FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2001 HK$'million	2000 HK$'million	Increase
Turnover	1,345	1,017	32%
Operating profit	67	17	394%
Profit attributable to shareholders	40	36	11%
Earnings per share	2.5 cents	2.3 cents	9%

CHAIRMAN'S LETTER

I am pleased to report that the turnover of the Group amounted to HK$1,345 million during the six months ended 30 June 2001, a 32% increase was recorded as compared to the corresponding period in 2000. Net profit attributable to shareholders amounted to HK$40 million, an 11% increase over the same period last year. Earnings per share also rose 9% to 2.5 HK cents.

The Directors do not recommend payment of an interim dividend.

Review of Operations

CCT Tech Group

CCT Tech Group, mainly engaging in manufacturing and distribution of telecom products, continued to be the major drive for the Group's income and profit. For the period under review, CCT Tech Group achieved encouraging results in its different categories of product manufacturing business.

CCT Telecom Product Group - Cordless Products

CCT Telecom Product Group's satisfactory financial performance could largely be attributed to its commitment to R&D and production efficiency. In order to sustain leadership in ODM technology and product design, our R&D team has collaborated with customers on new products such as the third generation of 2.4 GHz cordless phones, the highest frequency cordless phone in the world, and FRS (family radio system) in 2000. During the period, all these new products were successfully launched and gained such positive response from our customers that they have become some of the flagship products of CCT Telecom Product Group.

CCT Telecom Product Group's major customers include Atlinks (the joint venture between Thomson Multimedia and Alcatel), Loewe Telecom and Doro Matra, etc. Famous brands such as GE, Alcatel and Thomson's cordless phones are manufactured by this group. During the period under review, in recognition for the outstanding performance in quality assurance, CCT Telecom Product Group was presented the '2000 Best Quality Award' for the second consecutive year by Atlinks.

CCT Industrial Group - Components

CCT Industrial Group manufactures a series of component products including plastic injection and plastic moulds, switching/ linear power supplies, adaptors, transformers, antenna and other electronic products. For the six months under review, CCT Industrial Group continued to supply components for the Group's cordless product manufacturing as well as for some of the world-renowned appliance manufacturers. The new plant in Dongguan, the PRC, has just commenced operation and will further boost production capacity in the second half of this year.

CCT Mobile Group - Mobile Phones

Mobile phone manufacturing, export and domestic distribution is another fast growing business stream of CCT Telecom. During the period, CCT Telecom and Haier's joint ventures in Hong Kong and Qingdao ran smoothly based on their complementary nature.

The joint ventures enjoy the advantage of manufacturing mobile phone handsets for both export and domestic sales. The diversity presents the joint ventures with additional income sources, flexibility and stability and the Group believes that it enjoys unique advantages as compared with most domestic mobile phone manufacturers in the PRC. The cooperation will continue to be synergistic and give rise to enormous growth potential.

The Qingdao plant commenced operation in early 2001. With the strong backing of the two shareholders, Haier-CCT is poised to become a leading domestic mobile phone manufacturer in the PRC.

CCT Multimedia Group

CCT Multimedia's baby care product and multimedia contents and services business continued to develop steadily. For the six months ended 30 June 2001, CCT Multimedia recorded a turnover of HK$100 million, an increase of 43% as compared to the six months ended 30 September 2000. Profit attributable to shareholders amounted to HK$3 million, representing a surge of 91% over the six-month period of last year.

CCT Ventures Group

In line with the Group's operating strategy to consolidate resources on telecom product business, the Group disposed of its 60% indirect interest in CCT-Teligent (presently known as Hua Nan-Teligent), one of the five companies in Hong Kong to construct fixed wireless network, in May 2001. After the disposal, the Group's business became even more focused and capable to capitalize on the core telecom product business that is expanding at full steam.

Latest Development

To become successful in the present market, quick response to market change, constant review of business performance and effective management are crucial. Bearing this in mind, CCT Telecom believes in ongoing evolution for self-improvement. Looking ahead, restructuring and consolidation will continue, with an aim towards profitability and operational efficiency.

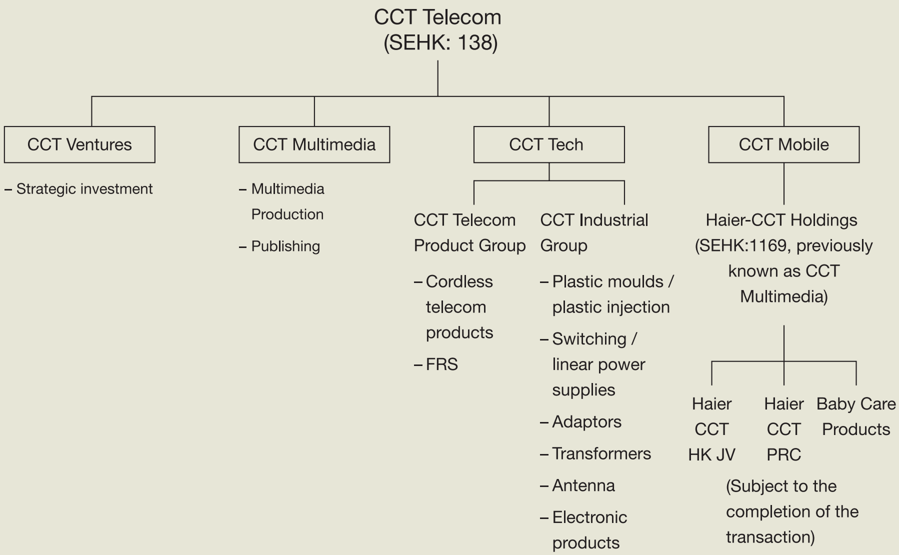
Following the rapid expansion of the telecom product manufacturing and distribution business, it is important to establish a clear corporate identity amongst our different manufacturing businesses. Therefore, the first step of strategic restructuring within the Group has effectively taken place, and an important step has been recently taken to restructure the Group's mobile phone business. The mobile phone business cooperated with Haier will be injected into CCT Multimedia while the multimedia business and approximately 10% investment in mingpao.com will be transferred to CCT Telecom. As a result, Haier-CCT will acquire an immediate listing status, serving as an added strength for its already sizeable operation. The independent financial position provides flexibility in corporate financing and facilitates future expansion of the business.

In addition, it is worthy to note that the transaction marks the first time for the Haier Group to be a substantial shareholder of a Hong Kong-listed company. This signifies a closer bond with the electrical appliance giant, Haier, and Haier's globally renowned brand name will undoubtedly be a valuable asset for the restructured CCT Multimedia (will be re-named "Haier-CCT Holdings Limited").

Haier-CCT's proprietary products 'Kai Yun Xing' (model 1000 and 2000) and 'Xi Duo Xing' (model 1000 and 2000) that incorporates state-of-the-art technology from UK's Sendo (partially owned by CCT Telecom) have recently been launched throughout the PRC and received enthusiastic response. In addition, more new series of handsets with imported technology and design will be launched in 2001. Considering the rapidly growing mobile phone market in the PRC, this stream of business is sure to become a major driving force for the Group.

Corporate Structure and Prospects

Subject to the recent strategic restructuring within the Group, our corporate structure will evolve as follows:



CCT Telecom is already one of the leading telecom product manufacturers equipped with vertical and horizontal integrated manufacturing in the global market. In order to sustain a leading position and further enlarge our market share, we will dedicate efforts in R&D, product refinement and exploring new market opportunities. We have distributed mobile phones in the vast PRC market, we are now investigating the possibility of distributing our other telecom products in China. In addition, the Group will continue to keep a watchful eye for appropriate merger, strategic investment and acquisition opportunities to fuel future growth.

In the future, with its experience in China operations, extensive business connections and keen market sense, CCT Telecom will bring the best out of its businesses and bring the best returns to its shareholders. Last but not least, the management wishes to thank the shareholders, clients and staff for their continuous support.

FINANCIAL REVIEW

Result Summary

The Group recorded an encouraging growth in turnover to HK$1,345 million, an increase of 32% as compared to the corresponding period in 2000. Profit attributable to shareholders increased by 11% from HK$36 million in 2000 to HK$40 million in 2001.

Analysis by Business Segments

The Group's turnover was mainly derived from the manufacture and sale of telecommunications products, mobile phones and baby care products and the provision of multimedia contents and services. During the current period, turnover amounted to HK$1,345 million, an increase of 32%, mainly attributable to the increase in turnover of cordless products and mobile phones business.

During the period ended 30 June 2001, operating profit surged by nearly 4 times to HK$67 million. The significant increase in operating profits was mainly derived from the continuous growth of the cordless phones business, the contribution from the newly established mobile phone business and the significant reduction of losses from the provision of Internet service. The improvement in profit was attributable to the restructure of the Group's business as a result of which the Group has become more focused on the core telecom product business.

Analysis by Geographical Segments

North America continued to be the major market for the Group which accounted for 46% (last period: 66%) of the Group's turnover during the period. PRC (including Hong Kong) and Europe ranked second and third with 34% and 15%, respectively.

Liquidity and Financial Resources

In April 2001, the Company entered a supplemental deed (the "Deed") in connection with the outstanding convertible bond of HK$150 million. Under such Deed, the maturity date was extended from 27 October 2001 to 27 October 2002, interest rate was revised from 5% to 8% per annum and the conversion price was adjusted from HK$1.57 to HK$0.85 per share.

During the period, the Group issued a convertible bond of HK$100 million which was due in 2003. At 30 June 2001, outstanding convertible bond issued by the Group amounted to HK$250 million.

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's total borrowings over total capital employed, at 16% at 30 June 2001. There is no significant change from last balance sheet date.

The Group had banking facilities totalling approximately HK$678 million of which 322 million had been utilised. 55% of the outstanding bank loans at 30 June 2001 was of a long term nature, which principally comprised of mortgage loans on properties used by the Group. The Group had HK$459 million in cash balance at 30 June 2001. With cash on hand and available banking facilities, the Group's liquidity position remains strong.

Treasury Management

The Group maintains a conservative approach to cash management and risk controls. To achieve better risk controls and efficient fund management, the Group's treasury activities are centralised. More than 90 per cent of the Group's receipts and payments are in Hong Kong dollars and United States dollars. Cash is generally placed in short term deposits denominated in either Hong Kong or United States dollars. As at 30 June 2001, the Group had borrowings outstanding denominated in Hong Kong dollars only. Beside the fixed rate convertible bonds, the Group's borrowings are principally on a floating rate basis. The Group does not have any significant foreign currency or interest rate risk.

Other Information

Employees and Remuneration Policy

The total number of employees in the Group as at 30 June 2001 was 10,207. Remuneration packages are normally reviewed annually. Apart from salary payments, other staff benefits include provident fund, medical insurance and performance related bonus. Share options may also be granted to eligible employees of the Group. As at the period end date, there were approximately 36.8 million options outstanding.

Pledge of Assets

As at 30 June 2001, approximately HK$684 million of the Group's assets have been pledged to secure general banking facilities granted to the Group.

Contingent Liabilities

Except for corporate guarantees given to banks in connection with facilities granted to subsidiaries by the Company of approximately HK$371 million (31 December 2000: HK$304 million), the Company has no other significant contingent liabilities as at the period end date.

The Board of Directors of CCT Telecom Holdings Limited (the "Company") is pleased to announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2001 together with the comparative figures for the corresponding period in 2000 are as follows:-

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2001

	Notes	Six months ended 30 June **2001** **(Unaudited)** **HK$'million**	2000 (Unaudited) HK$'million
Turnover	2	**1,345**	1,017
Cost of sales		**(1,195)**	(885)
Gross profit		**150**	132
Other revenue		**138**	137
Selling expenses		**(14)**	(28)
Administrative expenses		**(162)**	(160)
Other operating expenses		**(45)**	(64)
PROFIT FROM OPERATING ACTIVITIES	2	**67**	17
Finance costs		**(19)**	(11)
Share of profits and losses of :			
Jointly-controlled entities		**–**	5
Associates		**(3)**	5
PROFIT BEFORE TAX		**45**	16
Tax	4	**(4)**	(1)
PROFIT BEFORE MINORITY INTERESTS		**41**	15
Minority interests		**(1)**	21
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		**40**	36
EARNINGS PER SHARE	6		
– basic		**2.5 cents**	2.3 cents
– diluted		**2.5 cents**	2.2 cents

There were no recognized gains or losses other than the profit for the period.

CONDENSED CONSOLIDATED BALANCE SHEET

30 JUNE 2001

	Notes	30 June 2001 (Unaudited) HK$'million	31 December 2000 (Audited) HK$'million
NON-CURRENT ASSETS			
Fixed assets	8	**1,529**	1,502
Intangible assets		**48**	37
Interests in jointly-controlled entities		**122**	53
Interests in associates		**107**	112
Other assets		**14**	24
Long term investments		**388**	388
Long term receivable		**6**	–
		2,214	2,116
CURRENT ASSETS			
Short term investments		**952**	1,124
Inventories		**190**	306
Trade and bills receivables	9	**484**	459
Deposits and other receivables		**269**	39
Pledged deposits		**155**	130
Cash and cash equivalents		**304**	367
		2,354	2,425
CURRENT LIABILITIES			
Trade and bills payables	10	**519**	567
Tax payable		**13**	13
Other payables and accruals		**298**	430
Interest-bearing bank loans and other borrowings		**149**	221
Convertible debts	11	**–**	150
		979	1,381
NET CURRENT ASSETS		**1,375**	1,044
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,589**	3,160
NON-CURRENT LIABILITIES			
Interest-bearing bank loans		**177**	121
Finance lease payables		**4**	4
Convertible debts	11	**250**	-
Deferred tax		**5**	4
		436	129
MINORITY INTERESTS		**185**	95
		2,968	2,936
CAPITAL & RESERVES			
Issued capital	12	**779**	783
Reserves	13	**2,189**	2,153
		2,968	2,936

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2001

	2001 (Unaudited) HK$'million
NET CASH INFLOW FROM OPERATING ACTIVITIES	24
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(14)
TAX PAID	(2)
INVESTING ACTIVITIES	(121)
NET CASH OUTFLOW BEFORE FINANCING ACTIVITIES	(113)
FINANCING ACTIVITIES	116
INCREASE IN CASH & CASH EQUIVALENTS	3
Cash and cash equivalents at beginning of period	215
CASH AND CASH EQUIVALENTS AT END OF PERIOD	218
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash and bank balances	168
Time deposits with original maturity of less than three months when acquired	136
	304
Bank overdrafts	(31)
Trust receipts with maturity within three months	(55)
	218

NOTES

1. Accounting policies

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting", except that comparative figures for the condensed consolidated cash flow statements have not been provided as this is the first cash flow statement to be included in the interim report in respect of interim financial statements relating to accounting periods ending on or after 1 July 2000. Such departures are permitted under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Except as described in Note 7, the accounting policies and basis of preparation used in the preparation of the interim financial statements are as those used in the annual financial statements for the year ended 31 December 2000.

2. Segment Information

The Group's turnover and contribution to operating profit for the six months ended 30 June 2001, analysed by business segments and geographical segments, were as follows:-

Business Segments

	Turnover Six months ended 30 June		Profit/(loss) from operating activities Six months ended 30 June	
	2001	2000	**2001**	2000
	HK$'million	HK$'million	**HK$'million**	HK$'million
Manufacture and sale of telecommunications products	**939**	870	**51**	45
Manufacture and distribution of mobile phones	**285**	–	**3**	–
Provision of Internet services	**–**	75	**–**	(87)
Trading and services relating to telecommunications and network equipment	**17**	7	**(26)**	(80)
Manufacture and sale of baby care products	**72**	43	**6**	5
Provision of multimedia contents and services	**28**	–	**2**	–
Interest income	**4**	22	**4**	22
Investment income	**–**	–	**27**	112
	1,345	1,017	**67**	17

2. Segment Information (continued)

Geographical Segments

	Turnover Six months ended 30 June		Profit/(loss) from operating activities Six months ended 30 June	
	2001 HK$'million	2000 HK$'million	**2001 HK$'million**	2000 HK$'million
USA	**614**	667	**24**	23
Europe	**208**	134	**7**	4
Asia:				
-People's Republic of China				
(including Hong Kong)	**458**	203	**34**	(13)
-Elsewhere	**65**	13	**2**	3
	1,345	1,017	**67**	17

3. Depreciation and amortization

During the period, depreciation and amortization of HK$70,000,000 (2000: HK$54,000,000) was charged in respect of the Group's fixed assets and intangible assets.

4. Tax

		Six months ended 30 June	
		2001 HK$'million	2000 HK$'million
Company and subsidiaries			
Hong Kong profits tax	- current	**2**	1
	- deferred	**1**	–
		3	1
Associates			
Hong Kong profits tax - current		**1**	-
Tax charge for the period		**4**	1

4. Tax (continued)

The Company is exempted from tax in the Cayman Islands until 2010. Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period.

Deferred tax is provided, using liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

5. Dividend

The directors do not recommend payment of an interim dividend for the six months period ended 30 June 2001 (30 June 2000: Nil).

6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the period of approximately HK$40 million (30 June 2000: HK$36 million), and the weighted average number of 1,559,144,546 (30 June 2000: 1,512,258,476) ordinary shares in issue during the period.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the period of approximately HK$40 million (30 June 2000: HK$36 million). The adjusted weighted average number of ordinary shares used in the calculation of diluted earnings per share is 1,559,397,948 (30 June 2000: 1,627,371,921) which includes the weighted average number of 1,559,144,546 (30 June 2000: 1,512,258,476) ordinary shares for the period, as used in the basic earnings per share calculation; the weighted average of 253,402 (30 June 2000: 106,416,216) ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options during the period; and nil (30 June 2000: 8,697,229) ordinary shares assumed to have been issued on the deemed exercise of all convertible bonds during the period. The computation of diluted earnings per share in current period does not assume the conversion of the company's outstanding convertible bonds since their exercise would result in an increase in net profit per share.

7. Adjustments retrospectively applied upon Adoption of New Accounting Standards in Hong Kong

At the beginning of the year, the Hong Kong Society of Accountants ("HKSA") issued a number of new Statements of Standard Accounting Practice ("SSAP") regarding the treatment of goodwill. The related interpretation ("Interpretation 13") was issued in June 2001. The new SSAPs relevant to the Group are:

- SSAP 30 — Business Combinations
- SSAP 31 — Impairment of Assets
- Interpretation 13 — Goodwill - continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves

The new SSAPs became effective for accounting periods beginning on or after 1 January 2001. As a result of the required first time adoption of these accounting standards issued by the HKSA and in accordance with the requirements of SSAP 2 (which outlines the disclosure requirements when a change in accounting policy has a material effect on the current or any prior periods presented, including the retrospective restatement of comparative periods), the Group has retrospectively adjusted its financial results for the six months ended 30 June 2000 and will be required to retrospectively adjust its financial results for the years ended 31 December 2000, 1999, 1998 and 1997 (not presented).

The following table summarises the effect on net profit and shareholders equity for the years ended 31 December 2000, 1999, 1998 and 1997 resulting from the Group's adoption of these new standards:

Description	6 months ended June 30, 2000 Net gain HK$'million	12 months ended December 31, 2000 Net gain HK$'million	12 months ended December 31, 1999 Net gain HK$'million	12 months ended December 31, 1998 (Net loss) HK$'million	12 months ended December 31, 1997 (Net loss) HK$'million	As at January 1, 2001 Shareholders' equity HK$'million
Amounts as previously reported	36	221	110	(357)	(30)	2,936
Impairment of goodwill recognized upon the adoption of SSAP 31	–	(120)	–	(228)	(10)	–
Amounts as retrospectively restated	36	101	110	(585)	(40)	2,936
Basic earnings/(loss) per share:						
As previously reported	2.3 cents	14.3 cents	9.2 cents	(30.9 cents)	(1.4 cents)	
As retrospectively restated	2.3 cents	6.5 cents	9.2 cents	(50.7 cents)	(1.9 cents)	
Diluted earnings per share:						
As previously reported	2.2 cents	13.8 cents	9.2 cents	N/A	N/A	
As retrospectively restated	2.2 cents	6.1 cents	9.2 cents	N/A	N/A	

7. Adjustments retrospectively applied upon Adoption of New Accounting Standards in Hong Kong (continued)

SSAP 31 prescribes procedures to be applied to ensure that assets are carried at not more than their recoverable amounts. The recoverable amount of an asset is defined to be the higher of its net selling price and its value in use. The Group determines the value in use of its assets, (including fixed assets, goodwill arising on business combinations accounted for using the purchase method and intangible assets) as the present value of estimated future cash flows together with estimated disposal proceeds at the end of its useful life. The Group is required to assess at each balance sheet date whether there are any indications that assets may be impaired, and if there are such indications, the recoverable amount of the assets is to be determined. Any resulting impairment losses identified are charged to the income statement.

In accordance with the provisions of Interpretation 13, assessments of impairment of goodwill also apply to goodwill previously eliminated against reserves which will not be reinstated at the time of adoption of SSAP 30. Any impairment loss identified in respect of goodwill previously eliminated against reserves is to be recognised as an expense in the income statement. The amendments to SSAP 30 and the provisions of Interpretation 13 are required to be reflected in accordance with the requirements of SSAP 2 and the transitional provision in SSAP 30.

The Group performed an assessment of the fair value of its assets, including the related goodwill that had previously been charged to reserves. The Group has retrospectively restated its reported profit/(loss) for the previous periods for the impairment of goodwill arising from the acquisition of subsidiaries and jointly-controlled entities. The restatement of profit/(loss) for the previous periods has no effect in the shareholders' equity brought forward as the goodwill has already been eliminated against reserves in previous years.

8. Fixed Assets

During the six months ended 30 June 2001, the Group acquired fixed assets of HK$121 million (year ended 31 December 2000: HK$681 million) and disposed fixed assets of HK$ 46 million (year ended 31 December 2000: HK$109 million).

9. Trade and Bills Receivables

The ageing analysis of trade and bill receivables is as follows:

	30 June 2001		31 December 2000	
	Balance	Percentage	Balance	Percentage
	HK$' million		HK$' million	
Current to 30 days	**328**	**68%**	276	60%
31 to 60 days	**67**	**14%**	137	30%
61 to 90 days	**30**	**6%**	36	8%
Over 90 days	**59**	**12%**	10	2%
	484	**100%**	459	100%

The Group allows an average credit period of 30-60 days to its trade customers.

10. Trade and Bills Payables

The ageing analysis of trade and bills payable is as follows:

	30 June 2001		31 December 2000	
	Balance	Percentage	Balance	Percentage
	HK$' million		HK$' million	
Current to 30 days	**251**	**38%**	197	35%
31 to 60 days	**126**	**24%**	153	27%
61 to 90 days	**26**	**16%**	150	26%
Over 91 days	**116**	**22%**	67	12%
	519	**100%**	567	100%

11. Convertible debts

	Notes	30 June 2001 HK$'million	31 December 2000 HK$'million
Convertible bond	(a)	**150**	150
	(b)	**100**	-
		250	150

11. Convertible debts (continued)

(a) In April 2001, the Company entered a supplemental deed (the "Deed") in connection with the outstanding convertible bond of HK$150 million. Under such Deed, the maturity date was extended from 27 October 2001 to 27 October 2002, interest rate was revised from 5% to 8% per annum and the conversion price was adjusted from HK$1.57 to HK$0.85 per share. By revising the conversion price to a level closer to the prevailing trading price of the Shares at the time of signing of the Deed, the Directors consider that the entering into of the Supplemental Deed will increase the chance of convertible bond being converted by its holders into shares and thereby reducing the chance of the Company having to make a repayment under the Convertible Bonds. This will enable the company to allocate its financial resources which would otherwise be employed for the repayment of the Convertible Bonds for the development of the Company's core businesses. The Directors believe that all these benefits will outweigh the additional interest costs payable by the company under the Convertible Bonds. Accordingly, the Directors consider the terms of the Supplemental Deed to be favourable to the Company.

The amount has been classified as non-current liabilities as at 30 June 2001.

(b) In June 2001, the Company issued convertible bond with a face value of HK$100,000,000. The convertible bond provides its holder option right to convert the face value amount into ordinary shares of HK$0.50 each of the Company on or before 18 June 2003 at a conversion price of HK$0.85 per share. The face value of the convertible bond bears interest at 8% per annum before the bond is converted and interest is payable on a semi-annually basis. The net proceeds of approximately HK$100 million shall be used for the purpose of, as to HK$60 million, the funding of the capital expenditure of the manufacturing operations which includes the manufacturing of cordless phones, and HK$40 million, the general working capital of the Group.

12. Share Capital

During the period, the Company repurchased a total of 7,780,000 of its own shares of HK$0.50 each on the open market. The repurchased shares were cancelled during the period and the issued share capital was reduced by the par value thereof.

Details of the repurchases of shares during the period were as follows:

Trading months	Number of ordinary shares repurchased	Price per ordinary share Highest HK$	Lowest HK$	Total cost (before expenses) HK$'000
January	4,566,000	1.06	0.84	4,577
February	904,000	1.01	0.93	883
March	2,310,000	1.00	0.88	2,166
	7,780,000			7,626

The premium of approximately HK$4 million on the shares repurchased, being the difference between the total cost of approximately HK$8 million, including the related repurchase expenses paid by the Company, and the aggregate amount of approximately HK$4 million, being the nominal value of the 7,780,000 ordinary shares repurchased, was deducted from the share premium account of the Company.

The repurchase of the Company's shares during the period were effected by the Directors, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

13. Reserves

	Share premium account HK$' million	Accumulated losses HK$' million	Total HK$' million
At 1 January 2001	3,127	(974)	2,153
Repurchase of shares	(4)	–	(4)
Profit for the period	–	40	40
At 30 June 2001	3,123	(934)	2,189

14. Contingent Liabilities

At 30 June 2001, the Group had guarantees amounting to HK$371,000,000 (31 December 2000: HK$304,000,000) given to banks in connection with facilities granted to subsidiaries.

15. Commitments

At 30 June 2001, the Group had the following commitments:

(a) Capital commitments contracted, but not provided for in the financial statement in respect of:

	30 June 2001 HK$'million	31 December 2000 HK$'million
Capital contributions to certain subsidiaries established in the People's Republic of China	**9**	9
Loan to an associate	**–**	8
Purchase of equipment and motor vehicles	**–**	1
Construction in progress	**44**	92
	53	110

(b) Capital commitments authorised, but not contracted for in respect of:

	30 June 2001 HK$'million	31 December 2000 HK$'million
Investment in a jointly-controlled entity established in the People's Republic of China	**–**	25
Acquisition of a subsidiary	**–**	5
	–	30

(c) At 30 June 2001, the Group's share of capital commitments of the jointly-controlled entities themselves was nil (31 December 2000: HK$376 million) in respect of capital expenditure authorised but not contracted for and nil (31 December 2000: HK$3 million) in respect of capital expenditures contracted but not provided for.

15. Commitments (continued)

(d) Annual commitments payable in the following year under non-cancellable operating leases in the following year in respect of land and buildings:

	30 June 2001 **HK$'million**	31 December 2000 HK$'million
Expiring:		
Within one year	**2**	1
In the second to fifth years, inclusive	**1**	10
Over five years	**6**	-
	9	11

16. Pledged of Assets

At 30 June 2001, the Group's bank borrowings were secured by:

(i) pledge of the Group's fixed deposits amounting to approximately HK$155 million (31 December 2000: HK$130 million);

(ii) fixed charges over certain of the Group's investment properties with net carrying value amounting to approximately HK$18 million (31 December 2000:HK$21 million);

(iii) fixed charges over certain of the Group's leasehold land and buildings with an aggregate net book value amounting to approximately HK$422 million (31 December 2000: HK$440 million); and

(iv) fixed charges over listed securities with a market value of approximately HK$89 million (31 December 2000: HK$275 million).

17. Related Party Transactions

The Group had the following material transactions with related parties during the period:

		Six months ended 30 June	
	Notes	**2001** **HK$'million**	2000 HK$'million
Purchase of finished goods from a jointly-controlled entity	(i)	**102**	–
Sale of raw materials to a jointly-controlled entity	(ii)	**114**	–

17. Related Party Transactions (continued)

The directors of the Company are of the opinion that the above transactions were entered into in the normal course of business.

Notes:

(i) The finished goods were purchased at prevailing market price.

(ii) The raw materials were sold at the actual cost of materials plus margins to cover the handling costs incurred.

18. Post Balance Sheet Events

The Company, CCT Multimedia Holdings Limited ("CCT Multimedia") and Orient Rich (H.K.) Limited ("Orient Rich") entered into a conditional agreement on 4 July 2001 and a supplemental agreement on 11 July 2001 pursuant to which CCT Multimedia has agreed to acquire (1) 100% equity interest of Foreland Agents Limited, ("Foreland"), an indirect wholly-owned subsidiary of the Company, which holds 51% of the issued share capital in Haier CCT (H.K.) Telecom Co., Limited ("HK JV") from the Company and (2) 49% of the issued share capital of the HK JV from Orient Rich for an aggregate consideration of HK$1,446,800,000. The consideration shall be satisfied by the transfer of the investment in Wellfit Group and Mingpao.com ("Consideration Business"), the shareholder's loans relating to the Consideration Business, the issue of the loan note with a principal amount of HK$60,000,000 and the issue of the 5,734,000,000 CCT Multimedia ordinary shares. The transaction shall be completed no later than 31 October 2001 subject to certain conditions being fulfilled.

The name of the Company was also proposed by the directors to change to Haier-CCT Holdings Limited upon completion of the transaction.

Further details of this transaction are set out in the Company's circular dated 29 August 2001.

19. Comparative Figures

Certain comparative figures have been reclassified to conform to the current period's presentation.

DISCLOSURE OF INTERESTS

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 30 June 2001, the following parties were interested in 10% or more of the issued share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"):

Name of shareholder	Number of shares held
Capital Interest Limited *(Note)*	332,945,797
Yiu Yu Ying *(Note)*	4,406,000
Mak Shiu Tong Clement	2,200,000
Total	339,551,797

Note: Pursuant to Section 8 of the SDI Ordinance, Mak Shiu Tong Clement, a director of the Company, is deemed to control or have an interest in Capital Interest Limited, the issued share capital in which his wife and his two sons have beneficial interest, and in the shares owned by his wife, Yiu Yu Ying. These interests have been disclosed under the section of "Directors' Interests" below.

Save as disclosed above, as at 30 June 2001, no other parties, other than the Directors of the Company and their associates, whose interests are set out below, had registered as having an interest of 10% or more in the share capital of the Company as recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance.

DIRECTORS' INTERESTS

At 30 June 2001, the interests of the Directors of the Company and their associates in the securities of the Company and its associated corporations (as defined in the SDI Ordinance) as recorded in the register required to be kept under Section 29 of the SDI Ordinance were as follows:

1. Interests in the Company

(i) Interests in ordinary shares of the Company

Name of Director	*Notes*	Number of ordinary shares beneficially held Personal	Family	Corporate
Mak Shiu Tong Clement	(1)	2,200,000	4,406,000	332,945,797
Cheng Yuk Ching		38,666,875	-	-
Tsoi Tong Hoo Tony		10,000,000	-	-
Samuel Olenick	(2)	-	-	500,000
William Donald Putt		686,000	-	-

Notes:

(1) The family interest of Mak Shiu Tong Clement in 4,406,000 shares is held by his wife, Yiu Yu Ying and the corporate interest of Mak Shiu Tong Clement in 332,945,797 shares is held by Capital Interest Limited, the issued share capital in which his wife and his two sons have beneficial interest, pursuant to Section 31 and Clause 5 of Part 1 of the Schedule of the SDI Ordinance and these interests in shares has also been disclosed under the section of "Substantial Shareholders' Interests" above.

(2) The shares are deemed to be interested by Samuel Olenick pursuant to Clause 5 of Part 1 of the Schedule of the SDI Ordinance.

(ii) Rights to acquire ordinary shares in the Company

Name of Director	Exercise period	Exercise price (HK$)	Number of share options outstanding as at 30 June 2001
Tam Ngai Hung	13/6/2001 - 12/6/2003	0.75	3,000,000

2. Interests in an associated corporation - CCT Multimedia Holdings Limited ("CCTMM")

(i) Interests in ordinary shares of CCTMM

Name of Director	*Notes*	Number of ordinary shares beneficially held Personal	Family	Corporate
Mak Shiu Tong Clement	(1)	574,412	1,150,391	85,103,220
Cheng Yuk Ching		9,312,498	–	–
Tsoi Tong Hoo Tony		1,305,483	–	–
Samuel Olenick	(2)	–	–	130,548
William Donald Putt		179,112	–	–

Notes:

(1) The family interest of Mak Shiu Tong Clement in 1,150,391 shares is held by his wife, Yiu Yu Ying and the corporate interest of Mak Shiu Tong Clement in 85,103,220 shares is held by Capital Interest Limited, the issued share capital in which his wife and his two sons have beneficial interest, pursuant to Section 31 and Clause 5 of Part 1 of the Schedule of the SDI Ordinance.

(2) The shares are deemed to be interested by Samuel Olenick pursuant to Clause 5 of Part 1 of the Schedule of the SDI Ordinance.

(ii) Rights to acquire ordinary shares in CCTMM

Name of Director	Exercise period	Exercise price (HK$)	Number of share options outstanding as at 30 June 2001
Mak Shiu Tong Clement	9/5/2001 - 8/11/2002	0.167	10,000,000
Cheng Yuk Ching	9/5/2001 - 8/11/2002	0.167	5,000,000
Tsoi Tong Hoo Tony	9/5/2001 - 8/11/2002	0.167	5,000,000
Tam Ngai Hung	29/6/2001 - 28/6/2003	0.170	5,000,000

Save as disclosed above, none of the Directors or their respective associates had any personal, family, corporate or other interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance nor any right to subscribe for the securities of the Company as at 30 June 2001 as recorded in the register kept by the Company under Section 29 of the SDI Ordinance.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2001, the Company had repurchased 7,780,000 ordinary shares in the Company on The Stock Exchange of Hong Kong Limited and the particulars of which are as follows:-

Trading month	Number of ordinary shares purchased	Price per share Highest *HK$*	Price per share Lowest *HK$*	Total cost (before expenses) *HK$*
2001				
January	4,566,000	1.06	0.84	4,576,440.00
February	904,000	1.01	0.93	883,340.00
March	2,310,000	1.00	0.88	2,165,860.00
	7,780,000			7,625,640.00

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2001.

AUDIT COMMITTEE

The Audit Committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed financial and accounting matters including the review of the unaudited condensed interim financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of six months ended 30 June 2001, in compliance with the Code of Best Practice as set out in Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except that the non-executive Directors of the Company are not appointed for a specific term as they are subject to retirement by rotation at the annual general meeting in accordance with the Articles of Association of the Company.

By Order of the Board
Mak Shiu Tong Clement
Chairman

Hong Kong, 18 September 2001