



For Immediate Release

TCL Communication Announces Q1 2013 Results

* * * * *

Sales volume of smartphones and other smart devices surged 95% year-on-year to 1.5 million units, accounting for 17.1% of the Group's total shipments

Product transition to pay off and drive the smartphone sales growth from second quarter of 2013 onwards

Financial Highlights:

	For the three months ended 31 March		
<i>(HK\$ 'million)</i>	2013	2012	Change (%)
Revenue	2,449	2,105	+16%
Gross profit	402	419	-4%
Gross profit margin %	16.4%	19.9%	-3.5%
(Loss)/Profit for the period	(247)	24	N/A
Basic (loss)/earnings per share (HK cents)	(21.82)	2.3	N/A

Geographical Breakdown of Revenue

	Sales of Handsets and Other Products For the three months ended 31 March		
<i>(HK\$ Million)</i>	2013	2012	Change (%)
EMEA	997	644	+55%
Americas	959	941	+2%
APAC	215	150	+43%
China	278	370	-25%
Total	2,449	2,105	+16%
Including: smartphones and other smart devices	1,212	616	+97%

(HONG KONG, 24 April 2013) - **TCL Communication Technology Holdings Limited** ("TCL Communication" or the "Company", together with its subsidiaries referred to as the "Group"; HKSE stock code: 02618) today announced the unaudited results of the Group for the first quarter ended 31 March 2013.

In the first quarter of 2013, despite challenges caused by the unfavourable economic environment, weaker consumer demand and pressure from keen competition, the Group's total sales volume of handsets and other products increased by 8% year-on-year to 8.5 million units. Thanks to the Group's tremendous efforts in developing its smartphone business, sales volume of smartphones and other smart devices surged 95% year-on-year to 1.5 million units, accounting for 17.1% of the

iPR



Group's total shipments for the first quarter. The increase in smartphone sales boosted the overall average selling price ("ASP") per unit to US\$37 during the period under review, up from US\$34.6 in the first quarter of 2012. It also helped push up the Group's overall revenue in the first quarter of 2013 by 16% to HK\$2.4 billion.

The first quarter is usually a traditional slack season for the handset business, and the Group has been awaiting a worldwide, complete launch of the first wave of mid-range smartphones. Moreover, the sales volume of its smartphones in the period had not yet reached economies of scale. This adversely affected the gross margin for smartphone business. Nevertheless, the first wave of mid-range smartphones were launched in China market in the first quarter as planned, and are ready to be launched in overseas markets in the second quarter. Due to a rapid decline in prices of old products and the need to make way for the launch of new products in markets, the Group actively promoted the sales of old products in the first quarter. The majority of the smartphones sold in the first quarter of 2013 were entry-level models, whose selling prices and gross margins were constrained by intense competition. As a result, the overall gross margin dropped by 3.5 percentage points year-on-year to 16.4%. Overall gross margin in the first quarter of 2013 was stabilized at the level of the fourth quarter of 2012, but still at a relatively low level.

Dr. Guo Aiping, the Chief Executive Officer of TCL Communication, said "In order to maintain a sustainable development in the handset business and provide its customers with best-in-class and quality products, the Group has continuously implemented its 'Step-up' product strategy. The Group also stepped up its efforts in brand building and product marketing to facilitate the expansion of its smartphone business in both China and overseas markets. At the same time, we further explored some new and potential markets in the first quarter of 2013, paving the way for the complete launch of the mid-range smartphones."

During the period under review, total shipments of handsets and other products to Europe, the Middle East and Africa ("EMEA") rose by 20% year on year to 3.0 million units, while revenue increased by 55% year on year to HK\$997 million. Growth in EMEA market, especially their smartphone market segment, has started gaining momentum. Accordingly, the revenue generated from smartphones and other smart devices in EMEA accounted for 49% of the Group's total smartphone sales revenue. Significant improvements were achieved in Italy and Russia markets, with respective year-on-year sales volume increases of 102% and 82%.

Shipment of handsets and other products to the Americas increased by 14% year on year to 4.0 million units, while revenue increased by 2% year on year to HK\$959 million. The Group recorded

iPR *Agiluy*



significant growth in the United States, mainly due to the contribution from the smartphone sales.

The Group's sales volume of handsets and other products in the Asia Pacific ("APAC") region decreased by 24% year-on-year to 0.5 million. Nevertheless, the revenue increased significantly by 43% year-on-year to HK\$215 million. The remarkable revenue growth was attributed to the Group's rising share of the smartphone markets there.

Sales volume of handsets and other products in China declined by 16% year-on-year to 1.0 million units while the revenue dropped by 25% year-on-year to HK\$278 million. The sales were unsatisfactory mainly because the Group restructured its sales channel and sales team in the first quarter of 2013 in order to prepare for sales of a new wave of new smartphones.

Looking ahead, the handset market will remain challenging in the near future in view of the dismal global economic outlook, keen market competition and the prevailing unfavourable operating environment. Nevertheless, the Group will continue to boost sales and improve sales volume of smartphones in order to achieve optimal economies of scale and will continue to pursue its "Step-up" product strategy with its solid strengths in product development, reputable brands of TCL and ALCATEL ONE TOUCH and strong marketing capability.

The proven success of the Group's smartphone strategy laid a good foundation for the future growth. Upon the complete launch of the first wave of competitive mid-range smartphones worldwide in the second quarter of 2013, sales growth is expected to gain momentum from the second quarter of 2013 onwards and the Group's business will be improved. The Group expects that financial performance in the second quarter of 2013 will be better than that in the first quarter of 2013 and that in the fourth quarter of 2012. However, as a substantial loss was recorded in the first quarter of 2013, it is expected that a loss will be recorded for the first half of 2013. Nevertheless, the management remains confident about the Group's business prospects and the smartphone industry in the long run, and reiterates the revenue growth target of 25% in the year ending 31 December 2013.

Dr. Guo Aiping, concluded, "We remain cautiously optimistic about the prospects of our business and the smartphone industry in the long run. We will proactively yet prudently address business challenges and create value for the shareholders in the long term."

– End –

iPR *Agilvy*



About TCL Communication

TCL Communication Technology Holdings Limited (HKSE stock code: 02618), together with its subsidiaries, designs, manufactures and markets an expanding portfolio of mobile and internet products worldwide under two key brands - TCL and ALCATEL ONE TOUCH. The Group's portfolio of products is currently sold in China and over 160 countries throughout the Americas, Europe, the Middle East, Africa and the Asia Pacific region. TCL Communication operates its highly efficient manufacturing plants and R&D centres in various provinces in the PRC, with a headquarters in Shenzhen, China. For more information, please visit the Group's website at <http://tclcom.tcl.com>

For further information, please contact:

iPR Ogilvy Ltd.

Karen Tse / Jenny Yung

Tel: (852) 2136 6950 / 3920 7634

Fax: (852) 3170 6606

Email: tclcom@iprogilvy.com