CHINA CHIEF CABLE TV GROUP LIMITED
中國3C集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8153)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2007

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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This announcement, for which the directors (the "Directors") of China Chief Cable TV Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities ("GEM Listing Rules") on the Growth Enterprise Market of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification only*

The board of directors (the "Board") of China Chief Cable TV Group Limited (the "Company") hereby announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007, together with the comparative figures for the corresponding period in 2006 as follows:

CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2007

	Note	**2007** **HK$'000**	2006 *HK$'000*
Turnover	*4*	**13,303**	17,799
Cost of sales		**(12,378)**	(13,098)
Gross profit		**925**	4,701
Other revenue	*4*	**82**	154
General, administrative and other expenses		**(15,058)**	(16,338)
Loss from operations	*5*	**(14,051)**	(11,483)
Finance costs	*6*	**(3,653)**	(3,194)
Loss before taxation		**(17,704)**	(14,677)
Taxation	*7*	**643**	—
Loss attributable to equity holders of the company		**(17,061)**	(14,677)
Basic loss per share	*8*	**(5.5 cents)**	(4.7 cents)

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Note	**2007** *HK$'000*	2006 *HK$'000*
Non-current assets			
Property, plant and equipment		**15,009**	20,910
Intangible assets		**5,206**	5,473
		20,215	26,383
Current assets			
Inventories		**1,441**	1,465
Accounts receivable	*10*	**5,042**	6,416
Other receivables and deposits		**31,223**	31,554
Bank balances and cash		**296**	598
		38,002	40,033
Current liabilities			
Accounts payable	*11*	**1,182**	1,075
Other payables and accrued charges		**8,699**	6,179
Amount due to related companies		**7,552**	5,625
Amount due to a director		**3,665**	2,465
Bank and other loans		**52,487**	10,482
		73,585	25,826
Net current (liabilities)/assets		**(35,583)**	14,207
Total assets less current liabilities		**(15,368)**	40,590
Non-current liabilities			
Bank and other loans		**6,150**	44,354
Deferred tax liabilities		**—**	643
		6,150	44,997
Net liabilities		**(21,518)**	(4,407)
Equity			
Share capital		**3,125**	3,125
Reserves		**(24,643)**	(7,532)
		(21,518)	(4,407)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2007

	Share capital HK$'000	Share premium HK$'000	Accumulated losses HK$'000	Merger reserve HK$'000	Share-based payment reserve HK$'000	Exchange reserve HK$'000	Total HK$'000
At 1 April 2005, as restated	3,125	27,783	(26,643)	(197)	6,000	—	10,068
Exchange differences *(Note)*	—	—	—	—	—	202	202
Net loss for the year	—	—	(14,677)	—	—	—	(14,677)
At 31 March 2006 and 1 April 2006	3,125	27,783	(41,320)	(197)	6,000	202	(4,407)
Exchange differences *(Note)*	—	—	—	—	—	(50)	(50)
Net loss for the year	—	—	(17,061)	—	—	—	(17,061)
At 31 March 2007	3,125	27,783	(58,381)	(197)	6,000	152	(21,518)

Note: *Exchange differences represent adjustments arising on translation of financial statements of subsidiary outside Hong Kong not recognized in the consolidated profit and loss account.*

Notes:

1. General information

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

2. Going concern

The financial statements have been prepared by the directors with due care on a going concern basis, notwithstanding the fact that the Group had net loss of approximately HK$17,061,000 for the year ended 31 March 2007 and the outstanding commitments of HK$37,690,000. A substantial shareholder of the Company has agreed to provide financial support to the Group to maintain the Group as a going concern at least up to 31 March 2008. Consequently, the financial statements have been prepared on a going concern basis. The validity of the Group to carry on its business as a going concern is dependent upon future profitable operations of the Group and the adequate funds being available to the Group.

Should the Group be unable to continue its business as a going concern, adjustments would have to be made to restate the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the financial statements.

3. Application of Hong Kong Financial Reporting Standard

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 Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are either effective for accounting periods beginning on or after 1 January 2006. The adoption of the new HKFRSs has had no material effect on how the results for the current or prior accounting periods are prepared and presented. Accordingly, no prior year adjustment has been made.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[6]

1. Effective for annual periods beginning on or after 1 January 2007.
2. Effective for annual periods beginning on or after 1 January 2009.
3. Effective for annual periods beginning on or after 1 May 2006.
4. Effective for annual periods beginning on or after 1 June 2006.
5. Effective for annual periods beginning on or after 1 November 2006.
6. Effective for annual periods beginning on or after 1 March 2007.

4. Turnover, revenues and segment information

The Group is principally engaged in the provision of pre-mastering and other media services, the provision of audiovisual playout services in Hong Kong and the development of digital television system platform and provision of related service, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities in the People's Republic of China ("PRC") (collectively known as "TV digitalisation related services"). Revenues recognised during the year are as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Turnover		
Provision of pre-mastering and other media services	**9,139**	12,503
Provision of audiovisual playout services	**3,989**	4,876
Provision of TV digitalisation related services	**175**	420
	13,303	17,799
Other revenue		
Interest income	**79**	120
Others	**3**	34
	82	154
Total revenues	**13,385**	17,953

Primary report format — business segments

The Group is organised into three main business segments:

— Provision of pre-mastering and other media services — include editing, authoring and digitalisation of audiovisual data processes;

— Provision of audiovisual playout services on audiovisual data; and

— Provision of TV digitalisation related services — development of digital set-top boxes and the system platform for digital TV network and provision of digitalisation related technical support services.

An analysis of the Group's turnover and contribution to loss from operation for the year by principal activity and market is as follows:

	For the year ended 31 March 2007			
	Provision of premastering and other media services	**Provision of audiovisual playout services**	**TV digitalisation related services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Turnover	**9,139**	**3,989**	**175**	**13,303**
Segment results	**1,426**	**(986)**	**(8,316)**	**(7,876)**
Unallocated income				**4**
Unallocated expenses				**(6,179)**
Loss from operations				**(14,051)**
Finance costs				**(3,653)**
Loss before taxation				**(17,704)**
Taxation				**643**
Loss attributable to equity holders of the company				**(17,061)**

	For the year ended 31 March 2006			
	Provision of premastering and other media services	Provision of audiovisual playout services	TV digitalisation related services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	12,503	4,876	420	17,799
Segment results	5,480	21	(9,398)	(3,897)
Unallocated income				34
Unallocated expenses				(7,620)
Loss from operations				(11,483)
Finance costs				(3,194)
Loss before taxation				(14,677)
Taxation				—
Loss attributable to equity holders of the company				(14,677)

Secondary report format — geographical segments

The Group's three business segments operated in two main geographical areas:

— Hong Kong — provision of pre-mastering and other media services and provision of audiovisual playout services;

— PRC — development of digital television system platform and provision of related services, sales and rental of set-top boxes, development of program database, design and manufacture of digital television equipment and facilities.

	For the year ended 31 March 2007	
	Turnover	**Segment results**
	HK$'000	***HK$'000***
Hong Kong	**13,128**	**440**
PRC	**175**	**(8,316)**
	13,303	**(7,876)**
Unallocated income		**4**
Unallocated costs		**(6,179)**
Loss from operations		**(14,051)**

	For the year ended 31 March 2006	
	Turnover	Segment results
	HK$'000	*HK$'000*
Hong Kong	17,379	5,501
PRC	420	(9,398)
	17,799	(3,897)
Unallocated income		34
Unallocated costs		(7,620)
Loss from operations		(11,483)

5. Loss from operating activities

Loss from operating activities is stated after charging the following:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Amortisation of club membership	**6**	3
Amortisation of film rights	**618**	544
Bad debt written off	**29**	—
Cost of inventories sold	**5,665**	6,381
Depreciation	**7,282**	6,627

6. Finance costs

	Group	
	2007	2006
	HK$'000	*HK$'000*
Interest on bank loans	**2,827**	2,474
Interest on other loans	**826**	720
	3,653	3,194

7. Taxation

No provision for Hong Kong profits tax and PRC enterprise income tax has been made in these financial statements as there was no estimated assessable profit for the year (2006: Nil).

The amount of taxation in consolidated income statement represents:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Current taxation	**—**	—
Deferred taxation relating to the origination and reversal of temporary differences	**643**	—
Tax credit	**643**	—

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	Group	
	2007	2006
	HK$'000	*HK$'000*
Loss before taxation	**(17,704)**	(14,677)
Calculated at a taxation rate of 17.5% (2006: 17.5%)	**(3,098)**	(2,568)
Expenses not deductible for taxation purposes	**633**	1,498
Income not subject to taxation	**—**	(160)
Utilisation of previously unrecognised tax losses	**(10)**	(596)
Tax losses unrecognised	**3,262**	1,688
Tax effect of temporary differences not recognised	**(353)**	—
Effect of different tax rates at overseas jurisdiction	**(1,077)**	138
Tax credit for the year	**(643)**	—

8. Basic loss per share

The calculation of the basic loss per share is based on the Group's loss attributable to equity holders for the year of HK$17,061,000 (2006: loss of HK$14,677,000) and on 312,500,000 (2006: 312,500,000) ordinary shares in issue during the year.

No diluted loss per share for 2007 and 2006 has been presented, as the exercise of the outstanding share options of the Company during the years ended 31 March 2007 and 2006 would result in reducing loss per share.

9. Dividends

The directors do not recommend the payment of a dividend for the year ended 31 March 2007.

10. Accounts receivable

The Group's credit term granted to trade debtors generally ranges from 15 to 90 days. At 31 March 2007, details of the ageing analysis of accounts receivable were as follows:

	2007	2006
	HK$'000	*HK$'000*
Current	**467**	2,507
30 — 60 days	**295**	356
61 — 90 days	**91**	186
Over 90 days	**4,189**	3,367
	5,042	6,416

11. **Accounts payable**

At 31 March 2007, details of the ageing analysis of accounts payable were as follows:

	2007	2006
	HK$'000	*HK$'000*
Current	**371**	229
30 — 60 days	**70**	93
Over 60 days	**741**	753
	1,182	1,075

BUSINESS REVIEW AND FINANCIAL REVIEW

Financial review

For the year ended 31 March 2007, the Group recorded a turnover of approximately HK$13,303,000 (2006: approximately HK$17,799,000). The decrease was mainly due to the decreased demand of playout, pre-mastering and post-production services from Pay TV channels.

Income from pre-mastering and other media services ("Media Services") accounted for approximately 69% (2006: approximately 70%) of the Group's turnover. There was no new Pay TV channel launched during this year. Thus, the demand for Media Services decreased.

Income from the provision of audiovisual playout services ("Playout Services") accounted for approximately 30% (2006: approximately 27%) of the Group's turnover. During the year, three channels were terminated which leads to the drop in the Playout Service income.

Income from provision of TV digitalisation related services amounted to approximately HK$175,000 (2006: HK$420,000). The business of Sky Dragon Group has been launched since the fourth quarter of 2004 and the income will be further improved as a result of the process of launching digital television network across the PRC by the PRC government.

Hunan Digital Television Technology Company Limited ("Hunan Digital"), a subsidiary of Sky Dragon, has entered into a Technical Support Agreement and a Supplemental Agreement (the "Agreements") on 2 August 2004 and 26 August 2004 respectively with Hunan Provincial Television Network Company Limited ("Hunan TV") pursuant to the Agreements Hunan Digital will provide digitalisation-related technical support services and packed TV programs to Hunan TV. As Hunan TV owns 30% interest of Hunan Digital, the transactions under the Agreements constitutes Continuing Connected Transactions (the "Transactions") under the GEM Listing Rules. Independent shareholders' approval has been obtained in a special general meeting held on 20 November 2004. Details of the Transactions have been set out in the circular dated 4 November 2004. Income contributed by the above Transactions amounted to approximately HK$164,000 for the year ended 31 March 2007 (2006: HK$46,000).

The Group generated a gross profit of approximately HK$925,000 (2006: approximately HK$4,701,000) out of a total turnover of approximately HK$13,303,000 (2006: approximately HK$17,799,000). The gross profit margin has been decreased from 26% in 2006 to 7% in the current year, mainly due to the fact that not much income has been generated from the provision of TV digitalisation related services, which has been acquired by the Group since August 2004, yet while certain direct costs such as depreciation and salary expenses has to be incurred. This, together with the decreased demand of Media Services as mentioned, contributed to the decrease in gross profit margin.

BUSINESS PURSUITS AND PROSPECTS

The Group acquired a new business for the provision of TV digitalisation related services in August 2004 in order to expand its business scope in the PRC and grabbed the opportunities of network digitalisation in the PRC. At present, the PRC government is in the process of launching the digital television network to completely phase out the prevailing analog television network gradually across the country by Year 2015. It is expected that from 2005 to 2008, the cable television networks in the direct-controlled cities and provinces in the eastern, middle and western parts of the PRC (including Hunan Province) will be digitalised. With such large hinterland, immense population, encouraging government policy, the management are optimistic and confident about the future of the digital television market in PRC and will continue to explore new business opportunities for this segment.

Hunan TV, the authorised digital television network operator in Hunan Province, owns and operates a fibre optic trunk network covering 14 major districts in Hunan (the "First Tier Network"). The First Tier Network is connected to fibre optic trunk networks in 108 cities and counties in Hunan (the "Second Tier Network"). The First Tier Network and the Second Tier Network together form a province-wide cable television network in Hunan, covering over 4 million households in the territory which is the source of income by virtue of sharing of the subscription fee from these households with Hunan TV after deducting a fee to Second Tier Network Operators. In order to provide digital television services to subscribers, the Second Tier Network Operators must enter into agreement with Hunan TV on the sharing of subscription fee. As required by the circular dated 4 November 2004, the number of Second Tier Network Operators who has not yet reached agreement with Hunan TV is 50 as at the date of this announcement.

In order to enlarge the audience base and increase popularity, we are exploring opportunities to enrich the content of programs for the channels. On the other hand, we are waiting for the process of launching digital television network throughout the province by the relevant authority. Management expects that after the launching of digital television network, the number of the subscribers will then increase progressively.

As the Pay TV market has been getting more complicated with the emergence of broadband network, the demand for audiovisual contents as well as its quality increases dramatically. Management believed that it is a good opportunity to capitalise on its expertise and experience in audiovisual technology, and to pursue the concept of providing media service as a whole. In fact, the Group's capacity of media service and digitised platform is near saturation. Therefore, the Group is considering to further invest in related servers and equipment to satisfy such growing demand.

The Group will continue to endeavour its best effort in keeping its established brand in Hong Kong and will also adopt a positive approach towards the bright digital television market in the PRC.

LIQUIDITY AND FINANCIAL RESOURCES

The group used to finance its operation using internally generated cashflows. However, the acquisition of Sky Dragon and the related capital investments in certain digital television equipments and machineries, together with the increased number of playout channels induce the need for certain debt financing. Therefore, as at 31 March 2007, the Group has unsecured external borrowing of approximately HK$58,137,000 and secured borrowing of HK$500,000 which is secured by the Group's certain fixed assets with net book value of approximately HK$2.6 million. In turn, the gearing ratio is 100% (2006: 83%) based on the total bank and other loans of approximately HK$58,637,000 million and the total assets of HK$58,217,000.

The Group's bank balances and borrowings are denominated in Hong Kong dollars and Renminbi and the Group has no significant exposure to foreign currency fluctuations.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2007.

EMPLOYEE INFORMATION

As at 31 March 2007, the Group had 93 full-time employees. Employees costs, including director's emoluments for the year amounted to approximately HK$10,251,000. Remuneration is reviewed annually and employees are rewarded on a performance related basis. In addition to the basic salaries, a wide range of benefits, including medical coverage, provident funds, training and development programmes and long service awards are also provided on an ongoing basis to employees of the group. The Group has a share option scheme whereby qualified employees may be granted options to acquire shares of the Company.

SUBSEQUENT EVENT

On 21 June 2007, Sky Dragon Digital Television and Movies Holdings Limited ("Sky Dragon"), a company owned by Mr. Feng Xiao Ping, a director of the Company exercised share option to subscribe 10,000,000 shares of the Company at an exercise price of HK$0.788 per share. The Option was granted pursuant to an ordinary resolution passed on a special general meeting dated 13 July 2004.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Board, the Company has complied with the Code for the year ended 31 March 2007, with the exception of the deviation in respect of the appointment term of non-executive directors as mentioned below.

Under code provision A.4.1, non-executive directors should be appointed for specific term. There is no specific term of appointment of the non-executive directors of the Company, however, they are subject to retirement by rotation in accordance with Bye-law of the Company. Accordingly the Company considers that sufficient measures have been taken to dealt with the requirement in respect of the appointment terms of non-executive directors as required under the code provision.

AUDIT COMMITTEE

The Company has established an audit committee comprising three independent non-executive directors and has adopted the terms of reference governing the authority and duties of the audit committee. The present members of the audit committee are Mr. Sousa Richard Alvaro, Mr. Carl Chang and Mr. Ngai Wai Fung. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control of the Group. Four meetings were held during the current financial year and the annual results have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

On behalf of the Board
Tong Hing Chi
Chairman

As of the date hereof, the executive directors are Mr. Tong Hing Chi, Mr. Law Kwok Leung and Mr. Feng Xiao Ping, the non-executive director is Mr. Chan Kwok Sun, Dennis and the independent non-executive directors are Mr. Sousa Richard Alvaro, Mr. Chang Carl and Mr. Ngai Wai Fung.

Hong Kong, 25 June 2007

This announcement will remain on the "Latest Company Announcements" page of the GEM website 7 days from the day of its posting.