CCT TECH

中建科技國際有限公司

2010 INTERIM REPORT

Stock Code : 261

chairman's letter

On behalf of the Board of CCT Tech International Limited, I present herein the results of the Group for the six months ended 30 June 2010. I am pleased to report that the Group has achieved significant improvement in result performance during the period, amidst the continuous adversities in the aftermath of the unprecedented global financial tsunami.

During the period under review, turnover of the Group recorded 12.6% increase to $698 million. The Group managed to increase the EBITDA (earnings before interest, tax, depreciation and amortisation) to $28 million from $10 million of corresponding period last year, which allowed the Group to achieve positive operating cash flow during the current period. Net loss has been substantially narrowed by 84.6% from $26 million for the last corresponding period to a net loss of only $4 million for the period.

INTERIM DIVIDEND

In order to conserve cash for ongoing business operations and future growth, the directors do not recommend payment of an interim dividend for the six months ended 30 June 2010 (30 June 2009: nil).

REVIEW OF OPERATIONS

Since the exit of the Group's previous single largest customer from the North American telephony market at the end of 2008 (the "**Discontinuation**"), the Group has been putting greater emphasis on expanding the European market. Despite the debt crisis of certain European countries, we managed to record a substantial growth of revenue from our European customers from $388 million in the last corresponding period to $572 million in the current period, up 47.4%. It is encouraging to see that our market niche of supplying mass-market medium value and price competitive products sustained turnover growth in the generally adverse market condition. We in fact recorded substantial increase in order placement from two of our major European branded customers during the period. The Group's sales to North America further decreased by 78.0% from approximately $118 million for the first half of 2009 to approximately $26 million for the first half of 2010, caused mainly by the Discontinuation. Sales to the Asian Pacific and other regions dropped by 12.3% to HK$100 million for the period, caused by the weak market demand after the global financial tsunami. With continuous effort to nurturing our business in emerging markets, we have achieved good progress in penetrating into new markets including Australia.

The Group's initiatives and efforts in restructuring and revitalising its manufacturing operations in 2009 have continued to improve operational efficiency and reduce overhead in the current period. The significant saving from streamlining operations has continued to impact favourably the Group's costing structure in the current period. As a result, the Group recorded double digit growth of 31.0% in gross profit margin ratio from 5.8% in the last corresponding period to 7.6% in the current period. The Group's commitment to optimisation of efficiency and achievement so far have been enhancing a lot to the Group's profitability as well as its competitiveness.

The Group remains committed to product research and development. Our strong research and development team continues to be our key strength which has continued to bring in new technology to our product development as well as in the areas of the costs and efficiency improvement. We have also adopted a wide range of product strategies to gain our competitive edge and to deliver new and innovative products that meet the market needs and expectation.

THE LICENSE AGREEMENT WITH GE

Since two indirect wholly-owned subsidiaries of the Company (the "**Licensees**") entered into the GE Trademark License Agreement (the "**License Agreement**") with GE Trademark Licensing, Inc. ("**GE**") in February 2010, the Group has achieved great progress in developing this potentially high-growth branded business. The Group has already established its distribution company in the US and has hired experienced sales and marketing people in the US to manage this new distribution business. We have developed new lines of GE products that we expect will meet the US market expectation in the current weak economic environment. As the buying season of US retailers for the current year has passed, we expect the Group will re-enter the US market in 2011, which was the Group's largest market and contributed more than 50% of our total annual revenue before the global financial crisis occurred. With regard to development of the markets outside North America for distribution of GE products, in order to save development costs and overhead, we have already appointed experienced distributor to develop the branded distribution business for the rest of world markets.

OUTLOOK

We are encouraging to see the global economy might have broken away the worst period of the financial crisis. Although the global economy has stabilised, we do not expect global consumer confidence to rebound substantially this year especially when the unemployment rates are still in high level in US. Meanwhile, the debt crisis occurred in certain European countries whose governments have committed to cut fiscal deficit by tightening fiscal expenditure and increasing taxes and the current fragile base of global financial stability could slow the economic recovery pace of US and Europe inevitably. Prices of commodity and materials are expected to rise amidst market recovery and inflation is expected to go up especially in the PRC. The recent labor unrests and the shortage of labor in the Guangdong Province have already pushed up labour wages in general. The potential appreciation of Renminbi against the US dollar is another risk that may affect performance of our manufacturing business. All these uncertain factors may increase our production costs and affect our profit margin in the future.

On the positive side, as we have streamlined and slimmed our organization and our operating costs, we are in a good position to seize the opportunity arising from market turnaround and strive to improve sales in the coming years. We believe that the license of the GE trademark under the License Agreement will open a new avenue for the future business growth of the Group and will deliver significant potential benefits to the Group. Our ODM business, especially in Europe, has recovered substantially and we expect our ODM business will continue to grow in the second half of the year. We are cautiously optimistic about the future outlook of our telecom product business. With our resilient management team and healthy financial position, we believe that the Group is well positioned not only to withstand the current difficult operating environment, but to regain a strong financial foothold.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the directors, the management and all employees of the Group for their strong commitment and contribution towards the execution of the Group's strategies and operations. We would also like to express our sincere thanks to our shareholders, bankers, investors, customers and suppliers for their continued encouragement and strong support to the Group.

Mak Shiu Tong, Clement
Chairman

Hong Kong, 24 August 2010

financial review

HIGHLIGHTS ON FINANCIAL RESULTS

HK$ million	Six months ended 30 June **2010 (Unaudited)**	2009 (Unaudited)	% increase/ (decrease)
Turnover	**698**	620	12.6%
EBITDA	**28**	10	180.0%
Loss before tax	**(3)**	(25)	(88.0%)
Income tax expense	**(1)**	(1)	—
Loss for the period	**(4)**	(26)	(84.6%)

Discussion on Financial Results

For the six months ended 30 June 2010, the Group recorded a turnover of $698 million, 12.6% increase when compared to the last corresponding period. EBITDA has also significantly improved by 180.0% from $10 million in the first half of 2009 to $28 million in the first half of 2010. Meanwhile, the Group has narrowed substantially from loss after tax of $26 million for the last corresponding period to loss after tax of $4 million for the current period. The significant improvement in the Group's results and turnover was primarily due to growth of our ODM business in Europe and the success of our market strategy.

ANALYSIS BY BUSINESS SEGMENT

	Turnover Six months ended 30 June		Profit/(loss) before tax Six months ended 30 June	
HK$ million	**2010 (Unaudited)**	2009 (Unaudited)	**2010 (Unaudited)**	2009 (Unaudited)
Telecom and electronic products	**698**	620	**2**	(19)

During the period under review, the Group's turnover and operating results was derived from one single business segment which is the manufacture and sale of telecom and electronic products mainly on ODM basis. The operating results improved significantly during the period and turned from an operating loss before tax of $19 million for the first half of 2009 to an operating profit before tax of $2 million for the first half of 2010. The improvement in results is caused mainly by the success of the Group's initiatives and measures to restructure and streamline operations to reduce operating costs and improve efficiency.

ANALYSIS BY GEOGRAPHICAL SEGMENT

	Turnover Six months ended 30 June				
	2010		2009		
HK$ million	**Amount (Unaudited)**	**Relative %**	Amount (Unaudited)	Relative %	% increase/ (decrease)
Europe	**572**	**82.0%**	388	62.6%	47.4%
North America	**26**	**3.7%**	118	19.0%	(78.0%)
Asian Pacific and others	**100**	**14.3%**	114	18.4%	(12.3%)
Total	**698**	**100.0%**	620	100.0%	12.6%

Since the European market took over the North America to become the Group's largest market in 2009, it continued to remain the largest market of the Group during the period under review and contributed approximately 82.0% of its total turnover. The sales to the North America and the Asian Pacific regions accounted for 3.7% and 14.3%, respectively, of the Group's total turnover.

The performance in the European market was extremely well, achieving a growth of 47.4% in turnover. Caused by the Discontinuation, sales to North America declined further by 78.0% to only HK$26 million for the period. Sales to the Asian Pacific and other regions dropped by 12.3% to HK$100 million, caused by weak market demand.

HIGHLIGHTS ON FINANCIAL POSITION

HK$ million	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)	% increase/ (decrease)
Non-current assets	**620**	638	(2.8%)
Inventories	**101**	68	48.5%
Trade receivables	**326**	352	(7.4%)
Pledged time deposits	**82**	62	32.3%
Cash and cash equivalents	**427**	349	22.3%
Trade and bills payables	**423**	407	3.9%
Interest-bearing bank borrowings	**343**	243	41.2%
Other current liabilities	**126**	144	(12.5%)
Equity attributable to owners of the parent	**714**	718	(0.6%)

Discussion on Financial Position

The amount of the total non-current assets represents the carrying values of property, plant and equipment, investment properties, prepaid land lease payments and goodwill. The balance of the total non-current assets decreased by approximately 2.8% to $620 million as at 30 June 2010, attributable mainly to the depreciation of property, plant and equipment and the amortisation of the prepaid land lease payments, net of additions to property, plant and equipment during the period.

As at 30 June 2010, the inventories of the Group increased to $101 million, represented an increase of 48.5% from $68 million as at 31 December 2009. Inventories turnover period of the Group for the period maintained at reasonable low level of 23.7 days (31 December 2009: 23.9 days).

Trade receivables of the Group amounted to $326 million as at 30 June 2010, a slight decrease of 7.4% from $352 million as at 31 December 2009.

Pledged time deposits increased from $62 million as at 31 December 2009 to $82 million as at 30 June 2010 mainly due to increase in pledged time deposits for banking facilities.

Cash and cash equivalents increased by approximately 22.3% to approximately $427 million as at 30 June 2010. The net increase in cash and bank balance represents net cash inflow due primarily to cash inflow from the operations and net new bank borrowings raised during the period.

Trade and bills payables increased by approximately 3.9% to $423 million, reflecting increase of purchases in line with the growth in sales.

The amount of interest-bearing bank borrowings increased from approximately $243 million as at 31 December 2009 to approximately $343 million as at 30 June 2010, up 41.2%. The increase represents net increase of the bank borrowings during the period in order to cope with the working capital requirements for increase in sales and potential future expansion in business.

Other current liabilities representing mainly other payables and accruals decreased by 12.5%.

Equity attributable to owners of the parent decreased by approximately 0.6% from $718 million as at 31 December 2009 to $714 million as at 30 June 2010 due primarily to the loss attributable to the owners of the parent during the first half of the financial year.

CAPITAL STRUCTURE AND GEARING RATIO

	30 June 2010		31 December 2009	
	Amount	**Relative**	Amount	Relative
HK$ million	**(Unaudited)**	**%**	(Audited)	%
Total borrowings	**343**	**32.5%**	243	25.3%
Equity	**714**	**67.5%**	718	74.7%
Total capital employed	**1,057**	**100.0%**	961	100.0%

The Group's gearing ratio increased to approximately 32.5% as at 30 June 2010 (31 December 2009: 25.3%) as a result of net increase of the bank borrowings during the period under review. After taking into account the cash on hand, the Group did not have any net borrowings.

The Group's outstanding bank borrowings increased by 41.2% to approximately $343 million as at 30 June 2010 (31 December 2009: $243 million). As at 30 June 2010, the maturity profile of the Group's borrowings falling due within one year, in the second to the fifth year and in the sixth to the tenth year amounted to $192 million, $96 million and $55 million respectively (31 December 2009: $214 million, $29 million and nil respectively). All the Group's bank borrowings were borrowed to finance the ordinary business of the Group. There is no material effect of seasonality on the Group's borrowing requirements.

LIQUIDITY AND FINANCIAL RESOURCES

HK$ million	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Current assets	**987**	875
Current liabilities	**741**	765
Current ratio	**133.2%**	114.4%

The Group financial position remains healthy and strong. The current ratio of the Group improved to 133.2% as at 30 June 2010 from 114.4% as at 31 December 2009. Among the total cash balance of $509 million, approximately $82 million (31 December 2009: $62 million) was pledged for general banking facilities.

In view of the Group's current cash position, funds generated from the operations and the unutilised banking facilities available, the Group is maintaining in a sound financial position and have sufficient resources to finance its operations and its future expansion plan.

CAPITAL COMMITMENTS

As at 30 June 2010, capital commitment of the Group amounted to approximately $2 million (31 December 2009: $4 million). The capital commitment will be funded partly by internal resources and partly by bank borrowings.

TREASURY MANAGEMENT

The Group employs a conservative approach to cash management and risk control. To achieve better risk control and efficient fund management, the Group's treasury activities are centralised.

During the period under review, the Group's receipts were mainly denominated in US dollar, with some in Hong Kong dollar and the Euro. Payments were mainly made in Hong Kong dollar, US dollar and Renminbi and some made in Euro. Cash was generally placed in short-term deposits and medium-term deposits denominated in Hong Kong dollar and US dollar. As at 30 June 2010, the Group's borrowings were mainly denominated in Hong Kong dollar and US dollar. As at 30 June 2010, the Group's borrowings were principally made on a floating rate basis.

The objective of the Group's treasury policies is to minimise risks and exposures due to the fluctuations in foreign currency exchange rates and interest rates. The Group does not have any significant interest rate risk as the interest rates currently remain at extremely low level. In terms of foreign exchange exposures, the Group is principally exposed to two major currencies, namely the US dollar in terms of receipts and the Renminbi in terms of the production costs (including workers' wages and overhead) in the PRC. For US dollar exposure, since the Hong Kong dollar remains pegged to the US dollar, the exchange fluctuation is not expected to be significant. In addition, as a large portion of the Group's purchases are also made in US dollar, which are to be paid out of our sales receipts in US dollar, the management considers that the foreign exchange exposure risk for the US dollar is not material.

For Renminbi exposure, as wages and overhead in our factories in the PRC are paid in Renminbi, our production costs will rise due to the possible further appreciation of Renminbi. Despite call from the US for faster appreciation of Renminbi against the US dollar, the Group believes that the PRC government will only allow Renminbi to appreciate against the US dollar modestly in 2010 and in the future years in order not to cause too much damage to the Chinese economy.

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 hold any significant investment as at 30 June 2010 (31 December 2009: Nil).

PLEDGE OF ASSETS

As at 30 June 2010, certain of the Group's assets with net book value of $456 million (31 December 2009: $461 million) and time deposits of approximately $82 million (31 December 2009: $62 million) were pledged to secure general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

The total number of employees of the Group as at 30 June 2010 was 5,281 (31 December 2009: 5,108). The Group's remuneration policy is built on 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. As at 30 June 2010, there were outstanding share options of approximately 600,000,000 (31 December 2009: 600,000,000).

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 2010 together with the comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2010

HK$ million	Notes	Six months ended 30 June **2010 (Unaudited)**	2009 (Unaudited)
REVENUE	3	**698**	620
Cost of sales		**(645)**	(584)
Gross profit		**53**	36
Other income and gains		**17**	16
Selling and distribution costs		**(13)**	(10)
Administrative expenses		**(53)**	(54)
Other expenses		**(3)**	(11)
Finance costs		**(4)**	(2)
LOSS BEFORE TAX	4	**(3)**	(25)
Income tax expense	5	**(1)**	(1)
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT		**(4)**	(26)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
Basic		**(HK0.01 cent)**	(HK0.04 cent)
Diluted		**(HK0.01 cent)**	(HK0.04 cent)

Details of the dividends payable and proposed for the period are disclosed in note 6 to the financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

HK$ million	Six months ended 30 June **2010** **(Unaudited)**	 2009 (Unaudited)
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	**(4)**	(26)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2010

HK$ million	Notes	30 June 2010 (Unaudited)	31 December 2009 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**375**	392
Investment properties		**178**	178
Prepaid land lease payments		**45**	46
Goodwill		**22**	22
Total non-current assets		**620**	638
Current assets			
Inventories		**101**	68
Trade receivables	9	**326**	352
Prepayments, deposits and other receivables		**51**	44
Pledged time deposits		**82**	62
Cash and cash equivalents		**427**	349
Total current assets		**987**	875
Total assets		**1,607**	1,513
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Issued capital	11	**654**	654
Reserves		**60**	64
Total equity		**714**	718
Non-current liabilities			
Interest-bearing bank borrowings		**151**	29
Deferred tax liabilities		**1**	1
Total non-current liabilities		**152**	30
Current liabilities			
Trade and bills payables	10	**423**	407
Tax payable		**9**	8
Other payables and accruals		**117**	136
Interest-bearing bank borrowings		**192**	214
Total current liabilities		**741**	765
Total liabilities		**893**	795
Total equity and liabilities		**1,607**	1,513
Net current assets		**246**	110
Total assets less current liabilities		**866**	748

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owners of the parent						
HK$ million	Issued capital (Unaudited)	Share premium account (Unaudited)	Capital reserve (Unaudited)	Share option reserve (Unaudited)	Exchange fluctuation reserve (Unaudited)	Accumulated losses (Unaudited)	Total (Unaudited)
At 1 January 2010	654	238	733	6	1	(914)	718
Total comprehensive loss for the period	–	–	–	–	–	(4)	(4)
At 30 June 2010	654	238	733	6	1	(918)	714
At 1 January 2009	654	238	733	4	1	(895)	735
Total comprehensive loss for the period	–	–	–	–	–	(26)	(26)
At 30 June 2009	654	238	733	4	1	(921)	709

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	Six months ended 30 June	
HK$ million	**2010 (Unaudited)**	2009 (Unaudited)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	**7**	(101)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(29)**	(4)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	**100**	(98)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**78**	(203)
Cash and cash equivalents at beginning of period	**349**	455
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**427**	252
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**152**	192
Non-pledged time deposits with original maturity of less than three months when acquired	**275**	60
	427	252

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 Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (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 2009 (the "**2009 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 2009 Annual Report.

The following new and revised HKFRSs have been adopted by the Company with effect from 1 January 2010. The adoption of the new and revised HKFRSs does not have any significant financial effect on the interim financial statements.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has only one reportable operating segment which is the manufacture and sale of telecom and electronic products and accessories.

Management monitors the results of its operating segment 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 is 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.

Segment information about the single business segment of the Group for the period ended 30 June 2010 and 2009 is presented as below:

	Telecom and electronic products		Reconciliations		Group total	
HK$ million	**2010 (Unaudited)**	2009 (Unaudited)	**2010 (Unaudited)**	2009 (Unaudited)	**2010 (Unaudited)**	2009 (Unaudited)
Segment revenue:						
Sales to external customers	**698**	620	**–**	–	**698**	620
Operating profit/(loss)	**5**	(17)	**–**	–	**5**	(17)
Interest income	**1**	–	**–**	–	**1**	–
Finance costs	**(4)**	(2)	**–**	–	**(4)**	(2)
Reconciled items:						
Corporate and other unallocated expenses	**–**	–	**(5)**	(6)	**(5)**	(6)
Profit/(loss) before tax	**2**	(19)	**(5)**	(6)	**(3)**	(25)
Expenditures for non-current assets	**9**	4	**–**	–	**9**	4
Depreciation and amortisation	**(27)**	(33)	**–**	–	**(27)**	(33)
Other material non-cash items:						
Net impairment of trade receivables	**(3)**	(11)	**–**	–	**(3)**	(11)

3. OPERATING SEGMENT INFORMATION *(continued)*

HK$ million	Telecom and electronic products 30 June 2010 (Unaudited)	Telecom and electronic products 31 December 2009 (Audited)	Reconciliations 30 June 2010 (Unaudited)	Reconciliations 31 December 2009 (Audited)	Group total 30 June 2010 (Unaudited)	Group total 31 December 2009 (Audited)
Segment assets	**1,604**	1,509	**–**	–	**1,604**	1,509
Reconciled item:						
Corporate and other unallocated assets	**–**	–	**3**	4	**3**	4
Total assets	**1,604**	1,509	**3**	4	**1,607**	1,513
Segment liabilities	**883**	785	**–**	–	**883**	785
Reconciled item:						
Corporate and other unallocated liabilities	**–**	–	**10**	10	**10**	10
Total liabilities	**883**	785	**10**	10	**893**	795

Geographical information

a) *Revenue from external customers*

HK$ million	Six months ended 30 June 2010 (Unaudited)	Six months ended 30 June 2009 (Unaudited)
Europe	**572**	388
North America	**26**	118
Asian Pacific and others	**100**	114
	698	620

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 2010 (Unaudited)	31 December 2009 (Audited)
Hong Kong	**42**	39
Mainland China	**577**	598
Other countries	**1**	1
	620	638

The non-current assets information is based on the location of assets.

3. OPERATING SEGMENT INFORMATION *(continued)*

Information about major customers

For the six months ended 30 June 2010, revenue from each of two major customers of the telecom and electronic products segment was HK$287 million and HK$220 million respectively, representing 41% and 32% of the Group's total revenue, respectively.

For the six months ended 30 June 2009, revenue from each of four major customers of the telecom and electronic products segment was HK$145 million, HK$144 million, HK$89 million and HK$66 million respectively, representing 23%, 23%, 14% and 11% of the Group's total revenue, respectively.

4. LOSS BEFORE TAX

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

	Six months ended 30 June	
HK$ million	**2010 (Unaudited)**	2009 (Unaudited)
Cost of inventories sold	**645**	584
Depreciation	**26**	32
Amortisation of prepaid land lease payments	**1**	1

5. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. No Hong Kong profits tax has been provided for the six months ended 30 June 2009 as the Group had no profits chargeable to Hong Kong profits tax during that period. 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	**2010 (Unaudited)**	2009 (Unaudited)
Current – Hong Kong	**1**	–
Current – Elsewhere	**–**	1
Total tax charge for the period	**1**	1

6. DIVIDENDS

The directors do not recommend payment of an interim dividend for the six months ended 30 June 2010 (30 June 2009: nil).

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

The calculation of basic and diluted loss per share amount for the period is based on the loss for the period attributable to ordinary equity holders of the parent of HK$4 million (30 June 2009: HK$26 million) and the weighted average number of 65,413,993,990 (30 June 2009: 65,413,993,990) 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 2010 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amount presented.

No adjustment has been made to the basic loss per share amount presented for the period ended 30 June 2009 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during that period.

8. **PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2010, the Group acquired fixed assets of approximately HK$9 million (six months ended 30 June 2009: HK$4 million).

9. **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 2010 (Unaudited)		31 December 2009 (Audited)	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**136**	**42**	115	33
31 to 60 days	**103**	**32**	91	26
61 to 90 days	**80**	**24**	114	32
Over 90 days	**7**	**2**	32	9
	326	**100**	352	100

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

10. 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 2010 (Unaudited)		31 December 2009 (Audited)	
HK$ million	**Balance**	**Percentage**	Balance	Percentage
Current to 30 days	**125**	**30**	103	25
31 to 60 days	**109**	**26**	96	24
61 to 90 days	**78**	**18**	86	21
Over 90 days	**111**	**26**	122	30
	423	**100**	407	100

Included in the trade and bills payables are trade payables of HK$70 million (31 December 2009: HK$70 million) due to Neptune Holding Limited ("**Neptune**") and Electronic Sales Limited ("**ESL**"), being wholly-owned subsidiaries of CCT Telecom, which are unsecured, interest-free and are repayable within 90 days from the invoice date.

11. SHARE CAPITAL

HK$ million	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Authorised: 120,000,000,000 (31 December 2009: 120,000,000,000) ordinary shares of HK$0.01 each	**1,200**	1,200
Issued and fully paid: 65,413,993,990 (31 December 2009: 65,413,993,990) ordinary shares of HK$0.01 each	**654**	654

There were no transactions involving the Company's issued ordinary share capital during the six months ended 30 June 2010.

12. CONTINGENT LIABILITIES

As at 30 June 2010, the Group did not have any significant contingent liabilities (31 December 2009: Nil).

13. PLEDGE OF ASSETS

At 30 June 2010, the Group's interest-bearing bank borrowings were secured by:

(a) the pledge of the Group's buildings situated in the PRC, which had an aggregate carrying value at the end of the reporting period of approximately HK$232 million (31 December 2009: HK$236 million);

(b) the pledge of the Group's investment properties situated in the PRC, which had an aggregate carrying value at the end of the reporting period of approximately HK$178 million (31 December 2009: HK$178 million);

(c) the pledge of the Group's leasehold land situated in the PRC, which had an aggregate carrying value at the end of the reporting period of approximately HK$46 million (31 December 2009: HK$47 million); and

(d) the pledge of certain of the Group's time deposits amounted to approximately HK$82 million (31 December 2009: HK$62 million).

14. OPERATING LEASE ARRANGEMENTS

(a) As lessor

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

At 30 June 2010, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

HK$ million	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Within one year	**2**	2

(b) As lessee

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

At 30 June 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

HK$ million	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Within one year	**2**	4

15. COMMITMENTS

In addition to the operating lease commitments detailed in note 14(b) above, the Group had the following capital commitments at the end of the reporting period:

HK$ million	**30 June 2010 (Unaudited)**	31 December 2009 (Audited)
Contracted, but not provided for:		
Construction in progress	**2**	1
Purchase of a building	**–**	3
	2	4

16. RELATED PARTY TRANSACTIONS

(a) During the current period, the Group had the following transactions with CCT Telecom Remaining Group:

		Six months ended 30 June	
HK$ million		**2010 (Unaudited)**	2009 (Unaudited)
Fellow subsidiaries:			
Purchase of components	(i)	**113**	105
Factory rental income	(ii)	**3**	3
Office rental expenses	(iii)	**1**	1
Sale of electronic children products	(iv)	**1**	–
Ultimate holding company:			
Management information system service fee	(v)	**3**	3

16. RELATED PARTY TRANSACTIONS *(continued)*

Notes:

(i) The power supply components, transformers, plastic casings and components and toolings for the production of telecom and electronic products for the Group were purchased by the subsidiaries of the Company from fellow subsidiaries within the CCT Telecom Remaining Group at prices mutually agreed between the relevant parties.

(ii) The factory rental income was charged to a fellow subsidiary within the CCT Telecom Remaining Group for the provision of factory space in Huiyang, at a rate determined in accordance with terms and conditions set out in a tenancy agreement.

(iii) The office rental expenses were charged to the Company by a fellow subsidiary within the CCT Telecom Remaining Group for the provision of office spaces in Hong Kong, at rates determined in accordance with the terms and conditions set out in the tenancy agreements.

(iv) The electronic children products were sold to fellow subsidiaries within the CCT Telecom Remaining Group, pursuant to which the Company agrees to design, develop, manufacture and supply through the Company and its subsidiaries certain electronic children products, electronic components and toolings for the CCT Telecom Remaining Group. The selling prices were determined in accordance with terms and conditions set out in the electronic children products manufacturing agreement.

(v) The management information system service fee was charged to CCT Telecom by the Company for the provision of general management information system support, network and software consultation and hardware maintenance services. The rate was determined in accordance with the terms and conditions set out in MIS agreement.

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

	Six months ended 30 June	
HK$ million	**2010 (Unaudited)**	2009 (Unaudited)
Short term employee benefits	**4**	5
Post-employment benefits	**–**	–
Total compensation paid to key management personnel	**4**	5

17. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the current period's presentation.

disclosure of interests

DIRECTORS' INTERESTS

As at 30 June 2010, 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:

(a) Interests and short positions in the Shares and the underlying Shares of the share options of the Company as at 30 June 2010

(i) Long positions in the Shares:

Name of the Directors	Number of the Shares interested and nature of interest Personal	Corporate	Total	Approximate percentage of the total issued share capital of the Company
				(%)
Mak Shiu Tong, Clement (Note)	120,000,000	33,026,391,124	33,146,391,124	50.67
Cheng Yuk Ching, Flora	18,000,000	–	18,000,000	0.03
Tam Ngai Hung, Terry	20,000,000	–	20,000,000	0.03
Chen Li	10,000,000	–	10,000,000	0.02

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, 33,026,391,124 Shares were held by CCT Telecom through its indirect wholly-owned subsidiaries. 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 meetings of CCT Telecom through his interest in the shareholding of 49.33% of the total issued share capital in CCT Telecom as at 30 June 2010.

(ii) Long positions in the underlying Shares of the share options granted under the Share Option 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$			(%)
Cheng Yuk Ching, Flora	23/7/2009	23/7/2009 – 6/11/2012	0.01	245,000,000	245,000,000	0.37
Tam Ngai Hung, Terry	23/7/2009	23/7/2009 – 6/11/2012	0.01	223,000,000	223,000,000	0.34
William Donald Putt	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01
Chow Siu Ngor	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01
Lau Ho Kit, Ivan	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01
Chen Li	23/7/2009	23/7/2009 – 6/11/2012	0.01	8,000,000	8,000,000	0.01

(b) Interests and short positions in the shares and the underlying shares of an associated corporation – CCT Telecom as at 30 June 2010

Long positions in the shares of CCT Telecom:

Name of the Directors	Number of the shares interested and nature of interest		Total	Approximate percentage of the total issued share capital of CCT Telecom
	Personal	Corporate		
				(%)
Mak Shiu Tong, Clement (Note)	4,251,652	294,775,079	299,026,731	49.33
Tam Ngai Hung, Terry	500,000	–	500,000	0.08
William Donald Putt	591,500	–	591,500	0.10

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, an aggregate of 294,775,079 shares of CCT Telecom were beneficially held by Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited, all of which are corporations wholly-owned by him, his spouse and his two sons. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Telecom under the SFO as he controls the exercise of one-third or more of the voting power at general meetings of Capital Force International Limited, New Capital Industrial Limited and Capital Winner Investments Limited.

(c) Interests and short positions in the shares and the underlying shares of the share options of an associated corporation – CCT Resources as at 30 June 2010

(i) Long positions in the shares of CCT Resources:

Name of the Directors	Number of the shares interested and nature of interest Personal	Corporate	Total	Approximate percentage of the total issued share capital of CCT Resources
				(%)
Mak Shiu Tong, Clement (Note)	19,344,000	2,031,764,070	2,051,108,070	38.50
Tam Ngai Hung, Terry	7,500,000	–	7,500,000	0.14

Note: Of the shareholding in which Mr. Mak Shiu Tong, Clement was interested, 2,031,764,070 shares of CCT Resources were beneficially held by Manistar Enterprises Limited, an indirect wholly-owned subsidiary of CCT Telecom. Mr. Mak Shiu Tong, Clement is deemed to be interested in such shares of CCT Resources under the SFO as he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of CCT Telecom through his interest in the shareholding of 49.33% of the total issued share capital in CCT Telecom as at 30 June 2010.

(ii) Long positions in the underlying shares of the share options granted under the share option scheme of CCT Resources:

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 CCT Resources
			HK$			(%)
Mak Shiu Tong, Clement	5/7/2006	14/8/2006 – 13/8/2011	0.038	22,500,000	22,500,000	0.42
Cheng Yuk Ching, Flora	5/7/2006	14/8/2006 – 13/8/2011	0.038	5,000,000	5,000,000	0.09
	7/7/2009	11/8/2009 – 6/3/2012	0.160	46,000,000	46,000,000	0.86
Tam Ngai Hung, Terry	5/7/2006	14/8/2006 – 13/8/2011	0.038	18,000,000	18,000,000	0.34
	7/7/2009	11/8/2009 – 6/3/2012	0.160	40,500,000	40,500,000	0.76
William Donald Putt	5/7/2006	14/8/2006 – 13/8/2011	0.038	5,000,000	5,000,000	0.09
	7/7/2009	11/8/2009 – 6/3/2012	0.160	3,500,000	3,500,000	0.07

Save as disclosed above, as at 30 June 2010, 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" above and "Share Option Scheme" below, at no time during the period for the six months ended 30 June 2010 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 2010, 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:

Long positions in the Shares as at 30 June 2010:

Name of the Shareholders	Number of the Shares held	Approximate percentage of the total issued share capital of the Company
		(%)
CCT Telecom (Note 1)	33,026,391,124	50.49
CCT Technology Investment Limited (Note 2)	33,026,391,124	50.49
Jade Assets Company Limited	29,326,391,124	44.83

Notes:

1. The interest disclosed represents 33,026,391,124 Shares indirectly owned by CCT Technology Investment Limited through the subsidiaries stated in Note 2 below. CCT Technology Investment Limited is a wholly-owned subsidiary of CCT Telecom.

2. The interest disclosed represents 29,326,391,124 Shares held by Jade Assets Company Limited, 1,350,000,000 Shares held by CCT Assets Management Limited and 2,350,000,000 Shares held by Expert Success International Limited, all of them are wholly-owned subsidiaries of CCT Technology Investment Limited.

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 2010, 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

The current Share Option Scheme was effective on 7 November 2002. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption.

Details of the movements of the share options under the Share Option Scheme during the period were as follows:

	Number of share options							
Name or category of the participants	Outstanding as at 1 January 2010	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	Outstanding as at 30 June 2010	Date of grant of the share options	Exercise period of the share options	Exercise price of the share options (Note)
								HK$ per Share
Executive Directors								
Cheng Yuk Ching, Flora	245,000,000	–	–	–	245,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
Tam Ngai Hung, Terry	223,000,000	–	–	–	223,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
William Donald Putt	8,000,000	–	–	–	8,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
	476,000,000	–	–	–	476,000,000			
Independent non-executive Directors								
Chow Siu Ngor	8,000,000	–	–	–	8,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
Lau Ho Kit, Ivan	8,000,000	–	–	–	8,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
Chen Li	8,000,000	–	–	–	8,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
	24,000,000	–	–	–	24,000,000			
Others								
In aggregate	100,000,000	–	–	–	100,000,000	23/7/2009	23/7/2009 – 6/11/2012	0.01
	100,000,000	–	–	–	100,000,000			
	600,000,000	–	–	–	600,000,000			

Note: The exercise price of the share options is subject to adjustment in the case of capitalisation issue, rights issue, sub-division or consolidation of the Shares, or other similar changes in the Company's share capital.

The closing market price of the Shares immediately before the date of grant in relation to the outstanding share options as quoted in the Stock Exchange's daily quotation sheet was HK$0.011.

As at 30 June 2010 and the date of this report, there were 600,000,000 share options outstanding under the Share Option Scheme. Based on these outstanding share options, the total number of Shares available for issue is 600,000,000, which represents approximately 0.92% of the total issued share capital of the Company as at 30 June 2010 and the date of this report. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 600,000,000 additional ordinary Shares and additional share capital of HK$6,000,000.

other information

PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES

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 2010.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices

In the opinion of the Directors, the Company has complied with the code provisions under the Code set out in Appendix 14 to the Listing Rules throughout the period for the six months ended 30 June 2010, except for the following deviations from the code provisions of the Code:

Code Provision A.2.1

The Code Provision A.2.1 provides that the roles of chairman and chief executive officer 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 as set out in the Code Provision A.2.1.

Mr. Mak Shiu Tong, Clement currently assumes the roles of both the Chairman and the CEO. Mr. Mak has substantial experience and a firmly established reputation in the telecom industry 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 is composed of four 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. The Board does not believe that the separation of the roles of the Chairman and the CEO will improve the corporate performance.

Code Provision A.4.1

The Code Provision A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing INEDs of the Company is appointed for a specific term. However, all INEDs of the Company are subject to retirement by rotation and re-election at the AGM of the Company in accordance with the bye-laws of the Company.

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 their 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 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 managing Director shall not be subject to retirement by rotation or also 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 Board. On the other hand, the Board will ensure that the Directors other than 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 2009 Annual Report of the Company issued in April 2010.

Audit Committee

The Company has established the Audit Committee with specific written terms of reference formulated in accordance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to ensure the objectivity and credibility of the Company's financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company. The Audit Committee consists of three members comprising three INEDs, namely Mr. Lau Ho Kit, Ivan, Mr. Chow Siu Ngor and Mr. Chen Li, one of whom is a qualified accountant and has extensive experience in accounting and financial matters. The chairman of the Audit Committee is subject to rotation each year.

The Audit Committee has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2010 and the 2010 Interim Report of the Company.

Remuneration Committee

The Company has established the Remuneration Committee with specific written terms of reference in line with the code provisions under the Code. The Remuneration Committee consists of five members comprising three INEDs, namely Mr. Lau Ho Kit, Ivan, Mr. Chow Siu Ngor and Mr. Chen Li, and two executive directors, namely Mr. Mak Shiu Tong, Clement and Mr. Tam Ngai Hung, Terry. The Remuneration Committee is chaired by one of the members who must be an INED. The chairman of the Remuneration Committee is subject to rotation each year, provided that he/she must be an INED.

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 period for the six months ended 30 June 2010.

Independent Non-executive Directors

The Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications or accounting or related financial management expertise throughout the period for the six months ended 30 June 2010. The Board comprises three INEDs, one of whom has accounting and financial expertise, and the three INEDs bring strong independent judgement, knowledge and experience to the Board.

BOARD OF DIRECTORS

As at the date of the 2010 Interim Report, the executive Directors are Mr. Mak Shiu Tong, Clement, Ms. Cheng Yuk Ching, Flora, Mr. Tam Ngai Hung, Terry and Dr. William Donald Putt and the INEDs of the Company are Mr. Chow Siu Ngor, Mr. Lau Ho Kit, Ivan and Mr. Chen Li.

By Order of the Board
Mak Shiu Tong, Clement
Chairman

Hong Kong, 24 August 2010

glossary of terms

GENERAL TERMS

AGM	Annual general meeting
Audit Committee	The audit committee of the Company
Board	The board of Directors
CCT Resources	CCT Resources Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange and an associated corporation of the Company
CCT Telecom	CCT Telecom Holdings Limited, a company listed on the Main Board of the Stock Exchange and the ultimate holding company of the Company
CCT Telecom Remaining Group	CCT Telecom and its subsidiaries other than the Group
CEO	The chief executive officer of the Company
Chairman	The chairman of the Company
Code	The Code on Corporate Governance Practices under the Listing Rules
Company	CCT Tech International Limited
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 PRC
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
INED(s)	Independent non-executive director(s)
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	The Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules
N/A	Not applicable
ODM	Original design manufacturing

PRC	The People's Republic of China
Remuneration Committee	The remuneration committee of the Company
RMB	Renminbi, the lawful currency of 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)	The holder(s) of the Share(s)
Share Option Scheme	A share option scheme adopted by the Company on 17 September 2002 and took effect on 7 November 2002
Stock Exchange	The Stock Exchange of Hong Kong Limited
US	The United States of America
%	Per cent.

FINANCIAL TERMS

Gearing Ratio	Total borrowings (representing bank & other borrowings) divided by total capital employed (i.e. 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
Current Ratio	Current assets divided by current liabilities