6%

	Accumulated total as of 30				1H 2017	1H 2016	Change
	June 2017	June 2017	June 2016	Change			
Number of TCL activated smart TV users⁽¹⁾	20,303,387	408,528	343,559	18.9%	3,013,953	2,632,815	14.5%
Daily average number of active users⁽²⁾	N/A	9,169,637	6,244,653	46.8%	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 build a comprehensive ecosystem for smart TVs that provides users with an exquisite experience with its smart products and services. The Group ranked No.3 in the global LCD TV market with a market share of 7.3% in the first quarter of 2017 according to the latest IHS Technology figures and the Company’s shipment data, and ranked No.3 in the PRC LCD TV market with a market share of 13.6% in the first half of 2017 according to CMM’s report. The Group is included in the eligible shares list of the Shenzhen-Hong Kong Stock Connect. 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 Technology Holdings Limited**. For further information, please contact:*

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