CCT TECH INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 261)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

CHAIRMAN'S LETTER

On behalf of the board of directors (the "Board") of CCT Tech International Limited (the "Company"), I am pleased to announce the annual results of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2007.

The year under review has been a difficult year for our core manufacturing business. The combined impact of a slowdown of economy in the United States of America ("US") (one of the Group's key markets with sales dropping by 17.3% to HK$1,688 million during the financial year 2007) together with the production challenges faced within China (ranging from the acute shortage of labour in our Guangdong factories which inevitably affected our production and drove up the cost of labour and the rise in the cost of materials and components and appreciation of Renminbi ("RMB")) dealt a severe blow to the revenue and the results of the Group in 2007. The Group's turnover decreased from HK$3,858 million for the year ended 31 December 2006 to HK$3,343 million for the year ended 31 December 2007, a drop of 13.3%. These adverse factors have resulted in the Group recording a loss of HK$201 million for the year ended 31 December 2007, as compared to a profit of HK$100 million in the year 2006.

Given the adverse business environment, we have introduced a range of measures to overcome the challenges. To begin with, our wealth of research and development resources have enabled us to offer innovative premium products with higher profit margins and these products will continue to play a major role in the revival of our manufacturing business in the near future.

On the China front, we have increased labour wage rates and are vigorously implementing new recruitment initiatives to ensure a steady labour head-count for our manufacturing facilities. We have also introduced various measures to streamline operation costs and expenditure in order to partly counter the sharp increase in production costs.

Despite the difficulties currently faced by our manufacturing business, the overall operations and the financial position of the Group remain sound and healthy.

DISPOSAL OF THE SHARES OF THE COMPANY

As noted in the 2006 annual report, an wholly-owned subsidiary of CCT Telecom Holdings Limited ("CCT Telecom") sold in total 13,800,000,000 shares in the Company to Deutsche Bank and three other third party investors in May 2006 in order to restore the public float of the Company. Put options have been granted by CCT Telecom to Deutsche Bank in respect of such shares sold. During the year 2007, Deutsche Bank and the three investors sold in total 13,799,807,849 shares in the Company to other public investors on the stock market and the said put options in relation to the shares sold by Deutsche Bank and the three investors have been cancelled.

During the period from 28 May 2007 to 1 June 2007, CCT Telecom through its wholly-owned subsidiary, sold a total of approximately 15 billion shares (the "Shareholding Sale") in the Company. After the Shareholding Sale, the CCT Telecom Group still held approximately 50.5% shareholding in the Company as at 31 December 2007 and the Company remained an indirect non-wholly owned subsidiary of CCT Telecom.

OUTLOOK

Under the cloud of the sub-prime loan crisis, the outlook of the US economy in the foreseeable future is uncertain. It is believed that the worst of the US property market has yet to come and there are fears of the US economy falling into recession. The sub-prime loan crisis has resulted in world-wide credit jitters which has hit global financial markets. Affected by the sub-prime loan crisis, business credit risks have increased and the liquidity of funds has lowered. In light of these factors, US consumer spending has fallen which, in turn, has affected exports to the US. The US government has aggressively reduced the US interest rates and has recently launched the stimulus packages in terms of tax relief and the other treasury measures with a view to stimulate the economy, ease the credit crunch and restore confidence. The impact of such measures on the US economy is still uncertain. We anticipate that the business environment in 2008 will remain difficult and full of challenges.

On the home front, production issues such as the shortage of labour in our Guangdong factories, the rise in labour costs and materials costs and the continuing appreciation of Renminbi will remain our key challenges and affect the profitability of the Group. In order to mitigate the impact of these challenges, as mentioned above, a number of initiatives are already in progress. The construction of our new production facilities in Chaoyang City, Liaoning Province is one of our initiatives to combat the production issues. We expect the Group will benefit when the new factory in Chaoyang ramps up its operations in later part of 2008.

There will, however, be additional challenges presented by the new labour contract law in the PRC (the "New Labour Contract Law") that came into force on 1 January 2008. In a nutshell, the New Labour Contract Law will introduce a host of far-reaching changes governing employer/employee relationships in the PRC that will invariably increase labour costs for all businesses operating on the mainland.

It is expected that the New Labour Contract Law will increase pressure to the profitability of the Group. Management is still in the process of making an assessment of the impact of the New Labour Law and measures will be introduced to improve efficiency in order to reduce the negative impact of this new law.

We expect that the measures and initiatives taken by the Group, together with our strong and sound business fundamentals, will enable the Group to weather out the storm and regain a strong financial foothold.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to take this opportunity to express our appreciation and thanks to the senior management and all staff for their support, hard work and dedication over the years. We would also like to express our deep gratitude to our shareholders, bankers, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 14 April 2008

REVIEW OF OPERATIONS

For the year ended 31 December 2007, the Group experienced a decrease in both turnover and performance when compared to the corresponding period in the previous financial year 2006. Sales declined by approximately 13.3% to approximately HK$3,343 million. Loss attributable to the shareholders of the Company reported HK$201 million for the year ended 31 December 2007, as compared to a profit of HK$100 million in the year 2006.

During the period under review, the manufacturing environment in mainland China became increasingly more challenging, particularly in the Guangdong Province where the shortage of labour and electricity, the increase in wages and the increase in the cost of materials and components and the appreciation of Renminbi against the US dollars have all had an adverse impact on our operations.

The downturn of the US property market served to dampen the US economy and consumer spending. Under the sub-prime cloud, even consumer spending in Europe have been adversely affected, resulting in excessive inventory of some of European customers. As a result of the difficult business environment and fierce market competition, the average sale price of our products decreased in 2007. Although sales to Asia Pacific regions continued to record increase in 2007, the poor performance in US and Europe has resulted in an overall drop in the Group's total sales during 2007.

The business environment is still uncertain. In order to mitigate the impact of the challenges, the Group has swiftly introduced a host of measures and strategies to overcome these challenges. We have continued to pursue our market diversification strategy in terms of expanding both our customer base and market demography. Our market diversification strategy over the years has proven to be a sound and prudent decision especially during harsh times in the US economy as our revenue outside US represented 49.5% of the total revenue, as compared to 47.1% of the total revenue in last financial year 2006. As a result of our successful market strategy, we have reduced our reliance on the US market.

In order to relieve the pressure on average selling price from the customers and improve the Group's overall gross profit margin, more resources have been allocated towards the development of higher-margin, value-added innovative premium products. Our Research and Development ("R&D") teams have worked closely with our customers and many innovative hi-tech products including and broadband cordless phones have been developed by our R&D teams and will be rolled out in 2008. Other than the consumer telecom products market, we have been actively pursuing business opportunities in the commercial communications market. Our innovative small office and home office ("SOHO") products and cordless conference box system have been launched in 2007 and positive response has been received from the customers. We believe that the in roads made into the commercial market will broaden our business opportunities for future growth and increase profitability in the long run.

As mentioned in the Group's interim report 2007, due to the shortage of labour in the Guangdong Province, the Group has not been able to hire and retain enough workers to fulfill all of our customers' orders. The problem became more serious in the second half of 2007. As a result, production efficiency suffered and certain customer's orders were cancelled or delayed. To retain and hire additional workers, the Group has significantly increased the wage levels of workers in our Guangdong factories during the financial year 2007. The increase in the wages of workers has, in turn, raised the production costs of the Group thereby affecting the Group's profitability. Despite such efforts, maintaining sufficient number of workers to operate at an optimum level remains the key issue for our production.

To deal with the production issues, the Group has implemented various measures to control costs, improve efficiency and enhance its level of production automation. The construction of our new production facilities in Chaoyang City, Liaoning Province has been substantially completed and has started production in preliminary ramped-up stage. The Group plans to hire more workers in the new factory in Chaoyang in the later part of this year as training is required for local workers. We expect that when our new factory in Chaoyang ramps up its production volume, it will contribute towards easing the production issues of our Guangdong factories, especially the issue of shortage of labour, and will deliver costs savings to the Group.

ANNUAL RESULTS

The Board of the Company is pleased to announce the results of the Group for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:

Consolidated Income Statement
For the year ended 31 December 2007

HK$ million	*Notes*	**2007**	2006
REVENUE	4	**3,343**	3,858
Cost of sales		**(3,306)**	(3,579)
Gross profit		**37**	279
Other income and gains		**25**	83
Selling and distribution costs		**(44)**	(53)
Administrative expenses		**(153)**	(138)
Other expenses		**(40)**	(22)
Finance costs	6	**(14)**	(33)
PROFIT/(LOSS) BEFORE TAX	5	**(189)**	116
Tax	7	**(12)**	(16)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(201)**	100
DIVIDENDS	8	**—**	—
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**(0.31 cents)**	0.21 cents
Diluted		**N/A**	0.16 cents

Consolidated Balance Sheet
31 December 2007

HK$ million	*Notes*	2007	2006
NON-CURRENT ASSETS			
Property, plant and equipment		**569**	556
Investment properties		**178**	178
Prepaid land lease payments		**48**	50
Goodwill		**22**	22
Other intangible assets		**25**	36
Deferred tax assets		**—**	2
Total non-current assets		**842**	844
CURRENT ASSETS			
Inventories		**186**	191
Trade and bills receivables	10	**689**	822
Prepayment, deposits and other receivables		**24**	25
Financial assets at fair value through profit or loss		**28**	—
Pledged time deposits		**85**	83
Cash and cash equivalents		**476**	470
Total current assets		**1,488**	1,591
CURRENT LIABILITIES			
Trade and bills payables	11	**875**	929
Tax payable		**12**	9
Other payables and accruals		**168**	110
Interest-bearing bank loans and other borrowings		**189**	172
Total current liabilities		**1,244**	1,220
NET CURRENT ASSETS		**244**	371
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,086**	1,215
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, secured		**31**	29
Deferred tax liabilities		**4**	4
Total non-current liabilities		**35**	33
Net assets		**1,051**	1,182
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		**654**	644
Reserves		**397**	538
Total equity		**1,051**	1,182

NOTES

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value.

2. PRINCIPAL ACCOUNTING POLICIES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
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 principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 Presentation of Financial Statements – Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note to the financial statements in the Annual Report 2007 of the Company.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to its employees in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets , the interpretation has had no impact on the financial position or results of operations of the Group.

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 and accessories; and

(b) the corporate and others segment comprises 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.

(a) Business segments

The following table presents revenue and profit/(loss) for the Group's business segments for the years ended 31 December 2007 and 2006.

Group

	Telecom and electronic products		Corporate and others		Total	
	2007	2006	**2007**	2006	**2007**	2006
HK$ million						
Segment revenue:						
Sales to external customers	**3,328**	3,848	**—**	—	**3,328**	3,848
Other revenue	**24**	59	**1**	—	**25**	59
Total	**3,352**	3,907	**1**	—	**3,353**	3,907
Segment results	**(168)**	128	**(22)**	(13)	**(190)**	115
Interest income					**15**	10
Unallocated gains					**—**	24
Finance costs					**(14)**	(33)
Profit/(loss) before tax					**(189)**	116
Tax					**(12)**	(16)
Profit/(loss) for the year					**(201)**	100

(b) Geographical segments

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

Group

HK$' million	United States of America 2007	2006	Asia Pacific 2007	2006	Europe 2007	2006	Consolidated 2007	2006
Segment revenue:								
Sales to external customers	**1,688**	2,040	**1,215**	1,187	**425**	621	**3,328**	3,848
Other revenue	**—**	—	**25**	59	—	—	**25**	59
Total	**1,688**	2,040	**1,240**	1,246	**425**	621	**3,353**	3,907

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 interest income.

Revenue from the following activities has been included in turnover:

HK$ million	2007	2006
Revenue		
Manufacture and sale of telecom and electronic products	**3,328**	3,848
Bank interest income	**15**	10
	3,343	3,858

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting) :

HK$ million	2007	2006
Cost of inventories sold	**3,306**	3,579
Depreciation	**96**	91
Amortisation		
— Prepaid land lease payments	**2**	1
— Deferred development expenditure	**35**	46
Fair value gain on financial assets at fair value through profit or loss	**(1)**	—

6. FINANCE COSTS

HK$ million	2007	2006
Interest on bank loans and other borrowings wholly repayable within five years	**14**	12
Interest on convertible notes	**—**	21
Total interest expense on financial liabilities not at fair value through profit or loss	**14**	33

7. 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 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	2007	2006
Group:		
Current—Hong Kong:		
Charge for the year	**4**	7
Overprovision in prior years	**(1)**	—
Current—Elsewhere		
Charge for the year	**7**	8
Deferred	**2**	1
Total tax charge for the year	**12**	16

8. DIVIDENDS

No dividends have been paid or declared by the Company for the year ended 31 December 2007 (2006: Nil).

9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amount for the year is based on the loss for the year attributable to ordinary equity holders of the parent of HK$201 million (2006: profit of HK$100 million) and the weighted average number of 64,946,100,839 (2006: 47,383,823,736) ordinary shares in issue during the year.

As the exercise price of the outstanding share options during the year was higher than the average market price of the Company's shares during the year, the outstanding share options during the year has no dilution effect on the basic loss per share for the year. Therefore, no diluted loss per share amount for the year has been disclosed. The calculation of diluted earnings per share amount for the prior year is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on convertible notes and waiver of interest on the 2008 Convertible Note, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the prior 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 calculations of the diluted earnings per share for the prior year is based on:

HK$ million	2006
Earnings	
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	100
Interest on convertible notes (note 6)	21
Waiver of interest on the 2008 Convertible Note	(20)
Profit attributable to ordinary equity holders of the parent before interest on convertible notes and waiver of interest on the 2008 Convertible Note	101

	Number of shares
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	47,383,823,736
Effect of dilution-weighted average number of ordinary shares:	
Convertible notes	16,983,170,254
	64,366,993,990

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			
	2007		2006	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**203**	**29**	303	37
31 to 60 days	**210**	**30**	234	28
61 to 90 days	**198**	**29**	239	29
Over 90 days	**78**	**12**	46	6
	689	**100**	822	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			
	2007		2006	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**191**	**22**	245	26
31 to 60 days	**237**	**27**	234	25
61 to 90 days	**182**	**21**	186	20
Over 90 days	**265**	**30**	264	29
	875	**100**	929	100

FINANCIAL REVIEW

Highlights on Financial Results

HK$ million	2007	2006	% decrease
Turnover	**3,343**	3,858	(13.3%)
Profit/(loss) before tax	**(189)**	116	N/A
Tax	**(12)**	(16)	(25%)
Profit/(loss) attributable to shareholders of the Company	**(201)**	100	N/A

Discussion on Financial Results

Turnover of the Group for the year ended 31 December 2007 amounted to HK$3,343 million which represents a decrease of approximately 13.3% as compared to the corresponding period in the financial year 2006. The decrease in turnover was caused mainly by slowdown of the US economy, reduction of average selling prices of products and delay of certain shipments due to shortage of labour in our Guangdong factories.

The Group reported a loss of HK$201 million for the year ended 31 December 2007, as compared to a profit of HK$100 million in previous financial year 2006. The loss for the year ended 31 December 2007 was mainly due to the decrease of turnover and gross margin attributable to a combination of factors including the weakening of the US economy, reduction of average selling prices, high material prices, shortage of labour and rise in wages for workers in our Guangdong factories, and appreciation of Renminbi.

Analysis by Business Segment

	Revenue (excluding other revenue)		Operating profit/(loss) before corporate and others, finance costs and tax	
HK$ million	2007	2006	2007	2006
Telecom and electronic products	**3,343**	3,858	**(168)**	128

During the financial year 2007, the manufacture and sale of telecom and electronic products was still the core business of the Group. The Group reported an operating loss of approximately HK$168 million for the year ended 31 December 2007, as compared to an operating profit of HK$128 million in previous corresponding period due to the adverse factors as elaborated in the sub-section headed "Discussion on Financial Results" of the section headed "Financial Review" of this results announcement.

Analysis by Geographical Segment

	Turnover				
	2007		2006		**% increase/**
HK$ million	**Amount**	**Relative %**	Amount	Relative %	**(decrease)**
US	**1,688**	**50.5%**	2,040	52.9%	(17.3%)
Asia Pacific Region	**1,230**	**36.8%**	1,197	31.0%	2.8%
Europe	**425**	**12.7%**	621	16.1%	(31.6%)
Total	**3,343**	**100.0%**	3,858	100.0%	

The US market remained the largest market of the Group, accounting for approximately 50.5% (2006: 52.9%) of the Group's turnover for the year ended 31 December 2007. The drop in our sales to US market was mainly due to the decrease in customers' orders stemming from a weakened economy, the fall in the average selling price and the shortage of labour in our Guangdong factories which affected our production. The sales to Asia Pacific region accounted for approximately 36.8% (2006: 31.0%) of the Group's turnover, reporting a growth of 2.8%. Our sales to Europe market decreased by 31.6% due to excessive inventory of some of our European customers. The sales to Europe contributed approximately 12.7% (2006: 16.1%) of the Group's total turnover.

Highlights on Financial Position

HK$ million	**2007**	2006	**% increase/ (decrease)**
Property, plant and equipment	**569**	556	2.3%
Other intangible assets	**25**	36	(30.6%)
Other non-current assets	**248**	252	(1.6%)
Inventories	**186**	191	(2.6%)
Trade and bill receivables	**689**	822	(16.2%)
Cash and cash equivalents	**476**	470	1.3%
Shareholders' funds	**1,051**	1,182	(11.1%)

Discussion on Financial Position

During the year 2007, the property, plant and equipment increased slightly by 2.3% to approximately HK$569 million, attributable mainly to the additions of the machinery, toolings and moulds for the existing Guangdong factories and for the new Chaoyang factory offset by the annual depreciation of fixed assets.

Other intangible assets represent the carrying value of the captialised deferred development costs. During the year 2007, approximately HK$36 million development costs was capitalised for development of new products. Netting off to the annual amortisation and the written-off of the deferred development costs, the carrying value of the deferred development costs dropped by approximately 30.6% to approximately HK$25 million as at 31 December 2007.

Other non-current assets mainly represent investment properties, prepaid land lease payments and goodwill. The decrease in other non-current assets by approximately 1.6% was attributable mainly to amortisation of prepaid land lease payment during the year.

As at 31 December 2007, inventories of the Group amounted to approximately HK$186 million, a drop of approximately 2.6% as compared to inventories balance as at 31 December 2006. Inventory turnover period (calculated by average inventory at year end divided by cost of sales for the year) of the Group for the year maintained at a low level of 20.8 days (2006: 23.4 days). The inventories level dropped due to the decrease in turnover and was maintained at a healthy level.

As at 31 December 2007, trade and bills receivable of the Group dropped by approximately 16.2% to approximately HK$689 million. The change in trade and bills receivable was in line with the decrease in turnover of the Group.

Shareholders' funds decreased from HK$1,182 million to HK$1,051 million as at 31 December 2007. The decrease in the shareholders' funds was due to the loss attributable to the equity holders of the Company for the year, partly offset by the issue of new shares from the exercise of share options.

CAPITAL STRUCTURE AND GEARING RATIO

	31 December 2007		31 December 2006	
HK$ million	**Amount**	**Relative %**	Amount	Relative %
Bank loans	**220**	**17.3%**	200	14.5%
Finance lease payable	**—**	**—**	1	—
Total borrowings	**220**	**17.3%**	201	14.5%
Equity	**1,051**	**82.7%**	1,182	85.5%
Total capital employed	**1,271**	**100.0%**	1,383	100.0%

The Group's gearing ratio increased to approximately 17.3% as at 31 December 2007 from 14.5% as at 31 December 2006 as a result of the raising of new bank loans to finance capital expenditure and working capital for our manufacturing operations. After taking into account the cash on hand, the Group did not have any net borrowings and in fact had a positive net cash balance (net of borrowings) of approximately HK$341 million.

The Group's outstanding bank borrowings amounted to approximately HK$220 million as at 31 December 2007 (31 December 2006: HK$200 million). Among the total outstanding bank borrowings of HK$220 million, HK$31 million is repayable within the second year. The balance of HK$189 million was arranged on a short-term basis for ordinary business operations and is repayable within one year.

As at 31 December 2007, the finance lease payable brought forward from 2006 has been repaid.

As at 31 December 2007, the maturity profile of the bank and other borrowings of the Group falling due within one year and in the second to the fifth year amounted to HK$189 million and HK$31 million, respectively (31 December 2006: HK$172 million and HK$29 million, respectively). There is no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	**31 December 2007**	31 December 2006
Current assets	1,488	1,591
Current liabilities	1,244	1,220
Current ratio	119.6%	130.4%

Current ratio as at 31 December 2007 maintained at a healthy level of 119.6% (31 December 2006: 130.4%). Despite the operating loss in 2007, the Group's cash balance increased from HK$553 million as at 31 December 2006 to HK$561 million as at 31 December 2007, of which HK$85 million (31 December 2006: HK$83 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 strong cash flow 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 EXPENDITURES AND COMMITMENTS

During the year ended 31 December 2007, the Group incurred capital expenditure to acquire fixed assets and addition of intangible assets amounted to approximately HK$146 million, which was mainly related to the core manufacturing businesses of the Group.

As at 31 December 2007, there were outstanding capital commitment contracted by the Group but not yet provided for in the accounts amounted to approximately HK$16 million (31 December 2006: HK$33 million), which was mainly related to the capital expenditure in relation to the new factory in the Liaoning Province and the additions for machinery and toolings for the Group's existing production facilities in the PRC. The capital commitment will be funded 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 denominated in Hong Kong dollars and US dollars. 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 overheads) 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. In addition, 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 rise due to the appreciation of Renminbi. Any further appreciation of the Renminbi in the near future will be of concern to all manufacturers with manufacturing facilities in China. The Group will continue to explore ways and methods to hedge future appreciation of Renminbi but we still cannot find any effective way to hedge RMB appreciation up to now.

ACQUISITIONS AND DISPOSALS OF MATERIAL SUBSIDIARIES AND ASSOCIATES

The Group did not acquire or dispose of any material subsidiaries and associates during the year.

SIGNIFICANT INVESTMENT

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

PLEDGE OF ASSETS

As at 31 December 2007, certain of the Group's assets with net book value of HK$497 million (31 December 2006: 516 million) and time deposits of approximately HK$85 million (31 December 2006: HK$83 million) were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2007, corporate guarantees of HK$892 million (31 December 2006: HK$754 million) were given by the Company to banks in connection with facilities granted to subsidiaries of the Company, of which approximately HK$322 million (31 December 2006: HK$327 million) were utilised.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 31 December 2007 was 12,919 (31 December 2006: 14,380). 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. During the year, there were no outstanding share options (31 December 2006: Nil) granted by the Company as at 31 December 2007.

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 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 financial year under review, 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 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 interim report of the Company for the six months ended 30 June 2007 and will be disclosed in the corporate governance report contained in the 2007 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2008.

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 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. Chow Siu Ngor, Lau Ho Kit, Ivan and Chen Li, one of whom is a qualified accountant and has 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 2007 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 four meetings in 2007.

Further information of the Audit Committee will be disclosed in the corporate governance report contained in the 2007 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2008.

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. Chow Siu Ngor, Lau Ho Kit, Ivan and Chen Li, 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 2007. 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 2007 annual report of the Company, which will be despatched to the shareholders of the Company on or before 30 April 2008.

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 financial year under review. The Board currently comprises the three INEDs, one of whom has accounting and financial expertise and brings strong independent judgement, knowledge and experience to the Board.

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

The results announcement of the Company for the year ended 31 December 2007 is published on the website of each of the Company at www.cct-tech.com.hk and The Stock Exchange of Hong Kong Limited at www.hkexnews.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 2008.

ANNUAL GENERAL MEETING

The 2008 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 Friday, 23 May 2008 at 10:00 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 Wednesday, 21 May 2008 to Friday, 23 May 2008 (both days inclusive), during which period, no transfer of share(s) will be effected. In order 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, Tricor 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 Tuesday, 20 May 2008.

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, Mr. Li Man To, Feynman and Dr. William Donald Putt and the INEDs are Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Chen Li.

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 14 April 2008