



**TCL COMMUNICATION TECHNOLOGY
HOLDINGS LIMITED
(02618.HK)
2010 Q1 Results Presentation**

Agenda

Results Highlights

Business Review & Outlook

Financial Highlights

Q&A

Results Highlights

■ **Stable growth in sales and robust increase in operating results**

- Total sales volume of handsets and accessories reached 5.79 million units in the first quarter 2010, a decrease of 15% from the previous quarter, but a substantial increase of 154% over the same period last year and an increase of 72% over the pre-financial crisis level recorded for the same period in 2008.
- In the first quarter 2010, the average selling price (“ASP”) fell from US\$37 in previous quarter to US\$33, meanwhile the gross profit margin fell from 26% to 20%.
- Revenue soared by 140% year-on-year to HK\$1.47 billion.
- Profit attributable to equity holders of the parent for the first quarter was HK\$70 million as compared to a loss of HK\$53 million for the same period last year and the pre-crisis profit of HK\$20 million recorded in the first quarter of 2008. These results show that its operating performance made significant improvements

■ **In addition to its own brand business, the shipment of ODM products continued**

- The Group continuously deepened and extended its strategic cooperation with major telecommunication operators in the world.
- ODM business grew steadily and performed well during the period under review.

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Key Operating Data

Sales Volume for Handsets and Accessories in 1Q 2010 and 1Q 2009

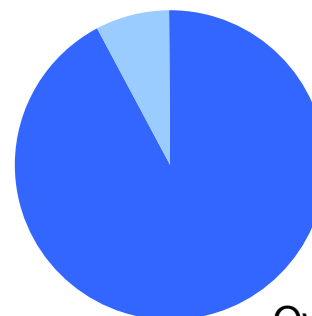
'000 Units	1Q 2010	1Q 2009	Change
Total	5,789	2,276	154%
Overseas	5,340	1,787	199%
The PRC	449	489	-8%

Sales Revenue for Handsets and Accessories in 1Q 2010 and 1Q 2009

HK \$ Million	1Q 2010	1Q 2009	Change
Total	1,474	615	+140%
Overseas	1,372	513	+167%
The PRC	102	101	+0.9%

Geographical Breakdown of Sales Volume For 1Q 2010 and 1Q 2009

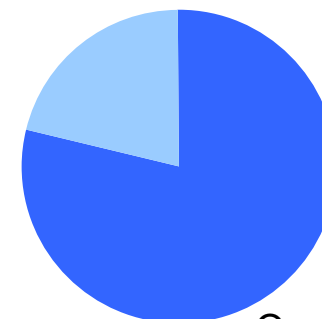
The PRC 8%



Overseas
92%

1Q 2010

The PRC 21%



Overseas
79%

1Q 2009

Business Review

Europe, Middle East and Africa (“EMEA”)

- During the period under review, the Group’s sales volume in EMEA amounted to 2.05 million units, a remarkable increase of 120% over the same period last year and an increase of 46% over the same period in 2008.
- The outstanding sales performance in EMEA was primarily due to the enthusiastic market response to the OT-800 (“Jade”) and OT-708 (“One Touch MINI”) series.
- The Group cultivated a closer cooperation with major telecommunication operators in the region and established a foothold in Russia, Africa and the Middle East.

Americas

- During the period under review, the Group’s sales volume in Americas reached 2.77 million units, a substantial increase of 252% from the same period last year and 82% from the same period in 2008.
- OT-708 (“One Touch MINI”) was very popular in the market and generated satisfactory sales.
- The Group actively expanded business in Brazil and Central America and achieved promising sales performance. Moreover, it developed a closer relationship with major telecommunication operators in the region.

Business Review (Cont'd)

The PRC

- During the period under review, the Group sold approximately 450,000 units of handsets and accessories, a slight decrease of 8% from the same period in previous year but an increase of 69% over the pre-crisis level recorded in the same period of 2008 .
- The Group adjusted product strategy and sales channels by rolling out a combination of competitive low to mid-end products in the market and further strengthening cooperation with major domestic telecommunication operators to propel steady growth of business.

Other Markets

- ODM operation grew steadily and its sales performance was in line with the Group's expectations.
- The Group further explored Asia Pacific Markets and successfully expanded its customer network in India, Israel, Vietnam and Nepal.
- Sales of CDMA handsets and accessories were encouraging and increased substantially over the same period in 2009. During the review period, it successfully explored Indonesian and Vietnam markets.

Product Research & Development

- The Group rolled out a number of low to mid-end handsets to address different needs in the market, thereby enriching its product mix.
- The new products launched included OT-808, a QWERTY keypad handset with unique feminine design, OT-880 featuring QWERTY keypad, touch screen and a sliding cover and two QWERTY keypad handsets “One Touch CHROME” and “One Touch CARBON” with stylish design. They were very popular in the market, and were well received by many key telecommunication operators.
- The Group strengthened cooperation with internationally renowned fashion brands and launched more diversified and competitive products.
- During the period under review, the Group rolled out various data card products. Market response to them was good.
- The Group will continue to enhance efforts in the development of 3G products, OMS-based handsets, and multifunctional phones.

Future Outlook

- While consolidating the development of low-end handsets business, the Group will gradually explore the mid to high-end sector in order to extend its value chain and improve profitability.
- Actively extend and deepen strategic cooperation with major telecommunication operators.
- In addition to the existing brands business, the Group vigorously expand ODM business to enhance overall sales and operating efficiency.
- Enhance efforts in R&D of 3G products, OMS-based handsets, data cards and multi-functional handsets in order to diversify and enrich the product mix and to make its products more competitive.
- Confronted with opportunities and challenges, the Group will take a pragmatic approach to expand its business, exercise stringent control of inventories and costs through appropriate risk management measures and enhancement of operating efficiency, thereby laying a solid foundation for the sustainable and healthy growth in its business.

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Income Statement Highlights

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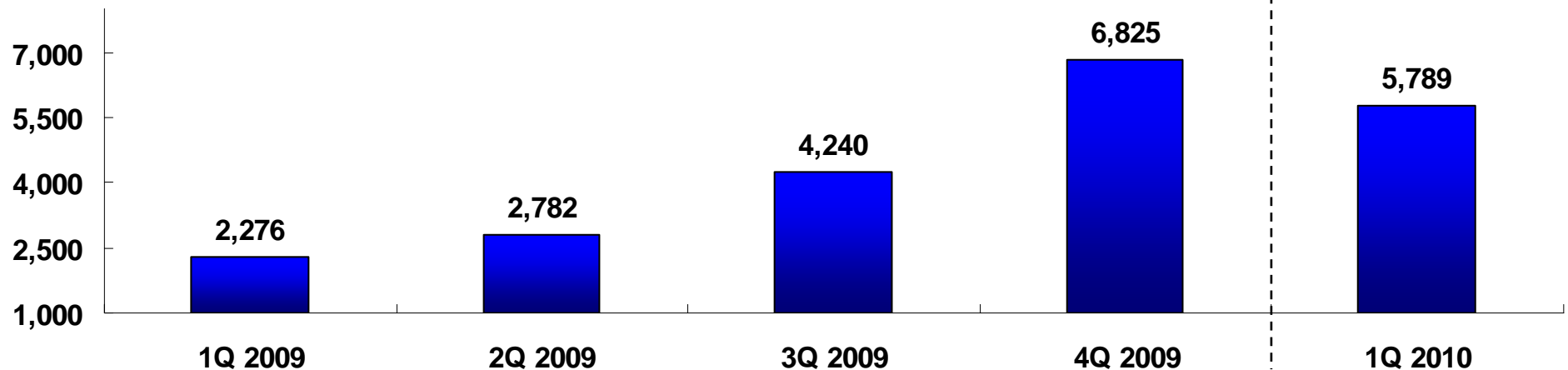
<i>(HK\$ Million)</i>	1Q 2010	4Q 2009	1Q 2009	Change 1Q 2010 vs 1Q 2009
Sales Volume ('000 Units)	5,789	6,825	2,276	+154%
Revenue	1,474	1,960	615	+140%
Average Selling Price (US\$)	33	37	35	-6%
Gross profit	292	516	86	+242%
Gross profit (%)	20%	26%	14%	+6%
Profit/(loss) before effect of convertible bonds	70	114	-42	N/A
Effects of convertible bonds	-	-	-11	N/A
Profit/(loss) after tax and effect of convertible bonds	70	114	-53	N/A
EBITDA before effect of convertible bonds	85	136	-16	N/A
EPS (HK\$ Cents) (as restated)	6.54	12.34	-5.83	N/A

Stable Growth in Sales Volume

- The Group achieved stable growth in sales of handsets and accessories in the first quarter of 2010.
- During the period under review, the Group sold a total of 5.79 million units of handsets and accessories, a substantial increase of 154% over the same period last year and an increase of 72% over the pre-financial crisis sales recorded in the first quarter of 2008.

Quarterly Sales Volume of Handsets and Accessories

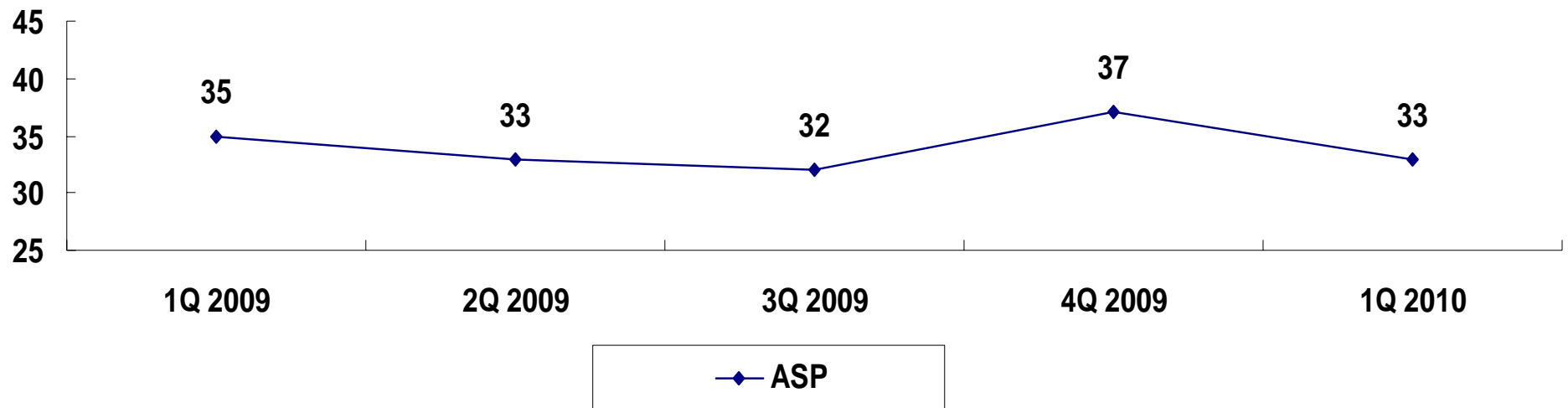
'000 units



Average Selling Price

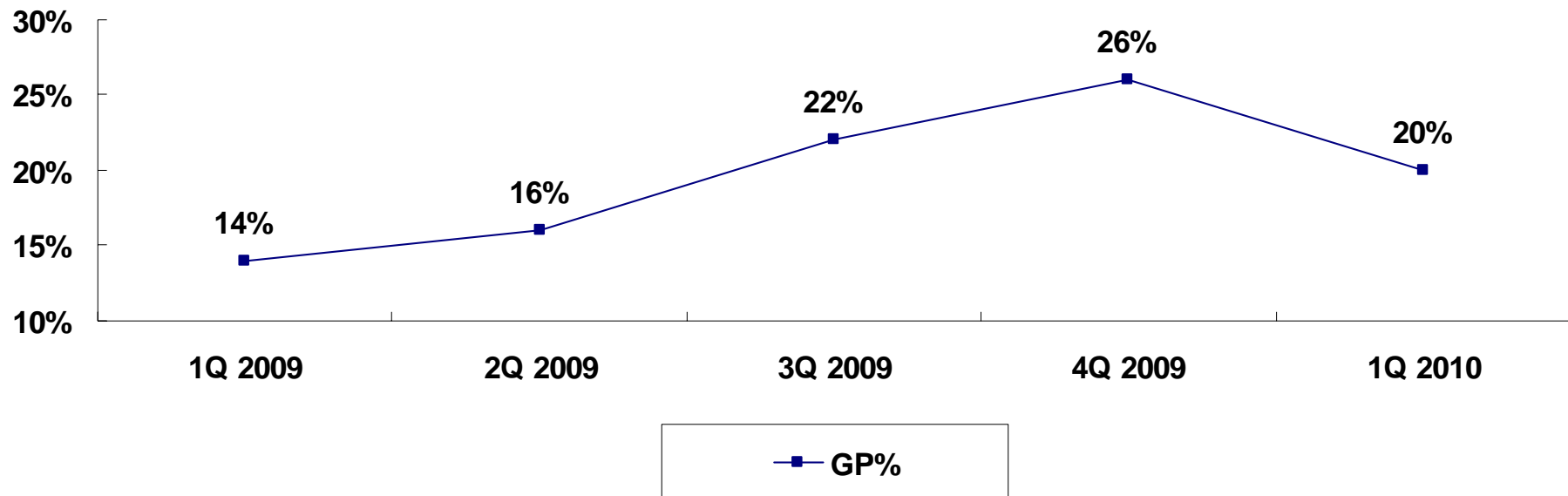
ASP in 1Q 2010 fell compared with the previous quarter

US\$



Gross Profit Margin

GP% decreased from the previous quarter, but increased compared to 1Q 2009



Highlights of Financial Position

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<i>(HK\$ Million)</i>	2010-3-31	2009-12-31	Change
Non-current assets	489	488	+0.2%
Current assets	5,916	6,278	-6%
-Inventory	781	448	+74%
-Cash and cash equivalents	1,123	1,170	-4%
-Restricted deposits received from rights issue excess application	-	1,604	N/A
-Trade receivable	1,013	1,304	-22%
-Pledged deposit	2,353	1,187	+98%
-Other current assets	646	565	+14%
Current liabilities	(4,885)	(5,310)	-8%
-Interest bearing bank borrowings	(2,591)	(1,461)	+77%
-Trade and notes payable	(1,097)	(1,074)	+2%
-Other payable arising from rights issue excess application	-	(1,604)	N/A
-Other current liabilities	(1,197)	(1,171)	+2%
Net current assets	1,031	968	+7%
Non-current liabilities	(2)	(361)	-99%
-Convertible bonds	-	-	N/A
-Other non-current liabilities	(2)	(361)	-99%
Net assets	1,518	1,095	+39%

Key Financial Ratios

	2010-03-31	2009-12-31
Current Ratio	1.21	1.18
Account Receivable Turnover Days	93	81
Inventory Turnover Days*	20	18
Cash and cash equivalents (HK\$ million)	1,123	1,170

* Finished goods only

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Thank you