

(For Immediate Release)

**TCL Communication Technology Holdings Limited**

**TCL Communication Announces 1H 2009 Results  
Operating Performance Continued To Improve**

**FINANCIAL HIGHLIGHTS**

Unaudited results for the six months ended 30 June			
(HK\$ Million)	2009	2008	Change
Revenue	1,327	2,340	-43%
Gross Profit	197	438	-55%
EBITDA (before effects of Convertible Bonds)	(4)	61	N/A
Profit before effects of Convertible Bonds	(39)	16	N/A
Changes in fair value of derivative component of Convertible Bonds	(58)	116	N/A
Interest on convertible bonds	(7)	(20)	-65%
Profit attributable to equity holders of the parent company	(104)	112	N/A
Basic EPS (HK cents)(as restated)	(14.60)	15.76	N/A

(18 August 2009 - Hong Kong) TCL Communication Technology Holdings Limited ("TCL Communication", or the "Company"; HKSE stock code: 02618) today announced the unaudited results of the Company and its subsidiaries (referred to as the "Group") for the six months ended 30 June 2009 (the "Review Period").

During the Review Period, the Group reported revenue of HK\$1.3 billion, representing a decrease of 43% over the same period in 2008. Its operating performance continued to improve as revenue for the second quarter increased by 16% over the first quarter to HK\$0.7 billion. Loss before effects of convertible bonds was HK\$39 million as compared to a profit of HK\$16 million for the same period in 2008. Loss attributable to equity holders of the parent company was HK\$104 million as compared to a profit of HK\$112 million for the same period in 2008.

Mr. Yang Xingping, CEO and Executive Director of TCL Communication, said, "The Group's handset sales were negatively affected by the weakening macro-economic

environment in the first quarter. However, following the completion of business restructuring early this year, our overall operating efficiency was enhanced. Moreover, the macro environment staged a marked improvement in the second quarter. As a result, our sales performance improved substantially during the period. Meanwhile, we formulated a policy to expand into the mid to high-end handset market so as to strengthen our competitiveness and profitability. A number of mid to high-end products will be launched in the second half of 2009, with some incorporating smartphone functionality. In addition, in the first half of 2009, the Group used internal resources to buyback all outstanding convertible bonds of the Company at a discount, thus reducing its finance cost and gearing ratio.”

The Group sold 5.1 million handsets units and accessories during the Review Period, down 25% year-on-year. However, sales performance continued to improve in the second quarter as sales volume in the period advanced by 22% from the first quarter, with sales volume in June jumping 35% over that in May. In the first half of 2009, overseas sales volume amounted to 3.96 million units, down 35% year-on-year. Nevertheless, overseas sales volume for the second quarter edged up 22% from the first quarter, reflecting the gradual recovery of overseas market. Sales volume in China totaled 1.1 million units, representing a remarkable increase of 75% year-on-year.

Shipments to Europe, the Middle East and Africa (“EMEA”) were about 2.2 million units during the review period, down 15% year-on-year. The decrease was mainly attributable to the slowing sales in Africa during the second quarter. On the other hand, sales volume in most European countries remained steady growth during the period. Sales volume in Latin America (“LATAM”) dropped 49% year-on-year to 1.59 million units during the Review Period because of the economic recession. While the global economy recovers gradually, the Group plans to augment its operations in Belgium, Switzerland and Ireland and to expand into the United States and Australia.

During the Review Period, a total of 13 products of the Group were chosen to receive PRC government subsidies under the “Household Appliances Subsidy Scheme in Rural Areas”. Following the roll out of 3G services in China, the Group will launch several 3G data cards gradually in the second half, and will further strengthen the cooperation with the major operators in China.

“The second half operating environment is still full of challenges. Nevertheless, as the global economy picks up, our handset sales are set to rebound. Management is confident of meeting sales targets for the year. To grasp the enormous opportunities in the market



brought about by the launch of 3G technology, the Group will step up efforts in promoting the “3G + 4C” business model. We will leverage our sophisticated 3G technological platform to offer customers one-stop services that range from Communications, Computers, Consumer Electronics to Content. This business model should provide us continuous cash flow and help us further enhance our competitiveness. It will allow us to create greater returns to shareholders,” said Mr Li Dongsheng, Chairman of TCL Communication.

- End -

APPENDIX- Sales volume breakdown by geographical locations

Handset Unit Sales ('000 Units)	1H 2009	1H 2008	Change
Overseas	3,955	6,086	-35%
The PRC	1,103	630	+75%
Total	5,058	6,716	-25%

**About TCL Communication**

TCL Communication is engaged in the design, manufacture and marketing of a wide range of the mobile handsets for the PRC and international markets. The Group’s handsets sold in the PRC, EMEA and LATAM are mainly marketed under the “TCL” and “Alcatel” brands. For more information, please visit the Group’s website: [tclcom.tcl.com](http://tclcom.tcl.com).

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