CHINA CHIEF CABLE TV GROUP LIMITED

(Incorporated in Bermuda with limited liability)

FIRST QUARTERLY REPORT
2007

Quarterly ended

30 June 2007

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This report, 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 report 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 report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

QUARTERLY RESULTS

The board of directors (the "Board") of China Chief Cable TV Group Limited (the "Company") present the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the three months ended 30 June 2007, together with the comparative figures for the corresponding periods in 2006 as follows:

		For the three months ended 30 June	
		2007	2006
	Note	***HK$'000***	*HK$'000*
Turnover	*2*	**2,787**	3,102
Cost of sales		**(3,406)**	(2,990)
Gross (loss)/profit		**(619)**	112
Other revenue		**19**	26
General, administrative and other expenses		**(3,489)**	(3,697)
Loss from operations		**(4,089)**	(3,559)
Finance costs		**(923)**	(845)
Loss attributable to equity holders of the company		**(5,012)**	(4,404)
Basic loss per share	*4*	**(1.60 cents)**	(1.41 cents)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2007

	Share capital	**Share premium**	**Accumulated losses**	**Merger reserve**	**Share-based payment reserve**	**Exchange reserve**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2006	3,125	27,783	(41,320)	(197)	6,000	202	(4,407)
Loss for the period	—	—	(4,404)	—	—	—	(4,404)
At 30 June 2006	3,125	27,783	(45,724)	(197)	6,000	202	(8,811)
At 1 April 2007	3,125	27,783	(58,381)	(197)	6,000	152	(21,518)
Exercise of share option, including share premium	100	7,780	—	—	—	—	7,880
Loss for the period	—	—	(5,012)	—	—	—	(5,012)
At 30 June 2007	3,225	35,563	(63,393)	(197)	6,000	152	(18,650)

Notes:

1. Basis of preparation

The results have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention.

The accounting policies and methods of computation adopted in the preparation of these unaudited consolidated accounts are consistent with those set out in the annual financial statements for the year ended 31 March 2007. The Consolidated results are unaudited but have been reviewed by the Company's audit committee.

2. **Revenues and turnover**

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 services, 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").

	For the three months ended 30 June	
	2007	2006
	HK$'000	HK$'000
Turnover		
Provision of pre-mastering and other media services	**1,956**	1,884
Provision of audiovisual playout services	**793**	1,182
Provision of TV digitalisation related services	**38**	36
	2,787	3,102
Other revenue		
Interest income	**17**	25
Others	**2**	1
Total revenue	**2,806**	3,128

3. **Taxation**

No provision for Hong Kong profits tax and PRC enterprise income tax has been made as the Group had no estimated assessable profit during the three months ended 30 June 2007 (2006: Nil).

4. **Loss per share**

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the three months ended 30th June	
	2007	2006
Loss attributable to equity holders of the Company *(HK$'000)*	**(5,012)**	(4,404)
Weighted average number of ordinary shares in issue *('000)*	**313,599**	312,500
Basic loss per share *(Hong Kong cents)*	**(1.60)**	(1.41)

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 three months ended 30 June 2007 and 2006 would result in reducing loss per share.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2007 (2006: Nil).

FINANCIAL AND BUSINESS REVIEW

For the three months ended 30 June 2007, the Group recorded a turnover of approximately HK$2,787,000 (2006: approximately HK$3,102,000). The decrease was mainly due to the decrease in the income from playout service.

Income from pre-mastering and other media services ("Media Services") accounted for approximately 66% (2006: approximately 56%) of the Group's turnover. The demand for Media Services has slightly increased in this period. Income from the provision of audiovisual playout services ("Playout Services") accounted for approximately 28% (2006: approximately 38%) of the Group's turnover. The decrease of the Playout Services income due to three channels terminated the services. The Group will pay much effort to explore new business partners to increase the Playout service income.

Income from provision of TV digitalisation related services, amounted to approximately HK$38,000 (2006: approximately HK$36,000). Such business 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.

The Group generated a gross loss of approximately HK$619,000 (2006: gross profit approximately HK$112,000) out of a total turnover of approximately HK$2,787,000 (2006: approximately HK$3,102,000). The gross loss arised mainly due to the fact that not much income has been generated from the provision of TV digitalisation related services yet while certain direct costs such as depreciation and salary expenses were incurred remain substantially the same as well as certain cost of sales for Media Service increased during the period.

During the period under review, the loss attributable to equity holders of the company was approximately HK$5,012,000 (2006: approximately HK$4,404,000). Such loss was mainly attributable to the provision of TV digitalisation related services whose business is still in its development stage. However, the management believe that such loss will be diminished with a view to the gradual but finally complete roll out of digital television network across the PRC.

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.

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 4th 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 report.

In April 2006, the pricing of the set-top boxes was approved by the relevant authority. The Group has placed orders to meet the requirement of set-top boxes and the completion of the digitalization system is now pending for installation of certain converter. 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 the network restructure throughout the province by the relevant authority. Management expects that after the process of the network restructuring, 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.

With the new cash inflow through the placing subsequent to the end of the quarter for the three months ended 30 June 2007, the Group will continue to endeavour its best effort in keeping its established brand in Hong Kong and will also adopt positive approach towards the bright digital television market in the PRC.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2007, the interests and short positions of the directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Future Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company were as follows:

(a) Ordinary shares of HK$0.01 each in the Company

Name of directors	**Personal interests**	**Corporate interests**	**Other interests**
Mr. TONG Hing Chi	7,812,500	—	—
Mr. LAW Kwok Leung	7,812,500	80,000,000 *(note (a))*	—
Mr. CHAN Kwok Sun, Dennis	—	—	80,000,000 *(note (a))*
Mr. FENG Xiao Ping	—	41,718,750 *(note (b))*	—

Notes:

(a) 80,000,000 shares are held by Sino Regal Holding Limited ("SRH"), a company in which Mr. LAW Kwok Leung and Mr. CHAN Kwok Sun, Dennis have equity interests of 70% and 30% therein respectively.

(b) 31,718,750 shares are held by Sino Unicorn Technology Limited ("Sino Unicorn"), a company in which Mr. FENG Xiao Ping has an indirect interest of 51% therein. In addition, 10,000,000 shares are held by Sky Dragon Digital Television and Movies Holdings Limited ("Sky Dragon"), a company 99% indirectly owned by Mr. Feng Xiao Ping.

(b) Share option

On January 2005, the Group has granted an option ("Option") to Sky Dragon to subscribe for 30 million shares of the Company at an exercise price of HK$0.788 per share. On 21 June 2007, Sky Dragon exercised share option to subscribe 10 million shares of the Company. None of the Option has been exercised save as disclosed above.

Save as disclosed above, the directors do not have any interests or short positions in the shares of the Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30 June 2007, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital.

Name of shareholders	**Number of shares**	**Percentage of share capital** *(%)*
SRH	80,000,000	24.81
Sino Unicorn	31,718,750	9.84
Random Services Limited ("Random Services") *(note (a))*	31,718,750	9.84
Yang Fuguang *(note (a))*	31,718,750	9.84

Note:

(a) Sino Unicorn is 51% and 49% owned by Random Services and Yang Fuguang respectively. The shares referred to herein relate to the same parcel of shares held by Sino Unicorn.

Save as disclosed above and "Directors' and Chief Executives' interests and short positions in the shares, underlying shares and debentures of the company or any associated corporation", the Company had no notice of any interests and short positions to be recorded under Section 336 of the SFO as at 30 June 2007.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the three months ended 30 June 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the three months ended 30 June 2007.

COMPETING BUSINESS

None of the directors or management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which compete or may compete with the business of the Group.

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. The audit committee has reviewed the quarterly result.

SUBSEQUENT EVENT

On 3 July 2007, Sino Regal Holdings Limited, a substantial shareholder of the Company (the "Vendor") entered into (i) a placing agreement (the "Placing Agreement") with Grand Vinco Capital Limited (the "Placing Agent"); and (ii) a subscription agreement (the "Subscription Agreement") with the Company. Pursuant to the Placing Agreement, the Placing Agent has agreed to place, on best efforts basis, to not less than six independent placees for up to 62,500,000 shares of the Company at a price of HK$1.14 per share, for and on behalf of the Vendor. Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for such number of new Shares as is equal to the number of shares successfully placed by the Placing Agent at a price of HK$1.14 per share.

The Placing Agreement and the Subscription Agreement were subsequently completed and 62,500,000 new shares of the Company were issued on 13 July 2007 accordingly.

On 3 August 2007, the Group entered into an exclusive agreement (the "Exclusive agreement") with Mr. Lin Fang Chih and Mr. Law Kwok Keung ("Vendors") to acquire 80% of the equity interest (the "Possible Acquisition") of Precision (Nanjing) Commodity Inspection & Consulting Co. Ltd. (PNCIC). PNCIC is an investment company. On 28 July 2007, PNCIC entered into a legally binding agreement with Jiangsu Digital Media Company Limited, a company incorporated in the People's Republic of China, for the joint investment and operation of a joint venture company to be established and tentatively named as Jiangsu BCTV Fashion Media Company Limited (the "JV Company"). The JV Company will be principally engaged in TV sales and related TV programs production and business. The Exclusive Agreement does not constitute legally binding commitment between the Group and the Vendors as to the Possible Acquisition but is legally binding as to other obligations under the Exclusive Agreement.

On Behalf of the Board
Tong Hing Chi
Chairman

As of the date of this report, 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, 6 August 2007