CCT LAND

中建置地集團有限公司

Stock Code : 261

2016

chairman's statement

On behalf of the Board of CCT Land Holdings Limited, I present the interim results of the Group for the six months ended 30 June 2016.

The Group's net loss attributable to the Company's shareholders for the six months ended 30 June 2016 was HK$32 million, as compared to the net loss of HK$35 million for the last corresponding period. The decrease in net loss was mainly due to reduction in finance costs as a result of the settlement of the promissory notes by issue of the Convertible Bonds in December 2015.

As the Group intends to conserve cash resources to finance operations and future development of the Group's business, the Board does not recommend payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

BUSINESS REVIEW

Telecom Product Business and Child Product Trading Business

During the reporting period, revenue of the Telecom Product Business fell by 40.7% to HK$178 million, as compared with HK$300 million for the last corresponding period. The declining revenue was mainly attributable to the slow global economy and the severe competition of cordless phone market. Furthermore, the significant devaluation of the euro against US dollar has depressed consumer demand in Europe, which is the Group's major market for its telecom products. The Child Product Trading Business, however, reported revenue of HK$87 million, rose by 16.0% or HK$12 million due to increase in orders from some customers in order to replenish inventory.

The Group has made significant progress in restructuring and resizing the manufacturing operations. This has resulted in improvement in efficiency and cost savings. Benefited by these initiatives, the performance of the Telecom Product Business has improved. The manufacturing business reported an EBIT loss of HK$6 million for the six months ended 30 June 2016, which was unchanged compared with the corresponding period in 2015. However, if the negative impact arising from the significant decrease in the segmental revenue and the additional restructuring costs of HK$8 million were taken into account, the manufacturing segment in fact achieved considerable improvement in operating results in the current period.

Shortage of labour in the Huiyang factory and the rising wages remained challenges to the management although the issue has become relatively stable as a result of the Group's continuing efforts to reform and resize the manufacturing operations.

As for the Child Product Trading Business, this business segment recorded a positive EBIT of HK$1 million, as compared with HK$2 million for the last corresponding period. The decrease in the operating profit was primarily led by keen competition and lower average selling prices.

In the first half of the year, the Group's investment properties comprised (i) the office properties in Shenzhen previously used as the Group's research and development center; and (ii) part of the Group's factory complex in the Huiyang City, Guangdong Province which has been rented to the CCT Fortis Group for use to produce plastic components mainly for supply to the Telecom Product Business. The Group's investment properties were fully let during the period, generating rental income and fair value gains to compensate partly for the costs of the manufacturing business. Due to the resizing of the Telecom Product Business, part of the Group's factory buildings and facilities in Huiyang have become excessive. The Group intends to convert the excessive factory property into investment property and plans to rent the property out to third party tenant(s) in the second half of this year. It is expected that the planned conversion and renting of surplus factory buildings will create further financial advantages to the manufacturing business by way of additional rental, possible fair value gains on revaluation of investment property and reduction in related depreciation charge. The financial advantages of the conversion are expected to help further cost savings and improving the financial performance of the manufacturing operations.

Mainland Property Business

In the first half of 2016, supported by the relaxing housing policy and monetary stimulus of the Central Government, the mainland property market rebound notably, especially in the first- and second-tier cities. Amid the improving market environment, we strived to increase sales of our Anshan property projects. During the period under review, the Group sold 103 property units in aggregate and achieved contracted sales of HK$49 million, most of which were from the Landmark City Phase 3 and Evian Villa Phase 1 projects. The launch of the Evian Villa Phase 2 for presale in the second half of 2015 was well received by property buyers. Up to 30 June 2016, a total of 185 units of this new project have been pre-sold for an aggregate pre-sale prices of approximately HK$125 million, of which pre-sale sum of HK$31 million was transacted in the first half of 2016. Although the current period's contract sales of HK$49 million fell by 21% as compared with the comparative sales figure of HK$62 million in 2015, if the pre-sales were taken into consideration, the total property sales and presales of the Group were HK$80 million in aggregate, higher than the corresponding sales by HK$18 million.

Despite increase in transaction volume, housing prices in the Anshan City continue to be weak, as progress in destocking is slow and the City's inventory level remains high. Many debt-ridden local developers continue to cut prices in order to reduce inventory and get cash to meet repayment obligations of their debts. This market condition exerted considerable pressure on the selling prices and gross margin of our property projects. As a result, the Group's property business incurred an operating loss of HK$23 million, rose by 283.3 % on a period-on-period basis. This increase in loss was due partly to decrease in contracted property sales and partly to lower gross margin.

Despite a difficult market environment, the Group has decided to commence development of land lot site "DN1". This reflects our confidence in our projects in Anshan and also the need to develop the land lot after holding it for several years. This new project will be named as "Evian Garden". With a site area of approximately 83,000 square meters, this project will be developed into a high-end housing project comprising mainly luxurious terraced houses and villas. The planned gross floor area of Evian Garden has been revised down to approximately 85,000 square meters, in order to reduce development costs and to fit the project better into the current market situation in Anshan. The prices of this project will be set at the upper end of the market and gross margin is expected to be better than the existing projects. The Group has started development planning and site clearance of the project. Construction will commence in spring next year.

Internet finance business

During the period under review, the newly established PRC limited company in which the Group holds 51% interest has commenced business in the provision of internet financial services. This new subsidiary recorded revenue of approximately HK$3 million and contributed an operating profit of approximately HK$2 million for the six months ended 30 June 2016.

Besides the provision of the financial advisory and supportive services, the new venture has developed an online "peer-to-peer" ("**P2P**") credit platform. This P2P lending platform is now in the final stage of test-run and is expected to be launched and up and running in the second half of 2016.

Proposal to subscribe for new shares in the Company

As disclosed in the Company's announcement dated 20 June 2016, the Company received a proposal (the "**Proposal**") from Poly International Investments Limited ("**Poly International**"), pursuant to which Poly International intends to apply, together with a partner, funds of HK$1.4 billion in aggregate to subscribe for new Shares. If the aforesaid proposed subscription proceeds to completion, Poly International and its partner (the "**Proposers**") intend to hold in aggregate more than 50% of the enlarged issued share capital of the Company. Completion of the proposed subscription under the Proposal will be subject to a number of conditions precedent which will include, among others, (i) approval of independent Shareholders of the issue of the new Shares to be issued to the Proposers and a waiver (the "**Whitewash Waiver**") of the Executive Director of the Corporate Finance Division of the Securities and Futures Commission (the "**Executive**") from the obligations of the Proposers to make a mandatory general offer as a result of the proposed subscription under the Proposal for all the Shares not already owned or agreed to be acquired by the Proposers and the respective parties acting in concert with them under Rule 26 of the Takeovers Code; and (ii) the Executive having granted the Whitewash Waiver in respect of the proposed subscription under the Proposal and the Whitewash Waiver not having been revoked. If the conditions precedent which include, among others, the aforesaid independent Shareholders' approval and the grant of the Whitewash Waiver by the Executive are not fulfilled, the proposed subscription under the Proposal will not proceed.

As at the date of this interim report, the Board is still reviewing and considering the Proposal and no definitive subscription agreement has been entered into with respect to the Proposal.

OUTLOOK

The global economy is expected to be uncertain and volatile going forward. Current market attention is focused on consequence of the United Kingdom referendum decision to exit from the European Union. The economic outlook is overshadowed by geo-political events and concerns over slowing global economies, further interest rate hikes in the US, subdued commodity prices and strong headwinds from foreign exchange movements.

We have seen notable positive effect from our efforts to restructure and reform the Telecom Product Business. We will continue to pursue our on-going initiatives to improve the productivity and competitiveness of our manufacturing business. We think we are on the right track to revive the factory and we will strive to turn around the manufacturing operations in the future.

The management considers that it is difficult to grow the Child Products Trading Business under the existing traditional sales channel. As such, a conditional agreement was entered with CCT Fortis on 3 August 2016 relating to sale of this business to CCT Fortis, and details of the transactions have been disclosed in the joint announcement of the Company and CCT Fortis dated 3 August 2016.

We will continue to enhance our strong reputation as a premium developer in the Anshan City. We will strive to increase sales of our property units while we will continue to pursue product quality and services excellence in our projects. We expect the new Evian Garden under development will attract strong market attention and will help promote sales of other property projects in Anshan. We are cautiously optimistic about the future outlook of the Anshan property market and amid a gradual market recovery, we expect to achieve higher sales in the future.

The Group will develop the internet finance business according to plans. It is expected that the Chinese authorities will introduce more rules and measures to regulate this new business sector. We will observe and comply with any new rules and regulations which are applicable to this business operation and welcome a healthy development of the internet finance industry.

Finally, we will continue to explore other business and investment opportunities to broaden the Group's revenue and to enhance value to the Shareholders.

APPRECIATION

On behalf of the Board, I wish to thank the directors, the management and all our employees for their dedication, loyalty, and hard work to meet the challenges during the period. I also want to thank our shareholders, investors, bankers, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 26 August 2016

financial review

REVIEW OF FINANCIAL RESULTS AND OTHER COMPREHENSIVE LOSS

	Six months ended 30 June		
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)	% increase/ (decrease)
Revenue	**317**	437	(27.5%)
Other income and gains	**17**	11	54.5%
Finance costs	**4**	22	(81.8%)
Loss before tax	**(33)**	(35)	(5.7%)
Income tax credit	**2**	–	N/A
Loss for the period	**(31)**	(35)	(11.4%)
Other comprehensive loss, net of tax	**(8)**	–	N/A
Attributable to:			
Owners of the parent	**(32)**	(35)	(8.6%)
Non-controlling interests	**1**	–	N/A
Loss for the period	**(31)**	(35)	(11.4%)

The Group's revenue of HK$317 million declined 27.5% compared with first half of 2015, mainly due to the decrease in revenue of the Telecom Product Business and the Mainland Property Business, partly compensated by the increase in revenue from the Child Product Trading Business. Increase in other income and gains represented mainly fair value gain of HK$1 million (30 June 2015: nil) on revaluation of the Group's investment properties and increase in rental income. Finance costs of HK$4 million for the current period fell HK$18 million or 81.8% compared with the first half of 2015, primarily because of the capitalization of the promissory notes by issue of the interest-free Convertible Bonds and reduction of bank borrowings. Despite fall in the revenue, reported net loss attributable to owners of the parent reduced to HK$32 million for the current period, a decrease of HK$3 million or 8.6% as compared with the comparable period last year.

Other comprehensive loss of HK$8 million was recorded in the six months ended 30 June 2016 (2015 corresponding period: nil), representing unrealised exchange losses on translation of the mainland property operations for accounting purpose, as a result of the further devaluation of RMB in the current period. Such translation loss was debited to reserves.

ANALYSIS BY BUSINESS SEGMENT

HK$ million	2016 Amount (Unaudited)	2016 Relative %	2015 Amount (Unaudited)	2015 Relative %	% increase/ (decrease)
	Revenue Six months ended 30 June				
Telecom Product Business	**178**	**56.2%**	300	68.6%	(40.7%)
Child Product Trading Business	**87**	**27.4%**	75	17.2%	16.0%
Mainland Property Business	**49**	**15.5%**	62	14.2%	(21.0%)
Internet Finance Business	**3**	**0.9%**	–	–	N/A
Total	**317**	**100%**	437	100.0%	(27.5%)

Operating (loss)/profit for the six months ended 30 June

HK$ million	2016 (Unaudited)	2015 (Unaudited)	% increase/ (decrease)
Telecom Product Business	**(6)**	(6)	N/A
Child Product Trading Business	**1**	2	(50.0%)
Mainland Property Business	**(23)**	(6)	283.3%
Internet Finance Business	**2**	–	N/A
Total	**(26)**	(10)	160.0%

The segmental operating results were presented in EBIT (operating profit/(loss) before interest and tax).

In the current period, 56.2% of the Group's total revenue was contributed by the Telecom Product Business, which remained the Group's largest business segment in terms of revenue. This segment's revenue of HK$178 million, fell 40.7% compared with the last comparable period, largely because of the unfavourable market conditions, including the sluggish euro economy, severe competition and the strong US dollar. Despite fall in revenue and payments of additional restructuring costs of HK$8 million in the current period, the manufacturing segment incurred the same EBIT loss of HK$6 million as the comparable period. The improved performance of the manufacturing business was driven by the successful efforts of the management to reform and restructure the manufacturing operations. Revenue of the Child Product Trading Business rose to HK$87 million, contributing 27.4% of the Group's total revenue and representing an increase of 16% over the comparable revenue of HK$75 million. The increase in the sales of this segment was driven by the short-term action of certain customers to replenish inventory. It is uncertain as to whether the improvement will sustain in the future. In the half-year to 30 June 2016, this business unit recorded EBIT profit of HK$1 million, fell 50% period-on-period, due to lower average selling price.

The Mainland Property Business reported higher EBIT loss of HK$23 million, an increase of 283.3% compared with the HK$6 million loss for the last comparable period, due to fall in property sales by 21% and lower sale prices.

The management is satisfied with the performance of the newly established internet finance business which was able to contribute revenue of HK$3 million and a positive EBIT of HK$2 million in its first few months of operations.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Revenue Six months ended 30 June				
	2016		2015		
HK$ million	**Amount (Unaudited)**	**Relative %**	Amount (Unaudited)	Relative %	% increase/ (decrease)
Europe	**146**	**46.1%**	192	43.9%	(24.0%)
Asian Pacific and others	**104**	**32.8%**	169	38.7%	(38.5%)
North America	**67**	**21.1%**	76	17.4%	(11.8%)
Total	**317**	**100.0%**	437	100.0%	(27.5%)

Sales of products to the Group's largest market regions in Europe contributed 46.1% of the Group's total revenue, representing a decrease 24.0% period-on-period, as a result of the difficult operating environment. Asian Pacific and other regions represented the second largest market of the Group and these regions contributed revenue of HK$104 million, down 38.5% compared with comparable period last year, primarily because of less property sales in the Mainland China and lower product sales to the regions. The North American markets recorded revenue of HK$67 million, decreased by 11.8% or HK$9 million period-on-period, primarily because of less shipments of products to the regions.

CAPITAL STRUCTURE AND GEARING RATIO

HK$ million	30 June 2016 Amount (Unaudited)	30 June 2016 Relative %	31 December 2015 Amount (Audited)	31 December 2015 Relative %
Bank borrowings	**263**	**14.3%**	364	18.7%
Equity	**1,573**	**85.7%**	1,583	81.3%
Total capital employed	**1,836**	**100.0%**	1,947	100.0%

The Group's gearing ratio was 14.3% as at 30 June 2016 (31 December 2015: 18.7%). The improvement was due to reduction of bank borrowings. Such a low gearing ratio was primarily led by the settlement of the promissory notes by issue of the Convertible Bonds in December 2015. The Convertible Bonds were classified as equity for accounting purpose and hence increased the Company's equity significantly.

The Group's outstanding bank borrowings were HK$263 million as at the period end (31 December 2015: HK$364 million). The decrease in working capital bank borrowings was in line with the declining revenue. As at 30 June 2016, the maturity profile of the Group's bank borrowings falling due within one year and in the second to the fifth years amounted to HK$239 million and HK$24 million, respectively (31 December 2015: HK$296 million and HK$68 million, respectively). There was no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	30 June 2016 (Unaudited)	31 December 2015 (Audited)
Current assets	**1,737**	1,813
Current liabilities	**627**	660
Net current assets	**1,110**	1,153
Current ratio	**277.0%**	274.7%

The current ratio as at 30 June 2016 of 277.0% improved marginally from the current ratio of 274.7% at last year end. Working capital of HK$1,110 million decreased by HK$43 million or 3.7% compared with HK$1,153 million at last year end. The liquidity of the Group remained strong. Of the total cash balance of HK$251 million (31 December 2015: HK$294 million), deposits of HK$109 million (31 December 2015: HK$109 million) were pledged to secure banking facilities of the Group.

In view of the Group's current cash position and the unutilised banking facilities available, the Group continued to maintain a sound financial position and has sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

As at 30 June 2016, there was no material capital commitment of the Group (31 December 2015: nil).

TREASURY MANAGEMENT

The Group employs a prudent 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 six months ended 30 June 2016, the Group's receipts were mainly denominated in US dollar and RMB. Payments were mainly made in Hong Kong dollar, US dollar and RMB. Cash was generally placed in short-term deposits denominated in Hong Kong dollar, US dollar and RMB. In the first half of 2016, the Group's borrowings were denominated in Hong Kong dollar, US dollar and RMB and interest on the borrowing was principally determined 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 at present as the effective interest rates currently remain at low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar and RMB. Since the Hong Kong dollar remains pegged to the US dollar, the exchange exposure to US dollar is minimal.

As for RMB exposure, the current devaluation of RMB benefits our manufacturing business as our factory wages and overhead are paid in RMB. We have already unwound most of the previous arrangement of pledging RMB deposits for HK dollar loans. The impact of the devaluation of RMB to the Mainland Property Business is considered to be part of costs of doing business in China. At present, the impact of the RMB exchange loss on the Group's profit or loss is not material. Furthermore, there was unrealised translation loss recorded in respect of the Group's PRC subsidiaries, as a result of the depreciation of RMB. Such translation loss was accounted for through reserves and did not hit the Group's profit or loss. The Group does not enter into any high-risk foreign exchange derivatives

ACQUISITIONS AND DISPOSALS OF MATERIAL SUBSIDIARIES AND ASSOCIATES

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

SIGNIFICANT INVESTMENT

The Group did not purchase, sell or hold any significant investment during the period ended 30 June 2016 and as at the last balance sheet date.

PLEDGE OF ASSETS

As at 30 June 2016, certain assets of the Group with a net book value of HK$1,094 million (31 December 2015: HK$1,122 million), net assets of a subsidiary having a net book value of HK$375 million (31 December 2015: HK$385 million) and time deposits of HK$109 million (31 December 2015: HK$109 million) were pledged to secure banking facilities granted to the Group to finance operations and working capital.

CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (30 June 2015: nil).

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2016 was 1,723 (31 December 2015: 1,492). The Group's remuneration policy is built on the principle of equality, motivating, performance-oriented and market-competitive remuneration package to employees. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage and performance related bonuses. Share options may also be granted to eligible employees and persons of the Group. At 30 June 2016, there were outstanding share options of 15,000,000 underlying shares (31 December 2015: 15,000,000 share options).

interim results

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2016 together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2016

HK$ million	Notes	Six months ended 30 June **2016 (Unaudited)**	 2015 (Unaudited)
REVENUE	4	**317**	437
Cost of sales		**(302)**	(410)
Gross profit		**15**	27
Other income and gains		**17**	11
Selling and distribution expenses		**(11)**	(12)
Administrative expenses		**(41)**	(38)
Other expenses		**(9)**	(1)
Finance costs	5	**(4)**	(22)
LOSS BEFORE TAX	6	**(33)**	(35)
Income tax credit	7	**2**	–
LOSS FOR THE PERIOD		**(31)**	(35)
Attributable to:			
Owners of the parent		**(32)**	(35)
Non-controlling interests		**1**	–
		(31)	(35)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic		**(HK0.03 cent)**	(HK0.05 cent)
Diluted		**(HK0.03 cent)**	(HK0.05 cent)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)
LOSS FOR THE PERIOD	**(31)**	(35)
Other comprehensive loss to be reclassified to profit or loss in subsequent period, net of tax:		
Exchange differences on translation of foreign operations	**(8)**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(39)**	(35)
Attributable to:		
Owners of the parent	**(40)**	(35)
Non-controlling interests	**1**	–
	(39)	(35)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

HK$ million	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	**137**	151
Investment properties		**334**	333
Prepaid land lease payments		**39**	40
Goodwill		**80**	80
Pledged time deposits		**4**	4
Total non-current assets		**594**	608
Current assets			
Inventories		**46**	46
Properties under development		**297**	–
Completed properties held for sale		**926**	983
Trade receivables	11	**176**	135
Prepayments, deposits and other receivables		**36**	345
Financial assets at fair value through profit or loss		**9**	14
Pledged time deposits		**105**	105
Cash and cash equivalents		**142**	185
Total current assets		**1,737**	1,813
Total assets		**2,331**	2,421

HK$ million	Notes	30 June 2016 (Unaudited)	31 December 2015 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	14	**1,343**	923
Convertible bonds	15	**496**	916
Reserves		**(296)**	(256)
		1,543	1,583
Non-controlling interests		**30**	–
Total equity		**1,573**	1,583
Non-current liabilities			
Interest-bearing bank borrowings		**24**	68
Deferred tax liabilities		**107**	110
Total non-current liabilities		**131**	178
Current liabilities			
Trade and bills payables	12	**221**	234
Tax payable		**7**	6
Other payables and accruals	13	**160**	124
Interest-bearing bank borrowings		**239**	296
Total current liabilities		**627**	660
Total liabilities		**758**	838
Total equity and liabilities		**2,331**	2,421
Net current assets		**1,110**	1,153
Total assets less current liabilities		**1,704**	1,761

CONDENSED STATEMENT OF CHANGES IN EQUITY

Period ended 30 June 2016

	Attributable to owners of the parent										
HK$ million	Issued capital (Unaudited)	Convertible bonds (Unaudited)	Share premium account (Unaudited)	Capital reserve (Unaudited)	Share option reserve (Unaudited)	Asset revaluation reserve (Unaudited)	Exchange fluctuation reserve (Unaudited)	Accumulated loss (Unaudited)	Total (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
At 1 January 2016	**923**	**916**	**341**	**733**	**-**	**19**	**(55)**	**(1,294)**	**1,583**	**-**	**1,583**
(Loss)/gain for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(32)**	**(32)**	**1**	**(31)**
Other comprehensive loss for the period: Exchange differences on translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**-**	**(8)**	**-**	**(8)**	**-**	**(8)**
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(8)**	**(32)**	**(40)**	**1**	**(39)**
Capital injection to a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29**	**29**
Conversion of convertible bonds	**420**	**(420)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
At 30 June 2016	**1,343**	**496**	**341**	**733**	**-**	**19**	**(63)**	**(1,326)**	**1,543**	**30**	**(1,573)**
At 1 January 2015	654	–	238	733	2	19	(6)	(1,220)	420	–	420
Total comprehensive loss for the period	–	–	–	–	–	–	–	(35)	(35)	–	(35)
Exercise of share options	6	–	–	–	–	–	–	–	6	–	6
Subscription of new shares by placing	43	–	61	–	–	–	–	–	104	–	104
At 30 June 2015	703	–	299	733	2	19	(6)	(1,255)	495	–	495

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

		Six months ended 30 June	
HK$ million	Notes	**2016 (Unaudited)**	2015 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(33)**	(35)
Adjustments for:			
Finance costs	5	**4**	22
Interest income		**(1)**	(2)
Depreciation and amortisation	6	**16**	17
Fair value gain on investment properties		**(1)**	–
Loss on disposal of items of property, plant and equipment		**–**	1
		(15)	3
Decrease in inventories		**–**	10
Increase in properties under development		**–**	(76)
Decrease in completed properties held for sale		**48**	54
(Increase)/decrease in trade receivables		**(41)**	81
Decrease in prepayments, deposits and other receivables		**10**	1
Decrease in trade and bills payables		**(12)**	(143)
Increase/(decrease) in other payables and accruals		**37**	(4)
Cash generated from/(used in) operations		**27**	(74)
Interest received		**1**	2
Interest paid		**(4)**	(9)
Net cash flows from/(used in) operating activities		**24**	(81)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(1)**	(4)
Proceeds from disposal of financial assets at fair value through profit or loss		**5**	–
Increase in pledged time deposits		**–**	(26)
Net cash flows from/(used in) investing activities		**4**	(30)

HK$ million	Notes	Six months ended 30 June 2016 (Unaudited)	2015 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and trust receipts loans		**126**	299
Repayment of bank loans and trust receipts loans		**(226)**	(326)
Capital injection from non-controlling interests		**29**	–
Issuance of promissory notes		**–**	55
Proceeds from placing of new shares		**–**	104
Repayment of promissory notes		**–**	(5)
Exercise of share options		**–**	6
Net cash flows (used in)/from financing activities		**(71)**	133
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(43)**	22
Cash and cash equivalents at beginning of the period		**185**	208
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**142**	230
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**142**	230
Cash and cash equivalents as stated in the condensed consolidated statement of financial position and the condensed consolidated statement of cash flows		**142**	230

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the year ended 31 December 2015 (the "**2015 Annual Report**").

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's 2015 Annual Report.

The following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") have been adopted by the Company with effect from 1 January 2016. The adoption of the new and revised HKFRSs does not have any significant financial effect on the interim financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

(a) the telecom and electronic products segment which is the manufacture and sale of telecom, electronic, and the Child Products;

(b) the child product trading segment which is the trading of the Child Products;

(c) the property development segment which is engaged in the development and sale of residential and commercial properties in the Mainland China; and

(d) the internet finance business which is the provision of internet financial services and online lending platform.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except the head office and corporate expenses are excluded from such measurement.

Segment assets exclude corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax payable and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2016

HK$ million	Telecom and electronic products (Unaudited)	Trading of child products (Unaudited)	Property development (Unaudited)	Internet finance business (Unaudited)	Reconciliation (Unaudited)	Group total (Unaudited)
Segment revenue:						
From external customers	178	87	49	3	-	317
Other revenue	16	-	1	-	-	17
	194	87	50	3	-	334
Operating (loss)/profit	(6)	1	(23)	2	-	(26)
Finance costs	(3)	(1)	-	-	-	(4)
Reconciled items:						
Corporate and other unallocated expenses	-	-	-	-	(3)	(3)
(Loss)/profit before tax	(9)	-	(23)	2	(3)	(33)
Income tax credit	-	-	-	-	2	2
Loss for the period	(9)	-	(23)	2	(3)	(31)
Other segment information:						
Interest income	1	-	-	-	-	1
Expenditure for non-current assets	1	-	-	-	-	1
Depreciation and amortization	(16)	-	-	-	-	(16)
Other material non-cash items:						
Fair value gain on investment properties	1	-	-	-	-	1

3. OPERATING SEGMENT INFORMATION *(continued)*

For the period ended 30 June 2015

HK$ million	Telecom and electronic products (Unaudited)	Trading of child products (Unaudited)	Property development (Unaudited)	Reconciliation (Unaudited)	Group total (Unaudited)
Segment revenue:					
From external customers	300	75	62	–	437
Other revenue	10	–	–	–	10
	310	75	62	–	447
Operating (loss)/profit	(6)	2	(6)	–	(10)
Finance costs	(7)	–	(15)*	–	(22)
Reconciled items:					
Corporate and other unallocated expenses	–	–	–	(3)	(3)
(Loss)/profit before tax	(13)	2	(21)	(3)	(35)
Income tax expense	–	–	–	–	–
Loss for the period	(13)	2	(21)	(3)	(35)
Other segment information:					
Interest income	2	–	–	–	2
Expenditure for non-current assets	4	–	–	–	4
Depreciation and amortization	(17)	–	–	–	(17)

* Included non-cash accounting notional interest of HK$12 million for the period on the interest-free promissory notes arising from passage of time.

3. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2016

HK$ million	Telecom and electronic products (Unaudited)	Trading of child products (Unaudited)	Property development (Unaudited)	Internet finance business (Unaudited)	Reconciliation (Unaudited)	Group Total (Unaudited)
Segment assets:	867	45	1,265	60	–	2,237
Reconciled items						
Corporate and other unallocated assets	–	–	–	–	94	94
Total assets	867	45	1,265	60	94	2,331
Segment liabilities	364	21	244	–	–	629
Reconciled items						
Corporate and other unallocated liabilities	–	–	–	–	129	129
Total liabilities	364	21	244	–	129	758

As at 31 December 2015

HK$ million	Telecom and electronic products (Audited)	Trading of child products (Audited)	Property development (Audited)	Reconciliation (Audited)	Group Total (Audited)
Segment assets	941	46	1,308	–	2,295
Reconciled items:					
Corporate and other unallocated assets	–	–	–	126	126
Total assets	941	46	1,308	126	2,421
Segment liabilities	431	17	273	–	721
Reconciled items:					
Corporate and other unallocated liabilities	–	–	–	117	117
Total liabilities	431	17	273	117	838

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

a) *Revenue from external customers*

HK$ million	Six months ended 30 June **2016** **(Unaudited)**	 2015 (Unaudited)
Europe	**146**	192
Asian Pacific and others	**104**	169
North America	**67**	76
	317	437

The revenue information above is based on the final locations where the Group's products were sold to customers.

b) *Non-current assets*

HK$ million	**30 June 2016 (Unaudited)**	31 December 2015 (Audited)
Hong Kong	**7**	8
Mainland China	**583**	596
	590	604

The non-current assets information is based on the location of the assets and excludes financial instruments.

Information about major customers

For the six months ended 30 June 2016, revenue from each of two major customers of the manufacture segment and the trading segment of the Child Products was HK$56 million and HK$52 million, respectively, representing 18% and 16% of the Group's total revenue, respectively.

For the six months ended 30 June 2015, revenue from each of two major customers of the manufacture segment and the trading segment of the Child Products was HK$72 million and HK$49 million, respectively, representing 16% and 11% of the Group's total revenue, respectively.

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, and gross proceeds (net of business tax) from the sale of properties during the period.

An analysis of revenue is as follows:

	Six months ended 30 June	
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)
Manufacture and sale of telecom, electronic and the Child Products	**265**	373
Sale of properties	**48**	62
Internet finance business	**3**	–
Bank interest income	**1**	2
	317	437

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)
Interest on bank loans wholly repayable within five years	**4**	9
Interest on promissory notes	**–**	1
Total interest expense on financial liabilities not at fair value through profit or loss	**4**	10
Interest of discounted amount of promissory note arising from passage of time	**–**	12
	4	22

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)
Cost of sales	**302**	410
Depreciation	**15**	16
Amortisation of prepaid land lease payments	**1**	1

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided for the six months ended 30 June 2016 and 2015 as the Group had no profits chargeable to Hong Kong profits tax during that periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 June	
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)
Current — Mainland China		
Mainland China land appreciation tax	**1**	1
Deferred tax credit	**(3)**	(1)
Total tax credit for the period	**(2)**	–

8. DIVIDENDS

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2016 (30 June 2015: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss per share amounts for the period is based on the loss for the period attributable to ordinary equity holders of the parent of HK$32 million (30 June 2015: HK$35 million), and the weighted average number of 111,650,422,562 (30 June 2015: 66,942,743,992) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2016 in respect of a dilution as the impact of the outstanding share options and the Convertible Bonds had an anti-dilutive effect on the basic loss per share amounts presented.

No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2015 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired fixed assets of approximately HK$1 million (six months ended 30 June 2015: HK$4 million).

11. TRADE RECEIVABLES

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**35**	**20**	41	30
31 to 60 days	**41**	**23**	43	32
61 to 90 days	**72**	**41**	39	29
Over 90 days	**28**	**16**	12	9
	176	**100**	135	100

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

The trade receivables comprised the trade receivables due from customers of manufacturing and trading operations, receivables from property sales in Mainland China and loan receivables and accrued interest of the Internet Finance Business.

12. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**33**	**15**	44	19
31 to 60 days	**40**	**18**	34	14
61 to 90 days	**27**	**12**	23	10
Over 90 days	**121**	**55**	133	57
	221	**100**	234	100

As at 30 June 2016, included in the trade and bill payables are trade payables of HK$19 million (31 December 2015: HK$7 million) due to CCT Plastic Limited, a wholly-owned subsidiary of CCT Fortis, which are unsecured, interest-free and repayable within 90 days from the invoice date.

The trade payables are non-interest bearing and are normally settled on credit terms between 30 days to 90 days.

13. OTHER PAYABLES AND ACCRUALS

Included in the other payables and accruals was a loan of HK$24 million (31 December 2015: nil) borrowed by the Company from CCT Fortis. The loan is interest-free, has no fixed repayment terms and repayable on demand.

14. SHARE CAPITAL

HK$ million	**30 June 2016 (Unaudited)**	31 December 2015 (Audited)
Authorised;		
300,000,000,000 (31 December 2015: 300,000,000,000) ordinary shares of HK$0.01 each	**3,000**	3,000
Issued and fully paid:		
134,278,993,990 (31 December 2015: 92,278,993,990) ordinary shares of HK$0.01 each	**1,343**	923

During the period of six months ended 30 June 2016, the conversion rights in respect of the Convertible Bonds with the principal amount of HK$420 million were exercised at the conversion price of HK$0.01 per Share, resulting in the issue of 42,000,000,000 Shares at total issued capital amount of HK$420 million.

15. CONVERTIBLE BONDS

On 7 December 2015, the Company issued the Convertible Bonds with an aggregate principal amount of approximately HK$1,096 million, of which approximately HK$796 million was issued to CCT Securities and HK$300 million was issued to an independent third party, for settlement of the promissory notes with outstanding principal and accrued interest of HK$1,084 million as at 7 December 2015. The Convertible Bonds are interest free and have the maturity date falling on the third anniversary of the date of issue of the Convertible Bonds, which will be 7 December 2018 (the "**Maturity Date**"). The Convertible Bonds are convertible at the option of the bondholders into the Shares at the initial conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds). The Convertible Bonds are not redeemable. Subject to the terms and conditions of the Convertible Bonds, any Convertible Bonds not converted into share will be automatically converted into ordinary shares of the Company on the Maturity Date.

15. CONVERTIBLE BONDS *(continued)*

Convertible Bonds with aggregate principal amount of HK$600 million have been converted into 60,000,000,000 Shares up to 30 June 2016. The Convertible Bonds with principal amount of HK$496 million was outstanding as at 30 June 2016 and these outstanding Convertible Bonds are held by CCT Securities, which are convertible into 49,567,100,000 Shares at the conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds). The following table set out the shareholding structure of the Company: (i) as at 30 June 2016, and (ii) for illustrative purpose only, the structure immediately after the issue of the 49,567,100,000 Shares upon full conversion of the all the outstanding Convertible Bonds as at 30 June 2016 at the conversion price of HK$0.01 per conversion share, assuming that there is no other changes to the share capital of the Company from 30 June 2016 to date of the allotment and issue of the conversion shares:

	As at 30 June 2016		Immediately after conversion of the all the outstanding Convertible Bonds and issue of the conversion shares	
Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
CCT Securities	**14,000,000,000**	**10.43%**	**63,567,100,000**	**34.58%**
Director — Tam Ngai Hung, Terry	**10,000,000**	**0.01%**	**10,000,000**	**0.01%**
Public Shareholders	**120,268,993,990**	**89.56%**	**120,268,993,990**	**65.41%**
Total	**134,278,993,990**	**100.00%**	**183,846,093,990**	**100.00%**

Note: The Convertible Bonds cannot be converted into the Shares if a mandatory offer obligations is triggered on the part of the bondholder which exercised the conversion rights.

There is no dilutive impact on the Group's loss per share in relation to the outstanding Convertible Bonds as the impact of the Convertible Bonds has an anti-dilutive effect on the loss per share of the Group.

As the Convertible Bonds are not redeemable and the Company has no repayment obligations in relation to the Convertible Bonds and as such, the outstanding Convertible Bonds will not have any effect on the financial and liquidity position of the Group.

As the bondholder(s) has no right to demand redemption or prepayment of the interest-free Convertible Bonds, which will be automatically converted into ordinary shares of the Company on the Maturity Date, the market price of the Shares will not have any bearing on the decision of the bondholder as to whether to exercise the conversion rights in respect of the Convertible Bonds.

16. CONTINGENT LIABILITIES

As at 30 June 2016, the Group did not have any significant contingent liabilities (31 December 2015: nil).

17. PLEDGE OF ASSETS

At 30 June 2016, the Group's interest-bearing bank borrowings were secured by:

(a) the pledge of certain of the Group's buildings situated in the Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$116 million (31 December 2015: HK$127 million);

(b) the pledge of the Group's investment properties situated in the Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$334 million (31 December 2015: HK$333 million);

(c) the pledge of certain of the Group's leasehold land situated in the Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$40 million (31 December 2015: HK$41 million);

(d) the pledge of certain of the Group's completed properties held for sale situated in the Mainland China, which had an aggregate carrying amount at the end of the reporting period of approximately HK$604 million (31 December 2015: HK$621 million) ;

(e) the pledge of certain of the Group's time deposits amounting to HK$38 million (31 December 2015: HK$38 million); and

(f) the pledge of the equity interests of a subsidiary of the Company with a net asset value of HK$375 million (31 December 2015: HK$385 million).

In addition, CCT Fortis has guaranteed certain of the Group's bank borrowings up to HK$146 million (31 December 2015: HK$146 million) as at the end of the reporting period.

18. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group has rented out its investment properties under operating lease arrangements with leases negotiated for terms of three years.

At 30 June 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

HK$ million	**30 June 2016 (Unaudited)**	31 December 2015 (Audited)
Within one year	**3**	8
In the second to fifth years, inclusive	**–**	4
	3	12

(b) As lessee

The Group has leased certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from two to three years.

At 30 June 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

HK$ million	**30 June 2016 (Unaudited)**	31 December 2015 (Audited)
Within one year	**1**	2
In the second to fifth years, inclusive	**–**	–
	1	2

19. COMMITMENTS

As at 30 June 2016, the Group did not have any significant capital commitments (31 December 2015: nil).

20. RELATED PARTY TRANSACTIONS

(a) As at 30 June 2016, CCT Fortis held indirectly a total of 14,000,000,000 Shares, representing approximately 10.43% of the total number of issued Shares. In addition, CCT Fortis held indirectly the Convertible Bonds with the principal amount of HK$495,671,000, which are convertible into 49,567,100,000 Shares at the conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the Convertible Bonds). As CCT Fortis is controlled by Mr. Mak Shiu Tong, Clement, who is the Chairman, executive Director and CEO of the Company, members of the CCT Fortis Group are related parties of the Company. During the six months ended 30 June 2016, the Group had conducted the following related party transactions with the CCT Fortis Group:

HK$ million	Notes	Six months ended 30 June **2016** **(Unaudited)**	 2015 (Unaudited)
Wholly-owned subsidiaries of CCT Fortis:			
Continuing connected transactions			
Purchase of components	(i), (v)	**34**	35
Factory rental income	(ii), (v)	**3**	3
Office rental expense	(iii), (v)	**1**	1
CCT Fortis:			
Continuing connected transaction			
Management information system service fee	(iv), (v)	**3**	3
Exempted connected transactions			
Issuance of promissory notes		**–**	55
Interest of promissory notes		**–**	1

Notes:

(i) Plastic casings, plastic components and related toolings were supplied by the CCT Fortis Group to the Group for the production of telecom, electronic and the Child Products at prices mutually agreed with the related parties, pursuant to the terms and conditions of a manufacturing agreement dated 9 October 2012 entered into between the Company and CCT Fortis, which has a term of three years effective from 1 January 2013. The agreement was renewed on 9 November 2015 for a term of three years from 1 January 2016 to 31 December 2018. The terms and conditions of the renewed agreement are similar to the previous agreement.

20. RELATED PARTY TRANSACTIONS *(continued)*

(a) *(continued)*

Notes: *(continued)*

(ii) The factory rental income was charged by the Group to a wholly-owned subsidiary of CCT Fortis for the provision of factory space in Huiyang, Mainland China, at a rental and subject to the terms and conditions set out in a tenancy agreement dated 10 December 2014 entered into between the relevant related parties, which has a term of three years effective from 1 January 2015.

(iii) The office rental expense was charged by a wholly-owned subsidiary of CCT Fortis to the Company for the provision of office space in Hong Kong, at a rental and subject to the terms and conditions pursuant to a tenancy agreement dated 10 December 2014 entered into between the Company and the subsidiary of CCT Fortis, which has a term of three years effective from 1 January 2015.

(iv) The management information system ("**MIS**") service fee was charged by the Company to CCT Fortis for the provision of general management information system support, network and software consultation and hardware maintenance services provided by the Group to the CCT Fortis Group. The fee was determined in accordance with the terms and conditions set out in a MIS agreement dated 10 December 2014 entered into between the Company and CCT Fortis, which has a term of three years effective from 1 January 2015.

(v) The Company has complied with Chapter 14A of the Listing Rules in respect of the above non-exempt continuing connected transactions.

(b) Outstanding balances with related parties:

Details of the Group's balances with CCT Fortis and its subsidiaries at the end of the reporting period have been disclosed in notes 12 and 13 to the financial statements.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June	
HK$ million	**2016 (Unaudited)**	2015 (Unaudited)
Short term employee benefits	**6**	5

(d) As at 30 June 2016, CCT Fortis, has guaranteed certain bank borrowings made to the Group up to HK$146 million (31 December 2015: HK$146 million), which have also been disclosed in note 17 to the financial statements.

21. APPROVAL OF THE INTERIM REPORT

The interim report was approved by the Board on 26 August 2016.

22. EVENTS AFTER THE REPORTING PERIOD

On 3 August 2016, CCT Tech Global Holdings Limited ("**CCT Global**"), a wholly-owned subsidiary of the Company, entered into a conditional agreement (the "**Agreement**") with CCT Fortis, pursuant to which CCT Global conditionally agreed to sell, and CCT Fortis conditionally agreed to purchase or procure its designated nominee to purchase the entire issued share capital of Suremark Holdings Limited (the "**Target Company**"), a wholly-owned subsidiary of the Company at a consideration of HK$24,000,000, which will be satisfied by set-off the interest-free loan of HK$24,000,000 due by the Company to CCT Fortis (the "**Transaction**"). The Target Company is engaged through its subsidiaries, namely Wiltec Industrial Limited and Wiltec Industries (HK) Limited, in the Child Product Trading Business.

On 3 August 2016, CCT Global further entered into a product manufacturing agreement (the "**Manufacturing Agreement**") with CCT Fortis, which governs the terms and conditions for the manufacture and supply of the Child Products by the Group to the CCT Fortis Group for the period from the date of completion of the Transaction to 31 December 2018.

Completion of the Transaction and the commencement of the term of the Manufacturing Agreement are subject to a number of conditions precedent, respectively. As at the date of this interim report, the Transaction has not been completed and the term of the Manufacturing Agreement also has not become effective. Details of the Agreement, the Transaction, the Manufacturing Agreement and the transactions contemplated thereunder have been set out the joint announcement of the Company and CCT Fortis dated 3 August 2016.

disclosure of interests

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the Directors and chief executive of the Company and/or any of their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company:

Interests and short positions in the Shares and the underlying Shares as at 30 June 2016

(i) *Long positions in the Shares:*

Name of the Directors	Number of the Shares interested and nature of interest		Total	Approximate percentage of the total issued share capital of the Company
	Personal	Corporate		
				(%)
Mak Shiu Tong, Clement (Note)	–	14,000,000,000	14,000,000,000	10.43
Tam Ngai Hung, Terry	10,000,000	–	10,000,000	0.01

Note: The interest disclosed represented 14,000,000,000 Shares held by CCT Fortis through its indirect wholly-owned subsidiary. Mr. Mak Shiu Tong, Clement is deemed to be interested in such Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of CCT Fortis through his interest in the shareholding of approximately 54.79% of the total issued share capital in CCT Fortis as at 30 June 2016.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES *(continued)*

Interests and short positions in the Shares and the underlying Shares as at 30 June 2016 *(continued)*

(ii) Long positions in the underlying Shares of the share options granted under the 2011 Scheme:

Name of the Directors	Date of grant of the share options	Exercise period of the share options	Exercise price per share	Number of the share options outstanding	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company
			HK$			(%)
Chow Siu Ngor	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	Below 0.01
Lau Ho Kit, Ivan	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	Below 0.01
Tam King Ching, Kenny	17/1/2014	17/1/2014–16/1/2024	0.01	5,000,000	5,000,000	Below 0.01

(iii) Long positions in the underlying Shares of the Convertible Bonds issued by the Company:

Name of the Directors	Number of the underlying Shares interested and nature of interest		Total	Approximate percentage of the total issued share capital of the Company
	Personal	Corporate		
				(%)
Mak Shiu Tong, Clement (Note)	–	49,567,100,000	49,567,100,000	36.91

Note: The interest disclosed represented 49,567,100,000 underlying Shares at the conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to terms and conditions of the Convertible Bonds) in respect of the Convertible Bonds issued by the Company to CCT Securities pursuant to the terms and conditions of the Subscription and Settlement Agreement. Mr. Mak Shiu Tong, Clement is deemed to be interested in such underlying Shares under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meeting of CCT Fortis through his interest in the shareholding of approximately 54.79% of the total issued share capital in CCT Fortis as at 30 June 2016.

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code adopted by the Company.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed under the sections headed "Directors' interests in Shares and underlying Shares" above and "Share Option Scheme of the Company" below, at no time during the period for the six months ended 30 June 2016 was the Company, or any of its holding companies, subsidiaries or associated corporations, a party to any arrangement to enable the Directors and chief executive of the Company (including their respective spouse and children under 18 years of age) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2016, the following persons (not being the Directors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Interest and short positions in the Shares and the underlying Shares as at 30 June 2016:

(i) Long positions in the Shares:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company
		(%)
CCT Fortis (Note)	14,000,000,000	10.43
CCT Capital International Holdings Limited (Note)	14,000,000,000	10.43
CCT Securities (Note)	14,000,000,000	10.43

Note: The interest disclosed represented 14,000,000,000 Shares held directly by CCT Securities which is a direct wholly-owned subsidiary of CCT Capital International Holdings Limited, which in turn is a direct wholly-owned subsidiary of CCT Fortis. The said interest of such Shares has also been disclosed under the section headed "Directors' interests in Shares and underlying Shares" above.

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(continued)*

Interest and short positions in the Shares and the underlying Shares as at 30 June 2016: *(continued)*

(ii) Long positions in the underlying Shares of the Convertible Bonds issued by the Company:

Name of the Shareholders	Number of the underlying Shares held	Approximate percentage of the total issued share capital of the Company
		(%)
CCT Fortis (Note)	49,567,100,000	36.91
CCT Capital International Holdings Limited (Note)	49,567,100,000	36.91
CCT Securities (Note)	49,567,100,000	36.91

Note: The interest disclosed represented 49,567,100,000 underlying Shares in respect of the Convertible Bonds issued by the Company to CCT Securities pursuant to the terms and conditions of the Subscription and Settlement Agreement. CCT Securities is a direct wholly-owned subsidiary of CCT Capital International Holdings Limited, which in turn is a direct wholly-owned subsidiary of CCT Fortis. The said interest of such Shares has also been disclosed under the section headed "Directors' interests in Shares and underlying Shares" above.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at 30 June 2016, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

share option scheme

SHARE OPTION SCHEME OF THE COMPANY

At the AGM of the Company held on 27 May 2011, the shareholders of the Company approved the adoption of the 2011 Scheme. The adoption of the 2011 Scheme was also approved on 27 May 2011 by the shareholders of CCT Fortis, which was the then ultimate holding company of the Company. The 2011 Scheme then became effective on 30 May 2011. This is the date on which the Listing Committee of the Stock Exchange granted approval for the listing of, and permission to deal in, any Shares on the Stock Exchange, which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the 2011 Scheme. Unless otherwise cancelled or amended, the 2011 Scheme will be valid for a period of 10 years from the date of its adoption.

The 2011 Scheme

A total of 600,000,000 share options were granted under the 2011 Scheme on 17 January 2014, of which 585,000,000 share options were exercised in 2015 and 15,000,000 share options were outstanding as at 30 June 2016. No options were granted during the six months ended 30 June 2016. Details of the movements of the share options granted to the Directors and the other eligible participants under the 2011 Scheme during the period were as follows:

	Number of share options								
Name or category of the participants	Outstanding as at 1 January 2016	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 June 2016	Date of grant of the share options	Exercise period of the share options	Exercise price of the share options	Fair value of the share options granted to each category of participants as at the date of grant
								HK$ per share	HK$
Independent non-executive Directors									
Chow Siu Ngor	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014– 16/1/2024	0.01	
Lau Ho Kit, Ivan	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014– 16/1/2024	0.01	
Tam King Ching, Kenny	5,000,000	–	–	–	5,000,000	17/1/2014	17/1/2014– 16/1/2024	0.01	
Total	15,000,000	–	–	–	15,000,000				60,000

Save as disclosed above, no share option was exercised, cancelled or lapsed under the 2011 Scheme during the six months ended 30 June 2016.

There were 15,000,000 share options outstanding under the 2011 Scheme as at the date of this interim report, and the total number of Shares available for issue is 15,000,000 which represented approximately 0.011% of the total issued share capital of the Company as at the date of this interim report.

other information

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

An aggregate of 42,000,000,000 new Shares were allotted and issued under the Company's specific mandate at the conversion price of HK$0.01 per Share to the bondholders upon conversion of the Convertible Bonds of principal amount of HK$420,000,000 during the period.

Save for the new Shares as allotted and issued as mentioned above, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed Shares during the period for the six months ended 30 June 2016.

CORPORATE GOVERNANCE

The Company has always recognised the importance of the shareholders' transparency and accountability. It is the belief of the Board that the Shareholders can maximise their benefits from good corporate governance. The Company is committed to maintaining and ensuring high standards of corporate governance in the interests of the Shareholders.

In the opinion of the Directors, the Company has complied with all the Code Provisions under the CG Code throughout the period from 1 January 2016 to 30 June 2016, except for the following minor deviations from the Code Provisions of the CG Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

There is no separation of the roles of chairman and chief executive officer of the Company and hence the Company has not complied with the Code Provision A.2.1 for the six months ended 30 June 2016.

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. Mr. Mak is an executive of high caliber with a wide range of skills and diversified business expertise. He has substantial experience, strong leadership and a firmly established reputation in the diversified business that is essential to fulfilling the role of the Chairman. At the same time, Mr. Mak has the appropriate management skills and business acumen that are the pre-requisites for assuming the role of the CEO in the day-to-day management of the Group. The Board composes of other executive Directors (including the Chairman) and three INEDs with a balance of skills and experience appropriate for the requirements of the Group. Furthermore, the roles of the managing director and the general managers of the Company's major operating subsidiaries are performed by other individuals. The Board believes that there is no need to segregate the roles of the Chairman and the CEO as the balance of power and authority is already ensured by the current structure. Furthermore, the Board believes that the combined roles of Mr. Mak enhance the communication between the Board and the management and ensure the effective execution of the Board's strategy by the management because of Mr. Mak's extensive business experience.

CORPORATE GOVERNANCE *(continued)*

Code Provision A.4.2

The Code Provision A.4.2 provides that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the bye-laws of the Company, any Director appointed to fill a casual vacancy shall hold office only until the next following AGM of the Company and shall then be eligible for re-election. The Board considers that such a deviation is not material as casual vacancy of Directors seldom happens and duration between appointment to fill casual vacancy and the immediate following AGM of the Company is less than one year and is considered to be short.

Pursuant to the bye-laws of the Company, the Chairman and the managing Director (who is currently assumed by Mr. Mak Shiu Tong, Clement) shall not be subject to retirement by rotation or not be taken into account in determining the number of Directors to retire in each year. The Board considers that the continuity of the Chairman and his leadership will be essential for the stability of the key management of the Group. On the other hand, the Board will ensure that all Directors save for the Chairman will rotate at least once every three years in order to comply with the Code Provision A.4.2.

Other information on the corporate governance practices of the Company has been disclosed in the corporate governance report contained in the 2015 Annual Report of the Company issued in April 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted its code of conduct regarding the securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they confirmed that they have complied with the required standard set out in the Model Code adopted by the Company throughout the six months ended 30 June 2016.

REVIEW OF INTERIM REPORT

The Group's interim report including the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2016 has been reviewed by the Audit Committee.

DISCLOSURE ON CHANGE OF INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51(B) (1) OF THE LISTING RULES

Mr. Lau Ho Kit, Ivan was appointed as an INED of The Grande Holdings Limited (a company listed on the main board of the Stock Exchange) on 25 July 2016.

CHANGES IN DIRECTORS

Name of Directors	Details of changes
Mr. Tam King Ching, Kenny	appointed as an INED of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 29 February 2016
Mr. Ong Ban Poh, Michael	resigned as an executive Director with effect from 29 February 2016
Mr. William Robert Majcher	resigned as an INED of the Company and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee with effect from 29 February 2016

BOARD AND COMMITTEES OF THE BOARD

Executive Directors
Mak Shiu Tong, Clement *(Chairman and CEO)*
Cheng Yuk Ching, Flora *(Deputy Chairman)*
Tam Ngai Hung, Terry
Huanfei Guan
Lai Mei Kwan

Independent Non-executive Directors
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

Audit Committee
Lau Ho Kit, Ivan *(Chairman)*
Chow Siu Ngor
Tam King Ching, Kenny

Remuneration Committee
Chow Siu Ngor *(Chairman)*
Lau Ho Kit, Ivan
Tam King Ching, Kenny
Mak Shiu Tong, Clement
Tam Ngai Hung, Terry

Nomination Committee
Mak Shiu Tong, Clement *(Chairman)*
Tam Ngai Hung, Terry
Chow Siu Ngor
Lau Ho Kit, Ivan
Tam King Ching, Kenny

Company Secretary
Tam Ngai Hung, Terry

glossary of terms

GENERAL TERMS

"2011 Scheme"	The share option scheme conditionally adopted by the Company on 27 May 2011 which took effect on 30 May 2011
"AGM"	Annual general meeting
"Audit Committee"	The audit committee of the Company
"Board"	The board of Directors
"CCT Fortis"	CCT Fortis Holdings Limited, a company listed on the Main Board of the Stock Exchange and a shareholder of the Company
"CCT Fortis Group"	CCT Fortis and its subsidiaries, from time to time
"CCT Securities"	CCT Telecom Securities Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of CCT Fortis
"CEO"	The chief executive officer of the Company
"CG Code"	The Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chairman"	The chairman of the Company
"Child Products"	Feeding, health care, hygiene, safety, toy and other related products for infants and babies, which are the child products currently traded by the Group
"Child Product Trading Business"	The business of trading and sale of Child Products currently engaged by the Group
"Company"	CCT Land Holdings Limited
"Convertible Bonds"	The series of zero coupon convertible bonds with the original aggregate principal amount of HK$1,095,671,000 issued by the Company on 7 December 2015, which are interest-free, have a maturity date falling on the third anniversary of the issue date, not redeemable, and convertible into shares of the Company at the conversion price of HK$0.01 per conversion share (subject to adjustments pursuant to the terms and conditions of the convertible bonds)

"Director(s)"	The director(s) of the Company
"Group"	The Company and its subsidiaries
"HK" or "Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"HK$" or "$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"INED(s)"	Independent non-executive director(s)
"Internet Finance Business"	The provision of internet financial services and online "point to point" lending platformc
"Listing committee"	The listing committee of the Stock Exchange for considering applications for listing and the granting of listing
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Mainland China"	The mainland of the PRC
"Mainland Property Business"	The development and sale of residential and commercial properties in the Mainland China
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
"N/A"	Not applicable
"Nomination Committee"	The nomination committee of the Company
"PRC" or "China"	The People's Republic of China
"Remuneration Committee"	The remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	The ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	Holder(s) of the Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription and Settlement Agreement"	The agreement dated 27 October 2015 (as amended by the supplemental agreement dated 10 November 2015) entered into by and among Jade Assets Company Limited, CCT Securities, Glory Merit International Investment Limited, CCT Fortis and the Company, under which the Company agreed to issue and CCT Securities and Glory Merit International Investment Limited agreed to subscribe for the Convertible Bonds in settlement of the promissory notes previously due by the Company to Jade Assets Company Limited and Glory Merit International Investment Limited
"Takeovers Code"	The Code on Takeovers and Mergers
"Telecom Product Business"	The development, design, manufacturing and sale of telecom, electronic, and the Child Products
"US"	The United States of America
"US$"	United States dollar(s), the lawful currency of US
"%"	Per cent.

FINANCIAL TERMS

"Current Ratio"	Current assets divided by current liabilities
"EBIT"	Operating profit or loss before interest and taxation
"Gearing Ratio"	Total borrowings (representing bank borrowings) divided by total capital employed (representing total Shareholders' fund plus total borrowings)
"Loss Per Share"	Loss attributable to ordinary equity holders of the parent divided by weighted average number of ordinary shares in issue during the period