CCT TELECOM HOLDINGS LIMITED

(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 0138)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

FINANCIAL HIGHLIGHTS OF THE YEAR

HK$ million	**2006**	2005	**% increase/ (decrease)**
Key Financial Results Highlights			
Turnover	**4,199**	3,980	5.5%
Profit attributable to shareholders of the Company	**358**	225	59.1%
Per Share Data			
Earnings per share	**HK$0.49**	HK$0.44	11.4%
Dividend per share			
— Paid interim dividend	**HK$0.020**	—	
— Paid special interim dividend	**—**	HK$0.68	
— Proposed final dividend	**HK$0.025**	HK$0.02	
Total dividend per share	**HK$0.045**	HK$0.70	

CHAIRMAN'S LETTER

On behalf of the board of directors (the "Board") of CCT Telecom Holdings Limited (the "Company"), I am pleased to announce the results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2006.

I am delighted to report that the performance of the Group in 2006 was its best ever since its inception. Both revenue and profit set new records. Turnover increased by 5.5% to HK$4,199 million. Profit attributable to shareholders of the Company, including gains from investments, rose to HK$358 million, representing a significant jump of approximately 59.1%.

The year 2006 has also been a year of opportunity and challenges for the Group. In 2006, the Group's manufacturing business continued to face various challenges and operated in a business environment that was even more difficult than that of 2005. Market competition, high material costs and rising labor costs and overheads in China imposed pressure on our costs and margins, resulting in a fall in the profit of our manufacturing business.

Despite a difficult environment in 2006, the Group maintained its position as the worldwide leading ODM manufacturer of cordless phones and hi-tech electronic products. Our market diversification strategy has been successful. We have gained new customers and have expanded both our customer base and market demography. We have also made significant progress in growing our revenue outside the United States of America ("US"). Turnover to the markets outside the US reached HK$2,057 million, representing 49.0% of the total turnover.

Technology remains our core strength. In 2006, we launched a wide range of premium quality cordless phone products to meet market demand. In a swift response to the Federal Communications Commission's approval on DECT standard for communications in the US, we became the world's first manufacturer to launch DECT 6.0 cordless phones in the US market in the second half of 2006, thereby, giving us a decisive lead over our competitors. Our achievement in this regard is a clear testament to our ability to stay closely in tune with the ever-changing demands of our markets and our ability to react swiftly to such changes.

Other than the manufacturing business, the performance of our securities investment business was excellent. In early 2006, the Group realized a gain of HK$316 million from the disposal of all our remaining equity interest in Haier Electronics Group Co. Limited ("Haier Electronics"). Furthermore, capturing the advantages of the buoyant Hong Kong stock market, we actively engaged in trading of listed securities and placing of funds into equity-linked deposits and treasury products during 2006 and achieved satisfactory returns and income in the amount of HK$48 million.

To capture the many business opportunities arising from the Hong Kong and mainland China property markets, the Group established a new business division in 2006 — the Property Investment and Development Group — that is solely dedicated to exploring and seeking business opportunities in this area. This new business division has so far actively pursued property projects located within Hong Kong and mainland China especially in cities where we already have industrial investments. Given our wealth of knowledge and experience in doing business in China and Hong Kong, we are in an ideal position to explore and develop both residential and commercial property projects whether for sale or for lease. We believe that this new business division has great potential and will generate business growth and attractive returns for the Group in the near future.

The Board recommends the payment of a final dividend of HK$0.025 per share for the year 2006 to the shareholders whose names appear on the register of members of the Company on Wednesday, 23 May 2007, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The proposed final dividend will be payable from the Company's retained profits and will be paid on or around Friday, 8 June 2007 following the shareholders' approval at the forthcoming annual general meeting of the Company. Taking into account the HK$0.02 per share 2006 interim dividend paid in October 2006, the total dividend per ordinary share amounted to HK$0.045 per share for this financial year 2006, compared with the total dividend of HK$0.70 per ordinary share (including the special interim dividend of HK$0.68 per share paid in 2005) distributed in respect of the financial year 2005.

CONVERSION OF CONVERTIBLE NOTES AND SALE OF SHARES OF CCT TECH

In May 2006, we converted all the convertible notes due to us by CCT Tech International Limited ("CCT Tech") and sold 13.8 billion shares ("CCT Tech Sale Shares") in CCT Tech to Deutsche Bank and three other independent investors for a total consideration of approximately HK$303.6 million. At the same time, the Company also entered into a put agreement ("Put Agreement") with Deutsche Bank granting the bank a right to put back the Sale Shares to the Company pursuant to the Put Agreement. The consideration for the sale of the Sale Shares has been paid to Deutsche Bank as an effective collateral to secure the Company's obligations under the Put Agreement. If the Sale Shares are disposed of by the investors and the put options are not exercised, the consideration will be refunded back pursuant to the terms of the Put Agreement. Upon the completion of the Sale Shares in May 2006, the public float of CCT Tech has been restored and the Group still maintained its controlling interest in CCT Tech.

OUTLOOK

Looking into the future, we are cautiously optimistic about the outlook of the financial year of 2007.

On the negative side, high oil prices, increased interest rates and the downturn of the US property market have dampened the US economy. Market competition continues to be keen. The acute shortage of labour in the Pearl River Region continues to affect our production in Guangdong factories and raise our labor costs. Furthermore, any further appreciation of Renminbi will no doubt further increase our production costs. On the positive side, oil prices have dropped by more than 15% from its peak level and the prices of raw materials and components are stabilizing. The consumer spending in the US remains strong and the US housing market appears to be near bottom. Many are of the view that the rising trend of US interest rates has ended and it is widely expected that interest rates will go down in the second half of 2007. The demand of telecom products from our markets in Europe and the Emerging markets remains strong and we believe that this will be a crucial driving force to our growth in revenue and profit in 2007.

Our product roadmap holds great potential. We believe the broadband cordless phones, WiFi cordless phones, and VoIP cordless phones that we intend to launch in 2007 will momentum for growth and will improve profitability as these new products have higher price points giving better margins. We also expect that our inroads into the commercial telecommunication market by the introduction of SOHO telecom products, multi-line cordless phones and cordless conference boxes will provide us a new platform for growth in business.

To deal with the production issues, we have decided to establish a new plant in the Chaoyang City, Liaoning Province, in north-eastern China. The first phase of the new factory in Chaoyang is expected to commence mass production in the second half of 2007. The new factory in Chaoyang will enable us to tap into the abundant supply of low-cost labor in the region and help us resolve the labor shortage problem in our existing Guangdong factories. We believe the new plant in Chaoyang will deliver significant cost savings and will further strengthen our competitiveness which will improve the profitability of the Group.

Given the continuing strong economic growth in Hong Kong and China, we are optimistic about the new businesses of securities investment and property investment and development. We believe these businesses will provide great potential for growth as well as attractive income and returns.

On the basis of the abovementioned measures and potential business opportunities, the management is cautiously optimistic about the Group's continuous growth in the years ahead. We will continue to explore new market opportunities and income sources that are in line with our long-term growth strategy.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to the members of the board for their diligent guidance and support, and to thank the Group's management team for their sound leadership and management, the staff for their hard work, and our shareholders, customers and suppliers, business partners and bankers for their continued support and confidence in the Group. We are confident of continuous growth in the years ahead and look forward to creating greater opportunities and delivering increased returns to our shareholders in the foreseeable future.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 18 April 2007

REVIEW OF OPERATIONS

During the year under review, the Group was engaged in the following principal activities: (i) manufacture and sale of telecom and electronic products; (ii) manufacture and sale of plastic and electronic components; (iii) manufacture and sale of baby products; (iv) provision of e-commerce services; (v) investment in securities; and (vi) property investment and development.

Telecom and electronic products business

The manufacture and sale of telecom and electronic products is carried out by our listed subsidiary, CCT Tech and its subsidiaries. In 2006, the business reported turnover of HK$3,882 million, up marginally by 0.9% from 2005 and representing 92.5% of the Group's total turnover. The sales performance of the business would have been better if not for the shortage of workers in our Guangdong factories.

Our key market in the US reported a decline in turnover due to the slow down of the US economy and the shortage of workers in our factories which caused delay in shipments of certain orders. However, considerable progress has been achieved in the growth of sales to markets outside the US. The performance in Europe and the Asia Pacific region was encouraging, reporting double digit growth in turnover in 2006. Our market diversification strategy has proven to be successful. We continued to gain new customers and have broadened our customer base to include many of the global leading distributors and renown brands.

In 2006, our key products of 2.4GHz and 5.8GHz cordless phones and DECT cordless phones continued to sell well. The trend of global standardization of communication protocol has provided us with significant business opportunities. The DECT standard as adopted by most European countries for the past two decades appears to have become the universal standard for indoor communications. This development is particularly beneficial to us as we are strong in DECT technology. In 2006, shortly after the approval of the DECT standard by the US Federal Communications Commission, we were the world's first manufacturer to launch DECT 6.0 cordless phone in the US market, giving us a decisive lead over our competitors. The products have been well received by our US customers and consumers. Up to now, we have already sold approximately 1 million DECT 6.0 cordless phones in the US market. We believe that DECT 6.0 cordless phones will become the mainstay product in the US market.

Technology continues to be our core strength. We have committed to R&D development and have built up strong R&D teams in Hong Kong, Shenzhen and Singapore. This network allows us to keep abreast of the latest technology and enable us to launch many new products with premium quality each year to meet customers' needs and expectations. During the year under review, our R&D teams developed many advance products including VoIP cordless phones, cordless phones with Skype feature, WiFi cordless phones and broadband cordless phones which we intend to launch in various markets in 2007. We believe these new products will generate significant revenue for years to come as the demand for broadband and internet cordless phones is high. So far, we have focused on the residential communication market. We intend to penetrate into the commercial communication market. We have already developed SOHO products, multi-line cordless phones and cordless conference boxes during 2006 in preparation of their launch in 2007. We believe our product diversification and our inroads into the commercial market will provide us with a new platform for future growth and increased profitability.

In 2006, we continued to face the same operating challenges that we encountered in 2005. Market competition remained keen and drove the average selling prices of certain product models down. High oil prices and the buoyant economy in China and the emerging markets pushed up the prices of plastic raw materials and copper, which are some of the key materials for production of our cordless products. Furthermore, the shortage of labor and electricity in the Pearl River Region continued to affect our factories in the Guangdong Province and the costs of labor wages and overheads increased substantially. These issues exerted considerable pressure on the production costs and profit margin of the Group. We have already taken initiatives to improve efficiency, enhance automation and control costs and these measures have partly mitigated the impact of the aforementioned adverse factors. Nevertheless, the operating profit of our manufacturing business suffered and recorded a drop of 42.3% in 2006.

In order to reduce production costs and resolve the issues of labor and power shortage in our Guangdong factories on a long term basis, in 2006, we made an important move to establish a new plant in the Chaoyang City, Liaoning Province, in north-eastern China. The new plant in Chaoyang will enable us to tap into the abundant supply of low-cost labor in the region. The project is fully supported by the municipal and provincial governments and will offer us preferential treatments in terms of costs and fees which are

not available in the Guangdong Province. The construction of the first phase of the new plant will be completed in the first half of 2007 and mass production will commence in the second half of 2007. We plan to hire about 5,000 workers for the first phase operations of the new plant and the number of workers to be hired in the Chaoyang plant is expected to increase to over 10,000 and more when the second phase of the new plant is opened in 2008. We believe that the new factory will deliver significant costs savings to the Group and will further strengthen the competitiveness and improve the profitability of the Group.

Manufacturing of plastic and electronics components

To provide vertical support for CCT Tech's telecom product manufacturing business, the subsidiaries of CCT Telecom have been engaged in the manufacture of plastic and electronic components, including plastic casings, power supply and transformers mainly for use internally by the CCT Tech Group for the production of its telecom and electronic products. The production of plastic and electronic components provides the CCT Tech Group with a stable supply of high quality plastic casings and electronic components at competitive prices. A small part of the components products were sold to independent third parties. During 2006, the production costs of the plastic and electronic components substantially increased due to high raw materials costs and rising costs of labor and overheads. Considerable efforts have been devoted by management to improve efficiency, enhance automation and control costs. Looking forward, we are beginning to see the costs of plastic and components raw materials stabilizing. The production costs of the components manufacturing business are expected to gradually fall after the new Chaoyang plant is opened for operations.

Baby product business

In 2006, the baby product business reported an operating profit of HK$8 million, despite keen market competition and high materials prices. The Group intends to grow the business and will continue its efforts in developing new products, exploring new markets and expanding its customer base.

Provision of e-commerce services

In April 2006, we increased our shareholding interest in Tradeeasy, a company listed on the GEM of the Stock Exchange, from 22.18% to 66.26%. As a result, Tradeeasy has become a subsidiary of the Company. Tradeeasy is engaged in the provision of e-commerce services. During the period from April 2006 to December 2006, the provision of e-commerce services business contributed a turnover of HK$34 million to the Group. We believe the e-commerce business has great potential in China and Tradeeasy has directed more resources to expand its business in China. We are optimistic about the business of Tradeeasy which will generate additional revenue to the Group in the future.

Investment in securities

In 2006, the performance of the securities business was outstanding. In January 2006, we disposed of all our remaining holdings of 3,926,774,819 ordinary shares in Haier Electronics. As a result, we received net proceeds from the disposal amounting to HK$551 million and recorded a realized gain of HK$316 million in the first half of 2006. In the second half of 2006, capturing the benefit of the blooming Hong Kong Stock Market, we actively engaged in the trading of shares listed on the Stock Exchange (including H-shares and Hang Seng Index constituent stocks). We have also placed funds in the high yield deposits linked with shares listed on the Stock Exchange. The objective of the securities investment is to derive gains from those investments as a proxy hedge against rise in oil price and appreciation of Renminbi. During the year 2006, the securities business performed well as we took advantages of the buoyant stock market and derived gains and interest income in the amount of HK$48 million.

Property investment and development

We are optimistic about the property markets in Hong Kong and China. The property market in Hong Kong has further recovered and the price of luxury properties continue to set new records. The rapid growth of the Chinese economy and the rise of Chinese residents' income and consumption power have resulted in an increasing demand for housing and commercial properties. The property market in China looks promising and we believe that the market offers huge business opportunities.

The property markets within the region have undergone incredible growth over the past few years. To capture the many business opportunities arising from such growth, the Group established a new business division in 2006 — the Property Investment and Development Group — that is solely dedicated to exploring and seeking business opportunities in this area. This new business division has so far actively pursued property projects located within Hong Kong and Mainland China especially in cities where we already have industrial investments. These efforts have resulted in the acquisition of two prime luxury residential properties in Hong Kong during 2006 and the exploration of various property projects in Mainland China especially in the provinces where we have industrial investment. Given our wealth of knowledge and experience in doing business in China and Hong Kong, we are in an ideal position to explore and develop both residential and commercial property projects whether for sale or for lease. We believe that this new business division has great potential and will generate business growth and attractive returns for the Group in the near future.

ANNUAL RESULTS

The Board of Directors of the Company (the "Board") is pleased to announce the results of the Group for the year ended 31 December 2006 together with the comparative figures for the previous year as follows:

Condensed Consolidated Income Statement

For the year ended 31 December 2006

HK$ million	*Notes*	**2006**	2005
REVENUE	4	**4,199**	3,980
Cost of sales		**(3,789)**	(3,526)
Gross profit		**410**	454
Other income and gains		**444**	175
Selling and distribution costs		**(63)**	(59)
Administrative expenses		**(284)**	(257)
Other expenses		**(80)**	(19)
Finance costs	6	**(40)**	(23)
PROFIT BEFORE TAX	5	**387**	271
Tax	7	**(21)**	(18)
PROFIT FOR THE YEAR		**366**	253
ATTRIBUTABLE TO:			
Equity holders of the parent		**358**	225
Minority interests		**8**	28
		366	253

HK$ million	Notes	2006	2005
DIVIDENDS	8		
Paid special interim			
		—	319
Paid interim		**16**	—
Proposed final		**20**	13
		36	13
		36	332
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**HK$0.49**	HK$0.44
Diluted		**HK$0.43**	HK$0.37

Condensed consolidated balance sheet
31 December 2006

HK$ million	Notes	2006	2005
NON-CURRENT ASSETS			
Property, plant and equipment		**1,222**	1,253
Investment properties		**490**	257
Prepaid land lease payments		**225**	220
Other intangible assets		**45**	45
Goodwill		**128**	110
Long term receivable		**312**	—
Available-for-sale financial assets		**11**	18
Held-to-maturity financial assets		**—**	18
Financial assets at fair value through profit or loss		**—**	37
Deferred tax assets		**4**	3
Total non-current assets		**2,437**	1,961
CURRENT ASSETS			
Inventories		**233**	294
Trade and bills receivables	10	**837**	838
Prepayments, deposits and other receivables		**42**	50
Available-for-sale financial assets		**—**	551
Financial assets at fair value through profit or loss		**226**	24
Held-to-maturity financial assets		**2**	—
Forward currency contracts		**—**	1
Pledged time deposits		**88**	71
Cash and cash equivalents		**865**	528

HK$ million	*Notes*	**2006**	2005
Total current assets		**2,293**	2,357
CURRENT LIABILITIES			
Trade and bills payables	11	**886**	988
Tax payable		**25**	26
Other payables and accruals		**177**	139
Forward currency contracts		**—**	1
Interest-bearing bank loans and other borrowings		**207**	158
Total current liabilities		**1,295**	1,312
NET CURRENT ASSETS		**998**	1,045
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,435**	3,006
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**247**	216
Convertible bonds		**49**	77
Long term payable		**256**	—
Derivative financial instrument		**71**	—
Deferred tax liabilities		**3**	3
Total non-current liabilities		**626**	296
Net assets		**2,809**	2,710
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**78**	65
Reserves		**2,654**	2,564
Proposed final dividend		**20**	13
		2,752	2,642
Minority interests		**57**	68
Total equity		**2,809**	2,710

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA that are either effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. The adoption of the new HKFRSs has no material effect on how the results for the current or prior accounting years have been prepared and presented.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

(a) the telecom and electronic products segment engages in the manufacture and sale of telecom and electronic products, accessories and components;

(b) the baby products segment engages in the manufacture and sale of baby products;

(c) the securities investment segment engages in trading in securities and the holding of securities and treasury products;

(d) the property investment and development segment engages in property investment and property development; and

(e) the corporate and others segment comprises the provision of e-commerce segment and corporate income and expense items.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

(a) Business segments

The following tables present revenue and profit/(loss) information for the Group's business segments for the years ended 31 December 2006 and 2005.

Group	Telecom and electronic products		Baby products		Securities investment		Property investment and development		Corporate and others		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Segment revenue:												
Sales to external customers	3,882	3,846	112	124	149	—	3	2	34	—	4,180	3,972
Other revenue	34	—	—	—	—	2	—	—	2	23	36	25
Total revenue	3,916	3,846	112	124	149	2	3	2	36	23	4,216	3,997
Segment results	109	189	8	6	364	100	39	67	(112)	(76)	408	286
Interest income											19	8
Finance costs											(40)	(23)
Profit before tax											387	271
Tax											(21)	(18)
Profit for the year											366	253

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments.

Group	United States of America		Asia Pacific		Europe		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$ million	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*	***HK$ million***	*HK$ million*
Segment revenue:								
Sales to external customers	**2,142**	2,360	**1,405**	1,152	**633**	460	**4,180**	3,972
Other revenue	**—**	—	**36**	25	**—**	—	**36**	25
Total revenue	**2,142**	2,360	**1,441**	1,177	**633**	460	**4,216**	3,997

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered, gross income from securities investment (which includes gross proceeds from the sales of investments and dividend income) and rental income from investment properties.

Revenue from the following activities has been included in turnover:

HK$ million	**2006**	2005
Revenue		
Manufacture and sale of telecom and electronic products	**3,882**	3,846
Manufacture and sale of baby products	**112**	124
Gross income from securities investment	**137**	—
Provision of e-commerce service	**34**	—
Rental income from investment properties	**3**	2
Interest income from held-to-maturity financial assets and financial assets at fair value through profit or loss	**12**	—
Bank interest income	**19**	8
	4,199	3,980

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

HK$ million	**2006**	2005
Cost of inventories sold	**3,693**	3,044
Depreciation	**130**	122
Less: Amount capitalised in deferred development costs	**(2)**	—
	128	122
Amortisation		
— Prepaid land lease payments	**5**	5
— Deferred development expenditure	**47**	30
and after crediting:		
Fair value gain on investment properties	**39**	—
Net gain on disposal of subsidiaries	**—**	42
Gain on disposal of available-for-sale financial assets	**318**	—
Fair value gain on financial assets at fair value through profit or loss	**13**	—

6. FINANCE COST

HK$ million	2006	2005
Interest on bank loans and overdrafts wholly repayable within five years	**12**	7
Interest on bank loans wholly repayable after five years	**11**	6
Interest on convertible bonds	**4**	5
Interest on other liability	**13**	5
	40	23

7. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

Certain PRC subsidiaries of the Group, which are categorised as wholly foreign-owned enterprises, are entitled to preferential tax treatments including full exemption from the PRC income tax for two years starting from their first profit-making year followed by a 50% reduction in the PRC income tax for the next three consecutive years.

HK$ million	2006	2005
Group:		
Current — Hong Kong:		
Charge for the year	**9**	12
Overprovision in prior years	**—**	(1)
Current — Elsewhere		
Charge for the year	**11**	7
Underprovision in prior years	**—**	1
Deferred	**1**	(1)
	21	18

8. DIVIDENDS

HK$ million	2006	2005
Special interim — Nil (2005: HK$0.68) per ordinary share	**—**	319
Paid interim — HK$0.02 (2005: Nil) per ordinary share	**16**	—
Proposed final — HK$0.025 (2005: HK$0.020) per ordinary share	**20**	13
	36	13
Total	**36**	332

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds (see below). The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share are based on:

HK$ million	**2006**	2005
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**358**	225
Interest on convertible bonds	**4**	5
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**362**	230
Shares	**Number of shares**	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**732,918,201**	512,524,188
Effect of dilution — weighted average number of ordinary shares:		
— share options	**—**	8,941,582
— convertible bonds	**108,046,640**	102,961,814
	840,964,841	624,427,584

10. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	Group			
	2006		2005	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**294**	**35**	286	34
31 to 60 days	**249**	**30**	259	31
61 to 90 days	**243**	**29**	239	29
Over 90 days	**51**	**6**	54	6
	837	**100**	838	100

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	Group			
	2006		2005	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**232**	**26**	290	29
31 to 60 days	**233**	**26**	243	25
61 to 90 days	**168**	**19**	167	17
Over 90 days	**253**	**29**	288	29
	886	**100**	988	100

FINANCIAL REVIEW

Financial Results

Highlights on Financial Results

HK$ million	**2006**	2005	**% increase/ (decrease)**
Turnover	**4,199**	3,980	5.5%
Gross profit	**410**	454	(9.7%)
Other income and gains	**444**	175	153.7%
Profit for the year	**366**	253	44.7%
Attributable to:			
— Equity holders of parent	**358**	225	59.1%
— Minority interests	**8**	28	(71.4%)

Discussion on Financial Results

The Group reported a record turnover of HK$4,199 million during the year, which represents a slightly increase of 5.5% over last year. The increase in turnover is attributable to contribution from our securities investment business and the growth of our manufacturing businesses..

Gross profit dropped by 9.7% from HK$454 million in 2005 to HK$410 million in 2006. The drop in gross profit is mainly due to the reduction in selling price of some product models due to competition and rise in production costs

Other income and gains amounted to HK$444 million in 2006, up 153.7% from 2005. The significant increase in other income and gains was attributable to (i) the realized gain of approximately HK$316 million from the disposal of our interest in Haier Electronics, (ii) the gain and interest income of HK$48 million derived from the securities investment business and (iii) the unrealized revaluation gain on our investment properties portfolio of HK$39 million recorded in the year 2006.

Profit attributable to equity shareholders of the Company amounted to HK$358 million, up 59.1% from previous reporting year, helped mainly by the rise in other income and gains.

Profit shared by minority interest decreased significantly by 71.4% due to the dilution of the minority interests in CCT Tech in May 2006 upon the full conversion of the convertible notes by the Company into shares in CCT Tech.

Analysis by Business Segment

HK$ million	Turnover 2006 Amount	2006 Relative %	2005 Amount	2005 Relative %	% increase/ (decrease)
Telecom and electronic products	**3,882**	**92.5%**	3,846	96.6%	0.9%
Baby products	**112**	**2.7%**	124	3.1%	(9.7%)
Securities investment	**149**	**3.5%**	—	—	N/A
Property investment and development	**3**	**—**	2	—	50%
Corporate and others	**53**	**1.3%**	8	0.3%	562.5%
Total	**4,199**	**100.0%**	3,980	100.0%	

HK$ million	Operating profit 2006	2005	% increase/ (decrease)
Telecom and electronic products	**109**	189	(42.3%)
Baby products	**8**	6	33.3%
Securities investment	**364**	100	264.0%
Property investment and development	**39**	67	(41.8%)
Corporate and others	**(112)**	(76)	47.4%
Total	**408**	286	

During the year, telecom and electronic product business continued to be the principal business of the Group accounting for approximately 92.5% (2005: 96.6%) of the Group's total turnover. The remaining turnover was mainly contributed by the baby product business and securities investment business which accounted for approximately 2.7% (2005: 3.1%) and 3.5% (2005: Nil), respectively, of the Group's turnover.

The telecom and electronic product business contributed HK$109 million in operating profit in the year 2006, representing a decrease of approximately 42.3% as compared to that in 2005. The decrease was due to the reduction in selling prices of certain product models due to price competition and substantial increase in operating costs in 2006. The baby product business reported operating profit of HK$8 million in 2006 despite a difficult operating environment due to successful efforts of the management to improve efficiency and control costs. The operating profit of the securities business segment recorded a significant increase from HK$100 million in 2005 to HK$364 million in 2006, representing an increase of 264.0%. The increase was mainly attributable to the realized gain of HK$316 million from disposal of Haier Electronics shares and the gain and interest income totaling HK$48 million from the trading of listed securities and interest from equity-linked deposits. Corporate and others included the results of the e-commerce business and head office income and administrative expenses.

Analysis by Geographical Segment

HK$ million	Turnover (including bank interest income) 2006 Amount	2006 Relative %	2005 Amount	2005 Relative %	% increase/ (decrease)
US	**2,142**	**51.0%**	2,360	59.3%	(9.2%)
Asia Pacific Region	**1,424**	**33.9%**	1,160	29.1%	22.8%
Europe	**633**	**15.1%**	460	11.6%	37.6%
Total	**4,199**	**100.0%**	3,980	100.0%	

The US remained the major market of the Group accounting for approximately 51.0% (2005: 59.3%) of the total turnover for the year. The Asia Pacific Region and the European markets accounted for approximately 33.9% (2005: 29.1%) and approximately 15.1% (2005: 11.6%) of the Group's total turnover for the year, respectively. The drop in sales in the US market was mainly attributable to the slow down of the US economy and the delay in shipments caused by shortage in labor of the PRC factories. Our success in the Asia Pacific and European markets, on the other hand, were largely attributable to our aggressive marketing strategy of targeting new customer profiles and successful product diversification.

FINANCIAL POSITION

Highlights on Financial Position and Major Balance Sheet Items

HK$ million	31 December 2006	31 December 2005	% increase/ (decrease)
NON-CURRENT ASSETS			
Properties, plant and equipment	**1,222**	1,253	(2.5%)
Investment properties	**490**	257	90.7%
Long term receivable	**312**	—	N/A
Available-for-sale financial assets	**11**	18	(38.9%)
CURRENT ASSETS			
Financial assets at fair value through profit or loss	**226**	24	841.7%
Available-for-sale financial assets	**—**	551	N/A
Cash and cash equivalents	**865**	528	63.8%
EQUITY AND NON-CURRENT LIABILITIES			
Long term payable	**256**	—	N/A
Derivative financial instrument	**71**	—	N/A
Other non-current liabilities	**299**	296	1.0%
Minority interests	**57**	68	(16.2%)
Equity attributable to shareholders' of the Company	**2,752**	2,642	4.2%

Discussion on Financial Position and Major Balance Sheet Items

The property, plant and equipment represent fixed assets held by the Group for its own use and stated at cost less accumulated depreciation and impairment losses. The decrease in their net book value in the year 2006 was mainly attributable to the combined effect of (i) additions to fixed assets to cope with the needs of production; (ii) reclassification of a property to investment property; and (iii) depreciation provided for the year 2006.

Investment properties in the amount of HK$490 million (31 December 2005: HK$257 million) represents the fair value of properties and their related land lease payment held by the Group for rental and investment purposes. The increase in the balance of investment properties during 2006 was caused by (i) the reclassification of an office premises previously held for own-use to property held for lease; and (ii) acquisitions of two luxury residential properties held for rental.

Long term receivable represents the initial exchange amount which serves as an effective collateral to secure the obligations of the Company under the Put Agreement entered into between CCT Telecom and Deutsche Bank in respect of the put options granted by the Company to Deutsche Bank in relation to the 13.8 billion shares in CCT Tech under the terms of the Put Agreement. The attributable portion of the long term receivable will be refunded to the Company if the shares in CCT Tech are disposed of by Deutsche Bank and the investors to third parties or otherwise will be used to offset the long term payable upon exercise of the put options.

Decrease in non-current available-for-sale financial assets was due to the disposal of one club membership during the year. A gain on disposal of the non-current available-for-sale financial assets amounted to approximately HK$2 million.

Financial assets at fair value through profit or loss (under current assets) as at 31 December 2006 represent our investment in listed securities and equity-linked deposits. To capture the benefit of the blooming Hong Kong Stock Market, the Group has allocated additional funds in the securities investments business in order to generate gains and income for the future.

The available-for-sale financial assets under current asset as at 31 December 2005 in the amount of HK$551 million represent the fair value of the Group's interest in Haier Electronics shares. Following our disposal of all interests in Haier Electronics shares in January 2006, there were no more available-for-sale financial assets (under current assets) recorded as at 31 December 2006.

Cash and cash equivalents increased by 63.8% from HK$528 million as at 31 December 2005 to HK$865 million as at 31 December 2006, mainly due to the receipts of the sales proceeds of approximately HK$256 million from the disposal of Haier Electronics shares and funds from operations minus the funds for capital expenditure for fixed assets, investment properties and funds utilized for the securities investment business.

Long term payable represents the liability of the Company in respect of the repurchase obligations of the CCT Tech Sale Shares under the Put Agreement. If Deutsche Bank or any of the three investors dispose of all or part of the CCT Tech Sale Shares to third parties, the related put options will be recognized in the consolidated income statement and the related long term payable will be included in the calculation of the gain or loss on disposal of the relevant CCT Tech Sale Shares.

Derivative financial instrument represents the value of put options under the Put Agreement. The derivative financial instrument was initially recognized at fair value at HK$50 million on the date on which the put options were granted and was subsequently re-measured at fair value at the balance sheet date. The fair value of the derivative financial instrument as at 31 December 2006 amounted to HK$71 million. The loss on change in fair value on derivative financial instrument for the year ended 31 December 2006 of HK$21 million was taken directly to the income statement. The put options if not exercised or unwound will expire on 9 May 2008. The long term payable and the derivative financial instrument in relation to the Put Agreement will offset against the long term receivable upon the exercise of the put options and the

consequent buy back of CCT Tech Sale Shares from Deutsche Bank. If the CCT Tech Shares are sold by Deutsche Bank and/or the three investors to third parties, the related put options will be unwound and the Company will not need to pay to Deutsche Bank.

Decrease in minority interests was mainly due to the dilution of minority interests arising from the full conversion of convertible notes due to Company by CCT Tech during the year.

The increase in shareholders' funds of approximately 4.2% was mainly due to the carried forward of the retained profits for the year and issue of the new shares from the conversion of convertible bonds during the year 2006.

CAPITAL STRUCTURE AND GEARING RATIO

HK$ million	**31 December 2006**		31 December 2005	
	Amount	**Relative %**	Amount	Relative %
Bank loans	**450**	**13.8%**	364	11.8%
Convertible notes	**49**	**1.5%**	77	2.5%
Finance lease payables	**4**	**0.2%**	10	0.3%
Total borrowings	**503**	**15.5%**	451	14.6%
Equity	**2,752**	**84.5%**	2,642	85.4%
Total capital employed	**3,255**	**100.0%**	3,093	100.0%

The Group's gearing ratio was approximately 15.5% as at 31 December 2006 as compared with that of 14.6% as at 31 December 2005. The increase in gearing ratio was mainly due to the aggregate effect of (i) the borrowing of new mortgage loans for the financing of the newly acquired luxury properties; (ii) issue of the 2009 Convertible Bonds; (iii) conversion of part of the 2010 Convertible Bonds; and (iv) the net repayment of the bank borrowings. After taking into account the cash on hand, the Group did not have any net borrowings but was in a net cash position.

Outstanding bank borrowings amounted to HK$450 million at 31 December 2006 (31 December 2005: HK$364 million). Approximately 45.1% of these bank borrowings was arranged on a short-term basis for the ordinary business of the Group and was repayable within one year. The remaining 54.9% of the bank borrowings was of long-term nature, principally comprising mortgage loans on properties held by the Group.

During the year, the 2009 Convertible Bonds with a nominal value of HK$30 million were issued by the Company to a company controlled by Mr. Mak as part of the consideration to acquire a property by the Company from Mr. Mak in April 2006. In addition, part of the 2010 Convertible Bonds with a nominal value of HK$75 million was converted into approximately 124 million shares of the Company during the year.

Acquisition of certain of the Group's assets were financed by way of finance leases and the total outstanding finance lease payables for the Group as at 31 December 2006 amounted to approximately HK$4 million (31 December 2005: HK$10 million).

As at 31 December 2006, the maturity profile of the bank and other borrowings and convertible notes of the Group falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to HK$207 million, HK$208 million and HK$88 million, respectively (31 December 2005: HK$158 million, HK$240 million and HK$53 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	**31 December 2006**	31 December 2005
Current assets	**2,293**	2,357
Current liabilities	**1,295**	1,312
Current ratio	**177%**	180%

Current ratio as at 31 December 2006 was 177% (31 December 2005: 180%). The strong liquid position was attributable to strong cash flow from the operations and the effective financial management of the Group.

As at 31 December 2006, the Group maintained a total cash balance of HK$953 million (31 December 2005: HK$599 million), of which HK$88 million (31 December 2005: HK$71 million) was pledged for general banking facilities.

Almost all of the Group's cash was placed on deposits with licensed banks in Hong Kong. The strong cash balance plus the cash generated from the Group's operations and funds available from the bank facilities are expected to be sufficient to cover all cash requirements, including working capital and capital expenditure needs.

CAPITAL EXPENDITURE AND COMMITMENTS

During the year, the Group incurred capital expenditure amounted to approximately HK$369 million, which was mainly related to the core manufacturing businesses of the Group.

The Group had authorised and contracted capital commitments of approximately HK$69 million (31 December 2005: HK$7 million) as at 31 December 2006, which was mainly related to capital expenditure for the expansion of the manufacturing business of the Group. The outstanding capital commitments will be financed partly by internal resources and partly by bank borrowings.

TREASURY MANAGEMENT

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the year, the Group's receipts were mainly denominated in US dollars, with some in Hong Kong dollars and the Euro. Payments were mainly made in Hong Kong dollars, US dollars and Renminbi and some made in Euros. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollars and US dollars and some in European currencies. As at 31 December 2006, the Group's borrowings were mainly denominated in Hong Kong dollars and US dollars. As at 31 December 2006, other than the convertible bonds in an aggregate principal amount of approximately HK$59 million which is interest-free, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk, as both the borrowings of the Group and the interest rates currently remain at low levels. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including mainly wages and overhead) in China. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar,

the exchange fluctuation is not expected to be significant. Above all, as most of the Group's purchases are also made in US dollars, which are to be paid out of our sales receipts in US dollars, the management considers that the net foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, the Group entered into forward exchange contracts with banks in China to cover a significant part of our Renminbi expenses for the period up to mid 2006. Our exposure to any Renminbi fluctuation has, therefore, been partly hedged against such risks for the period up to mid 2006 although the appreciation of the Renminbi has increased forward rates which has made hedging more costly. Our future production costs will no doubt be increased by the Renminbi appreciation. Any further appreciation of Renminbi in the future will be of concern to all businesses with manufacturing facilities in China, and to their respective customers. We have invested some of our surplus funds on investments that we believe will benefit from appreciation of the Renminbi. We hope that the returns and gains that we are hoping to derive from these investments will hedge partly against the potential appreciation of the Renminbi.

ACQUISITION AND DISPOSAL OF MATERIAL SUBSIDIARIES AND ASSOCIATES

During the year 2006, we sold 13.8 billion ordinary shares in CCT Tech to Deutsche Bank and three other independent investors for a total consideration of approximately HK$303.6 million. Put options have been granted to Deutsche Bank which give Deutsche Bank the right to sell back the shares to us on the expiration date of the put options or upon occurrence of certain events. The proceeds for the sale of CCT Tech shares were paid to Deutsche Bank to effectively secure the put options. After the disposal, the Group's shareholding interests in CCT Tech are approximately 74.63%. Deutsche Bank and the three other independent investors together held in total approximately 21.44% of the total issued share capital of CCT Tech.

In April 2006, the Group subscribed a total of 550,000,000 shares in Tradeeasy for a total consideration of HK$22 million. Upon completion of the subscription, the Group's shareholding in Tradeeasy has increased from 22.18% to 66.26%. Tradeeasy has become a non-wholly owned subsidiary of the Company since then. Tradeeasy is engaged in provision of e-commerce services.

SIGNIFICANT INVESTMENT

During the year 2006, the Group has further increased its property investment by acquiring two luxury residential properties for a total consideration of HK$177 million. Besides, the Group has invested in aggregate HK$178 million in shares listed on the Stock Exchange. Save as disclosed, there was no significant investment unrelated to the core manufacturing businesses of the Group.

PLEDGE OF ASSETS

As at 31 December 2006, certain of the Group's assets with a net book value of HK$1,004 million (31 December 2005: HK$821 million) and time deposits of HK$88 million (31 December 2005: HK$71 million) were pledged to secure the general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2006, the banking facilities granted to the subsidiaries subject to the corporate guarantees given to the banks by the Company were utilized to the extent of approximately HK$247 million (31 December 2005: HK$154 million).

As at 31 December 2006, the Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1 million (31 December 2005: HK$1 million). Save as aforesaid, the Group did not have any other significant contingent liabilities as at 31 December 2006.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2006 was 17,820 (31 December 2005: 17,697). Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, there are other staff benefits including provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees and persons of the Group. At 31 December 2006, there were no outstanding share options issued by the Company.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed shares of the Company during the year.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the code provisions under the Code on Corporate Governance Practices (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year under review, except for the following deviations from the code provisions:

(1) A.2.1: the roles of chairman and chief executive officer should be separate;

(2) A.4.1: non-executive directors should be appointed for a specific term;

(3) A.4.2: all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment and every director should be subject to retirement by rotation at least once every three years; and

(4) E.1.2: the chairman of the independent board committee (if any) should be available to answer questions at any general meeting to approve a connected transaction or any other transaction that is subject to independent shareholders' approval.

Detailed information of such deviations and their respective considered reasons as well as other information on the corporate governance practices of the Company have been disclosed in the interim report of the Company for the six months ended 30 June 2006 and will be disclosed in the corporate governance report contained in the 2006 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the directors of the Company on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all directors of the Company, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the financial year under review.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The Audit Committee consists of three members comprising the three independent non-executive directors of the Company

("INED(s)"), namely Messrs. Tam King Ching, Kenny, Lau Ho Man, Edward and Samuel Olenick, all of whom are qualified accountants and have extensive experience in accounting and financial matters. The Audit Committee is chaired by an INED who is subject to rotation each year.

The Audit Committee has reviewed the adopted accounting principles and practices and discussed the auditing, internal control and financial reporting matters. The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2006 with the management and the external auditors of the Company. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee held three meetings in 2006.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2006 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2007.

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "Remuneration Committee") with specific written terms of reference in line with the code provisions under the CG Code. The Remuneration Committee consists of five members comprising the three INEDs, namely Messrs. Tam King Ching, Kenny, Lau Ho Man, Edward and Samuel Olenick, and two executive directors of the Company, namely Messrs. Mak Shiu Tong, Clement and Tam Ngai Hung, Terry. The Remuneration Committee held two meetings in 2006. The Remuneration Committee is chaired by an INED who is subject to rotation each year.

Further information of the Remuneration Committee will be disclosed in the corporate governance report contained in the 2006 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise throughout the financial year under review. The Board comprises the three INEDs, all of whom have accounting and financial expertise and bring strong independent judgement, knowledge and experience to the Board.

PUBLICATION OF THE FINAL RESULTS, ANNUAL REPORT AND CORPORATE GOVERNANCE REPORT

The results announcement of the Company for the year ended 31 December 2006 is published on the website of each of the Company at www.cct.com.hk and The Stock Exchange of Hong Kong Limited at www.hkex.com.hk. The annual report, corporate governance report and notice of the annual general meeting of the Company will be despatched to the shareholders of the Company and made available on the website of each of the Company and The Stock Exchange of Hong Kong Limited on or before 30 April 2007.

ANNUAL GENERAL MEETING

The 2007 annual general meeting of the shareholders of the Company will be held at 2208, 22/F., St. George's Building, 2 Ice House Street, Central, Hong Kong on Wednesday, 23 May 2007 at 10:30 a.m. and the notice of the annual general meeting of the Company will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 21 May 2007 to Wednesday, 23 May 2007 (both days inclusive), during which period, no transfer of share(s) will be effected. In order to qualify for the proposed final dividend and to determine the entitlement to attend and vote at the forthcoming annual general meeting of the Company, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer form(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 18 May 2007.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Mak Shiu Tong, Clement, Mr. Tam Ngai Hung, Terry, Ms. Cheng Yuk Ching, Flora and Dr. William Donald Putt and the INEDs are Mr. Samuel Olenick, Mr. Tam King Ching, Kenny and Mr. Lau Ho Man, Edward.

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 18 April 2007

Please also refer to the published version of this announcement in ***The Standard.***