CCT TELECOM HOLDINGS LIMITED

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

(Stock Code: 138)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2007	2006	% increase/
HK$ million	***(Unaudited)***	*(Unaudited)*	(decrease)
Key Financial Results Highlights			
Turnover	**1,828**	1,982	(7.8%)
Profit/(loss) attributable to:			
Equity holders of the Company	**498**	332	50.0%
Minority Interests	**(14)**	6	N/A
	484	338	43.2%
Earnings per share	**HK$0.626**	HK$0.484	29.3%
Dividends per share	**HK$0.025**	HK$0.02	25.0%

I am pleased to announce the interim results of CCT Telecom Holdings Limited (the "Company") and its subsidiaries (together the "Group") for the six months ended 30 June 2007.

During the first half of the year, the turnover of the Group decreased by approximately 7.8% to HK$1,828 million. Profit attributable to equity holders of the Company, however, set another new record of HK$498 million, representing a sharp increase of approximately 50.0%.

During the first half of the year, the telecom product manufacturing business group operated in one of the most challenging and difficult business environments we have ever encountered. Market competition, high material prices, shortage of labour and electricity together with rising labour costs and overheads in China seriously affected the performance of our manufacturing business, resulting in an operating loss of the manufacturing business in the first half of the year.

Despite the tough business environment, we remain the largest ODM manufacturer of cordless phones in the world in terms of volume. As the first manufacturer to launch DECT 6.0 models in the US market, we are satisfied with the pick up in sales of these products in the first half of the year. Our market strategy has also proven to be successful. We have strengthened our relationship with our existing customers and have expanded to reach new customers and new and emerging markets.

During the period under review, benefiting from the buoyant Hong Kong stock market, our securities investment business group performed very well and contributed an impressive gain of approximately HK$514 million. The gain arose from our disposal of a portion of our shareholding in CCT Tech International Limited ("CCT Tech") on the stock market and from investment of H-shares and other listed shares and investment in high yield equity-linked notes.

As for the newly established property development business group, we have worked hard to explore and seek business opportunities in mainland China during the period under review. In June and July 2007, the Group successfully bid for two pieces of land located in the Chaoyang City and the Anshan City respectively, in the Liaoning Province, with an aggregated total areas of approximately 335,000 square metres approved for both residential and commercial development purposes. We believe the property development business group will become one of the key drivers for the future growth of the Group in the years to come.

INTERIM DIVIDEND

The board of directors (the "Board") has declared an interim dividend of HK$0.025 per share for 2007 (30 June 2006: HK$0.02) to be payable from the Company's retained profits. The interim dividend of HK$0.025 per share will be payable on or around Wednesday, 31 October 2007 to the shareholders whose names appear on the register of members of the Company on Friday, 12 October 2007.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 10 October 2007 to Friday, 12 October 2007 (both date inclusive), during which period no transfer of shares will be effected. In order to qualify for the interim dividend of HK$0.025 per share, all transfer of shares, 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, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00p.m. on Tuesday, 9 October 2007.

REVIEW OF OPERATIONS

The principal businesses of the Group are (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) securities investment business; and (vi) property investment and development.

Telecom and electronic products business

The telecom and electronic products business is carried out by our listed subsidiary, CCT Tech and its subsidiaries. During the period under review, the business environment worsened considerably which had an adverse impact on our performance. The downturn of the US property market served to dampen the US economy and consumer spending. In Europe, the market suffered from excess inventory. The combined impact of such factors meant that in the first half of the year, orders from these two key markets slowed down. Market competition remained keen, hence,

driving down the average selling prices of our products in the first half of the year. On the other hand, the acute shortage of labour and electricity in the Guangdong Province became even more severe and adversely affected production of our Guangdong factories. As a result of these adverse factors, turnover of the telecom and electronic products business group decreased by 16.5% from HK$1,896 million for the six months ended 30 June 2006 to HK$1,584 million for the six months ended 30 June 2007.

Despite the adverse business environment, the Group continued to maintain its leading position as the world's largest ODM manufacturer of cordless phones in terms of volume. The Group has continued to extend its reach to new customers and expand its geographical footprint to emerging markets. We have further strengthened our relationship with all existing customers. Our close alliance with global renowned brand-name companies provides a solid foundation for future growth.

In the first half of the year, our key products of 2.4GHz and 5.8GHz cordless phones and DECT cordless phones continued to sell well. As we mentioned in our 2006 annual report, the Group is the first manufacturer to launch DECT 6.0 models in the US market. In the first half of the year, the sales of DECT 6.0 models witnessed further growth and we believe that these products will become the mainstay telecommunication products in the US market.

The Group has always ranked innovation as a core element of its overall business strategy. Many innovative hi-tech products including VoIP cordless phones, WiFi phones, cordless phones with Skype feature and broadband cordless phones have been developed by our R&D teams and will be rolled out in the next few months and in 2008. Other than the consumer telecom products market, we have been actively pursuing business opportunities in the commercial communications market. Our innovative SOHO products, multi-line cordless phones and cordless conference box system will be launched in the near future. We believe that the in roads made into the commercial market will open up many business opportunities for future growth and increased profitability.

The telecom and electronic product business group recorded an operating loss of HK$48 million in the first half of the year due to a number of adverse factors. Firstly, fierce competition in the consumer telecom products market has led to our customers demanding ever more competitive prices for our products making it increasingly difficult for us to maintain the margin levels we enjoyed in previous years. The Group's strategy of developing high margin hi-tech products has, however, helped to mitigate some of the pressure in this regard. Secondly, prices of materials and components rose sharply due to a buoyant Chinese economy and high oil prices (which affects prices of plastic resins). With keen competition, however, we were unable to pass on the increase in material costs to consumers by increasing our selling prices. Thirdly, the continued shortage of labour and electricity in the Guangdong Province further worsened which had a major adverse impact on the production output of our factories in this area. In the first half of the year, we were not able to hire and retain enough workers to operate at an optimum level and labour turnover rate was high. As a result, production efficiency suffered and certain customer's orders were cancelled or delayed. In order to retain and hire additional workers, the Group has significantly increased the wage levels of workers in our Guangdong factories. The increase in the wages of workers has, in turn, raised the production costs of the Group thereby affecting the Group's profitability. The increase of production costs in our Guagndong factories due to the above factors and further fueled by the appreciation of the Renminbi have combined to exert considerable pressure on the Group's profit margins, resulting in an operating loss of the telecom and electronic product business group.

The impact of the production issues mentioned above would have been higher had the Group failed to implement various measures to control costs, improve efficiency and enhance its level of production automation. To resolve the production issues in the long term, the Group has already built new production facilities in Chaoyang City, Liaoning Province. The first phase of the new Chaoyang factory has already opened and commenced trial production in June 2007. We expect the production of the new factory in Chaoyang to ramp up early next year. We expect that our new factory in Chaoyang will contribute towards easing the production issues of our Guangdong factories by delivering significant costs savings to the Group thereby improving the Group's profitability in the coming years.

Manufacturing of plastic and electronic components

We manufacture plastic and electronic components, including plastic casings, power supply and transformers, to provide vertical support to our telecom and electronic product businesses. The production of these plastic and electronic components provides a stable supply of high quality components to the telecom and electronic product business group at competitive prices. Some of the plastic components products were sold to independent third parties. Likewise, due to high material prices, the shortage of labour and the increase in overall production costs of our Guangdong factories, the performance of the plastic and electronic components business group was adversely affected. The production costs of our components manufacturing business group are not expected to fall until our new Chaoyang factory commences mass production early next year.

Baby products business

In the first half of 2007, despite keen market competition and high production costs in our Guangdong factories, the baby product business group still reported a profit of HK$6 million. None of the products supplied by our baby products business group were recalled in the US market during the period under review. The management has devoted additional efforts to expand the product range in order to offer customers with more quality products at competitive prices. The Group will continue its efforts in developing new products, exploring new markets and expanding its customer base. As the demand of more quality baby products is still high, we believe the baby products business group will continue to grow at a reasonable pace and expect to contribute a satisfactory return to the Group in the coming years.

Provision of e-commerce services

The provision of e-commerce service is carried out by Tradeeasy Holdings Limited ("Tradeeasy"), a company listed on the GEM of the Stock Exchange. During the period under review, our e-commerce services business group contributed a turnover of HK$23 million to the Group. In the first half of the year, we have been devoted more resources for the expansion of channel sales in Mainland China and the result is satisfactory. We are optimistic over the potential of the e-commerce service business group and believe it will generate additional revenue to the Group in the future.

Securities investment business

During the period under review, the securities investment business group performed extremely well. The Company was able to capitalize on the increase in the share price of CCT Tech in May 2007 by disposing 15,009,360,000 shares (the "Share Sale") in CCT Tech on the stock market. The Share Sale enabled the Group to receive cash proceeds of HK$750 million and benefit from an unaudited realized gain of approximately HK$458 million for the Group. Other than the Share Sale, the booming Hong Kong Stock Market in the first half of the year also enabled the Group to make substantial gains from the investment of listed shares and investment in high yield equity-linked deposits that combined to contribute a gain of approximately HK$56 million for the six months ended 30 June 2007.

Properties investment and development

We are optimistic about the property markets in Hong Kong and China due to the strong economic growth and the strong demand for housing in the region. We have worked hard to expand our land portfolio in Mainland China. In June and July 2007, the Group successfully bid for two pieces of land located in the Chaoyang City and the Anshan City respectively, in the Liaoning Province, with an aggregate total area of approximately 335,000 square metres approved for both residential and commercial development purposes. We believe that these two property development projects will yield satisfactory returns to the Group in the coming years. We will continue to seek and explore other property development opportunities in Mainland China as we believe this business will have huge potential and will become a key driver for the future revenue and profit growth of the Group.

FURTHER DEVELOPMENT FOR THE SALE OF 13.8 BILLION CCT TECH SHARES IN 2006

During the year 2006, an indirect wholly-owned subsidiary of the Company, sold 13.8 billion shares in CCT Tech (the "CCT Tech Sale Shares") to Deutsche Bank and three other independent investors at a price of HK$0.022 per share of CCT Tech in order to restore public float of CCT Tech Put Options (the "Put Options") were granted to Deutsche Bank which are exercisable under the terms of the put agreement (the "Put Agreement") entered into between CCT Telecom and Deutsche Bank. The Put Options are only exercisable upon maturity of the Put Options on 9 May 2008 or the occurrence of certain events. The consideration for the disposal of the CCT Tech Sale Shares amounted to approximately HK$304 million (the "Consideration") was paid to Deutsche Bank as an initial exchange amount (the "Initial Exchange Amount") under the terms of the Put Agreement and serves effectively as collateral to secure the obligations of the Company under the Put Agreement. The Initial Exchange Amount bears interest at a deposit rate of 4.53% per annum.

During the period under review, Deutsche Bank and the three other independent third party investors disposed of in total 13,426,000,000 shares in CCT Tech to other public shareholders on the stock market. The related Put Options were then unwound and cancelled and the option unwind amount representing the portion of the Initial Exchange Amount attributable to the shares sold, including interest up to the date of unwind, amount to approximately HK$308 million were then refunded to the Company pursuant to the terms of the Put Agreement. As at 30 June 2007, there were still 374 million Put Options outstanding. The receipts of the substantial option unwind amount has further strengthened the financial position of the Group as a whole.

OUTLOOK

The outlook of the US economy is uncertain. It is believed that the worst of the US property market has yet to come and there appears to be no immediate signs of recovery. The subprime loan crisis has resulted in world-wide credit jitters which has hit global financial markets. As a result, the US economy has slowed down and consumer spending has dampened. We anticipate that the business environment for our manufacturing business in the second half of the year will remain difficult with no immediate signs of improvement. We also anticipate that the continued production issues and rise in costs and the probable further appreciation of Renminbi will remain our key challenges and affect the profitability of the Group. However, the Group will continue to strengthen R&D capabilities to develop and roll out high margin hi-tech advance products to remain competitive. Our strong association with major brand-name companies and our successful expansion into the commercial communication market and new and emerging markets will provide us with a solid platform for growth in revenue and profitability. We expect that the new Chaoyang factory will ease labour constraints of our Guangdong factories and will deliver significant cost savings. We are confident that the Group will weather-out the current difficult business environment for our manufacturing business.

Due to the increasing disposable income of citizens in China, high confidence of domestic and overseas investors and the ongoing inflow of capital into China, we expect that the property market in China will give rise to many promising business opportunities. Though the PRC government has introduced many macro-economic measures during 2006 and in the first half of 2007 to stabilize the property market in China, these measures were only aimed at regulating the growth of the property market in China in a more stabilized and healthier way. We believe the implementation of these measures will not have a significant adverse impact on the property market in China in the long run. Besides the newly acquired land bank in the Chaoyang City and the Anshan City in the Liaoning province, we will continue to explore and seek opportunities for other property development projects and we believe that the property investment and development will provide potential growth to the Group in the years to come.

Fueled by the continuing inflow of capital from overseas investors and the recent announcement of the PRC government's policy to deregulate the flow of capital from Chinese investors into the Hong Kong stock market, we believe the local stock market will continue to gain momentum. To capture the movement of the investment market, we will continue to invest some of our ample cash reserve in listed shares and equity-linked deposits that will generate satisfactory returns and gains to the Group.

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 customers and suppliers, business partners, bankers and associates for their continued support and confidence in the Group. We are confident to the continuous growth in the years ahead and look forwards to creating greater opportunities and delivering increased returns to our shareholders in the foreseeable future.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 19 September 2007

INTERIM RESULTS

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2007 together with the comparative figures for the corresponding period in 2006 as follows:

Condensed Consolidated Income Statement
For the six months ended 30 June 2007

		Six months ended 30 June	
		2007	2006
HK$ million	*Notes*	***(Unaudited)***	*(Unaudited)*
REVENUE	3	**1,828**	1,982
Cost of sales		**(1,692)**	(1,765)
Gross profit		**136**	217
Other income and gains		**573**	363
Selling and distribution costs		**(26)**	(27)
Administrative expenses		**(148)**	(150)
Other expenses		**(22)**	(40)
Finance costs		**(15)**	(13)
PROFIT BEFORE TAX	4	**498**	350
Tax	5	**(14)**	(12)
PROFIT FOR THE PERIOD		**484**	338
Profit/(loss) attributable to:			
Equity holders of the parent		**498**	332
Minority interests		**(14)**	6
		484	338
PROPOSED INTERIM DIVIDENDS	6	**20**	16
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic		**HK$0.626**	HK$0.484
Diluted		**HK$0.585**	HK$0.403

Condensed Consolidated Balance Sheet
30 June 2007

HK$ million	Notes	30 June 2007 (Unaudited)	31 December 2006 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**1,238**	1,222
Investment properties		**490**	490
Prepaid land lease payments		**222**	225
Other intangible assets		**42**	45
Goodwill		**76**	128
Long term receivable		**9**	312
Available-for-sale financial assets		**11**	11
Deferred tax assets		**2**	4
Total non-current assets		**2,090**	2,437
CURRENT ASSETS			
Inventories		**311**	233
Trade and bills receivables	9	**842**	837
Prepayment, deposits and other receivables		**93**	42
Financial assets at fair value through profit or loss		**349**	226
Held-to-maturity financial assets		**—**	2
Pledged time deposits		**90**	88
Cash and cash equivalents		**1,820**	865
Total current assets		**3,505**	2,293
CURRENT LIABILITIES			
Trade and bills payables	10	**925**	886
Tax payable		**35**	25
Other payables and accruals		**170**	177
Interest-bearing bank loans and other borrowings		**292**	207
Total current liabilities		**1,422**	1,295

Condensed Consolidated Balance Sheet (Continued)
30 June 2007

HK$ million	Notes	30 June 2007 (Unaudited)	31 December 2006 (Audited)
NET CURRENT ASSETS		**2,083**	998
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,173**	3,435
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings		**274**	247
Convertible bonds		**42**	49
Long term payable		**9**	256
Derivative financial instrument		**2**	71
Deferred tax liabilities		**3**	3
Total non-current liabilities		**330**	626
Net assets		**3,843**	2,809
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**80**	78
Reserves		**3,149**	2,654
Proposed interim/final dividend		**20**	20
Shareholders' funds		**3,249**	2,752
Minority interests		**594**	57
Total equity		**3,843**	2,809

Notes to Condensed Financial Statement

1. Basis of Preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with Hong Kong Accounting Standards ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2006.

2. Principal Accounting Policies

The accounting policies adopted are consistent with those of the consolidated financial statements for the year ended 31 December 2006.

The following new standards, amendments to standards and interpretations which are relevant to its operations are mandatory for financial year ending 31 December 2007.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economics
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of these new standards, amendments to standards and interpretations has no significant impact on the Group interim results and financial position.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group has commenced considering the potential impact of these new HKFRSs. The management anticipates the application of theses new HKFRSs will have no material impact on the results of operations and financial position of the Group.

HKAS 23 (Revised)	Borrowing Costs[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008

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 investment 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 service and corporate income and expenses items.

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

(a) Business segments

The following tables present revenue and profit/(loss) regarding the Group's business segments for the period ended 30 June 2007 and 2006.

2007

HK$ million	Telecom and electronic products *(Unaudited)*	Baby products *(Unaudited)*	Securities investment *(Unaudited)*	Property investment and development *(Unaudited)*	Corporate and others *(Unaudited)*	Consolidated *(Unaudited)*
Segment revenue:						
Sales to external customers	**1,584**	**57**	**152**	**2**	**23**	**1,818**
Other revenue	**9**	**1**	**484**	**—**	**79**	**573**
Total revenue	**1,593**	**58**	**636**	**2**	**102**	**2,391**
Segment results	**(48)**	**6**	**514**	**—**	**31**	**503**
Interest income						**10**
Finance costs						**(15)**
Profit before tax						**498**
Tax						**(14)**
Profit for the period						**484**

2006

HK$ million	Telecom and electronic products *(Unaudited) (Restated)*	Baby products *(Unaudited) (Restated)*	Securities investment *(Unaudited) (Restated)*	Property investment and development *(Unaudited) (Restated)*	Corporate and others *(Unaudited) (Restated)*	Total *(Unaudited) (Restated)*
Segment revenue:						
Sales to external customers	1,896	64	—	1	11	1,972
Other revenue	11	2	316	—	34	363
Total revenue	1,907	66	316	1	45	2,335
Segment results	99	8	316	—	(70)	353
Interest income						10
Finance costs						(13)
Profit before tax						350
Tax						(12)
Profit for the period						338

(b) Geographical segments

The following tables present revenue information regarding the Group's geographical segments for the period ended 30 June 2007 and 2006.

2007

HK$ million	**United States of America** *(Unaudited)*	**Asia Pacific** *(Unaudited)*	**Europe** *(Unaudited)*	**Consolidated** *(Unaudited)*
Segment revenue:				
Sales to external customers	**847**	**707**	**264**	**1,818**
Other revenue	**—**	**573**	**—**	**573**
Total revenue	**847**	**1,280**	**264**	**2,391**

2006

HK$ million	United States of America *(Unaudited)*	Asia Pacific *(Unaudited)*	Europe *(Unaudited)*	Consolidated *(Unaudited)*
Segment revenue:				
Sales to external customers	1,105	505	362	1,972
Other revenue	—	363	—	363
Total revenue	1,105	868	362	2,335

4. Profit Before Tax

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

	Six months ended 30 June	
	2007	2006
HK$ million	***(Unaudited)***	*(Unaudited)*
Cost of inventories sold	**1,563**	1,768
Depreciation	**66**	64
Amortisation of prepaid land lease payments	**3**	3
Amortisation of deferred development costs	**18**	22
Write off of deferred development costs	**12**	8
and after crediting:		
Gain on disposal of available-for-sale financial assets	**—**	316

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. 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 following by a 50% reduction for the next three consecutive years.

HK$ million	Six months ended 30 June 2007 (Unaudited)	2006 (Unaudited)
Current — Hong Kong	**7**	8
Current — Elsewhere	**5**	5
Deferred tax	**2**	(1)
Total tax charge for the period	**14**	12

6. Dividends

The board of directors has declared an interim dividend for 2007 of HK$0.025 per share (30 June 2006: HK$0.02 per share) to be payable from the Company's retained earnings. The interim dividend will be paid on or around Wednesday, 31 October 2007 to shareholders whose names appear on the regiser of members of the Company on Friday, 12 October 2007. The register of members of the Company will be closed from Wednesday, 10 October 2007 to Friday, 12 October 2007 (both date inclusive).

7. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted earnings per share amounts is based on the profit for the period 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 period, 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 calculations of basic and diluted earnings per share are based on:

HK$ million	Six months ended 30 June 2007 (Unaudited)	2006 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**498**	332
Interest on convertible bonds	**1**	2
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**499**	334

Shares	Number of shares	
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	795,584,050	685,192,777
Effect of dilution — weighted average number of ordinary shares: Convertible bonds	58,036,873	142,906,215
	853,620,923	828,098,992

8. Property, Plant and Equipment

During the six months ended 30 June 2007, the Group acquired fixed assets of HK$83 million (six months ended 30 June 2006: HK$78 million) and disposed of fixed assets of HK$2 million (six months ended 30 June 2006: HK$4 million).

9. 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:

	30 June 2007 *(Unaudited)*		31 December 2006 *(Audited)*	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**283**	**34**	294	35
31 to 60 days	**247**	**29**	249	30
61 to 90 days	**201**	**24**	243	29
Over 90 days	**111**	**13**	51	6
	842	**100**	837	100

The Group allows an average credit period of 30 to 90 days to its trade customers.

10. Trade and Bills Payables

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

	30 June 2006 *(Unaudited)*		31 December 2006 *(Audited)*	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**256**	**28**	232	26
31 to 60 days	**236**	**25**	233	26
61 to 90 days	**219**	**24**	168	19
Over 90 days	**214**	**23**	253	29
	925	**100**	886	100

The trade payables are non-interest-bearing and are normally settled on 60 to 90 days terms.

FINANCIAL REVIEW

Highlights on Financial Results	**Six months ended 30 June**		
	2007	2006	% increase/
HK$ million	***(Unaudited)***	*(Unaudited)*	(decrease)
Turnover	**1,828**	1,982	(7.8%)
Profit/(loss) attributable to:			
Equity holders of the Company	**498**	332	50.0%
Minority interests	**(14)**	6	N/A
	484	338	43.2%
Basic earnings per share	**HK$0.626**	HK$0.484	29.3%
Interim dividends per share	**HK$0.025**	HK$0.02	25%

Discussion on Financial Results

The Group reported a turnover of HK$1,828 million during the period under review, which represents a decrease of approximately 7.8% over the corresponding period. The decrease is mainly due to the difficult business environment which adversely affected our manufacturing business during the period under review.

Our profit reached a new record level. Profit attributable to equity holders of the Company rose to HK$498 million, up 50.0% as compared with the corresponding period, attributable to the gains of HK$514 million from our securities investment business. The profit for the previous corresponding period included a gain of HK$316 million arising from the disposal of our remaining interest in Haier Electronics in January 2006.

The loss attributable to minority interests for the first half of 2007 represents the share of losses by the minority shareholders in CCT Tech and Tradeeasy which reported losses during the first half of the year.

Basic earnings per share increased significantly by 29.3% to HK$0.626 per share. The increase was attributable to the increase in the profit reported for the period ended 30 June 2007.

Interim dividend per share is HK$0.025, increase 25% as compared with the corresponding period.

Analysis by Business Segment

	Turnover Six months ended 30 June				
	2007		2006		
HK$ million	**Amount** ***(Unaudited)***	**Relative %**	Amount *(Unaudited)*	Relative %	**% increase/ (decrease)**
Telecom and electronic products	**1,584**	**86.7%**	1,896	95.7%	(16.5%)
Baby products	**57**	**3.1%**	64	3.2%	(10.9%)
Securities investment business	**152**	**8.3%**	—	—	N/A
Property investment and development	**2**	**0.1%**	1	—	100%
Corporate and others	**33**	**1.8%**	21	1.1%	57.1%
Total	**1,828**	**100.0%**	1,982	100.0%	(7.8%)

	Operating profit /(loss) (before finance costs and tax)		
HK$ million	**2007** ***(Unaudited)***	2006 *(Unaudited)*	**% increase/ (decrease)**
Telecom and electronic products	**(48)**	99	N/A
Baby products	**6**	8	(25.0%)
Securities investment business	**514**	316	62.7%
Property investment and development	**—**	—	—
Corporate and others	**41**	(60)	N/A
Total	**513**	363	41.3%

During the period under review, telecom and electronic products business continued to be the principal business of the Group, accounting for approximately 86.7% (corresponding period: 95.7%) of the Group's total turnover. The drop in percentage of turnover from telecom and electronic products business to the Group's total turnover is mainly due to (i) the decrease in the turnover from telecom and electronic products business, resulting from decrease of customers' orders, reduction of average selling prices of products and cancellation of certain orders and delay of shipments due to shortage of labour, and (ii) the turnover contribution from the securities investment business, accounting for 8.3% of the Group's total turnover.

The baby product business group accounted for approximately 3.1% (corresponding period: 3.2%) of the total turnover.

The telecom and electronic products business group reported a loss of approximately HK$48 million in the first half of the year, as compared to an operating profit of HK$99 million in the corresponding previous period. The change was mainly due to the fall in average selling prices of consumer telecom products driven by keen competition and substantial increase in operating costs arising from the high material prices, increase in salaries and wages and appreciation of Renminbi during the period under review.

The baby product business group reported an operating profit of HK$6 million despite a difficult business environment due to successful efforts of the management to improve efficiency and control costs.

The gain of the securities investment business increased significantly to HK$514 million, representing an impressive increase of 62.7%. The increase was mainly attributable to the realized gain of HK$458 million from disposal of some of the shares in CCT Tech and the gain and interest income totaling HK$56 million from the investment of listed shares and interest from equity-linked deposits.

Corporate and others represented the head office income and administrative expenses and the results of the e-commerce business.

Analysis by geographical segment

	Turnover Six months ended 30 June				
	2007		2006		
HK$ million	**Amount** ***(Unaudited)***	**Relative %**	Amount *(Unaudited)*	Relative %	**% increase/ (decrease)**
US	**847**	**46.4%**	1,105	55.8%	(23.3%)
Asia Pacific region	**717**	**39.2%**	515	25.9%	39.2%
Europe	**264**	**14.4%**	362	18.3%	(27.1%)
Total	**1,828**	**100.0%**	1,982	100.0%	(7.8%)

The US market remained the major market of the Group accounting for approximately 46.4% (corresponding period: 55.8%) of the Group's total turnover for the period under review. The drop in our sales in the US market was mainly due to the reduction of customers' orders caused by a weakened US economy, the fall in the average selling price of products and the shortage of labour in our Guangdong factories which affected our production. Sales to the Asia Pacific region accounted for approximately 39.2% (corresponding period: 25.9%) of the Group's total turnover, reporting a growth of 39.2%. The growth was mainly due to the inclusion of turnover from the securities investment business during the first half of 2007. Sales to Europe decreased by 27.1% to HK$264 million, contributing approximately 14.4% (corresponding period: 18.3%) of the Group's total turnover. The decrease of sales to the Europe was attributable to excess inventory in that market.

Highlights on Financial Position and Major Balance Sheet Items

HK$ million	**30 June 2007** *(Unaudited)*	31 December 2006 *(Audited)*	**%increase/ (decrease)**
NON-CURRENT ASSETS			
Property, plant and equipment	**1,238**	1,222	1.3%
Goodwill	**76**	128	(40.6%)
Long term receivable	**9**	312	(97.1%)
CURRENT ASSETS			
Inventories	**311**	233	33.5%
Financial assets at fair value through profit or loss	**349**	226	54.4%
Cash and cash equivalents	**1,820**	865	110.4%
EQUITY AND NON-CURRENT LIABILITIES			
Long term payable	**9**	256	(96.5%)
Derivative financial instrument	**2**	71	(97.2%)
Other non-current liabilities	**319**	299	6.7%
Minority interests	**594**	57	942.1%
Equity attributable to shareholders' of the Company	**3,249**	2,752	18.1%

Discussion on Financial Position and Major Balance Sheet Items

The property, plant and equipment were held by the Group for use in its core manufacturing business. The increase in the net book value of the property, plant and equipment was mainly due to additions to fixed assets to cope with the needs of production less depreciation made during the period.

Goodwill decreased by 40.6% to HK$76 million as at 30 June 2007, mainly due to the realization of goodwill as a result of the decrease in our equity interests in CCT Tech during the period under review.

The 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 in respect of the Put Options granted by the Company to Deutsche Bank in relation to the 13.8 billion shares in CCT Tech sold to Deutsche Bank and the three other independent third party investors. During the period under review, Deutsche Bank and the three other independent third party investors disposed of in total 13,426,000,000 shares in CCT Tech to other public shareholders on the Hong Kong Stock Market. The Put Options related to the shares old were unwound and cancelled under the Put Agreement and the option unwind amount representing the portion of the Initial Exchange Amount attributable to the shares sold was then refunded to the Company. The outstanding amount of HK$9 million as at 30 June 2007 represents the balance of the long term receivable related to the shares in CCT Tech not yet sold by the investors as at 30 June 2007.

Inventory increased by 33.5% due to seasonal factor as raw materials were accumulated to prepare for production peak season.

The increase in financial assets at fair value through profit or loss under current assets was mainly attributable to our additional investment in listed shares and in high yield deposits linked to listed shares.

Cash and cash equivalents increased by 110.4% to HK$1,820 million mainly due to (i) the receipt of the option unwind amounts from Deutsche Bank related to the disposal of CCT Tech shares by Deutsche Bank and the three other independent third party investors; and (ii) proceeds from our disposal of approximately 15 billion shares in CCT Tech on the stock market in May and June 2007. With strong cash reserves, we are well placed to pursue new business opportunities.

Long term payable represents the liability of the Company in respect of the repurchase obligations of the CCT Tech Shares under the Put Agreement. The significant decrease in the long term payable was due to the disposal of 13,426,000,000 CCT Tech shares by Deutsche Bank and the three other independent third parties investors in the first half of the year. The related portion of the long term liability of the Company in relation to those shares in CCT Tech sold by Deutsche Bank and the three investors during the first half of the year was derecognized and was recognized in the consolidated income statement during the six months ended 30 June 2007.

Derivative financial instrument represents the fair value of put options under the Put Agreement. Followed the disposal of 13,426,000,000 shares of CCT Tech by Deutsche Bank and the three other independent third party investors, the related put options were unwound and the derivative financial instrument decreased to HK$2 million as at 30 June 2007.

Increase in minority interests was mainly due to disposal of shares in CCT Tech by Deutsche Bank and the three other independent third party investors and by CCT Telecom on the Hong Kong Stock Market during the first half of the year. After the disposal of approximately 15 billion shares in CCT Tech, our equity interest in CCT Tech decreased to approximately 51% as at 30 June 2007.

The increase in shareholders' fund of approximately 18.1% was mainly due to the carried forward of the retained profits for the first half of the year and issue of new shares from the conversion of convertible bonds during the six months ended 30 June 2007.

Capital Structure and Gearing Ratio

HK$ million	30 June 2007 Amount *(Unaudited)*	30 June 2007 Relative %	31 December 2006 Amount *(Audited)*	31 December 2006 Relative %
Bank loans	**557**	**14.4%**	450	13.8%
Convertible bonds (liability component)	**42**	**1.1%**	49	1.5%
Finance lease payable	**9**	**0.2%**	4	0.2%
Total borrowings	**608**	**15.7%**	503	15.5%
Equity	**3,249**	**84.3%**	2,752	84.5%
Total capital employed	**3,857**	**100.0%**	3,255	100.0%

The Group's gearing ratio was approximately 15.7% as at 30 June 2007 (31 December 2006: 15.5%). The gearing ratio maintained at low level which reflects a healthy financial position and the prudent financial policy of the Group. Taking into account the cash on hand, the Group in fact did not have any net borrowings.

Outstanding bank borrowings amounted to HK$557 million at 30 June 2007 (31 December 2006: HK$450 million). Approximately 51.7% 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 48.3% of the bank borrowings was of long-term nature, principally comprising mortgage loans on properties used by the Group.

Acquisition of certain of the Group's assets was financed by way of finance leases and the total outstanding finance lease payables for the Group as at 30 June 2007 amounted to approximately HK$9 million (31 December 2006: HK$4 million).

As at 30 June 2007, the maturity profile of the bank and other borrowings and convertible bonds 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$292 million, HK$244 million and HK$72 million, respectively (31 December 2006: HK$207 million, HK$208 million and HK$88 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

Liquidity and Financial Resources

HK$ million	**30 June 2007** ***(Unaudited)***	31 December 2006 *(Audited)*
Current assets	**3,505**	2,293
Current liabilities	**1,422**	1,295
Current ratio	**246%**	177%

Current ratio as at 30 June 2007 was 246% (31 December 2006: 177%). The current ratio improved significantly, mainly due to the increase in cash relating to the realization of a portion of our shareholdings in CCT Tech during the six months ended 30 June 2007. The strong liquid position was attributable to our effective financial management of the Group.

As at 30 June 2007, the Group's total cash balance amounted to HK$1,910 million (31 December 2006: HK$953 million), of which HK$90 million (31 December 2006: HK$88 million) was pledged for general banking facilities.

Almost all of the Group's surplus cash was placed on deposits with licensed banks in Hong Kong. The strong cash balance plus the 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 period under review, the Group incurred capital expenditure amounted to approximately HK$110 million, which was mainly related to the core manufacturing businesses of the Group.

The Group's capital commitments amounted to approximately HK$132 million (31 December 2006: HK$69 million) as at 30 June 2007, which was mainly related to capital expenditure for the expansion of the manufacturing business of the Group and all of which will be financed by internal resources.

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 period under review, the Group's receipts were mainly denominated in US dollars, with some in Hong Kong dollars and the Euros. Payments were mainly made in Hong Kong dollars, US dollars and Renminbi and some made in Euros. Surplus cash of the Group was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollars and US dollars. As at 30 June 2007, the Group's borrowings were mainly denominated in Hong Kong dollars and US dollars. As at 30 June 2007, other than the convertible bonds in an aggregate principal amount of approximately HK$48 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 foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as our wages and overheads in our factories in China are paid in Renminbi, our production costs will be increased by the possible further appreciation of Renminbi. Any further appreciation of the Renminbi in future will be of concern to all manufacturers with manufacturing facilities in China. We have also invested some of our surplus funds on listed shares that we believe will benefit from appreciation of Renminbi. We hope that the returns and gains that we may derive from these listed shares will hedge partly against the potential appreciation of the Reniminbi.

Acquisition and Disposal of Material Subsidiaries and Associates

The Group did not acquire or dispose of any material subsidiaries and associates during the period under review. During the period under review, the Group disposed of 15,009,360,000 shares in CCT Tech on the stock market. After the disposal, our shareholdings in CCT Tech changed to approximately 51% as at 30 June 2007.

Significant Investment

The Group did not hold any significant investment as at 30 June 2007 (31 December 2006: Nil).

Pledge of Assets

As at 30 June 2007, certain of the Group's assets with a net book value of HK$1,001 million (31 December 2006: HK$1,004 million) and time deposits of HK$90 million (31 December 2006: HK$88 million) were pledged to secure the general banking facilities granted to the Group.

Contingent Liabilities

As at 30 June 2007, 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 2006: HK$1 million). Save as aforesaid, the Group did not have any other significant contingent liabilities as at 30 June 2007.

Employees and Remuneration Policy

The total number of employees of the Group as at 30 June 2007 was 21,261 (31 December 2006: 17,820). Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 30 June 2007, 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 six months ended 30 June 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices

In the opinion of the directors of the Company, 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 period for the six months ended 30 June 2007, except for the following deviations from the code provisions of the CG Code:

(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; and

(3) A.4.2: all directors appointed to fill a casual vacancy should be subject to election by the 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.

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 corporate governance report contained in the 2006 Annual Report of the Company issued in April 2007 and will be disclosed in the 2007 Interim Report of the Company, which will be despatched to the shareholders of the Company on or before 30 September 2007.

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 three independent non-executive directors of the Company ("INED(s)"), namely Mr. Lau Ho Man, Edward, Mr. Tam King Ching, Kenny and Mr. 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 unaudited interim results of the Group for the six months ended 30 June 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 three INEDs, namely Mr. Lau Ho Man, Edward, Mr. Tam King Ching, Kenny and Mr. Samuel Olenick, and two executive directors of the Company, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is chaired by an INED who is subject to rotation each year.

Model Code for Securities Transactions by the Directors of the Company

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 period for the six months ended 30 June 2007.

Independent Non-executive Directors of the Company

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 period for the six months ended 30 June 2007. The Board comprises three INEDs, all of whom have accounting and financial expertise and bring strong independent judgement, knowledge and experience to the Board.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2007 INTERIM REPORT

This interim results announcement is published on the websites of the Company (www.cct.com.hk) and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkex.com.hk). The 2007 Interim Report of the Company will be despatched to the shareholders of the Company in the manner as required by the Listing Rules and made available on the websites of the Company and the Stock Exchange in due course.

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, 19 September 2007